Texas Entertainment and Sports Law Journal

FALL 2013 — Volume 22 • No. 2

INSIDE THIS ISSUE

TEXAS ENTERTAINMENT AND SPORTS JOURNAL STAFF

EDITOR
Craig Crafton
Travelers Insurance Company
1301 East Collins Blvd.
Richardson, TX 75266
Phone: (214) 570-6478
craig.crafton@gmail.com

ASSOCIATE EDITORS
Chris Harrison
Assistant General Counsel
Pandora Media, Inc.
2101 Webster St.
Oakland, CA 94612
(510) 858-3049
charrison@pandora.com

Catherine Hough
Ferguson Law Group
2500 Dallas Pkwy., Ste. 260
Plano, TX 75093
Phone: (972) 826-4463
chough@dallasbusinesslaw.com

Decker Sachse
Sachse Law Group
Falkin+Sachse, PLLC
2828 Routh St., 5th Floor
Dallas, TX 75201
Phone: (214) 849-9840
deck@falkinlaw.com

FACULTY ADVISOR
Professor Andrew T. Solomon
South Texas College of Law
1303 San Jacinto St.
Houston, TX 77002
Phone: (713) 646-2905
asolomon22@gmail.com

TESLAW.ORG

The Texas Entertainment and Sports Law section of the State Bar of Texas is comprised of more than 950 Texas-licensed attorneys practicing in the areas of film, music, art, collegiate and professional sports. The TESLAW website at **www.teslaw.org** offers attorneys a chance to be listed with their focus area of practice in a publically search-able database. The TESLAW Journal is a recognized publication providing scholarly and insightful articles on the law and practice of entertainment law. Join today to be part of a collegial organization growing the practice of entertainment law in Texas and for new bar members the first year's dues are free.

CHAIR'S REPORT

Greetings TESLAW Members! I would like to begin my term with a spirit of gratitude by thanking each of our Members. Thank you! And because of your continued support, we are able to produce this Journal and offer many other educational and networking opportunities throughout the year.

As a member of TESLAW, you are currently entitled to receive the acclaimed *Texas Entertainment and Sports Law Journal*; the TESLAW bi-monthly e-Newsletter; and a discount on the cost of the annual Entertainment Law Institute (ELI). You can also include your practice information into TESLAW's searchable database at www.teslaw.org, while becoming a part of the growing Texas-based entertainment and sports law community.

If you have not viewed it recently, please check out the website at **www.teslaw.org** – special thanks to Amy Mitchell-Pooley for her enduring efforts with keeping the website updated and operating.

We also hope you have enjoyed receiving the TESLAW newsletter. Each newsletter features a member spotlight, a case note, and a practice document. To be considered for the TESLAW Member Spotlight please submit a short bio (no more than 200 words) and photograph to Victoria Helling, e-Newsletter Editor, at **attorney.vhelling@gmail.com**. You may also contact Victoria if you are interested in contributing to the e-Newsletter or assisting with its preparation.

Were you able to attend this year's ELI held September 26-27 in Austin, Texas? I hope so, because this event was fantastic and is always a wonderful opportunity to meet other attorneys practicing entertainment law and to learn more about the practice of entertainment law.

This year we have many exciting events planned! We are excited to announce our **FIFTH** annual **TESLAW SXSW Mixer**! This networking event will be happening on Thursday, **March 14, 2014** from **4:00 – 6:00 p.m.** at the Iron Cactus (Sixth Street/Trinity). We will be on the Mezzanine level. Even if you are not attending SXSW, as a member of TESLAW you are invited to the reception. Drinks and appetizers will be provided.

Also, we have plenty of TESLAW's "Rock Star Attorney" merchandise for sale at most events – including the new t-shirt colors and koozies!

Before I conclude, I must recognize the ongoing contributions of Craig Crafton, TESLAW Chair-Elect and Journal Editor. I cannot thank Craig enough for his hard work and dedication to the outstanding quality of the contents included in the TESLAW journal.

We hope that you enjoy this edition and we welcome your thoughts and comments about the TESLAW at any time.

Catherine Hough
Chair 2013-2014

TOP HITS

Craig Crafton, Editor

Out With The Current and In With The Future

With pride and a sense of success, I have resigned as TESLAW Journal Editor effective with publication of this volume. Over the preceding two years and four issues it has been my honor and pleasure to represent TESLAW and guide the publication. An equal amount of credit for the quality in content and presentation of the Journal goes to the Associate editors, each of whom did at least as much work as I: Catherine Hough, Chris Harrison and Decker Sachse.

My goals when appointed editor were to take a respected, quality publication and enhance the presentation and content. Towards that goal, the Journal now contains citation hyperlinks, is e-reader friendly and has a refreshed design, while continuing to deliver both scholarly articles and informative features to sports and entertainment law practitioners. The Texas Attorney Profiles and Bibliography from the South Texas College of Law are popular regular features. And I am grateful to the authors who took their time to write amazingly high quality articles on topics such as social media, evolving copyright and trademark law and issues in amateur athletics.

Mike Farris steps into Editor's shoes for the next Journal volume. Mike is a literary agent, published author and friend. I am certain his wit, flair and strong writing will be incorporated into the future of the Journal. Just as the TESLAW Section continues to evolve and improve, invigorated with new talent and energy, the Journal will reflect the dynamic and vibrant world of sports and entertainment law.

Court Holds Use of Street Art Fair Use

The Ninth Circuit recently held that the popular band Green Day's unauthorized use of a street artists' work as a video backdrop for a stage show did not violate the artists' rights under copyright or under unfair competition law. *See Seltzer v. Green Day, Inc.*, Nos. 11-56573, 11-57160, 2013 U.S. App. LEXIS 16322 (9th Cir. Aug. 7, 2013). Green Day used a drawing of a screaming, contorted face called Scream Icon created by Seltzer, an artist and illustrator. Seltzer had given away large posters and smaller prints with adhesive backs of Scream Icon, that were posted on walls as street art in Los Angeles and elsewhere. Seltzer had also licensed Scream Icon for use in a music video and used it in advertisements for gallery appearances.

Photographer and professional set-lighting and video designer Roger Staub photographed a wall at the corner of Sunset Boulevard and Gardner Avenue in Los Angeles that was covered in graffiti and posters-including a weathered and torn copy of Scream Icon. Staub modified the Scream Icon by adding a large red "spray-painted" cross over the middle of the screaming face, changing the contrast and color and adding black streaks running down the right side of the face. Green Day hired Performance Environment Design ("PED") to create lighting, pyrotechnic effects, and video backdrops for Green Day's concert show. Staub's video backdrop containing Scream Icon was played on a screen behind Green Day during performances at approximately 70 concerts and during Green Day' performance on the 2009 MTV Video Music Awards.

The court held that the video backdrop was a fair use under the Copyright Act for four reasons: First, because the video altered the expressive content or message of the illustration, the purpose and character of the use was transformative and not overly commercial. In addition, although Scream Icon was a creative work, it was also a widely disseminated work of street art. Further, while the defendants copied most of the illustration, it was not meaningfully divisible. Lastly, the video backdrop did not affect the value of the illustration.

Continued on page 4.

Top Hits
Continued from page 3.

NBC Interns File Class Action

Former interns for MSNBC and Saturday Night Live are the lead plaintiffs in a class action against NBC alleging that by misclassifying hundreds of workers as unpaid or underpaid interns, NBCUniversal denied the benefits that the law affords to employees, including unemployment, workers' compensation insurance, social security contributions, and, most crucially, the right to earn a fair day's wage for a fair day's work. *See* 2013 WL 3342505 (S.D.N.Y.).

NBCUniversal uses hundreds of unpaid or underpaid interns as production assistants, researchers, and delivery-people with no or very little compensation for their work. The interns are alleged to be the modern-day equivalent of entry-level employees, except that employers are not paying them or are underpaying them for the many hours they work. The plaintiffs alleged that the practice of classifying employees as "interns" to avoid paying wages runs afoul of federal and state wage and hour laws, curtails opportunities for future employment, fosters class divisions between those who can afford to work for no wage and those who cannot, and indirectly contributes to rising unemployment.

The suit is brought pursuant to the Fair Labor Standards Act, 29 U.S.C. §§ 201 et seq. ("FLSA"), specifically, the collective action provision of 29 U.S.C. § 216(b), and the New York Labor Law to remedy NBCUniversal's alleged violations of the wage-and-hour provisions of the FLSA that have deprived Plaintiffs and others similarly situated of their lawfully earned wages.

Hip Hop Trademark Dispute

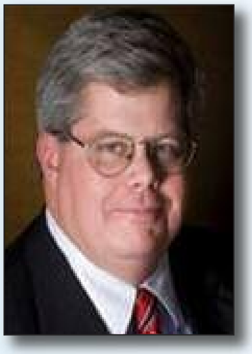
Pharrell Williams and William Adams are both hugely successful hip hop musicians, performers, producers and personalities. Pharrell Williams is a member of the Neptunes and has collaborated with, *inter alia*, Justin Timberlake, Britney Spears, Jay-Z, Madonna, Usher, Kanye West, Snoop Dogg, Miley Cyrus and has current hits in 2013 with Daft Punk (Get Lucky) and Robin Thicke (Blurred Lines). William Adams is the musical leader of hit makers, The Black-Eyed Peas, and has collaborated with, inter alia, Michael Jackson, Justin Bieber, Britney Spears, David Guetta, U2, Rihanna, Usher, Justin Timberlake, Earth, Wind & Fire. Both Pharrell Williams and William Adams have won multiple Grammy awards.

Pharrell Williams has filed several U.S. trademark applications seeking registration of the mark I AM OTHER for a variety of goods and services including. Pharrell Williams is using the mark I AM OTHER in connection with a YouTube channel and other uses. William Adams uses the stage name WILL.I.AM as a play on his given name, and has filed a trademark application to register the WILL.I.AM mark on the Supplemental Registry. Acting pre-emptively, Pharrell Williams, through his legal entities, has brought suit against William Adams, and his legal entities, seeking a declaration of non-infringement under 15 U.S.C. § 1114, declaration that plaintiff is not unfairly competing under 15 U.S.C. § 1125(a), declaration of non-dilution under 15 U.S.C. §1125(c), and declaration of non-infringement under common law. *See* 2013 WL 3297482 (S.D.N.Y.).

"The Tweet Smell of Success: Social Media Clauses in Sports & Entertainment Contracts"

By: John G. Browning

Once upon a time, if you mentioned the topics of "social media" and "contract clauses" in the same sentence to entertainment industry big shots, they would associate it with a way to limit entertainers from discussing their projects on Facebook, Twitter, and other social networking platforms. As recently as October 2009, the *Hollywood Reporter* was revealing that "there's a growing number of studio deals with new language aimed specifically at curbing usage of social-media outlets by actors, execs, and other creatives."[1] The article further reported that, due to concern about confidential information being leaked out over social networks, studios like Disney and Dream Works had added clauses requiring actors and others not to share information "via interactive media such as Facebook, Twitter, or any other interactive social network or personal blog."[2] The overriding concern, apparently, was related to celebrities who jumped the gun on official announcements before studio spinmeisters had a chance to break the news; one example given was Paula Abdul, who announced her decision to leave "American Idol" via Twitter and surprised Fox executives.



John G. Browning, *Partner*
Lewis Brisbois Bisgaard & Smith LLP
John Browning is a partner in the Dallas office of Lewis Brisbois Bisgaard & Smith, where he handles civil litigation in state and federal courts, in areas ranging from employment and intellectual property to commercial cases and defense of products liability, professional liability, media law, and general negligence matters. Mr. Browning received his Juris Doctor from the University of Texas School of Law in 1989. He is the author of the book *The Lawyer's Guide to Social Networking, Understanding Social Media's Impact on the Law*. He is a recurring legal commentator for the NBC and FOX news stations in Dallas.

But fast forward a few years to 2013, and now studios, agents, and talent in the entertainment and sports realms regularly sit down to negotiate how much social media activity the actor or athlete will be *required* to engage in as a way of supporting his or her work and burnishing a brand image. What accounts for the new change in attitude? For one thing, the reality of social media's inexorable spread has sunk in. According to the latest Pew Internet Study, 72% of all adult Americans who are online have at least one social networking profile.[3] One out of every seven minutes spent online is spent on Facebook alone, while one out of every five page views online occurs on the social networking giant. And it's not just Facebook and its 1.12 billion users worldwide that's captivated society, YouTube serves over 1 billion visitors each month. YouTube is available on over 350 million mobile devices, and each week 100 million people engage in some form of social action on the video-sharing site, such as comments, shares, or "likes." Twitter, which was processing 5,000 tweets per day within a year of its founding, was processing over 400 million tweets a day by late 2012.

The reach and influence of social media has been embraced by corporate America as well. According to a study by the University of Massachusetts-Dartmouth, Fortune 500 companies are paying increasing attention to social media. 77% of the Fortune 500 maintain active Twitter accounts, while 70% have a Facebook page and 69% own YouTube accounts.[4] Some of the leading companies on Twitter and Facebook are entertainment industry titans like Walt Disney, which boasts over 44 million Facebook fans and nearly 2 million followers on Twitter.[5] While other social networks aren't quite as popular with the Fortune 500 crowd, they are still very present. 44 of the Fortune 500 have accounts on Instagram and Foursquare as well, while 45 of them are on Pinterest. As the study points out, corporate America "now seems comfortable and even excited with its newfound ability to engage its vendors, partners, customers, and others in ways that could not have been imagined when most of their corporations began. Judging by the increased use of tools, fans, and followers, they are making some very powerful new connections."[6]

Another reason for the new emphasis on ensuring that actors, recording artists, athletes, and other celebrities are contractually bound to promote themselves, their projects, and the brands with which they are associated via social networking comes down to the value not only of the celebrities themselves, but of the people who follow them. According to a 2011 Nielsen Study, 64% of adult U.S. Internet users who follow a celebrity also follow a brand – making the celebrity fan four times more likely to follow a brand than the average U.S. adult online.[7] In addition, the study found that those fans were more likely to offer advice and share opinions with fellow online consumers, particularly in the case of entertainment subjects. 32% of celebrity

Continued on page 6.

"The Tweet Smell of Success: Social Media Clauses in Sports & Entertainment Contracts"
Continued from page 5.

fans provide advice on movies (making them 44% more likely to do so than the average online user), and 28% offer guidance on music and television choices.[8]

Of course, all is not completely rosy when it comes to actors or athletes speaking out on social media. The celebrity can become embroiled in scandal, such as Paula Dean, causing an empire of product endorsements, television shows, and book deals to crumble almost overnight. Sometimes, it's the personality's own social media activities that can ignite the flames of controversy, such as a young Disney star undermining her carefully cultivated family-friendly image with ill-timed "selfies" on Twitter or Instagram, or NFL star Rashard Mendenhall's controversial tweets about Osama Bin Laden and 9/11 (more on that later). There is also the ever-present danger of a figure engaging in a social media faux pas related to the product he or she is endorsing. Former Pepsi spokesperson Britney Spears was dumped by the soft drink company after the pop star was photographed in public drinking Coca-Cola, while Helena Bonham Carter's relationship with Yardley Cosmetics ended after the actress' online revelation that she doesn't wear makeup. The virtually instantaneous exposure and, in some cases, embarrassment that can accompany a celebrity's missteps thanks to social networking tools is yet another reason to address and manage that individual's activity through a contractual provision. Such precautions might have prevented one recent social media flub, when BlackBerry's newly appointed "Global Creative Director," singer/songwriter Alicia Keys tweeted about her new endorsement – from an iPhone.

Another potential issue that needs to be addressed in any celebrity's contract is the potential exposure from paid endorsements made on social media. In May 2013, reality star Kim Kardashian posted on Twitter: "Pregnancy lips…@EOS to the rescue! LOL." along with a photo of her using EOS lip balm. Although the tweet did not make it clear if she was being paid or not for her endorsement, Ms. Kardashian is among a growing number of celebrities who can command fees of up to $20,000 for a single tweet to their millions of followers on social media. Others are more forthcoming: after actor Michael Ian Black tweeted a plug for Dos Equis, he followed up with a tweet to his 2 million Twitter followers that the beer company had paid him "thousands of dollars to run it."[9] When pop star Miley Cyrus was traveling to promote her latest album, she tweeted "Thanks @blackjet for the flight to Silicon Valley!" to her 12 million followers on Twitter. Although the post didn't disclose her status as a paid endorser for the Silicon Valley start-up company that arranges for private jet travel, Blackjet CEO Dean Rotchin later acknowledged "she was given some consideration for her tweet."[10] Ashton Kutcher, star of TV's "Two and a Half Men" has also faced criticism for shamelessly plugging tech companies that he invests in (like Foursquare and Flipboard) on the CBS show, without disclosing his financial ties. The topic of celebrity social media endorsements has received heightened scrutiny in recent months, when even D-list celebrities and reality TV personalities are being paid to utilize their fame in 140 characters or less; "Jersey Shore" star Snooki, for example, commands up to $7,900 per tweet, while faded "Malcolm in the Middle" actor Frankie Muniz pays a few bills at $232 a tweet.[11]

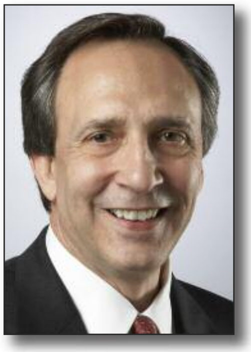
Some of that scrutiny is coming from the Federal Trade Commission. Under FTC guidelines, companies and the celebrities they sponsor risk being deceptive by not disclosing that such social media postings are, in fact, advertisements. Mary K. Engle, Associate Director of the Advertising Practices Division at the Federal Trade Commission, sums it up this way: "In a traditional ad with a celebrity, everyone assumes that they are being paid.[12] When it's not obvious that it is an ad, people should disclose that they are being paid." While the FTC has yet to assess fines against a celebrity for not disclosing his or her financial connection to a company, attorneys for both the endorser and the company receiving the plug need to be aware of the risk, and address it contractually. Engle suggests using the word "ad" in front of the tweet, pointing out that "it only takes up two extra characters."[13]

The FTC updated its consumer protection rules for online activities in March 2013, taking specific aim at celebrity tweeters.[14] These guidelines make it clear that the FTC holds marketing companies and their celebrity endorsers to the same standards with social media and other online ads as they do with more traditional media. Full disclosure is mandatory, even in a 140 character tweet. The agency suggests flagging Twitter ads by including "Ad:" at the beginning or the word "sponsored" at the end of the post. And the FTC also makes it clear that companies need to be conscious of the disclosures' locations, ensuring that they are visible to consumers viewing them on a smartphone; if the disclosure won't fit within the constraints of a social network ad or mobile ad, then according to the FTC the ad copy needs to be altered so as not to require a disclosure.[15] The FTC even provided hypothetical scenarios for celebrity Twitter endorsements in its new rules. Using a fictional celebrity named "Juli Starz," the FTC presented her posting the tweet "Shooting movie beach scene. Had to lose 30 lbs in 6 wks. Thanks Fat-Away Pills for

Continued on page 20.

Google and Stanford Help Texas A&M Save Its Football Season, Capture the "Johnny Football"[1] Asset, and Begin to Realign Student-Athlete Rights OR "You can't handle the truth." Col. Jessup, "A Few Good Men"[2] And "Show me the money" Rod Tidwell, "Jerry Maguire"[3] And "The whole thing is full of stupidity and hypocrisy." Mike Greenberg, "Mike and Mike in the Morning," ESPN[4]

By: Joseph Jacobson



Consider the front page of the *Los Angeles Times*, September XX, 2013.

Page & Brin's contract payments
fund Stanford U's buy of MLB's
Boston Red Sox; SU Prez gushes:
"*Smart-student, lifetime tax nets gains!*"[5]

Sports fantasy league or university fact?

No spoiler alert is required; this is not a movie review. The headline above is much closer to *university fact*.

Joseph Jacobson is Chair-Elect of the Technology Section of the State Bar of Texas. His current practice includes representing entrepreneurs in business transactions and technology transfer and licensing issues. As an adjunct faculty member at S.M.U.'s Dedman School of Law Mr. Jacobson participated in the Linda and Mitch Hart eCenter's engineering, business, and law school multidiscipline analysis of technology's impact on higher education and government processes.

Rod Tidwell in the movie "Jerry Maguire" lives by the mantra "*Show me the money*." In the area of university finances, the first thing we have to do is *find the money*. Let's compare the university money trails for merely-smart students with those paths of smart, student-athletes. We'll gain understanding as to who pays what to whom, and for how long. In spite of all the discussion about millions of dollars in gross revenue to athletic departments, the largest student-generated sums do not necessarily emanate from the athletic department, and the students most responsible for directly supporting the university are not athletes. We'll discover these hidden assets and their sources. We'll also note a disparity in the way academic faculty and sports faculty are treated by the university, and how that relates to the students they supervise and mentor. Finally, we'll learn why students and universities may both pursue the NCAA in court, but only as an intermediate step to fighting each other.

When easy perception replaces hard facts, everything goes awry.

Sports talk radio for months has been dominated with commentary about restrictions on universities' funding athletes and boosters who want to pay athletes, and NCAA rules preventing these payments. Sports talk discussions contend the existing system of "play for no-pay" creates an apparent and obvious injustice, most notably to Johnny Manziel, now also known as "Johnny Football."[6]

Continued on page 8.

NCAA

Continued from page 7.

Johnny Manziel is a Texas A&M University student and the first freshman ever awarded the "Heisman Memorial Trophy as the Outstanding College Football Player in the United States."[7] His athletic performances drew national media coverage. When chronicling his athletic success at Texas A&M, he began to be known as "Johnny Football."

Johnny is perceived as a rebel leading a great cause to help those students who most help the university (*athletes*) share (*in a small way*) in the rewards the university achieves as a direct result of their efforts. Talk shows and call-in listeners create the image of a university and the NCAA picking on a defenseless student. The NCAA's image in football matters is unworthy of respect since it appears as a moribund organization incapable of organizing a playoff system for Division I college football. The NCAA is greedy and dumb, dominated by independent bowls and television. The controversy sounds good so far for sports talk radio since controversy increases ratings. The call-in lines for sports talk radio are full. The NCAA is perceived as the entity that most prevents universities and boosters from treating athletes "fairly."

On sports talk radio, the general discussion both by hosts and call-in listeners often turns to this tract: "A University" (in this article called "AU"[8]) gives scholarships to its student athletes for football, baseball, swimming, golf or most other sports. AU, according to listener and host discussion, makes sufficient money from football sports programs alone to build stadiums worth hundreds of millions of dollars. After building the stadium, the university then has a revenue stream from ticket sales. Student athletes according to radio audiences do so much for their university, including putting their health on the line in sports competitions. Therefore, these athletes deserve money for entertaining us while helping AU.[9]

Talk shows and their call-in listeners neglect stadiums often are partially financed by donations.[10] AU naturally hopes the revenue stream is sufficient to maintain the stadium and still have money left over (called "profit" in the corporate world) to spend on more athletic programs and facilities (particularly those sports that do not generate as much income as football or basketball) helping both men and women athletes. Athletes giving back first to athletes sounds fair on initial inspection.

Finally, remnants of this income stream accrue to AU's general fund for facilities, faculty, and scholarships.

Hosts, expert guests, and the call-in audience may differ on who should pay the student-athlete, or how much student-athletes deserve beyond tuition, books, and housing, and whether the starting quarterback (like Johnny Manziel) and a third-string punter should be paid the same. Should all athletes that make a team in a particular sport be paid the same amount? Should the rule be the same for all sports or should each sport have its own pay scale?

Inevitably, the discussion turns to "Let's give or pay student athletes some of the university's earnings due to their effort on behalf of the university." This line of thinking is often reduced to "pay for play."[11]

- The talk-show consensus conclusion:

  No system could be more unfair and student athletes are treated differently from other university students who can get a job while going to school. These students do not do anything dramatic for AU. Regular, merely-smart, non-athletic students do not fill football stadiums or basketball pavilions with paying attendance.

- The reality:

  Student athletes are treated differently from other university students, but not as you think. *Student-athletes receive a better deal than merely-smart students.*

Do merely-smart students or smart, student-athletes contribute the most financially to the university?

There's no reason to have an academic discussion. While tag-team wrestling is not an NCAA collegiate sport, let's have competition among teams of 2 people, representative of both groups, and fortunately, all participants in our match attended the same university and achieved great fame.

Continued on page 22.

ATTORNEY PROFILE

Amy E. Mitchell

How I Got Started Practicing Sports and Entertainment Law:

Well, there's a long story and a short story...

The short story is that I was scrappy. A few pages into Passman's ***All You Need to Know About the Music Business***, I was dead set on becoming a music lawyer and didn't consider anything else from the moment I applied for law school. Upon graduation, I realized that it's very difficult to hang a shingle for a narrowly focused entertainment law practice so I had to: get more involved in the local music community; network like crazy; educate myself through CLEs and industry books; and, most importantly, find clients who would take a chance on a young solo music attorney by promising to work hard and setting fees on a sliding scale basis and/or bartering. (Fortunately, my client base has grown steadily over the years, and bartering for haircuts is no longer part of my fee structure.)

As for the long story, how many pages do I get in the Journal? Seriously though, there are two other significant pieces of my story that helped me get started in entertainment law:

1. Being a musician gave me a lot of credibility with the artist crowd. I was out there playing shows at Mohawk or Emo's at midnight and lugging gear. As a result, the musicians could see me as one of them – someone who would understand their needs and respect the creative process. Frankly, I think many artists are turned off by their perception of how an attorney looks or acts. As Amy the Singer/Keyboardist, I was a more accessible version of an attorney.

2. I credit much of my success to meeting the right mentors at the right time. Over the years, I have been very fortunate to work closely with both veteran music attorney Chris Castle and beloved local film attorney Deena Kalai. (If either of you are reading this article, thank you!) I also have good relationships with many other entertainment attorneys around the country. Having more experienced attorneys to turn to when confronting issues as a solo is invaluable.

What I enjoy most about my job:

I love the variety. I could never be one of those people sitting at the same desk every day filling out the same TPS reports. The law constantly evolves, as does the entertainment industry. Coming from a long line of teachers, I like that I have to continue learning and stay up-to-date on the current terminology and court rulings to best represent my clients. I like that I have creative clients with unique needs that require me to be creative in my approach to structuring deals and drafting contracts. Basically, I love my job.

Details of Interesting Cases:

Although I'm a transactional lawyer, I did work on a very interesting case involving Antone's Records and their second attempt to use the bankruptcy system to avoid their payment obligations to their recording artists. For nearly two years, I was part of a small team of attorneys working on behalf of the hundreds of musician and publisher creditors who were owed royalties by Antone's. We sifted through thousands of pages of documents and deposed multiple shifty figures from the Antone's Records camp in an effort to bring to light their shady record-keeping and accounting practices. Ultimately, the bankruptcy judge ruled that the entire Antone's Records catalog could be auctioned off, and the master recordings were subsequently purchased by another label in a fascinating live auction (including "phone in" bidders) in a bankruptcy court in Austin. The new label also agreed to wipe out any recoupment balances and generally to improve the terms of all the recording artist agreements.

Continued on page 10.

How I Got Started Practicing Sports and Entertainment Law:

Continued from page 9.

As far as interesting transactional matters, I'd have to say that negotiating "air sex' riders for a recent movie was highly entertaining. I never in a million years would have guessed that, as film production counsel, I'd be debating with agents and attorneys how to define simulated sex acts and/or whether "side boob" could be shown. I also negotiated language regarding a penis double, which we affectionately termed the stunt penis. (The movie is called ***The Bounceback*** if anyone's curious.) I had good dinner conversations that week (without mentioning names, of course).

How Do You Find Clients:

As a solo attorney, I rely heavily on word of mouth as well as referrals from other attorneys. I've also invested a good bit of time creating my law firm website and running a music law blog. That said, I find that doing a good job for a client at a fair price is the best marketing one can do because then (a) she keeps coming back for assistance and (b) she will tell her friends in the business.

Advice For Attorneys Who Want to Practice Sports and Entertainment Law:

1. Be patient.

I think that most entertainment lawyers, especially outside of major industry cities like New York and L.A., would tell you that it takes time to grow and nurture an entertainment law practice. Don't expect to graduate from law school or leave your steady law firm job and immediately find a dozen of the hottest musical acts who will then get signed to major record deals. Indeed, I used to tell people my music law practice was like an indie rock band – I only did it on nights and weekends and expected to make very little money on it for years. I was right.

2. Be knowledgeable.

Learn as much as possible about the industry. Most people don't realize how important it is to understand the entertainment business, and they approach this area of the law as they would any other law job. In order to best represent entertainment clients, you have to know their lingo and what they're up against – what kind of people they deal with, who is interested in getting what and why. If you can talk to a prospective client in his language, he's much more likely to hire you.

3. Be flexible.

At its most basic level, entertainment law is a broad term used to cover the areas of law necessary to provide legal services to persons in the entertainment industry. Accordingly, it involves a mix of many general practice areas (employment/labor, contracts, copyright, trademark, corporate/securities, First Amendment, etc.). Taking jobs in any of these fields may prove valuable if you are trying to build an entertainment law practice. There's not a standard path to becoming a successful entertainment lawyer. Be flexible, and be prepared to forge your own path.

Legislative Solutions to Digital Music Broadcast Royalties: The Internet Radio Fairness Act vs. The Interim FIRST Act

By: Brittany Johnson

I. Introduction

A. Factual Background

Recent bipartisan legislation regarding digital music broadcast royalty rates has sparked major controversy. The Internet Radio Fairness Act ("IRFA") proposes to adopt a uniform royalty rate for all digital music broadcasters regardless of specific medium.[1] As a result, several major players in the digital music industry have squared off to voice their opinions over the "fairness" of the Internet Radio Fairness Act, pitting proponents like major internet radio streaming mogul Pandora,[2] against opponents like Sound Exchange[3], the collective bargaining entity formed to represent major recording companies and recording artists.

Brittany Johnson is a graduate of The University of Texas School of Law Class of 2013 and a member of the Illinois State Bar. Brittany earned her B.A. in Journalism from the University of Oklahoma in 2007. While in law school, Brittany served as a Staff Editor on the Texas Review of Entertainment and Sports Law Journal and was an officer in the Thurgood Marshall Legal Society, The University of Texas School of Law's Chapter of the National Black Law Students Association. While Brittany's strongest interest lies in intellectual property, entertainment, and insurance law her experience includes work across a variety of general litigation practice areas.

If passed, the IRFA could potentially lower royalty rates paid to recording artists and record companies by internet radio broadcasters like Pandora and Last.fm to a statutory rate similar to that of royalties paid by satellite radio and cable TV music service providers.[4] Proponents of the IRFA claim that exorbitant statutorily mandated royalty rates paid by internet radio service providers chill competition and innovation in the digital media market effectively eliminating the presence of the widely popular internet radio.[5]

Opponents of the IRFA don't necessarily disagree with a uniform statutory royalty scheme; rather, they argue that lowering royalty payments unnecessarily hurts recording artists and record companies thus decreasing their incentive to produce.[6] Instead, IRFA opponents have rallied to lobby for competing legislation; namely, the Interim FIRST Act, which, instead of lowering the royalty rate paid by internet radio service providers to that of cable or satellite radio services, would increase the royalties paid by those providers to that currently being paid by internet radio providers.[7]

To date, Congress has not chosen a side. The IRFA, introduced September 21, 2012 in the 112th Congressional session with separate drafts in the both the House and Senate, died in committee.[8] However, there are plans to reintroduce the IRFA in the next congressional session.[9] The IRFA's major competitor, the Interim FIRST Act, was submitted during the same congressional session as a discussion draft but the official language has not been finalized or submitted.[10]

Underlying the current legislation, there is also a secondary debate over requiring traditional radio outlets, aptly dubbed terrestrial radio, to pay royalties to recording artists and record companies for performance on AM/FM frequencies, which enjoys a longstanding exemption from paying royalty fees for the broadcast of sound recordings.[11] While the IRFA follows precedent and proposes that terrestrial radio continues to receive this exemption, the Interim FIRST Act proposes that terrestrial radio should begin paying royalties for its broadcasts similar to that of the new rate paid by other digital media broadcasters.[12]

The outcome of the dispute over royalty rates has the potential to greatly influence the continuance of the digital music industry. If royalty rates are too high, as IRFA proponents contend, consumers' access to digital music avenues will be impeded. However, if royalty rates are too low, as proponents of the Interim FIRST Act contend, then artists will not receive an appropriate return on their investment and we may actually see the "day the music died."[13]

Continued on page 12.

Legislative Solutions to Digital Music Broadcast Royalties: The Internet Radio Fairness Act vs. The Interim FIRST Act

Continued from page 11.

Additionally, despite arguments for and against higher or lower royalty rates, inconsistent rates, specifically in the digital music sphere, create favoritism for certain business models. For example, Sirius XM is a satellite radio service that provides a pay-for-service subscription, analogous to cable television,[14] and currently the world's largest radio broadcaster.[15] Pandora is a well-known Internet radio broadcaster which streams music content to consumers through an online interface and diversifies its business model by supplementing free membership through advertising revenue[16] or a fee subscription plan that provides advertisement free streaming. Sirius XM paid nearly 8 percent of its gross revenues for 2012[17] for the use of sound recordings while it's estimated that Pandora paid nearly 50 percent of its revenue for the same use.[18] Five Star Equities reported that Pandora Internet radio grossed $101.3 million in revenue for the second quarter of 2013; nearly a 51% increase over the prior year.[19] This would result in nearly $51 million paid in royalty rates for that quarter alone.[20] Comparatively, Sirius XM grossed $838 million for the second quarter of 2012; nearly 8 times the second quarter revenues of Pandora prior to Pandora's exponential increase.[21] Under current standards, Sirius XM would pay almost $63 million in royalty rates. The result is a paltry difference of $12 million in royalty payments even though Sirius XM grossed almost $700 million more than Pandora.

As evidenced through this example, royalty rates are vastly disparate in regards to price structure and business model between digital broadcasters, which has led to major spurs in legislation in recent years. This paper intends to analyze the current digital music royalty regime, past congressional and judicial involvement in respect to the current royalty standards, compare and contrast the competing proposed legislation and attempt to suggest a solution to the royalty debate including characterize potential impacts and consequences going further. As such, this paper aptly begins with a discussion of copyright ownership in the underlying material itself, the music.[22]

B. Performance Rights under Traditional Copyright Legislation

Current U.S. Copyright law provides for two separate copyrights in a piece of musical work.[23] The first creates an ownership right in the music composition, which encompasses the technical aspect of the musical work, including the sheet music, lyrics, and organization of notes.[24] This is easily conceptualized as ownership of the instructions on how to create the music. A songwriter or publisher usually holds the first copyright.[25] The second copyright is in the sound recording, which protects a certain artist's interpretation of those instructions.[26] This is what we colloquially refer to as the song. A record label or a recording artist typically owns this second copyright.[27]

The holders of copyrights in musical compositions receive an exclusive public performance right that entitles the holder to receive a fee in exchange for granting a license to a person who wishes to publicly perform the composition.[28] This licensing scheme is expressed in the music industry as a royalty.[29]

A public performance may include any of the following: A live performance of a song or composition, a performance by any musician through a recording on physical media, performance through the playing of recorded music, as well as more recently, music performed through digital transmissions[30] as long as the performance occurs at a "place open to the public or at any place where a substantial number of persons outside of a normal circle of a family and its social acquaintances is gathered" or when one "transmits…or communicate[s] a performance" to such a place.[31] It is important to note, however, that copyright owners of sound recordings do not enjoy a public performance right under the traditional copyright scheme.[32]

C. A History of Performing Rights Organizations

Historically, it was impractical if not impossible for songwriters to track public performances of their works.[33] However, this impediment was overcome through the creation of performing rights organizations (PROs). PROs served as a policing entity for songwriters that tracked public performances to ensure that royalty rates were collected and distributed.[34] As told by Del Bryant, President and CEO of a major American PRO, Broadcast Music, Inc. (BMI) during a house subcommittee meeting:

Continued on page 33.

The NFL Agrees to $765 Million Settlement Payment after Knocking Heads with Former Players in Concussion Litigation

By: Todd Goldberg

Todd Goldberg is a litigation associate with Hicks Thomas LLP in the firm's Dallas office. He focuses his practice on representing plaintiffs and defendants in complex commercial litigation, securities litigation, shareholder disputes, construction and real estate litigation, and business disputes in state and federal courts, as well as before arbitration panels.

"Kill the head, and the body will die," shouted Gregg Williams, then defensive coordinator for the New Orleans Saints, as a rally cry to the team before an NFL playoff game in 2012. A few months later, as a result of the so-called "bounty" scandal, the NFL banned Williams for one year and punished the New Orleans Saints, including suspending several prominent coaches and players, for their alleged participation in paying bonuses to players as an incentive to injure opponents. Williams' words are shocking; however, violence in football and other contact sports is reality, and implicates a broader health concern for athletes as a result of concussions and "less severe" but repeated blows to the head. In 2011, former players initiated lawsuits against the NFL after advances in health care and acceptance of research increased awareness of the consequences caused by head trauma. With the 2013 season approaching, in August 2013, the NFL and players settled the litigation for $765 million to be distributed to pay for treatment, research, and education efforts associated with former players' head injuries.

The NFL has long been characterized by bone-crushing tackles and "pancake" blocks, which garner acclaim and highlights on SportsCenter, and in turn, lead to increased salaries for players. Alarmingly, as improved training methods produce larger, faster, and stronger athletes, high-impact collisions have increased in force. Meanwhile, advances in research, treatment, technique, and safety have lagged behind. According to studies conducted at Boston University's Center for the Study of Traumatic Encephalopathy, because of repeated concussions and trauma to the head, NFL players have an increased risk of Alzheimer's and Lou Gehrig's disease, and greater exposure to chronic traumatic encephalopathy ("CTE"), a neurological disorder with broad physical and mental-health symptoms, but no known treatment.[1] CTE is marked by a dramatic increase in suicidal impulses, which gained media attention when Junior Seau, a retired star linebacker, shockingly committed suicide in May 2012.[2] Seau's brain has been donated for research, and as awareness has increased, many current and former players have pledged to donate their brains to doctors and scientists seeking answers. The 2012 article written by researchers at the Center for the Study of Traumatic Encephalopathy involved a study of 85 brains, including 64 athletes, 21 military veterans, and one individual who had engaged in self-injurious head-banging behavior.[3]

While it seems obvious that NFL players will face health consequences from their sport, until the NFL convened a "concussion summit" less than a decade ago, its statements had been inconsistent, and at times, misleading or untrue. In 1952, the *New England Journal of Medicine* recommended that players retire after three concussions, but the NFL failed to diligently conduct research on the subject and did not publicly accept the study until 50 years later.[4] Indeed, the terms of the recent settlement state that the settlement "does not represent … an admission that plaintiffs' injuries were caused by football."[5] Regardless of fault, or whether the NFL had a legal obligation to fund this type of research, current and former players have already and will continue to suffer the health consequences. For many years, former players, especially those who played in the era before lucrative contracts and endorsements became commonplace, have sought more comprehensive medical benefits from the NFL after retirement. Progress was often slow. In 2011, when research regarding CTE and head trauma gained general acceptance, the dispute escalated to the courtroom, and ultimately over 4,500 former players filed lawsuits against the NFL concerning head injuries. The cases were consolidated in a Pennsylvania federal court before Judge Anita Brody and styled, *In re: National Football League Players' Concussion Injury Litigation* (the "Consolidated Litigation").[6]

In the Consolidated Litigation, representative players filed a class action complaint against the NFL alleging state-law claims of fraudulent concealment and negligent omission.[7] The players alleged that the NFL engaged in a disinformation campaign regarding their long-term health, which violated the NFL's duty to act in the best interests of the health and safety of players,

Continued on page 14.

The NFL Agrees to $765 Million Settlement Payment after Knocking Heads with Former Players in Concussion Litigation

Continued from page 13.

and that the NFL failed to timely effectuate remedial measures.[8] In response, the NFL filed a motion to dismiss on the grounds that the players' state-law claims are preempted under the Labor Management Relations Act (the "LMRA") because the claims involve issues requiring interpretation of a collective bargaining agreement (the "CBA").[9] In October 2012, the players responded to the NFL's motion to dismiss by asserting that the LMRA only preempts state-law claims that expressly turn on CBA interpretation, and that their claims arise from independent duties under state laws.[10] The players' argument does not appear to have been persuasive to Judge Brody.

In *Duerson v. Nat'l Football League*, an Illinois federal court recently considered whether negligence claims by a former player against the NFL were preempted under the LMRA.[11] The court held that, if the player's alleged brain trauma was "significantly aggravated" by continuing to play (as defined under the CBA), then the CBA created a duty to warn.[12] Therefore, according to the court, the negligence claim requires interpretation of the CBA and is preempted by the LMRA.[13] The court also noted that the existence of such a duty would tend to suggest that the NFL's alleged failures to act were reasonable due to assumption of the risk.[14]

Like Duerson, in the Consolidated Litigation, the players' claims arose from an alleged duty of the NFL to protect players' health and welfare. The players argued that this duty derived from common law and was assumed by the NFL's history of steps represented to be in their interests—and was not a duty under the CBA. However, the Illinois court's analysis in *Duerson* appears to have supported the NFL's request for dismissal of the Consolidated Litigation, particularly for players bound by the CBA, which was implemented in 1994.

Recently, ESPN's "Outside the Lines" reported that, during a July 2013 meeting in chambers, Judge Brody ordered mediation after telling players' attorneys that the bulk of their case was in "real danger of being dismissed" according to an unidentified source.[15] If granted, the NFL's motion to dismiss would likely have removed from the lawsuit thousands of players who appeared in the NFL while the CBA was in place from 1994 through 2010. Only players who left the game before 1994 would have remained, and because the NFL's controversial concussion committee was also formed in 1994, these older players would have had great difficulty proving the heart of the fraud allegations, which related to representations and omissions following the formation of the concussion committee. The players faced additional and substantial hurdles to recovery, including proving causation and negating their own assumption of risk. The NFL also had ample incentive to settle. Judge Brody reportedly advised the NFL that at least part of the players' case would likely survive, which would continue the NFL's public relations nightmare associated with the Consolidated Litigation.[16]

With the 2013 NFL season approaching, after Judge Brody ordered mediation, the parties engaged in vigorous negotiations for seven weeks before agreeing to settlement terms. The players reportedly began mediation demanding over $2 billion; however, faced with the likely dismissal of substantial claims and motivated by the players' desire to begin funding treatment, the players agreed to settle for $765 million, which is to be distributed as follows (subject to court approval):

(1) $75 million to cover baseline medical exams for former players;

(2) $675 million to compensate former players who suffered cognitive injuries;

(3) $10 million to fund research and education;

(4) $4 million to reimburse class notice costs;

(5) $2 million to compensate the settlement administrator; and

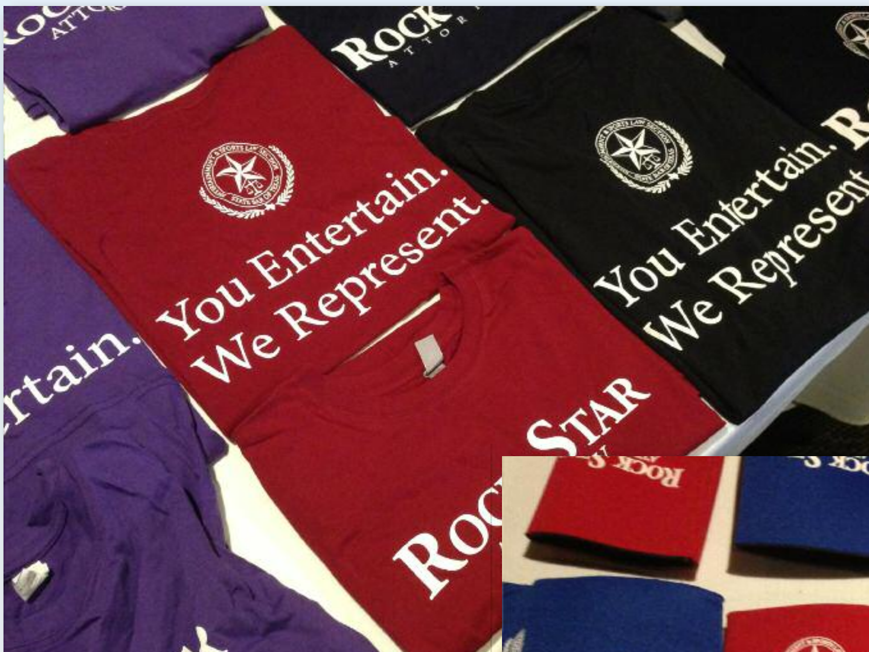
(6) an additional amount to cover the players' legal fees.

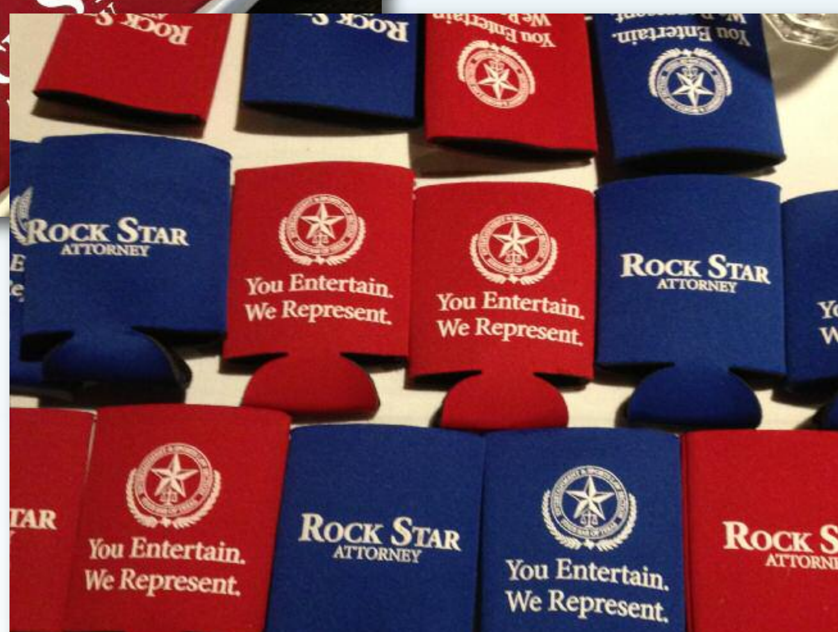
Continued on page 45.

TESLAW Merch!

You are a "Rock Star Attorney"

Available at the State Bar Meeting,
Entertainment Law Institute and SXSW Mixer





Ensuring Adequate Protection for Publicity Rights: An Argument for a Federal Right of Publicity Statute

By: Kristen Attie

Kristen Attie is a 2013 graduate of the University of Texas School of Law. During law school, she served as a senior staff editor for the Texas Review of Entertainment and Sports Law and as vice president of Law Students for the Arts.

I. Introduction

An individual's right to control the use of his or her name and likeness is an important form of intellectual property. Many celebrities today have invested a significant amount of time, money, and effort into building a personal brand that they can financially exploit. And celebrities of long ago eras continue to earn money on the appropriation of their images and likenesses. However, unlike other forms of intellectual property, such as copyrights, trademarks, and patents, there is no federal protection for the right of publicity. Instead, those seeking to protect their publicity rights must rely on the varying protection of state laws while those seeking to avoid liability for the use of a celebrity's likeness must tailor their content or avoid doing business in certain jurisdictions. This paper advocates for the adoption of a federal publicity rights statute that preempts state laws to provide uniform protection for the right of publicity. Part I serves as an introduction. Part II examines the current state of protection for publicity rights in the United States. Part III advocates for a federal right of publicity. Part IV explores the underlying principles of the right of publicity. Part V defines the contours of a proposed federal publicity rights statute. Part VI addresses the conflicting interests between the right of publicity and the First Amendment. Finally, Part VII concludes.

II. The Current State of Protection for Publicity Rights

A. The Varying Protection of State Laws

Publicity rights are a matter of state law and different states provide varying levels of protection.[1] To date, nineteen states have both common law and statutory protection for publicity rights, while eleven states provide only common law protection.[2] Among the states that recognize an individual's publicity rights, the levels of protection can vary widely. For instance, states such as California and Indiana provide for a descendible right of publicity, while in other states, such as New York, publicity rights expire upon the death of the individual.[3] Additionally, some states recognize voice misappropriation as a species of violation of the right of publicity. For instance, in *Midler v. Ford*, the 9th Circuit Court of Appeals, applying California law, recognized that when a celebrity's voice is distinctive enough that it serves as an indicator of the celebrity's identity, the right of publicity protects against imitation of the voice for commercial purposes.[4] The 9th Circuit subsequently recognized Tom Waits' claim for voice misappropriation.[5] In *Waits v. Frito Lay*, musician Tom Waits, whose unique voice was imitated in a radio ad, brought suit for, among other things, voice misappropriation under California law.[6] The court upheld the jury verdict for Waits, holding that the singer was "widely known" as needed to prevail on a voice misappropriation claim.[7] However, in another similar suit brought against the same snack food manufacturer, the Second Circuit denied Astrud Gilberto's claim for voice misappropriation.[8] In *Oliveira v. Frito Lay*, Gilberto, who sang the

> In the current age of media, one's celebrity has become a valuable commodity. A significant amount of resources are poured into building a unique brand or image that can be exploited for commercial gain. In fact, the ability to exploit one's image for economic purposes often eclipses the value of the celebrity's principle occupation.

Continued on page 17.

Ensuring Adequate Protection for Publicity Rights: An Argument for a Federal Right of Publicity Statute

Continued from page 16.

original recorded version of "The Girl from Ipanema," sued Frito Lay for an ad depicting "Miss Piggy" lip-synching to the famous song.[9] The Second Circuit denied Gilberto's claim because voice misappropriation was not recognized under the New York privacy law statutes.[10] The New York statute has since been amended to include unauthorized use of a natural person's voice. But some states, such as Massachusetts, continue to provide protection only for misappropriation of one's "name, portrait, or picture."[11]

In addition to recognizing voice misappropriation claims, the Ninth Circuit has also broadly interpreted the "likeness" element in California's right of publicity statute. In *White v. Samsung Electronics*, the court held that an advertisement featuring a mechanical robot wearing a blond wig and gown, and depicted in a setting that resembled the "Wheel of Fortune" set, could have violated Vanna White's right of publicity.[12]

States also vary as to the appropriate standard to use in determining whether the author of an expressive work is subject to liability for the use of one's name or likeness.[13] California has created a "transformative use" test to determine whether use of a plaintiff's image adds "significant expression," in which case the use would be protected, or is merely a "literal depiction or imitation," in which case the use would not be protected.[14] However, in Missouri, the state's highest court rejected this transformative use test and instead adopted a "predominant use" test that considers the intent of the allegedly infringing party.[15]

B. Effects of the Lack of Uniformity in Publicity Rights

The varying protection of different states leads to a lack of uniformity and predictability in this area of law. This can have negative consequences for those seeking to protect their own publicity rights, and also for the heirs of deceased celebrities seeking to acquire the intellectual property rights in a deceased relative's public persona. This can then result in "forum shopping," in which individuals seeking to protect their rights or those of their deceased relatives attempt to bring suit in a jurisdiction with expansive publicity rights laws, despite that they or the decedent may have had little or no connection with the state.[16] For instance, as discussed in further detail below, in 2005 Marilyn Monroe's estate sued a photography archive and licensing company in Indiana, alleging they violated Monroe's postmortem right of publicity under Indiana law. However, Monroe had little or no connection with Indiana during her life.

The disparity in states' recognition of post-mortem publicity rights has led to a significant amount of litigation over the last few years, as many celebrities continue to earn money even after their death.[17] Jimi Hendrix's estate has been involved in much litigation regarding the late musician's personality rights, and much of the litigation arose from attempts to seek protection of states with more expansive publicity rights. Several years after Jimi's death, Jimi's father Al, the sole heir of Jimi's estate, assigned his

Continued on page 46.

TESLAW Journal Articles Hypelinked

As part of our continuing effort to improve the TESLAW Journal we have added hyperlinks to many citations. Each hyperlink will take the reader to the State Bar of Texas' free research service, Casemaker. If not previously registered for Casemaker, a reader will need to subscribe using their bar card number.

Using the remember me function ensures that sign-in will not be necessary each time a reader clicks a hyperlink. Unfortunately Casemaker does not support all secondary sources and out of Texas citations — so not all citations are hyperlinked.

Idea Submission Impossible? The Battle between Copyright and Breach of Contract

By: Shelly Rosenfeld

"There are only thirty-six fundamental dramatic situations, various facets of which form the basis of all human drama."[1]
Georges Polity, *The Thirty-Six Dramatic Situations*

JERRY: So, we go into NBC, we tell them we've got an idea for a show about nothing.
GEORGE: Exactly.
JERRY: They say, "What's your show about?" I say, "Nothing."
GEORGE: There you go.
(A moment passes)
JERRY: (Nodding) I think you may have something there.[2]

Shelly Rosenfeld is an associate in the Los Angeles office of Lewis Brisbois Bisgaard & Smith LLP, specializing in Intellectual Property and Technology, as well as Entertainment. Before becoming an attorney, Ms. Rosenfeld worked as a television anchor and reporter. Ms. Rosenfeld can be reached at shelly.rosenfeld@lewisbrisbois.com.

Most shows are about "something." And that "something," the substance of the pitch, treatment, or the submission, is why both writers on the one hand, and TV networks and film studios on the other, have so much at stake on the subject of idea submission cases. If a writer pitches his story idea to a studio and is turned down, only to find a movie out in theaters years later that embodies the same idea, what is the writer's legal recourse? At the same time, every time a movie is released, how worried does a studio have to be that it will be inundated with lawsuits from writers? Copyright will not protect a concept for a TV show or a movie, because there is no copyright protection for an idea.[3] But under certain circumstances, a writer may be able to claim that a contract has been breached between the writer and the entity that uses his idea based on the theory that there was a bilateral expectation of payment. This means that a writer provides the idea to a producer with the understanding that the writer will be paid if the producer uses that idea. The two circumstances where this may happen are either when the idea is presented for sale or when the parties would share the profits from the exploitation of the idea.

The recent decisions in *Forest Park Pictures v. USA Television, Inc.*, and *Joe Quirk v. Sony Pictures Entertainment* show that idea submission cases, also known as idea theft cases, are more relevant than ever. But to understand the issues behind these lawsuits, it is most helpful to consider their context by examining *Deny v. Wilder, Montz v. Pilgrim Films, Grosso v. Miramax Film Corp.*, and copyright preemption under § 301 of the Copyright Act. The Supreme Court denied certiorari for the *Montz* decision in 2011.[4] However, it is imperative that the Supreme Court take on the issue of idea submission so that Hollywood's biggest battle scenes take place in theaters and on television screens, and not in the courtroom.

DESNY-LAND

In *Desny v. Wilder*, the Supreme Court of California recognized "an implied contractual right to compensation when a writer submits material to a producer with the understanding that the writer will be paid if the producer uses the concept."[5] The California Supreme Court held that Desny "sufficiently pled the breach of an implied contract to pay for the use of his idea."[6] Victor Desny wrote a script and called filmmaker Billy Wilder's office to pitch the idea.[7] The story line was based on the true story of Floyd Collins, who was trapped in a cave and died before he was saved. Desny eventually dictated a summary of the script to Wilder's secretary over the phone.[8] He told the secretary that Wilder could use the story if Wilder "paid him 'the reasonable value of it…'"[9] The secretary assured Desny that "if Billy Wilder of Paramount uses the story, 'naturally we will pay you for it.'"[10] The Floyd Collins story did make it to the big screen as the movie *Ace in the Hole*, starring Kirk Douglas. Desny sued to get the reasonable value of the story used in Wilder's script. If this were merely a copyright issue, the analysis would be rather simple. The question would be whether the movie script appropriated the expression of Desny's synopsis. However, this case illustrates the use of a breach of contract claim as a method for a writer who pitches a story to obtain relief.

Continued on page 19.

Idea Submission Impossible?
The Battle between Copyright and Breach of Contract
Continued from page 18.

The California Supreme Court recognized that when a writer submits material to a producer with the understanding that the writer will be paid if the producer uses the concept, the writer has either an express (by words) or implied (by conduct) contractual right to compensation.

> [I]f the idea purveyor has clearly conditioned his offer to convey the idea upon the obligation to pay for it if it is used by the offeree and that offeree, knowing the condition before he knows the idea, voluntarily accepts its disclosure . . . and finds it valuable and uses it, the law will . . . hold that the parties have made an express (sometimes called an implied-in-fact) contract . . . or will imply a promise to compensate.[11]

Aside from the express promise to pay, a contract claim based on idea submission could "succeed . . . if 'the circumstances preceding and attending disclosure, together with the conduct of the offeree acting with knowledge of the circumstances, show a promise of the type usually referred to as 'implied' or 'implied-in-fact.'"[12] That producer has to have an opportunity to reject the offer or else he will not be deemed to have accepted it. "The idea man who blurts out his idea without having first made his bargain has no one but himself to blame for the loss of his bargaining power."[13]

The court ruled in favor of Desny. Considering the facts, the court recognized that if Wilder used the benefit of the synopsis, he would have to compensate Desny. "He who takes the benefit must bear the burden."[14] The court explained that one of the secretary's roles was to convey messages to Wilder such that "her knowledge would be [Wilder's] knowledge."[15] Since she had the authority to transmit messages, including Desny's synopsis of his script and his offer to sell it, then the secretary certainly had the power to transmit the offer's terms.

The significance of the ruling in *Desny* is that it establishes that just because something is not protectable by copyright does not mean it is not protectable by a contract. But what about the rights to a true story? Certainly Desny could not have a monopoly on the narrative of the events of Floyd Collins's life story. To answer that question, the *Desny* court cited Justice Holmes's statement in a copyright case involving circus posters: "Others are free to copy the original. They are not free to copy the "[16] Desny's script and Wilder's movie had their roots in the same story. The court stated that Wilder's staff could have done their own research into the Floyd Collins story and turned their discoveries into a script without paying Desny anything. But by the same token, the court argued, since Desny offered his synopsis for sale as a condition for the use of his idea, Wilder had no right to use his synopsis unless he paid for it.[17]

THE PLOT THICKENS: COPYRIGHT PREEMPTION

Copyright protection is very useful to writers in certain circumstances, but in situations where it is the idea that needs protecting, not the expression, copyright law presents some challenges. Copyright protects an "original wor[k] of authorship fixed in [a] tangible medium of expression."[18] Thus, if an idea is not written down, it does not fall within § 102(a)'s definition because it is not fixed in a tangible medium of expression. Moreover, since copyright law does not protect ideas, the writer could potentially protect his pitched idea by suing on a breach of contract claim if there was the understanding on both sides that he would be paid. In contrast, if an idea is written down, copyright may prevent protection in two different ways because it does not protect ideas even if written down and copyright may preempt a state claim of breach of contract. The way that copyright preemption works, as described in *Montz*, is that under § 301(a), the Copyright Act preempts state claims when the plaintiff's work "come[s] within the subject matter of copyright and . . . the asserted state right is equivalent to any of the exclusive rights within the general scope of copyright."[19] When it comes to copyright preemption, despite the fact that copyright does not protect ideas regardless of whether they are fixed, courts have held that "state-law protection for fixed ideas falls within the subject matter of copyright and thus satisfies the first prong of the statutory preemption test."[20] The second prong of preemption is not fulfilled, since cases such as *Grosso* have held that "the rights created under California law emanating from *Desny* were qualitatively different from the rights protected by federal copyright law because a *Desny* claim includes an added element: an agreement to pay for the use of the undisclosed ideas."[21]

Continued on page 57.

"The Tweet Smell of Success: Social Media Clauses in Sports & Entertainment Contracts"

Continued from page 6.

making it easy," along with a URL to the product's site. According to the FTC, such an endorsement would violate its rules, since it doesn't specify that it's an ad, and doesn't have qualifying language saying how likely (or unlikely) it was that other consumers could expect the same kind of result. Even adding the "#spon" hashtag at the end, to show that it's a sponsored posting, would not pass FTC muster. According to the agency, the tweet should be marked clearly as an ad and include the typical results for any product.[16] If the FTC finds advertising to be misleading, it can assess civil penalties ranging from the thousands of dollars to the millions; in addition, some advertisers have been ordered to issue full or partial refunds to consumers.

Besides the understandable need to stay within the FTC guidelines, keeping a tight rein on an actor or athlete's social media postings is also a good idea to avoid bringing yet another omnipresent clause into play – the morals clause. In the aftermath of the tsunami in Japan, actor/comedian Gilbert Gottfried made insensitive and tasteless jokes about the disaster on Twitter, resulting in his termination as the voice of the AFLAC duck by the insurance giant. In Australia, Olympic gold medal-winning swimmer and Jaguar spokesperson Stephanie Rice tweeted a homophobic comment after a swim meet in South Africa. Despite a later apology for the offending tweet, the car company dropped her as a spokesperson. However, tweets by Pittsburgh Steelers running back Rashard Mendenhall shortly after the May 1, 2011 killing of Osama Bin Laden put a spotlight on morals clauses and social media. Mendenhall tweeted: "What kind of person celebrates death? It's amazing how people can HATE a man they never even heard speak. We've only heard one side…" And of the 9/11 attacks, the player tweeted "We'll never know what really happened. I just have a hard time believing a plane could take a skyscraper down demolition style."[17]

The public uproar over the tweets resulted in Hanesbrands terminating Mendenhall's endorsement contract, citing the morals clause in it. At first blush, one would have to say that legally the running back was likely to be tackled for a loss. After all, morals clauses are routinely upheld by courts, and there was no reason to believe that results would be different in the use of social media. For example, in the 2010 case of *Galaviz v. Post-Newsweek Stations, San Antonio, Inc.*, a federal court rejected the appeal of a TV news reporter fired following her arrest in a domestic dispute.[18] And in *Nader v. ABC TV, Inc.* in 2005, the court upheld the termination of an "All My Children" soap opera actor after his arrest for cocaine possession and resisting arrest.[19] A typical morals clause might read something like this:

> If Artist has committed or commits any act which is a felony, or a misdemeanor of moral turpitude, or commits an act which offends the community or any segment thereof and/or public morals and decency that may, in the reasonable judgment of the Advertiser, cause a diminution in the value of the Advertiser's commercial association with Artist and which is of sufficient magnitude to require, for commercial reasons, the discontinuance of the Commercialization of Artist's persona hereunder, then Advertiser shall have the right to immediately terminate this Agreement on written notice to Artist.

In the age of social media, however, there are several challenges when it comes to enforcing such a morals clause; because of these, sponsors are well advised to incorporate a specific reference to communications using social media. One such challenge is the difficulty in measuring brand diminution and pinpointing a particular tweet or post as the cause. Another challenge is proving that the actor or athlete did in fact author the offending tweet or post, a potential obstacle when many celebrities have someone writing their tweets or otherwise "managing" their social media presence, and where the first defense of a number of public figures confronted with a offensive tweet is to say "my account was hacked."

In the case of Rashard Mendenhall, his approach was a variation on "the best defense is a good offense." He filed suit against Hanesbrands in July 2011 in U.S. District Court in North Carolina for breach of contract. Mendenhall's argument was a novel one; pointing to previous offensive or controversial tweets he had made (which, among other things, included comments against women and ones comparing the NFL to slavery), he argued that Hanesbrands had waived its right to use his tweets as grounds to terminate the contract since he had previously tweeted so many offensive things that Hanesbrands *didn't* object to.[20] The argument survived a motion to dismiss by Hanesbrands, and ultimately the lawsuit was settled.

The lesson to be learned from examples like the Mendenhall case and others is best summed up by Professor Porcher Taylor of the University of Richmond: "Every celebrity endorsement contract of any kind in the future must have a Twitter/Social

Continued on page 21.

“The Tweet Smell of Success: Social Media Clauses in Sports & Entertainment Contracts”

Continued from page 20.

Media clause…I will be so bold as to state that the failure to not have such a clause would be tantamount to endorsement contract drafting malpractice.”[21] It is advice that sports and entertainment agents, movie studios, and marketers appear to be heeding. According to an article in *Advertising Age*, Peter Hess (co-head of commercial endorsements for Creative Artists Agency) says more and more social media guarantees are being written into celebrity contracts. Hess says “We're starting to have in negotiations, ‘We'd like to include X number of tweets or Facebook postings.’ It's similar to traditional advertising – instead of two commercials, now we want two tweets.”[22]

Indeed the importance of a robust social media following has not been lost on an entertainment industry faced with declining box office revenue, online downloads that have decimated the recording industry, and online fan bases that can alter a television programs's future. An artist's following on social media can mean the difference in casting decisions (Rihanna was allegedly cast in the movie “Battleship” thanks in part to her 26 million Twitter followers) or even getting a project made (witness the Kickstarter campaign that crowdsourced funding for a “Veronica Mars” movie). As a *New York Times* analysis observed, “After largely ignoring social media – allowing fake Facebook pages to proliferate, sticking with tried-and-true publicity stops like ‘Entertainment Tonight’ – stars and agents are realizing en masse that they need to get on that train.”[23]

In order to capitalize on and manage this increasingly important social media presence, the entertainment industry has turned to various social media start-ups. One of the best known is theAudience, formed by former Disney executive Oliver Luckett. TheAudience reaches over 800 million fans each month, publishing thousands of pieces of content on social media on behalf of over 300 accounts.[24] Its clients include record labels, studios, and even the Coachella music festival as well as actors like High Jackman, Mark Wahlberg, and Charlize Theron and recording artists like Usher and Pitbull. Another prominent company that manages stars' digital presence is WhoSay, which counts Tom Hanks, Shakira, Ellen Degeneres, and Sofia Vergara among its clients. Other companies that manage celebrity brands across multiple social media platforms include ThisMoment, Digital Media Management and Crowd Factory. Such companies have sprung up in part due to a recognition of both the marketing power of social media as well a sense that – with studio contracts requiring actors to use their “best efforts” to use social media – social media efforts are too important to be entrusted to the celebrities themselves or even just the studios. As Mr. Luckett describes it, “We're trying to prevent bad marketing from happening – making sure that our artists don't get hurt by studios force-feeding fans with marketing messages.”[25]

The juggernaut that is social networking has already made its presence felt by consumers everywhere and been embraced by corporate America. With this increasing recognition of social media's importance, addressing an actor's or athlete's activities on platforms like Twitter and Facebook in the context of his or her contractual obligations has become a necessity.

ENDNOTES

1 http://www.thresq.com/2009/10/check-your-contract-before-your-next-tweet.html
2 Id.
3 www.pewinternet.org
4 http://www.umassd.edu/cmr/socialmedia/2013fortune500
5 Id.
6 Id.
7 “Online Celebrity Fans More Likely to Follow Brands,” http://www.nielsen.com/us/en/newswire/2011/online-celebrity-fans-more-likely-to-follow
8 Id.
9 Nick Bilton, “Disruptions: Celebrities' Product Plugs on Social Media Draw Scrutiny,” *The New York Times*, June 9, 2013.
10 Id.
11 Liat Kornowski, “Celebrity Sponsored Tweets: What the Stars Get Paid for Advertising in 140 Characters,” *The Huffington Post*, May 30, 2013.
12 Bilton, supra note 9.
13 Id.
14 http://www.ftc.gov/os/2000/05/0005dotcomstaffreport.pdf
15 Id.
16 Id.
17 Benjamin Haynes, “Athletes, Morality Clauses, and Social Media,” http://sportinlaw.com/2013/01/22/athletes-morality-clauses-and-social-media/ (last visited 8/26/13)
18 350 Fed. Appx. 457, 2010 WL 2294724 (5th Cir. 2010)
19 150 Fed. Appx. 54, 17 A.D. Case 490 (2nd Cir. 2005)
20 “Mendenhall Suing Champion, who dropped RB after 9/11 tweets,” http://www.nfl.com/news/story/09000900151820d6ae9/printable/mendenhall-suing-champion (last visited 8/26/13)
21 Id.
22 “Social Media Status Key to Endorsements for Today's Celeb,” *Advertising Age*, Sept. 18, 2011.
23 Brooks Barnes, “A-Listers, Meet Your Online Megaphone,” *The New York Times*, Nov. 10, 2012.
24 Id.
25 Id.

NCAA

Continued from page 8.

In one corner we have: Andrew Luck and Tiger Woods formerly of Stanford University *not only smart-students, but also student-athletes*. These are famous Stanford University attendees whom we all know by name and where they went to college.[12] Could this contest be close to fair? Let's see who is in the opposite corner.

In the opposite corner we have: Larry Page and Sergey Brin *merely-smart* former Stanford University students. There is no chronicled discussion of either of them participating in a varsity sport while at Stanford.

Larry and Sergey were Stanford University students when they developed a technology for searching on the Internet. The technology automatically belonged to Stanford University since Larry and Sergey were students. That provision applies to every student and is part of the student handbook and part of the bargain of going to Stanford University. Whether the student attends on scholarship or not is irrelevant in allocating ownership rights. Stanford University generously agreed to make arrangements for Larry and Sergey to continue to *use* their just-created (*but not owned or controlled by them*) technology.

Let's be clear. Larry and Sergey did not *give* their creation to Stanford University. Stanford owned it all from inception.[13] That die was cast with their acceptance into, and attendance at, Stanford. Stanford did not have an absolute obligation to license the technology to Larry and Sergey. If Stanford could not reach a satisfactory (from Stanford's perspective) arrangement with Larry and Sergey, then Steve (Jobs) at Apple or Bill (Gates) at Microsoft may have been the ones to license Stanford's patent (created thankfully by Larry and Sergey).

Larry and Sergey formed a company to make their licensing agreement with Stanford easier to manage. Stanford agreed to license the patent technology (Larry and Sergey just created) to Larry and Sergey's new company.[14] A license meant Stanford owned the technology, but it would let Larry and Sergey's just-formed company use the technology. All Stanford wanted was stock in advance and royalty payments for the duration of the patent. Stanford received 1.8 million shares in exchange for licensing the patent to a start-up with no money. Additionally, this start-up owed Stanford patent royalty payments each year that it continued to use the patent. Stanford also received a seat on the new company's board.

That start-up company is Google.

By 2005, Stanford University sold all stock it had received initially (from Google the start-up) for a profit of $336 million. Stanford followed a traditional university investment management policy by not keeping start-up stock very long. Stanford's gain from $0 to $337 million occurred in less than 7 years.

In 2005, *Forbes'* magazine valued Major League Baseball's Oakland A's at $186 million and the Tampa Bay Rays as $152 million. Stanford could have almost acquired both clubs at a combined cost of $338 million. Surely, someone or a company would have lent Stanford the $2 million it was short (*apparently*). But there's even doubt Stanford would be "short." Patent royalties are subject to different accounting rules; so, Stanford may have earned $2 million or more from patent royalties over the years before 2005. Stanford most likely, could have bought both MLB baseball teams with the money made from Larry and Sergey.

Truly, Larry and Sergey gave the gift that keeps on giving, except it wasn't a gift. Maybe it would be better to say, "Stanford took the rights that keep on giving."

Had Stanford waited and sold all its stock on August 16, 2013, the stock would have been worth $1,542,438,000.00.[15] The next day Stanford University would have enough money to buy the Boston Red Sox for $1.312 billion and have money left over. According to Forbes' valuation, Stanford University could have purchased *any other MLB team except* (1) The New York Yankees ($2.,3 billion)[16] and (2) The Los Angeles Dodgers ($1.615 billion). So the imaginary headline could have been real.

Let's turn now to the other corner of the ring, occupied by Andrew Luck and Tiger Woods. Andrew Luck signed a fully guaranteed contract for $22.1 million dollars with the Indianapolis Colts, an NFL franchise.[17] Stanford did not own any percentage of Luck's contract or rights to that money or any other money that Andrew Luck received or would receive as a professional football player, whether from playing football or any endorsements arising from his fame as a football player.

Continued on page 23.

NCAA

Continued from page 22.

Andrew Luck received his degree in architecture.[18] Instead of spending time thinking of new, patentable designs for suspension bridges or earthquake resistant structures, Andrew spent his time practicing football. Stanford University *could have* claimed rights in his patents, but Andrew didn't have any patents—maybe because he was busy training, practicing, and playing football. Larry and Sergey, instead worked on their ideas at Stanford University, and for their efforts Stanford University received patent ownership. Andrew may have had or could have developed patentable ideas, but playing football distracted him long enough that he left Stanford before creating his patents. Can we conclude that Larry and Sergey subsidized Andrew Luck's playing football?

Tiger Woods did not create, so far as anyone is aware, any patentable items while at Stanford. He left early (after 2 years) and before receiving his degree, and Stanford did not make a claim for his trademark "Tiger Woods," or any other trademark or intellectual property that may have been developed while he was at Stanford.

Stanford University contractually receives $0 royalty from any intellectual property Tiger Woods created, if any, and $0 or 0% as a royalty from any of his golf tournament prize money, appearance fees, or endorsements.

Since Stanford has a $0 claim on any future income or assets from Andrew or Tiger, we can conclude, Andrew and Tiger won. Attending Stanford cost Andrew and Tiger the least. Larry and Sergey were tapped for around $1.5 billion of net worth and counting.

The vernacular of "adding insult to injury" is usually achievable without much argument. Injuries (damages) are not so large that insult would go unnoticed. Yet, even after Stanford's "taking" or receiving $1.5 billion from 2 merely-smart students, potential areas exist for recognizing an insult. They are:

1. Attendance as a student at Stanford triggers IP ownership restrictions applicable to Larry and Sergey, not that the student attended on a full scholarship. In a worst case scenario, the rule boils down to this: A merely-smart student ineligible for financial assistance pays Stanford tuition as a prerequisite to giving all his or her IP creativity to Stanford.

2. In *Forbes'* discussion of its ranking the "No. 1 school" in America, *Forbes* first mentions Stanford University's "star athletes" and the year they last attended Stanford: "Andrew Luck '12, Michelle Wie '12, Tiger Woods '96, John Elway '93 and John McEnroe '78." After acknowledging successful athletes, this business magazine continues with, "Stanford graduates have founded some of Silicon Valley's most innovative companies: Google, Yahoo!, Cisco, Sun Microsystems, Hewlett-Packard, and more recently, Instagram."[19]

Larry and Sergey are unnamed Stanford graduates even though co-founders of one of the most valuable companies in the world. Tiger is a Stanford University drop-out. The last line in Forbes' description is "The university competes in NCAA Division I-A athletics, and the school mascot is the Cardinal."

If Stanford University would have waited until August 16, 2013 to sell its Google stock as received from Larry and Sergey, then from that stock alone, Stanford University would have made in excess of 2 times the combined total wealth of Andrew and Tiger (Tiger's estimated wealth is $600 million).[20 21]

Stanford and Google's model for Texas A&M's monetizing the Johnny Football trademark.

Stanford University, Texas A&M, University of Texas (A&M's in-state rival), and most other universities all try to achieve the same elements of Intellectual Property (IP) control from similar policy approaches. IP includes not only patents, but copyrights and trademarks.

What does Texas A&M have in written policies regarding student-created IP?

Johnny Manziel's apparent trademark appears to have arisen out of the use of "system facilities under the supervision of system personnel including faculty." A coach is a faculty member. The football stadium and its training facilities are "university facilities."[22]

Continued on page 24.

NCAA

Continued from page 23.

The NCAA in sworn testimony in the antitrust case does not claim any trademark rights to "Johnny Football" in so far as they are expressed through an exploitation of the right of publicity.[23]

Consider if Texas A&M made its own claim on the trademark "Johnny Football." Then Texas A&M could state to the NCAA that money, if any, Johnny Manziel received or was to receive for autographing memorabilia, was constructively held "in trust" until Johnny could write Texas A&M its check. If Larry and Sergey had applied for the patent, that would not have stopped Stanford from making a claim for the patent, and the stock, and the royalties that flowed from the patent. Property held "in trust" is property held for the benefit of another. When lawyers use "constructive," it means, "let's use our 20/20 hindsight and imagination and pretend this is what really happened because it gives the right result."

The alleged memorabilia broker's money, possibly in Johnny's possession, could not belong to Johnny any more than the trademark. The money belongs to Texas A&M and Johnny was just holding it (holding it in trust) for his university.

The Texas A&M University System may be kind enough to reimburse Johnny Manziel for expenses he or his family's incurred in trademarking "Johnny Football." The Manziel family's paying attorney's fees does not determine ownership of a patent or a trademark. Texas A&M would not be mean-spirited and legal issues are complicated. Texas A&M would no doubt gladly reimburse Johnny or his family.

Johnny Manziel, no doubt, wanted to act quickly to protect the trademark and Texas A&M's potential or real income stream. Texas A&M could even give Johnny Manziel special recognition for his quick thinking and responding in a crisis situation with action, by rushing to trademark "Johnny Football"—just the type of qualities that made him a success on the football field in 2012-2013.

Maybe Texas A&M owes the NCAA some money, but that can be worked out between these large entities.

The potential solution:

- Texas A&M has the "Johnny Football" trademark transferred to it for no value so Johnny Manziel and Texas A&M University are not in violation of any NCAA rule; and,
- Johnny Manziel transfers to Texas A&M any money he may have received on behalf of Texas A&M for his signing "Johnny Football" memorabilia; and,
- The NCAA determines whether Texas A&M owes the NCAA any funds allegedly advanced to Johnny Football; and,
- Johnny Manziel does not get punished because he did not do anything wrong and he had no authority to *do* anything as Texas A&M and he would, under this scenario, now agree.

This potentially satisfying result may put Texas A&M in conflict with its athlete-students. But it may be more in line with treatment of non-athlete students. If this rule were applied to student-athletes, would faculty (i.e., coaches) be comfortable in how this regulation may reach them, and their empires? Johnny Manziel applied for trademark for "Johnny Football" for activities including motivational speaking. Coaches may conduct motivational speeches. If a coach, not previously famous, while at a university goes on a speaking tour having trademarked his name and likeness, then would that coach be required to split those fees and that income into the future? The answer may be yes. Can the university trademark the coaches name and likeness for za professor's invention?

Few university presidents would feel comfortable racing out to tackle a coach and pulling money from his wallet (or snatching money from her purse) after a speaking engagement[24] Yet, promotion of coaches for speaking engagements includes prominent identification with the university where they became famous for their coaching. Are the facilities and environment so irrelevant

Continued on page 25.

NCAA

Continued from page 24.

to Pat Dye's success at Auburn University or Bobby Bowden's success at Florida State that their respective universities would not be entitled to some continuing income stream?

There is no documentation of any claim by a university for these funds. Apparently asserting control over faculty and student patent rights is much more acceptable than picking on coaches.

If university administrators do not extract money from the student-athlete or the coach-faculty member, then one can imagine the next Larry and Sergey and their faculty advisors having no enthusiasm for relinquishing rights to their intellectual property.

The circumstances are so strikingly discordant where Larry Page and Sergey Brin are not even mentioned by name in *Forbes.com's* very positive review of Stanford as the No. 1 university in the country. *Forbes* teaches us *$1.5 billion* dollars in wealth transfer (the current value of what Stanford kept from Larry and Sergey or even the *$336 million* in wealth transfer priced at Stanford's sales price) just doesn't get you recognition comparable to a low golf score or completed pass. *Forbes* did not care or *Forbes* thought its readers would not care to learn about Larry and Sergey and their contribution to Stanford.

University administrators in charge of money do care about Larry and Sergey.

Forget academic discussions of moralistic "rights and wrongs;" focus on "IP rights and ownership."

If the NCAA claims too much student IP, then major universities will suggest the NCAA becomes even more athletic, i.e., "take a hike."

If the NCAA were to claim it controls all the trademarks for all athlete-students, then this position potentially places the NCAA adverse to Texas A&M, University of Texas, Stanford, Harvard, Yale, and every other major university.[25] Trademarks are IP, just like patents and copyrights. None of these universities wants to waive the possibility of claiming something done by Larry and Sergey—just in case they participated in an NCAA sport. Universities would assert the NCAA should not have control over *all* of an athlete-student's IP, because there may be the chance a bright, entrepreneurial student would participate in a sport.

What if Larry and Sergey played intercollegiate lacrosse or Andrew found time to patent a new type of bridge suspension? I think Stanford would call "foul" and fight the NCAA's reach to control student IP. The NCAA would have to take what Stanford or Texas A&M gave it.

Under existing NCAA agreements, and under existing Texas A&M University Policies, based on publicly available facts, Texas A&M apparently could assert ownership and control over intellectual property of an athlete (consistent with its policies), if that IP was separate from his or her likeness.[26]

While universities and colleges may assign some intellectual property rights to the NCAA, it would be interesting to see the NCAA fight its constituent institutions on this subject. A reasonable person may believe[27] the individual universities would win control of a student's IP. Private universities Harvard, Yale, Stanford, and Duke, and their legal and political resources coupled with all the power of the Attorneys General of all public universities in states such as Texas, California, Michigan, Wisconsin, Washington, Oregon, Illinois, West Virginia, Virginia, North Carolina, or any other state with a basketball, baseball, or football team of some capability, seem like a "Dream Team" of resources against the NCAA. If it was serious enough, the schools could always resign from the NCAA leaving it an organization without members. The universities would then be free to form a new association with rules they want.

While it may be urged as an extreme position, the discussion could always be reduced to: (a) Stay in the NCAA and give up $1.5 billion in stock or (b) Leave the NCAA and keep the money. AU's board of trustees' debate would be rather easy to imagine.

- Are college athletics and affiliation with the NCAA so pure and valuable as to be worth this trade?

Continued on page 26.

NCAA

Continued from page 25.

- If large sums of money are to be taken from students (and faculty), identify the deserving entity for the redistribution: the NCAA who can't plan a Division I football playoff or your university?

- Do you want to be *the* university trustee voting to give the NCAA $1.5 billion of your university's money?

If there is money to be had, university systems (whether public or private) will fight for every dollar. State legislatures have consistently cut higher education budgets. Private universities rely on endowments and are dependent on stock market returns and alumni and corporate giving. When the stock market performance is the worst, donations may diminish while investment returns drop.[28]

Is there ever a time when a board trustee would feel comfortable voting that his or her university did not really need an extra $1.5 billion, and the school should just give it to the NCAA?

Academics no longer run universities, lawyers run universities.[29] Everybody is more sophisticated and the money greater. That means more lawyer involvement at all levels. Of course, that means students (and their families) need legal advice. Lawyers are often most valuable in areas of the law where there is both large amounts of money at stake and uncertainty. These 2 conditions are characteristics of higher education and IP rights of students and faculty.

There's money in athletics, but that does not insure the NCAA will become stronger.

Athletic programs may create current cash flow if programs are successful. The University of Texas had revenue of $150 million for 2010-2011, leading all NCAA schools. Ohio State was second with $81.5 million for the same period.[30] There is significant debate about whether athletic programs are "profitable" for universities.[31]

To make that money, Texas had to pay its head football coach $5 million. Do economics drive universities (whether non-profit or state institutions) to make decisions like companies investing in Research & Development? Is $5,000,000 for one football coach as good as having 5 great professors at $1,000,000, or 10 at $500,000, with each professor a lure to attract the next Larry and Sergey? University administrators think of varsity coaches and their ability to build an athletic program. Are there economic reasons to view other faculty, particularly those in the science and engineering schools, in this new light?

With limited funds, universities may have to reexamine the matrix for decision-making. Where's the best long-term payoff?

1. From alumni goodwill from football victories and increased donations directed to institutional facilities that do not create a capital gain or income stream, such as a stadium and branded promotional material sales; *or*,

2. From having great research faculties and facilities thereby generating stock and the potential for gains ($0 to $346 million for Stanford) or a cash flow stream (such as royalties from patents)?

The university's challenge is the long-term commitment for athletics assets compared with a variable income stream. Athletic programs take a time to develop, and once exceptional students leave, the program has to start over. Once the great coaches leave, the school starts over. Goodwill is difficult to maintain in the face of losing seasons. Ancillary sales such as branded products would decline in off-years. Yet, the right athlete continues into a professional career, and no matter how good or how poor the team around that star student-athlete, the star athlete will no longer be a student and the formal relationship with the university ends.

With a magic bag in each hand, Stanford University's unofficial tree mascot waves so-long, but not farewell to Larry and Sergey. Stanford's tree mascot holds one large bag (of stock) and a second smaller bag that Larry and Sergey return to fill (with patent royalty payments) each year for 20 years.

Continued on page 27.

NCAA
Continued from page 26.

The mascot tree gives Andrew and Tiger a "high-five" farewell salute *both at the same time, since the tree's hands are empty*.

Smart, *student-athletes* like Andrew and Tiger leave Stanford and they are gone. Stanford University is left holding a bag of goodwill. It may or may not be valuable, but even if valuable, goodwill is not money. Andrew and Tiger are *not* contractually obligated to return to Stanford and drop money in the bag.

If the NCAA starts to muscle-in too much on potential cash flows to universities, then there may be a fight. Even if universities have not been targeting the NCAA, current and former student-athletes have been taking aim. Past and current students are bringing a class action against the NCAA and EA Sports alleging defendants engage in antitrust behavior by preventing athletes from making money out of their own likeness while *video* game players vie to assume certain characters in the games.[32]

Royalties from video games are not inconsequential. But the athlete-students haven't yet started fighting the universities. Stanford University may allow Andrew Luck sign a professional contract without collecting a commission of even 5%. Andrew may win this dispute. Stanford may be less inclined to give patents to students.

Can Stanford justify treating its athlete students differently from merely-smart students?

Universities are serious about helping smart-students help each university become wealthier. The University of Texas created IC^2 (pronounced "I C squared"), standing for "Innovation. Creativity. Capital." IC^2 is an "interdisciplinary research unit of the University of Texas at Austin which works to advance the theory and practice of entrepreneurial wealth creation."[33] Texas A&M has its Center for New Ventures and Entrepreneurship.

Intellectual freedom is alive in state institutions—you just need to know where to look.

We now understand going to college is not a great circumstance for a student seeking creative control. Even for professors, "academic freedom" translates as "profit for the academic institution." In fairness to administrators at our hypothetical university AU and its real counterparts, it takes gold to run a university.

Where can you, whether young or old, retain intellectual property, but still have access to significant state resources at no extra charge, including 3 meals a day and sleeping accommodations, provided the state elects or is forced to render you aid?

You have 2 choices:

1. *You can go to prison, or,*

2. *You can be committed to a mental institution.*

Most states have laws preventing criminals from writing and profiting from their crime, for example, by authoring a book or selling their story. But any other intellectual property such as patents or trademarks unrelated to the crime and developed while in prison, belong to the inmate. There may be fines or other claims by the government (state or federal) against an inmate's assets if alive or estate if deceased, but those claims require forfeiture proceedings.[34]

If Larry and Sergey spent a year in prison at the right time, then the Google patent would have belonged to them outright. They would be $1.5 billion richer.[35]

Andrew and Tiger, if in prison may not have access to the same training facilities, golf courses, etc. as at Stanford. But everything else would be the same for them as for Larry and Sergey. When released, they're done.

Continued on page 28.

NCAA

Continued from page 27.

This line of reasoning is silly, exaggerated, and unnecessary—Andrew and Tiger (unlike Larry and Sergey) don't need to go to prison,—Andrew, Tiger and Johnny Manziel (apparently, barring a subsequent claim by Texas A&M) already control 100% of their post-college sources of income.[36]

The state and its institutions respect rights of prisoners and those with severe mental illness more than star athletes on scholarship at a state university, and *all three of those groups receive more intellectual freedom and respect and less claims on future earnings than merely-smart students who may pay to learn, study, and create.*

U.S. military academies and the "if-you-don't-stay-you-pay rule."

The federal government has a position on the importance of sports in our society. If you attend a military academy, then the federal government pays for your education. If you are an ROTC (Reserve Officer Training Corp) graduate, then you received compensation for your commitment. In either case, the student has an Active Duty Service Obligation (ADSO).

If a student commits to attend a military academy and after the beginning of the third year does not fulfill the requirements, then the military is entitled to a "monetary recoupment of educational benefits."[37] Furthermore, separately, reimbursement obligations attach to students who do not have a successful course completion.[38]

Lt. Eric Kettani graduated from the Naval Academy; yet, served for 2 years stationed on a ship. Lt. Kettani received some dispensation from his active duty counter-terrorism assignment as an NFL player (first for the New England Patriots and then for the Washington Redskins) as he alternated between active duty and NFL obligations. Eventually Lt. Kettani received a negotiated settlement allowing him to complete additional years serving in the Naval reserves doing public-affairs work.[39]

The United States military academies view the value of a "free education" as an obligation requiring more than campus presence during a student's matriculation. The Active Duty Service Obligation may extend for 6 years beyond the completion of one's college education.

The "one and done rule" is inapplicable in the military culture that values higher learning and long-term commitments.[40]

Conclusion

While some studies indicate a winning football season makes money, other analysis indicates the benefits are minimal and irrelevant since most football programs lose money. The stakes are high. States slash public universities' budgets. Private universities are forced to rely on endowments and returns on endowments (both of which fluctuate significantly depending upon the economy):

We know 3 things:

1. *Smart, student-athletes* leave without ongoing obligations. Texas A&M appears to be willing to bend System rules for Johnny Manziel's benefit and maintain the status quo for athletes' special treatment.

2. *Merely-smart students who achieve intellectual greatness early* leave after stuffing stock certificates into the university's pockets, allocating board seats on their companies, and committing to on-going patent license payments to their alma mater, AU.

3. Traditional faculty give up IP rights to universities. Football and basketball and other athletic coaches sue universities to enforce contracts; and, when convenient, these same coaches break contracts leaving for greener playing fields and taking their faculty (assistant coaches) with them, along with their play book. No intellectual property legacy remains with AU. Apparently, enforceable covenants not to compete and not to poach other coaches are absent in most coaches' contracts with universities.

Continued on page 29.

NCAA

Continued from page 28.

There's an imbalance among students, varsity-athletic students, faculties (including coaches), universities, and organized athletics (NCAA). There is no universal rule. Predictably, the pie will not be sufficiently large for every interest group or entity to receive what it thinks is fair.

Texas A&M may become evangelical about believing Johnny Manziel, a/k/a Johnny Football, should have control over his own name created at university facilities under university faculty supervision. The NCAA may lose the antitrust case against it. But these elements are not dispositive of all issues. Even if Johnny Manziel drops out of Texas A&M, that does not mean that Texas A&M does not have a claim on the "Johnny Football" trademark.

What if Texas A&M System changed its rules? If Texas A&M leads this congregation of universities urging fairness to students, would it be able to "convert" Stanford to its flock? Would Stanford's penance for past sins begin with giving (returning?) $1.5 billion to Larry and Sergey? Does Texas A&M have any past "sins" where absolution would require its returning money (or stock or patents) to have a clear conscience?

If Texas A&M refuses to act in accordance with a plain reading of its rights, could Texas A&M provide a reason for the different treatment of Johnny Manziel's "Johnny Football" trademark as compared to a merely-smart student creating other types of intellectual property?

Would other universities or the NCAA assert they relied on Texas A&M's policies in reaching a decision to enter into the NCAA agreement? Does Texas A&M have an obligation to these third parties to enforce its existing policies?

If Texas A&M does not exercise control over the "Johnny Football" trademark then it may have other problems. Even after Texas A&M's $450 million expansion to renovate and enlarge Kyle Field stadium to hold 102,500 seated capacity,[41] the stadium may be insufficient for all the litigants, their attorneys, and expert witnesses seeking different IP arrangements. These students and faculty all want to be treated like athletes and coaches, not like world-class, technological innovators. They want the athlete's and coaches' good life and unhampered future income. The stadium's estimated completion date and Grand Opening on August 2015 will not pose a problem since the litigation on these subjects will very likely still be in process. Maybe the litigation will force another stadium expansion.[42]

Grab a seat. This game is not over. The sides are just lining up for the opening kickoff.

Endnotes

1. "Johnny Football," Serial Number 85769563, Filing date: November 1, 2012, "Johnny Football," Serial Number 85839336, Filing Date: February 2, 2013. These applications may be found at www.uspto.gov (The online access portal for the U.S. Patent and Trademark Office).
2. This line is shouted from the witness stand by Jack Nicholson's character Col. Jessep in the movie, "A Few Good Men" (1992). http://www.imdb.com/title/tt0104257/quotes
3. A famous phrase from the 1996 movie "Jerry McGuire" where professional athlete and client Rod Tidwell (Cuba Gooding's character) states that in exchange for keeping Jerry Maguire (Tom Cruise's character) as his agent Jerry McGuire will "Show me the money." This phrase is repeated in several delivery styles as their exchange continues. http://www.imdb.com/title/tt0116695/quotes
4. "Mike and Mike in the Morning," stated by Mike Greenberg to co-host Mike Golic referencing the NCAA investigation and Texas A&M's sanctioning of Johnny Manziel, (ESPN radio broadcast, August 29, 2013).
5. Prexy or Prez means president. *Slanguage Dictionary*, VARIETY http://variety.com/static-pages/slanguage-dictionary/
6. Ben Philpott, *'Johnny Football' name sparks off-field battle*, MARKETPLACE www.marketplace.org, November 21, 2012 http://www.marketplace.org/topics/business/johnny-football-name-sparks-field-battle, Texas A & M University may have attempted to claim an interest in the name.
7. "Johnny Manziel of Texas A&M University Selected as the 2012 Heisman Winner," Heisman Trophy Trust, http://www.heisman.com/newsroom/2012JohnnyManzielPressRelease.pdf
8. "Au" coincidentally happens to be the symbol for gold. *Periodic Table of Elements. A Resource for Elementary, Middle School, and High School Students*, LOS ALAMOS NATIONAL LABORATORY, http://periodic.lanl.gov/index.shtml
9. Professional athletics is just beginning to recognize and document the injuries associated with not only games, but practice, and the factors associated with repetitive injuries dating back to an athletes' participation in high school.
10. Baylor University's new stadium in Waco, Texas projects to cost $250 million. Baylor is a private university. Baylor Proud "*McLane family gift launches move toward new Baylor football stadium*" March, 2012 http://www2.baylor.edu/baylorproud/2012/03/mclane-family-gift-launches-move-toward-new-baylor-football-stadium/
11. Dale Hansen, *Hansen Unplugged: Why college players shouldn't make money*," WFAA, WFAA.COM, Posted on August 7, 2013 at 10:38 PM, Updated Wednesday, August 7 at 11:17 PM http://www.wfaa.com/sports/dale-hansen/Hansen-Unplugged-218781091.html /video at: http://www.wfaa.com/video?id=218781091&sec=600187
12. Andrew Luck graduated while Tiger Woods left Stanford University after 2 years without a degree.
13. For every student or faculty member, Stanford University posts on its Web site critical information outlining its policy toward ownership of intellectual property. It is clearly labeled, written in plain English, and easily accessible. Everyone is on notice. The policy provides as follows (http://doresearch.stanford.edu/policies/research-policy-handbook/non-faculty-research-appointments/relationships-between-students#anchor-1069):

   10.6 Relationships Between Students (Including Postdoctoral Scholars) and Outside Entities. . .

   3. Ownership of Intellectual Property

Continued on page 30.

NCAA

Continued from page 29.

A. Inventions, Patents and Licensing Policy

Graduate students, postdoctoral scholars, and all others participating in research projects (including undergraduates working on research projects, either for pay or for academic credit) are covered by the Stanford University policy Inventions, Patents, and Licensing. This policy states that these individuals must disclose "all potentially patentable inventions conceived or first reduced to practice in whole or in part... in the course of their University responsibilities or with more than incidental use of University resources. Title to such inventions shall be assigned to the University."

NOTE: The phrase "University responsibilities" is not generally interpreted to include a student's regular coursework. However, if, in the course of this work, a student makes more than incidental use of University resources (including specialized equipment, laboratories and research facilities) to create a potentially patentable invention, that invention must be disclosed to Stanford and title assigned to the University. (See below, Inventions, Patents and Licensing.)

The policy also specifies that the University shall share with the inventors royalties from inventions assigned to the University. These individuals are expected to sign the Stanford University Patent and Copyright Agreement (SU-18).

See also Best Practices for Student Entrepreneurial Courses, found below in "Related Items".

To insure there will be no misunderstanding, Stanford University's Office of Technology Licensing ("OTL") includes a letter in PDF format dated October 7, 2011 describing "Best practices for student entrepreneurial courses." The link to this posting is found at the bottom of the page containing "A. Inventions, Patent and Licensing Policy" under "Related Items" > "Documents" tab > then the link "Best Practices for Student Entrepreneurial Courses"

This OTL letter states in part, as follows, while explaining what is meant by "more than incidental use of Stanford resources" and at the same time describing the famous Google technology patent, along with patentable inventions that serve as the foundation for health care companies as diverse as heart monitoring and knee replacement. These Stanford patents [Stanford makes clear it owned the patents] were used to start "student-founded businesses." Note Stanford does not describe the businesses as "student-owned." Truth in advertising prevailed. The letter states as follows for the third through fifth paragraphs:

> "Student inventions that are developed with more than incidental use of Stanford resources fall under the Stanford patent policy (http://rph.stanford.edu/5-1.html). The most famous invention (the "Google" technology) was developed by two students using University resources; they licensed the technology from Stanford and were able to start Google. Many Biodesign inventions have been developed using Stanford resources and they have been licensed or sometimes given back to the inventors because Stanford does not wish to pursue the invention. iRhythm (selling a non-invasive heart-rate monitor) and Spiracur (developing a wound healing device) are just two examples of student-founded companies that licensed technology from Stanford. The Jaipur knee invention out of the ME382 class was licensed by Stanford to an existing company in India which has provided more than 3000 Jaipur knees to an underserved population of amputees.
>
> "Examples of "more than incidental use" include: use of the Stanford funds to file a provisional patent, to create physical prototypes, to acquire data for an invention or to develop an invention. Additionally, the use of Stanford facilities such as the Machine Labs would be more than "incidental use." Examples of "incidental use" would be the use of the library, the use of computer resources available to all students, email, the dorm room, or the use of classrooms to discuss projects.
>
> "OTL is a resource for faculty, staff and students. OTL evaluates Stanford-owned technologies, supports patenting if appropriate and licenses technology so that new products can be developed which ultimately benefit society. Stanford's technologies are as broad and vast as the University's research and education disciplines, ranging from computer science to engineering to chemistry and medicine – and more. Students are welcome to mine Stanford's vast collection of intellectual property for potential new ventures via TechFinder (http://otl.stanford.edu)"

14. Depending upon date of application since laws have recently changed, a U.S. patent lasts about 20 years.
15. Lisa M. Krieger, *Stanford Earns $336 Million Off Google Stock*, SAN JOSE MERCURY NEWS, CALIFORNIA, December 1, 2005. Found on RedOrbit as this article: http://www.redorbit.com/news/education/318480/stanford_earns_336_million_off_google_stock/
16. *MLB Team Values, The Business of Baseball*, FORBES.COM http://www.forbes.com/mlb-valuations/list/
17. Marc Sessler, Around the League Writer, *Andrew Luck signs $22.1M Indianapolis Colts contract*, Published July 19, 2012, at 3:05 p.m., updated Aug. 3, 2012 at 01:26 a.m., NFL.COM http://www.nfl.com/news/story/09000d5d82aabdad/article/andrew-luck-signs-221m-indianapolis-colts-contract
18. Clifton Brown, *Andrew Luck graduates from Stanford with architectural degree*, SPORTINGNEWSNFL, http://www.sportingnews.com/nfl/story/2012-06-19/andrew-luck-graduates-stanford-degree-michelle-wie-indianapolis-colts
19. *Stanford University*, from "Forbes America's 2013 Top Colleges," FORBES.COM, http://www.forbes.com/colleges/stanford-university/#

Forbes, a business magazine ranking universities, identifies by name a college drop-out (Tiger) whose total net worth is less than one-half the value of the stock Stanford (received?, took? earned?) from Larry and Sergey, while your co-inventor and you do not even have your name listed as a famous university graduate? To this author, this priority preference would appear as "adding insult to injury."

Tiger Woods' Web site includes the following posting:

> "I would like to finish off my degree — I might just do it one of these days," he said, "I would be proud, too, because earning a Stanford degree is pretty special." Mark Soltau, *Tiger enjoys Fiesta Bowl, looks forward to 2012, In Arizona, Woods spends day as Stanford's honorary captain*, January 6, 2012, TIGER WOODS, TIGERWOODS.COM http://web.tigerwoods.com/news/article/2012010626279900/news/
>
> Forbes' profile of Harvard University, No. 8 on the list of America's top universities, includes the following information:
>
> The university's list of notable attendees includes U.S. President Barack Obama, Microsoft founder Bill Gates, Facebook cofounder Mark Zuckerberg, actress Natalie Portman, U.N. Secretary General Ban Ki-Moon, NBA star Jeremy Lin and "Unabomber" Ted Kaczynski. . . . "Harvard University competes in NCAA Division I-AA athletics, and its teams are known as The Crimson. *Harvard University*, from "Forbes America's 2013 Top Colleges," FORBES.COM, http://www.forbes.com/colleges/harvard-university/

Forbes' editorial criteria for listing college alumni are obtuse. On June 7, 2007, Harvard bestowed an honorary degree on Bill Gates. Remarks of Bill Gates, Harvard Commencement 2007, (Text as prepared for delivery), HARVARDGAZETTE June 7, 2007 (http://news.harvard.edu/gazette/story/2007/06/remarks-of-bill-gates-harvard-commencement-2007/

Bill Gates had dropped out of Harvard without attaining a degree but by Forbes America's 2013 Top Colleges' listing, he had attained a degree (his honorary degree, apparently).

Jeremy Lin an NBA professional basketball player is identified as a Harvard graduate. Lin's background was an element of his success and notoriety in NBA season. While Forbes lists the "Unabomber" as a Harvard graduate, Larry and Sergey do not deserve mention for graduating Stanford.

Forbes' editorial policies appear to lack consistency.

Continued on page 31.

NCAA

Continued from page 30.

20. Sammy Said, *Tiger Woods Net Worth*, The Richest. http://www.therichest.com/celebnetworth/athletes/golfers/tiger-woods-net-worth/
21. The reader may have questions about other successful entrepreneurs which we associate with college and technology advances. Steve Jobs (founder of Apple) had stopped attending Reed College when he developed the first Apple computer. Bill Gates had dropped out of Harvard before he began working on the DOS operating system. It would be interesting to know if his father, an internationally famous attorney, offered legal advice to leave college before Harvard had claims. Michael Dell, began his business of building computers while in a dorm at the University of Texas at Austin, but he did not have nor assert any patents relating to his time while a student. Michael Dell eventually dropped out of University of Texas. These universities may believe each of these situations were not only legally correct in not making claims, but appropriate for the relationship which developed with former students. Public records do not clearly indicate university positions in these matters.

    The facts relating to Larry and Sergey's patent and the use of Stanford University computer resources and faculty created a different fact situation on which to base its legal conclusion and course of action.
22. 17.01 Intellectual Property Management and Commercialization, Policy Statement

    This policy ensures that the new ideas, discoveries and technologies arising from research conducted as apart of the education process are used in the best interest of the Texas A&M University System (system), its members and the public it serves

    1.2 <u>Applicability</u>

    This policy applies to all employees of the system and its members including, but not limited to, full and part-time faculty and staff and all persons using system, facilities under the supervision of system personnel including visiting and adjunct faculty and researchers, undergraduate students, candidates for master's and doctoral degrees, ...

    2.2.3 Intellectual property that is not institutional work or work for hire as defined in Section 2.3.1 of this policy, but is the work that is developed with significant use of funds, space, hardware or facilities administered by a member [member of the Texas A&M University System] where use was essential and substantial rather than incidental, shall be owned by and is hereby assigned to the system by such individuals. . . .

    The Texas A&M University System Rules, System Policies and Regulations, 17. Intellectual Property, 17.01 Intellectual Property Management and Commercialization. August 3, 2012 (MO -2012) TEXAS A&M UNIVERSITY SYSTEM:

    http://policies.tamus.edu/17-01.pdf

    The following links to all Texas A&M System Policies and Regulations: http://www.tamus.edu/offices/policy/policies/

23. Gregory L. Curtner, Attorney at Schiff Hardin LLP, counsel representing the NCAA addressed this issue in his July 10, 2013 letter to Mr. Michael Hausfeld, Esq. of Hausfeld LLP. http://www.ncaa.org/wps/wcm/connect/public/ncaa/pdfs/2013/ncaasal+glc+ltr+to+hausfeld+responding+to+jul+8+ltr I
24. Frank Beamer, Virginia Tech's football coach who in 1999 led his team to a "National Championship" game against Florida State advertises his speaking engagement fees as between $10,000 and $20,000 an engagement. Mack Brown, University of Texas at Austin football coach charges between $30,000 to $40,000. Direct SportsLink, LLC posts this information and descriptions on its Web site:
    http://www.directsportslink.com/.

    Bobby Bowden "Legendary Florida State Football Coach" has a booking fee range of $30,0001 - $50,000, according to ALLAMERICANSPEAKERS.COM http://www.allamericanspeakers.com/speaker-bio/Bobby_Bowden.php

    Pat Dye is touted as being "best known for his coaching career at Auburn University where he led the tigers to 4 SEC Championships" with a fee range of $5,000 - $10,000. http://www.directsportslink.com/speaker/pat-dye
25. Mark Schlabach, *NCAA puts end to jersey sales*, Updated August 9, 2013, 1:10 PM ET http://espn.go.com/college-sports/story/_/id/9551518/ncaa-shuts-site-jersey-sales-says-hypocritical
26. Gregory L. Curtner, Attorney at Schiff Hardin LLP, counsel representing the NCAA addressed this issue in his July 10, 2013 letter to Mr. Michael Hausfeld, Esq. of Hausfeld LLP, one of the counsel for the O'Bannon plaintiffs. http://www.ncaa.org/wps/wcm/connect/public/ncaa/pdfs/2013/ncaasal+glc+ltr+to+hausfeld+responding+to+jul+8+ltr
    In the suit brought by Ed O'Bannon and others as a class action when he quoted NCAA's Vice President of Academic and Membership Affairs, in March Dkt 695-13 testifying under sworn testimony the following excerpt:

    > "Similarly, Johnny Manziel, who won the 2012 Heisman Trophy while playing quarterback for the Texas A&M football team, recently sued a t-shirt maker that he alleged was selling t-shirts that violated, among other things, his publicity rights. NCAA amateurism and eligibility rules do not prohibit the filing of that lawsuit." Letter, Page 3

    The NCAA response does not directly reference the Johnny Football trademark. The NCAA's response does not recognize Johnny Manziel's trademark ownership of "Johnny Football." The NCAA only states it does not have exclusive standing to sue the t-shirt maker for violation of Johnny Manziel's publicity rights.

    What's not said speaks volumes.
27. It would be inappropriate to have a reference to "bet" while discussing collegiate athletics.
28. The largest donation to an American university was $600 million to California Technological Institute by Gordon and Betty Moore and their foundation. Gordon Moore was one of the founders of Intel. The gift-giving began in 2001, and would extend over a 15-year period. The largest donation to Stanford University, and the fourth largest donation to any American university was $400 million from the William and Flora Hewlett Foundation (in the name of William Hewlett who was a founder of Hewlett-Packard. *These 2 donations are approximately $500 million less than the $1.5 billion worth of stock Larry and Sergey paid Stanford for the right to use the patent they created.*

    The 5 Largest Charitable Donations Ever Made To American Universities, August 1, 2013, EDU IN REVIEW, EDUINREVIEW.COM http://www.eduinreview.com/blog/2013/08/the-5-largest-charitable-donations-ever-made-to-american-universities/
29. This trend was noted as early as December 25, 1987. The New York Times quotes Clerk Kerr, then an economist and former president of the University of California as stating, "There's so much litigation than there used to be. A university president these days really has to have a lawyer at this [sic] side." Julie Johnson, Published December 25, 1987, THE LAW: *Universities Looking to Lawyers for Leadership*, THE NEW YORK TIMES. COLLECTIONS > HIGHER EDUCATION http://www.nytimes.com/1987/12/25/us/the-law-universities-looking-to-lawyers-for-leadership.html

    Consider higher education leaders in Texas. Mark Yudof, was a University of Texas law professor in the practice areas of Contracts, and Education and Public Policy Law. Subsequently, he became Dean of UT Law School afterward, President of UT Austin, and eventually Chancellor of the UT System. Mr. Yudof was President of the University of California System until he resigned from that position.
    Mark Yudof: http://www.sfgate.com/education/article/Mark-Yudof-UC-president-to-step-down-4206304.php#photo-4052174

    William Powers followed a similar career path beginning first as a law professor at the University of Texas at Austin, then Dean of the University of Texas at Austin Law School, and now President of University of Texas at Austin. http://www.utexas.edu/president/bio.html
30. Steve Wieberg, Jodi Upton, and Steve Berkowitz, *Texas athletics overwhelm rivals in revenue and spending*, USA TODAY Updated May 15, 2012 http://usatoday30.usatoday.com/sports/college/story/2012-05-15/texas-athletics-spending-revenue/54960210/1

Continued on page 32.

NCAA

Continued from page 31.

31. This topic is popular in the printed media, and becoming more so in business reporting because of the economic importance of sports generally, and more specifically to college education. Every taxpayer has a stake in higher education for no greater reason than his, her, or its taxes are going to fund state higher education. Just as in talk radio, the controversy makes for interesting reading with great headlines. *The Wall Street Journal* is a participant in this information analysis. Buzz Bissinger, *Why College football Should Be Banned*, WALL ST. J, May 9, 2012, 11:32 AM, http://www.uvm.edu/~rgriffin/BissingerFootbBan.pdf. Studies, including the following recent article analyze advantages, if any, accruing to universities after they experience intercollegiate athletic success. These advantages when applications increase after athletic success include an opportunity to either increase enrollment or become more selective in acceptance. These authors find a difference between private and public schools response to increased applications. Devin G. Pope and Jaren C. Pope, *The Impact of College Sports Success on the Quantity and Quality of Student Applications*, Vol. 75, No. 3 SOUTHERN ECONOMIC JOURNAL, 750 (Jan, 2009) http://www.jstor.org/stable/27751414. The University of California — Berkeley's commitment to remodel its stadium, and the problems if outside funds are not raised, has come under scrutiny. One potential option is to increase the percentage of non-resident students since their tuition payments would be greater than resident students. Student admission policies would be designed to supply the athletic department not with great athletes or the university with exceptional students, but supply the athletic department with more money. Rachael Bachman, *Cal's Football-Stadium, Gamble, Amid a Costly Renovation the School Is Short of Its Funding Goal; Tapping Campus Funds?* THE WALL ST. J. April 20, 2012, 2:07 p.m. ET, http://www.anderson.ucla.edu/faculty/jason.snyder/cal_stadium_gamble_wsj.pdf, Some articles pinpoint the costs of success in college football such as a school's obligation to purchase tickets, which may create a loss greater than the income from the football bowl game, a reward for a successful season. Neal McCluskey, College Football Very Taxing, CATO Institute, Opinion and Commentary, December 30, 2009, http://www.cato.org/publications/commentary/college-football-very-taxing. John J. Cheslok and David B. Knight, *Following a Problematic, Yet Predictable, Path: The Unsustainable Nature of the intercollegiate Athletics System*, Knight Commission On Intercollegiate Athletics, Washington, D.C., October 9, 2012 http://www.knightcommission.org/images/pdfs/2012research/2012_kciareports_cheslock.pdf
32. *O'Bannon v. National Collegiate Athletic Association*, CV-09-3329 (N.D.Cal. 2009), E-filing dated July 21, 2009. Readers may access this document at http://online.wsj.com/public/resources/documents/072209obannonsuit.pdf
33. *About the IC² Institute*, http://ic2.utexas.edu/about/
34. These laws are commonly known as "Son of Sam" laws. Kahtleen Howe, *Is Free Speech Too High a Price to Pay for Crime – Overcoming the Constitutional Inconsistencies in Son of Sam Laws*, 24 Loy.L.A. Ent. L. Rev. 341 (2004). http://digitalcommons.lmu.edu/elr/vol24/iss2/4
35. This author investigated Texas prison conditions in the 1970s, and, personally, this author would rather have been at Stanford University than in prison. Taking a $1.5 billion financial loss seems like a fair trade.
36. Inmates may enroll in college courses while in prison. The author is not aware of whether those courses trigger assignments of student-prisoners' intellectual property in the same way as students or student-athletes may have their control of intellectual property rights limited.
37. Memorandum for Secretaries of the Military Departments, Subject: Policy for the Academy and ROTC Graduates Seeking to Participate in Professional Sports Before Completion of their Active Duty Service Obligations (ADSO), Office of the Under Secretary of Defense, Personnel and Readiness, August 24, 2007, p. 2

    Department of Defense Instruction, Number 1322.25, March 15, 2011, Incorporating Change 1, December 6, 2012, Enclosure 3, Procedures, "1. TA For Service Members Participating In Education Programs," "h. Reimbursement and repayment requirements,", page 12. http://www.dodmou.com/Files/DODI%201322%2025%20December%206%202012.pdf
39. Bill Bradley, *Eric Kettani balances life as NFL player, U.S. Navy lieutenant*, NFL.COM, July 30, 2013, Updated, August 1, 2013 10:42 pm, http://www.nfl.com/news/story/0ap1000000223858/article/eric-kettani-balances-life-as-nfl-player-us-navy-lieutenant
40. Peter Keating, *Sticking point, Hoops should borrow a page from hockey and let freedom reign*, Updated May 7, 2012 10:32 AM ET,

    WHEN ALL FIVE Kentucky Wildcats starters – three freshmen and two sophomores – declared on April 17 [2012] that they would enter the NBA draft, they added accelerant to the burning debate over the game's one-and-done rule. On one side are the purists who hate to see players, coaches and agents treat the campus experience as a truck stop. Says Bob Knight: "It's a disgrace." On the other side are the realists who ask why any 19-year-old who can turn his talent into millions of dollars shouldn't. Says John Calipari: "I could bulldoze them, brainwash them and make them stay. I will never do it. Because I wouldn't want my son treated that way."
41. Texas A&M Athletics release, *Kyle Field Redevelopment Approved by Texas A&M Board of Regents*, May 1, 2013, AGGIE ATHLETICS http://www.aggieathletics.com/ViewArticle.dbml?DB_OEM_ID=27300&ATCLID=207507161
42. In this case, the NCAA proposed a trial date of August 28, 2015, instead of the current scheduled date of June 9, 2014. Mike Singer, *Report: NCAA seeks 15-month delay in O'Bannon lawsuit*, August 20, 2013, 6:57 PM ET, CBSSPORTS.COM http://www.cbssports.com/collegebasketball/eye-on-college-basketball/23240399/report-ncaa-seeks-15month-delay-in-obannon-lawsuit

Legislative Solutions to Digital Music Broadcast Royalties: The Internet Radio Fairness Act vs. The Interim FIRST Act

Continued from page <None>.

> ***BMI protected the rights of minority songwriters and publishers in many cases providing funds essential for their survival. In the words of legendary Motown composer Lamont Dozier: ". . . all of my life I have worked at being a songwriter, and ever since I was able to get my family and myself out of the Jeffrey Projects in Detroit, Michigan, at the age of 16 years old, I have been writing songs and making a living writing songs. Performance income is now the only living that I do earn.. . . . If it weren't for BMI and performance income, my family would be destitute. We are not receiving any income from mechanicals or sales, as one would call it, only air play." Letter from Lamont Dozier to Hon. John Conyers, Jr. (Sept. 28, 2001).***[35]

In the United States, three major American PROs emerged including: The American Society of Composers, Authors and Publishers (ASCAP), BMI, and the Society of European Stage Authors and Performers (SESAC).[36] Collectively, these entities represent over 1 million artists[37] and are responsible for issuing licenses, tracking performances, and also distributing a portion of licensing revenue to songwriters and music publishers.[38] Today, most broadcasters purchase blanket licenses from each of the PROs "that provides the rights to use all the music in the catalog of the PRO."[39] These broadcasters approximately pay anywhere between 2 to 5 percent[40] of their gross revenue to performing rights organizations, which results in an aggregate royalty collection of approximately $2 billion annually among the top three PROs.[41] While each PRO employs its own system to determine the value of different performances, the general factors considered when issuing royalty payments include the size of the potential audience, the time of day the performance occurs, and the type of performance broadcast.[42] These factors are also directly related to the amount of advertising dollars a potential broadcast is likely to generate.[43] Under current U.S. copyright law, all broadcasters of musical compositions (absent some exceptions) are required to obtain a performance license.[44] The law does not make a distinction between the technologies used to disseminate these performances to its consumers.[45]

D. Emergence of Public Performance Rights in Sound Recordings

Unfortunately, the licensing scheme for sound recording performance rights is not as simple and has stemmed large amounts of debate as licensees, licensors, and their intermediaries turn to the judiciary and legislature for remedies in their debate over fair and equitable solutions to the royalty dispute involving sound recording copyrights – and as innovations in technology continue to provide more avenues for broadcasters and consumers to exploit, so to does the debate increase in complexity.

The first Copyright Act in the United States was enacted in 1790;[46] however, sound recordings did not receive federal copyright protection until the late 20th century.[47] As technology advanced and "increased the ease of preserving music in the form envisioned by content creators," legislators and courts began to recognize more rights in music.[48] In 1971, Congress enacted the Sound Recording Act, which granted a right of ownership in a sound recording separate from the right currently protected by U.S. copyright law in the underlying musical composition.[49] However, while the Act granted sound recording copyright owners a reproduction right, the Act still refused to grant a right of public performance enjoyed by counterpart musical composition copyright owners.[50] As such, sound recording copyright owners could protect the physical manifestations of their music from being copied and sold (i.e. the record) without their authorization but had no right to royalties when their songs were broadcast. The Copyright Act of 1976 continued to maintain this exclusion.[51]

However, beginning in the mid-1990's, major innovations in technology made it "practical to deliver digital music without requiring listeners to take physical possession of a new storage medium."[52] Some of the more notable advances include the growth of the Internet, continued declines in digital storage costs, and advances in communication technologies.[53] These technological improvements led to the creation and expansion of the digital music broadcasting sphere.

Digital music broadcasters were traditionally of two types – non-interactive streaming services like satellite radio and digital cable, as opposed to interactive services allowing consumers to choose and then download specific songs,[54] like **Grooveshark.com** and Pandora. Digital media technologies, especially interactive services, worried the recording industry because consumers now had the ability to listen to entire albums on demand at no cost and no longer wanted or were required to purchase an album.[55]

Continued on page 34.

Legislative Solutions to Digital Music Broadcast Royalties: The Internet Radio Fairness Act vs. The Interim FIRST Act

Continued from page 33.

As a direct result, Congress enacted the Digital Performance Right in Sound Recordings Act of 1995 (DPRA).[56] Finally, for the first time after more than 200 years of copyright protection in the U.S., sound recording copyright holders received a performance right that entitled them to receive royalty income when their music was broadcast. However, the DPRA limited this right to subscription-based digital services only.[57] Therefore, sound recording copyright holders were now able to exploit a new revenue stream by requiring digital broadcasters to pay royalties for performing their sound recordings as long as the business model was based upon subscriptions.

Blatantly missing from this legislation was the right to collect royalties from terrestrial radio broadcasters for the same use. While there are multiple speculations as to the rationale behind this exclusion, perhaps the most compelling is one of a mutually beneficial business relationship. “Radio broadcasts provide instant marketing of the sound recording, resulting in consumer purchases of the record companies’ CDs and tapes.”[58] In other words, terrestrial radio broadcasts were the most effective way for recording companies to reach consumers and the recording industry did not want to injure this relationship by requiring terrestrial broadcasters to pay a royalty fee. The result – AM/FM broadcasts are strategically excluded from the DPRA.

Perhaps a less obvious omission, although equally as important, is the failure of the DPRA to anticipate non-subscription based digital media services. The current DPRA excludes collection of royalties from digital providers that do not require listeners to pay a subscription fee, but instead rely on advertising dollars to generate revenue.[59] Therefore, while the DPRA provided an adequate solution for satellite and cable radio broadcasters using established technology for their broadcasts, it had no way of dealing with Internet music broadcasts. As Internet technology rapidly advanced and alongside it the number of webcasting companies and listeners, it was quickly apparent the DPRA was insufficient. Therefore, almost as soon as the DPRA was passed, the recording industry represented by the Recording Industry Association of America (RIAA), began lobbying again – this time for the inclusion of non-subscription services in the statutory royalty scheme.[60]

II. Digital Millennium Copyright Act of 1998 (DMCA)

A. An Introduction to the DMCA

RIAA argued that contrary to the existing language of the DPRA, non-subscription Internet radio stations (webcasters) needed to obtain sound recording performance licenses.[61] Conversely, webcasters, now advocating through the Digital Media Association (DiMA) lobbied to maintain their exclusion.[62] This attracted the attention of all major broadcasters including RIAA, representing major record labels, the National Association of Broadcasters (NAB), the National Music Publishers Association, Inc. (NMPA), the Songwriters Guild of America (SGA), and DiMA – all advocating for their own approach of how to handle performance rights for Internet broadcasters. Resulting from these efforts arose the Digital Millennium Copyright Act (DMCA), signed into law October 28, 1998.[63]

Although the scope of the DMCA is not limited to digital music royalties, with respect to that issue alone, its impact has been cumbersome. The DMCA divided non-interactive digital audio services into two categories each with its own statutory royalty scheme.[64] For “preexisting satellite digital audio radio service,” such as Sirius XM, or a “preexisting subscription service” such as Muzak, sound recording copyright royalties are calculated using the “801(b) standard.”[65] However, “new subscription services” and “eligible non-subscription transmissions” such as Internet radio employ the “willing buyer/willing seller” standard of calculation.[66] Notably, the DMCA does not mention interactive digital media services. The partition created by the DMCA which limits access to the more favorable 801(b) standard to certain “preexisting” broadcasters in existence before July 31, 1998 is the “single biggest factor… in the wide variations in rates paid today.”[67]

B. Compulsory Royalty Rates and the Copyright Royalty Board

The Copyright Royalty Board (CRB) calculates compulsory licenses. The CRB is a panel of three judges appointed by the Librarian of Congress in 2006 to “oversee the copyright law’s statutory licenses, which permit qualified parties to use multiple

Continued on page 35.

Legislative Solutions to Digital Music Broadcast Royalties: The Internet Radio Fairness Act vs. The Interim FIRST Act

Continued from page 34.

copyrighted works without obtaining separate licenses from each copyright owner."[68] In other words, the CRB in this specific context administers the use of sound recordings in regards to blanket licenses.

Until 1976, the only compulsory license applicable in copyright law applied to the making and distribution of vinyl, cassette tapes, and other phonorecords.[69] The Copyright Act of 1976 added three new compulsory licenses for cable, jukebox, and noncommercial broadcasting.[70] However, the DPRA and DMCA amended the Copyright Act to include compulsory sound recording licenses for non-interactive digital audio broadcasting.

The CRB sets compulsory rates through rate proceedings.[71] These proceedings include a three-month voluntary negotiations period in which the parties attempt to negotiate a settlement.[72] If no settlement is reached by the end of the three-month period, parties must submit pleadings, begin the discovery process, and once again must attempt to reach a settlement.[73] Parties are free to reach a negotiated agreement at any time during the proceeding.[74] In the event of an agreement reached during proceedings, the proposed settlement must be submitted to the CRB who then in turn publishes the settlement results and allows for comment from outside parties.[75] The CRB can then either adopt the proposal or "decline to adopt the agreement as a basis for statutory terms and rates for participants that are not parties to the agreement."[76] If no agreement is reached, the CRB will hear live testimony in an evidentiary hearing and then issue its own determination that is published in the Federal Register.[77] Participants may request a rehearing, which the CRB may grant or deny.[78] Participants may also file an appeal with the United States District Court of Appeals for the DC Circuit to challenge CRB decisions.[79]

Any royalty rates resulting from compulsory licenses for the performance of sound recordings are paid to and distributed by SoundExchange, a non-profit PRO that acts as the sole entity in the US to collect and distribute these royalties.[80] The royalty rates distributed by SoundExchange have become rather substantial. Just recently in August 2012, SoundExchange announced it distributed $204.4 million in digital royalty payments in the first two quarters of 2012.[81] In its second quarter, Sound Exchange distributed $95.8 million, the "second highest quarterly distribution in the organization's history."[82] In June 2012, SoundExchange announced it "reached a major milestone of $1 billion in digital royalty payments to recording artists and record labels since its inception."[83]

In theory, it is possible for digital broadcasters to negotiate directly with sound recording copyright holders themselves to determine an acceptable royalty rate for use of their sound recordings. Digital broadcasters would then approach the record companies themselves, bypassing both the CRB and SoundExchange. This practice would replace compulsory rates and blanket licenses with individual licenses, which would allow digital broadcasters more power to negotiate and set their own rates. This would also allow them to purchase and choose the sound recordings they prefer rather than be required to purchase a predetermined collection.[84] However, PROs (like SoundExchange) owe their "continuing existence to their ability to serve as a central clearinghouse for bulk performance licensing and their corresponding ability to provide economies of scale through what is known as a 'blanket license'"[85] and this argument will not likely be a battle easily won.

However, whether or not individual negotiations are feasible in practice is the subject of a recently filed federal antitrust lawsuit by Sirius XM against SoundExchange and A2IM.[86] SoundExchange argues that the antitrust exemption is "a cornerstone of the carefully crafted regulatory regime in which Congress granted… access to all sound recordings at a rate set by the CRB – not by the record companies."[87] In contrast, Sirius argues that collective licensing must be "non-exclusive so as not to interfere with individual licensing transactions between individual copyright owners and users."[88] Therefore, the ensuing debate is two-fold – one dispute aligning all digital broadcasters together in the pursuit to allow free negotiation directly with sound recording holders and the other creating factions pitting old digital broadcasting technology against emerging technology in the determination of uniform royalty rates. An explanation of how royalty rates are paid is as follows:

> Sound recording performance royalties, either when set by the CRB or through separate agreements, typically require payments based on one or more of the following:
>
> - A flat annual rate. This is most commonly used for smaller broadcasters.

Continued on page 36.

Legislative Solutions to Digital Music Broadcast Royalties: The Internet Radio Fairness Act vs. The Interim FIRST Act

Continued from page 35.

- A rate based upon the number of "aggregate tuning hours" (ATH). ATH refers to the total hours of programming transmitted to all listeners during the relevant time period. Thus, one hour of programming transmitted to 20 simultaneous listeners would produce 20 aggregate tuning hours or 20 ATH.

- A "per play" rate. This is an amount paid each time a song is broadcast to one listener. For example, if the per play rate is $.0008, and a webcaster broadcasts a song to one million people, the corresponding royalty would be 800 dollars.

- A percentage of revenues.[89]

C. 801(b) Standard – The Original Solution to Digital Audio Broadcasts

The 801(b) standard is used to determine royalty rates for digital audio broadcasts by "preexisting satellite digital audio radio services" (SDARS) and "preexisting subscription services."[90] This applies to a relatively small number of digital music broadcasting companies, like Sirius XM, Music Choice, and Muzak.[91] As noted before, the Copyright Act of 1976 created a licensing scheme for cable, jukebox, and non-commercial broadcasting.[92] However, under this Act, the only limitation to royalty rates was that they be "reasonable."[93] As such, the 801(b) standards were adopted to give CRB judges more specific guidance when determining compulsory royalty rates.[94] The four 801(b) objectives include:

(A) To maximize the availability of creative works to the public.

(B) To afford the copyright owner a fair return for his or her creative work and the copyright user a fair income under existing economic conditions.

(C) To reflect the relative roles of the copyright owner and the copyright user in the product made available to the public with respect to relative creative contribution, technological contribution, capital investment, cost, risk, and contribution to the opening of new markets for creative expression and media for their communication.

(D) To minimize any disruptive impact on the structure of the industries involved and on generally prevailing industry practices.[95]

The resulting standard incorporates a "zone of reasonableness" that balances the public interest in access to and exploitation of copyrighted works with the traditional copyright policies of fostering innovation and compensating copyright owners with a focus on calculating royalty rates that maintain current industry practices.[96]

Thus, the CRB began by establishing the requisite zone. In response to marketplace evidence produced by SoundExchange and various SDARS, the CRB established a reasonable zone from anything greater than 2.35% of gross revenues as a minimum threshold to 13% of subscriber revenues as the "upper boundary for a zone of reasonableness for potential marketplace benchmarks."[97] The CRB was also given free reign within this zone to choose which objectives weighed more heavily when adjusting rates as long as the rate did not fall outside the outlined objectives.[98] Exercising its power to adjust rates within the reasonableness zone, the CRB ultimately concluded that royalty rates for SDARS should begin at 6% of gross revenues for 2006 and gradually increase to 8% by 2012 in order to minimize disruptive impact.[99]

D. The Willing Buyer/Willing Seller Standard – New Objectives for New Technology

The willing buyer/willing seller standard is used to determine "new subscription services" and "eligible non-subscription transmissions."[100] This is the current standard used for Internet radio. The CRB interprets this standard as follows:

Continued on page 37.

Legislative Solutions to Digital Music Broadcast Royalties: The Internet Radio Fairness Act vs. The Interim FIRST Act

Continued from page 36.

> In determining such rates and terms, the Copyright Royalty Judges shall establish rates and terms that most clearly represent the rates and terms that would have been negotiated in the marketplace between a willing buyer and willing seller. In determining such rates and terms, the Copyright Royalty Judge shall base its decision on economic, competitive and programming information presented by the parties including – (i) whether use of the service may substitute for or may promote the sales of phonorecords or otherwise may interfere with or may enhance the sound recording copyright owner's other streams of revenue from its sound recordings; and (ii) the relative roles of the copyright owner and the transmitting entity in the copyrighted work and the service made available to the public with respect to relative creative contribution, technological contribution, capital investment, cost, and risk.[101]

However, unlike the 801(b) Standard, the willing buyer/willing seller objectives are not used as a basis for adjusting rates.[103] Rather, the appropriate rates under this standard are simply "the rates to which, absent special circumstances, most willing buyers and willing sellers agree",[103] incorporating what appears to be a free-market approach. Therefore, theoretically the price structure should be adjusted as supply and demand fluctuates.

The implementation of this standard is unclear, however, and has ultimately resulted in much higher royalty payments as opposed to its 801(b) predecessor.

> Most notably, in a proceeding known as "Webcaster II," in March 2007 the CRB issued a ruling based on the willing buyer/willing standard providing statutory sound recording royalty rates for commercial webcasters for the period of 2006 to 2010. The CRB rates started at $.0008 per play in 2006 and rose to $.0019 for 2010. The rates were quickly denounced as punitive, as they had the potential to exceed a webcaster's total revenue.[104]

III. Prior Congressional "Un" Involvement

In the fall of 2008, Congress passed the Webcaster Settlement Act of 2008.[105] Unfortunately, the Act was not a permanent solution to the royalty rate problem. Rather, it merely gave Internet webcasters a negotiation extension. Digital Internet broadcasters now had until February 15, 2009 to negotiate with SoundExchange to find a lower alternative to the CRB rates before CRB began implementing rates at the willing buyer/willing seller standard.[106] While this extension proved worthwhile for organizations such as the National Association of Broadcasters[107] and the Corporation for Public Broadcasters,[108] the extension did not produce favorable results for the majority of Internet webcasters broadcasting exclusively over the Internet.

This led Congress to enact the Webcaster Settlement Act of 2009, which extended the final negotiation date to July 30, 2009 for those that had not reached an agreement under the prior Act.[109] Finally, an agreement was reached between SoundExchange and "commercial webcasters including small pureplay (exclusively internet based) webcasts."[110] The agreement called for pureplay webcasters with annual revenues of $1.25 million or more to pay SoundExchange either the greater of 25% of revenue, or a usage-based per performance royalty starting at $.00008 per play in 2006 and reaching $.0015 per play in 2015 for nonsubscription services.[111]

However, despite the forced congressional negotiation, Internet webcasters are still claiming royalty rates are too high. For example, it was under this rate that Pandora was required to pay nearly 50 percent of its revenue for the use of sound recordings in 2012.[112] Additionally, the CRB announced that rates under the willing buyer/willing seller standard would increase to $.0019 per play in 2011, and increase to $.0023 in 2015, for all webcasters not party to the 2009 agreement.[113] The rate for 2012 under the new CRB rates is $.0021, contrasted with the 2009 negotiated rates, which were $.0011 for 2012.[114] Under the nonsubscription rate, it is estimated that Pandora's royalty rates would have increased by tens of millions of dollars essentially matching Sirius XM's payment dollar for dollar despite the large disparity in revenue.

The disparity in the two royalty standards can also be seen in the royalty rates for "new" and "preexisting" subscription services. For example, a settlement between Music Choice and SoundExchange called for a royalty rate of 7.25% of gross revenues for 2012.[115]

Continued on page 38.

Legislative Solutions to Digital Music Broadcast Royalties: The Internet Radio Fairness Act vs. The Interim FIRST Act

Continued from page 37.

However, the settlement between MTV, Sirius XM, and SoundExchange resulted in a royalty rate of the greater of 15% of revenue and a per subscriber fee.[116] Critical commentary by David Oxenford on Broadcast Law Blog highlights concerns in the different standards:

> The fact that two settlements, one providing rates that are double the amount of the other when the only effective difference between the services was whether they were in existence at the time the governing statute was written fuels complaints about the arbitrary nature of the Copyright Royalty Process… And to the extent that all services are deemed to be part of a single broad market for audio services, as some have argued, is there really justification for different treatment between subscription, non-subscription, Internet and non-Internet based services?[117]

IV. Proposed Legislation – A Solution to the Royalty Rate Problem?

In an attempt to provide a final solution to the disparities in royalty rates for digital music broadcasters, recent legislation has emerged that proposes to remove the distinctions alluded to by Mr. Oxenfold. Namely, the IRFA bipartisan legislation championed by Representatives Chaffetz and Polis and Senator Wyden, proposes to implement the 801(b) Standard for all Internet music broadcasters.[118] Introduced in September 2012, the IRFA recommends all digital music broadcasters regardless of subscription services or Internet broadcasting pay statutory royalty rates set by the CRB using the favorable 801(b) Standard. As discussed above, this could result in a significant decline in royalty rates paid by users currently subjected to the willing buyer/willing seller standard.

In contrast, the Interim FIRST Act, backed by Representative Nadler, proposes to remove the current distinctions created by the DMCA and subject all digital music broadcasters to the willing buyer/willing seller standard.[119] While proponents argue that this The Interim FIRST Act also proposes not directly to remove the terrestrial broadcast exemption, but by directing the CRB to take the value of those AM/FM performances into account when applying the willing buyer/willing seller standard, essentially forcing digital broadcasters to offset the exemption value.[120] Under the current construction, this has the potential to double or even triple royalty rates currently being paid by broadcasters subjected to the 801(b) Standard. As such, leaders in the music industry have presented commentary and criticism regarding the practical implications of each bill and its effect on recording artists and digital music broadcasters.

While proponents of the IRFA focus primarily on the fairness of the 801(b) Standard for ratemaking procedures, IRFA opponents have attacked the bill for maintaining the terrestrial radio exemption and attempting to extort recording artists and record companies who have already experienced a drastic decline in revenue as technology improves.

More precisely, supporters of the IRFA and the 801(b) Standard argue that the construction of the standard around malleable objectives allows for an interpretation of those objectives that promotes traditional copyright values as they transform to support new technology.[121] One proposed interpretation of the 801(b) objectives is as follows: The first objective may be read to "strongly favor recording artists and producers," while the second "assures that royalty payments will equitably compensate artists and producers while providing a fair return to those services that perform the sound recordings."[122] The third objective "assesses the relative strengths of the contributions of each industry." The fourth "examines the economic situation facing each industry and the need for rates or terms to avert potential instability to an industry in flux."[123]

In practice, this fourth prong was used specifically in regards to the licensee's industry and created a ceiling in the effort to ensure that increases in royalty rates didn't get so high as to disrupt the licensee's current practices with no bearing on the industry of the licensor.[124] However, due to its flexibility, it could be utilized as stated above to create both a minimum valuation range that incorporates a fair market standard (as anything below would be injurious to sound recording copyright holders), as well as maintain its prior function of creating a ceiling that would be disruptive to service providers.

Continued on page 39.

Legislative Solutions to Digital Music Broadcast Royalties: The Internet Radio Fairness Act vs. The Interim FIRST Act

Continued from page 38.

Additionally, supporters argue that 801(b) has been proven to produce consistent and reasonable royalty rates and has "never resulted in disproportionate royalties (high or low)."[125] To support this conclusion, it is argued that since 801(b)'s enactment, four royalty proceedings have been conducted and in none of these cases "have the parties felt compelled to ask Congress to remedy the determination."[126] However, it is important to note that much weight should not be attributed to this argument since only two involved digital recordings and of those two only one involved compulsory licensing.[127]

In contrast, opponents argue that a bill which promotes fairness and parity for royalty rates must remove the exemption given to terrestrial radio. In a letter addressed to the House Subcommittee on Intellectual Property, Competition and the Internet, the American Association of Independent Music (A2IM) writes, "the current level of disparity between the royalty rates paid by Internet radio at one end of the spectrum and over-the-air broadcaster terrestrial radio – which pays nothing to performing artists – at the other end of the spectrum is an obvious problem and correcting that inequity should be the first legislative step towards creating 'radio fairness.'"[128] While this argument is valid and should be addressed, it should not stand alone as a basis for killing a bill that primarily deals with an entirely different industry. Also, terrestrial broadcasters who concurrently broadcast on the Internet are subjected to royalty fees for such performances.

Supporters of the Interim FIRST Act argue that the willing buyer/willing seller standard is the only appropriate rate to be used when considering royalty payments. More specifically, that if forced to license work through compulsory licensing, that sound recording copyright holders "should receive the value that their work should have brought had they been able to license in the marketplace."[129] Though, it is interesting that the same recording artists and companies also rely on the 801(b) compulsory licenses they vehemently oppose when licensing compositions to create their own sound recordings.[130]

In contrast, opponents argue that it is impossible to create reasonable royalty rates using a market value standard. They argue that the market itself is not only non-existent, but that it has never been "fair."[131] In a statement filed for a July 2008 Senate Judiciary Committee hearing, DiMA wrote:

> The fundamental flaw with the fair market value standard is that the "market" the standard seeks to measure does not exist. First, there is no "market" for licensing these rights other than under the statutory license itself. The sound recording performance right came into existence at the same time as the statutory license. Today, the statutory license is essentially the sole means for licensing non-interactive services. The only "market" for these rights is the compulsory license market.
>
> Second, there is no history of "fair market" licensing for the rights. To the contrary, all licensing negotiations are conducted under an antitrust exemption, by a single seller (SoundExchange), and are carefully calculated by the seller to set precedent for future arbitration, rather than to reflect a fair market price.[132]

In regards to the state of the "market", David Oxenford gives us a perfect example:

> In the Internet radio world, as there usually are no true marketplace deals for non-interactive radio other than those that are directly influenced by the desire to avoid a protracted and expensive royalty proceeding, the CRB decisions have been influenced by rates set based on extrapolations from other deals. Recent decisions have started from deals in the interactive marketplace.[133]

Finally, the IRFA would put the burden of proof on the parties seeking a royalty to prove that the royalty they seek is reasonable, removing any precedential effect of past royalty decisions, essentially forcing negotiations between the sound recording copyright owner and the digital service provider.[134] This should be a welcome change since it opens negotiations that are otherwise precluded, and would allow the CRB to obtain quantifiable data of reasonable market rates set by the current industry instead of those dictated exclusively by SoundExchange.

Continued on page 40.

Legislative Solutions to Digital Music Broadcast Royalties: The Internet Radio Fairness Act vs. The Interim FIRST Act

Continued from page 39.

On the other hand, opponents posit this as a situation which "enriches attorneys and favors major labels and superstar artists to the detriment of independent creators wishing to be fairly compensated for their contributions", requiring labels and artists to "take less than their work is worth."[135] However, this does not necessarily have to be the case using the 801(b) Standard. For example in a 2009 ruling related to statutory royalty rates for ringtones, CDs, and permanent downloads, the CRB concluded that none of the 801(b) objectives justified any adjustments to rates.[136] In addition, a 2010 Government Accountability Office (GAO) communication noted that while "the section 801(b) standards may have contributed to a lower royalty rate in proceedings to date, the Chief Copyright Royalty Judge said that application of standards do actually have the potential and flexibility to raise or lower the rate.[137]

The argument still stands, however, that without a true market valuation, or at least without a more precise indicator of the market, we cannot truly predict what effect the legislation will have other than to presume some fairly obvious initial effects. Most likely, if the IRFA is passed, it will lead to a decrease in royalty rates for webcasters. It is also highly likely, that SoundExchange's revenue from broadcasters grandfathered into 801(b) will continue to increase despite the passage of the legislation.

As discussed above in the 2007 CRB ruling that set royalty rates for satellite radio, rates increased from 6% of revenue in 2006 to a current rate of 8%.[138] The CRB is not opposed to an increase, but merely denied an "immediate increase" from 2 to 2.5% of revenue to 13% because of the disruption it would cause satellite radio broadcasters.[139] This ruling should not be viewed, as is the current sentiment that rates under 801(b) will not be able to keep up with current market trends. Rather, the ruling should be interpreted as the CRB's method of implementing a gradual rate increase that allows the industry the chance to modify their own pricing structure as royalties increase. This also suggests that the current ratemaking trend, even under the 801(b) Standard, persists in an upward trajectory. In fact, on December 15, 2012, the CRB announced satellite radio royalty rates will increase from 9% of gross revenue in 2013 to 11% by 2017.[140] In addition, the CRB set statutory royalty rates for preexisting subscription services to 8% of revenue for 2013 and 8.5% for 2014-1017.[141] This increase will mitigate the negative impact felt by sound recording copyright holders if the IRFA were to pass.

V. Conclusion

Overall, it would behoove both parties in this debate to agree upon a solution sooner rather than later. Recording artists and record labels have been struggling to maintain profits and keep up with an industry that has embraced and exploited technology in unforeseen ways. File sharing and near perfect quality digital reproductions that are easily transferrable have made it difficult for sound recording copyright holders to generate sales due to illegal downloading. It is also difficult to charge a premium for a sound recording not packaged or embodied in any physical manifestation like a record or a CD, so the traditional price structure currently used in the industry based upon physical albums sold is slowly sending the industry into financial decline.

To compensate for this loss, record companies and recording artists are attempting to find ways to make themselves whole by equating the cost of performance for digital broadcasts into the traditional physical sale of an album. However, because no actual marketplace transactions have ever occurred since the industry's royalty rates were heavily regulated by the DMCA before the technology blossomed, it is virtually impossible to create an amenable valuation to compensate for the shrink in the recording industry unless traditional negotiations can occur.

Therefore, the IRFA may be the best chance for recording artists and record companies to save their industry and support and embrace the technology its purchasers are consuming by allowing them to prove the standards upon which they wish to base their royalties. It is true, that rate proceedings under 801(b) are relatively small in sample size so there is no true way to predict its effect, however, in that respect, sound recording copyright holders have a chance to shape the interpretation of the 801(b) Standard as it would apply to digital music broadcasts through indirect negotiations with service providers.

Yet, recording artists and record labels are not the only ones suffering from the instability and convolution of the current rate structure. Digital broadcasters are finding it near impossible to turn a profit at current acquisition costs. Jim Edwards, former

Continued on page 41.

Legislative Solutions to Digital Music Broadcast Royalties: The Internet Radio Fairness Act vs. The Interim FIRST Act

Continued from page 40.

managing editor of AdWeek, conducted extensive market research on Pandora's current business model beginning in 2009 and concluded "Pandora's business model looks like a suicide pact."[142] Edward explains:

> Pandora's expenses (music license fees) are directly related to its revenues (the ads it sells against people listening to those songs) and those expenses are greater than its revenues. Further, if someone subscribes to Pandora they get the service without ads, so ad revenue and sub revenue constantly cannibalize one another. Lastly, its music fees are set to rise through 2015.[143]

This seems to be the prevailing sentiment preventing investors from entering the digital music broadcasting market. Venrock investment partner (and former eMusic chief) David Pakman, said in the opening hearing of the IRFA that his "venture firm is staying out of the field 'because of the current licensing regime – it virtually prevents success. The failure rate of digital music companies is among the highest of all fields Venrock looks at, making them non-investable businesses.'"[144]

If webcasters like Pandora fail, distributions to record companies and recording artists are likely to take a bigger hit than if the royalty rates are simply decreased. It is estimated that Pandora and Sirius XM accounted for about 90% of SoundExchange's revenue in 2011.[145] If Pandora goes bankrupt, it will have an enormous impact on the distributions to artists and record labels. This is not to discount recording artists concerns. Rates that are too high are just as punitive as rates that are too low, however, at this point, the IRFA seems to be the best solution to ensure the viability of both industries that going forward will need each other to survive.

ENDNOTES

1 The Internet Radio Fairness Act of 2012, SENATE.GOV, http://www.wyden.senate.gov/download/summary-of-internet-radio-fairness-act-of-2012?inline=scribd.

2 Tim Westergren, Founder and Chief Strategy Officer, Pandora, *Support the Internet Radio Fairness Act available at* http://www.pandora.com/static/ads/irfa/irfa.html.

3 SoundExchange, *SoundExchange Testifying on Music Licensing Issue*, SOUND EXCHANGE .COM, http://www.soundexchange.com/2012/11/28/8204/#more-8204.

4 Internet Radio Fairness Act 0f 2012, *supra* n.1.

5 *Id.*

6 *Id.*

7 Press Release, Congressman Jerrold Nadler, Nadler Seeks Fair Compensation and Rate Parity for Performing Artists (Aug. 20, 2010) *available at* http://nadler.house.gov/press-release/nadler-seeks-fair-compensation-and-rate-parity-performing-artists.

8 GovTrack.us, *S.3609 – 112th Congress: Internet Radio Fairness Act of 2012*, GOVTRACK.US, http://www.govtrack.us/congress/bills/112/s3609#overview; GovTrack.us*, H.R. 6480–112th Congress: Internet Radio Fairness Act of 2012*, GOVTRACK.US, http://www.govtrack.us/congress/bills/112/hr6480.

9 *Id.*

10 Jennifer Martinez, *Nadler Circulates Draft Legislation on Music Royalties*, THEHILL.COM, Aug. 20, 2012, http://thehill.com/blogs/hillicon-valley/technology/244413-nadler-circulates-draft-legislation-on-music-royalties.

11 *Id.*

12 Internet Radio Fairness Act of 2010, supra n.1.

13 Don McLean, *American Pie* (American Pie, Oct. 24, 1971).

14 Sirius XM, *Corporate Overview*, SIRIUS XM.COM, http://www.siriusxm.com/corporate.

15 "*Internet Radio Fairness Act" to Level Playing Field for Internet Radio Companies*, YAHOO!FINANCE.COM (Sep. 26, 2012, 8:20 AM), http://finance.yahoo.com/news/internet-radio-fairness-act-level-122000530.html.

16 Ed Ryan, *Viewpoint: Pandora Business Model is Suicide Pact*, RADIO INK .COM , http://radioink.com/Article.asp?id=2208096.

17 YAHOO!FINANCE.COM, supra note 11.

18 *Id.*

19 *Id.*

20 Rough calculation based upon the 8 percent royalty rates as reported.

21 *Id.*

22 As John Lennon once said, "Music is everbody's possession. It's only publishers who think that people own it."

23 U.S. Copyright Act outlines 8 categories of works of authorship given copyright protection including: "musical works, including any accompanying words," and "sound recordings." 17 U.S.C. §102(a)(2) and (7), Cornell Legal Info. Inst., *available at* http://www.law.cornell.edu/uscode/text/17/102 (last visited Nov 11, 2012).

24 *Id.*

25 Kimberly L. Craft, *The Webcasting Music Revolution is Ready to Begin, as Soon as We Figure Out the Copyright Law: The Story of the Music Industry at War With Itself*, 24 HASTINGS COMM. & ENT. L.J. 1, 10-13 (2001). http://socrates.berkeley.edu/~scotch/innovation/Craft.htm.

Continued on page 42.

Legislative Solutions to Digital Music Broadcast Royalties: The Internet Radio Fairness Act vs. The Interim FIRST Act

Continued from page 41.

26 17 U.S.C. §101 "Sound recordings are works that result from the fixation of a series of musical, spoken, or other sounds, but not including the sounds accompanying a motion picture or other audiovisual work, regardless of the nature of the material objects, such as disks, tapes, or other phonorecords, in which they are embodied."

27 "The great majority of copyrighted sound recordings are of musical performances, and most musical sound recordings are owned by five major record labels – Universal Music Group, Sony Music Entertainment, Warner Brothers Music, BMG Entertainment, and EMI Group. These labels typically claim exclusive ownership in musical sound recordings…" *Jonathan Cardi, Uber-Middleman: Reshaping the Broken Landscape of Music Copyright*, 92 IOWA L. REV., 835, 845-6 (2007), http://papers.ssrn.com/sol3/papers.cfm?abstract_id=991553.

28 *Id*. at 849.

29 *Id*.

30 Society of European Stage Authors & Composers, *The Right of Public Performance Under Copyright Law* (2001) *available at* http://www.sesac.com/media/pdf/lic/sumcases.pdf.

31 17 U.S.C. §101

32 17 U.S.C. §114(a): The exclusive rights of the owner of copyright in sound recording are limited to the rights specified by clauses (1), (2), (3), and (6) of section 106, and do not include any right of performance under section 106(4).

33 "The second reason the right had not been enforced was the impracticality of thousands of individual copyright owners attempting to collect public performance royalties from thousands of nightclubs and community music venues." Adam Deutsch, *A Historical Perspective of Music Distribution and Copyright Law: How Internet Radio is the Next Frontier*, SCRIBD, June 14, 2010, http://www.scribd.com/doc/37780490/A-Historical-Perspective-of-Music-Distribution-and-Copyright-Law-How-Internet-Radio-is-the-Next-Frontier, pg. 10.

34 17 U.S.C. §101 defines a "performing rights society" as, "an association, corporation, or other entity that licenses the public performance of non-dramatic musical works on behalf of copyright owners of such works, such as the American Society of Composers, Authors, and Publishers (ASCAP), Broadcast Music, Inc. (BMI), and SESAC, Inc."

35 Public Performance Rights Organizations, 109th Cong. 1 (2005) (statement of Del Bryant, President and CEO, Broadcast Music, Inc.) *available at* http://commdocs.house.gov/committees/judiciary/hju21140.000/hju21140_0f.htm.

36 *See* 17 U.S.C. §101

37 American Society of Composers, Authors, and Publishers. See About ASCAP, http:www.ascap.com/about/ (last visited Nov 11, 2012); Broadcast Music Incorporated. See About BMI, http:www.bmi.com/about/ (last visited Nov 11, 2012); Dale Kawashima, Interview with Trevor Gale, Senior Vice President of Writer/Publisher Relations at SESAC, SONGWRITER UNIVERSE, http://www.songwriteruniverse.com/trevor-gale-123.htm (last visited Nov 11, 2012).

38 David J. Moser, MUSIC COPYRIGHT FOR THE NEW MILLENNIUM, 76-79 (Artistpro, 2001).

39 David D. Oxenford & Robert J. Driscoll, The Basics of Music Licensing in Digital Media: 2011 Update, DAVIS WRIGHT TREMAINE LLP, Feb. 22, 2011, http://www.dwt.com/advisories/The_Basics_of_Music_Licensing_in_Digital_Media_2011_Update_02_22_2011/.

40 *See* Cassondra Anderson, *We Can Work It Out: A Chance to Level the Playing Field for Radio Broadcasters*, 11 N.C. J.L. & TECH. 72, 93 (2009), http://www.ncjolt.org/system/files/Anderson.pdf. Cardi cites the figure as "approximately two percent of a station's adjusted gross receipts" for ASCAP and BMI for radio and television. Anderson notes "the rate of 3% to 5% of revenue that all radio broadcasters pay to music publishers and songwriters through their licenses with ASCAP, BMI, and SESAC."

41 John Villasenor, *Digital Music Broadcast Royalties: The Case for a Level Playing Field*, ISSUES IN TECHNOLOGY INNOVATION – CENTER FOR TECHNOLOGY INNOVATION AT THE BROOKINGS INSTITUTE, Number 19, pg. 2.

42 Adam Deutsch, *A Historical Perspective of Music Distribution and Copyright Law: How Internet Radio is the Next Frontier*, SCRIBD.COM, June 14, 2010, http://www.scribd.com/doc/37780490/A-Historical-Perspective-of-Music-Distribution-and-Copyright-Law-How-Internet-Radio-is-the-Next-Frontier, pg. 13.

43 In an interview conducted by Artists House Music of ASCAP Midwest Membership Director Shawn Murphy in December 2007, he expressly admits the amount of royalties paid to composition owners is affected by the amount of advertising dollars a broadcast will garner. Video Interview with Shawn Murphy, Midwest Membership Director, ASCAP (Dec. 2007) *available at* http://www.artistshousemusic.org/videos/an+overview+of+ascap+and+performing+rights+organizations.

44 Villasenor, *Case for a Level Playing Field* at 2.

45 *Id*.

46 *Id*. at 3

47 *Id*.

48 Deutsch, *A Historical Perspective of Music Distribution and Copyright Law* at 6.

49 Pub. L. No. 92-140, 85 Stat. 391. Relevant sections relocated and rewritten by the Copyright Act of 1976, Pub. L. No. 94-553, 90 Stat. 2541 (codified as amended at 17 U.S.C. §§ 101-810(2000)).

50 *Id*.

51 Cardi, *supra* n.24 at 849.

52 Villasenor, *The Case for a Level Playing Field* at 3.

53 *Id*.

54 *Id*.

55 Deutsch, *A Historical Perspective of Music Distribution and Copyright Law* at 19.

56 The Digital Performance Right in Sound Recordings Act of 1995 (DPRA), Pub. L. No. 104-39, 109 Stat. 336 (1995). The DPRA amended §106 of the U.S. Copyright Act, providing "the owner of copyright under this title" with "the exclusive rights to do and to authorize"…"in the case of sound recordings, to perform the copyrighted work publicly by means of a digital audio transmission."17 U.S.C. §106 entitled "Exclusive rights in copyrighted works."

57 Brian Day, *The Super Brawl: The History and Future of the Sound Recording Performance Right*, 16 MICH. TELECOMM . & TECH . L. REV . 179 (2009), http://www.mttlr.org/volsixteen/day.pdf.

58 Craft also posits, "indeed, record companies habitually flood radio stations with thousands of free copies of new sound recordings each year, hoping that the products will receive needed airplay." Craft, *The Webcasting Revolution is Ready to Begin* at 6.

59 Consider, at this point, that PROs clearly base the value of composition broadcasts on the amount of advertising dollars it generates and have been operating in this manner since the first half of the 20th century and internet advertising is a fairly common practice by 1995. Therefore, it seems this could not have been a strategic omission and clearly a mistake induced by efforts attempting to carve out an exception for traditional broadcast radio.

Continued on page 43.

Legislative Solutions to Digital Music Broadcast Royalties: The Internet Radio Fairness Act vs. The Interim FIRST Act

Continued from page 42.

60 "Not surprisingly, digital broadcasters successfully argued that they were not liable for royalties because non-subscription transmissions were not covered under the 1995 Act. Feeling the rug pulled out from under it, the recording industry began to lobby for another revision to the Copyright Act - this time to account for both subscription and non-subscription digital audio transmissions." Craft, *The Webcasting Revolution is Ready to Begin*, at 12.

61 Villasenor, *supra* note 38, at 4.

62 Craft, *The Webcasting Revolution is Ready to Begin*, at 13.

63 *Id.*

64 Villasenor, *supra* note 38, at 4.

65 *Id.*

66 *Id.*

67 *Id.* at 5.

68 U.S. Copyright Royalty Board, Library of Congress, Background Information, LOC.GOV (Mar. 29, 2009), http://www.loc.gov/crb/background/.

69 Villasenor, *supra* note 38, at 5.

70 73 Fed. Reg. 16, 4080, 4082 n.12 (Jan. 28, 2008) *available at* http://www.loc.gov/crb/fedreg/2008/73fr4080.pdf

71 17 U.S.C. §803(a)(1)

72 17 U.S.C. §§803(b)(3)(A)-(B)

73 17 U.S.C. §803(b)(4)

74 17 U.S.C. §803 (b)(3)

75 17 U.S.C. §803

76 17 U.S.C. §801(b)(7)(A)

77 Villasenor, *supra* note 38, at 44.

78 *Id.*

79 *Id.*

80 SoundExchange, About, SOUNEXCHANGE .COM, http://www.soundexchange.com/about/.

81 SoundExchange, *SoundExchange announces 204.4 million in Digital Royalties Paid since beginning of 2012 to Artists and Labels*, SOUNDEXCHANGE .COM http://www.soundexchange.com/2012/08/23/soundexchange-announces-204-4-million-in-digital-royalties-paid-since-beginning-of-2012-to-artists-and-labels/.

82 *Id.*

83 SoundExchange, *SoundExchange Announces $1 Billion Paid to Artists and Labels*, SOUND EXCHANGE.COM, http://www.soundexchange.com/2012/06/?cat=27.

84 Plaintiff's Complaint, *Sirius XM v. SoundExchange, Inc. and American Ass'n of Independent Music*, No. 12-CV-2259 (SDNY 2012) *available at* http://www.fhhlaw.com/XM%20vs.%20SoundExchange%20complaint.pdf.

85 Cardi, *supra* n.25 at 845.

86 *See generally* Memorandum of Law In Support of Defendant SoundExchange Inc.'s Motion to Dismiss All Counts of the Complaint, *Sirius XM v. SoundExchange, Inc. and American Assoc. of Independent Music*, No. 12-CV-2259 (SDNY 2012) available at http://www.soundexchange.com/wp-content/uploads/2012/05/2012-05-07-Stamped-Memo-Supporting-Motion-to-Dismiss.pdf.

87 *Id.* at 7.

88 Plaintiff's Compliant, *Sirius XM v. SoundExchange, Inc., supra* n.80 at 2.

89 Villasenor, *supra* note 38, at 6.

90 17 U.S.C. §801(b)(1) provides that the "rates applicable under sections 114(f)(1)(B), 115, and 116 shall be calculated to achieve the following objectives." Section 114(f)(1)(B) applies to "preexisting subscription services and preexisting satellite digital audio radio services." Section 115 applies to mechanical licenses for "making and distributing phonorecords." Section 116 involves "licenses for public performances by means of coin-operated phonorecords players" or jukeboxes.

91 Villasenor, *supra* note 38, at 6.

92 Villasenor, *supra* note 38.

93 73 Fed. Reg 16 at 4082.

94 "The Register of Copyrights in her second supplementary report on the general revision of the copyright laws… concluded that it would be 'wise to establish, in the statute, certain criteria beyond "reasonableness" that each Panel is to apply to its decisionmaking.'" 73 Fed. Reg. 16 at 4083 *available at* http://www.loc.gov/crb/fedreg/2008/73fr4080.pdf.

95 17 U.S.C. §801(b)(1)(A) –(D)

96 "The Court concluded at least three aspects of the factors increased the deference owed to the Tribunal's conclusions. First, subsections (A) and (D)—the maximization of the availability of creative works to the public and minimization of disruption to the industries—'require determinations "of a judgmental or predictive nature," and the court must be aware that "a forecast of the direction in which the future public interest lies necessarily involves deductions based on the expert knowledge of the agency.' " Second, the Court noted that subsections (B) and (C)—the fair return and income to owners and users and relative roles of owners and users in the product—call for policy choices that should be owed considerable deference. 73 Fed. Reg. 16 at 4083 citing *Recording Industry Ass'n. of America v Copyright Royalty Tribunal*, 662 F.2d 1(D.C. Cir. 1981).

97 The CRB found that 13% of gross revenue is the rate at which royalty rates have a disruptive impact. *Id.* at 4094.

98 *Id.*

99 *Id.* at 4098.

100 17 U.S.C. §114(j)(8)

101 See 17 U.S. C. §114(f)(2)(B).

102 The Copyright Royalty Arbitration Panel stated in 2002, "Accordingly, the willing buyer/willing seller standard is the only standard to be applied. The two factors enumerated in the statute do not constitute additional standards or policy considerations. Nor are these factors to be used after determining willing buyer/willing seller rate as bases to adjust that determination upward or downward." Report of the Copyright Arbitration Royalty Panel, *In re Rate Setting for Digital Performance Right in Sound Recordings and Ephemeral Recordings*, Feb. 20, 2002 at 21, *available at* http://www.copyright.gov/carp/webcasting_rates.pdf.

Continued on page 44.

Legislative Solutions to Digital Music Broadcast Royalties: The Internet Radio Fairness Act vs. The Interim FIRST Act

Continued from page 43.

103 *Id.* at 25.
104 Villasenor, *supra* n.38, at 10.
105 Webcaster Settlement Act of 2008, H.R. 7084, 110th Cong., 2d Sess. (2008) *available at* http://www.gpo.gov/fdsys/pkg/BILLS-110hr7084enr/pdf/BILLS-110hr7084enr.pdf.
106 *Id.*
107 74 Fed. Reg. 40 at 9294.
108 *Id.*
109 Webcaster Settlement Act of 2008, H.R. 2344, 111th Cong., 1st Sess. (2009) *available at* http://www.opencongress.org/bill/111-h2344/text.
110 74 Fed. Reg. 136, 34796 (July 17, 2009) *available at* http://www.copyright.gov/fedreg/2009/74fr34796.pdf.
111 *Id.* at 34799.
112 YAHOO!FINANCE.COM, *supra* n.11.
113 76 Fed. Reg. 16, 13026 (Mar. 9, 2011), *available at* http://www.loc.gov/crb/fedreg/2011/76fr13026.pdf.
114 74 Fed. Reg. 136 at 34799; *Id.* at 13027.
115 72 Fed. Reg. 243, 71795 (Dec. 19, 2007) *available at* http://www.loc.gov/crb/fedreg/2007/72fr71795.pdf.
116 72 Fed. Reg. 244, 72253 (Dec. 20, 2007), *available at* http://www.loc.gov/crb/fedreg/2007/72fr72253.pdf.
117 David Oxenford, Another Proposed Settlement of *Another Copyright Royalty Board Proceeding – New Subscription Services*, BROADCAST LAW BLOG, Nov. 9, 2007, http://www.broadcastlawblog.com/2007/11/articles/intellectual-property/another-proposed-settlement-of-another-copyright-royalty-board-proceeding-new-subscription-services/
118 H.R. 640, 112th Cong. (2d Sess. 2012).
119 Jerrold Nadler, Interim FIRST Act, NADLER.HOUSE.GOV, http://nadler.house.gov/sites/nadler.house.gov/files/documents/NADLER_153_xml.pdf
120 *Id.*
121 801(b) "yield[s] substantial royalty payments to artists and the recording industry, without jeopardizing the future economic health of digital music services." Digital Media Ass'n (DIMA), *Congress Should Extend the Longstanding, Successful Section 801(b) Balancing Test to Determine All Sound Recording Performance Royalties*, DIMA.ORG, http://www.digmedia.org/component/docman/doc_download/44-801b-position-overview-2009.
122 *Id.* at 1.
123 *Id.*
124 *Supra* n.93.
125 *Id.*
126 Digital Media Ass'n (DIMA), "801(b) or "*Fair Market Value" Which standard best represents the collective interests of content owners, users and consumers?*, DIMA.ORG, www.digmedia.org/component/docman/doc_download/22-801-b.
127 *Id.*
128 Letter from Richard Bengloff, President, A2IM, to Bob Goodlatte, House Subcommittee on Intellectual Property, Competition and the Internet Chair (Oct. 1, 2012) *available at* http://www.fairpayforartists.com/.
129 David Oxenford quoting Jeffery Harleston, Geffen Records, *Senate Hearing: The Search for Compromise on Music Performance Royalties – Part One: The Issue of Standards*, BROADCAST LAW BLOG, July 30, 2008, http://www.broadcastlawblog.com/2008/07/articles/internet-radio/senate-hearing-the-search-for-compromise-onmusic-performance-royalties-part-one-the-issue-of-standards/.
130 Oxenford, Another Proposed Settlement, *supra* n.112.
131 *Id.*
132 Supplemental Statement of the Digital Media Ass'n Senate Judiciary Committee Hearing, *Music and Radio in the 21st Century: Assuring Fair Rates and Rules across Platforms*, July 29, 2008 at 6, *available at* http://www.digmedia.org/component/docman/doc_download/89-dima-supplemental-testimony.
133 David Oxenford, *Chaffetz Bill Introduced in House of Representatives to Adopt 801(b) Standard for Internet Radio Royalty Decisions of Copyright Royalty Board – What's it All About?*, BROADCAST LAW BLOG, Oct. 8, 2012, http://www.broadcastlawblog.com/2012/10/articles/internet-radio/chaffetz-bill-introduced-in-house-of-representatives-to-adopt-801b-standard-for-internet-radio-royalty-decisions-of-copyright-royalty-board-whats-it-all-about/.
134 *Id.*
135 Letter from Bengaloff to Goodlatte, *supra* n.123.
136 Mechanical and Digital Phonorecord Delivery Rate Determination Proceeding; Review of Copyright Royalty Judges Determination; Final Rule and Notice, 74 Fed. Reg. 15, 4510, 4523-4525 (Jan. 26, 2009) *available at* http://www.loc.gov/crb/fedreg/2009/74fr4510.pdf.
137 Mechanical and Digital Phonorecord Delivery Rate Determination Proceeding; Review of Copyright Royalty Judges Determination; Final Rule and Notice, 74 Fed. Reg. 15, 4510, 4523-4525 (Jan. 26, 2009) *available at* http://www.loc.gov/crb/fedreg/2009/74fr4510.pdf.
138 *See supra* n.92.
139 72 Fed. Reg. 16, 4080, 4097 (Jan. 24, 2008).
140 Glenn Peoples, *Sirius XM Will Pay More for Music Through 2017*, BILLBOARD .BIZ (Dec. 14, 2012), http://www.billboard.biz/bbbiz/industry/radio/sirius-xm-will-pay-more-for-music-through-1008052162.story.
141 *Id.*
142 Ryan, *Viewpoint: Pandora Business Model is Suicide Pact*, *supra* n.13.
143 *Id.*
144 Randy Lewis quoting David Pakman, Investment Partner, Venrock Investments, *Internet Radio Fairness Act Debate opens in Washington*, LATIMES .COM (Nov. 30, 2010 6:00 a.m.), http://www.latimes.com/entertainment/music/posts/la-et-ms-internet-radio-fairness-act-pandora-congress-hearings- 20121129,0,4518964.story
145 Paul Resnikoff, *Pandora + Sirius XM = 90% of SoundExchange Revenues*, DIGITAL MUSIC NEWS (Apr. 14, 2012) http://www.digitalmusicnews.com/permalink/2012/120413soundexchange.

Legislative Solutions to Digital Music Broadcast Royalties: The Internet Radio Fairness Act vs. The Interim FIRST Act

Continued from page 14.

On August 29, 2013, former U.S. District Judge Layn Phillips, the court-appointed mediator, announced the settlement and stated, "This is a historic agreement, one that will make sure that former NFL players who need and deserve compensation will receive it, and that will promote safety for players at all levels of football."[17] Judge Brody stated in an Order, "From the outset of this litigation, I have expressed my belief that the interests of all parties would be best served by a negotiated resolution of this case. The settlement holds the prospect of avoiding lengthy, expensive and uncertain litigation, and of enhancing the game of football."[18]

Current and former players have expressed mixed opinions about the settlement. Regardless of the amount paid by the NFL, however, they have shined the spotlight on the welfare of all players—past, present, and future—and spurred a framework for progress. The NFL has taken notice, and recently implemented rule changes and policies to prevent and address concussion-related injuries (e.g., moving the ball forward for kickoffs in an attempt to avoid high-impact collisions associated with returns). As President Barack Obama recently stated, "In some cases, that may make it a little bit less exciting, but it will be a whole lot better for the players, and those of us who are fans maybe won't have to examine our consciences quite as much."[19] Further, the NFL has made a $30 million donation to fund medical research, and the settlement provides additional money for research, education, and treatment, which would have been significantly delayed by protracted litigation. Hopefully, past efforts and continued proactive measures will increase the quality of NFL players' post-career lives and allow current and next-generation players to avoid the same devastating repercussions to their well-being.

ENDNOTES

1 *E.g.*, Ann C. McKee, et al., *The Spectrum of Disease in Chronic Traumatic Encephalopathy*, BRAIN, A JOURNAL OF NEUROLOGY, 2012; 136 (Pt. 1): 43-64; Ann C. McKee, et al., TDP-43 *Proteinopathy and Motor Neuron Disease in Chronic Traumatic Encephalopathy*, J. NEUROPATH. EXP. NEUROL., 2010; 69(9): 918-929.

2 *Id.*; Mary Pilon, et al., *Seau Suffered from Brain Disease*, N.Y. TIMES, Jan. 10, 2013.

3 *See* Ann C. McKee, et al., *The Spectrum of Disease in Chronic Traumatic Encephalopathy*, BRAIN, A JOURNAL OF NEUROLOGY, 2012; 136 (Pt. 1): 43-64

4 Augustus Thorndike, *Serious Recurrent Injuries of Athletes—Contraindications to Further Competitive Participation*, 247 NEW ENG. J. MED. 554, 555 (1952).

5 Press Release, Alternative Dispute Resolution Center, Irell & Manella LLP, NFL, *Retired Players Resolve Concussion Litigation; Court-Appointed Mediator Hails Historic Settlement*, Aug. 29, 2013, http://static.nfl.com/static/content/public/photo/2013/08/29/0ap2000000235504.pdf.

6 *See In re: Nat'l Football League Players' Concussion Injury Litig.*, 842 F.Supp.2d 1378 (U.S. Jud. Pan. Mult. Lit. Jan. 31, 2012). In addition, copies of pleadings, orders, court documents, new articles, and research studies relating to the Consolidated Litigation and other lawsuits involving concussions are available on a website maintained by plaintiffs' lawyers representing athletes in various lawsuits at http://nflconcussionlitigation.com/.

7 Plaintiffs' Master Administrative Long-Form Complaint, *In re: Nat'l Football League Players' Concussion Injury Litig.*, No. 2:12-md-02323-AB, MDL No. 2323, June 7, 2012.

8 *Id.*

9 Memorandum of Law of Defendants National Football League and NFL Properties LLC in Support of Motion to Dismiss, et al. (Doc. 3589-1), *In re: Nat'l Football League Players' Concussion Injury Litig.*, No. 2:12-md-02323-AB, MDL No. 2323, Aug. 30, 2012.

10 Memorandum of Plaintiffs in Opposition to Defendants National Football League and NFL Properties LLC's Motion to Dismiss, et al. (Doc. 4130), In re: Nat'l Football League Players' Concussion Injury Litig., No. 2:12-md-02323-AB, MDL No. 2323, Oct. 31, 2012.

11 *Duerson v. Nat'l Football League*, No. 12 C 2513, 2012 WL 1658353 (N.D. Ill. May 11, 2012).

12 *Id.* at *4 ("The NFL is correct, insofar as a court will likely need to determine whether Duerson's concussive brain trauma was 'significantly aggravated,' within the meaning of the CBA provision, by continuing to play. If so, Duerson's club had a duty to warn him before allowing him to return to the field. If the club had such a duty, it would be one factor tending to show that the NFL's alleged failure to take action to protect Duerson from concussive brain trauma was reasonable.").

13 *Id.*

14 *Id.*

15 S. Fainaru, et al., *Players sought $2 billion from NFL*, ESPN, Aug. 31, 2013, http://espn.go.com/espn/otl/story/_/id/9622926/players-initially-sought-2-billion-plus-nfl-concussion-settlement.

16 *Id.*

17 Press Release, Alternative Dispute Resolution Center, Irell & Manella LLP, NFL, *Retired Players Resolve Concussion Litigation; Court-Appointed Mediator Hails Historic Settlement*, Aug. 29, 2013, http://static.nfl.com/static/content/public/photo/2013/08/29/0ap2000000235504.pdf.

18 Order (Doc. 5235), In re: Nat'l Football League Players' Concussion Injury Litig., No. 2:12-md-02323-AB, MDL No. 2323, Aug. 29, 2013.

19 Associated Press, *Obama Not Sure He'd Allow a Son to Play Football*, Jan. 27, 2013, http://sportsillustrated.cnn.com/nfl/news/20130127/obama-not-sure-hed-allow-a-son-to-play-football/.

Ensuring Adequate Protection for Publicity Rights: An Argument for a Federal Right of Publicity Statute

Continued from page 17.

rights in the estate to Experience Hendrix and Authentic Hendrix, two limited liability companies.[18] Subsequently, the assignees brought a claim against the James Marshall Hendrix Foundation in federal district court in Washington, alleging publicity rights violations.[19] The district court judge found that Hendrix was domiciled in New York at the time of his death, and therefore, New York law must apply.[20] Because New York does not recognize a post-mortem right of publicity, no right of publicity descended to Al Hendrix when Jimi Hendrix died. Therefore, because Al had never acquired Jimi's publicity rights, he could not assign them to the plaintiffs Experience Hendrix and Authentic Hendrix.[21] The Ninth circuit affirmed the holding for the defendant.[22]

The District Court's decision and its subsequent approval by the Ninth Circuit led Washington state to enact the Washington Personality Rights Act (WPRA) in 2008. The newly expanded publicity rights statute provided that in the State of Washington, the right of publicity continues after a person's death regardless of where the person was domiciled when they died or whether the jurisdiction where the person was domiciled recognized a similar right at the time of death.[23] In effect, the amended statute provided the losing plaintiffs in the Experience Hendrix case a way to circumvent issues arising from the fact that Hendrix was domiciled in New York at the time of his death. Subsequent to the enactment of the amended Washington statute, the assignees of Hendrix's estate brought suit against HendrixLicensing.com, seeking to enjoin the use of Hendrix's image and likeness.[24] Unfortunately for the plaintiffs, Judge Zilly of the Federal District Court for the Western District of Washington held that the amendments to the WPRA were unconstitutional. Specifically, he held that the newly enacted WPRA violated the Due Process, Full Faith and Credit, and dormant Commerce Clauses of the U.S. Constitution.[25]

Marilyn Monroe's estate was similarly involved in a significant amount of litigation arising over a dispute about where the actress was domiciled when she died, as this would determine whether the actress's publicity rights terminated upon her death. Monroe died in 1962 in her California home.[26] Her will was eventually settled in 2001 and a New York surrogate court authorized the estate to transfer all remaining assets to Marilyn Monroe LLC, which was managed by the successor executor, Anna Strasberg.[27] At the time of her death, it was not clear if Monroe had died domiciled in California or New York, as she had purchased a home in the Los Angeles area while filming a movie there shortly before her death and was living there while filming a movie.[28] However, she also maintained her New York home while living in California.[29] During the forty year probate proceedings, the executive of Monroe's estate, Aaron Frosch, and subsequently, his successor Strasberg, consistently argued to both New York and California courts that Monroe had died domiciled in New York, claiming she purchased the California home to only be used on those occasions when she was filming a movie there or engaged in similar activities.[30] Ultimately, the estate was successful in these arguments and avoided substantial California estate taxes by proving Monroe was a domiciliary of New York.[31]

Years later, in March 2005, Marilyn Monroe LLC sued Milton Green Archives, Inc. and Tom Kelley Studios, Inc. (Milton Greene collectively) in a federal district court in Indiana, claiming Milton Greene violated Monroe's right of publicity, of which Marilyn Monroe LLC claimed ownership, by using Monroe's image and likeness for unauthorized commercial purposes.[32] As mentioned earlier, the plaintiffs likely chose to sue in an Indiana court because of the state's expansive publicity rights laws. Indiana's right of publicity statute covers the use of one's "personality," which the statute has defined broadly to encompass, among other things, ones name, likeness, signature, voice, photograph, image, gestures, appearance, and mannerisms.[33] The statute also includes broad choice of law and jurisdictional provisions, applying to "an act or event that occurs within Indiana, regardless of a personality's domicile, residence, or citizenship."[34] If one caused infringing materials to be transported, published, exhibited, or disseminated within Indiana, despite having no connection with Indiana, in theory, they could be subject to suit by the heirs of a celebrity, even if that celebrity died in a state that does not recognize a descendible right of publicity.[35] Such an expansive law leads plaintiffs to seek relief against the unauthorized use of one's publicity rights, despite that the subject of the rights has or had little or no connection with Indiana.[36] Defendants often try to transfer the case to other courts, and are often successful. This then leads to a delay in litigation and creates additional costs that could be avoided if the varying state laws were preempted by a federal uniform statute that applied across the board.

Monroe LLC's case against Milton Green Archives was eventually transferred to a federal court in California, and Milton Greene filed its own suit in that same court against Monroe LLC, seeking a declaration that Monroe LLC does not own the late actress's right of publicity.[37] In 2007, the district court granted summary judgment to the defendant, holding that Monroe LLC

Continued on page 47.

Ensuring Adequate Protection for Publicity Rights: An Argument for a Federal Right of Publicity Statute

Continued from page 46.

did not own Monroe's right of publicity because at the time of Monroe's death in 1962, neither California, nor New York, nor Indiana recognized a descendible right of publicity.[38] In response to the district court's ruling, the California legislature enacted a bill that amended California law to provide that the California right of publicity is deemed to have existed at the time of death of any deceased personality who died prior to January 1, 1985.[39] Monroe LLC subsequently sought reconsideration. The district court held that the statute, as amended, applied retroactively, and that Monroe's right of publicity could pass to Monroe LLC through the residual clause of Monroe's will if California law applied.[40] Monroe LLC then asserted that Monroe died domiciled in California, rather than New York, contrary to what Monroe's estate had spent 40 years arguing in order to avoid a significant amount of California estate taxes.[41] The court ruled that because of the executors' previous representations that Monroe died domiciled in New York, Monroe LLC was judicially estopped from now claiming that Monroe was domiciled in California when she died.[42] In August 2012, the Ninth Circuit affirmed the judgment for Milton Greene.[43]

As the Hendrix and Monroe litigation illustrates, the disparity in state publicity rights laws can lead to a lot of headaches for both plaintiffs and defendants as they attempt to either enforce a decedent's publicity rights or avoid liability for the use of a deceased celebrity's rights. The inconsistencies among state laws, and the legislative amendments to states' publicity rights in response to court rulings, can also result in content providers having to tailor their content depending on what jurisdiction they're in to avoid facing liability, or having to avoid doing business in certain jurisdictions because they're unclear about the nuances of a state's publicity rights law.[44]

III. A Proposal for a Federal Right of Publicity Statute

A. Federal Statute Could Address the Inconsistencies in State Laws

Unlike other forms of intellectual property, such as copyrights, trademarks and patents, there is no federal protection for publicity rights. Those seeking to protect their rights must rely on state laws, which can range from expansive recognition to very limited protection. Furthermore, although the U.S. Supreme Court provided guidance on the justifications underlying publicity rights in *Zacchini v. Scripps-Howard Broadcasting Co*, the case offers little practical guidance.[45] This often leads to confusion when federal circuits are faced with the task of applying a state's right of publicity law.[46] The disparity in state laws and the lack of a federal right of publicity then leads to varying interpretations of publicity rights among the federal circuits. As discussed above, such a lack of consistency among state laws can have implications for both those seeking to protect their rights and those seeking to use a celebrity's name or likeness. An expansive federal right of publicity that preempts state laws could help ensure that those who have invested significant resources in creating a commercially valuable persona protect such investments against unauthorized invasion. A federal law could also bring uniformity and predictability to the right of publicity, thereby reducing the risk of suit for content providers.

B. The Commerce Clause is Congress's Source of Authority to Create a Federal Publicity Rights Statute

Article I, Section 8, Clause 3 of the United States Constitution gives Congress the power to regulate commerce "among the several States." Under this Commerce Clause, Congress has the authority to enact a federal right of publicity statute, as the right of publicity is exploited and potentially infringed through channels of interstate commerce, including the Internet, television, and radio.[47] Additionally, interstate commercial activities are affected by publicity rights, as national advertising campaigns and multistate distribution of products and works are regularly the subject of publicity rights claims and disputes.[48]

C. The Notion of Federal Protection is Nothing New

The appropriateness of creating a federal right of publicity law has been explored in numerous law review articles and advocated by various organizations. In fact, in the late 1990s, the International Trademark Association authored a resolution calling for the United States Congress to introduce legislation which creates a federally preemptive right of publicity.[49] The notion of Congress protecting publicity rights is consistent with the current federal protections available for other forms of intellectual

Continued on page 48.

Ensuring Adequate Protection for Publicity Rights: An Argument for a Federal Right of Publicity Statute

Continued from page 47.

property, namely copyrights, patents, and trademarks. Furthermore, as one advocate notes, owners and investors of publicity rights are entitled to as much uniformity and predictability of protection as are the owners of copyrights, patents, and trademarks.[50]

IV. A Federal Law Should be Consistent with the Goals and Underlying Principles of Publicity Rights Law

A. History of Publicity Rights and the Principles Underlying Protection

The right of publicity is based on the idea that a person has the right to own, protect, and profit from the commercial value of his or her name, likeness, activities, or identity.[51] It gives a person a property right in his or her own publicity and a right to control the commercial use of his or her identity.[52]

The right of publicity grew out of the law of privacy.[53] William Prosser, in an influential article, divided the right of privacy into four separate torts: 1) intrusion; 2) appropriation; 3) disclosure; and 4) false light.[54] Although the article did little to advance the right of publicity, Prosser did briefly discuss a right of publicity under his broader discussion of the tort of appropriation.[55] In previous years, the tort of appropriation was often used to protect what is now considered the right of publicity. However, unlike most current publicity rights laws, in order to win under a suit for appropriation, the plaintiff had to show both the unauthorized use of his or her identity and injury to the plaintiff's dignity or self-esteem.[56] In the early 1950s, however, the notion that an action for the unauthorized commercial use of one's name or likeness must include evidence of emotional distress began to change.[57] In 1953, Judge Frank of the Second Circuit Court of Appeals first coined the phrase "right of publicity" in *Halean Laboratories, Inc. v. Topps Chewing Gum*.[58] In that case, Halean, a chewing gum company, sued its competitor, Topps, for tortuous interference with contracts between Halean and various baseball players to portray their likenesses on baseball cards. Topps, aware that Halean had recently entered into exclusive contracts with the baseball players, used the same players' images on its own cards.[59] The defendant argued the plaintiff had no right of action for invasion of privacy because the commercial use of the players' likenesses did not cause emotional distress to the players.[60] Although this argument was valid under the current right of privacy laws, the Court extrapolated from the privacy statutes and held Topps liable under a "right of publicity."[61] In recognizing that in addition to one's right of privacy, one also "has a right in the publicity value of his photograph," Judge Frank pointed to the common understanding that "many prominent persons… far from having their feelings bruised through public exposure of their likenesses, would feel sorely deprived if they no longer received money for authorizing advertisements, popularizing their countenances, displayed in newspapers, magazines, busses, trains and subways."[62]

The case set forth a formulation under which new right of publicity applications developed in other jurisdictions.[63] Then, in the late 1970s, the United States Supreme Court first recognized the right of publicity as a separate tort in *Zacchini v. Scripps-Howard Broadcasting Co*.[64] In that case, a performer in a "human cannonball" act brought an action for damages against a television broadcasting company, alleging it "showed and commercialized the film of his act without his consent."[65] Suing under Ohio's right of publicity laws, Zachinni claimed that such conduct was an "unlawful appropriation of (his) professional property."[66] The defendant TV station argued that the First and Fourteenth Amendments protected it from damages for its alleged infringement of Zacchini's state law right of publicity.[67] The U.S. Supreme Court reversed the judgment of the Ohio Supreme Court, which had held that the First and Fourteenth Amendments required judgment for the plaintiff. The Ohio Supreme Court had ruled that the defendant had the constitutional right to include in its newscast matters of public interest that would otherwise be protected by the right of publicity.[68] The U.S. Supreme Court agreed that if the TV station had merely reported that Zacchini was performing his "human cannonball" act at the fair, things would be different. But, as the Supreme Court pointed out, the plaintiff is not arguing that his performance could not be reported as a newsworthy item. Rather, he is complaining that the TV station filmed his entire act and displayed it on TV without his consent, and that this was an appropriation over his professional property.[69] The Supreme Court pointed out that the Ohio Supreme Court, in ruling in favor of the defendant, relied on the U.S. Supreme Court's previous holding in *Time, Inc. v. Hill*.[70] Time involved a right of privacy claim against Life Magazine for publishing nondefamatory false statements that allegedly humiliated the plaintiff and invaded his privacy.[71] In *Zacchini*, the U.S. Supreme Court said the Ohio court's reliance on Time was misplaced, as that case involved an entirely different tort than the right of publicity Zachinni was suing under.[72] The Supreme Court pointed out that during the *Time* decision, the court was aware of the developing

Continued on page 49.

Ensuring Adequate Protection for Publicity Rights: An Argument for a Federal Right of Publicity Statute

Continued from page 48.

nuances in the area of privacy law, and understood that it was not adjudicating an appropriation claim, but rather a "false light" privacy case.[73]

The Supreme Court then went on to highlight the differences between the two torts, noting that the interest protected in a false light claim is one of reputation, while the State's interest in permitting a right of publicity tort is in protecting the commercial interests of the individual in his name or act.[74] The court also pointed out that the right of publicity is analogous to the goals of patent and copyright law, as publicity rights law focuses on an individual's right to reap the rewards from the work he has put into building a commercial likeness, and has little to do with protecting hurt feelings or reputation.[75] This distinction is important, as the Supreme Court is acknowledging that unlike the general right of privacy from which it arose, the right of publicity is about protecting commercial interests. This characterization of the right as a proprietary interest rather than a solely personal one is of particular importance in arguing that publicity rights should be descendible.

Despite the Supreme Court's recognition of the right of publicity as a mechanism to protect the commercial or economic value of one's name or likeness, or in the case of Zacchini, one's performance, some courts and state laws still characterize the right of publicity as a personal "right of privacy," rather an economic property right.[76] For instance, New York continues to enforce the right under a "penumbra" of New York's privacy statutes, rather than as a separate property right.[77] This helps to explain why New York does not recognize a post-mortem right of publicity, as the characterization of publicity rights as a form of privacy rights suggests the right is personal, and should therefore die with the person.[78] A federal law consistent with the Supreme Court's characterization of publicity rights as a means to protect commercial interests could help set forth the modern justifications for the recognition of publicity rights.

The Supreme Court further elaborated on the justifications for the right of publicity in *Zacchini*. With regard to defendant's constitutional immunity argument, the Supreme Court stated that the First and Fourteenth Amendments do not protect the media when it broadcasts a performer's entire act without his consent.[79] The court noted that the broadcast of an entertainer's entire act poses a substantial threat to the commercial value of the performance, as much of the economic value lies in the right of exclusive control over the publicity given to the performance.[80] The Supreme Court further analogized the right of publicity to copyright and patent law, noting that similar to copyrights and patents, part of the principles underlying protection of publicity rights is to provide an economic incentive for a performer to make the investment required to produce a performance of interest to the public.[81] The repeated analogies to copyright and patent law help bolster the argument of federal protection for publicity rights, as copyrights, patents, and trademarks, are all protected by federal statute while publicity rights, a no less valuable form of intellectual property, is a matter of state law only.

B. Justifications for the Recognition of Publicity Rights in General

1. Publicity Rights are an Important Aspect of an Individual's Intellectual Property

In the current age of media, one's celebrity has become a valuable commodity. A significant amount of resources are poured into building a unique brand or image that can be exploited for commercial gain. In fact, the ability to exploit one's image for economic purposes often eclipses the value of the celebrity's principle occupation.[82] This is particularly true for reality "stars," who are often not famous for being good at anything, but rather "famous for being famous."[83] While the Supreme Court's decision in *Zachinni* did recognize the economic nature of these rights, it provides little practical guidance because the right of publicity is a state law doctrine.[84] Moreover, the technological changes in media since the *Zachinni* decision have changed the landscape of how a person's publicity may be created, diffused, and exploited. The remedy sought by Zacchini is different from how celebrities assert and protect their right of publicity nowadays.[85] While Zacchini was attempting to prevent the exploitation of the commercial value of his performance or act, few celebrities today have a single distinct act which they rely on for income. Many celebrities use their publicity to promote products that have nothing to do with their individual skill set. Indeed, many popular recording artists today attach their name to products ranging from perfumes, to clothing, to beverages, to even cars. For instance, Jennifer Lopez, who originally became famous for acting and then moved on to a career in music, has attached her

Continued on page 50.

Ensuring Adequate Protection for Publicity Rights: An Argument for a Federal Right of Publicity Statute

Continued from page 49.

name and likeness to a range of products, including more than 15 of her own fragrances, L'oreal makeup and hair care products, Gillette Venus razors, and the Fiat brand of cars.[86] She has even gotten her kids in on the public branding, as she and her children were the face of Gucci's children collection for spring/summer 2011. Lopez is only one of many celebrities who have focused on building the commercial value of their image. Today, countless celebrities have hopped on the product endorsement bandwagon. Recording artists ranging from Gwen Stefani and Katy Perry to Common and Jay Z have endorsed their own celebrity fragrance. Given the ubiquity of celebrity in today's society, few would disagree that a celebrity's identity is associated with economic value.[87]

2. Common Justifications for Recognizing Publicity Rights

Several theories have been set forth as to why a person should be able to protect his or her public identity, which has come to be viewed as an economic property right. Under the theory of unjust enrichment, many courts have pointed out that individuals generally spend a lot of time, money, and effort into achieving fame and building a bankable brand, so it makes sense from a moral standpoint that they should have a claim to any money flowing from their fame.88 For instance, in *Zacchini*, the Supreme Court stated that "the rationale for protecting the right of publicity is a straightforward one of preventing unjust enrichment by theft of good will. No social purpose is served by having the defendant get free some aspect of the plaintiff that would have market value and for which he would normally pay."[89] Basically, the idea is that "free riders" evoking a celebrity's identity without his or her consent should not be able to profit from the work the celebrity put into building that image.[90]

Other courts have justified protection of publicity rights as creating a kind of economic incentive. As noted above, the Court in *Zacchini* maintained that one has the right to "reap the reward of his endeavors."[91] This argument analogizes publicity rights to other forms of intellectual property, namely copyrights and patents. Underlying this economic incentive theory is the belief that if the commercial value of one's public identity was protected, people would be more willing to undertake activities that benefit society.[92] This argument assumes that individuals create the value of their personas through labor and effort.[93] In his influential article on the right of publicity, Melville B. Nimmer stated that "in most instances a person achieves publicity values of substantial pecuniary worth only after he has expended considerable time, effort, skill, and even money."[94] Nimmer pointed out that ensuring one is entitled to the fruits of his labor is consistent with principles of Anglo-American jurisprudence.[95] The economic incentive argument further assumes that protecting the fruits of one's labor helps encourage creativity which in turn benefits society.[96] Such a justification is analogous to the principles underlying copyright law.

An additional justification for publicity rights protection also analogizes to another form of intellectual property, trademarks. Specifically, the right of publicity can protect against diminishment in the value of one's public persona.[97] Because of publicity rights, advertisers that wish to utilize a celebrity's name or likeness in the promotion of their products must obtain a license from the owner of the rights to the commercially valuable name or likeness. If no such protection existed, commercial entities could use a person's name or likeness with no restriction, and such unrestricted use would make that name or likeness less scarce, and therefore, less valuable.[98] This argument is analogous to trademark dilution under the Lanham Act, the federal law protecting trademarks. Traditionally, the law of trademarks is intended to prevent confusion among consumers. Therefore, a showing of trademark infringement generally requires proof that the infringer's use creates consumer confusion.[99] However, under an alternative theory of trademark dilution, a plaintiff need not show that the use of its mark causes consumer confusion, but rather need only show that the mark is famous and distinctive.[100] The theory behind this cause of action is to protect famous marks from losing their value by overuse. This justification for the right of publicity is therefore analogous to the theory of trademark dilution in that both seek to protect an intellectual property right from diminishing in commercial value.[101]

Another argument for protecting one's right to their public identity is rooted in natural rights theory. Some justify the right of publicity by arguing that one's right to control their persona is an innate and natural right.[102] While the advocates of such an argument recognize that infringing one's right of publicity damages the commercial value of one's personal, they further argue that such infringement violates one's natural right to control the use of his or her persona.[103] As one author notes, law professor Alice Haemmerli likened the philosophy of Immanuel Kant to the natural rights justification for the right of publicity. Haemmerli reasoned that "The central concept of autonomy in Kantian philosophy could lend itself to a philosophical justification

Continued on page 51.

**Ensuring Adequate Protection for Publicity Rights:
An Argument for a Federal Right of Publicity Statute**

Continued from page 50.

of a right of publicity."[104] Underlying this analogy is the concept that an individual has an innate right to control the use of his or her person and interference with that right constitutes an infringement of that person's natural right.

The natural rights justification, while interesting and worth mentioning, is not among the more common arguments for publicity rights protection. Rather, the more common justifications, such as unjust enrichment, economic incentive, and value diminishment, more closely resemble the recognition of publicity as an economically valuable property right.

V. A Defining the Contours of a Federal Publicity Rights Statute

A. Federal Statute Should Provide Broad Protection

As discussed above, the common modern justifications for a right of publicity recognize the right of publicity as an economic property right that can attain significant commercial value. Consistent with this view of publicity rights, a federal statute should be broad enough to cover not just one's name, likeness, and image, but also those aspects of one's persona that have come to make that person recognizable. In further accordance with the view of publicity rights as an economic property right, the right of publicity should not expire upon one's death, but rather descend to one's heirs or beneficiaries, as do most other property rights.

The Fifth Circuit Court of Appeals decision in *Henley v. Dillard Department Stores* provides an instructive approach to broadly interpreting the right of publicity.[105] The court, in following other courts' expansive interpretations of "name or likeness," found that the plaintiff's exact name did not need to be appropriated in order for the plaintiff to win.[106] Rather, a phrase or image that clearly identified the plaintiff was sufficient.[107] In *Henley*, musician Don Henley filed suit against Dillard Department Stores (Dillard's) for a clothing advertisement featuring his name and likeness.[108] Dillard's ran a newspaper ad for a style of shirt commonly referred to as a "henley." The ad featured a man wearing a henley shirt with the words, "This is Don" next to the picture, and an arrow pointing toward the man. Below these words was the statement, "This is Don's henley" with a second arrow pointing toward the shirt. In analyzing Henley's claim, the court first considered whether the plaintiff's name or likeness had in fact been appropriated.[109] The court recognized that while the expression "Don's henley" arguably uses the plaintiff's name, a fact issue remained as to whether that expression is actually plaintiff's name. The court cited the approach of the the Ninth Circuit, which had previously recognized that a defendant may be liable for using a phrase or image that clearly identifies the celebrity, even if the celebrity's exact name is not used.[110] Applying this more expansive understanding of publicity, the Fifth Circuit found that because the use of the phrase "Don's henley" is so clearly recognizable as the plaintiff's likeness, no reasonable juror could conclude that the expression does not clearly identify the plaintiff, Don Henley.[111] The court ultimately held for the plaintiff, finding that he had successfully fulfilled all three elements necessary to recover for the tort of misappropriation under Texas law.[112]

Consistent with the Fifth Circuit's interpretation, a federal publicity rights statute should be expressly broad enough to cover not just one's name or likeness, but any identifying characteristic, because, as one court has noted, when a "celebrity's identity is commercially exploited, there has been an invasion of his right whether or not his 'name or likeness' is used."[113]

B. Voice Misappropriation

In accordance with such a broad approach, a federal statute should also recognize a cause of action for voice misappropriation. The Ninth Circuit first recognized the tort of voice misappropriation under California's right of publicity law in *Midler v. Ford Motor Company*.[114] In that case, actress and singer Bette Midler sued Ford and its advertising agency based on an advertisement's use of a "sound alike."[115] The commercial was one of a series in a campaign featuring popular songs from the 1970s. Ford's advertising agency had originally sought Midler herself to perform the song.[116] When she refused, the agency arranged for Ula Hedwig, a long time Midler back-up singer, to perform Midler's song for the commercial.[117] The agency specifically told Hedwig to "sound as much as possible like the Bette Midler record."[118]

Continued on page 52.

Ensuring Adequate Protection for Publicity Rights: An Argument for a Federal Right of Publicity Statute

Continued from page 51.

Shortly after the commercial aired, Midler filed suit. Midler did not seek damages for Ford's use of the song "Do You Want to Dance," as the advertising agency had a license from the copyright holder to use the song.[119] Rather, she sued specifically for the unauthorized imitation of her voice.[120] Therefore, the court said, her claim under California state law was not preempted by federal copyright law, as copyright protects "original works of authorship fixed in any tangible medium of expression."[121] Thus, a voice is not copyrightable as the sounds are not fixed.

Although the court said that California's publicity rights statute did not provide a cause of action specifically for voice misappropriation, it maintained that the statute did not preclude her from pursing an action at common law, as the statute implies that common law causes of action exist.[122] The court then decided to recognize a cause of action for the unauthorized imitation of Midler's voice, noting that it was an important attribute of her identity.[123] The court pointed out that the defendants ask Midler to sing because her voice was valuable to them, and the fact that they hired a sound-alike to imitate Midler in the commercial when the original singer refused further suggests the defendants were seeking to exploit a valuable attribute of Midler's identity.[124] The court gave further justification for protecting the publicity value in one's voice, noting that that "a voice is as distinctive and personal as a face," and that one's voice "is one of the most palpable ways identity is manifested."[125]

The Ninth Circuit reaffirmed its recognition of voice misappropriation several years later in *Waits v. Frito Lay*. As discussed in an earlier section, in *Waits*, musician Tom Waits sued Frito Lay for the use of a "sound alike" of his voice in a radio commercial for SalsaRio Doritos.[126] Frito Lay's ad agency wrote a song for the commercial that echoed the word play of one of Waits' songs, and then sought a singer who could perform the song in the "raspy, gravelly" style Waits is known for.[127] The agency ended up hiring a singer that not only performed the song in Waits' style but ended up doing a "near-perfect imitation of Waits."[128] Upon hearing the radio commercial, Waits sued, alleging, among other things, voice misappropriation under California law.[129]

Despite the defendants' pleas to reconsider Midler as an inaccurate statement of California law, the Ninth Circuit reaffirmed the viability of Midler.[130] The court reiterated its justification for protecting the misappropriation of one's voice, pointing out that the defendants had deliberately imitated Waits' voice for its commercial value, and that his voice was "sufficiently distinctive and widely known to give him a protectable right in its use."[131]

The Ninth Circuit's recognition of an individual's voice as a distinctive characteristic of one's identity that's worthy of protection from misappropriation is in accordance with the modern justifications of publicity rights law. As noted earlier, the theories underlying the right of publicity recognize the right of an individual to control the commercial use of their persona. A celebrity's voice, particularly a singer's voice, is often a distinct and important part of his or her identity. And as evidenced by the above-cited cases, the commercial value of that voice is significant enough to lead advertising executives to hire imitators when they can't get the real thing. Because of the significance one's voice can have to their commercial identity, a federal right of publicity should expressly recognize protection against the unauthorized commercial use of voice, along with other recognizable attributes.

C. A Post-Mortem Right of Publicity

In accordance with the modern characterization of publicity rights as an economic property right, a federal publicity rights statute should provide that rights do not expire upon the death of a celebrity, but rather descend to the celebrity's heirs or beneficiaries. As noted above, the disparity in states' recognition of a descendible right of publicity has led to a lot of confusion, headache, and forum shopping for those seeking to enforce the rights of a deceased celebrity. Such problems could be avoided by a federal statute that expressly preempts state law and provides that an individual's publicity rights do not expire upon death.

Various courts have recognized the importance of making publicity rights descendible. For instance, the Eleventh Circuit has pointed out that "if the right of publicity dies with the celebrity, the economic value of the right of publicity during life would be diminished because the celebrity's untimely death would seriously impair, if not destroy, the value of the right of continued commercial use."[132]

Continued on page 53.

Ensuring Adequate Protection for Publicity Rights: An Argument for a Federal Right of Publicity Statute

Continued from page 52.

The Tennessee Court of Appeals has articulated another reason for recognizing post-mortem publicity rights, pointing out that a descendible right supports one's right to have his or her asset distributed according to their wishes and protects a celebrity's right to pass on the value of his or her personality to his or her heirs or assignees.133

A federal statute that's based on the concept of publicity as an economic personal property right should provide that individuals can bequeath the property rights in their public persona, just as they can with other forms of property.

VI. Reconciling the Conflicting Interests of Publicity Rights and the First Amendment

Publicity rights are often in tension with the First Amendment guarantees of free speech and free expression. Celebrities' vigilant enforcement against the unauthorized infringement of their publicity rights is often met with hostility by those asserting a First Amendment right to use a celebrity's image, likeness, and persona.[134] A federal publicity rights statute should address these First Amendment concerns by providing a clear standard for courts to apply in balancing the right of publicity with countervailing First Amendment concerns. Specifically, the statute should include a provision advising courts to utilize a "transformative use" test, borrowed from the fair use defense in copyright law.

The California Supreme Court first developed the "transformative use" test for publicity rights claims in *Comedy III Productions, Inc. v. Gary Saderup, Inc.*[135] In that case, the owner of all rights to the Three Stooges sued an artist for infringement of publicity rights based on the artist's selling of lithographs and T-Shirts bearing the likeness of the Three Stooges reproduced from charcoal drawings.[136] The defendant claimed that the works were protected under the First Amendment because of their expressive nature.[137] The California Supreme Court disagreed, upholding Comedy III's claims against the artist.[138] The court recognized that the right of publicity can often frustrate the important First Amendment purposes of uninhibited debate on public issues and individual development and self-expression.[139] However, the court concluded that not all expression is protected, pointing out that the state's interest in preventing the misappropriation of others' intellectual property is not automatically outweighed by First Amendment interests.[140] The court then set forth a balancing test between the right of publicity and the First Amendment based on whether the work at issue adds "significant creative elements so as to be transformed into something more than a mere celebrity likeness or imitation."[141] The court said that when an artistic work is merely a literal depiction or imitation of a celebrity for commercial purposes, it infringes upon the celebrity's right of publicity without adding significant expression. Such works should therefore not be protected under the First Amendment.[142] However, when a work contains "significant transformative elements," it is worthy of First Amendment protection and also less likely to interfere with the economic interests protected by publicity rights.[143] Basically, the test should involve asking whether a product that contains a celebrity's likeness or image is so transformed that it has become the defendant's own expression rather than the celebrity's likeness.[144] The court ultimately held for the plaintiff, stating that it could not discern any significant transformative or creative elements in the defendant's literal reproduction of the Three Stooges.[145]

The California Supreme Court had the opportunity to apply its newly created transformative use test again in *Winter v. DC Comics*.[146] In *Winter*, musicians Edgar and Johnny Winter brought suit against DC comics, alleging that the creation of the "Autumn brothers" characters in its comic book "Jonah Hex" violated their right of publicity.[147] The court, applying the *Comedy III* balancing test, held that although the characters were "less than subtle evocations of Johnny and Edgar Winter, the books do not depict plaintiffs literally."[148] Rather, the plaintiffs are "merely part of the raw materials from which the comic books were synthesized."[149] Therefore, the court held that the comic books were transformative and entitled to First Amendment protection.[150]

A California court's most recent, and arguably more plaintiff-friendly, application of the "transformative use" test was in 2011 in No Doubt v. Activision Publishing.[151] The rock band No Doubt had previously licensed its members' likenesses to Activision for use in the video game Band Hero.[152] Two weeks prior to the release of the video game, No Doubt discovered that an "unlocking" feature of the game allowed players to use the No Doubt avatars to perform any of the songs in the game, rather than solely No Doubt songs, as originally agreed upon.[153] The band subsequently filed suit, claiming, among other things, that Activision had used its likenesses in objectionable ways outside the scope of the parties' licensing agreement.[154] The court, applying

Continued on page 54.

Ensuring Adequate Protection for Publicity Rights: An Argument for a Federal Right of Publicity Statute

Continued from page 53.

the Comedy III "transformative use" test, held that the creative elements of the defendant's video game did not sufficiently transform the images of No Doubt's members into anything more than literal depictions of their likenesses.[155] Therefore, the court rejected Activision's claim that the First Amendment barred No Doubt's right of publicity claim.[156]

The transformative fair use test, created by the California Supreme Court and later adopted by the Ninth Circuit, provides a clear standard upon which courts can balance the competing interests of the First Amendment and the economic interests in publicity rights. Therefore, a federal statute should include an express provision advising the use of such a balancing test when the First Amendment guarantees of free speech and expression appear to conflict with the protections accorded through publicity rights.

VII. Conclusion

Publicity rights remain a matter of state law and the disparities among various states' laws continues to widen. This in turn creates an incongruent right of publicity in the United States. Those seeking to protect publicity rights or avoid liability must become knowledgeable of the intricacies of particular jurisdictions' laws. A federal right of publicity could help clear up the confusion by expressly preempting state laws and providing for a uniform right of publicity.

ENDNOTES

1 Kevin L. Vick & Jean-Paul Jassy, *Why a Federal Right of Publicity Statute is Necessary*, 28 AUG Comm. Law 14, (2011).
2 Aubrie Hicks, *The Right to Publicity After Death: Postmortem Personality Rights in Washington in the Wake of Experience Hendrix v. Hendrix Licensing.com*, 36 Seattle U. L. Rev. 275, 278 (2012).
3 Vick and Jassy at 15.
4 *Midler v. Ford Motor Company*, 849 F.2d 460, (9th Cir. 1988).
5 *Waits v. Frito Lay*, 978 F.2d 1093 (9th Cir. 1992).
6 *Id.*
7 *Id.* at 1102.
8 *Oliveira v. Frito-Lay, Inc.*, 251 F.3d 56 (2d Cir. 2001)
9 *Id.* at 57.
10 *Id.* at 60.
11 Mass. Gen. Laws ch. 214, § 3A
12 *White v. Samsung Electronics*, 971 F.2d 1395 (9th Cir. 1992).
13 Vick & Jassy at 16
14 *Id.*
15 *Id.*
16 Vick & Jassy at 17.
17 Hicks at 280.
18 *Id.* at 279.
19 *Experince Hendrix, LLC v. James Marshall Hendrix Found.*, No. C03-3462Z, 2005 WL 2922179 (W.D. Wash. Nov. 4, 2005).
20 *Id.*
21 *Id.*
22 Experience Hendrix LLC v. James Marshall Hendrix Found., 240 F. App'x 739 (9th Cir. 2007)
23 Hicks at 283.
24 *Experience Hendrix, LLC v. Hendrix Licensing, Ltd.*, 766 F.Supp.2d 1122, 1127 (W.D. Wash. 2011).
25 *Id.* at 1143.
26 *Milton H. Green Archives, Inc. v. Marilyn Monroe LLC*, 682 F.3d 983, 986 (9th Cir. 2012).
27 *Id.* at 987.
28 *Id.* at 986.
29 *Id.*
30 *Id.* at 987-988.
31 *Marilyn Monroe LLC*, 682 F.3d 983 at 990.
32 *Id.*
33 Vick and Jassy at 15
34 *Id.*
35 *Id.*
36 *Id.* at 14.
37 *Marilyn Monroe LLC*, 682 F.3d 983 at 991.
38 *Id.*

Continued on page 55.

Ensuring Adequate Protection for Publicity Rights: An Argument for a Federal Right of Publicity Statute

Continued from page 54.

39 7*Id*. at 992.
40 *Id.*
41 *Id.*
42 *Id.*
43 *Marilyn Monroe LLC,* 682 F.3d 983 at 1000.
44 Vick & Jassy at 14.
45 Eleanor Johnson, *Henley v. Dillard Department Stores: Don Loves his Henley, and Has a Right to it Too*, 45 Vill. L. Rev. 169, 171 (2000).
46 *Id*. at 173.
47 Vick and Jassy at 17.
48 *Id.*
49 Board Resolutions U.S. Federal Right of Publicity, International Trademark Association, http://www.inta.org/Advocacy/Pages/USFederalRightofPublicity.aspx
50 Robinson at 197.
51 *Id*. at 184
52 Johnson at 170
53 Vick & Jassy at 14.
54 Robinson at 186.
55 *Id.*
56 *Id*. at 187,
57 *Halean Laboratories v. Topps Chewing Gum*, 202 F.2d 866, 868 (2d Cir. 1953).
58 *Id*. at 870.
59 *Id.*
60 Robinson at 186,
61 David Leichtman, Yakub Hazzard, David Martinez & Jordan S. Paul, *Transformative Use Comes of Age in the Right of Publicity Litigation*, 4 No. 1 Landslide 28, 30 (2011).
62 *Halean Laboratories*, 202 F.2d 866 at 884.
63 Robinson at 186
64 *Zacchini v. Scripps-Howard Broadcasting Co.*, 433 U.S. 562, (1977).
65 *Id*. at 564.
66 *Id.*
67 *Id*. at 565.
68 *Id*. at 568.
69 *Zacchini*, 433 U.S. 562 at 569.
70 *Id.*
71 *Id.*
72 *Id*. at 571.
73 *Zacchini*, 433 U.S. 562 at 571-572.
74 *Id*. at 573.
75 *Id.*
76 Vick and Jassy at 14.
77 David Leichtman, Yakub Hazzard, David Martinez & Jordan S. Paul, *Transformative Use Comes of Age in the Right of Publicity Litigation*, 4 No. 1 Landslide 28, 29 (2011).
78 Vick and Jassy at 14.
79 *Zacchini*, 433 U.S. 562 at 575.
80 *Id.*
81 *Id*. at 576.
82 Leichtman, Hazzard, Martinez, & Paul at 28.
83 *Id.*
84 *Id*. at 31.
85 *Id.*
86 Celebrity Endorsement Ads, Jennifer Lopez, http://www.celebrityendorsementads.com/celebrity-endorsements/celebrities/jennifer-lopez/
87 Johnson at 176.
88 *Id.*
89 *Zacchini*, 433 U.S. 563, at 576
90 *Id.*
91 *Zacchini*, 433 U.S. 562 at 570.
92 *Johnson* at 176
93 Andrew T. Coyle, *Finding a Better Analogy for the Right of Publicity*, 77 Brook. L. Rev. 1133, 1161 (2012).
94 Coyle at 1161 (quoting Melville B. Nimmer in *The Right of Publicity*, 19 Law & Contemp. Probs. 203 (1954)).
95 Coyle at 1161.
96 *Id*. at 1162
97 *Id*. at 1163.
98 *Id.*
99 Coyle at 1164.

Continued on page 56.

Ensuring Adequate Protection for Publicity Rights: An Argument for a Federal Right of Publicity Statute

Continued from page 55.

100 *Id.*
101 *Id.*
102 *Id.* at 1166.
103 *Id.*
104 Coyle at 1167 (quoting Alice Haemmerli in *Whose Who? The Case for a Kantian Right of Publicity*, 49 Duke L.J. 383, 411-30 (1999)).
105 *Henley v. Dillard Dept. Stores*, 46 F.Supp.2d 587, 589 (5th Cir. 1999).
106 *Id.* at 590.
107 *Id.* at 593.
108 *Henley*, 46 F.Supp.2d 587 at 589.
109 *Id.* at 591.
110 *Id.*
111 *Id.*
112 *Id.* at 597.
113 *Carson v. Here's Johnny Portable Toilets, Inc.*, 698 F.2d 831, 835 (6th Cir. 1983).
114 *Midler v. Ford Motor Company*, 849 F.2d 460, (9th Cir. 1988).
115 *Id.* at 461.
116 *Id.*
117 *Id.*
118 *Id.*
119 *Midler*, 849 F.2d 460 at 463.
120 *Id.*
121 *Id.* at 462.
122 *Id.* at 463.
123 *Id.*
124 *Midler*, 849 F.2d 460 at 463.
125 *Id.*
126 *Waits v. Frito Lay*, 978 F.3d 1093, (9th Circuit 1992).
127 *Id.* at 1097.
128 *Id.*
129 *Id.* at 1098.
130 *Id.* at 1100.
131 *Id.*
132 Alain J. Lapter, *How the Other Half Lives (Revisited): Twenty Years Since Midler v. Ford A Global Perspective on the Right of Publcity*, 15 Tex. Intellectual Prop. L.J. 239, 270 (2007) (Citing Martine *Luther King Jr. Ctr. For Soc. Change v. Am. Heritage Prods., Inc.* 694 F.2d 674 682-86 (11th Cir. 1983)).
133 Hicks at 293.
134 Leichtman, Hazzard, Martinez, & Paul at 28.
135 *Comedy III Productions, Inc. v. Gary Saderup, Inc.*, 21 P.3d 797 (Cal. 2001).
136 *Id.* at 798.
137 *Id.* at 800.
138 *Id.* at 802.
139 *Id.* at 803.
140 *Comedy III*, 21 P.3d 797 at 806.
141 *Id.* at 810.
142 *Comedy III*, 21 P.3d 797 at 811.
143 *Id.*
144 *Id.* at 809.
145 *Id.* at 811.
146 *Winter v. D.C. Comics*, 69 P.3d 473 (Cal. 2003).
147 *Id.* at 473.
148 *Id.* at 479.
149 *Id.*
150 *Id.* at 480.
151 *No Doubt v. Activision Publishing, Inc.*, 122 Cal.Rptr.3d 397 (Cal. App. 2011).
152 *Id.* at 400.
153 *Id.* at 402.
154 *Id.* at 399.
155 *Id.* at 400.
156 *No Doubt*, 122 Cal.Rptr.3d 397 at 400.

Idea Submission Impossible?
The Battle between Copyright and Breach of Contract
Continued from page 19.

This legal theory was advanced in *Grosso v. Miramax Film Corp.*,[22] where the Ninth Circuit held that federal copyright law did not preempt the implied contractual claim that *Desny* described. Jeff Grosso wrote the screenplay *The Shell Game* and claimed that Miramax stole his idea when it made *Rounders*, a movie about high-stakes poker starring Matt Damon.[23] Although the court rejected the copyright claim, saying the works were not "substantially similar," it held that copyright law did not preempt the breach of contract claim.[24] The contractual claim as explained in *Grosso* and *Montz*, which will be described later, requires a bilateral expectation, meaning an expectation on both sides that the party will be paid if his or her idea is used. This "bilateral understanding of payment" constitutes an additional element that transforms a claim from one asserting a right exclusively protected by federal copyright law to a contractual claim that is not preempted by copyright law.[25] The decisions in *Grosso* and *Montz* are favorable to writers, who can rely on copyright law to protect expression in their scripts, and rely on breach of contract claim to protect their ideas if they can prove a bilateral expectation of payment.

THE BIG PICTURE: DESNY MORE THAN 50 YEARS LATER

The specter of *Desny* came back to haunt a lawsuit involving the show *Ghost Hunter*. The court in *Montz* held that "copyright law does not preempt a contract claim where plaintiff alleges a bilateral expectation that he would be compensated for use of the idea."[26] Larry Montz was a parapsychologist who conceived of a show featuring paranormal investigations in the field. Montz pitched the idea with publicist and producer Daena Smoller, providing screenplays and videos to several outlets such as NBC and the Sci-Fi Channel. Years later, Montz and Smoller brought the lawsuit against Pilgrim Films and NBC, alleging among other claims both copyright infringement and breach of contract.

The court in *Montz* also affirmed *Grosso*. Just as in *Grosso*, where the use of the idea was "condition[ed] . . . on payment,"[27] the court in Montz held that "conditioning use"[28] of the idea "the granting of a partnership interest in the proceeds of the on production"[29] also formed the basis of a bilateral expectation of payment. In other words, the Ninth Circuit in Montz included another way of expressing the bilateral payment expectation by finding that this requirement can be met by agreeing to divide the film or TV show's profits.[30]

The court held that the plaintiffs' actions met the "offer for sale" requirement.

> The Plaintiffs presented their ideas for the "Ghost Hunter" concept to the Defendants in confidence, pursuant to the custom and practice of the entertainment industry, for the express purpose of offering to partner with the Defendant in the production, broadcast, and distribution of the Concept. Accordingly, the Plaintiffs justifiably expected to receive a share of any profits and credit that might be derived from the exploitation of its ideas and concepts for the Concept.[31]

RECENT SEQUELS TO IDEA SUBMISSION CASES

The Show Must Go On: Motion to Dismiss Not Granted

Even before *Premium Rush* would hit movie theaters in August 2012, there had already been a big production about whether the defendants, Sony Pictures Entertainment, Inc., et al. (Sony), engaged in idea theft from the plaintiff, Joe Quirk. Quirk alleged that the movie used the idea from his novel *Ultimate Rush* and that he was owed compensation for that use. In *Joe Quirk v. Sony Pictures Entertainment*, a federal judge in the Northern District of California issued an order denying Sony's motion to dismiss, stating that Quirk adequately "alleged facts under which an implied contract plausibly could arise."[32]

Even before his action-packed novel was published in 1998, Quirk stated that he worked with an agent to send book copies and synopses throughout the entertainment industry. The named defendants in the present motion to dismiss, however, argued that they never received a copy of Quirk's book. In addition to Sony, the named defendants included Pariah, a production company

Continued on page 58.

Idea Submission Impossible?
The Battle between Copyright and Breach of Contract

Continued from page 57.

involved in making the film, as well as two of the screenplay's co-writers: director David Koepp and John Kamps. Sony also is the parent company to Columbia Pictures Industries, Inc., and Quirk claimed that Columbia Pictures received a copy of the book and also heard a pitch about making the book into a movie. But even if that was the case, Quirk had not yet proved that Sony or the other named defendants ever did. Rather, Quirk argued that the named defendants in the motion to dismiss had access to the book since Quirk and his agent widely distributed it throughout Hollywood. Yet, as we have explored in the earlier cases, access is not enough. There still has to be the bilateral expectation of payment, whether express or implied. The court held that Quirk will eventually "have to prove not only that a copy of the novel originally pro-vided by his agent ended up in the Moving Defendants' hands, but also that each person who accepted it along the way did so with the expectation that payment would be due if the ideas were utilized."[33] On the other hand, the defendants were not necessarily protected just because Quirk may not have submit-ted the book directly to them. The court held that there situations where "the expectation of payment may survive the transfer of a book from one person or entity to another."[34]

Moreover, in the late 1990s, Warner Bros. obtained an option to make a movie from the book and paid for a writer, Jason Hefter, to write a screenplay based on the book.[35] The option expired and Quirk had no copyright in the screen-play. This meant that Quirk could not bring a copyright claim against the filmmakers for their use of the screenplay's copyrighted expression. Furthermore, the court stated, Quirk also was prevented from bringing a claim for theft of ideas that the film adapted from the screenplay that are not in Quirk's book.[36] If the movie used ideas from the screenplay that were not in Quirk's book, Quirk would likely still have to prove that there was a bilateral expectation of payment in order to pursue a Desny claim.

Show and Tell: Forest Park Pictures v. Universal Television Network, Inc.

The reach of idea submission cases extends nationwide. In *Forest Park Pictures v. Universal Television Network, Inc.*, the issue was whether the Copyright Act preempted a breach of contract claim when the idea was written down. Forest Park had appealed an order from the United States District Court for the Southern District of New York, which granted Universal Tele-vision Network's motion to dismiss on the basis that copyright law preempted Forest Park's breach of contract claim. In June 2012, the Second Circuit Court of Appeals held that copyright law does not preempt a breach of contract claim when there is a promise to pay for the use of an idea. The court held that Forest Park "adequately alleged the breach of a contract that included an implied promise to pay."[37]

In *Forest Park Pictures*, Hayden Christensen, an actor, and his brother Tove, ran a production company called Forest Park Pictures (Forest Park), which sued a division of the Universal Television Network known as USA Network. In 2005, Forest Park came up with an idea for a show titled *Housecall*. The premise was based on a doctor who was kicked out of a medical com-munity because he serviced indigent patients who could not pay their medical bills. The doctor subsequently moved to Malibu, California, and "became a 'concierge doctor' to the rich and famous."[38] A concierge doctor is a doctor who makes house-calls, hence the name of the show, *Housecall*.

Forest Park developed the idea into a series treatment, which it mailed to Alex Sepiol of the USA Network. The treatment further explained the concept with story lines and character biographies. For purposes of the preemption analysis, although copyright does not protect ideas, the treatment that embodied the ideas certainly amounted to a work of authorship fixed in a tangible medium. Thus, the first prong of preemption was fulfilled. For the second preemption prong, the court held that "[t]he alleged contract does not simply require USA Network to honor Forest Park's exclusive rights under the Copyright Act . . . it requires USA Network to pay for the use of Forest Park's ideas."[39] The court concluded that a breach of contract claim that has a promise to pay is "qualitatively different" from a copyright infringement lawsuit, such that the second prong is not fulfilled and the claim is not preempted by copyright.

Also, Sepiol scheduled the meeting "for the express purpose of hearing Plaintiffs['] pitch."[40] The court stated that USA Network and Sepiol knew that the industry standards are such that writers pitch ideas to producers to literally sell the idea and expect to be paid if the idea is used. Specifically with regards to the meeting, "[i]t was understood that Plaintiffs were pitching

Continued on page 59.

Idea Submission Impossible?
The Battle between Copyright and Breach of Contract
Continued from page 58.

those ideas with the object of persuading USA Network to purchase those ideas for commercial development."[41] Even though Forest Park did not expressly condition disclosure upon payment if the idea was used, the court held that if Forest Park was able to prove the allegations in the complaint, then USA Network "knew or should have known such a condition was implied."[42] The reasons included the fact that Forest Park claimed that the purpose of pitching the ideas was to sell them, that USA Network and Sepiol both knew that writers pitch with the purpose of selling their ideas, and that this was the industry standard.[43] More specifically, Sepiol permitted Forest Park to pitch the ideas without interrupting its presentation, and had conversations with the production company after the pitch.

CONCLUSION: COMING SOON TO A COURTROOM NEAR YOU

> In Hollywood, writers commonly submit copyrighted scripts to producers with the understanding that if the script is used, the producer must compensate the writer for the use of the copyrighted material. But what happens when the producer uses the idea or concept embodied in the script, but doesn't pay?[44]

This is the context in which idea submission cases tend to arise. As this article has explained, *Desny v. Wilder* found that there was an implied contractual right for a person to receive payment when the writer submits the idea to a producer with the understanding on both sides that the studio will pay the writer if the producer uses the idea. Both *Montz v. Pilgrim Films and Grosso v. Miramax Film Corp*. found that copyright law does not preempt breach of contract claims because there is the additional element of a bilateral expectation of payment. While each outcome depends on the specific facts of the case, the rulings in the idea submission cases mean that the writers in *Forest Park Pictures v. USA Television, Inc.*, and *Joe Quirk v. Sony Pictures Entertainment* will be able to at least have the law on their side, meaning that their breach of con-tract claims are not preempted.

With technology and content closely intertwined, there is a need to provide further content on additional platforms, no longer on just the airwaves and movie screens, but also on computer screens and mobile devices. Although industry standard in Hollywood seems to be that pitch meetings are generally understood on both sides to be about selling the idea, which certainly helps in proving an implied breach of contract claim, it is important for producers to be aware of the situations they may encounter and how best to protect themselves. Writers also can take certain steps before disclosing their ideas to ensure that if a producer uses an idea, it will have to pay the writers. Even if there is no express condition, courts look to industry standard and the specific actions of the parties that would indicate whether there was an implied con-tract. When it comes to films and television shows, there is a lot of money and fame at stake for both sides, so writers can and will bring lawsuits to protect their ideas if they believe they can rely on the breach of contract claims.

ENDNOTES

1 *Desny v. Wilder,* 46 Cal. 2d 715, 741 (1956).
2 Larry David, "The Pitch," *Seinfeld*, Season 4, Ep. 3, IMSDb (Internet Movie Script Database), http://www.imsdb.com/transcripts/Seinfeld-The-Pitch. html (last visited July 25, 2012).
3 *See* 17 U.S.C. § 102.
4 *Grosso v. Miramax*, 383 F.3d 965 (9th Cir. 2004).
5 *Montz v. Pilgrim Films*, 649 F.3d 975, 976 (9th Cir. 2011).
6 *Id*. at 979.
7 *Desny*, 46 Cal. 2d at 726.
8 *Id*.
9 *Id*. at 727.

Continued on page 60.

Idea Submission Impossible?
The Battle between Copyright and Breach of Contract
Continued from page 59.

10 *Id.*
11 *Id.* at 739.
12 *Forest Park Pictures v. Universal Television Network, Inc.*, 683 F.3d 424, 434 (2d Cir. 2012).
13 *Desny*, 46 Cal. 2d at 739.
14 *Id.* at 745.
15 *Id.* at 727.
16 *Id.* at 742.
17 *Id.*
18 *See* 17 U.S.C. § 102(a).
19 *Montz*, 649 F.3d at 979.
19 *Id.*
20 *Id.* at 980.
21 *Grosso*, 383 F.3d at 965.
22 *Id.* at 967.
23 *Id.* at 967–68.
24 *Montz*, 649 F.3d at 977.
25 *Id.*
26 *Id.* at 978.
27 *Id.*
28 *Id.*
29 *Id.*
30 *Id.*
31 *Quirk v. Sony Pictures Ent.*, No. 3:11-CV-03773-RS, at 1 (N.D. Cal. Jul. 5, 2012) (order denying motion to dismiss).
32 *Id.* at 6.
33 *Id.*
34 *Id.* at 3.
35 *Id.* at 6–7.
36 *Forest Park Pictures*, 683 F.3d at 428.
37 *Id.*
38 *Id.* at 432–33.
39 *Id.* at 428.
40 *Id.*
41 *Id.* at 435.
42 *Id.*
43 *Montz*, 649 F.3d at 976.

RECENT PUBLICATIONS

Compiled by Monica M. Ortale, Associate Director of Reference and Public Services
The Fred Parks Law Library, South Texas College of Law

Sports Bibliography:

AMATEUR SPORTS

Richard T. Karcher. *Redress for a no-win situation: using liquidated damages in comparable coaches' contracts to assess a school's economic damage from the loss of a successful coach*, 64 S.C. L. REV. 429 (2012).

ANTITRUST

David Haddock et al. *League structure & stadium rent seeking — the role of antitrust revisited*, 65 FLA. L. REV. 1 (2013).

DISPUTE RESOLUTION

Kendall D. Isaac. *Employment ADR and the professional athlete*, 12 APPALACHIAN J.L. 167 (2013).

EMPLOYMENT

Jeremy Corapi. Note. *Red card: using the National Football League's "Rooney Rule" to eject race discrimination from English professional soccer's managerial and executive hiring practices*, 23 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 341 (2012).

GAMBLING

Dan L. Burk. *Owning e-sports: proprietary rights in professional computer gaming*, 161 U. PA. L. REV. 1535 (2013).

GENDER

Deborah L. Brake. *Wrestling with gender: constructing masculinity by refusing to wrestle women*, 13 NEV. L.J. 486 (2013).

Daniel Gandert, et al. *The intersection of women's Olympic sport and intersex athletes: a long and winding road*, 46 IND. L. REV. 387 (2013).

INTERNATIONAL

Zachary R. Roth. Note. *International student athletes and NCAA amateurism: setting an equitable standard for eligibility after Proposal* 2009-22, 46 Vand. J. Transnat'l L. 659 (2013).

Patrick L. Stewart. Comment. *International student athletes in the NCAA: professionals or exploited children?* 35 HOUS. J. INT'L L. 219 (2013).

LABOR

Brian Bodansky. Note. *Kicking the penalty: why the European Court of Justice should allow salary caps in UEFA*, 36 FORDHAM INT'L L.J. 163 (2013).

Nathaniel Grow. *Decertifying players unions: lessons from the NFL and NBA lockouts of 2011*, 15 VAND. J. ENT. & TECH. L. 473 (2013).

Ross Siler. Comment. *The lesson of the 2011 NFL and NBA lockouts: why courts should not immediately recognize players' union disclaimers of representation*, 88 WASH. L. REV. 281 (2013).

MISCELLANEOUS

Heather M. Field. *Throwing the red flag: challenging the NFL's lessons for American business*, 38 J. CORP. L. 381 (2013).

Hon. Alexander M. Sanders & Katie Monoc, *How baseball united America after the Civil War*, 7 CHARLESTON L. REV. 305 (2012-2013).

Continued on page 62.

Recent Publications

Continued from page 61.

Crystal T. Williams & Antonio S. Williams, *Hitting calories out of the ballpark: an examination of the FDA's new menu labeling laws and their impact on sports spectatorship*, 25 LOY. CONSUMER L. REV. 248 (2013).

PROFESSIONAL SPORTS

Chil Woo. Note. *All bets are off: revisiting the Professional and Amateur Sports Protection Act (PASPA)*. 31 CARDOZO ARTS & ENT. L.J. 569 (2013).

PROPERTY

Steven Chen. Note. *Keeping public use relevant in stadium eminent domain takings: the Massachusetts way*, 40 B.C. ENVTL. AFF. L. REV. 453 (2013).

TAX

William A. Drennan. *Taxing commercial sponsorships of college athletics: a balanced proposal*, 73 OHIO ST. L.J. 1353 (2012).

Gregory T. Dziura. Note. *Playing the Tax Court hazard: Retief Goosen's tax case and taxation of nonresident aliens*, 40 SYRACUSE J. INT'L L. & COM. 379 (2013).

TORTS

Marc Edelman. *Closing the "free speech" loophole: the case for protecting college athletes' publicity rights in commercial video games*, 65 FLA. L. REV. 553 (2013).

Benjamin P. Pomerance. Comment. *Forewarned: sports, torts, and New York's dangerous assumption*, 76 ALB. L. REV. 1275 (2012/2013).

Robert M. Sagerian. Note. *A penalty flag for preemption: the NFL concussion litigation, tortious fraud, and the steel curtain defense of Section 301 of the Labor Management Relations Act*, 35 T. JEFFERSON L. REV. 229 (2013).

Rodney K. Smith. *Solving the concussion problem and saving professional football*, 35 T. JEFFERSON L. REV. 127 (2013).

Robert H. Wright & Josephine M. Ellis. *Assumption of the risk in boat racing: a study in maritime jurisprudence*, 11 LOY. MAR. L.J. 271 (2013).

Entertainment Bibliography:

CONTRACTS

Elliot Axelrod. *The efficacy of the negative injunction in breach of entertainment contracts*, 46 J. MARSHALL L. REV. 409 (2013).

COPYRIGHT

Leslie Aboud. Note. *Who owns the ruby slippers?: an analysis of the impact of* Warner Bros. v. X One X *on visual depictions in copyright law*. (Warner Bros. Entm't, Inc. v. X One X Prods., 644 F.3d 584, 2011.) 38 J. CORP. L. 399 (2013).

David. M. Cummings. Note. *Creative expression and the human canvas: an examination of tattoos as a copyrightable art form*, 2013 U. ILL. L. REV. 279.

Allison DeVore. Note. *The battle between the courthouse and the fashion house: creating a tailored solution for copyright protection of artistic fashion designs*, 35 T. JEFFERSON L. REV. 193 (2013).

Arian Galavis. Note. *Reconciling the Second and Ninth Circuit approaches to copyright preemption: a universal system is paramount to the protection of idea purveyors' rights*, 19 B.U. J. SCI. & TECH. L. 157 (2013).

Continued on page 63.

Recent Publications

Continued from page 62.

Evan Hess. Note. *Code-ifying copyright: an architectural solution to digitally expanding the first sale doctrine*, 81 FORDHAM L. REV. 1965 (2013).

Matteo Mancinella. *Copyright subject matter and a "light" for designers' rights*, 29 SANTA CLARA COMPUTER & HIGH TECH. L.J. 523 (2013).

FAIR USE

Matthew Chiarizio. Note. *An American tragedy: e-books, licenses, and the end of public lending libraries?* 66 VAND. L. REV. 615 (2013).

Marysia Wlazlo. Note. *The tale of the e-book: library lending's newest edition*, 63 SYRACUSE L. REV. 273 (2013).

INTERNATIONAL

David Keane & Valentina Azarov. *UNESCO, Palestine and archeology in conflict*, 41 DENV. J. INTL'L L. & POL'Y 309 (2013).

Toni Mione. Note. *Resale royalties for visual artists: the United States taking cues from Europe*, 21 CARDOZO J. INT'L & COMP. L. 461 (2013).

MUSIC

Peter DiCola. *Money from music: survey evidence on musicians' revenue and lessons about copyright incentives*, 55 ARIZ. L. REV. 301 (2013).

Kerri Eble. Note. *This is a remix: remixing music copyright to better protect mashup artists*, 2013 U. ILL. L. REV. 661.

Michael McCubbin. Note. *The aftermath of Aftermath: the impact of digital music distribution on the recording industry*. (F.B.T. Productions v. Aftermath Records, 621 F.3d 958, 2010.) 10 U.N.H. L. REV. 323 (2012).

Andrew M. Pinchin. Comment. *Casting common law and the music industry adrift: pre-1972 recordings enter federal safe harbors*, 91 OR. L. REV. 635 (2012).

SYMPOSIA

Justice Framed: *Law in Comics and Graphic Novels*, [Includes illustration.]. 16 LAW TEXT CULTURE 1 (2012).

TAX

Leila John. Comment. *Museums and the tax collector: the tax treatment of museums at the federal, state, and local level*, 15 U. PA. J. BUS. L. 877 (2013).

TELEVISION

Cynthia D. Bond. *"We, the judges": the legalized subject and narratives of adjudication in reality television*, 81 UMKC L. REV. 1 (2012).

Liana M. Nobile. Student article. *The kids are not alright: an open call for reforming the protections afforded to reality television's child participants*, 17 UC DAVIS J. JUV. L. & POL'Y 41 (2013).

THEATRE

Deana S. Stein. Note. *"Every move that she makes": copyright protection for stage directions and the fictional character standard*, 34 CARDOZO L. REV. 1571 (2013).

Continued on page 64.

Recent Publications

Continued from page 63.

TORTS

Alyssa A. Mervyn. Comment. *The Marilyn Monroe effect: the postmortem right of publicity's property interests must survive a personality's death in jurisdictions worldwide*, 19 SW. J. INT'L L. 181 (2012).

VIDEO GAMES

Jordan M. Blanke. *No Doubt about it–you've got to have Hart: simulation video games may redefine the balance between and among the right of publicity, the First Amendment, and copyright law*, 19 B.U. J. SCI. & TECH. L. 26 (2013).

William K. Ford. *Copy game for high score: the first video game lawsuit*, 20 J. INTELL. PROP. L. 1 (2012).

Mark C. Humphrey. Comment. *Digital domino effect: the erosion of first sale protection for video games and the implications for ownership of copies and phonorecords*, 42 SW. L. REV. 441 (2013).

Lindsay E. Wuller. Note. *Losing the game: an analysis of the* Brown v. Entertainment Merchants Association *decision and its ramifications in the area of "interactive" video games*. (Brown v. Entm't Merchs. Ass'n, 131 S. Ct. 2729, 2011.) 57 ST. LOUIS U. L.J. 457 (2013).

Join the **Entertainment and Sports Law Section**

Formed in 1989, the Entertainment and Sports Law Section consists of more than 600 licensed attorneys throughout the state who practice entertainment and sports law. Section members represent a wide variety of clients including artists, filmmakers, athletes, media companies, employers, employees, and entertainment and sports organizations, in both the private and public sectors. The purpose of the Entertainment and Sports Law Section is to promote and enhance the practice of law by all lawyers who concentrate or have an interest in entertainment and sports law.

Twice a year, the section publishes the Texas Entertainment and Sports Law Journal which contains a report from the Chair on current Section activities. It also contains concise summaries, with commentary by the editor, on recent Texas state and federal court decisions involving significant entertainment and sports law issues.

The Section sponsors the annual Entertainment Law Institute (ELI), our continuing legal education program which brings together the top practitioners from Texas and around the country, and hosts networking events such as our annual SXSW Mixer.

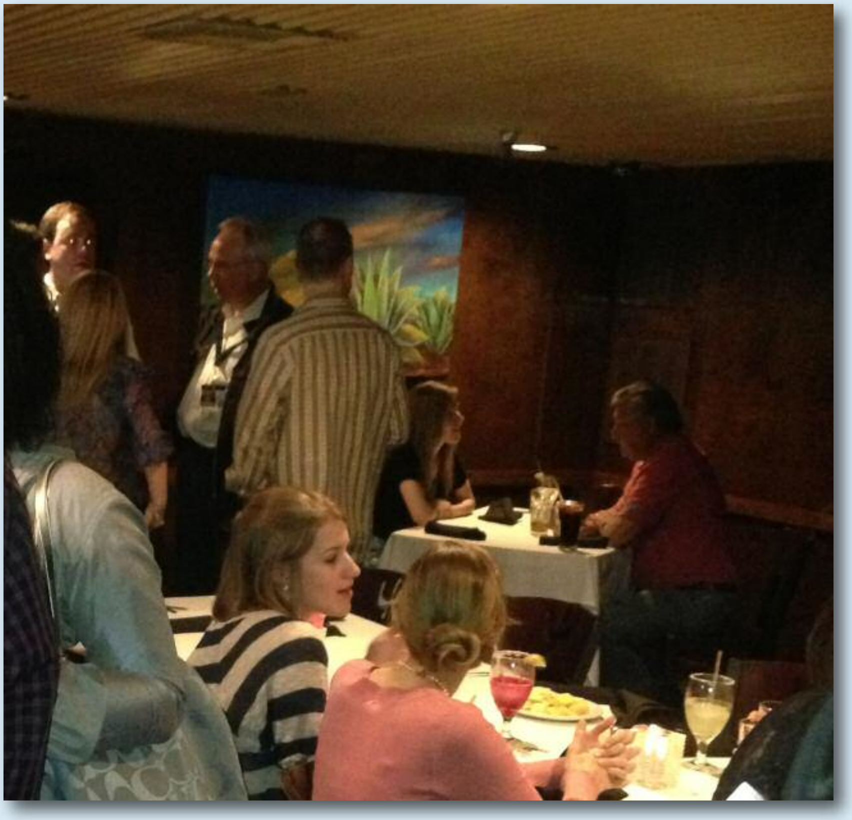
Membership in the Section is from June 1 to May 31. To join, go to TexasBar.com and login to MyBarPage. There you will see "My Sections" and a chance to click on "Purchase Sections." Check "Entertainment & Sports Law" and pay the $30 annual fee with a credit card. Or complete the information below and forward it with a check in the amount of $30.00 (made payable to ENTERTAINMENT & SPORTS LAW SECTION) to Sandra Carlson, P.O. Box 12487, Capitol Station, Austin, TX 78711.

NAME ______________________________

ADDRESS ______________________________

BAR CARD NO. ______________________________

TESLAW EVENTS



The TESLAW SXSW Mixer has become one of the go-to networking events at the largest music and media conference in the country. Coming again March 14, 2014!

Entertainment Law Institute 2013 educated and entertained with a topical panel from national presenters.

Join TESLAW

The Texas Entertainment and Sports Law Section is a great way to network and commiserate. Members receive the Journal, access to the TESLAW listserve, invites to Section events and of course the right to purchase a Rock-Star Attorney t-shirt! Plus, TESLAW is always looking for those who want to be involved and become Section leaders.

To Join TESLAW go to Sections at www.texasbar.com, or just click on this link https://www.texasbar.com/Sections.

If this method does not work, please call the State Bar Sections Department at 1-800-204-2222 ext. 1420 to register by phone or fax.

Submissions

All submissions to the TESLAW Journal are considered. Articles should be practical and scholarly to an audience of Texas lawyers practicing sports or entertainment law. As general guidelines, articles should be no more than twenty-five typewritten, double-spaced, 8 ½" x 11" pages, including any endnotes; however, longer articles will be considered. Endnotes must be concise, placed at the end of the article, and in Harvard "Blue Book" or Texas Law Review "Green Book" form. Please submit articles via e-mail in word or similar format to craig.crafton@gmail.com, or to discuss potential topics.

Once an article is submitted, the Journal does not request any additional authorization from the author to publish the article. Due to the number of submissions and the number of potential publications in the marketplace, it is nearly impossible to monitor publication of submissions in other publications. It is up to the author to assure that we are notified should there be any restrictions on our use of the article. This policy has been implemented to assure that our Journal does not violate any other publication's limitation on republication. The Journal does not restrict republication, and in fact encourages submission of an author's article to other publications prior to or after our election to publish. Obviously, the Journal will make the appropriate attribution where an article is published with the permission of another publication, and request such attribution to the Journal, if we are the first to publish an article.