Letter from the Editor
By Brian Rosenblatt

Come senators, congressmen
Please heed the call
Don’t stand in the doorway
Don’t block up the hall
For he that gets hurt
Will be he who has stalled
There’s a battle outside
And it is ragin’
It’ll soon shake your windows
And rattle your walls
For the times they are a-changin’.
—Bob Dylan

Dear Forum Members,

What a year! It is fair to say that all of our sensibilities have been challenged! From a Presidential Campaign that could have been scripted as a Saturday Night Live skit, to litigation over what could be the greatest Rock and Roll song of all time (no, I don’t mean “Blurred Lines”), to a proliferation of racially based violence leading to revenge attacks on law enforcement, this has been a year to remember. Life around us has changed, and continues to change. Even within our own Forum. Janine Small has done an incredible job of leading us through tumultuous political and financial changes with the ABA. As a result of her leadership and the involvement of the entire Governing Committee, we are poised to succeed and grow over the next several years. You will learn more about what is coming at our Annual Meeting, being held in Las Vegas at the Cosmopolitan Hotel, October 6-8. (Please see http://ambar.org/es-am16 for more information.)

As with every issue, we could not publish this Journal without the tremendous efforts of our authors and our editorial review board including Robert Pimm, Steve Weizenecker, Miriam Stern, Maidie Oliveau, Vered Yakovee, and Richard Greenstone. I would also like to specifically thank our new Law Student Assistant Editor, Amanda Alasauskas, without whose assistance and devotion this issue would not have been completed.

I have been asked recently about the goal and the audience of this Journal. As I stated in my first Letter from the Editor, this is YOUR Journal. Our goal is to maintain standards of excellence while remaining...
relevant to our Forum Members. This means that we serve the highest level of critical thinkers, the practicing attorneys looking for ideas with which to better serve their clients, and the young lawyers and law students who are just starting their careers and are looking for the intellectual resources to expand their practices and build their careers. We welcome submissions from any and all authors, and are always seeking amazing articles. See the Author's Guidelines.

The pending deadlines for article submissions are:

**Fall 2016**.................................**August 15, 2016**  
(anticipated October Publishing)

**Winter 2016/2017**.........................**November 15, 2016**  
(anticipated January Publishing)

**Spring 2017**.................................**February 15, 2017**  
(anticipated March Publishing)

**Summer 2017**.................................**May 15, 2017**  
(Anticipated July Publishing)

We close out Volume 33 of The Entertainment and Sports Lawyer with several incredible articles. We begin with Part II of Jennifer Scullion’s in depth assessment of at how the Program Access regime has been nimbly retooled in multiple rounds to strike the right balance between protecting against potential vertical-integration abuses and yet allowing industry participants to address legitimate business concerns and respond creatively to a rapidly changing market.

We are thrilled to include a new article by Peter Dekom, “Media Attention: Guilty Revenues—Is A Fading Television Incumbency Fatally Dependent on Political Anomalies” which explores the relationship between funding for new programming content and a dependency on political regimes.

As we do each year, we also present Caitlin Kowalke’s ELI winning paper “Survey Says: “Blurred Line” Call For Reliable Aid In The Adjudication Of Composition Infringement Actions”. We congratulate Caitlin on her paper, and encourage all of our law student members to submit for next year’s ELI competition.

Scott Slavick and Arturo Gonzalez have contributed a fascinating trademark article entitled “Entertaining Name Game But i.am is No Winner” which delves into the TTAB action and appeal for Will.I.Am. Nan Sato and Jacopo Genova have shared with us their article on the protection of image rights in Chinese Sports, an issue many of us are addressing here in the United States, but seldom have we had to address this from a Chinese perspective.

Recent law school graduate Danielle Ely, presents us with a law student’s perspective as to music licensing in her article: “Don’t Believe Me Just Watch: A 100% Licensing System Would Stifle Collaboration And Creativity Among Songwriters.” It will be interesting to see how the Department of Justice addresses this issue in the coming months, and whether the DOJ agrees with what our law schools are teaching.

*(continued on page 35)*
Program Access and Program Carriage
Nearly 25 Years In, Where Do the Fraternal Twins of Video Programming Distribution Stand?
Part Two

By: Jennifer Scullion

Part One of this article examined the origins and development of the FCC’s Program Access rules, which ensures “multichannel video programming distributors” (“MVPDs”) have a certain degree of access to license carriage of video programming. Now, we turn to Program Carriage, the “fraternal twin” of Program Access. Where Program Access protects MVPDs against potential abuses by programmers, Program Carriage protects programmers against certain potential abuses by MVPDs.

Part One of this article examined the origins and development of the FCC’s Program Access rules, which ensures “multichannel video programming distributors” (“MVPDs”) have a certain ability to license carriage of video programming. Now, we turn to Program Carriage, the “fraternal twin” of Program Access. Where Program Access protects MVPDs against potential abuses by programmers, Program Carriage protects programmers against potential abuses by MVPDs.

The Program Carriage regime comprises a thick and often murky mixture of anti-discrimination and antitrust doctrines. Program Carriage proceedings can be long and expensive processes almost akin to an antitrust trial, entailing factually intense issues of whether video programmers have been “coerced,” “retaliated against,” or the targets of discrimination “on the basis of affiliation” that “unreasonably restrain[s]” the programmer’s ability to “compete fairly.” Fewer than ten proceedings have been brought in the nearly 25 years that Program Carriage has existed and not a single, reported victory for the protected class (non-affiliated programmers) has survived the appeal process. The critical question now is whether the Program Carriage regime (or some form of it) can and should be used to ensure continued program diversity and competitiveness as the distribution arm of the industry "skinnies up," repackages, and revamps to compete with an ever-growing field of new services.

I. The Basics of the Program Carriage Regime

A. Statutory Mandate

The “Program Carriage” regime derives from Section 616 of the Communications Act of 1934, 47 U.S.C. Section 536. Section 616 was added in 1992 as part of the omnibus Cable Television Consumer Protection and Competition Act of 1992 (“1992 Cable Act”). Among other things, the 1992 Cable Act sought to protect against potential harms that might flow from vertical integration of cable operators and programmers. Congress broadly directed the FCC to promulgate regulations “governing program carriage agreements and related practices between cable operators or other multichannel video programming distributors and video programming vendors.” 47 U.S.C. § 536(a).

Congress specified that the Program Carriage regulations were to prohibit at least three types of conduct by an MVPD believed to pose a threat to competition and diversity in video programming:

1. any requirement that a programmer grant an MVPD a financial interest in the programming service as a condition for carriage (“Financial Interest”);

2. any effort to make exclusivity a condition of carriage on an MVPD either through coercion of a programmer or retaliation if a programmer failed to provide the MVPD an exclusive carriage license (“Exclusive Rights”);

3. any conduct by an MVPD the “effect” of which is to “unreasonably restrain the ability of an unaffiliated [programmer] to compete fairly” by “discriminating . . . on the basis of affiliation or nonaffiliation of [programmers] in the “selection, terms, or conditions for carriage of video programming” (“Discrimination”).[1]

Congress further specified that the FCC must put a process in place for “expedited review” of any Program Carriage complaints.[2] The FCC also is
authorized to determine “appropriate penalties and remedies” for Program Carriage violations, including requiring forced “carriage.”[3] Finally, to prevent abuse of the Program Carriage rules as a negotiating tool, Congress authorized the FCC to impose penalties for “frivolous” Program Carriage complaints.[4]

B. The FCC’s Implementing Regulations

The FCC’s implementing “Program Carriage Rules” are found at 47 C.F.R. § 76.1301, et seq. The FCC issued the first set of Program Carriage Rules in 1993,[5] which it then amended in 1994.[6] The FCC recognized that the Program Carriage regime requires a balance between preventing harmful, anticompetitive abuse by MVPDs and preserving legitimate business practices that undergird a robust marketplace to create and distribute programming. Thus, the FCC sought to put in place regulations that would carry out the Program Carriage requirements of the 1992 Cable Act, but “without unduly interfering with legitimate negotiating practices between multichannel video programming distributors and programming vendors.”[7]

In 2011, the FCC sought to overhaul key aspects of the Program Carriage Rules based on more than a decade of experience, including its conclusion that the procedures were “ineffective” and “in need of reform.”[8]

The 1993, 1994, and 2011 rules are discussed in detail below. In addition, in 2011, the FCC also issued a Notice of Proposed Rulemaking for even more reforms.[9] To date, however, the Commission has not issued any further Program Carriage rules.

II. Lifecycle of a Program Carriage Proceeding

The basic processes for Program Carriage claims are set forth at 47 C.F.R. 76.1302, along with general FCC procedural rules found at 47 C.F.R. 1.1, et seq. The key phases of a Program Carriage proceeding are:

- Pre-Filing Notice: Before filing a Program Carriage Complaint, the Complainant must give the subject MVPD at least 10 days’ notice that it intends to file a Complaint. The pre-filing notice must be “sufficiently detailed so that its recipient(s) can determine the specific nature of the potential complaint.”

- Pleadings: Complainant files complaint along with documentary evidence or affidavits sufficient to support a prima facie case of a Program Carriage violation. MVPD has 60 days to respond to the complaint, including specific, responsive evidence.[10] The Complainant has 20 days to file any reply.

- Prima Facie Determination: The Media Bureau has 60 days from the reply date to determine whether the Complainant has demonstrated a prima facie case and, if so, determine whether (1) the case will proceed before the Media Bureau on the papers, (2) the Media Bureau will order limited discovery to allow it to resolve the complaint, or (3) the case will be referred to an ALJ for an initial decision.

- Resolution by Media Bureau: For claims kept within the Media Bureau, the bureau must issue its decision on the merits within 60 days (if no discovery ordered) or 150 days (if limited discovery is ordered), each time frame measured from the date of the prima facie case determination.

- Resolution by ALJ: For claims sent to an ALJ (currently, there is just one), the parties will be asked to advise the ALJ whether they will first seek to use an ADR process to resolve the dispute. If ADR is not chosen or does not resolve the dispute, the ALJ has 240 days to hold a hearing and issue a decision on the merits. These ALJ timeframes may be “tolling,” however: (1) if the parties agree, (2) if Due Process requires, or (3) if tolling is required in light of the resources available to the Office of Administrative Law Judges.[11]

- Review by Commission: A party aggrieved by a Media Bureau or ALJ decision may petition the Commission for review within 30 days of the decision. There is no deadline for the Commission to decide such petitions.

- Appeals to Circuit: The Commission’s final decision can be appealed by petition to a Circuit Court of Appeals within 60 days of the publication of the decision. The petitioning party may petition either to the D.C. Circuit or to the Circuit in which the petitioner “resides or has its principal office.”[12]

III. Key Procedural Issues

The process for Program Carriage claims is relatively straightforward on its face. Over the years, however, it has proven fraught with uncertainty and controversy.
A. Standing

The initial 1993 regulations allowed only aggrieved programmers to bring a Program Carriage claim. Certain cable operators and an industry group quickly petitioned to expand the regulations to allow MVPDs to bring Program Carriage complaints.[13] They argued that, although the Program Carriage regime is aimed at curbing certain conduct by MVPDs, the conduct at issue impacts both programmers and other MVPDs. For example, if an MVPD coerces an exclusivity provision from a programmer, competing MVPDs obviously are impacted. MVPDs asserted that they needed their own standing to press Program Carriage claims because a programmer (especially one that has been coerced) may not be willing to file a complaint.[14] The FCC agreed, adding MVPD standing in the 1994 amendments to the Program Carriage Rules.[15]

B. Statute of Limitations

The statute of limitations is illustrative of the basic procedural uncertainties in Program Carriage proceedings. Section 1302(h) provides a one-year period to bring a Program Carriage complaint.[16] Despite (and perhaps because of) three rounds of rulemaking, however, a fundamental dispute remains as to what conduct triggers the one-year period.

As the rules currently are drafted, the one-year limitation period is triggered by one of three events: (1) the execution of a carriage agreement that violates the Program Carriage Rules, (2) an offer of new carriage that violates the Rules, or (3) sending a pre-filing notice.[17] It is the third option that has created controversy.

The Media Bureau has repeatedly asserted that section 1302(h)(3) should be read literally and, therefore, permits a complaining party to bring a Program Carriage complaint within one-year of a pre-filing notice, regardless of when the underlying violation allegedly occurred (and, potentially, regardless of whether the limitations period might otherwise be triggered under sections 1302(h)(1) or (2)).[18] In each case, however, the Bureau has also observed that the complaint was filed within one year of the alleged violation itself. As such, section 1302(h)(3) has been used to allow claims brought within one year of an allegedly discriminatory denial of a request to move a channel from one “tier” of programming to another under a contract executed years before the denial of re-tiering.[19] A lengthy, concurring opinion in the D.C. Circuit, however, asserted that section 1302(h)(3) was intended to apply only to claims based on failures or refusals to negotiate for carriage and any claim based on alleged discriminatory application of an existing contract right can be brought only within one year of the execution of the underlying contract, as provided in section 1302(h)(1).[20]

In 2011, the Commission proposed to amend its rules to replace the tripartite statute of limitations with a single provision requiring Program Carriage complaints to be brought within one-year of the claimed violation.[21] To date, however, the Commission has issued no such rule, nor otherwise amended the statute of limitations rule.

Given the Media Bureau’s readings and years of inaction on changing section 1302(h), complaining parties may be able to argue that any reinterpretation of section 1302(h) now would be unduly prejudicial. The safer, conservative approach, however, would be to bring a Program Carriage complaint within one year of the alleged violation rather than rely solely on triggering the limitations period by the pre-filing notice under section 1302(h)(3).

C. Expeditious Determination

In 1992, Congress mandated “expedited” review of Program Carriage complaints. The reality, however, is that the issues presented in Program Carriage disputes are rarely simple. And there is much at stake, for both sides. ALJ hearings in Program Carriage disputes look much more like a federal antitrust trial than a “fact” hearing to determine who said what and when. And the process, from beginning to end, typically takes years to resolve.

For example, in July 2015, an ALJ held a two-week hearing on the Game Show Network’s Program Carriage complaint against Cablevision. The parties were represented by multiple senior lawyers on both sides and presented a total of six expert and six fact witnesses. The parties submitted both pre-hearing briefs and post-hearing proposed Findings of Fact and Conclusions of Law. Moreover, the Enforcement Bureau (which participated in the hearing, although not a party), was asked to provide its own comments on the post-hearing proposals. Closing arguments were not held until October 30, 2015.
As of the writing of this article (June 2016), the ALJ had not yet issued his decision on Game Show Network’s claims. Once it is issued, it will be subject to further review by, at least, the full Commission, which itself could take a year or more to issue its decision. Add on a year or two for review by a Circuit Court of Appeals, and the process plainly is far from “expedited.”

The speed of proceedings today was not always the case. In 2006, the FCC itself ordered an ALJ to issue a recommended decision and order in just 45 days in a dispute concerning Comcast’s carriage of the MASN regional sports network.[22] Similarly, in 2008, the Media Bureau issued an omnibus Hearing Designation Order (“HDO”) in six Program Carriage disputes requiring the ALJ to issue decisions in all six disputes within 60 days of the HDO.[23] When the ALJ instead scheduled hearings to take place months after the deadline, the Media Bureau sought to step in and take the matters back to resolve without judicial intervention.[24] In response to an emergency petition from the MVPD respondents, and notwithstanding its own order in the first MASN proceeding, the FCC determined that the Due Process rights of the parties could not be subordinated to desires for expedition decisions. The Commission returned the matters to the ALJ.[25] Rather than set a firm (let alone expedited) date for decision, the FCC directed the ALJ to decide the disputes “as expeditiously as possible, consistent with the mandates of fairness and due process.”

In response to proposed rulemaking in 2007, programmers complained that the process no longer provided the “expedited review” Congress mandated and that the delays were discouraging Program Carriage complaints from being filed.[26] After a four-year rule-making process, the FCC issued regulations in 2011 that put in place the current timeframes.

Overall, the current rules contemplate a seven to ten month lifecycle for complaints to be resolved by the Media Bureau and a thirteen month period for complaints to be resolved by an ALJ.[27] These periods are just to get an initial Media Bureau or ALJ decision. Tack on time for an almost certain appeal to the Commission and a possible petition to a Circuit Court of Appeals, and resolution of a Program Carriage complaint is likely to span at least 2-3 years.

The FCC acknowledged that these periods were longer than it had initially hoped. Nonetheless, it determined based on its experience with the Program Carriage complaints that had been filed that such time frames were needed in view of the “fact-intensive nature” of Program Carriage claims and the need (in many cases) for detailed analysis of negotiations, as well as comparisons of programming.[28]

In practice, the timeframes put in place in 2011 have not led to more frequent use of Program Carriage proceedings. Only two proceedings have been commenced since the new rules were enacted.[29] Whether the pace of proceedings is discouraging complaints is far from clear. For example, it could easily be that programmers are more “discouraged” by the fact that no programmer has obtained relief under the Rules and by the fact that Program Carriage proceedings have evolved over time into relatively complex cases litigated at levels more akin to an antitrust case than an administrative proceeding. Finally, in considering whether the current timeframes strike the right “balance,” it is worth observing that, in the Game Show Network case, the length and pace of the proceedings has largely been the result of requests and agreements of the parties themselves.

D. Standstill

Although the Program Access rules incorporate certain anti-retaliation and anti-coercion protections, the FCC was nonetheless concerned that programmers seeking renewal of an existing carriage agreement may be reluctant to pursue legitimate claims if, in the meantime, the MVPD could drop the channel or refuse to continue carriage other than on the allegedly unlawful terms. Accordingly, in 2011, the FCC issued rules allowing a Complainant to seek a temporary standstill order at the outset of the case, essentially equivalent to a preliminary injunction preserving the status quo of the programmers’ then-current carriage.[30]

Among other things, the FCC noted that similar standstill rules already existed under the Program Access regime and that automatic “stays” existed for carriage renewal arbitrations brought under Commission orders approving certain media company mergers.[31] The FCC also rejected arguments that the standstill orders would violate MVPDs’ First or Fifth Amendment rights.[32] The FCC reasoned that the standstill rule was content-
neutral, subject to only intermediate review, and that there continued to be an important and substantial government interest in ensuring that vertically integrated MVPDs did not undermine competition and diversity in the marketplace, such as by discriminating against programmers on the basis of affiliation. The FCC concluded that the case-by-case approach of the Program Access rules was sufficiently tailored to burden no more speech of the MVPDs than necessary to address actual abuses of vertical integration.[33] The FCC similarly rejected arguments that the standstill provision would affect an unconstitutional “taking.”[34]

Following implementation of the standstill rules, MVPDs petitioned the Second Circuit to hold that the entire Program Carriage regime violated the First Amendment. Alternatively, the MVPDs argue that the standstill rules specifically should be struck for violation of the notice of rulemaking requirements under the Administrative Procedure Act. In August 2013, the Second Circuit rejected the First Amendment challenge (discussed below), but agreed that the FCC had failed to give sufficient notice of its intent to enact a standstill rule.[35]

To date, the FCC has not instituted new rule making proceedings for a standstill rule.

III. Substantive Standards for Discrimination Cases

In the nearly twenty-five years that the Program Carriage Rules have been in effect, only three discrimination claims have gone to final decision.[36] Each case failed at a different level in the process, but the ultimate decision was that the evidence did not show discrimination on the basis of affiliation or non-affiliation within the meaning of the Program Carriage Rules. Given the limited precedent, it is worth reviewing why each claim was found lacking.

A. TCR (MASN) v. Time Warner Cable

The first case is TCR Sports Broadcasting Holding, L.L.P. v. Time Warner Cable Inc. [37] The complaining programmer was Mid-Atlantic Sports Network (“MASN”), a regional sports network that televises (among other things) games played by the Baltimore Orioles and the Washington Nationals. MASN had been in discussions with Time Warner Cable (“TWC”) for a number of years seeking carriage on TWC’s North Carolina cable systems. MASN claimed that TWC unlawfully discriminated against MASN and ostensibly in favor of two channels then-affiliated with TWC, News 14 and Turner South. The crux of MASN’s claim was that News 14 (which briefly aired NBA Charlotte Bobcats games) and Turner South (which televised NBA Atlanta Hawks and NHL Atlanta Thrashers) were carried by TWC on its “analog tier,” the most widely purchased package in North Carolina, but that TWC refused to similarly carry MASN in that most-popular package.[38]

TWC countered, among other things, that it had not refused to carry MASN, but had instead offered to carry MASN throughout North Carolina on the “digital tier” available to customers for an additional fee and that it also had suggested carrying MASN on the analog tier in the eastern portions of North Carolina.[39] TWC also argued that its decisions with respect to MASN were based on the lack of demand within much of North Carolina for Baltimore and DC games, the relative cost to carry MASN, and its desire to conserve its bandwidth for other uses.

Two arbitrators each concluded that TWC’s refusal to carry MASN on the analog tier throughout North Carolina was discriminatory.[40] The FCC Media Bureau agreed, denying TWC’s petition for review.[41] The Commission, however, reversed the Bureau.[42] That decision was upheld by the Fourth Circuit.[43]

The decisions in TCR spanned from 2008 to 2012 and highlight several core, recurring issues in Program Carriage discrimination cases.

1. Burden of Proof: Throughout the proceedings, the parties battled over the burden of proof with respect to discriminatory treatment.

MASN pressed for a standard that presumes all programmers “similarly situated” to those affiliated with an MVPD are entitled to equal treatment and that the burden is on the MVPD to justify any “disparate treatment.”[44] TWC equated that approach to a “common carrier” standard and argued instead that the burden remains on the programmer to prove that the reason for any differential treatment was the fact that the programmer was not affiliated with the MVPD.[45] The Commission expressly declined to resolve the issue, finding that TWC would have prevailed under either formulation.[46] The
Fourth Circuit similarly found a decision on the burden of proof unnecessary.[47]

2. Editorial Judgment and Allocation of Resources: TWC argued throughout the proceedings that the Program Carriage anti-discrimination rules cannot unduly interfere with an MVPD’s “editorial judgment.”[48]

The arbitrator and the Media Bureau gave the argument short shrift, reasoning that discrimination by an MVPD based on programmer affiliation is not protectable “editorial judgment.”[49] Indeed, the arbitrator categorically declared that a vertically-integrated MVPD could not assert that it declined carriage of a non-affiliated channel based on a cost-benefit analysis.

The Commission, however, found that deference to an MVPD’s “editorial judgment” does impact the assessment of claims of discrimination. In particular, the Commission ruled that TWC could defend its alleged differential treatment of MASN and TWC-affiliated channels based on a cost-benefit analysis of carrying MASN, including an assessment of demand for MASN, the per subscriber fees, and the additional cost to TWC of bandwidth.[50] Among other things, the Commission highlighted that there was no evidence that TWC’s decision not to carry MASN had caused customers to defect to another carrier or competitors even to try to use MASN as a hook to draw away TWC customers.[51] The Commission also found it compelling that most other cable operators in North Carolina came to the same conclusion as TWC and opted not to carry MASN.[52]

3. Undocumented or Post Hoc Rationales: TCR also raised important questions of whether an MVPD charged with carriage discrimination can justify its decision with analyses that it did not conduct at the time of the actual decision and that it generally does not conduct at all, including when deciding on carriage for its affiliated channels.

The arbitrator was dismissive of much of TWC’s evidence comparing MASN and other sports channels and justifying its decision as a reasonable “cost-benefit” analysis because TWC had not engaged in an extensive, detailed, and documented analysis at the time of its decision. And, in response to evidence that TWC did not generally assess the ratings or other measures of demand for its own networks, the Media Bureau did not just discount the evidence. Rather, it held that “the program carriage provisions . . . prohibit[] [an MVPD] from applying to unaffiliated programming services more stringent standards, including ratings standards, than those it applie[s] to affiliates.”[53]

The Commission, by contrast, reasoned that “nothing in Section 616 of the Act or its implementing rules requires program carriage defendants to memorialize any aspect of their decision making process” and there was no evidence in the record that cable operators typically document their carriage decisions.[54] The Commission therefore did not find the lack of contemporaneous records was grounds to dismiss the testimony of TWC’s witnesses as to why their carriage decision was justified. It did, however, note that “prudence” suggested MVPDs document their decisions to some extent, if only to avoid prolonged litigation.[55] The Fourth Circuit agreed with the Commission, citing decisions in the employment discrimination context that “decline to read significance solely into the timing of a defendant’s explanation or the absence of contemporaneous evidence.”[56]

4. Economic Incentives: TCR also brought to the fore core issues about what constitutes unlawful “discrimination” on the basis of affiliation versus lawful, head-to-head competition. In particular, the Media Bureau concluded that its finding of discrimination was bolstered by evidence that TWC allegedly “had an economic incentive” to thwart MASN’s growth because the TWC affiliated channels and MASN often competed to license the same sports rights from teams.[57] The Commission, however, underscored that, where there is evidence that an MVPD acted for legitimate, non-discriminatory reasons, the mere fact that it may have had an “economic incentive” to discriminate is of no consequence.[58]

5. Unreasonable Restraint on Ability to Compete: Finally, the parties in TCR disputed the standard to prove the additional element of an “unreasonable restraint” on the ability of the programmer to compete. TWC argued that MASN would have to show that TWC’s failure to carry the channel would so severely disadvantage MASN that the channel would be at risk of failure altogether.[59] MASN argued that it could meet this burden by showing that TWC’s differential treatment simply placed MASN at a relative disadvantage compared to other RSNs.[60] The
Media Bureau agreed with MASN.[61] The Commission declined to decide the issue given its threshold finding that the evidence did not show unlawful discrimination.[62]


The second Program Carriage claim to go to decision was a consolidated set of four complaints by Herring Broadcasting concerning its channel, WealthTV.[63] Herring claimed that the four distributors that own iN DEMAND (TWC, Cox Communications, Bright House Networks, and Comcast) had discriminated against WealthTV in favor of MOJO, a short-lived HD channel offered by iN DEMAND. The essence of the claim was that Wealth TV was “similarly situated” to MOJO, but the iN DEMAND owners carried only MOJO.[64]

As in TCR (MASN), the Media Bureau found that WealthTV had presented a sufficient prima facie case of discrimination to warrant an evidentiary hearing by an ALJ.[65] In particular, the Bureau found that WealthTV’s complaint laid out a sufficient basis to claim that (a) WealthTV was “similarly situated” to MOJO (a channel affiliated with the respondents), (b) the MVPDs had treated WealthTV differently than MOJO (not carrying the former, while carrying the latter), and (c) the lack of carriage itself imposed an “unreasonable restraint” on WealthTV’s ability to compete. The Bureau further concluded that the written record pointed to factual disputes as to whether the MVPDs’ failure to carry WealthTV was based on affiliation discrimination in favor of MOJO.[66]

In contrast to TCR (MASN), however, the ALJ ultimately found no discrimination. The FCC affirmed.[67] While each case is fact specific, the WealthTV decisions again provide several useful insights about the Program Carriage regime and its evolution.

1. Burden of Proof:

Like MASN, WealthTV argued that its presentation of a prima facie case shifted the burden of production and persuasion to the MVPDs to show that they had not discriminated against WealthTV based on lack of affiliation. The ALJ, however, reasoned that the complaining party always bears the ultimate burden of proof of a violation and, in any event, WealthTV had waived its argument by failing to timely raise it before the hearing when the ALJ first announced his view of the burdens.[68] Once again, the Commission did not resolve the issue, agreeing with the ALJ that the MVPDs would have prevailed even under WealthTV’s view of the burdens.[69]

2. Similarly Situated:

A principal issue in WealthTV was whether WealthTV was “similarly situated” to MOJO. The issue loomed large because WealthTV sought to prove an “indirect” discrimination claim, rather than one based on direct proof that any MVPD had discriminated against WealthTV based on its lack of affiliation. In an “indirect” case, an inference of discrimination can be raised by proof that an unaffiliated channel is “similarly situated” to one affiliated with the respondent MVPD, but that the unaffiliated channel was treated differently and worse than the affiliated channel. The question then becomes whether there are legitimate business reasons for the MVPD’s actions with respect to the unaffiliated channel.[70]

WealthTV sought to prove that it was similar to MOJO because it allegedly offered similar programming and targeted the same audience as MOJO. Both the ALJ and the Commission, however, found that the evidence did not support WealthTV’s claim. The Commission implied (again, without deciding) that proof of “similarity” did not require proof that the two channels were “substantially identical.” Nonetheless, the Commission agreed with the ALJ that the MVPDs had presented persuasive expert evidence showing that the mix of genres featured on WealthTV and MOJO were substantially different,[71] and the overall “look and feel” of the two channels was “demonstrably different.”[72]

Importantly, although not specifically discussed, it appears that the ALJ and the Commission employed a much looser standard for the admissibility of expert evidence than the federal courts now use under Daubert and its progeny. For example, in response to WealthTV’s objection that the “look and feel” analysis lacked “formality” and were in the nature of ipse dixit conclusions, the Commission offered the seeming non sequitur response that WealthTV had not shown that the conclusions were “erroneous,” nor offered any countervailing evidence of “look and feel,” ignoring WealthTV’s position that “look and feel” is not a credible standard at all.[73] The appropriate standard for experts in such proceedings has not been determined.
The Commission also upheld the ALJ’s finding that WealthTV’s target audience was far broader than MOJO’s. That is, while MOJO was aimed at young adult males, the ALJ found that the evidence overwhelmingly showed that WealthTV targeted a broader audience both by age and gender.[74] There are two important potential implications from this. First, the fact that two channels share some overlapping target audience (i.e., WealthTV’s broader target audience allegedly included MOJO’s more focused demographic) may not be enough to prove that they are “similarly situated” for purposes of a discrimination claim. Second, the analysis of “target audience” relied heavily on WealthTV’s marketing pitches to potential distributors. But that itself may be an unfair comparison, if independent channels, such as WealthTV, are more likely to market themselves (accurately or not) as having broad, general appeal to maximize their ability to secure carriage. By contrast, a channel such as MOJO affiliated with multiple MVPDs may have less (or no) need to broadly market itself and, therefore, can afford to “target” a niche demographic. It does not appear that any evidence or argument was presented on this issue in the WealthTV matter.

3. Factors Weighing Against Discrimination

In addition to finding that WealthTV and MOJO were not similar, the ALJ likewise found there was no evidence that any of the MVPDs had considered MOJO one way or the other when making their decisions about WealthTV. To the contrary, the ALJ deemed it particularly important that the MVPDs had added MOJO to their lineup long before WealthTV even launched. And there was no evidence that the MVPDs had an incentive to undercut WealthTV to favor MOJO. Indeed, the evidence was that the MVPDs viewed MOJO as a short-term experiment in HD offerings. The fact that the MVPDs did not appear to be choosing between an affiliated and a non-affiliated MVPD drove the determination that the MVPDs had not discriminated based on affiliation. [75]

An additional factor weighing against discrimination was that a number of MVPDs continued to negotiate or meet with WealthTV despite their initial conclusions that they were not interested in carrying the channel. The fact that meetings continued bolstered the testimony that the MVPDs were considering legitimate business concerns about carriage and in good faith.[76]

Finally, as in TCR (MASN), the ALJ and the Commission were persuaded that the MVPDs had decided that it was not worth the cost or bandwidth to carry WealthTV. WealthTV offered no compelling proof that those legitimate reasons for non-carriage were mere pretext, such as its own analysis of value vs. cost.[77]

C. The Tennis Channel v. Comcast

The third Program Carriage case to go to decision was the Tennis Channel’s claim that Comcast discriminated against it by refusing to “retier” The Tennis Channel to the same, broadly penetrated tier on which Golf and Versus (Comcast affiliated channels) were carried.[78] Significantly, the Tennis Channel case (1) is the only case to date in which the Commission itself agreed that there had been a violation of the anti-discrimination rules and (2) that Commission finding of discrimination was vacated on review by the D.C. Circuit in an important, “seminal” decision (within the sparse Program Carriage case law), the ramifications of which are still playing out, including after the D.C. Circuit heard yet a second appeal after remand to the FCC.

1. Commission Decision

Unlike the decisions in TCR (MASN) or WealthTV, the Commission’s decision in Tennis Channel includes substantive discussions of several precepts that, the Commission believed, underlie the anti-discrimination rules.

First, the Commission rejected Comcast’s position that Section 616 is premised on the antitrust “essential facilities” doctrine. Comcast argued, based on antitrust law, that to find a violation of the anti-discrimination rules, there must be proof that a programmer suffered a “severe competitive handicap” by being denied access to a “necessary” distribution service.[79] The Commission, however, concluded that Section 616 was intended to provide new rights and remedies, not merely duplicate the antitrust laws. The Commission interpreted the legislative history of Section 616 to show that Congress was concerned generally about the impact of vertical integration on the pay tv industry and enacted Section 616 as a compromise instead of prohibiting vertical integration altogether.[80] Relatedly, the Commission concluded that Section 616 was not limited to situations in which the accused MVPD had “market power” in an antitrust sense, but instead applied whenever an MVPD’s conduct put a programmer
at a relative competitive disadvantage in terms of carriage fees, advertising revenues, etc.[81]

Second, the Commission credited evidence allegedly showing that Comcast had a general pattern of favoring its affiliated networks over non-affiliated networks, particularly with respect to sports.[82] The Commission agreed that such a pattern was not conclusive of discrimination in the specific case of the Tennis Channel. But it did agree that such a pattern could be considered to assess the credibility and plausibility of justifications offered with respect to the Tennis Channel.[83] Importantly, the Commission’s approach potentially expands the scope of anti-discrimination claims to “pattern and practice” assertions that could call into question carriage decisions far afield from the alleged specific act of discrimination.

Third, the Commission chastised Comcast for seeking to justify its decision by reference to costs for carriage of the Tennis Channel without also considering the benefits.[84] In doing so, it seemed to place the burden on the MVPD to show that costs outweighed benefits. Again, this is consistent with a view that similarly situated channels presumptively should be carried similarly, but whether that is an appropriate inference under the Program Carriage Regime is a hotly contested issue.

Fourth, the Commission explained that it found no inherent contradiction between a finding, on the one hand, that two channels are “similarly situated” (including due to similar ratings) and a finding, on the other, that the non-affiliated channel has been restrained in its ability to compete. The Commission said it would be a “Catch-22” if proof of a programmer’s success to show “similarly situated” meant that the programmer could never show competitive harm. The Commission concluded that proof that a channel had been successful enough to be positioned to compete with other similar channels in no way precluded a finding that discriminatory conduct thwarted that ability to compete.[85] Again, this seems to reflect the Commission’s view of Section 616 as a mechanism to ensure that unnecessary impediments to competition are swept away, rather than narrowly construing Section 616 to grant MVPDs maximum control over their line-up.

Fifth, the Commission sought to take into account how the carriage decisions of one MVPD impact other MVPDs and, thus, a programmer’s potential success in the marketplace as a whole. As part of its rebuttal case, Comcast argued that other MVPDs also treated the Tennis Channel “worse” than Golf and Versus. The Commission found that Comcast was looking at the comparisons incorrectly and that, even accounting for the other MVPDs, Comcast was still treating the Tennis Channel much “worse” than Golf and Versus. More importantly, however, the Commission observed that the carriage decisions of larger MVPDs, like Comcast, generally have a “ripple” effect on other MVPDs. Whether and how Comcast carries a channel impacts whether and how other MVPDs carry it. Thus, the Commission reasoned, even if other MVPDs were tiering the Tennis Channel, Golf, and Versus similarly to Comcast, it does not mean that the other MVPDs’ tiering decisions were untainted by affiliation discrimination. If Comcast discriminates and others follow its lead, the carriage decisions of the others cannot be used as purportedly “objective” proof of the desirability of the channel.[86]

Finally, the Commission found that, where discrimination takes the form of differential “tiering,” Section 616 allows the Commission to order equal carriage by the MVPD (and payment of any additional carriage fees that may result from such move).[87] The Commission further concluded that such an “equal carriage” remedy did not violate the First Amendment because (a) it is based on affiliation discrimination, not content per se and (b) it is sufficiently tailored just to remedy the harm at issue.[88]

2. D.C. Circuit: Main Opinion

Following the Commission’s decision, Comcast petitioned the D.C. Circuit to vacate. The D.C. Circuit granted the petition. The decision is notable because, in addition to a sharp and narrow “opinion of the court” reversing the essential finding of discrimination, there were two lengthy concurrences musing on various issues in dicta.

The main opinion took the FCC to task for what the Court deemed a fundamental error. The Court underscored that, to the extent Comcast’s tiering decision was based on legitimate business concerns, there was no violation of Section 616. The Court then observed that it was undisputed that, if Comcast were to re-tier the Tennis Channel to the more broadly penetrated tier, Comcast’s costs (carriage fees) would increase. The Court found that the FCC failed to give sufficient weight to this
cost increase. It held that, because there was no evidence of any countervailing, net benefit to Comcast if it were to re-tier the Tennis Channel, the FCC could not conclude that Comcast’s decision was based on an illegitimate reason (affiliation), as opposed to a legitimate reason (costs with no net benefit).[89]

Importantly, the Court’s approach is the polar opposite of the Commission’s on how to consider the cost/benefit issues in carriage decisions. Whereas the Commission had assumed that Comcast bore the burden to prove that the benefits did not outweigh the costs of re-tiering, the Court ruled that it was the complaining party’s burden to prove that re-tiering would create a net benefit. This difference in approaches is fundamental and stems from very different perspectives on the relevance of vertical integration. That is, the FCC presumes that a vertically integrated MVPD should bear the burden to justify its differential treatment of similarly situated affiliated and non-affiliated channels. But the D.C. Circuit presumes that the carriage decisions of a vertically integrated MVPD are as legitimate as those of any other MVPD and, therefore, the complaining party bears the burden to show that a decision was irrational or unjustified from a business perspective. The extent to which the DC Circuit’s perspective affects future Program Carriage disputes remains to be seen.[90]

The two concurring opinions offered (lengthy) dicta on two additional issues that may also impact future proceedings.

3. D.C. Circuit: Judge Edwards’ Concurrence

In his concurrence, Judge Edwards concluded that the entire Tennis Channel complaint was untimely because it was not brought within one year of the date of the underlying carriage agreement. He severely criticized the FCC for its interpretation of the statute of limitations provisions of the Program Carriage Rules (47 C.F.R. section 76.1302(f)), as well as for what he deemed an unwarranted intrusion by the FCC on “the sanctity of the parties’ contractual commitments.”[91]

The FCC read section 76.1302(f)(3) as allowing any Program Carriage claim to be brought within one year of the date on which the complaining party gives notice to the MVPD that the complaining party intends to bring a Program Carriage action.[92] Although the plain words of the regulation so provide, Judge Edwards read the legislative history as showing that section 76.1302(f)(3) had been drafted to apply only to discriminatory refusals to negotiate for carriage. Instead, he concluded that the applicable section would be 76.1302(f)(1), which requires a proceeding to be brought within one year of execution of any contract alleged to violate the Program Carriage Rules.[93]

The concern with applying section 76.1302(f)(1) to claims like the Tennis Channel’s is that it would not permit a programmer to complain about alleged discrimination in the performance of a contract if the discrimination arose more than one year after the contract had been executed. For example, the Tennis Channel admitted that its contract with Comcast gave Comcast discretion to carry the channel on any tier. Its complaint was that Comcast allegedly used that discretion in a discriminatory manner by refusing to re-tier the Tennis Channel. Judge Edwards viewed the Tennis Channel’s complaint, however, as an attempt to reopen the contract, conduct that he viewed as not covered by the Program Carriage Rules.[94]

Judge Edwards’ concurrence highlights an important issue: to what extent do the Program Carriage rules apply to allegedly discriminatory conduct where the conduct itself is expressly permitted by a contract? Judge Edwards’ statute of limitations analysis seems to assume that, once a contract is in place, the parties should look only to that agreement— i.e., the “sanctity of their contractual commitments”—for their rights and remedies. By contrast, the FCC and the Media Bureau have repeatedly ruled that an MVPD’s rights under a carriage agreement can never be deemed to include the right to discriminate based on affiliation.[95] And it is not difficult to imagine scenarios in which an MVPD could enforce its contractual rights in a manner that deliberately favors affiliated channels and/or deliberately hobbles competing, non-affiliated channels. To the extent that there is any legitimate concern that programmers would misuse such claims to unduly escalate ordinary contract disputes, the answer may lie in the ability of the respondent MVPD to inform the Media Bureau of the “true” context of a claim, allowing the Media Bureau to more closely examine a complaint to determine whether it presents a genuine prima facie Program Carriage Claim or whether it should, instead, be dismissed.
4. D.C. Circuit: Judge Kavanaugh’s Concurrence

In a separate concurrence, Judge Kavanaugh explained why, in his view, the anti-discrimination rules (and perhaps the whole Program Carriage regime) had outlived its lawful utility.[96] In effect, Judge Kavanaugh championed arguments that the MVPDs had been making since the TCR (MASN) case. Judge Kavanaugh reasoned (contrary to the FCC) that the Program Carriage Regime must be guided by antitrust principles. Because the core issue to be addressed by the Program Carriage Regime is vertical integration, Judge Kavanaugh concluded that a discrimination claim could not be proven without proof that the accused MVPD has “market power” in a relevant market, just as market power is nearly always required to prove an antitrust claim based on a vertical agreement.[97]

Judge Kavanaugh further reasoned that an antitrust level of harm to competition was necessary to issue any remedy under the Program Carriage Rules because those rules impact the First Amendment rights of the MVPDs. Judge Kavanaugh concluded that, to the extent that carriage regulations had survived First Amendment challenges in the past, those relevant Supreme Court and D.C. Circuit opinions each cited the threats of market or monopoly power as the justification for regulation of the MVPD’s speech.[98] But, he argued, the MVPD market was far more competitive in 2013 than it had been in 1992 when Section 616 was enacted and cable operators, in particular, no longer have “bottleneck power” over programming.[99] As such, Judge Kavanaugh concluded, “the FCC cannot tell Comcast how to exercise its editorial discretion about what networks to carry any more than the Government can tell Amazon ... what books to sell ....”[100]

Again, Judge Kavanaugh’s concurrence is dicta, and neither of the other two panelists joined in it. However, it raises the question of whether the FCC has been holding off on further rule making under the Program Carriage Regime out of concern that MVPDs or other parties would challenge the rule making before the D.C. Circuit on First Amendment grounds and, in doing so, seek to strike down the entire Program Carriage Regime. As discussed below, the Second Circuit rejected a facial First Amendment challenge to Program Carriage just months after the D.C. Circuit’s decision in Comcast. However, its holding arguably rested on the then-current state of the video marketplace, leaving open the possibility that MVPDs may seek to reopen the challenge on the ground that the marketplace has evolved.

IV. First Amendment Challenges and the New Requirement of Market Power

Throughout the history of the Program Carriage Regime, there has been an ongoing debate as to whether it violates the First Amendment by unduly interfering with the editorial discretion of MVPDs.[101] In its 2011 rulemaking, the FCC concluded that the rules were content neutral, subject only to intermediate scrutiny, and met that standard by regulating no more speech than necessary.[102] Certain MVPDs challenged that conclusion in a petition before the Second Circuit in the Time Warner Cable case.[103]

The MVPDs’ principal arguments were two-fold.

First, they argued that the Program Carriage Rules are content and speaker based restrictions that are subject to, and fail to satisfy, strict scrutiny.[104] The Second Circuit, however, found that (like other regulations under the 1992 Cable Act) the Rules are both content and speaker neutral. In particular, the Court concluded that the Rules prohibited discrimination by a vertically integrated MVPD only where the MVPD acts based on the affiliation of a programmer and that an MVPD remained free to refuse to carry, for example, a non-affiliated channel because it objected to the content carried on that channel.[105] And, although questions such as whether two channels are “similarly situated” does, in fact, require an examination of their respective content, the nature and purpose of the analysis is not to promote or chill any particular content.[106] Likewise, the Court rejected the argument that the Rules are “speaker-based” restrictions because, other than potentially in the realm of political speech, “speaker-based” restrictions are subject to strict scrutiny only when the speaker distinctions are used to favor certain content and viewpoints.[107]

Second, the MVPDs argued that the Rules violate the First Amendment even under intermediate scrutiny because the cable industry no longer has “bottleneck power” over the marketplace that might justify interfering with operators’ editorial discretion in allocating their finite bandwidth and budgets. Importantly, the Court highlighted that it would not be overly deferential to the FCC’s
assessment of the marketplace and of the alleged ongoing need for the Rules.[108] Moreover, the Court observed that “current burdens . . . must be justified by current needs.”[109]

Although the Court agreed with the MVPDs that the competitive mix of distributors in 2013 was very different from what it had been in 1992 and that cable companies, in particular, had lower market shares and a greater number of competitors (DirectTV, DISH, Verizon FIOS, etc.), it nonetheless agreed with the FCC that the competitive situation presented a “mixed picture” of improvement because cable operators continued to hold more than 55% of the national MVPD market and even greater shares in certain local markets.[110] The Court likewise found that the record showed that vertical integration remained significant, even if diminished.[111] As such, the Court agreed that “the FCC could reasonably conclude that cable operators continue “to have the incentive and ability to favor their affiliated programming vendors in individual cases” and harm the ability of unaffiliated vendors “to compete fairly.”[112] It was this point---that Program Carriage cases are examined and decided on a case-by-case basis---that ultimately compelled the Second Circuit to find that the Rules were still an appropriately tailored response to an important, legitimate concern.[113]

Despite largely agreeing with the FCC’s conclusions as to the continuing need for the Program Carriage Regime, the Second Circuit did intimate that it disagreed with the FCC on one important issue---whether an affiliation discrimination claim requires proof that the accused MVPD possesses “market power.” The MVPDs—bolstered by Judge Kavanaugh’s concurrence in the Tennis Channel case---argued that Section 616’s requirement of an “unreasonable restraint” necessarily requires proof of market power. The Court reasoned that it did not need to decide the issue definitively given that it was hearing only a facial challenge to the Rules and it might be possible to prove a violation absent actual market power.[114]

Nonetheless, it emphasized that it “expect[ed]” the FCC to consider market power in the “vast majority” of future cases and regardless of whether its current rules specifically require such proof as part of a prima facie case.[115] Moreover, the Court pointedly noted that, as the market continues to develop, there may come a time when the Program Carriage Rules can no longer be justified under an intermediate scrutiny analysis.[116]

II. Conclusion

The FCC’s Program Carriage Rules are poised at an important juncture. After nearly twenty-five years, the substance of the Rules is finally maturing and two Circuits have weighed in on core issues. And, as the market for linear video distribution (i.e., cable companies) comes under increasing pressure from non-linear sources (i.e., Hulu, Netflix, and an array of other on-demand services), unaffiliated channels claim to be bearing the brunt of the squeeze,[117] potentially increasing the opportunity for discriminatory treatment (and potentially making it more attractive for such channels to take a chance on a Program Carriage claim if they believe they have nothing to lose). Yet changes in the marketplace may also make the Program Carriage Rules obsolete (or, at least, unconstitutional) and MVPDs are likely to renew the challenge to the Rules as they seek maximum flexibility to adapt their businesses in the changing environment.

Will the Program Carriage Rules survive? Will they matter in an “app” based future? As always, Stay Tuned!

Jennifer R. Scullion is a Partner in the Litigation Department of Proskauer Rose LLP’s New York office. She focuses her practice on Antitrust, Technology, Media & Communications, Sports Law, and the Entertainment Industry. She may be reached at jscullion@proskauer.com.

Endnotes:

[5] 9 FCC Rcd 2642 (“1993 Program Carriage Order”). Because the 1993 Program Carriage Order was the second order implementing the 1992 Cable Act, it is sometimes referred to as the "Second Report and Order." However, in 2011, the FCC also issued a “Second Report and Order” in MB Docket No. 07-42, which was a rule making proceeding begun in 2007 with respect to Program Carriage and Leased Access Rules. In the Program Carriage context, the FCC refers to the 2011 order as the “Second Report and Order.” 26 FCC Rcd 11494.
Currently, a Complainant can raise a prima facie case of affiliation discrimination either through direct evidence (such as the proverbial, ”smoking gun” email explaining that a decision was made in order to favor an affiliated programmer) or through circumstantial inference based on evidence that (1) a non-affiliated and affiliated channel are ”similarly situated” by reference to genre, ratings, target audience, etc. and (2) the affiliated channel is treated better by its affiliated MVPD than the non-affiliated channel. E.g., 23 FCC Rcd at 14795-97. In either case, a complainant must also provide evidence that its ability to compete has been unreasonably restrained by the alleged discrimination.

With respect to available resources, the Office of the ALJ has only one full-time ALJ at this time, a situation that has persisted for years.

The first arbitrator was removed by the AAA after the liability phase, but before the remedy phase, due to concerns about the arbitrator's post-decision communications with the press. Id. at 18100, n.6.

The Fourth Circuit did, however, agree that the FCC's case-by-case approach to discrimination claims strikes the appropriate balance between ferreting out prohibited discrimination, while preserving “legitimate business practices” that “fuel competition.” Id. at 277-78.

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As discussed below, the FCC’s attention in TCR to an MVPD’s cost-benefit analysis, including the impact of carriage on the
size of the overall customer base, presaged the D.C. Circuit’s later decision in Comcast (Tennis Channel) concerning the standard of proof for discrimination.


[55] Id.

[56] 679 F.3d at 275. The Fourth Circuit similarly upheld as reasonable the FCC’s conclusions that MVPDs do not “typically document their internal carriage decisions,” and that there was at least some contemporaneous evidence to corroborate the hearing testimony about what TWC did and did not consider in its carriage discussions with MASN. Id. at 275-76.

[57] 23 FCC Rcd at 15805. The Media Bureau also concluded that TWC’s part ownership of iN DEMAND also created an economic incentive not to widely carry MASN, on the theory that, if MASN were available, customers would be less inclined to purchase the MLB Extra Innings service carried on iN DEMAND and less inclined to watch the MLB Network that TWC allegedly agreed to carry as part of iN DEMAND’s Extra Innings agreement. Id. Notably, MASN never claimed that it was similarly situated to either MLB Extra Innings or MLB Network. The Media Bureau’s consideration of TWC’s alleged incentives with respect to these other channels and services suggests the Bureau’s willingness to consider the totality of the circumstances in assessing affiliation discrimination.

[58] 25 FCC Rcd at 18114.

[59] 23 FCC Rcd at 15791.

[60] 23 FCC Rcd at 15799.

[61] Id.


[64] 26 FCC Rcd at 8974.


[66] 23 FCC Rcd at 14814.

[67] 26 FCC Rcd at 8988.

[68] Id. at 8977-78.

[69] Id. As the Commission noted in WealthTV, it proposed to resolve the burden of proof issue through additional rule-making. See 26 FCC Rcd 11494, 11544-45. To date, however, the Commission has not issued new rules from that proposed rule-making.

[70] Again, which side bears the burden of proof on these issues is not yet resolved.

[71] 26 FCC Rcd at 8979 (citing expert testimony that analysis of a two week sample of programming from both channels revealed that 54 percent of MOJO’s programming consisted of sports, music, and movies, compared to just 3% of WealthTV’s programming for these genres and, by contrast, 60 percent of WealthTV’s programming was devoted to travel, recreation, lifestyle, food and wine, and the like, whereas MOJO devoted only 19% of its programming to such genres).

[72] Id.

[73] Id. at 8983-84.

[74] Id. at 8980.

[75] Id. at 8975-76.

[76] Id. at 8980-81.

[77] Id. at 8982.


[79] Id. at 8523.

[80] Id. at 8524.

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[72] Id.
long-standing rule that there is no discrimination if a decision is "based on business justification." Id. at 6-7.

[91] Id. at 994-95.

[92] Section 76.1302(f)(3) provides that a complaint must be filed within one year of the date on which "a party has notified a [MVPD] that it intends to file a complaint with the Commission based on violations of one or more of the rules contained in this section."

[93] Section 1302(f)(2) applies to complaints based on an offer for carriage where the parties have no existing carriage agreement.

[94] 717 F.3d at 1004.

[95] E.g., 23 FCC Rcd at 14821 (Media Bureau Hearing Designation Order in NFL v. Comcast) (explaining that "[w]hether or not Comcast had the right to retire the NFL Network pursuant to a private agreement is not relevant to the issue of whether doing so violated Section 616 of the Act and the program carriage rules."); 27 FCC Rcd at 8521 (Commission Order and Opinion in The Tennis Channel v. Comcast) (agreeing with Media Bureau that, to the extent Comcast had contractual discretion to tier the Tennis Channel, "Comcast had an obligation to exercise that discretion consistent with Section 616.").

[96] 717 F.3d at 987-994.

[97] In the case of Comcast, Judge Kavanaugh glossed over figures suggesting that Comcast may have market power (albeit not monopoly power) in one or more geographic markets. 27 FCC Rcd at 8541-42.


[99] Id. at 993-94 (citing Comcast Corp. v. FCC, 579 F.3d 1, 8 (D.C. Cir. 2009) and Cablevisions Sys. Corp. v. FCC, 597 F.3d 1306, 1324 (D.C. Cir. 2010) (Kavanaugh, J., dissenting)).

[100] Id. at 994.

[101] E.g., 23 Frr Rcd at 14825, n. 361; 23 FCC Rcd at 15811-12, 27 FCC Rcd at 9284-86.


[104] Id. at 154.

[105] Id. at 156.

[106] Id. at 157.

[107] Id. at 159-60 (narrowly construing Citizens United v. FEC, 558 U.S. 310 (2010)).

[108] Id. at 160-61.

[109] Id. at 161 (citing Shelby County v. Holder, 133 S.Ct. 2612, 2622 (2013)).

[110] Id.

[111] Id.

[112] Id. at 162 (emphasis added).

[113] Id. at 161, 164.

[114] Id. at 165.

[115] Id. at 165-66.

[116] Id. at 167.

Media Addiction: Guilty Revenues
Is a Fading Television Incumbency Fatally Dependent on Political Anomalies?

By Peter Dekom

Ann M. Ravel (D – Chair of the Federal Election Commission) on the F.E.C.: “worse than dysfunctional.”

I. Citizens United

It started with the Supreme Court ruling in Citizens United vs. Federal Election Commission, announced on January 21, 2010, with the majority opinion written by Associate Justice Anthony Kennedy.

“Citizens United sought an injunction against the Federal Election Commission in the United States District Court for the District of Columbia to prevent the application of the Bipartisan Campaign Reform Act (BCRA) to its film Hillary: The Movie. The Movie expressed opinions about whether Senator Hillary Rodham Clinton would make a good president.

In an attempt to regulate ‘big money’ campaign contributions, the BCRA applies a variety of restrictions to ‘electioneering communications.’ Section 203 of the BCRA prevents corporations or labor unions from funding such communication from their general treasuries. Sections 201 and 311 require the disclosure of donors to such communication and a disclaimer when the communication is not authorized by the candidate it intends to support...

By a 5-to-4 vote along ideological lines, the majority held that under the First Amendment corporate funding of independent political broadcasts in candidate elections cannot be limited. Justice Anthony M. Kennedy wrote for the majority joined by Chief Justice John G. Roberts and Justices Antonin G. Scalia, Samuel A. Alito, and Clarence Thomas. Justice John Paul Stevens dissented, joined by Justices Ruth Bader Ginsburg, Stephen G. Breyer, and Sonia Sotomayor. The majority maintained that political speech is indispensable to a democracy, which is no less true because the speech comes from a corporation. The majority also held that the BCRA’s disclosure requirements as applied to The Movie were constitutional, reasoning that disclosure is justified by a ‘governmental interest’ in providing the electorate with information about election-related spending resources. The Court also upheld the disclosure requirements for political advertising sponsors and it upheld the ban on direct contributions to candidates from corporations and unions.

In a separate concurring opinion, Chief Justice Roberts, joined by Justice Alito, emphasized the care with which the Court handles constitutional issues and its attempts to avoid constitutional issues when at all possible. Here, the Court had no narrower grounds upon which to rule, except to handle the First Amendment issues embodied within the case. Justice Scalia also wrote a separate concurring opinion, joined by Justices Alito and Thomas in part, criticizing Justice Stevens' understanding of the Framers' view towards corporations. Justice Stevens argued that corporations are not members of society and that there are compelling governmental interests to curb corporations' ability to spend money during local and national elections.” Oyez.com

Companies, unions and business organizations effectively became “people” entitled to full rights under the First Amendment: Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof; or abridging the freedom of speech, or of the press; or the right of the people peaceably to assemble, and to petition the Government for a redress of grievances. The cork was removed from the bottle. The smoke rose from the bottle and drifted into every corner of the land.

In June of 2012, in American Tradition Partnership v. Bullock, the Court had one more shot to revisit the reasoning of Citizens United. Citing the natural corruption of allowing unbridled spending in a small (population-wise) state, Montana has passed a statute imposing limitations on union and company political contributions. Breaking along the same lines as their 2010 decision, the Supreme Court rejected that Montana statute and reaffirmed the reasoning of Citizens United. But there is a vacancy on the court, and that old 5-4 conservative majority is – temporarily? – a 4-4 split with the more liberal faction. Can Citizens United face reversal?
Many also wonder whether corruption prevention really has any validity in limiting political spending anymore. The post Citizens United political spending by organizations was staggering. As of the end of December 2015, “1,625 groups organized as super PACs have reported total receipts of $320,812,012 and total independent expenditures of $95,030,951 in the 2016 cycle.” OpenSecrets.org. Wow!

II. PACs and Super PACs

Political Action Committees (PACs) and Super PACs realigned the political landscape. For federal candidates in particular, effectively to generate the kinds of underlying donations (de facto donations) necessary to play in a very expensive and now ultra-competitive media-driven world, increasingly they were configuring their platforms to conform to the wishes and policy directives of the special interests funding those Super PACs. Money ruled, and it seemed as if candidates were increasingly going to the highest bidder.

“Technically known as independent expenditure-only committees, super PACs may raise unlimited sums of money from corporations, unions, associations and individuals, then spend unlimited sums to overtly advocate for or against political candidates. Unlike traditional PACs, super PACs are prohibited from donating money directly to political candidates, and their spending must not be coordinated with that of the candidates they benefit. Super PACs are required to report their donors to the Federal Election Commission on a monthly or semiannual basis – the super PAC’s choice – in off-years, and monthly in the year of an election.” OpenSecrets.org. Thus, the differences between PACs and Super PACs are significant.

The Supreme Court’s ruling in Citizens United made it easier for corporations and unions to use their treasuries to directly influence elections. Some restrictions remain: if they want to give directly to candidates, they still have to establish political action committees and raise funds for them. But there are limits on how much traditional political action committees can accept in contributions and from whom: Currently, the cap on individual contributions is $5,000 a year.

Donors to traditional union and corporate PACs must work for or own shares in those corporations or belong to those unions. They must be identified and the amounts of their donations made public. By contrast, super PACs can accept money in unlimited amounts from unions, corporations and unaffiliated individuals as well as from non-profit organizations that have been incorporated under innocuous-sounding names and that do not have to report the sources of their funding. That means individuals and entities with whom candidates might not wish to be publicly associated can support their campaigns anonymously...

Do super PACs have to disclose the sources of their funding? ... That depends on what you mean by ‘disclose.’ Like other political action committees, super PACs do have to file regular financial disclosure forms with the Federal Election Commission. But because they are permitted to accept money from incorporated entities that do not have to make the sources of their funding public, it’s possible for them to keep the names of actual donors undisclosed. In 2010, a super PAC that was active in one of that year’s marquee House races listed a single donor: a 501(c)(4) organization that does not have to disclose its donors. This is what is known among some campaign finance lawyers as ‘the Russian doll problem.’” SunlightFoundation.com. Dark money? Dark intentions?

Not that everyone was railing against this new political order, and there are differing views of the limitations.

“One major misconception about Super PACs is the incorrect belief that they do not disclose their donors. In fact, all Super PACs are required by law to disclose their donors. This disclosure includes the name of the individual, group, or other entity that is contributing, the date on which the contribution occurred, and the amount given. Additionally, Super PACs must report all of their expenditures.

“Significant media coverage of Super PACs focused on their ability to spend unlimited amounts, but few journalists took the time to explain why that is. Americans, whether they act individually or in voluntary associations, have the right to spend unlimited amounts of their own money promoting political speech. According to the Supreme Court, limits on contributions to candidates are only constitutionally permissible because of the potential corrupting effects of such contributions. Independent spending, on the other hand, cannot be corrupting due precisely to its independence, and therefore cannot be limited.
Contributions to PACs are limited because they can donate money directly to candidates; contributions to Super PACs are unlimited because they cannot donate to candidates and must comply with special rules when interacting with candidates. These rules prohibit acting at the request of a candidate or engaging in substantial discussion with a candidate or her agents regarding the specifics of Super PAC communications, including their content, intended audience, and timing.

In short, Super PACs are far from the bogeyman that many media reports make them out to be. Super PACs cannot give money to candidates and there are strict regulations limiting the ability of such groups to coordinate their activities with candidates or their campaigns. Super PACs must disclose their donors and the amounts they receive from each contributor. Additionally, there is no evidence to suggest that the influence of Super PACs has ‘bought’ any elections whatsoever. Far from an evil entity, Super PACs are responsible for more political speech in elections, makings races more competitive in the process.

Because of these restrictions, and the fact that independent communications might not be welcomed by the candidates these groups may support, the courts have ruled that contributions to Super PACs do not pose the same risk of corruption as contributions directly to candidates. As the Supreme Court has said corruption or its appearance is the only legal justification for limiting political fundraising, Super PACs are able to raise and spend unlimited amounts.”

CampaignFreedom.org, posting a paper from the Center for Competitive Politics.

But watching what were once believed to be “outlier” candidates – “democratic socialist” Bernie Sanders and rather outspoken GOP frontrunner Donald Trump – post impressive primary/caucus numbers succeed without massive Super Pac support suggests that there is enough voter anger out there to push back against what is perceived to be establishment funding. In fact, the rather significant anti-Trump Super Pac money seemed only to cause his core constituency to dig in their heels. Could the new “I have money to buy influence” vector introduced by Citizens United actually create a new unexpected backfire?

Hey, we are protected from increasing and malevolent, rule-violating linkage between candidates, donors and the Super PACs, right? After all, violations will be stopped by the relevant federal watchdog agency, the Federal Election Commission, right? Not exactly!

III. The Federal Election Commission

“The chairwoman of the Federal Election Commission says she’s largely given up hope of reining in abuses in raising and spending money in the 2016 presidential campaign and calls the agency she oversees ‘worse than dysfunctional.’ In an interview with The New York Times, Ann M. Ravel says she was determined to ‘bridge the partisan gap’ and see that the agency confronted its problems when she became its chair [in December of 2014]. She said she had now essentially abandoned efforts to work out agreements on what she saw as much-needed enforcement measures.

Instead, Ravel said she plans on concentrating on getting information out publicly, rather than continuing what she sees as a futile attempt to take action against major violations, the Times reported... She said she was resigned to the fact that ‘there is not going to be any real enforcement’ in the coming election, the newspaper reported.

‘The likelihood of the laws being enforced is slim,’ said Ravel, a Democrat. ‘I never want to give up, but I’m not under any illusions. People think the FEC is dysfunctional. It’s worse than dysfunctional.’

The six-member commission is divided evenly between Democratic and Republican appointees. Tie votes along party lines on key issues are common and reflect disagreements over the agency’s mission, its interpretation of rules and their enforcement.

In the wake of the 2010 Supreme Court decision in the Citizens United case — it allowed corporations and unions to spend unlimited funds in support of political candidates — the lines drawn by campaign finance laws have become blurred and bent.

Commissioners disagree over Ravel’s views, the [NY] Times reported.

‘The few rules that are left, people feel free to ignore,’ said Ellen L. Weintraub, a Democratic commissioner.

‘Congress set this place up to gridlock,’ said Lee E. Goodman, a Republican commissioner. ‘This agency is functioning as Congress intended. Th

Violators will be... er... left alone? The F.E.C. is complete sham, toothless, a waste of taxpayer money designed to fail.

It does get worse. As the F.E.C. grapples with transparency, a path to disclose who some of the dark donors behind Super PACs might be, its intentional gridlock has stopped the effort dead in its tracks. The March 8, 2016 Washington Post explains: “A divided Federal Election Commission cannot agree to investigate whether super PAC donors used corporations to mask their identities in the 2012 campaign, effectively giving a green light to contributors writing checks through limited-liability companies in this year’s elections. “FEC Assistant General Counsel William Powers wrote in letters to the nonprofit advocacy group Campaign Legal Center [in early March] that the six-member panel was split about whether to look into corporate donations that were made in 2011 to Restore Our Future, a super PAC backing then-GOP presidential nominee Mitt Romney. At least four commissioners must agree that there is a basis for an investigation before the agency's lawyers can proceed. Absent that consensus, the FEC closed the cases, he wrote.

At issue were three $1 million donations that Restore Our Future received from corporate entities in 2011. Among the donors was W Spann LLC, a company that had been incorporated in Delaware in March 2011 and was dissolved that July. The Campaign Legal Center and Democracy 21 filed a complaint alleging that W Spann's contribution violated a federal ban on straw donors. Shortly afterward, former Romney business associate Edward Conard came forward and admitted he set up the LLC and made the donation through it.” Oy!

Sounds like the secret societies of ye olde times!

So perhaps money does buy happiness... for those with an agenda and a willing to pay dearly to have their way with the political universe. Isn’t that the definition of a plutocracy? But does the seemingly failing attempt to use Super PAC money to “stop Trump” suggest a change in the political wind... from both sides of the aisle? Citizens-not-so-United?

IV. Money, Media and More Money

Thus our dear industry, media and entertainment, is raking in the newfound money for political advertising, noted above, in wheel-barrows. To too many in the industry, despite the signs of the backfire effect noted above, Citizens United is a saving grace in an industry sinking fast from disintermediation and Web-based alternative content delivery systems. Money, money, money. Back on May 22, 2015, Intercept.com began tracking the salivating media executives, licking their chops:

“At least one small slice of the American public looks forward to the non-stop, sleazy political advertisements set to inundate viewers during the 2016 elections: media executives and their investors.

Peter Liguori, the chief executive of Tribune Company, said earlier this month that the next presidential campaign presents ‘enormous opportunity’ for advertising sales. Speaking at a conference hosted by J.P. Morgan Chase, Liguori, whose company owns television stations, referenced Super PAC spending as a key factor for why he thinks Tribune Co. political advertising revenue will rocket from $115 million in 2012 to about $200 million for the 2016 campaign cycle. Vince Sadusky, the chief executive of Media General, the parent company of 71 television stations across the country, told investors in February that his company is positioned to benefit from unlimited campaign spending, referencing decisions by the Supreme Court. ‘We are really looking forward to the 2016 elections with spending on the presidential race alone estimated to surpass $5 billion,’ Sadusky said, according to a transcript of his remarks.

In 2012, Les Moonves, president and chief executive of CBS, memorably said, ‘Super PACs may be bad for America, but they’re very good for CBS.’

His views appear unchanged. In a February [2015] investor call, Moonves predicted ‘strong growth with the help of political spending,’ particularly on television. He added dryly, ‘looking ahead, the 2016 presidential election is right around the corner and, thank God, the rancor has already begun.’

In recent months, executives from media companies such as Nexstar Broadcasting, Gannett, and E.W. Scripps Co. have told investors that they
are expecting a big jump in revenue from the 2016 political ad buys.

The New York Times and Bloomberg have chronicled the rising political revenue to broadcast media companies, a trend accelerated by the Supreme Court’s Citizens United decision, which effectively removed limits on individual, corporate and union spending. A single station in Columbus, Ohio, for example, ‘grossed about $50 million in advertising [in 2012], of which at least $20 million was attributed to campaign spending,’ according to the Times. And the 2016 campaign cycle is expected to be the first time digital advertising alone will reach $1 billion, making big money groups a lucrative source of revenue for online publications.”

Needless to say, media outlets jacked-up their rates to the max. So high, in fact, that more than a few Super PACs began to rethink whether they were spending their money effectively. “Soaring advertising costs in early primary states are compelling major ‘super PACs’ to realign their tactics, de-emphasizing costly broadcast commercials in favor of the kind of nuts-and-bolts work that presidential candidates used to handle themselves.

“They are overseeing extensive field operations, data-collection programs, digital advertising, email lists, opposition research and voter registration efforts.

The shift away from the broadcast television buys that had been the groups’ main role in past presidential campaigns is among the most significant developments in outside political spending since the Supreme Court’s 2010 Citizens United decision, which paved the way for super PACs. Originally conceived as a vehicle to raise and spend unlimited money on television, the most expensive part of a White House run, the groups now are seeking to relieve campaigns of much of the vital infrastructure that candidates would otherwise have to assemble and manage.

The results of their efforts, which cannot be coordinated directly with the candidates, are unproven. It is not yet known whether field and data efforts spearheaded by outside groups will be as effective as they are in the hands of a candidate.

Yet the groups’ success or failure could help decide the Republican nomination: Super PACs control the vast majority of the money being spent in the primary, leaving the contenders largely at the mercy of the groups supporting them.

The shift away from TV commercials comes after summer advertising blitzes by groups backing Jeb Bush and Gov. John R. Kasich of Ohio failed to give them much of a lift and exposed an important weakness: While candidates are guaranteed by law access to the lowest unit advertising rates, super PACs must pay whatever the market will bear. There are also more super PACs than ever, each competing for time slots and driving prices higher.

In some parts of Iowa and New Hampshire, super PACs are paying almost nine times what a campaign would pay — largely erasing even the advantage held by a group like Right to Rise, which is supporting Mr. Bush and has raised more than $100 million, when compared with the smaller amounts of hard money raised by individual campaigns.” New York Times, December 22, 2015. Gee, that sounds fair and healthy!

With media time so desperately expensive, are candidates finding ways to generate free publicity? Is being outrageous a financing strategy, since the media spotlight follows you wherever you are? Is Saturday Night Live a campaign must? Late night talk shows? And what does the “equal time” rule say about this trend?

V. Future Trends or Just Buying Time?

Programming that is best viewed live is one of the few elements that is keeping traditional television alive. 98% of major sports competitions are viewed live. Political debates and high-profile awards programs (e.g., the Academy Awards) draw those live audiences as well. Must-see-live-events have the most valuable ad slots in the country, where viewers are most likely to stay tuned in order not to miss the event... or because the ads themselves are the attraction.

But television is increasingly a “C-7” medium (original telecast plus all reruns in all formats within seven days), where more and more of what is watched is viewed in digital alternatives. What do you call a large screen television in a college dorm? A video game!
But for those of us in media and entertainment, the money needed to pay for new and original programming may be increasingly dependent on such ad money, regardless of the source. Television does best in event years, particularly in years of general elections and the Olympics. There are lots of questions we all will face.

Will political contributions continue to be the backbone of traditional media advertising? Will Citizens United be reversed or contained? How does the failure of huge Super PAC money to “stop Trump” or candidate Sanders’ ability to generate voter support without serious Super PAC money change the landscape? What will happen in future years, as the entire television industry migrates to a streaming alternative? How does digital media take over this lucrative cash cow? How do streaming services take advantage of this revenue flow? How do politicians and those fomenting their political agendas change the way they spending their influencing dollars? And how are we, as lawyers representing the creative community, impacted in our representation? What do you think will happen? Can we keep making the deals we do, at the levels we do, without this newfound wealth?

Peter J. Dekom, The Law Corporation, practices law in Los Angeles in the fields of entertainment, Internet, and telecommunications law. His clients include Hollywood notables, as well as corporations. An author, management/marketing consultant, and entrepreneur, he may be reached at pdekom@dekomlaw.com
ELI WINNER--Survey Says: "Blurred Line" Call for Reliable Aid in the Adjudication of Composition Infringement Actions

By Caitlin Kowalke

18th Annual Entertainment Law Initiative

The GRAMMY Foundation, with support from some of the nation’s most prominent entertainment attorneys, established the Entertainment Law Initiative (ELI) in 1998 to promote discussion and debate about compelling legal issues facing the music industry today. The initiative also helps promote future careers in entertainment law by seeking out the nation’s top law students and giving them invaluable networking and educational opportunities.

2016 marked the 18th Anniversary of the Entertainment Law Initiative and its national legal writing contest co-sponsored by the American Bar Association Forum on Entertainment & Sports Law. In that time over 80 deserving students have been recognized for their insight and analysis of challenging issues facing our industry. The grand prize winner received a $5,000 scholarship as well as publication of the winning article in a major legal publication. The four runners-up received $1,500 scholarships and publication of their articles. All five winners are flown to Los Angeles to attend several GRAMMY week events as well as being honored at the ELI luncheon.

The GRAMMY Foundation encourages anyone in the music legal community to become a part of the ELI community. Our expansion to New York with an annual fall event provides further opportunity for involvement and participation. Whether as a volunteer grader for the writing competition, event committee member, panel or workshop participant, your help will make a difference in furthering our mission. We invite you to learn more at www.entertainmentlawinitiative.com.

Survey Says: “Blurred Lines” Call for Reliable Aid in the Adjudication of Composition Infringement Actions

I. Introduction

“[T]here are friends of mine, other musicians, that have spoken out publicly about this, about the injustice of the decision. Adam Levine, John Legend, Stevie Wonder. Unfortunately, they’re not on the jury.”[1] This was the statement made by artist Robin Thicke nearly six months after a California jury mandated that he, along with “Blurred Lines” co-writer Pharrell Williams, pay $7.4 million to the family of Marvin Gaye for copyright infringement of one of Gaye’s earlier works.[2] While both musicians publicly acknowledged Gaye as an inspiration,[3] that inspiration alone does not constitute infringement of the earlier work.[4] However, the jury, being comprised of eight laypersons untrained in differentiating between music composition and performance of such compositions, was left somewhat ignorant of this legal principle.[5] When the court failed to establish clear boundaries for the jury to evaluate lawful copying of “concept and feel”[6] versus unlawful copying of expression,[7] it lead the jury to a misguided conclusion.[8] So long as courts allow laypersons to inaccurately focus on similarities in performance of a composition[9] instead of the underlying work itself, the creative community will be burdened with a fear of unwarranted infringement litigation.[10]

II. Establishing Composition Infringement

To establish a prima facie copyright infringement action, each plaintiff must prove both “ownership of a valid copyright”[11] and “copying of constituent elements of the work that are original.”[12] Under U.S. copyright law, every song may qualify for two[13] forms of doctrinally separate copyright protection: one for the underlying musical composition, and one for the sound recording of that composition.[14] Copyright infringement occurs when one work is substantially similar[15] to a previous work.[16]
Substantial similarity is assessed in musical composition actions by presenting the jury[17] with recordings of each work in what is commonly called the Lay Listener Test.[18] The recordings are not provided to jurors as evidence themselves; instead, they are meant to serve only as a vehicle for presenting the underlying musical compositions for juries to evaluate through comparison.[19] However, this practice disregards that each type of copyright protection is limited to a different scope, and therefore allows jurors to make inappropriate comparisons between the two works.[20]

III. Misgivings in Administering the Lay Listener Test

Generally speaking, the Lay Listener Test proves procedurally problematic in two respects: the manner in which composition cases are presented to the jury, and the ability of jurors to understand and respect the criteria for a finding of substantial similarity as outlined in the jury instructions. Not only is the Lay Listener Test problematic in its abilities to provide a fair jury trial, it also causes significant policy concerns in continued creation and dissemination of new creative works.

A. Presentation to Jury

i. Improper Focus on Sound Recordings

While the Lay Listener Test does resolve the issue of inadequate ability to read written musical works by the jury, it remains problematic in its inadvertent introduction of sound recordings into composition cases.[21] Administration of the Lay Listener Test subconsciously encourages jurors to focus on the similarity of the performances, rather than the similarity of the compositions.[22] While jury instructions attempt to focus jurors on the proper ‘substantial similarity’ standard of review, these instructions alone are not successful in overcoming personal reactions to the musical works.[23] In short, the Lay Listener Test fails to create visible distinctions between the Composition Copyright and Recording Copyright in any given musical work.

ii. Presentation to an Incorrect Audience

The Lay Listener Test may be applied during analysis of both musical compositions and sound recordings of their performances;[24] however, use of this test is flawed when considering the varied audiences each set of works are marketed toward.[25] The Lay Listener Test may be applicable to sound recordings, given that nearly all citizens are music consumers.[26] However, its relevance should be questioned in composition copyright cases where the intended audience would only be those capable of performing and/or recording the works.[27] Not only is the average consuming public not intended to purchase compositions in the manner it would purchase sound recordings,[28] but since the modern market for musical compositions exists almost entirely in copyright licensing, laypersons would have little access to these works.[29]

When the general public does not constitute the audience for a work, courts do show deference in allowing only those with specialized expertise to assist in adjudication of the matter.[30] Being that musical compositions are uniquely accessible to those able to read them, these reactions grounded in specialized knowledge should be the ones evaluated in determining substantial similarity.[31]

More importantly, since those versed in music analysis and creation are trained to notice aspects of sound recordings that a layperson may not notice, they will very likely obtain a more thorough impression of what original elements may or may not have been copied by the later work.[32]

B. Ability of Jurors to Evaluate

i. Innate Emotional Connections of Jurors

Of great concern in composition infringement litigation is the instinctive nature by which laypersons consume music. Given that past experience and understanding so fundamentally shape individual opinions about music, a strong argument can be made against the ability of laypersons to remain objective when comparing competing musical works.[33]

Since individuals react to certain forms of musical expression differently and in varying contexts, “laypersons hearing a song from a completely detached, uninitiated perspective will find it difficult to overcome their predisposed sentiments and tastes in attempting to remain objective.”[34] Furthermore, the pervasive nature of music in everyday life amplifies the instinctive nature of individuals to connect what they hear with personal memories.[35] Not only does a unique connection between music and the human brain exist, this relationship will undoubtedly vary between listeners.[36] While it does stand to reason that attitudes toward music shaped by
extrinsic circumstances are similar to personal opinions jurors are asked to set aside in other proceedings, the degree to which such connections are manifested may be too deep for even the juror himself to recognize or appreciate.[37] Since professionals have a greater understanding of the creation and promotion of certain bodies of musical works, they are more capable of viewing songs objectively and are likely less susceptible to influences based off emotional connection.[38] As the Lay Listener Test currently operates, subjectivity creates inconsistent verdicts and leads to unnecessary licensing brought on by fear of litigation.[39] This difficulty in producing unbiased determinations necessitates different treatment of musical copyrights in a courtroom setting.[40]

ii. Inabilities of Jurors to Accurately Identify and Apply Appropriate Legal Standards

It may be difficult to grasp why particular expertise is required to evaluate music given that most areas of law present juror-expertise complications.[41] This is especially true provided that copyright infringement stems from the basic concept of plagiarism, which all jurors are likely familiar with. However, in copyright infringement analysis, “the juror-expertise problem[42] is enlarged even further because persons think they know what they hear when a professional analysis would elucidate their actual lack of context.”[43] Confusing legal jargon is not a new enemy to counselors working with a layperson jury.[44] Aside from standard trial direction problems, jurors and judges are expected to apply difficult and generally unclear tests to somewhat vague materials in composition infringement cases; therefore, these decisions are inherently permeated by ambiguity.[45] Not only are factual presentations in composition cases fairly imprecise, substantial similarity is ordinarily an exceptionally close question of fact.[46] The importance of this factual specificity is illustrated by the universal reluctance of courts to grant summary judgment in infringement cases.[47]

Factual ambiguity presents unique problems in cases where cognitive biases tend to exist because “[o]bserver effects are most potent where ambiguity is greatest, when an observer’s judgment is most likely to succumb to expectation, subjective preference, or external utility.”[48] Given that individuals tend to exercise greater caution in determining ambiguous situations,[49] juries may be inclined to act in a biased manner by placing amplified demands on the party perceived to have acted in a riskier manner.[50] As one commentator summarized, “situations of ambiguity, in which precautionary behavior will be especially difficult because of the ill-defined character of the risks, should be judged by more lenient liability standards. But, to the contrary, juries will be inclined to be particularly harsh in situations of ambiguity and uncertainty.”[51] Not only are substantial similarity evaluations problematic during trial, the vague nature of the doctrine translates into significant confusion for artists in determining how to create new works that will not be subject to infringement action.[52]

Additionally, bias is frequently present in copyright infringement actions in the form of “anchoring.”[53] This form of bias occurs when “arbitrary set points to influence judgment” are utilized, whether inadvertently or in a calculated manner, during trial.[54] In infringement actions, jurors are continuously asked to compare the allegedly infringing work to the original work and in doing so “decisionmakers are likely to overfocus on similarities to the original and gravitate toward a finding of liability, which favors plaintiffs.”[55] This anchoring effect in comparison determinations poses an even greater threat when the original work is presented to the jury before the allegedly infringing work.[56]

The use of testimony in copyright infringement actions can also cause a hindrance in regards to juror evaluation of the case as a whole. A 2014 comparative study examining substantial similarity requirements in general suggested that additional information presented to a jury throughout trial could significantly influence juror opinions regarding infringement.[57] The correlating publication of this experiment further suggested that juries are also often inappropriately swayed by testimony regarding the time and labor exercised in creation of the similar works, and that the jury’s “mere knowledge of copying has the tendency to make works seem more similar.”[58] Of further concern is the presence of celebrity testimony in composition cases. Considering jurors are innately influenced by such public figures on a daily basis, they are far more likely to trust a well-known musician’s testimony than that of a less recognizable performer or songwriter.[59]

Given the complexity of many copyright infringement actions, it would follow that special verdict forms tailored to the issue would be an appropriate tool to aid in deliberations.[60] However, special verdict forms are highly limited in their abilities to address societal issues as a whole, and frequently testimony of the parties
involved rests upon the creative processes involved in producing the competing works.[61] Moreover, studies have shown that jurors are commonly confused by elements presented in copyright infringement jury instructions, despite the way such instructions are delivered.[62]

C. Policy Concerns in Continued Application of the Lay Listener Test

The Lay Listener Test not only fails artists during litigation of infringement actions, but also in continued creation and dissemination of new works.[63] In serving as a mechanism for creative incentivization, “copyright must offer a degree of certainty and predictability in regulating and protecting [compositional] activity.”[64] Administration of the Lay Listener Test affords current artists little means for assessing how much infringement is legal.[65] Not only does this lead to uncertain outcomes in litigation, “musicians and songwriters frequently err on the side of licensing, seeking to avoid any complications, particularly in cases where the referential aspects of the newer work are most readily apparent.”[66] The rise of digital technology has unarguably lead to great exploitation of copyright entitlements in music;[67] however, given the cost and poor publicity associated with litigating infringement actions,[68] reform of handlings of such cases is crucial.[69] Confusion surrounding application of the Lay Listener Test in composition cases may not only force musicians to shy away from creative issues with uncertain ramifications, it may also discourage new artists from disseminating new creative works through modern distribution channels for fear of infringement without recourse.[70]

IV. Solutions to The Lay Listener Test

In addition to the concerns previously outlined as being specific to composition infringement actions, the unsettled nature of copyright litigation in general gives rise to reform in the treatment of such cases. Given that “[t]here is, or has been, disagreement regarding almost every possible doctrine covered under federal copyright law from threshold issues of originality and ownership to infringement and damages,” venue selection poses a great hitch in copyright litigation.[71] While the ability of parties to forum shop is at times inevitable, the playing field should be leveled through uniform evaluation measurements.[72]

In assessing the problematic Lay Listener Test, there are three options for moving forward: continued use of the test as currently implemented,[73] abandonment of the test as a whole,[74] or adoption of a modified version of the lay listener test to help ease prejudicial effects of playing recordings for jurors. Given that it would be economically unrealistic to fill every composition adjudication process with professional musicians, the most feasible compromise would be the allowance of expert testimony to aid the jury in analysis. However, expert testimony in its current form is an inadequate remedy. Courts would be better served relying upon survey evidence, analogous to that used in trademark infringement litigation, to help juries evaluate composition actions.

A. Diminished Benefit of Traditional Expert Testimony

Considering the tendencies of jurors to unjustly rely upon emotional connections and faulty interpretations of the material to be evaluated, many scholars suggest the use of expert testimony to aid infringement adjudication processes. By using expert testimony, it would seem that jurors could benefit greatly in understanding technical similarities between two works.[75] However, while the presence of expert witnesses may allude to more objective determinations of substantial similarity in compositions cases, that conclusion is not necessarily accurate.

To date, there is no set of analytical criteria for the field of forensic musicology[76] and, given the subjective nature of music in general, it is unlikely courts (or experts) would be able to abide by such a rigid system of comparison. Expert musicologists called upon to aid in copyright litigation rely on a variety of analyses and toolsets, and therefore the reliability and consistency of their findings varies greatly.[77] This variance causes unfair evaluations by the jury.[78] “Battle of the Experts” concerns arise when the issues of any given case swerve away from actual findings of fact required by the jury and toward an unfair evaluation of which side’s expert is more believable.[79] When presented with drastically different opinions from such musicologist expert witnesses, it has been proven that juries “give more credence to demonstrations that are easier to understand.”[80] Of even greater concern, “when expert testimony conflicts, a jury may disregard the expert testimony on both sides, and make a subjective decision based solely on what it hears.”[81]
B. Surveys as a Solution to Copyright Litigation

Despite the difficulties presented, juries should continue to hear infringement actions.[82] The most equitable source of expert opinion to aid in this process would be the inclusion of statistical sampling of musical performers regarding the competing compositions. Paralleling trademark litigation practices, survey evidence collected from the intended audience[83] of the works should be introduced to guide the jury through its decision-making process.[84] Consumer surveys provide an accessible and reliable measure of reactions from the intended audience, and given that courts routinely rely upon survey evidence in trademark litigation,[85] composition infringement could be addressed in a procedurally similar manner.

Admissibility of survey evidence has been rejected in copyright infringement actions, and courts typically cite such rejections on “perceived flaws in the surveys.” [86] However, copyright surveying could model customary trademark practices in only targeting relevant audiences during the surveying process.[87] In cases of composition infringement, such survey groups could easily be limited to only those with specialized expertise or experience in evaluating music.[88] Additionally, in the administration of such surveys, subjects would be left unaware of the context of the pending litigation, further reducing potential personal biases.[89]

Similar to concerns over the ability of jurors to understand substantial similarity, there is also fear that the doctrine would prove too unclear for test subjects to apply.[90] However, like trademark surveying, copyright survey subjects would not be confronted with direct legal questions.[91] For a trained musician or music analyst, providing an opinion on the similarity of musical works would not be challenging. Once a survey collecting such opinions has been performed, a jury would be able take the findings of the survey group into consideration in view of the applicable legal standards. If perceptions of members of the intended audience are introduced at trial, this reduces the need for jurors to rely on their own observations or assume what an intangible “reasonable observer” would perceive.[92] In turn, it is highly likely that juries could generate a more impartial verdict.

A control stimulus[93] could also be used to manage bias throughout the surveying process.[94] In copyright infringement cases, the control stimulus would be able to present the same ideas through a different means of expression; therefore, giving courts more accurate “information as to whether it is the protectable or the unprotectable elements of a work that are leading to perceptions of similarity on the part of the intended audience.”[95] Furthermore, the anchoring effects[96] that are problematic at trial would be lessened given that the inclusion of a control stimulus that could better direct the survey audience to observation of both the protectable and unprotectable elements of each work.[97] By providing each jury with tangible evidence from an experienced survey group, opportunities for bias and misunderstanding would very likely be negated.

V. Conclusion

Musical compositions require special knowledge to evaluate, and only performers and experts in the field should be comparing such works under the Lay Listener Test. Given that statistical sampling is already common practice in trademark infringement actions, inclusion of survey evidence would not cause appreciable disruption procedurally in copyright litigation.[98] By adopting the practice of entering survey evidence into such decision-making processes, juries would still be left to make ultimate decisions regarding the applicable laws. However, those decisions would be based on a much stronger foundation, supported by audience members capable of evaluating the similarity of the competing works.

Caitlin Kowalke is a recent graduate of Mitchell Hamline School of Law where she focused her studies on Entertainment Law and Intellectual Property. She is currently working as a law clerk for Eggink Intellectual Property Law in Minneapolis, MN, and just sat for the California Bar Exam. She may be reached at Caitlin.kowalke@gmail.com.

Endnotes:


[2] The jury was not asked to compare the music recordings, only the compositions reflected in the sheet music produced for each song. Given that only the compositions were under scrutiny in this case, the jury was only permitted to hear “stripped-down, edited...

[3] The Gaye family’s prosecution relied heavily on a July 2013 Billboard magazine interview with Thicke that, in part, read: “Pharrell and I were in the studio making a couple records, and then on the third day I told him I wanted to do something like Marvin Gaye’s “Got To Give It Up,” that kind of feel ‘cause it’s one of my favorite songs of all time. So he started messing with some drums and then he started going ‘hey, hey, hey’ and about an hour and a half later we had the whole record finished.” Alan Duke, *Marvin Gaye Heirs Sue ‘Blurred Lines’ Artists*, CNN (Nov. 1, 2013, 11:04 AM), http://www.cnn.com/2013/10/31/showbiz/blurred-lines-lawsuit/.

[4] In a 2015 interview with Billboard Magazine, entertainment attorney Dina Lapolt was quoted as stating, “The attorney for Thicke, Williams and T.I. was spot-on during the trial’s opening arguments when he said ‘no one owns a genre or a style or a groove.’ Although Thicke and Williams admitted prior to the lawsuit that their songwriting was influenced by Gaye, it’s a sad day indeed when being influenced by an artist is considered copyright infringement.” Harley Brown, *‘Blurred Lines’ Verdict: Music Lawyers Weigh In*, Billboard (Mar. 11, 2015), http://www.billboard.com/articles/news/6495167/blurred-lines-verdict-music-lawyers-react.


[6] Both musicians publicly acknowledged Gaye as an inspiration. The Gaye family’s prosecution relied heavily on a July 2013 Billboard magazine interview with Thicke that, in part, read: “Pharrell and I were in the studio making a couple records, and then on the third day I told him I wanted to do something like Marvin Gaye’s “Got To Give It Up,” that kind of feel ‘cause it’s one of my favorite songs of all time. So he started messing with some drums and then he started going ‘hey, hey, hey’ and about an hour and a half later we had the whole record finished.” Duke, supra note 3.


[8] Copyright expert Wendy Gordon further questions the effect this case will have should an appeal to the 9th Circuit Court of Appeals be unsuccessful in stating, “[a]rtists seek inspiration from the past. Through borrowing and building upon ideas and “grooves” from those who came before, culture evolves. In this respect, the “Blurred Lines” verdict sets bad precedent for artists—and for the rest of us.” Gordon, supra note 2.

[9] These aspects of the composition alone are not eligible for copyright protection. Under the 1971 Copyright Act, only an exact recording of the composition can be awarded copyright protection. Other parties may copy aspects of the sound recordings, so long as they do not duplicate the recording entirely. 17 U.S.C. §114(b) (2012).


[11] Given that the 1976 Copyright Act has extensively relaxed formality requirements of registration, the first prong of this analysis is often met without much hesitation, should the plaintiff fail to provide evidence of formal registration with the United States Copyright Office, independent authorship of a protetable work will generally suffice. See, e.g., Erin Hogan, *Approval Versus Application: How to Interpret the Registration Requirement Under the Copyright Act of 1976*, 83 Dev. U. L. Rev. 843, 846 (2006) (Stating that “[i]n addition to streamlining copyright law, the 1976 Act eliminated a number of statutory formalities that served as prerequisites to the existence of copyrights and recognized a creator’s automatic copyright in an ‘original work of authorship fixed in a tangible medium.’”).


[13] It is feasible that any musical work could also qualify for a third type of copyright protection, a derivative work copyright in the arrangement of the composition. 17 U.S.C. §101 (2012).


[15] “Substantial Similarity” refers to the defendant’s practice in taking either a quantitatively or qualitatively significant portion of original expression that the plaintiff has previously protected. *E.g.*, Baxter v. MCA, Inc., 907 F.2d 154 (9th Cir. 1990).
[16] Assuming the copied work is copyrighted and that the copying is of copyrightable elements in the original work. See, e.g., Arnstein v. Porter, 154 F.2d 464, 468 (2d Cir. 1946).

[17] Actions based on infringements of a composition copyright are a question of fact to be determined by a jury. Arnstein, 154 F.2d at 473. ("The question, therefore, is whether defendant took from plaintiff's works so much of what is pleasing to the ears of lay listeners, who comprise the audience for whom such popular music is composed, that defendant wrongfully appropriated something which belongs to the plaintiff.").

[18] Arnstein v. Porter holds that "illicit copying" is an issue of material fact for the jury to determine, given the test for illicit copying is "the response of the ordinary lay hearer." 154 F.2d at 468. Therefore, in order to determine substantial similarity in copyright composition cases, courts will typically play the competing works (or sections of those works) for the jury to evaluate. Upon presentation of both songs, jurors will usually be asked "whether [the] defendant took from [the] plaintiff's work so much of what is pleasing to the ears of the lay listeners, who comprise the audience for whom such popular music is composed, that [the] defendant wrongfully appropriated something which belongs to the plaintiff." Id.; Blume v. Spear, 30 F. 629, 631 (C.C.S.D.N.Y. 1887); see also Jamie Lund, An Empirical Examination of the Lay Listener Test in Music Composition Copyright Infringement, 11 Va. Sports & Ent. L.J. 137, 148 (2011).


[21] Lund, supra note 18, at 148; Gabriel Jacob Fleet, What’s in a Song? Copyrights Unfair Treatment of Record Producers and Side Musicians, 61 Vand. L. Rev. 1235, 1240–42 (2008) (defining the scope of protection awarded by each right, and expanding on why these rights are often confused).

[22] The Lay Listener Test is "poorly suited to weighing the ‘substantial similarity’ of musical compositions because it focuses on the lay listener’s attention on performance elements, such as tempo, pitch, orchestration, and style, which are not actually protected by the Composition Copyright." Lund, supra note 18, at 175.

[23] In a 2011 study, effect of listener perception was tested on laypersons through a series of tests that varied the manner of performance of the composition. The author of this experiment concluded that "when given a jury instruction on substantial similarity, 86.4% of participants who heard the songs performed similarly said that the songs were substantially similar—a significant majority. Participants who heard the songs performed differently went the exact opposite direction with 84.8% of participants finding that the songs were not substantially similar." Id.; see also infra Part III.B.i.


[27] Charlotte A. Tschider, Automating Music Similarity Analysis in “Sound-Alike” Copyright Infringement Cases, 25 NYSBA Ent., Arts & Sports L.J. 60, 62 (2014) ("Although music in general is created for an audience of non-musicians, the method and artistry of music production is highly specialized and requires a great deal of skill.").

[28] Lund, supra note 25, at 76–77 (opining that "[t]he general public is not the intended audience of copyrighted musical compositions . . . [a]rguably, only performers, music publishers, sound engineers, etc., can properly consume musical compositions. These groups, and not the general public, represent the target market for, and intended audience of, copyrighted musical compositions").

[29] Lund, supra note 25, at 76–77 ("Today’s ‘music publishers’ do not sell sheet music to the public but instead manage the copyrights to the musical compositions they control. The only direct participants in today’s market for composition copyrights are the songwriters that create the compositions; the publishers and performance-rights societies that manage them; and the performers, recording studios, and sound engineers that obtain licenses to record or perform the copyrighted compositions.").

[30] For example, in Whelan Assocs. v. Jaslow Dental Lab., a computer software infringement case, the court admitted evidence regarding whether a specialized audience of computer programmers would consider the works to be substantially similar. 797 F.2d 1222, 1232 (3d Cir. 1986). To help illustrate this point, Mark A.
Lemley, the director of the Stanford University program in Law, Science & Technology writing for the Copyright Society of the U.S.A., stated, if the intended audience is more narrow in that it possesses specialized expertise, relevant to the purchasing decision, that lay people would lack, the court’s inquiry should focus on whether a member of the intended audience would find the two works to be substantially similar. Such an inquiry may include, and no doubt in many cases will require, admission of testimony from members of the intended audience or, possibly, from those who possess expertise with reference to the tastes and perceptions of the intended audience. Mark Lemley, Our Bizarre System for Proving Copyright Infringement, 57 Copyright Soc'y U.S.A., 719, 729–30 (2010).

[31] As one commentator mused, "we would not entrust the interpretation of our Constitution to everyday persons just because they would be more frequently affected by the results than our most esteemed legal scholars and judges. The fact remains that people creating and analyzing music are nearly always more knowledgeable about its structure than the average lay listener." Eric M. Leventhal, Would You Want William Hung as Your Trier of Fact? The Case for a Specialized Musicology Tribunal, 90 Tex. L. Rev. 1557, 1595 (2012). In further support of this proposition, a 2013 experiment conducted for the purpose of comparing the abilities of laypersons versus musicians in standard Lay Listener Test procedures, "[t]he musicians’ responses to open-ended questions indicated that they better understood the precise nature and quality of the similarities and differences between the songs than the laypeople respondents." Furthermore, the experiment concluded "it appears that laypeople cannot be trained in a reasonable time frame to listen with a more discerning ear." This determination was based on training sessions of varying degrees of time and specificity in musical evaluation with the layperson test groups. Lund, supra note 25, at 64.

[32] Tschider, supra note 27.

[33] Music has a relentless presence both in daily life and in its effects on the human brain. Psychologist and musician John Powell explores this relationship stating, "sometimes we can be familiar with something we really enjoy, but have no idea what it actually is. This is the relationship most of us have with music, pleasure without understanding." How Music Works: The Science and Psychology of Beautiful Sounds, from Beethoven to the Beatles and Beyond (2010); see also J. Michael Keyes, Musical Musings: The Case for Rethinking Music Copyright Protection, 10 Mich. Telecomm. & Tech. L. Rev. 407, 423 (2004) ("Although it is readily admitted by those who study music that we still know relatively little about why music evokes such [intense physiological and emotional] effects within us, there is no question that music enjoys a unique place among artistic endeavors and the human experience associated therewith.").

[34] Leventhal, supra note 31, at 1575–76. For a more complete analysis of the psychology behind subjective versus objective music consumption, see Josh Srago, Better Sound Through Logic, Sound Reason (Jan. 5, 2016) http://soundreason.org/2014/07/10/the-subjective-and-objective-experience-in-music/.

[35] Id. at 1573 ("From the moment we take our first breath, we are inundated by music in advertising and popular culture.").

[36] Music is distinctive in its ability to connect the human brain with a particular time, person, or life event. Therefore, "laypersons hearing a song from a completely detached, uninhibited perspective will find it difficult to overcome their predisposed sentiments and tastes in attempting to remain objective." Leventhal, supra note 31, at 1566.

[37] Id. at 1576; see also Ai Kawakami et. al, Music Evokes Vicarious Emotions in Listeners, 5 Frontiers in Psychol. 1 (2014) (The analysis of this psychological experiment explains: "There are two types of emotions: perceived and felt. Perceived emotions concern what people perceive objectively, whereas felt emotions concern what people actually experience." This study further found, "that musically trained or experienced individuals perceived dissonant, minor-key music as unpleasant, but the stimuli did not evoke equally unpleasant emotions. As musically trained people have had more opportunity to listen to or play dissonant music than people who are not musically experienced, the emotion evoked by dissonant music was presumed to be influenced by musical experience.")

[38] Leventhal, supra note 31, at 1577.

[39] Id. This trend is not unique to composition infringement actions; overprotective licensing practices are also present in digital sampling cases. Should reformation to the Lay Listener Test not occur, composition infringement cases may follow current digital sampling trends in frequent out of court settlement agreements. Lucille M. Ponte, The Emperor Has No Clothes: How Digital Sampling Infringement Cases are Exposing Weaknesses in Traditional Copyright Law and the Need for Statutory Reform, Am. Bus. L.J. 518–20 (2006)("With no clear consensus within the music industry, and little statutory guidance, many digital sampling cases were settled out of court.").

[40] Leventhal, supra note 31, at 1576.


[42] A central assumption of jury deliberations is that the trial’s outcome will only be determined through an evaluation of the evidence presented by each party in the courtroom. As one commentator explains, "jurors are typically instructed that they cannot draw on extraneous information in their deliberations. The rationale for prohibiting extraneous information is that the adversarial process would be compromised if jurors were allowed independently to investigate or to collect facts. The system would be jeopardized not only because the information was obtained without the court’s or counsel’s knowledge, but also because it was
not subject to the tests and filters provided by the rules of evidence or the crucible of cross-examination.” Michael B. Mushlin, Bound and Gagged: The Peculiar Predicament of Professional Jurors, 25 Yale L. & Pol’y Rev. 239, 241–42 (2007).


[45] Vagueness is, of course, not limited to copyright law. Many areas of law involving statutory interpretation face similar challenges. See generally, Ralf Poscher, Ambiguity and Vagueness in Legal Interpretation, in Oxford Handbook on Language and Law 128 (Peter M. Tiersma & Lawrence M. Solan eds., 2012).


[47] In copyright infringement cases, courts have stated that “granting summary judgment, particularly in favor of the defendant, is a practice to be used sparingly.” Wickham v. Knoxville Int’l Energy Exposition, Inc., 739 F.2d 1094, 1097 (6th Cir. 1984); see also Irina D. Manta, Reasonable Copyright, 53 B.C. L. Rev. 1303, 1136–37 (2012).


[50] Manta, supra note 47, at 1331 (“[I]ndividuals tend to act with an overabundance of caution in ambiguous situations, even when they can fairly accurately assess risk. As a result, juries act in a biased manner and place exaggerated demands on parties that face uncertainty; indeed, jurors will see the risks that a defendant took as greater than they were and will view them as more reckless if the risks were uncertain.”).


[52] Manta, supra note 47, at 1338 (“The empirical research casts concerns as to how judges and juries may adjudicate such situations of artistic uncertainty.”). See also, Infra Part III.C.

[53] Id. at 1341 (“The empirical research casts concerns as to how judges and juries may adjudicate such situations of artistic uncertainty.”).


[55] Manta, supra note 47, at 1341–42 (“Under the current test, and due to the way that materials are presented to decisionmakers, as long as the two pieces bear some degree of similarity (which they usually do to make it to this stage of litigation) they may be perceived as more strikingly similar as a result of anchoring than they ever would have if they had been encountered by observers outside the courtroom.”).

[56] Id. at 1342.

[57] Authors state, “[c]opyright law treats it (substantial similarity) as a simple factual question, premised on a similarity comparison of the two works, in the rather naive belief that lay decision-makers (i.e., juries) can cabin the question of similarity from other intuitions that are routinely at play in copyright infringement cases.” Shyamkrishna Balganesh, Irina D. Manta, and Tess Wilkinson-Ryan, Judging Similarity, 100 Iowa L. Rev. 267, 289 (2014).

[58] Id. This finding is notable given the majority opinion in Feist Publications v. Rural Telephone Service Co., which alluded to disfavored treatment of works pleading protection under the “sweat of the brow doctrine.” 499 U.S. at 345. Under this doctrine registrants would seek protection of works lacking distinguishable creative elements, but still resulting from time intensive and/or laborious processes. In Feist, the majority criticized this doctrine due to its ability to render facts copyrightable and preclude future authors from using information that should remain in the public domain. Id. See also, Linda A. Tancs, Copyright- Fact Compilations- Sweat of the Brow Doctrine is Inapplicable and White Pages are not Sufficiently Original to Warrant Copyright Protection-Feist Publications v. Rural Tel. Serv. Co., 111 S.Ct.1282 (1991), Seton Hall L. Rev., 448, 454–59 (1992).

[59] One study on celebrity influence in the courtroom concluded that, “[t]he findings that people evaluate celebrities more positively and view them as less responsible indicate a potential problem with due process within the court system. Jared Chamberlain et. al, Celebrities in the Courtroom: Legal Responses, Psychological Theory and Empirical Research, 8 Vand J. Ent. & Tech. 551, 564 (2006). This issue not only arises when a celebrity testifies on his or her own behalf, but also when a celebrity is asked to serve as an expert witness at trial. One author illustrates this point in stating, “[w]hen world-renowned criminalist Henry Lee, who helped turn the tide for the O.J. Simpson defense team, enters the Scott Peterson case, we’re primed by journalists to think that now things are getting serious.” Katherine Ramsland, Famous Expert Witnesses May Sway Juries Unduly, Philly (Mar. 3, 2004),


[61] Elizabeth G. Thornburg, The Power and the Process: Instructions and the Civil Jury, 66 Fordham L. Rev. 1837, 1863 (1998) (“They (the jury) will also be required to think about the negligence of specific acts separately from the issue of causation for each of those acts; they will be asked to analyze causation separately as to each factual claim about negligence. This kind of narrow format, then, limits the kind of community values that the jury is allowed to apply and the way in which it is allowed to apply them.”).


[63] “The Congress shall have Power... To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries” U.S. Const. art. I, §8, cl. 8. See generally, Joseph P. Bauer, Copyright and the First Amendment: Comrades, Combatants, or Uneasy Allies? 67 Wash. & Lee L. Rev. 831 (“A regime authorizing the relatively unrestrained dissemination of literary, musical, artistic or other creations, and permitting discussions of or sharing information about those works, makes it more likely that new, different and better works will be created.”).


[67] Lori A. Morea, The Future of Music in a Digital Age: The Ongoing Conflict Between Copyright Law and Peer-to-Peer Technology, 28 Campbell L. Rev. 195 (2006); Dep’t of Commerce Internet Policy Task Force, Copyright Policy, Creativity, and Innovation in the Digital Economy (2013) (“The Internet must continue to support a legitimate market for copyrighted works as well as provide a platform for innovation and the introduction of new and dynamic services that drive digital commerce.”).

[68] Leventhal, supra note 31, at 1586 (“[B]ecause the music industry has repeatedly shown a propensity to avoid litigation—particularly where the alleged infringing song is successful as is usually the case if litigation is brought—it is very difficult to determine the frequency of allegations.”). The “Blurred Lines” case discussed in the introduction of the piece was prominent in the media due to the parties’ involved and overall cost of litigation. One New York Times article discussing the case exemplified this by saying, “[t]he case was unusual not only for its large damages award but for the fact that it reached the level of a jury verdict at all. Music executives and legal experts said that while accusations of plagiarism—and accompanying demands for credit and royalties—are common in the music industry, it is rare for a case to progress so far.” In further discussion of the lawsuit Charles Cronin, a specialist in copyright law, stated “[m]usic infringement claims tend to be settled early on, with financially successful defendants doling out basically extorted payoffs to potential plaintiffs rather than facing expensive, protracted and embarrassing litigation.” Ben Sisario & Noah Smith, ‘Blurred Lines’ Infringed on Marvin Gaye Copyright, Jury Rules, The New York Times (Mar. 10, 2015), http://www.nytimes.com/2015/03/11/business/media/blurred-lines-infringed-on-marvin-gaye-copyright-jury-rules.html? r=0.

[69] Leventhal, supra note 31, at 1586 (“As the music industry struggles to redefine its core business model, the legal field can do its part by offering suggestions to stem the tide of diminishing legitimacy and increasing cynicism toward the law of musical copyrights.”).


[72] Id. (“Many of the differences—often polar disagreements—still remain unresolved and will inevitably lead to forum shopping. The outcome of a case should not depend upon the jurisdiction in which the suit is initiated; it should be a function of the law.”).

[73] Proponents of the continued use of the Lay Listener Test often liken the process to other jury trials in justifying that community standards should govern infringement cases. Austin Padgett, The Rhetoric of Predictability: Reclaiming the Lay Ear in Music Copyright Infringement Litigation, Pierce L. Rev. 125, 146 (2008) (“While a jury will not always consist of “reasonable persons” or “lay listeners,” it is the ideal body to apply those standards.”).
[74] While outside the scope of this piece, there are a few varying options for total replacement of the Lay Listener Test in composition cases. The most popular suggestion is the establishment of an expert jury, which would be held responsible for adjudicating all infringement cases. Given that lay jurors lack the requisite sophistication to read sheet music, composition of a jury who is well educated in music composition would likely be a successful alternative. However, implementing an entirely new manner of adjudication would likely be timely and financially uncertain. Lund, supra note 18, at 173. Another more unconventional alternative, yet one steadily gaining popularity as technology evolves, suggests the use of software to facilitate comparison of the competing works in a strictly technical manner. See generally Yvette Joy Liebesman, Using Innovative Technologies to Analyze for Similarity Between Musical Works in Copyright Infringement Disputes, 35 AIPLA Q.J. 331 (2007).

[75] "Rule 702 of the Federal Rules of Evidence, permits qualified experts to testify about their specialized knowledge only when the testimony will assist the trier of fact in understanding the evidence or in determining a fact in issue." Expert Legal Testimony, 97 Harv. L. Rev. 797, 797 (1984).

[76] One author suggests an accreditation program run by the United States Copyright Office to "create processes and procedures for specially trained and federal court-certified musicologists to provide objective musical analysis wherever expert testimony has previously been used." Tschider, supra note 27.

[77] "In copyright cases, musicalological “experts” rely mostly on subjective process, rather than repeatable process and analytical rigor, resulting in little objectivity, reproducibility, or predictability, potentially because most expert witnesses are music experts, but not trained music analysts." Id.


[81] Baker, supra note 80, at 1612.

[82] While there is support for a tribunal composed entirely of music experts to oversee all copyright infringement actions, preserving the role of the jury is important to keep the democracy of the American legal system in place. See, e.g., Jason Mazzone, The Justice and the Jury, 72 Brook. L. Rev. 35, 37–38 (2000).

[83] Robert C. Osterberg & Eric C. Osterberg, Substantial Similarity in Copyright Law, §3:2:2 (2011) ("[T]o apply the intended audience test, a court must both identify the intended audience, and either select only members of that audience for its jury or accept expert testimony concerning the intended audience’s reaction").

[84] For an overview of benefits in survey usage in trademark litigation, see Irina D. Manta, In Search of Validity: A New Model for the Content and Procedural Treatment of Trademark Infringement Surveys, 24 Cardozo Arts & Ent. L.J. 1027, 1036–41 (2007). While outside the scope of this piece, it should be noted that while surveying is common practice in trademark litigation there are critics of the inclusion of such evidence. See, e.g., Daniel Kegan, Surveys, Science & Skepticism, 53 Illinois State Bar Association no. 2, 2014, at 2–3.

[85] Trademark infringement actions evaluate a likelihood of confusion amongst consumers in regards to similar trademarks used in connection to competing goods. While the factors evaluating likelihood of confusion do vary across circuit courts, one of the most determinative elements in each analysis is the presence of consumer surveys indicating whether the relevant consuming audience is prone to misunderstanding regarding the source of the goods. See, e.g., Larry C. Jones, Developing and Using Survey Evidence in Trademark Litigation, 19 Mem. St. U. L. Rev. 471, 473 (1989). As one expert notes, surveys are important because they “differ from other kinds of data-gathering approaches in an important way. A survey, when conducted properly, allows you to generalize about the beliefs and opinions of many people by studying a subset of them. Mark Kasunic, Carnegie Mellon Software Engineering Inst., Designing an Effective Survey 3 (2005).

[86] 3 William F. Patry, Patry on Copyright §9:83 (2013); see also Warner Bros., Inc. v. Am. Broad. Co., 720 F.2d 231, 244 (2d Cir. 1983) (majority opinion holding that survey responses were "too general" to be probative); Osterberg, supra note 83, at §17:3.

[87] G. Heileman Brewing Co. v. Anheuser-Busch, Inc., 873 F.2d 985, 995 (7th Cir. 1989) (holding that a trademark survey’s focus “on a thoroughly uninformed consumer audience renders [the] conclusions highly suspect”).
[88] Lund, supra note 25, at 76–77 (Opining that “[t]he general public is not the intended audience of copyrighted musical compositions . . . [a]rguably, only performers, music publishers, sound engineers, etc., can properly consume musical compositions. These groups, and not the general public, represent the target market for, and intended audience of, copyrighted musical compositions.”).


[90] For example, the Second Circuit expressed concern that survey questions would likely run the risk of being either too open-ended or conversely too specific. The court cited the question of “Do you think [one] is substantially similar to [the other]?” Warner Bros., 720 F.2d at 244-45; see also Osterberg, supra note 83, at §17:3.


[92] Manta, supra note 47, at 1353. Jason E. Sloan, An Overview of the Elements of a Copyright Infringement Cause of Action- Part II: Improper Appropriation, ABA (2015) http://www.americanbar.org/groups/young_lawyers/publications/the_101_201_practice_series/part_2_elements_of_a_copyright.html (explaining that the goal of the “reasonable observer” is to determine whether an ordinary observer, “unless he set out to detect the disparities [between the works], would be disposed to overlook them, and regard their aesthetic appeal as the same.”); see also Peter Pan Fabrics, Inc. v. Martin Weiner Corp., 274 F.2d 487, 489 (2d Cir. 1960).

[93] In trademark surveying, control stimuli serve as “materials that survey subjects face that are supposed to represent the potentially infringing product or service.” By evaluating the original work and the allegedly infringing work against a neutral third work “researchers can compare the level of confusion of the potentially infringing product to a basic threshold.” Manta, supra note 84, at 1032–40.


[96] See supra Part III.B.ii.


[98] For example, as stated by intellectual property litigator J. Michael Keyes, “[s]imilarity, in cases of music copyright infringement, the ‘reactions’ of listeners is at the heart of the inquiry as to whether there is an infringement. Because surveys ‘create an experimental environment from which to make informed inferences,’ they could be used by the trier of fact in music copyright infringement actions to make the ultimate determination of illicit copying.” Keyes, supra note 33, at 442.

Editor’s Message
(continued from page 2)

Licensing System Would Stifle Collaboration And Creativity Among Songwriters.” It will be interesting to see how the Department of Justice addresses this issue in the coming months, and whether the DOJ agrees with what our law schools are teaching.

And finally...Shelly Rosenfeld shares with us a parody of the Beatles’ tune “Hey Jude” with her version “You’re Sued”.

I look forward to seeing everyone at our Annual Meeting in October, and I encourage anyone interested to reach out to me and submit articles.

Brian A. Rosenblatt
Bryce Downey & Lenkov LLC
Editor-in-Chief, Entertainment and Sports Lawyer

Distance Learning
Upcoming Webinars

The View from 1600 Pennsylvania Avenue: How the Entertainment Industry has Forever Changed American Presidential Politics
August 11, 2016 │ 1:00pm-2:30pm ET │ 1.50 General CLE Credit Hours

Brand Ownership and Rights of Publicity: The Athlete’s and Entertainer’s Perspective
September 28, 2016 │ 1:00pm-2:30pm │ 1.50 General CLE Credit Hours
Entertaining Name Game
But i.am Is No Winner
Pop Star William Adams Loses Appeal of Likelihood of Confusion Ruling at TTAB

By Scott Slavick and Arturo Ishbak Gonzalez

Fame, as we all know, has its privileges—and its drawbacks. One of the latter? You have to wear sunglasses virtually everywhere, or you’ll be hounded for your autograph, and have flashbulbs constantly popping in your face.

The counteracting privilege? People think you’re cool. That your sunglasses are cool. And you can bank on that—literally—because they’ll buy them.

William James Adams Jr. certainly gets this. Better known by his stage moniker will.i.am, he’s a multi-faceted entertainer and creative innovator, a seven-time Grammy Award winner, and the founder of I AM and Beat Electronics. Known for his work with hip hop group The Black Eyed Peas, who have sold 31 million albums and 58 million singles worldwide, will.i.am also has worked with some of the entertainment industry’s biggest names, including Michael Jackson, Rihanna, Usher, Nicki Minaj, Britney Spears, David Guetta, and film composer Hans Zimmer. He’s also a songwriter, actor, record producer, and philanthropist.

But while a name means a lot, and can carry significant weight, it’s no guarantee of success at the United States Patent and Trademark Office. In three separate opinions last fall, in In re i.am.symbolic, llc, Serial Nos. 85/044,494, 85/044,495 [precedential], and 85/044,496 (October 7, 2015), the USPTO’s Trademark Trial and Appeal Board (TTAB) affirmed confusion rejections to register the applied-for mark I AM for cosmetics and personal products; sunglasses and sunglass cases; and jewelry, watches, and bracelets, all associated with Adams.

The USPTO examiner refused to register Adams’ marks based on a likelihood of confusion with three separate prior registrations: I am for perfume, I am for sunglasses, jewelry, and fashion jewelry, and I am for wristbands.

In response to the examiner’s rejection, i.am.symbolic llc had argued to the TTAB that there was no likelihood of confusion between the sought-for marks and the registrations cited. Adams argued that his marks identified him, that his goods were exclusively associated with him, that the goods under the cited marks are marketed differently, and that the cited marks are not famous. To support his contentions, Adams filed excerpts of the cited registrations owners’ websites and copies of his own previously registered I AM and WILL.I.AM marks.

The TTAB’s Opinion
The TTAB was not persuaded, determining that the language in Adams’ applications stating that the goods are to be “associated with William Adams, professionally known as ‘will.i.am,’” did not represent a meaningful limitation on the goods, the trade channels, or Adams’ products’ classes of consumers. The TTAB held instead that the language was merely “precatory” and not binding on consumers when they encountered the applied-for marks in actual commerce. In addition, the TTAB pointed out that consumers would be unlikely to know of the statement in the federal trademark registration that Adams’ goods are limited to only those associated with him.

In response, Adams argued that the applied-for marks would be perceived as identifying him. But the TTAB responded that the applied-for marks are I AM, not WILL.I.AM, and that this distinction was very important. Adams’ evidence did not prove, the TTAB held, that the pop star was widely known as i.am, or that i.am and will.i.am are used interchangeably by him or by the public to refer to him. Moreover, the TTAB concluded that the record fell far short of establishing that Adams is widely known by i.am as opposed to will.i.am.

The TTAB went on to explain that even if Adams were known as “i.am” and even if the applied-for marks had gained notoriety, the Lanham Act still protects the senior user (the owner of the cited registrations) from “adverse impact due to use of a similar mark by a newcomer”—i.e., reverse confusion.

While consumer confusion is held to occur when a second user of a mark capitalizes on the goodwill generated by the first user of that same mark, reverse confusion occurs when the senior user is a small business that has adopted and used a trademark on a relatively small scale. The junior user, typically a much larger business, thereafter
begins using the same mark or one confusingly similar and begins advertising it on a massive scale. The public, conditioned by the latecomer’s extensive use, comes erroneously to believe that the senior user’s product originates with the junior user. Reverse confusion thus refers to an alleged infringer’s saturation of the market with its mark so that consumers come to believe that the alleged infringer, rather than a senior user of the same mark, is the source of the senior user’s product.

In this regard, the TTAB noticed that in three different trademark registrations for WILL.I.AM, owned by Adams and subsequently transferred to i.am.symbolic, LLC, and in Classes 9, 41, and 25, the marks included a declaration stating “the name shown in the mark identifies a living individual whose consent to register is of record,” while in the I AM marks such a statement was not included. The TTAB held that even if Adams had included such a statement, the statute would still have protected the senior user from reverse confusion.

Therefore, the TTAB held that Adams’ limiting language in the identification of goods simply was not a reasonable basis to assume that purchasers would be able to distinguish the source of Adams’ goods from those of the owner of the cited registrations. The TTAB explained that it viewed Adams’ precatory language as essentially a distinction without a difference for purposes of determining likelihood of confusion. Instead, the TTAB concentrated its analysis on the actual differences in the way Adams’ goods and those of the owner of the cited registrations were to be marketed. Here, the TTAB felt, there were no material limitations in that regard with respect to Adams’ goods.

In addition, in the appeal for the I AM mark in Class 14, Adams also argued that the coexistence of the two cited marks on the register was evidence of the lack of likelihood of confusion between each of them and Adams’ own. The TTAB, however, considered that third-party registrations should not assist an applicant in registering marks that were likely to cause confusion with previously registered ones. Therefore, the TTAB concluded it was not bound by the prior decisions of examining attorneys in allowing marks for registration, since each case must be decided on its own facts.

Finally, as to the asserted lack of fame of the cited registrations, the TTAB held that, given the nature of the evidence required to prove fame, an examining attorney is not required to establish the fame of the cited registration. The Board went on to explain that in an *ex parte* context, the factor of fame of the cited registrations is normally treated as neutral. Thus, balancing the pertinent factors from the oft-cited *du Pont* case addressing likelihood of confusion, the TTAB found confusion likely and affirmed the refusal.

Notwithstanding the above, the I AM mark in Class 9 proceeded to publication for the goods for which no refusal was made (i.e., the entire Class 9 identification, except “sunglasses and sunglasses cases associated with William Adams, professionally known as ‘will.i.am’

**The Cited I AM Trademark Registrations**

The owner of the cited I AM marks in Class 9 (Registration No. 2,045,626) is Danica Aromatics, Inc., a company run by Danica A. Siegel, who alleges to be an artist, student, and homemaker. Danica Aromatics sells a variety of beauty products, including perfume, hand crème, hand and body lotion, hand and body wash, travel candles, and fragrance sets. The goods are sold online via Danica Aromatics’ website.

Danica Aromatics’ mark was filed on November 20, 1995 as an actual use application with a claimed first use date anywhere of September 1, 1994 and in commerce of September 11, 1995. The mark was registered on March 18, 1997.

The cited I AM registration identifying goods in Classes 9 and 14 (Reg. No. 3,188,447) is owned by Beeline GmbH, a leading German supplier for jewelry and accessories with stores all over the world, including in the U.S. I AM is the company’s costume jewelry brand for women. I AM’s label YSTRDY completes its core jewelry collection with textile accessories, watches, and sunglasses, among other products.

Beeline’s I am mark was initially filed on April 10, 2003 with a foreign filing basis, which then was amended to add an intent-to-use basis. During prosecution, Beeline’s I am mark was initially rejected on the grounds of likelihood of confusion with registered trademark No. 2,433,68—I AM owned by Adams in Class 25.

Beeline overcame the rejection, and the PTO registered Beeline’s mark on December 26, 2006, for sunglasses in Class 9; jewelry and fashion jewelry, bracelets, anklets, necklaces, pendants, earrings, ear clips, broaches, finger rings, arm rings, watches, wrist watches, pocket watches, watch chains, and watch fobs in Class 14; and hair...
ornaments, hair bands, hair bows, hair clips, hair pins, ornamental combs, ornamental ribbons made of textile, hair ribbons, elastic hair ribbons, ornamental novelty buttons, lapel buttons, all not of precious metal, in Class 26.

The other cited I AM registration in Class 14 (Reg. No. 3,935,952) is owned by an individual named Justin Finch, who presumably—that is, from the specimen submitted along with the statement of use—runs the website www.enjoyitlife.com. The site is owned by Enjoy It, LLC, a Florida company dedicated to capturing through photography and video “the beauty and joys life has to offer.” The company sells wristbands with the legend “I AM...” and stainless steel spinner rings with the legend “I am grateful for...” Finch’s mark was filed on June 12, 2009, as an actual use trademark application with a claimed first use date anywhere and in commerce of May 1, 2009.

Finch’s I AM mark was initially rejected by the PTO as being merely a decorative or ornamental feature of the goods because of its size and location on them; thus, it did not function as a trademark to identify and distinguish Finch’s goods from those of others and to indicate the source of his goods. Finch amended his application and sought registration on the Supplemental Register, which was ultimately granted on March 22, 2011.

**will.i.am and Merchandise Sold Under Brands I AM and WILL.I.AM**

William Adams’ music career began in the summer of 1987, when as an eighth-grader he met fellow rapper Allan Pineda Lindo (known under the stage name apl.de.ap) and fellow student Dante Santiago (not known as da.sa.go!). Adams and Pineda Lindo began performing together around Los Angeles as the Black Eyed Pods. Later, Adams replaced Santiago with Jaime Gomez, better known under his stage name of Taboo. In 1997, the band changed its name to The Black Eyed Peas, and began recording their first album, *Behind the Front*. They were soon signed to Interscope Records, and released their debut single, "Joints & Jam," in early 1998. The album was successful enough for the group’s contract to be renewed, and in 2000, a second album, *Bridging the Gap*, was released.

Following the release of *Bridging the Gap*, Adams began recording his first solo release, *Lost Change*, the official soundtrack to the film of the same name. Featuring collaborations with Medusa, Planet Asia, and Terry Dexter, the album was a critical success. It was released on October 2, 2001 by Atlantic Records, and includes the song "I Am," co-written with Koliyah White. The album was supported by the release of the singles "I Am" and "Lay Me Down."

Before co-founding The Black Eyed Peas, Adams attended the Fashion Institute of Design & Merchandising in Los Angeles. In 2001, he began designing his own signature clothing line, i.am, which made its official debut in 2005 at the Magic apparel trade show in Las Vegas.

Adams sells online through his company several products under the marks I AM, WILL.I.AM, WILLPOWER, and ILL.I, including wristbands, t-shirts, hats, watches, stickers, posters, sweatshirts, and sunglasses, among others.

**The I AM and WILL.I.AM Trademark Registrations**

i.am.symbolic, llc, owns trademark registration No. 2,433,688 for the mark I AM, filed on May 3, 2000 as an actual use trademark application with a claimed first use date anywhere of March 1, 1999 and in commerce of June 15, 2000. The mark was registered on March 6, 2011, and covers clothing, namely hats, caps, socks, shirts, t-shirts, sweatshirts, tank tops, shorts, pants, sweatpants, and jeans, and footwear, namely shoes and boots, in Class 25.

i.am.symbolic, llc, owns trademark registration No. 3,678,106 for the mark WILL.I.AM, filed on February 6, 2009, with a claimed first use date anywhere and in commerce of October 2, 2001. The mark was registered on September 1, 2009, and covers clothing, namely hats, caps, socks, shirts, t-shirts, sweatshirts, tank tops, shorts, pants, sweatpants, and jeans, and footwear, namely shoes and boots, in Class 25.

i.am.symbolic, llc, owns trademark registration No. 3,707,981 for the mark ILL.I, filed on February 9, 2009, with a claimed first use date anywhere and in commerce of June 30, 1989. The mark was registered on November 10, 2009, and covers entertainment services, namely live musical performances by a male artist and fashion designer in Class 41.

i.am.symbolic, llc, also owns several trademark applications for the word "I am" that have been published for opposition or allowed for registration subject to the filing of statements of use. These
marks are I AM PLUS, I AM +, and WILL.I.AM in Class 9.

Alternative Argument: Tacking for I AM Mark in Class 9
In sewing, tacking is the step where a dressmaker will create dummy stitching of the full garment to check its fit before sewing the seams. So, fittingly enough for a pop star who once studied fashion and clothing, we arrive at the intriguing concept that could have offered an alternative avenue for argument to i.am.symbolic, llc: that of trademark tacking.

The facts of the case make the TTAB’s decision predictable, since it is clear that all of the conflicting marks are identical to Adams’ marks, and the parties’ goods are similar or at least related to Adams’ goods. Thus, Adams’ arguments to overcome the alleged lack of likelihood of confusion between the marks were unpersuasive.

An alternative course of action—though only applicable for the I AM mark in Class 9—would have been to bring a cancellation action against Beeline’s I AM mark, arguing priority rights over the mark in light of the previous existence of registered mark WILL.I.AM. In such case, Adams could try to rely on the tacking doctrine to argue that he has priority rights to the I AM mark over Beeline. Let’s examine whether such a hypothetical argument might have been successful.

It is important to recall that even though the registered WILL.I.AM mark (No. 3,678,106) in Class 9 was filed after Beeline’s I AM mark, it was used two years before Beeline’s.

In order to tack the I AM mark with the registered WILL.I.AM mark, Adams would have had to admit the likelihood of confusion between the I AM marks, to demonstrate that the I AM mark has the same commercial impression as the registered WILL.I.AM mark, and to show that the goods identified by both marks are the same, similar, or related.

In connection with the commercial impression factor, Adams would have had to demonstrate that the I AM mark conveys to prospective purchasers the same idea as the WILL.I.AM mark. In this regard, the TTAB found that Adams sought to register the mark I AM (no periods) and not WILL.I.AM. This alteration, among other considerations, made the TTAB conclude that the marks are significantly different.

In the past, the TTAB has advised that the general test of whether alterations are material is whether, if the mark were published in an application to register, the change “would require republication in order to present the mark fairly for purposes of opposition.”

The Trademark Manual of Examining Procedure provides that punctuation such as periods generally does not significantly alter the commercial impression of a mark. See, e.g., In re Litehouse, Inc., 82 U.S.P.Q.2d 1471 (T.T.A.B. 2007). As a result, the applicant could argue that the alleged deletion of the periods in the I AM mark would not alter the commercial impression of the WILL.I.AM mark.

In Fifth Ave. of Long Island Realty Assocs. v. Caruso Mgmt. Co., the Court held that it may be easier to find a continuing commercial impression in registered trademarks where words are deleted as compared to when words are added. Thus, Adams could have argued that the deletion of the word “Will” and of the periods in the I AM mark should not be considered a substantial alteration of the mark for the commercial impression factor of the tacking test.

Regarding the relatedness of the goods identified by the marks, both of them protect musical sound recordings and musical video recordings, DVDs, and other audiovisual recordings. Consequently, both marks are used to identify similar or at least related goods.

Nevertheless, the tacking doctrine as an alternative course of action would only work for Adams’ I AM mark in Class 9, because the other two WILL.I.AM registrations owned by Adams were granted for Classes 25 and 41; i.e., they identify goods and services not related with the goods identified by the I AM marks in Classes 3 and 14, and the tacking doctrine only applies for marks that protect identical or related products or services.

Alternative Argument: Right of Publicity Claim Against Owners of Cited Marks
Another alternative Adams might have considered is a state-based right-of-publicity claim against the owners of the cited registrations.

The right of publicity is the right of a person to control the commercial use of his or her name, visual likeness, vocal likeness, signature symbol, or other personal characteristics. No one else may use these personal characteristics for commercial
purposes without the person’s permission. The right may be assigned, licensed, and, in some jurisdictions, inherited.

In the United States, the right of publicity is a state-based right; each state can determine the parameters of recognition of the right of publicity. Most importantly, in more than half of states, celebrities can control the use of their image based on state common law and state statutory rights of publicity even when there is no consumer confusion.

A related justification recognizes that the celebrity not only loses any hypothetical license fee that he or she should have been paid for the use of his or her likeness. It also recognizes that he or she may suffer a harm similar to dilution: if the market is saturated with a celebrity image connected to a wide variety of products, the image loses value. In *Hart v. Electronic Arts, Inc.*, the Court held "[T]he goal of maintaining a right of publicity is to protect the property interest that an individual gains and enjoys in his identity through his labor and effort."

Notwithstanding the above, courts have held that corporations do not have a cause of action for the right of publicity. Therefore, since corporations are not covered by most state statutes and common law publicity doctrines, in order to be able to file the right of publicity actions against the owners of the cited marks, Adams would have to assign the I AM marks from i.am.symbolic, llc, back to himself.

Based on past precedent, celebrity names are a valuable symbol. For instance, in *Apple Corps Ltd. v. A.D.R.P. Inc.*, the Court found that the names John, Paul, George, and Ringo had, in combination, acquired secondary meaning. To succeed in a right-of-publicity action based on use of a name, Adams must demonstrate that the public is reasonably likely to identify him with the name he uses, an association akin to secondary meaning in trademark law.

Adams would have to claim the violation of his stage name, will.i.am, and not his birth name, William James Adams Jr. Nicknames are covered under the right of publicity, such as "The Greatest," for boxing legend Muhammad Ali, and "Spanky," for the actor who played that character in *The Little Rascals* television program. Courts have long held that if a celebrity’s nickname or stage name is used without permission in a manner that implies endorsement of a product, or when the name is used to take advantage of the goodwill associated with the celebrity, relief is ordinarily available.

For this alternative right-of-publicity claim, the law of Adams’ state of domicile would apply because the accused goods are sold in various states. In the record, when the application was originally filed by Adams, he declared Beverly Hills, California as his domicile. California is the source of many right of publicity cases; § 3344 of the California Civil Code prohibits “the unauthorized commercial use of name, voice, signature, photograph or likeness.” As explained above, for this case the stage name will.i.am will be treated as the name of the celebrity.

The elements of state publicity claims vary, but some elements are common to most of the statutes and common law. A right-of-publicity plaintiff will likely need to show that the defendant used the name or likeness without authorization or consent; that the public associates the name or likeness with the plaintiff; that the use was commercial; and that the use caused the plaintiff harm.

For this hypothetical right-of-publicity claim under the California common law specified in *Eastwood v. Superior Court*, the following elements are applicable: "(1) the defendant’s use of the plaintiff’s identity; (2) the appropriation of plaintiff’s name or likeness to defendant’s advantage, commercially or otherwise; (3) lack of consent; and (4) resulting injury." The California Civil Code added the element of intent and requires that the defendant “knowingly” use plaintiff’s name, voice, signature, photograph, or likeness on products or for purposes of advertising without consent.

First, Adams would have had to demonstrate successfully that the public associates him with the nickname I am, in order to satisfy the requirement of defendant’s use of his identity. In this regard, the TTAB had considered that the record fell short of establishing that Adams is widely known by "i.am," or that "i.am" and "will.i.am" are used interchangeably by Adams or by the public to refer to him. Therefore, Adams would have had to submit some kind of new evidence—possibly a consumer survey that shows how much the public associates I am or i.am with the celebrity’s stage name will.i.am.

Second, if Adams could have successfully shown that he is also widely known by i.am, he would then have been able to argue that the defendants appropriated his identity for commercial
advantage in selling their products, misleading consumers to think they are somehow associated with will.i.am.

Third, the lack of consent from Adams to the owners of the cited registrations to use his stage name could be proved with the filing of the lawsuits and with the absence of any license agreement in the record of the registered cited marks. The resulting injury could be proved with the refusal of the PTO and the TTAB to register applicant’s marks.

The California statute requirement of intent might be the most difficult element for Adams to prove because there is nothing that seems to confirm a connection between him and the owners of the cited marks. However, for this element, Adams could rely on the fact that since the late 1980s he was known as will.i.am., when he began performing with the Black Eyed Pods. (One has to wonder: Would a song played on the radio back then have counted as a Pod.cast?) The oldest I AM cited registration (Danica Aromatics' mark) declared a date of first use anywhere and in commerce of 1994, a few years after Adams used the stage name “will.i.am.” Therefore, though based on an analysis of relative fame it could be a stretch, Adams could then have argued that the owners of the cited registrations “knowingly” tried to take advantage of his fame by associating the goods identified with the cited I am marks with him.

Moreover, the WILL.I.AM registered mark (No. 3,707,981) stated a claimed first use date anywhere and in commerce of June 30, 1989; it predates by at least five years Danica Aromatics’ alleged first use of the I am mark. Adams could argue that when conducting a trademark clearance search to secure the availability of the I am marks, the owners of the cited registrations could have clearly found the previous existence of the WILL.I.AM mark and tried to take advantage of its fame.

At this point it is important to remember that proving a violation of any particular state’s right-of-publicity law differs significantly from proving infringement of a trademark or a false sponsorship claim under the Lanham Act. To prove infringement, a trademark owner must demonstrate likelihood of confusion as to the source of the product or service in connection with which the mark is used. Similarly, to prove false endorsement under the Lanham Act, a plaintiff must show that consumers would likely believe that the plaintiff sponsored the product.

On the other hand, if a celebrity’s name or likeness is used without permission, a state right-of-publicity remedy may be afforded even without proof that confusion is likely. Indeed, it is the plaintiff’s economic right to be remunerated that the legal right of publicity protects, not the equivalent of the trademark goodwill of a manufacturer or even the public’s right not to be confused. Adams would not even have had to demonstrate any likelihood of confusion between his nickname will.i.am and the cited I am marks, as long as he could have shown the existence of the elements of a right of publicity claim in California.

In sum, state right of publicity law does not require a showing of consumer confusion and is not based on protecting consumers. Instead, such laws are designed to protect an individual’s right to remuneration and prevent misappropriation and unjust enrichment from the theft of goodwill. In Zacchini v. Scripps-Howard Broadcasting Co., the Court held “[T]he rationale for [protecting the right of publicity] is the straightforward one of preventing unjust enrichment by the 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.” Thus, in this hypothetical right of publicity claim, Adams would have to show only that the owners of the cited registrations tried to take advantage of his stage name by associating their goods with it.

Alternative Argument: Cancellation on Grounds of False Suggestion of Connection

The Lanham Act also protects publicity rights by providing statutory bars to registration. Section 2(a) prohibits registration of trademarks that “false suggest a connection with persons.” The protection extends to famous people whether or not they have used or registered their name, portrait, signature, or identity as a trademark.

Consequently, Adams could have also considered filing a cancellation action against the owners of the cited registration for falsely suggesting a connection between their I am marks and him. In this course of action, Adams would have again faced the issue of the lack of similarity between his I AM application and his stage name WILL.I.AM. In this regard, the trick here would be that Adams could rely on his single “I AM,” released in 2001
with his first solo album, instead of on his stage name WILL.I.AM.

According to past precedents of the TTAB, under § 2(a) a party acquires a protectable interest in a name (or its equivalent, such as a song) where the name claimed to be appropriated points uniquely and unmistakably to that party's personality or "persona." A party's interest in such a name or designation does not depend for its existence on the adoption and use of a technical trademark. Thus, an opposer or petitioner in a proceeding of this character may prevail even if the name claimed to be appropriated has never been commercially exploited by the opposer or petitioner in a trademark or trademark-analogous manner. Similarly, though there may be no likelihood of confusion as to the source of the goods, even under a theory of sponsorship or endorsement, an opposer's or petitioner's right to control the use of its identity may nevertheless be violated.

The TTAB requires that a plaintiff asserting a claim that a mark falsely suggests a connection with persons, living or dead, or institutions, demonstrate (i) that the defendant's mark is the same or a close approximation of the plaintiff's previously used name or identity; (ii) that the mark would be recognized as such; (iii) that the plaintiff is not connected with the activities performed by the defendant under the mark; and (iv) that the plaintiff's name or identity is of sufficient fame or reputation that when the defendant's mark is used on its goods or services, a connection with the plaintiff would be presumed.

To meet the aforementioned requirements, Adams could argue that (i) the cited marks are the same as the "I AM" song; that (ii) since the famous song was released before the filing date and date of first use of all the cited I am marks (except Danica Aromatics' mark), the public would recognize them as the song; that (iii) he is not connected with the activities performed by the owners of the cited registrations; and that (iv) the "I AM" song was the first solo single of celebrity will.i.am., thus it is famous enough to prove that when it is used as a trademark for the goods identified by the cited registrations, a connection with will.i.am is easily presumed.

To support his contention, Adams could rely on Jimmy Buffett v. Chi-Chi's Inc., where singer Jimmy Buffett was able to contest a trademark for MARGARITAVILLE filed by a Mexican restaurant chain. "Margaritaville" was the title of Buffett's most famous song, and he offered evidence that the public associates it with him and that he had previously licensed the name.

In Jimmy Buffett, the singer submitted evidence that provided specific factual support for his allegations that the song "Margaritaville" and that Buffett himself were well-known. There was also evidence in the record in support of the singer's claim that the public mind, in fact, associated the term "MARGARITAVILLE" with the public persona of Jimmy Buffett. In addition, the singer submitted affidavits where each of the affiants attested to the fact that he regarded "MARGARITAVILLE" as so closely associated with the singer as to be considered "synonymous with" and almost a nickname of" Jimmy Buffett. Such evidence was sufficient to raise a genuine issue of material fact as to whether the term "MARGARITAVILLE" was so uniquely and unmistakably associated with Buffett as to constitute his name or identity, that when applicant's mark was used in connection with its services, a connection with him would be assumed.

Conceivably, this strategy could work against the owners of all the cited I AM registrations—notably, excepting Danica Aromatics’—because it is the only mark that predates use anywhere and in commerce the release of the “I AM” song.

It is tempting to offer conjecture about the potential outcomes of different legal strategies, and because of its complex tangle of I AM registrations and the relative fame of the marks, this case is ripe for such conjecture. While no one knows how any of these possibilities might have played out, when a case involves a famous singer with an intriguing stage name who is trying to extend that name into other marketing channels, the legal situation is full of possibilities.

Scott J. Slavick is a Partner at Barack Ferrazzano in Chicago, IL where he focuses his practice on Intellectual Property, Fashion Law, and Luxury and Retail related matters. He may be reached at scott.slavick@bfkn.com.

Arturo Ishbak Gonzalez is a part of the Intellectual Property team of Grupo Bimbo, S.A.B. de C.V. in Mexico where he Works as a trademark attorney. He may be reached at arturo.i.gonzalez@grupobimbo.com.
Protection of Image Rights in the Prospect of the Growing Chinese Super League

By Nan Sato and Jacopo Genova

In the last three years, the Chinese Football Association Super League has seen outstanding growth. For an overview of this phenomenon, one only needs to consider the fact that during last summer’s transfer window, the Chinese Super League outspent the English Premier League ¬¬– allegedly the best and richest football league in the world. A striking case was made when the Jiangsu Suning Football Club signed Brazilian football player Alex Teixeira for the record sum of 56 million U.S.D. (almost 367 million yuan).

It seems that China has suddenly woken up to the economic and entertainment potential of football, which is the most watched sport in the country, even though it has only had a professional league since 1994.

The Importance of Image Rights

Football superstar Cristiano Ronaldo has also realized the economic potential of the Chinese market. The famous striker of Real Madrid sold his image rights to Mint Media, a Hong Kong-based firm owned by the Singaporean business tycoon Peter Lim. Mr. Lim himself has said that this partnership is aimed at the further growth and exposure of Ronaldo’s brand in Asia.

Image rights are sources of significant commercial revenue, often exceeding the salaries paid by football teams. For instance, Real Madrid merchandising profits increased by 137% after signing David Beckham from Manchester United. As a result, the team recovered the player’s total purchase price in only six months.[1]

These figures explain why a club and player sometimes fight to win control over the player’s image rights, making contract negotiations a difficult exercise. During the past few years, different trends have been alternating. Since 2000, Real Madrid has applied the so-called “Figo Clause,” which splits image rights between the club and the player in certain percentages. In 2001, other Spanish clubs tried to introduce “naked contracts,” a model well established in Formula 1. By entering into this kind of agreement, football players completely sign off their image rights in exchange for a payment.

Image Rights in Chinese Sports

Proceeding on its current growing path, Chinese football will soon face the problems discussed above, with the protection of image rights in the limelight. In order to better understand this future scenario, there must be a careful review of Chinese regulations on image rights.

Although an image right is usually not recognized per se (it comes in different forms: right of portrait, right of personal name, right of publicity, etc.),[2] Chinese law provides a reasonable protection through Articles 99 and 100 of the General Principles of the Civil Law of the People’s Republic of China (the “Civil Law”). These articles prohibit any use of a citizen’s (or foreigner’s) name,[3] portrait, or likeness[4] for profit without his or her consent. An individual has full control over the use of such attributes for commercial purposes, such as for merchandising and advertising.

However, these rights do not enjoy absolute protection, as they are subject to several limitations and exceptions. For example, the unauthorized use of a newsworthy person’s image in a report of a historical event may be considered a fair use and does not constitute infringement. Moreover, these rights are part of an individual’s personality rights and, as a consequence, are protected as long as the owner is alive. After an individual dies, the person’s name and images remain protected only from defamation and slander. Unlike trademarks, personality rights do not have to be registered to be protected. However, applying for further legal protection is recommended in some cases.[5] For the same reason, image rights are not transferable unless a name has been registered as a trademark. In any case, however, any individual may license his or her image rights to another person as part of a commercial agreement.

With regard to the remedies against infringements, Article 120 of the Civil Law reads:

If a citizen’s right of personal name, portrait, reputation or honor is infringed upon, he shall have the right to demand that the infringement be
stopped, his reputation be rehabilitated, the ill effects be eliminated and an apology be made. He may also demand compensation for losses.[6]

An individual has two years to initiate an infringement proceeding in a people’s court.[7] However, “the right to bring a lawsuit must be exercised within twenty years of the injury, and after twenty years no protection will be provided.”[8] Should the individual become aware of the infringement after eighteen or more years since the fact occurred, they must act before the twenty year limit.[9]

During recent years, this law has been put to the test several times. An analysis of Chinese court rulings can help identify a common trend in the field of image rights. The following three cases provide examples of the degree of protection conferred:

- In 2011, Argentinian football legend Diego Armando Maradona sued two Chinese Internet firms over the unauthorized use of his image, demanding 20 million yuan (3.2 million of dollars) in compensation.[10] Sina Internet Information Service Co. Ltd. and No. 9 City Information Technology Co. Ltd. were accused of infringing Maradona’s image rights by featuring his cartoon and signature on the online gaming site Hot Blooded Soccer without any consent.[11]

As mentioned earlier, portrait rights are protected on the basis of Article 100 of the Civil Law, which prohibits the use of a citizen’s portrait for profit without his or her consent. Accordingly, the judge at No. 1 Intermediate People’s Court in Beijing sided with Maradona and ordered No. 9 City Information Technology Co. Ltd. to pay 3 million yuan in compensation. The judge reasoned that this amount of damages was based on the popularity of the game and on the length of the time that Maradona’s image had been featured on the website.[12]

- In 2004, the Guide of Elaborate Shopping published a special periodical, the cover of which displayed an image of Chinese Olympic champion Liu Xiang above an advertisement for a local department store. According to Liu, this picture may have led people to believe that he had endorsed the department store. Therefore, he sued the publisher and other parties for infringement of portrait rights in the Haidian Basic People’s Court.[13] The court divided portraits into two categories: portraits without any relation to significant public events and portraits associated with special events.[14] While portrait rights are absolute with respect to the former, the latter is subject to fair use by other parties, meaning the use of a celebrity’s picture in order to narrate a historical event might not constitute infringement. The image at issue was a picture of Liu at the Olympic Games. As a result, the court ruled in favor of the newspaper, asserting that Liu’s portrait was displayed solely for the purpose of reporting news.

Liu appealed this decision to the First Intermediate People’s Court in Beijing, which found in his favor. The court held that the publisher was not entitled to a defense based on fair use.[15] In fact, the image on the cover of the magazine was a modified version of an original picture from the Olympic Games. Due to these alterations, the publisher could not be considered to be merely reporting news.

Furthermore, the publisher did not comply with Article 13 of the Advertising Law of the People’s Republic of China as it did not clearly distinguish advertising from non-advertising material.[16] In fact, the lack of reasonable care exercised by the publisher in making modifications of the original picture had led consumers to believe that a certain advertising relationship existed between Liu Xiang and the department store, resulting in the violation of his image rights.

- In 2012, the former NBA superstar Michael Jordan, widely recognized as “QIAO DAN” in China, sued Qiaodan Sports for name right and portrait right infringement, demanding damages and the cancellation of Qiaodan Sports’ trademark.[17] In fact, the defendant, a Chinese sportswear company, used “QIAO DAN” as its trademark and trade name, along with the number 23 and the logo of a dunking basketball player, which was strikingly similar to the Jordan “jumpman” logo used on Nike products. Since Michael Jordan never registered any trademark for his Chinese name, his claim was based on the infringements upon his English name right, his right of portrait, and the violation of the good faith principle.[18] In his view, the use of the “QIAO DAN” trademark had misled consumers to believe that Qiaodan Sports was associated
with Michael Jordan and that a commercial relationship existed between the two. This view was partially confirmed by a survey showing that 90% of a randomly selected group of 400 people in Shanghai believed that Qiaodan Sports was Jordan’s brand.[19] In its defense, Qiaodan Sports argued that it simply translated the English name “Jordan” to Chinese without claiming any relationship with the celebrity. Convinced by the defendant’s argument, both the Court of Hainan District of Beijing and the appellate-level Beijing First Intermediate People Court found in favor of Qiaodan Sports, reasoning that the surname “Jordan” is a common surname in the United States and there is no exclusive relationship between Michael Jordan and “QIAO DAN.” With respect to the right of portrait, the court held that the logo only displayed a sketch without any accurate indication of facial appearances.[20] In short, Jordan failed to show that his fame in China preceded Qiaodan Sports’ trademark and that it acted in bad faith causing confusion among customers.

**The American Experience: A Comparative Analysis**

A complete analysis of where the Chinese law on image rights is heading is incomplete without a look at the United States law on the same topic. In the United States, intellectual property law and rights of publicity are highly developed owing to the Hollywood experience and social importance that celebrities have obtained over the years. For this reason, when it comes to images and their protection, a look to the West is required. Let us consider two particularly meaningful cases to underline the difference between the current Chinese and American attitudes:

- **Ryan Hart**, a former quarterback on the Rutgers University football team, sued Electronic Arts Inc. (“EA”) for violating his right of publicity by misappropriating his likeness and identity, including biographical information and career statistics, for commercial purposes.[21] Hart’s avatar was featured in NCAA Football 2006, one of EA’s successful video games, which allows users to play simulated football games with virtual football teams and virtual players. The United States District Court for the District of New Jersey granted EA a summary judgment, considering that EA’s use of Hart’s likenesses was entitled to First Amendment protection. Hart appealed to the United States Court of Appeals for the Third Circuit, which reversed the District Court’s decision. Though the court accepted that video games are protected by the First Amendment, it sought to balance the interests underlying the right to free expression against the interest in protecting the right of publicity. For this purpose, the court adopted the Transformative Use Test, finding that EA’s use was not sufficiently transformative. To satisfy the Transformative Use Test, EA had to transform Hart’s identity. Instead, the video game matched his actual physical (height, weight, hair and skin color) and biographical characteristics.

- **Kareem Abdul-Jabbar**, a former NBA superstar, sued General Motors Corporation (“GMC”) for the company’s unauthorized use of his former name, Lewis Alcindor, in a TV commercial.[22] GMC contested Abdul-Jabbar’s claim, arguing that the plaintiff had abandoned his former name and, consequently, the right to protect that name. While the United States District Court for the Central District of California agreed with GMC’s defense, the United States Court of Appeals for the Ninth Circuit reversed the decision, finding that one’s birth name is an integral part of one’s identity and a person cannot abandon his own name despite his failure to use it.

As the United States is the most common venue for celebrities to bring claims, image and publicity rights are widely recognized on the basis of common law, state statute, or both. The protection is extended to many aspects of a celebrity’s persona, such as: name, including nickname, former name, pseudonyms widely known and easily identifiable with the celebrity; voice; signature; photograph; likeness; distinctive appearance and other indicia of identity. Even the use of “look-alike” actors[23] or “sound-alike” performers[24] in advertisements can give rise to a claim. The state of Indiana’s right of publicity statute even goes so far as to expressly protect the “gestures” and “mannerisms” of a celebrity.[25]

Unlike many other countries, United States law generally treats the right of publicity as a form of property that is freely alienable and fully divisible. The owner of such a right may assign the use of his or her name, voice, or likeness to any other party.
With respect to the burden of proof, a plaintiff only needs to prove his identity has been exploited and he has a pecuniary interest in it. No other proof, such as implied endorsement or misleading presentation of an advertisement, is required. Furthermore, courts usually award a wide range of damages, including actual damages, commercial losses resulting from the violation[26] and punitive damages.[27]

**Conclusion**

This comparative analysis makes it clear that “Jordangate” would not have happened in the United States, whose judicial system widely recognizes and protects celebrities’ rights. The cases of Hart and Abdul-Jabbar prove that American courts provide a more substantial and liberal safeguard of image and publicity rights by protecting commercial use linked to someone’s identity. In fact, the unauthorized use of any distinctive feature or characteristic identifiable with a celebrity may be protected and misuse could lead to the award of a large amount of damages. On the other hand, the Chinese system is stuck in strict formalism, protecting only individuals’ names and pictures and not allowing deviation.

In prospect of the overwhelming growth of Chinese football, the State would be well advised to take the cue from the United States in order to lure football superstars, such as Cristiano Ronaldo and Lionel Messi, and guarantee appropriate protection to their image rights. Thus, in addition to extending legal protection to a broad range of aspects (i.e. voice, nicknames, pseudonyms, etc.), certain methods such as the Transformative Use Test may be applied to balance the safeguard of image rights with the necessity to report news and public events.

In fact, cases like the ones involving Maradona, Liu, and Jordan are likely to occur again in the near future. China should take advantage of the great opportunity presented by the upcoming enactment of the Chinese Civil Code to position itself as an attractive destination for international footballers.[28]

**Nan Sato** is a Partner of Shimin Law Offices, a Shanghai-based firm with a strong focus on providing high-quality Chinese legal services to international clients. She concentrates her practice in sports law, cross-border mergers and acquisitions, corporate structuring and restructuring, and Asia-related inbound and outbound investment. She may be reached at nsato@shiminlaw.com.

**Jacopo Genova** is a visiting attorney at Shimin Law Offices. He concentrates his practice in the areas of tax, intellectual property and corporate law. After graduating from University of Teramo in 2015, he worked as real estate consultant and trainee lawyer at an Italian law firm. In 2014, he attended the Charles University in Prague where he developed his dissertation about tax issues in web companies’ business.

**Endnotes**


[2] Image rights are sometimes referred to in different terms in the legal field. Words like rights of publicity, portrait rights and name rights are all synonyms of image rights.


[4] Article 100 of the Civil Law states as follows: “Citizens shall enjoy the right of portrait. The use of a citizen’s portrait for profits without his consent shall be prohibited.” Id. at art. 100.

[5] Chinese law does not recognize or protect a trademark unless it is registered with the Chinese Trademark Office (CTO). Applicants are strongly advised to register the trademark also in Chinese language. The episode of Michael Jordan explains it better.

[6] Civil Law, supra note 3 at art. 120.
[7] Article 135 of the Civil Law reads: “Except as otherwise stipulated by law, the limitation of action regarding applications to a people’s court for protection of civil rights shall be two years.” Id. supra note 3, at art. 135.


[9] Id.


[12] Id.


[16] Article 13 of the Advertisement Law of the People’s Republic of China reads: “An advertisement shall be distinguishable and shall enable consumers to identify it as such. The mass media shall not publish advertisements in the form of news report. Advertisements published through the mass media shall bear advertisement marks so as to differentiate them from other non-advertisement information, and may not mislead consumers.” Advertisement Law of the People’s Republic of China (promulgated by the Order No. 22 of the President of the People’s Republic of China, Apr. 24, 2015, effective Sept. 1, 2015), art. 13.


[19] Id.


[22] Abdul-Jabbar v. GMC, 85 F.3d 407 (9th Cir. 1996).


A Law Student’s Perspective

Don’t Believe Me Just Watch: A 100% Licensing System Would Stifle Collaboration and Creativity Among Songwriters

By Danielle Ely

“Don’t Believe Me Just Watch!”—the phrase immediately calls to mind one of the year’s biggest musical hits. The song “Uptown Funk!” by Mark Ronson featuring Bruno Mars was a smash hit in 2015, spending fourteen weeks in the #1 spot on the Billboard Hot 100 chart. The track was the top selling single on iTunes in 2015 and has been certified nine times platinum by the RIAA. It has also received nominations in two categories in the 58th Annual Grammy Awards. These accomplishments and accolades are evidence of the talent of the artists that created the hit track.

“Don’t Believe Me Just Watch!”—the phrase immediately calls to mind one of the year’s biggest musical hits. The song “Uptown Funk!” by Mark Ronson featuring Bruno Mars was a smash hit in 2015, spending fourteen weeks in the #1 spot on the Billboard Hot 100 chart. [1] The track was the top selling single on iTunes in 2015 and has been certified nine times platinum by the RIAA. [2] It has also received nominations in two categories in the 58th Annual Grammy Awards. [3] These accomplishments and accolades are evidence of the talent of the artists that created the hit track.

Bruno Mars and Mark Ronson were two of the primary songwriters of “Uptown Funk!” These writers are members of two different performance rights organizations, as Bruno Mars is affiliated with ASCAP and Mark Ronson is affiliated with BMI. [4] Under the current “fractional licensing” practices of the music industry, these two creators are free to work together and create music enjoyed by listeners all over the world.

However, a new inquiry by the Department of Justice could jeopardize the future of songs like “Uptown Funk!” This inquiry calls into question the established practices of the musical work licensing market and threatens to stifle creativity and collaboration in the songwriting process. By arrogating control over songs from songwriters and driving creators’ compensation down to minimal levels, this potential government regulation will act as a deterrent for talented artists to continue producing quality music.

First, this article will introduce the musical work licensing landscape in the United States. Next, it will discuss the consent decrees regulating ASCAP and BMI, as well as the ongoing Department of Justice inquiry into jointly owned work licensing practices. Finally, it will explain why the Department of Justice should not implement a 100% licensing scheme and explore arguments for and against this ill-conceived system of compensation, ultimately recommending the codification of a fractional licensing system within the ASCAP and BMI consent decrees.

I. Jointly Owned Musical Work Licensing and Performance Rights Organizations

United States copyright law gives protection to artists and authors for creative works, including music. [5] Every musical track is composed of two copyrightable components—the musical work and the sound recording. [6] When two or more authors work together on a project, this creation can become a “joint work.” [7] Under the statute, the authors of a joint work are co-owners of the copyright in the work. [8]

The default rule under copyright law is that any co-author of a joint work may grant a non-exclusive license to the work without any other co-authors’ permission, as long as the party pays the other co-authors the portion of the licensing profits they are due. [9] This default licensing assumption may be modified by agreement between the co-authors. [10]

The American Society for Composers, Authors and Publishers (“ASCAP”) and Broadcast Music Incorporated (“BMI”) are performance rights organizations (“PROs”) founded in the early 20th century to combat unauthorized public performances of musical works. [11] Both organizations offer blanket licenses to businesses,
allowing these licensees to play every song in the PRO’s repertoire.[12]

After multiple businesses brought antitrust cases against ASCAP and BMI, the Department of Justice brought suit under Section 1 of the Sherman Antitrust Act and examined the aggregation of public performance rights and resulting market power acquired by ASCAP and BMI.[13] In 1941, ASCAP and BMI entered into consent decrees with the Department of Justice, agreeing to modify licensing practices and abide by the terms in the decree.[14] The Department of Justice periodically reviews and amends the consent decrees.[15]

In recent years, music publishers have become increasingly frustrated with the consent decree regulations, as they perceive them to be outdated and not in line with the rapidly-changing digital music market.[16] In 2011, music publishing company EMI informed ASCAP of its intention to entirely withdraw from ASCAP.[17] To appease EMI and prevent additional publishers from completely withdrawing, ASCAP amended its governing rules to allow music publishers to withdraw “new media” rights and continue to license only traditional media rights through ASCAP.[18] Multiple music publishers stated they would withdraw new media rights from ASCAP and, instead, individually negotiate directly with Pandora for these rights, hoping to secure higher rates than they received via ASCAP.[19]

In response, Pandora filed a motion for summary judgment with the rate court in the Southern District of New York, arguing that these partial withdrawals were not allowed under the consent decree.[20] The court granted Pandora’s motion, holding that partial withdrawals by the music publishing companies were not authorized under the consent decree, as ASCAP is required to license all the works in the ASCAP repertory and “it is clear that the ‘ASCAP repertory’ is defined in terms of ‘works’ and not ‘individual rights’ in works with respect to classes of potential licensees.”[21] Consequently, the music publishers were required to either continue to license all rights through ASCAP or completely withdraw.[22]

As a result of this legal defeat, some major publishers began contemplating completely withdrawing from the PROs.[23] While a relatively small piece of the music royalty pie now, digital rights are gaining importance as streaming revenues increasingly comprise a larger share of royalties collected by PROs.[24] The higher the proportion of digital royalties, the more likely that publishers would consider withdrawing completely from ASCAP and BMI in order to renegotiate new deals for their digital rights.[25] In the end, the publishing companies decided not to withdraw from ASCAP and BMI, but have not ruled out this option for the future.[26]

In 2014, stemming partially from music publishers’ unhappiness with the resolution of the partial withdrawal issue, the Department of Justice opened a review of the current ASCAP and BMI consent decrees.[27] However, this review soon took off in a new direction and produced an inquiry that the parties did not anticipate. On September 21, 2015, with the intent to highlight and clarify licensing practices among PROs, the Department of Justice posed a series of questions related to fractional licensing and requested public comment on these questions.[28]

Fractional licensing is currently the default licensing practice in the music marketplace.[29] Fractional licensing refers to the fact that although the Copyright Act authorizes any co-author of a work to grant a non-exclusive license to the entire work, in practice there are often agreements between the co-authors restricting the licensing of the work unless every co-author or co-owner signs off.[30] These contractual restrictions among co-authors are valid under copyright law and, in most situations, will be enforceable against the co-authors and third party licensees.[31]

Under the current system, if a business or organization wishes to publicly perform music, it must obtain licenses from ASCAP, BMI, or SESAC; or it could also buy licenses from a combination of two or all three of these performance rights organizations.[32] However, the exact mechanics of what songs (or portions of songs) each of these licenses cover seem to be unclear.[33] The ambiguous nature of these licenses is evidenced by the questions posed by the Department of Justice.[34]

ASCAP states that “ASCAP and music users have historically negotiated and priced blanket licenses based on the fractional interest of the works in ASCAP’s repertory.”[35] This means that if an entity purchases a license with any one PRO, it would only have the rights to perform the songs wholly administered by that PRO, as well as the rights equal to the PRO’s share in songs fractionally administered by that PRO.[36] In order to play a song co-written by authors represented by different PROs, an entity would
need to buy separate licenses from each co-author's PRO.[37]

The performing rights organizations collect royalties only for their own affiliates, in proportion to their ownership interests in the songs.[38] For songs that are cross-registered between multiple PROs, this means that each PRO independently collects and pays royalties to its affiliates.[39]

It appears that the Department of Justice is considering requiring ASCAP and BMI to grant a complete 100% license for any song they administer, even if only a portion.[40] This 100% license would have to be granted even if the PRO only administers the royalties for a percentage of the song and not the entire song.[41] Furthermore, the Department of Justice may be considering declaring that contractual agreements between co-authors that mandate fractional licensing are a violation of antitrust law.[42] This new regime would be completely at odds with the current music licensing system, and would undermine decades of established and efficient practices.

II. A 100% Licensing Regime Would Be Costly and Complicated to Implement

If ASCAP and BMI were required to carry out a 100% licensing system, there are technical and practical implications of this system that would seriously hinder royalty payments. Currently, these PROs account only to their own affiliates. There is no system in place if they were suddenly required to remit payment to non-affiliate songwriters and publishers.[43] The time and costs associated with attempting to gather this information would be burdensome for the PROs and increase transaction costs for both affiliates and music licensees.[44]

Proponents of a 100% licensing system believe that requiring PROs to license the entirety of any song they administer in any proportion would help end music licensing “gridlock.”[45] Under the current system, a licensee that does not purchase licenses from all three major PROs would have to monitor which musical works it used and pay only works wholly owned by the PRO from which it purchased a license. If the licensee did not play only works wholly owned by that specific PRO, it would be subject to copyright infringement claims for the use of this music.[46] Some argue it is anticompetitive that the current system effectively requires music users to purchase licenses from all three PROs in order to avoid liability.[47]

However, parties wishing to license music are always free to contract directly with music owners to avoid purchasing blanket licenses from PROs.[48]

Another argument for a 100% licensing system is the shortage of copyright holder data in the music licensing industry. The lack of a central database can make it harder for music licensees to ensure compliance with copyright laws, as it is unclear exactly who owns or co-owns certain compositions.[49] Requiring 100% licensing would give greater assurance that a licensee was granted the necessary permissions to use specific compositions, as any party that owned any portion of a work could grant a full license to use the work.[50]

While these are valid arguments against the current fractional licensing system, the benefits of a 100% licensing system do not outweigh the negative effects of this new system on the songwriting community.

A. Songwriter Autonomy is Vital to a Flourishing Creative Community

If the Department of Justice requires 100% licensing by ASCAP and BMI, this decree would have negative effects on songwriters and publishers. Authors who want to collect public performance royalties through a performance rights organization must decide to affiliate with a single PRO.[51] Affiliating with a particular PRO is a personal decision made by songwriters based on any number of criteria.[52] Each PRO provides different benefits to its affiliates.

Multiple songwriters submitted comments praising their “trusted relationships” at a PRO.[53] Other major factors in a songwriter's decision to affiliate with a certain PRO can be the calculation of royalty rates and availability of bonus payments.[54] For example, BMI has long paid bonuses to affiliates whose songs are heavily played on radio and television, and has a newly-implemented bonus system for digital streaming.[55] ASCAP has recently introduced a bonus payment program as well.[56] The way these bonuses are calculated varies dramatically between the PROs. Therefore, a song would almost always command a different bonus payment amount depending which PRO its writer was affiliated with.[57] In contrast, Global Music Rights (GMR) is not expected to offer a bonus system, as it views these payments as rewarding popular songs at the expense of songs that are not chart-toppers.[58]
Requiring a 100% licensing scheme could destroy the variety of benefits offered by PROs.[59] If a PRO was required to license 100% of any song it had any fractional ownership in, licensees would most likely flock to the PRO charging the lowest licensing rates in order to pay less in music royalties.[60] The huge demand for licensing from the PRO with the lowest rates could produce a “race to the bottom,” where each PRO continuously lowers songwriter royalties to undercut the other PROs.[61] While some may believe this race to the bottom would benefit music licensees and ultimately consumers, driving royalty rates into the ground would hurt songwriters and provide far less incentive for the creation of quality music.[62]

Additionally, if songwriters wished to cease affiliating with a PRO altogether, this proposed 100% licensing scheme could deprive songwriters of control of their songs, regardless of whether they were affiliated with a PRO or not.[63] If any co-author of a song was still affiliated with any PRO, this PRO would be free to license the song despite the fact that one of the co-authors specifically withdrew from PRO membership to prevent this.[64] This complete loss of control over creative works is antithetical to the purpose of the exclusive rights granted by copyright law.

The ability of songwriters to choose between PROs means that many songs composed by two or more writers will have songwriters who belong to different PROs. In fact, ASCAP stated that in 2014, “more than one-quarter of the works in the ASCAP repertory performed by music users were works in which non-ASCAP members have a fractional interest.”[65] However, if the 100% licensing system was enacted, songwriters might choose not to collaborate with songwriters affiliated with PROs other than their own.[66]

This system would, at least, make writers think twice about working with other songwriters, and, at worst, would put an end to collaboration between talented songwriters. Songwriter Max Martin— who has written or co-written 21 #1 songs on the Billboard Hot 100 Chart—submitted a comment to the Department of Justice and stated, “I do not choose collaborators based on what publisher or PRO they use and do not want to be forced to do so in order to maintain control over my creative work.”[67] Loss of choice and control over their creations would harm songwriters. If a 100% licensing regime were enacted, these negative effects would be greatly magnified because of the trend of co-writing for top musical tracks.

B. Increasing Co-Authorship of Songs Requires Fractional Licensing to Ensure Collaboration

Today, it is increasingly common for songwriters to collaborate on one song.[68] According to one study, during the 1960’s and until the early 1980’s, the average number of songwriters on a Billboard Top 100 pop song hovered under two.[69] However, in the late 2000’s, the average surpassed more than three credited songwriters.[70] This graph mapped a clear trend of an increasing number of credited songwriters from the 1980’s to the present.[71] The blog also found an even higher average number of songwriters credited on songs that reached #1 on the Billboard charts, compared to songs that did not reach the top 10.[72]

Different theories are offered to explain this trend of an increasing number of credited songwriters per song. The recent dominance of Swedish songwriters and their collaborative approach to songwriting is one theory.[73] Some believe that songwriters and artists are now better educated on the financial advantages of retaining a songwriting credit on a track.[74] Another factor may be artists demanding songwriting credit on songs where they have made, at best, a minimal contribution.[75] This demand could stem either from financial desires to capture a greater proportion on royalties from the track, or for perceived credibility as an artist who also writes her own music.[76] The incorporation of small portions of music written by others, or “sampling,” on a track also increases the number of people who must be credited on the song.[77]

The increasingly cautious atmosphere following the “Blurred Lines” copyright infringement verdict is another potential factor in the higher average number of songwriters on a track.[78] In March of 2015, a jury entered a $7.4 million verdict against the songwriters of Robin Thicke’s song “Blurred Lines,” finding that the song infringed Marvin Gaye’s 1977 song “Got To Give It Up.”[79] This verdict unsettled some in the music industry and led to uncertainty about the boundaries of copyright law in infringement suits particularly given the unpredictability of juries.[80]
In the wake of this enormous verdict, the creators of another ubiquitous hit have added additional credited songwriters. "Uptown Funk!" originally listed six songwriters.[81] However, after the Blurred Lines decision, the song accumulated five additional songwriters.[82] After a claim by The Gap Band that “Uptown Funk!” infringed their 1979 song “Oops Upside Your Head,” a settlement between the two groups resulted in the writers of “Oops” receiving songwriting credits on “Uptown Funk!”[83]

This phenomenon of an increasing number of songwriters composing today’s hit songs makes the fractional licensing debate even more important as songs increasingly have multiple co-authors working together to create popular music.

III. A Single Solution: Consent Decree Clarification

It is clear that fractional licensing practices in the music marketplace evolved to serve the practical needs of co-authors and owners of musical works. Although copyright laws allow co-authors to issue non-exclusive licenses for co-owned works, the prevalence of contractual agreements between co-authors has led to the common industry practice of each party authorizing the use of its portion of the rights in a song

A Simple Solution: Consent Decree Clarification

While the ASCAP and BMI consent decrees contain numerous complicated issues, the 100% licensing matter is a relatively easy fix. The consent decrees should be modified to codify the existing industry practice of fractional licensing by PROs.[84] This clarification is necessary to ensure the music marketplace continues to incentivize creators to produce works by protecting the commercial value of and providing control over their creations.

To abrogate decades of industry practice by mandating 100% licensing would jeopardize the creation and dissemination of new musical works by artists and musicians, ultimately frustrating the original purpose of copyright law.

Danielle Ely is a recent graduate of George Mason University School of Law. While awaiting her Bar Exam results, she is working as a Legal Intern at the National Music Publishers’ Association in Washington, D.C. She may be reached at elydanicielle@gmail.com.

Endnotes:


[6] Matthew S. DelNero, Long Overdue? An Exploration of the Status and Merit of A General Public Performance Right in Sound Recordings, 51 J. Copyright Soc’y U.S.A. 473, 477 (2004). See also 17 U.S.C. § 101 (2012), defining sound recordings as "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."; Michael Huppe, "You Don't Know Me, but I Owe You Money" How SoundExchange Is Changing the Game on Digital Royalties, 28 Ent. & Sports Law 3, 4 Fall 2010 (stating that the musical work is the underlying composition, including lyrics and musical notes, and then explaining and contrasting the legal rights held by sound recording owners).

[7] 17 U.S.C. § 101. The definition of joint work is "a work prepared by two or more authors with the intention that their contributions be merged into inseparable or interdependent parts of a unitary whole." See also 17
U.S.C. § 102 (The work must first satisfy the criteria for being deemed a copyrightable work). If they meet these criteria, the co-creators are deemed joint authors even if their contributions to the work are not equal. Robert Brauneis & Roger E. Schechter, Copyright: A Contemporary Approach 549 (2012).


[12] Passman, supra note 10, at 239. See also Broad Music, Inc. v. Columbia Broad. Sys., Inc., 441 U.S. 1, 24 (1979) (holding that the blanket licenses offered by ASCAP and BMI overcome problems inherent in music licensing and enforcement, and should be analyzed under the more lenient Rule of Reason for antitrust violations).


[15] Antitrust Division, supra note 13. The ASCAP consent decree was last modified in 2001 and the BMI consent decree was last modified in 1994. Id. While ASCAP and BMI together represent around 95% of songwriters and music publishers in the United States, the other two major PROs are SESAC and Global Music Rights ("GMR"). Neither SESAC nor GMR operate under consent decrees, and therefore have more flexibility in their business practices than ASCAP and BMI. Ben Sisario, New Venture Seeks Higher Royalties for Songwriters, N.Y. Times (Oct. 29, 2014), http://www.nytimes.com/2014/10/30/business/media/new-venture-seeks-higher-royalties-for-songwriters.html. GMR is a new entrant in the music licensing landscape; therefore, GMR is not discussed in depth in this article, as much is still unknown about the organization. See Andrew Flanagan, Global Music Rights, ASCAP, BMI and Pandora Get Nitty and Gritty in CMJ Discussion, Billboard (Oct. 19, 2015), http://www.billboard.com/articles/business/6731054/cmj-global-music-rights-ascap-bmi-pandora.


[19] Id. See also Christman, supra note 17. Publishers that withdrew their new media rights and subsequently renegotiated with Pandora were able to secure higher rates than they received while licensing through ASCAP. Id.

[20] In re Pandora Media, Inc., No. 12 CIV. 8035 DLC, 2013 WL 5211927, at *2 (S.D.N.Y. Sept. 17, 2013) aff’d sub nom. Pandora Media, Inc. v. Am. Soc. of Composers, Authors & Publishers, 785 F.3d 73 (2d Cir. 2015). "Pandora argues that the antitrust consent decree under which ASCAP operates requires ASCAP to license Pandora to perform for five years all of the works in the ASCAP repertory as of January 1, 2011, even though certain music publishers beginning in January 2013 have purported to withdraw from ASCAP the right to license their compositions to "New Media" services such as Pandora." Id.

[21] Id. at *13.

[22] Christman, supra note 17.

Nuclear Option Against Pandora..., Dig. Music News (July 11, 2014),
http://www.digitalmusicnews.com/2014/07/11/chairman-sony-atv-music-publishing-nuclear-option/. Martin Bandier, chairman and CEO of Sony/ATV Music Publishing, sent a letter to the company's songwriters alerting them that Sony/ATV was exploring its options after the decision, including a complete withdrawal from ASCAP and BMI. Among the other options, Bandier also stated Sony/ATV was lobbying the Department of Justice for a review of the consent decrees, as well as appealing the decision by the Southern District of New York rate court. Id.


[27] Antitrust Division, supra note 13.


"Have the licenses ASCAP and BMI historically sold to users provided the right to play all the works in each organization's respective repertory (whether wholly or partially owned)?

If the blanket licenses have not provided users the right to play the works in the repertories, what have the licenses provided?

Have there been instances in which a user who entered a license with only one PRO, intending to publicly perform only that PRO's works, was subject to a copyright infringement action by another PRO or rightsholder?

Assuming the Consent Decrees currently require ASCAP and BMI to offer full-work licenses, should the Consent Decrees be modified to permit or require ASCAP and BMI to offer licenses that require users to obtain licenses from all joint owners of a work?

If ASCAP and BMI were to offer licenses that do not entitle users to play partially owned works, how (if at all) would the public interest be served by modifying the Consent Decrees to permit ASCAP and BMI to accept partial grants of rights from music publishers under which the PROs can license a publisher's rights to some users but not to others?

What, if any, rationale is there for ASCAP and BMI to engage in joint price setting if their licenses do not provide immediate access to all of the works in their repertories?" Id.

On the November 20, 2015, deadline, the Department of Justice had received 31 comments from organizations and 104 comments from individuals. These comments came from music users, copyright owners, songwriters, artists, and performance rights organizations. The comments received by the Department of Justice. ASCAP and BMI Consent Decree Public Comments 2015, Dept. of Just., http://www.justice.gov/atr/ASCAP-BMI-comments-2015 (last visited Dec. 11, 2015). Hereinafter, references to these comments received by the Department of Justice in response to its notice are by party name (abbreviated where appropriate) followed by "Jointly Owned Works Comments."


[30] Id. These agreements may be formal contracts in writing or informal industry practices. Id.


[32] 11 Questions About Music Licensing, National Restaurant Association,

[33] See Consent Decree Review, supra note 28. See also ASCAP Jointly Owned Works Comments, supra note 28, at 7 ("Historically, when it came to licensing public performance rights in the U.S., music users paid little—if any—attention to which individual songs were licensed pursuant to which license(s) . . . ").

[34] See Consent Decree Review, supra note 28. This ambiguity is especially apparent from the first two questions posed by the Department of Justice: "Have the licenses ASCAP and BMI historically sold to users provided the right to play all the works in each organization's respective repertory (whether wholly or partially owned)?" and "If the blanket licenses have not provided users the right to play the works in the repertories, what have the licenses provided?" Id.

The difference in answers is a Bonus Payment
ceded a Bonus Payment
rdio.org/competition/073115
Project Disco (July 31, 2015),
Taking a Stand Against Music Licensing Gridlock?,
[45] See Matt Schruers, Is the Department of Justice
[47] Id.
[50] But see Ted Johnson, ASCAP Adds Share Info to
[51] Passman, supra note 10, at 239. Songwriters ma
[52] Typically, artists choose to affiliate with ASCAP,
[53] Kara Dioguardi Jointly Owned Works Comments, supra note 28, at 1; Ben “Macklemore” Haggery and
[54] Ben “Macklemore” Haggery and Ryan Lewis Jointly Owned Works Comments, supra note 28, at 1.
[55] Ed Christman, BMI Launches a Bonus Payment System for Most-Streamed Songs, Billboard (Sept. 21, 2015),
This bonus system will provide a 25% rate increase for the most played digital tracks. Id.

LLC, and Viacom Inc. (collectively the “Media Licensees”) Jointly Owned Works Comments, supra note 28, at 6 (“The answer to the Department’s first question is unquestionably “Yes.””). The difference in answers between ASCAP and the Media Licensees demonstrate the confusion on the scope of the licenses granted by PROs.


[37] Chris Cooke, Music Publishers Set to Hate at Least One DoJ Reform to US Collective Licensing (July 31, 2015 12:40 p.m.), Complete Music Update, http://www.completemusicupdate.com/article/music-publishers-set-to-hate-at-least-one-doj-reform-to-us-collective-licensing/#sthash.dueMP9rw.dpuf. SESAC’s website makes clear that, “[l]icenses with ASCAP and BMI DO NOT grant you authorization to use the copyrighted music of SESAC represented songwriters, composers and publishers.” Frequently Asked Questions: General Licensing, SESAC, http://www.sesac.com/Licensing/FAQsGeneral.aspx (last visited Dec. 11, 2015). SESAC states that it is standard procedure for entities to purchase licenses from all three PROs: “Since a license with ASCAP and/or BMI does not grant authorization to publicly perform songs in the SESAC repertory, most businesses obtain licenses with all three to obtain proper copyright clearance for virtually all of the copyrighted music in the world.” Id. See also ASCAP Jointly Owned Works Comments, supra note 28, at 7–8 (“. . . because the full rights to virtually any song they might want to perform were covered by the users’ licenses with ASCAP, BMI and SESAC . . . music users typically obtained a license from all three of those PROs.”).

[38] Passman, supra note 10, at 241. See also ASCAP Jointly Owned Works Comments, supra note 28, at 8.


[41] Id.

[42] Id.


[44] Id.

[45] See Matt Schruers, Is the Department of Justice Taking a Stand Against Music Licensing Gridlock?, Project Disco (July 31, 2015), http://www.project-disco.org/competition/073115-is-justice-dept-taking-on-music-licensing-gridlock/#.VniMd8ArIy8 (stating that licensors owning only a small portion of a song can hold the song hostage by refusing to license their individual portion of the song).


[47] Id.

[48] See generally Broad. Music, Inc. v. Columbia Broad. Sys., Inc., 441 U.S. 1 (1979) (discussing the benefits of blanket licensing, as well as the ability of licensees to contract directly with copyright owners).


[50] But see Ted Johnson, ASCAP Adds Share Info to Database as Justice Department Reviews Consent Decree, Variety (Nov. 10, 2015 3:00 a.m.), http://variety.com/2015/biz/news/ascap-department-of-justice-consent-decree-1201637174/ (explaining that ASCAP has recently announced the inclusion of the percentage share of its works it in its database).

[51] Passman, supra note 10, at 239. Songwriters may not concurrently affiliate with more than one society. Id. Newly established GMR is also a choice for songwriters and publishers, and has actively been courting new affiliates. Flanagan, supra note 15. See also Sisario, supra note 15.

[52] Typically, artists choose to affiliate with ASCAP, BMI, or SESAC. Unlike ASCAP and BMI, which are open to any individual who wants to join, songwriters and publishers must apply to SESAC and be accepted in order to join the organization. SESAC does not publicly identify the criteria it uses to evaluate potential affiliates, but an application can be found on the organization’s website. How to Affiliate, SESAC, http://www.sesac.com/WritersPublishers/AffiliateForm.aspx (last visited Nov. 4, 2015).


[54] Ben “Macklemore” Haggerty and Ryan Lewis Jointly Owned Works Comments, supra note 28, at 1; Todd Brabec Jointly Owned Works Comments, supra note 28, at 2.

This bonus system will provide a 25% rate increase for the most played digital tracks. Id.

[57] Todd Brabec Jointly Owned Works Comments, supra note 28, at 2–5. According to music law expert Don Passman, when it comes to determining which PRO will pay a higher rate, “there are no hard-and-fast rules.” Passman, supra note 10, at 241.

[58] Sisario, supra note 15.

[59] Christman, supra note 40.

[60] Id.


[62] Id.


[64] Id.


[66] Ben “Macklemore” Haggerty and Ryan Lewis Jointly Owned Works Comments at, supra note 28, at 1–2.


[69] Dan Kopf, How Many People Take Credit for Writing a Hit Song?, Priceonomics (Oct. 30, 2015), http://priceonomics.com/how-many-people-take-credit-for-writing-a-hit-song/ Using public data from Billboard’s Top 100 charts, the blog Priceonomics put together a graph showing the average number of credited songwriters on songs that reached the Billboard Hot 100 between 1960 and 2008. The creators of the graph removed 19% of the songs on the chart as these songs lacked songwriter information. Id.

[70] Id.

[71] Id.

[72] Id.

[73] Trust, supra note 68.

[74] Kopf, supra note 69. These benefits include royalties from streams, downloads, and physical purchases of the track that are paid to the credited songwriters on a song. Id.


[76] Id.

[77] Trust, supra note 68.


[79] Christman, supra note 1.

[80] Id. See also Christman, supra note 78.

[81] Christman, supra note 1.

[82] Id.


[84] Godwin & Moss, supra note 61. If the Department of Justice recommended this express codification, the proposal would be accepted by ASCAP and BMI and then would need the approval of the rate court in the Southern District of New York. Id.
Message from the Forum Chair

By Janine Small

Welcome to the summer edition of the Entertainment and Sports Lawyer. Thanks to Brian Rosenblatt and his excellent team of editors for putting together another great compendium of original articles, including the winning article from this year’s excellent panel of law student writers that participated in the GRAMMY Foundation Entertainment Law initiative.

We take great pride in our continued involvement as editors and sponsors of this annual program and are proud to have so many of our law student members amongst the papers submitted each year. Brian has even added a law student, Amanda Alasauskas, to his staff as his Student Editor.

I am pleased to further welcome new members of our board, our illustrious new Budget Chair, Steven Sills, CPA, attorney and partner of Green Hasson Janks who was just nominated as the 2016 Entertainment Accountant of the Year by the CalCPA Education Foundation; our crackerjack Sports Division Chair, Casey Schwab, Director of Business and Legal Affairs at Fox Cable Networks who has put together a great team and offering of webinars and a full track of sports programming for our annual meeting this year and the ever altruistic Volunteer Lawyers for the Arts Division Chair, Casey Summar, who is the Executive Director of the Arts and Business Council of Greater Nashville and professor at Vanderbilt Law School.

The Forum is wrapping up a successful year which included our Fifth Annual Video Games and Digital Media Conference at my alma mater, UC Hastings College of the Law in March and our Seventh Annual International Legal Symposium on the World of Music, Film, Television and Sports held for the first time in conjunction with the University of Miami Law School in April. Both events featured incredible speakers, fascinating topics and superb networking and our symposium chairs are already deep in the planning for 2017. We appreciate the support of our law school partners and look forward to continuing these collaborations in 2017 and beyond.

In furtherance of our goals to provide more tailored content and engagement for our members, we have now updated and activated the various division links on our website. Please visit our website to sign up for those individual sections of interest and to learn how to get further involved. I also invite you to review our great webinar programs which are archived on our site and to take part in the two forthcoming programs Legal Issues Related to the Sports Industry’s Analytics Movement on July 27 and Brand Ownership and Rights of Publicity on September 28th.

Last, but certainly not least, the board is hard at work on bringing you the best annual meeting ever. This year’s meeting is being held at the new Cosmopolitan Hotel in Las Vegas leading into Columbus Day weekend. The panels and speakers are outstanding and there are lots of networking opportunities and fun events planned. The annual meeting brochure can be viewed at http://ambar.orges-am16. Please spread the word to your colleagues, peers and friends.

I look forward to meeting you in person in Vegas.

Should you have any questions about your Forum membership or our initiatives moving forward, please do not hesitate to contact me or the forum staff at ABAESForum@americanbar.org.

Best regards,

Janine Small
“You’re Sued”
(To the tune of The Beatles’ song, “Hey Jude”)

You’re sued, don’t be upset
Keep your chin up and find a lawyer
Retainer is what you will have to pay
It’s not every day, you’ll find a lawyer

You’re sued, there’s a complaint
There’s no time to meet and confer
Find a partner who’s very smart,
You’ve done your part to find a lawyer

And when you almost get a scare, you’re sued, prepare
You may have to argue jurisdiction
So when you plan to pick a fight make sure you’re right
The plan is to win, not cause more friction
Nah nah nah nah nah nah nah nah nah

You’re sued, it’s all so new
There’s a big blur, the way things once were
Retainer is what you will have to pay
It’s not every day, you’ll find a lawyer

To file a pleading and to win, you’re sued, dig in
There is no shortcut to a good defense
Just try and stay in a good mood, you’re sued, you’re screwed
But don’t lose hope, you’ll never be alone
Nah nah nah nah nah nah nah nah nah yeah

You’re sued, don’t be upset
Keep your chin up and find a lawyer
Find a partner who’s very smart,
You’ve done your part to find a lawyer

Nah nah nah nah nah nah, nah nah nah, you’re sued
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About the Entertainment and Sports Lawyer

Entertainment and Sports Lawyer is published quarterly by the Forum on the Entertainment and Sports Industries of the American Bar Association. The Entertainment and Sports Lawyer is directed at lawyers who devote a major portion of their practice to entertainment, sports, arts, intellectual property law, and other related areas. It endeavors to provide current, practical information as well as public policy and scholarly viewpoints that it believes to be of professional and academic interest to Forum members and other readers.

If you have questions about this publication or would like to request more information, please contact Brian Rosenblatt, ESL Editor-in-Chief.

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