ENTERTAINMENT AND SPORTS LAWYER

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Are the *Cats* out of the bag?

Lessons from the makeup designer's case

JEFFREY M. DINE

Everything that is actual must undergo a strange metamorphosis, a kind of sea change, before it can become truth in the theatre.[1]

Theatrical performances are, by their very nature, collaborative. The playwright's work is not complete until the performance. Directors cannot direct an empty stage. Actors require a text. Designers must have a production so they can create designs. Producers coordinate the collaborative effort that makes the performance possible. The very collaboration that gives life to work, that enables the theatrical metamorphosis, however, implicates complex legal concerns about the work and about each collaborator's contribution.

Artists would undoubtedly prefer to dwell on

(continued on page 15)

Illustration by Richard Laurent

EDITOR'S COLUMN

KEN ABDO

Many thanks to our subscribers and readers for your patience as we have assembled this issue. We present an eclectic and interesting collection of articles. As a building block for the entertainment industry, copyright law must remain fundamentally steady while adjusting to dynamic and historic changes. This issue's articles reflect the continuing development of that law and its challenges.

Our issue leads with an article by **Jeffrey M. Dine,** a New York intellectual property lawyer and occasional lighting designer. He provides an insider's analysis of the application of copyright and trademark law as it protects costume and lighting designs. With reference to the judicial proceedings and precedent behind a case involving the long-running Broadway musical "Cats," he demonstrates the ever-extending application of copyright protection to applied arts.

Beverly Hills lawyers **Alan Grodsky and Eric George** contribute a punning and practical perspective on song titles attaining secondary meaning. Under the governance of the Lanham Act, the authors remind us how popular culture, as time passes, can yield perhaps unexpected values in intellectual property.

Philadelphia lawyer **Corey Field** chases copyright applications in cyberspace. He aptly raises and clarifies cerebral issues presented by the merger of content and technology copyrights.

A San Francisco lawyer and former editor-in-chief of this publication, **Richard Greenstone**, critiques the record industry for not preemptively harnessing and benefiting from file sharing and downloading. He suggests that the industry must now concede to accept certain minimal losses in order to profit from the new technology.

Finally, Associate Editor **Bob Pimm** reviews *Taxation of the Entertainment Industry* by Schuyler M. Moore. The book provides practical instruction on tax law as applied to the entertainment industry.

This is my last issue as editor-in-chief. It has been a great experience. I now pass the baton to Bob Pimm. As always, your articles, article proposals and comments are welcomed. You may reach Bob at: Robert G. Pimm, Law Office of Richard J. Greenstone, 100 Bush Street, Suite 1250, San Francisco, CA 94104, fax: 415/438-1899, or e-mail: bob@rjg.com. ■

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Copyright co-ownership in cyberspace:
The digital merger of content and technology in digital rights management and e-commerce

COREY FIELD

Entertainment content creators and software technology companies need each other to reach consumers of digital entertainment. But when digital distribution and digital rights management agreements create new hybrid digital files that combine their respective copyrights, new and unexplored copyright co-ownership questions arise. When choosing proprietary digital rights management (DRM) technology, entertainment content copyright holders must be aware that their software technology partners rightfully claim copyright ownership of the "technological" portion of the resulting files, the software mechanisms that encode, display, play back, encrypt, account and generally enable digital distribution via e-commerce.

Should disputes between content providers and technology providers occur, either party may seek to enjoin use of the digital file based on a copyright infringement claim, resulting in interruption of revenue for all concerned. This article examines the copyright co-ownership implications where entertainment content copyright holders and technology copyright holders enter into digital distribution e-commerce agreements that create new "hybrid" files that merge content and technology.

Technology providers as partners

For traditional nondigital exploitation, entertainment companies simply buy whatever technology they need to package content for consumers. The technology is purchased at each phase of production, resulting in a finished product belonging exclusively to the copyright holder, for example a finished CD, DVD, video or book. These traditional technology providers such as printing presses and replication plants, once paid, have no claim to the finished product, the paper in the finished book, the ink in the finished book, or the compact disk. The manufacturer of the ink "technology" used in producing a printed book would have no idea when or how or to whom the book sale was made, and no financial interest in that end-user transaction.

In digital distribution via e-commerce, the technology is not a tangible physical product. It is the copyrighted software that provides mechanisms to encode the content, protect the content, and to enable secure and trackable financial accounting. Software technology providers don't sell their technology outright like the traditional "physical" technology providers. They seek to contractually retain all rights to e-commerce uses that depend on their technology, and issue licenses for use of the software technology.

> "Hybrid" digital files that contain entertainment content and software technology challenge our traditional notions of copyright ownership.

That will typically include the right to monitor transactions to ensure correct accounting and payment to the software provider under the terms of the license.[1] Thus, at any given moment in an e-commerce digital distribution transaction, several entities may be vertically aligned, all participating in the creation and licensing of the digital file on a continuing basis.[2] The provider of the software technology is closer to a contractual partner than a mere product supplier.

These "hybrid" digital files that contain entertainment content and software technology challenge our traditional notions of copyright ownership of tangible entertainment products. These new co-ownership rela-

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tionships change profit expectations as well because more parties are involved in the ultimate end-user transaction. To use a book-selling example in the traditional world of physical products, a retailing bookseller usually deals with only one source, the publisher (or distributor), and profit is based on a relatively simple discount relationship – for example, the bookseller pays the publisher $10 for the book and sells it to the consumer for $20, making a $10 gross profit.

In the world of digitally distributed e-books, both the online publisher and retailer will have to share the income (assuming the publisher does not own the technology outright) via their digital distribution licenses with the new and essential third party involved in the transaction: the software technology provider who digitally packages the product in a form that can be marketed on a retailer's Web site.[3] The economic pie will now be sliced in at least three ways instead of in half. For publishers and retailers (or for publishers who sell direct to consumers), the profit participation of a software technology provider and the copyright co-ownership implications of the digital files themselves may indeed represent a new business model.

Soon, a dispute arose between copyright holders and joint authors who argue about co-authorship and copyright co-ownership.

These digital distribution hybrid files encompass copyrightable contributions from more than one entity, and until courts begin to offer guidance in the form of opinions on the joint copyright ownership status of such files, DRM agreements that create such hybrids should clarify the ownership status of each party, and provide dispute resolution mechanisms. Where this issue is not addressed, or not considered in sufficient detail, disputes may arise, and one of the parties may seek to enjoin all use of the hybrid file based on the aggrieved party's copyrighted content or technology that forms an indivisible part of the hybrid file.

A fully developed DRM dispute based on copyright co-ownership of digital files has not yet reached the courts, however there are some recently litigated disputes between content copyright holders and technology holders that indicate where courts may stand on the issue. Before we examine those cases, a brief review of copyright co-ownership follows.

Copyright co-ownership

For a copyrighted work by one author, the traditional rules are that copyright ownership begins when the work comes into being as an original work of authorship[4] and vests immediately on creation, either in the natural author who created the work[5] or in an employer or commissioning organization under the works-made-for-hire doctrine.[6] The work must be fixed in a tangible medium of expression;[7] fall within the eight categories of copyrightable works in the Copyright Act[8] or subsequent case law;[9] and consist of an original expression of an idea, not merely an "idea, procedure, process, system, method of operation, concept, principle, or discovery."[10]

Copyright law does provide for song, sound recording or book collaborators and other joint works: "authors of a joint work are co-owners of copyright in the work."[11] The Copyright Act defines a "joint work" as "[a] work prepared by two or more authors with the intention that their contributions be merged into inseparable or interdependent parts of a unitary whole."[12] The legislative history of the Copyright Act further defined joint authorship: "joint authorship carries with it the status of tenants in common, both having an undivided interest in the whole. Each also enjoys the right to license the copyright nonexclusively, with a duty to account to the other.[13]

Where parties have not agreed to their intentions in writing, this definition has been the subject of legal disputes between copyright holders and putative joint authors who argue that their contribution was sufficient to create co-authorship and copyright co-ownership. In the absence of contractual agreements, the leading cases establish a test using the intent of the parties to determine co-ownership.

But where mutual intent for joint authorship does not exist though each party has made a copyrightable contribution, the situation is less clear. This latter scenario describes the status of digital distribution files that contain copyrighted subject matter provided by content and technology partners. As background, we will briefly examine some of the leading copyright co-ownership cases.

Childress v. Taylor and *Thomson v. Larson* are leading cases defining the statutory requirement that joint authorship arises from the mutual intent of parties to create a joint work. *Childress v. Taylor*[14] is a 1991 Second Circuit decision involving a play, the ideas and background research for which originated with an actress, Clarice Taylor, who wanted to create a one-woman show based on comedian Moms Mabley.

After attempting unsuccessfully to write the monologue herself, Taylor arranged to create the work with playwright Alice Childress. Taylor provided the idea and the initial background research. Childress created the "original work in a fixed medium of expression" by creating and writing the actual monologue. Taylor sued, claiming her ideas and research entitled her, in the absence of any final express agreement (a draft agreement was rejected), to joint authorship under copyright law.

In framing the issue, the court noted: "Care must be taken to ensure that true collaborators in the creative process are accorded the perquisites of co-authorship and to guard against the risk that a sole author is denied exclusive authorship status simply because another person rendered some form of assistance."[15] Thus, true joint authors must have their rights protected, and true authors must be protected against copyright claims from people who merely make suggestions or provide suggestions for a creative project. The *Childress* court codified a two-part test to this end, designed to protect both parties.

First, *Childress* strikes a balance between copyright law and contract. If the parties so agree in a contract, they may assign co-authorship status to a party whose contribution was minimal. Absent such agreement, both parties must make a copyrightable contribution to the work to come within copyright law's definition of co-author. This protects sole authors by effectively excluding authorship claimants who do not have a contractual agreement granting co-authorship and whose contribution is an idea or research that is not copyrightable. As the court said: "It seems more consistent with the spirit of copyright law to oblige all joint authors to make copyrightable contributions, leaving those with noncopyrightable contributions to protect their rights through contract."[16]

The second test is the element of mutual intent to create a joint work. The court noted that the statutory element that contributions be merged into "inseparable parts of a unitary whole" makes sense only where joint intent to do so exists. The court's telling example involved contributions by editors or researchers, even those who make significant revisions to a writer's drafts. What distinguishes these relationships is the lack of intent of both participants in the venture to regard themselves as joint authors. "Equal sharing of rights should be reserved for relationships in which all participants fully intend to be joint authors."[17]

In 1998, the Second Circuit faced a similar joint authorship issue in *Thomson v. Larson*.[18] This case involved the "book," or spoken words, for the successful Broadway musical *Rent*. The author, Larson, had worked with a dramaturge, Thomson, who had strong evidence of having made a substantial and copyrightable contribution to the dramatic structure and dialogue of the work, transforming it from an unsuccessful workshop project to a Pulitzer Prize and Tony Award winner. Larson died before the case was filed, and the refusal by Larson's heirs to award Thomson 16 percent of royalties had precipitated the action. Had Larson lived, he indeed might have granted Thomson a contractual right to royalties, notwithstanding the validity of her joint authorship claims under copyright[19] -- the copyright-via-contract scenario described by the *Childress* court.

In *Larson*, the plaintiff could not prove mutual intent, however she very likely met the other *Childress* test in that her contribution was substantial enough to be independently copyrightable. What would be her rights in this uneasy copyright co-ownership scenario? Because the plaintiff raised the issue for the first time on appeal, the court discussed but did not rule on the issue. If Thomson retained rights in her copyrightable contribution to *Rent*, the nature of those rights and how they would be exercised was not resolved. If she enjoyed a nonexclusive right to her contribution, as in *Effects Associates v. Cohen*[20], how could she exercise that right for her portion of *Rent*? Would she have the right, as she argued, to "enjoin any use of her contributions in any stage production, book, cast album or motion picture"?[21]

E-commerce rights in hybrid files

This open copyright co-ownership question posed by the *Larson* court relates directly to the questions

> What distinguishes these relationships is the lack of intent to regard themselves as joint authors.

concerning e-commerce: Where digitization and distribution of copyrighted works occur through the use of third-party copyrighted software, may the technology copyright holder enjoin any e-commerce digital distribution use of their copyrighted portion of the digital file, thus prohibiting commercial exploitation of the entertainment content itself?

The answer to the question may lie partly in the terms of software license agreements that specify ownership of any creative content produced through the software technology. Fully negotiated e-commerce digital distribution agreements where technology providers specify ownership in their portion of the digital file remain confidential, and may not themselves fully address co-ownership implications. And the industry reality is that outside the largest or most technologically adept media companies, vast numbers of entertainment content copyright owners have little direct experience with digital distribution agreements and the new business models they present.

The e-commerce rights reserved by mass-market software products in their published end-user license agreements are thus helpful published sources indicating which rights in "hybrid" files are generally claimed by software technology copyright holders. Such rights typically convey from end-user license agreements (EULAs) that are provided either with the physical packaging or through click-through screens when purchases are made online.[22]

Many of these agreements remain rooted in the pre-Internet world, when a software supplier's greatest concern was unauthorized duplication. Thus typical EULAs address competitive and piracy concerns by prohibiting copying the software, reverse engineering and creation of derivative works.[23]

More recently published mass-market EULAs are instructive as indicators of the software copyright holder's reservation of e-commerce rights for files created by the end-user, even when such files contain the end-user's own copyrighted material. For example, EULAs that accompany music engraving software specifically designed to create or include copyrighted musical scores, reserve digital distribution rights in the resulting files, thus constraining the uses a user may make beyond simply printing out copies.[24]

> A musician creates a hybrid digital file that also contains the copyright software technology.

A musician who creates a score using these products, and who reads the fine print, is creating a hybrid digital file that contains the musician's own copyrighted work and also contains the copyright software technology. Under the terms of the EULA, the musician may not make e-commerce uses of the file that contains their own work without a separate license from the software technology provider.

Software designed to create MP3 sound files also restricts commercial use of user-created files in the EULA. The RealPlayer MP3 file player and other products reserve rights to any commercial use of user-created files, and further reserve specific e-commerce rights in the license restrictions clause.[25]

Software technology companies may also characterize end-user created files as derivative works that may not be exploited under the terms of the EULA. *Micro Star v. Formgen*[26] involved a video game that allowed users to create customized levels of play, which were held in individual files. The EULA accompanying the software specified that such user-created files could not be sold and if shared, had to be "offered for free."

Micro Star, without license, harvested 300 of the user-created files from the Internet and marketed them on a CD-ROM. The court held that under *Effects Associates v. Cohen,*[27] Micro Star could not claim that a nonexclusive license existed in fact or by implication and that there was no license orally or implied by conduct.[28] Micro Star's fair use argument also failed because of the commercial nature of its CD-ROM sales. The court held that the CD-ROM infringed by virtue of being an unlicensed derivative work[29] based on the Duke Nukem "story."[30]

The court in *Micro Star* used the copyright holder's EULA license agreement to enforce the copyright holder's rights against an unrelated infringing party. E-commerce disputes between commercial entities, however, would arise out of complex business partnerships rather than acts of outside infringers. For now, *Micro Star* enforces the position that a software technology provider has the right to control how an end-user may exploit files created by the end-user themselves, even if those files contain copyrightable subject matter created by the end-user.

Courts are willing to see co-ownership

There is not yet a reported case involving a DRM copyright infringement dispute between entertainment content and technology copyright holders, in the context of fully negotiated DRM agreements between commercial entities. However, cases involving Web site copyright ownership disputes between technology providers and content owners (other than domain name disputes under trademark law) are beginning to emerge. Although none directly involves digital distribution, for the moment they may provide clues on how courts will view copyright co-ownership in cyberspace in future disputes between content and technology copyright holders.

A 2000 case from the U.S. District Court of the Southern District of New York, *Holtzbrinck*

Publishing Holdings L.P. v. Vyne Communications Inc., involved disputed claims to Web site copyrights.[31]

Holtzbrinck, the publishers of *Scientific American* magazine, hired Vyne, a programmer, to create a *Scientific American* Web site. The parties drafted but did not execute an assignment of copyright to the publisher of the site and the programming work.[32] When a dispute over fees erupted, the programmer registered copyright, claiming ownership that included "coding, programming and graphics" and notified the publisher that the Web site now infringed the programmer's copyright.

The programmer did not claim authorship in the copyrighted content provided by the publisher (that is, the magazine content); however, the programmer's copyright claim in the software technology effectively prohibited the publisher's entertainment content from being used or displayed on the publisher's own Web site. This interconnectivity of the copyrights held by the parties in *Holtzbrinck*, and the power of one party to "block" distribution of the other party's copyrights, is perhaps a harbinger of things to come in future e-commerce DRM disputes.

Following the model of *Effects Associates v. Cohen* that flawed contracts may at least follow the parties' intent by creating nonexclusive licenses, the court held that the parties' acts – including payments, delivery of programming and access to the Web site – indicated that the publisher at a minimum had an implied nonexclusive license to its own commissioned Web site. The court further noted: "The parties most likely intended that the programs and codes be merged with the editorial content, to produce one work – the Web site… To the extent that the parties each contributed copyrightable work, the Web site would be a joint work. As such, both authors would be co-entitled to copyright protection."

The lack of a clear writing between the parties in *Holtzbrinck* may have confused not only the parties but also the court, given its supposition that the parties intended to create a joint work under copyright. It is hard to imagine any entertainment copyright holder allowing its copyrights to merge with software programming on a Web site.

In a scenario involving a well-known publication such as *Scientific American*, it becomes even less likely that they would have granted co-ownership rights to a software technology provider. Copyright holders would almost certainly insist on full assignment of the copyright to programming done for the Web site, as well as ownership and control over the entire enterprise.[33]

A similar recent copyright co-ownership case pitting a Web site developer's copyright claim in software against a Web site content owner is *Netnumina Solutions Inc. v. Dietrehab.com Inc.*[34] Like *Holtzbrinck,* copyright infringement was claimed by the technology provider in a dispute over programming fees. In the absence of a clear agreement concerning copyright ownership, the *Netnumina* court was willing to consider whether the Web site's content and technology had merged into a joint work, noting that "[a]lthough neither party raises the issue, it is possible that the parties may be "joint authors" of the subject materials which were prepared."[35]

Like *Holtzbrinck,* clear resolution of the copyright co-ownership issues was not obtained: the court stayed the copyright infringement claims and entered an order compelling arbitration of all other claims and counterclaims.[36] Both cases indicate that at least in these early days of digital distribution by e-commerce, there is a willingness among courts to consider entertainment content and software technology providers as co-owners of their joint digital endeavors.

> It is hard to imagine any entertainment copyright holder allowing its copyrights to merge with software programming on a Web site.

Conclusion

Historically, copyright holders are well known for insisting on high levels of control over licenses that use or affect their copyrights in any way, with the exception of compulsory mechanical licensing for sound recordings. As the above recent cases make clear however, in the absence of a clear understanding of copyright co-ownership implications in digital distribution, courts are willing to see implied co-ownership in ways that potentially limit control for entertainment copyright owners. Copyright holders that wish to take advantage of DRM technology thus may find themselves in a new and perhaps unfamiliar licensing role: equal partner instead of full owner.

The parties must understand the unsettled nature of copyright co-ownership in hybrid digital files, and then craft agreements that clearly identify and preserve the rights and copyright ownership status of each party. Copyright holders must understand that if the agreement calls for any form of possible co-ownership in the digitized files, the potential for disputes and income interruption exists.

In foreseeing such disputes and dealing with them proactively in DRM agreements, the first priority for any copyright holder participating in e-commerce is to preserve the greatest Internet necessity of all, a willingness to embrace the new. ■

Endnotes

1. *See* Bob Pimm, *Riding the Bullet to the E-Book Revolution*, 18 Ent. & Sports Law. 20 (Summer 2000).
2. *See Id*. at 19-20. (describing one possible DRM distribution scenario in the book publishing context).
3. *See* Heather Florence, *Copyright Reform and Licensing Practice*, 557 PLI/Pat 123 (1999) (containing sample digital distribution agreements wherein technology providers receive fees for every transaction).
4. *See* 17 U.S.C. § 102 Subject matter of copyright.
5. *See* 17 U.S.C. § 201 Ownership of copyright.
6. *See* 17 U.S.C. 201(b) Works made for hire.
7. *See* 17 U.S.C. § 102(a).
8. *See* 17 U.S.C. § 102(a).
9. *See* Apple Computer Inc. v. Franklin Computer Corp., 714 F.2d 1240 (3d Cir. 1983) (computer program code is copyrightable as literary work).
10. *See* 17 U.S.C. § 102(b).
11. *See* 17 U.S.C. § 201(a).
12. *See* 17 U.S.C. § 101.
13. *See* H.R. Rep. No. 1476, 94th Cong., 2d Sess. 121 (1976), 1976 U.S.C.C.A.N. 5659, 1976 WL 14045 (Leg. Hist.) (co-owners of copyright treated generally as tenants in common).
14. *See* Childress v. Taylor, 945 F.2d 500 (2d Cir. 1991).
15. *Id*. at 504.
16. *Id*. at 507.
17. *Id*. at 507.
18. *See* Thomson v. Larson, 147 F.3d 195 (2d Cir. 1998).
19. *See* Alvin Deutsch, *La Boheme Revisited*, 45 J. Copyright Soc'y U.S.A. 652. *See also* Seth F. Gorman, *Who Owns the Movies?* 7 UCLA Ent. L. Rev. 1 (1999). *See also* Gary H. Moore, *Joint Ownership of Intellectual Property: Issues and Pitfalls*, 1132 PLI/Corp 215 (1999).
20. Another resolution finding that each claimant enjoys a nonexclusive license to their contribution was presented by Effects Associates v. Cohen, 908 F.2d 555 (9th Cir. 1990) in which the Ninth Circuit determined that where parties have failed to establish either effective transfer of copyright ownership or joint authorship, each party enjoys a nonexclusive license to exploit the portion at issue. Such nonexclusive license may, however, be of relatively little value compared with the entire work.
21. *See Larson*, 147 F.3d 195 at 206.
22. *See* Michael R. Cohen, *End User License Agreement*, *in* West's Legal Forms, 27A WEST-LF § 10.32 (1999) (prohibiting unauthorized copying or disclosure of trade secrets but making no mention of copyright status of user-created files).
23. As regards the enforcability of EULAs, *see* ProCD v. Zeidenberg, 86 F.3d 1447 (7th Cir. 1996) (upholding the terms of the EULA). *See also* Stephen J. Davidson, et al, *Open, Click Download, Send – To What Have You Agreed?*, Journal of Internet Law, v. 4 n. 10 April 2001.
24. *See* EULAs for Finale and Sibelius music engraving software, on file with author.
25. *See Software License for Certain RealNetworks Products* (on file with author).
26. *See* Micro Star v. Formgen Inc., 154 F.3d 1107 (9th Cir. 1998).
27 908 F.2d 555 (9th Cir. 1990).
28. *Id*.
29. *See* 17 U.S.C. § 101 Definition of "derivative work."
30. *See Micro Star* at 1112.
31. *See* Holtzbrinck Pub. Holdings v. Vyne Comm. Inc., No. 97 CIV. 1082(KTD) (S.D.N.Y. April 26, 2000), 2000 WL 502860.
32. The *Holtzbrinck* court found that the Web site programming did not constitute a work made for hire based on the facts in that case. See *Holtzbrinck* at *9. *See also* Corey Field, *Their Master's Voice?* 48 J. Copyright Soc'y 145 (2000) (examining the works made for hire doctrine within the context of sound recordings).
33. *See Holtzbrinck* at *9.
34. *See* Netnumina Solutions Inc. v. Dietrehab.com Inc., No. CIV. A. 01-10195-PBS, (D. Mass, April 6, 2001), 2001 WL 455842.
35. *Id*. at FN6.
36. *Netnumina* at *10.

'This Song's Got No Title Just Words and a Tune':
Protection of song titles under the Lanham Act

ALLEN B. GRODSKY AND ERIC M. GEORGE

'Start Me Up'[1]

A producer has a brilliant idea for a new movie, an inspiring tale about a young man named Bennie who, overcoming adversity, becomes the quarterback for the New York Jets and leads the team to the Super Bowl. He has the perfect name for his movie: "Bennie and the Jets."

His assistant asks: "Are you sure you can title your movie with the same name as Elton John's famous song without his permission?" "Of course I can," the producer insists. "I won't be using any of Elton John's music, and the story line is completely different than that of the song. Anyway, you can't *copyright* a song title."[2]

One can only hope that this producer has broad insurance coverage. Under the federal Lanham Act,[3] a musical composition that has secondary meaning is protected as an unregistered trademark. A producer of a movie, play or television show infringes that trademark -- and risks imposition of an injunction or award of substantial damages -- by using such a song title in a way that causes a likelihood of confusion.

In this article, we will show:

- what a songwriter must prove to establish secondary meaning in a musical composition;
- what unauthorized uses by others of song titles create a likelihood of confusion; and
- what relief a songwriter may recover against someone who uses his or her song title without permission.

'I Second that Emotion'[4]

Titles of works of artistic expression -- including titles to musical compositions -- obtain trademark protection with "proof of secondary meaning and consumer recognition."[5] In the words of Professor McCarthy: "The test of secondary meaning for literary titles is essentially one of determining whether, in the minds of a significant number of people, the title in question is associated with a single source of the literary work."[6]

The critical inquiry is whether the song is sufficiently well known -- as a result of sales or performances -- *that people who hear the title think of the song*. A songwriter need not prove, however, that people who hear the title *think of the songwriter*.[7]

In making this determination, courts will analyze:

- how long the song title has been used;
- the extent of advertising and promotion of the song title, including how much money was spent in doing so;
- the number of people who have purchased albums or videos of the song;
- unsolicited media coverage of the song;
- consumer surveys linking the title to the song.[8]

Ultimately, this is a bit of a "I know it when I see it" kind of test. For example, the Second Circuit had no trouble agreeing that "Sing, Sing, Sing (with a Swing)," the title of the 1930s Benny Goodman jazz composition, had secondary meaning.[9] The court noted that, according to one poll, the song was one of the 100 most important musical works of the 20th century and "[f]or those familiar with the Benny Goodman version of it with its upbeat syncopation and counterpoint, 'Sing, Sing, Sing' is as distinctive and recognizable as the opening four notes of Beethoven's Fifth Symphony are to a classical music lover."[10]

Of course, a songwriter must actually introduce evidence to prove secondary meaning, and not assume the court will take "judicial notice" of the song's fame. Apple, successor-in-interest to the Beatles, learned this lesson in a case involving such famous songs as "Let it Be," "Hard Day's Night" and "Yellow Submarine."[11] The district court denied Apple's motion for summary judgment, holding that the mere fact that the Beatles' "Anthology" recordings sold 8 million copies -- the only evidence submitted by Apple -- did not, in and of itself, establish

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secondary meaning. Nevertheless, it is hard to imagine that a court would not conclude that such song titles had secondary meaning, once Apple introduced the appropriate evidence.

At the opposite end of the spectrum from such popular works, however, are compositions such as "Slow and Easy" and "Your Love." Any trouble the reader has in summoning these songs' melodies was similarly experienced by the federal district court[12] that found that the composers of these songs had failed to create a triable issue concerning secondary meaning. The court noted that "before plaintiffs registered their songs," *other artists* have recorded "35 different songs entitled 'Slow and Easy' and 320 different songs entitled "Your Love."[13] Additionally, the court was unimpressed by the sales of plaintiffs' version of the songs (collectively, less than 900) and total advertising expenditures (less than $600).

Similarly, a federal district court held that the country title "Better Class of Losers" -- though the song had been performed publicly some 47,000 times -- had failed to generate a secondary meaning.[14] The court found "these numbers are relatively insubstantial considering the lapse of time since the previous recording was released and the fact that the affidavit of one industry expert noted that the song 'Stand by Your Man,' a 'hit' owned by Tree, has been publicly performed more than *two million times*."[15]

'Dazed and Confused'

Once a determination is made that a song title has secondary meaning, the songwriter then must establish that the other party's use of the title creates a likelihood of confusion among the public. The ultimate test for likelihood of confusion is "whether the public is likely to be deceived or confused by the similarity of the marks."[16]

> The music and motion picture industries are, in large part, one and the same.

Because there are First Amendment concerns involved in the choice of a title of a work of artistic expression, the finding of likelihood of confusion must be "particularly compelling."[17] But this standard is not impossible to meet: "It would be ironic if, in the name of the First Amendment, courts did not recognize the right of authors to protect titles of their creative work against infringement by other authors."[18]

The Ninth Circuit determines likelihood of confusion by examining seven different factors, although the presence or absence of any particular factor does not necessarily determine the existence of a likelihood of confusion.[19] What follow are each of those factors, and how they apply in a song-title infringement case:

Proximity of the goods

In determining whether there is a likelihood of confusion, a court will consider the "proximity of the goods" because "the relevant purchasing public is more likely to be confused when the users of similar marks or names sell related goods."[20]

But is the medium of film sufficiently proximate to the medium of music as to cause this factor to weigh in favor of finding a likelihood of confusion? The answer is yes, and for good reason. The music and motion picture industries are, in large part, one and the same. Motion picture studios own record companies. Movies use songs in soundtracks and are often accompanied by, and promoted in connection with, those soundtrack albums. And, in the other direction, most popular songs are promoted by videos.

Given the ways in which the film and music media overlap, then, a composer can do more than prevent *another composer* from using his song title. Rather, under the general rule that a "plaintiff's title that has acquired secondary meaning in one literary medium will be strong enough to prevent defendant's use of the title on another type of literary work,"[21] a composer should be able to prevent a movie producer from purloining a song title for use as a movie.

Similarity of the marks

Similarity of the marks is a critical factor in likelihood-of-confusion analysis.[22] Clearly, this test is satisfied where a well-known song title is used verbatim as a film title.

But what if our imaginary producer tries to avoid a lawsuit (and payment of a licensing fee) by changing his movie so that Bennie becomes a basketball star for the New Jersey Nets. Now his movie is titled: "Bennie & The Nets." Does he still have a problem? Most likely, yes.

Where the titles are not identical, courts assess the similarity of the marks on three levels: sight, sound and meaning.[23] The marks must be considered as encountered in the marketplace.[24] A court will weigh similarities more heavily than differences.[25]

With song titles, two of these tests have obvious application: sound -- do the titles sound alike? -- and meaning -- do they mean the same thing? But "sight" may be applicable as well if the song has a well-known video and the movie attempts to copy the story or mood of the video.

Strength of the mark

Courts also analyze the strength of the mark, and a strong mark is given greater protection than that afforded to a weaker one.[26] Courts review the strength of a mark by its placement on a continuum of marks from "generic," which receives no protection; to "descriptive" or "suggestive" that receives moderate protection; to "arbitrary" or "fanciful," which receives maximum protection.[27]

Where a song title is involved, the logic applied to titles generally by Judge Learned Hand applies: "A title is, if not strictly descriptive, at least suggestive, and not an arbitrary sign."[28] And the primary criterion determining whether a song title will fall on one side or the other of this "uncertain" line will be the "imaginativeness involved in the suggestion" contained in the song's title.[29] Ultimately, the more "suggestive" -- and less "descriptive" -- the song title, the easier to prove actual confusion.

Marketing channels

The existence of convergent marketing channels similarly weighs in favor of a likelihood of confusion.[30] Here, music and film are marketed in the very same channels: TV ads, newspaper ads, billboards, Internet sites and the like. Indeed, many movie theaters run an audio track (just before the trailers) promoting, among other things, popular records. Moreover, stores like Blockbuster, and Web sites such as Amazon.com, sell music and videos at the same time to the same customers.

Type of goods and purchaser care

The type of goods and quantity of consumer care is relevant to determining likelihood of confusion because when the goods at issue are expensive, "the buyer can be expected to exercise greater care in his purchases."[31] Thus, the court found it significant in *AMF* that the adverse parties were each manufacturers of "high quality, expensive" speedboats.[32]

But a movie ticket is not a luxury speedboat. And so, where a "typical buyer" gains admission to a movie theater at a relatively negligible $9 per ticket, it is a fair assumption that he or she would not be expected to exercise "greater care" in making the purchase. Thus, this factor will weigh in favor of finding a likelihood of confusion.

The junior user's intent

When the junior user has "deliberately adopted a plaintiff's mark with a view to obtain some advantage from the good will, good name and good trade that the plaintiff has built up, the inference of likelihood of confusion is readily drawn because the defendant's act indicates that he expects confusion and resultant profit."[33] While it is unlikely that movie studio insiders would admit to such intent, "deliberate adoption" can be shown where the movie asked for the right to use the song title and, when permission was denied, went ahead and used the title anyway.[34]

Evidence of actual confusion

Evidence of actual confusion "is persuasive proof that future confusion is likely."[35] Actual confusion can be shown by a well-crafted survey[36] or anecdotal evidence.[37] Accordingly, a songwriter contemplating an infringement suit based on unauthorized use of a song title for a motion picture would be well advised to keep detailed records of statements from friends or other third parties asking or expressing surprise about their involvement in the movie.

Likelihood of expansion

A "strong possibility" that either party may expand its business to compete with the other weighs in favor of a finding of a likelihood of confusion.[38]

> The type of goods and quantity of consumer care is relevant to determining likelihood of confusion.

In today's film production business, even a modestly successful film is likely to generate a soundtrack album. And so, the composer whose song title is "borrowed" only for a movie title may later find -- a short distance away in an alphabetically organized CD bin -- his or her song title prominently displayed as the title to a movie soundtrack album. Thus, consideration of this factor should support a finding of likelihood of confusion.

'The Needle & the Damage Done'

Imagine that our friend the producer ignores his assistant's advice and spends $20 million preparing an ad campaign for the new motion picture "Bennie & The Jets." Trailers start to run and suddenly he receives a cease-and-desist letter and runs into your office for advice. After ranting for an hour about how "ridiculous" the letter is, he asks: "I don't really have any exposure here, do?" Guess again.

The remedies for infringement of an unregistered trademark (such as a song title) include the following:

- entry of a preliminary and/or permanent injunction prohibiting use of the infringed trademark (and thereby enjoining release of the movie);[39]
- award of actual damages sustained by the songwriter, [40] which include whatever the songwriter could reasonably be expected to be paid had a license been properly obtained;
- an order disgorging the infringer's profits from the infringement, on proof that the infringement was deliberately designed to create confusion; [41] and
- an award of attorney's fees, on proof of willful and deliberate infringement.[42]

'The end'[43]

The issue of a songwriter's rights in a song title is not a frivolous one. What if Elton John did not object to our producer's use of "Bennie & the Jets" as the title to the movie? The dispute would not end there. Who would have the right to sell "Bennie & the Jets" T-shirts or posters? Who would have the right to the "Bennie & the Jets" Web site?

Composers of famous songs must vigilantly protect their rights or they will see them slowly "Fadeway."[44]

Endnotes

1. M. Jagger & K. Richards, "Start Me Up" from the Rolling Stones' "Tattoo You."
2. J. T. McCarthy, McCarthy on Trademarks & Unfair Competition § 34 (2001) ("title alone of a literary work cannot be protected by copyright law").
3. 15 U.S.C. § 1125(a).
4. Cleveland & Robinson, "I Second that Emotion" from "I Second that Emotion" by Smokey Robinson & The Miracles.
5. McCarthy, supra note 3, § 10.2.
6. *Id*. § 10.10. See also Int'l Film Service Co. v. Associated Producers Inc., 273 F. 585, 587 (S.D.N.Y. 1921) ("The plaintiff succeeds as soon as he shows an audience educated to understand that the title means his play").
7. Jackson v. Universal Pictures Inc., 36 Cal. 2d 116, 123 (1950).
8. *See, e.g.*, Cowles Magazine & Broadcasting Inc. v. Elysium Inc., 255 Cal. App. 2d 731, 735 (1967); Simon & Schuster Inc. v. Dove Audio Inc., 970 F. Supp. 279 (S.D.N.Y. 1997).
9. EMI Catalogue Partnership v. Hill, Holliday, Connors, Comopulos Inc., 2000 U.S. App. LEXIS 30761 (2d Cir. 2000).
10. *Id*. at *2.
11. Apple Corps. Ltd. v. Button Master, P.C.P. Inc.. 47 U.S.P.Q.2d 1236 (E.D. Penn. 1998).
12. Jordan v. ABC Records, 202 U.S.P.Q. 74 (N.D. Ill. 1978).
13. *Id.*
14. Tree Publishing Co. v. Warner Bros. Records, 785 F. Supp 1272 (M.D. Tenn 1991).
15. *Id*. at 1276 (emphasis added).
16. New West Corp. v. NYM Co. of California Inc., 595 F.2d 1194, 1201 (9th Cir. 1979).
17 Simon & Schuster Inc. v. Dove Audio Inc., 970 F. Supp. 279, 296 (S.D.N.Y. 1997).
18. Rogers v. Grimaldi, 875 F.2d 994, 998 (2d Cir. 1989).
19. AMF Inc. v. Sleekcraft Boats, 599 F.2d 341, 348–49 (9th Cir. 1979); E&J Gallo Winery v. Gallo Cattle Co., 955 F.2d 1327, 1338 (9th Cir. 1992).
20. Accuride Int'l Inc. v. Accuride Corp., 871 F.2d 1531, 1536 (9th Cir. 1989).
21. McCarthy, supra note 3, § 10.16
22. Goto.com Inc. v. Walt Disney Co., 202 F.3d 1199, 1205 (9th Cir. 2000).
23. AMF, 599 F.2d at 351.
24. *Id*. at 351.
25. Goto.com Inc., 202 F.3d at 1206.
26. Miss World (UK), Ltd. v. Mrs. America Pageants Inc., 856 F.2d 1445, 1448 (9th Cir. 1988).
27. E&J Gallo, 955 F.2d at 1338.
28. Int'l Film Service Co., 273 F. at 587.
29. AMF, 599 F.2d at 349.
30. *Id*. at 353.
31. *Id.*
32. *Id.*
33. E&J Gallo Winery v. Gallo Cattle Co., 12 USPQ 2d 1657 (E.D. Cal. 1989), aff'd, 955 F.2d 1327 (1992). *See* also AMF, 599 F.2d at 352.
34. *See* Univ. of Georgia Athletic Ass'n v. Laite, 756 F.2d 1535, 1545 (11th Cir. 1985).
35. AMF, 599 F.2d at 352.
36. E&J Gallo Winery, 955 F.2d at 1339–40.
37. Simon & Schuster, 970 F. Supp. at 298.
38. AMF, 599 F.2d at 354.
39. California Cedar Products Co. v. Pine Mountain Corp., 724 F.2d 827 (9th Cir. 1984) (preliminary injunction); E&J Gallo Winery, 955 F.2d at 1344 (permanent injunction).
40. Simon & Schuster, 970 F. Supp. at 301.
41. Maier Brewing Co. v. Fleischman Distilling Corp., 390 F.2d 117, 123–24 (9th Cir. 1968), cert. denied, 391 U.S. 966 (1968).
42. Playboy Enterprises Inc. v. Baccarat Clothing Co., 692 F.2d 1272, 1276 (9th Cir. 1982).
43. Lennon & McCartney, "The End" from the Beatles' "Abbey Road."
44. Larden & White, "Fadeaway" from "Ricky Nelson: Best of 1963–75."

EDITORIAL

RICHARD J. GREENSTONE

Note to reader: This article, like any article on Napster that attempts to predict the future, should be taken with a grain of salt. It was written in May 2001, for publication in early 2002. A lot can change in a few months.

Six people -- five record-label executives and the president of the Recording Industry Association of America (RIAA) -- prance around a coffin in which the remains of Napster rest quietly, its short life and unrealized potential not fully appreciated by the revelers. Their intended victory dance has become a macabre dance of death. The failure of the record labels and the record industry to recognize opportunity and embrace the immature Napster model amounts to one of the biggest business mistakes in the industry's history.

It is true that the Napster model was built on unlicensed copyrights. But there is precedent of sorts for this, the formation of performing rights societies that collect licensing fees, such as ASCAP, BMI and SESAC. This time around, though, the record industry never even gave Napster a chance to adopt that model.

Napster instituted a paradigm shift for the record industry; the failure to embrace that change will prevent the record industry from instituting a comprehensive method of purchasing published music from any source. It will also alienate its core customers. When the record industry looked on Napster, it saw only a challenge to its existing business model. It could have been a story about recognizing an opportunity and grabbing and exploiting it -- even though Napster was not yet the perfect model outlined by record company visionaries, A&R people, Web site designers, security experts, accountants, lawyers and other so-called decision makers.

What software program ever has been fully effective in its version 1.0 incarnation? Adoption of the Napster model would have absorbed millions of users happy with the Napster system and brand. The record industry should have taken a lesson from the computer industry: Version 1.0 of a program may be poorly implemented and unable to fill all needs, but version 3.0 is the killer app.

Let's examine the effect of Napster, first from the customer's point of view. Napster allows a user to bypass established record distributors. Purchasers long have bristled at paying $15 to $20 for a CD to hear only one or two worthwhile songs. Napster allows users to get just what they want -- one particular song, not the whole album. Napster empowers a user to find music that may be out of print and buy "old" rather than trendy new music. New artists can use Napster to distribute music at little or no cost, cutting out record labels that often take more than they give an artist with a standard recording contract.

From the recording industry perspective, on the other hand, Napster is anathema. Napster allows

When the record industry looked on Napster, it saw only a challenge to its existing business model.

users to obtain music without record label/brand identification. It allows users to get one or two songs instead of an album of often second-rate filler material that justifies the industry's selling an overpriced CD. Napster offers convenient shopping by computer, bypassing established bricks-and-mortar advertising and distribution outlets. Napster users avoid frustrating shopping experiences in record stores that often don't have items in stock. And artists can distribute their works without the label intervening or taking the lion's share of the income.

In its outrage over Napster's bold inventiveness, the record industry missed a crucial point: Napster works. It works the way people want to purchase

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music: A person enters a record store and searches for a disc first by genre, then by artist. Similarly, a user searches online for music by artist or song title, and then is given a variety of files to choose from, usually presented by bit rate, source, download speed, etc.

A customer, whether shopping in a record store or online, does *not* search for music by record company. A person does not say, "Gee, I think I'll buy a recording from Elektra." That's an unnatural way to search for and purchase a song and completely

The record industry missed a huge chance to convert Napster users to a paying subscriber base.

ignores the brick-and-mortar model of music distributors, who sell music from all record label sources, grouped by genre and artist. The balkanization by record companies of online distribution will doom those record companies to insignificant online sales.

The record industry missed a huge chance to convert Napster users to a paying subscriber base. Even though not all would have paid, a system -- widely adopted by users -- was in place that could have converted a large populace of users who recognize the meaning of copyright and would have accepted reasonable charges for a system that distributes music in an innovative manner. But now the record industry -- with its "take no prisoners" stance -- has forced these potential customers to migrate to systems without central servers or accountable companies.

The record industry has failed to deliver a simple and successful way to purchase music. It has demonstrated a complete inability to deal with technology in an elegant way, because of its insistence on nonreproducible music. The Secure Digital Music Initiative (SDMI) still founders after several years. The record industry should learn from the experience of computer software publishers that encoding, copy protection, hardware keys and software keys just don't work. Hackers always can crack the system.

The software industry has dealt with this problem in a logical way by introducing very high-end programs that sell for several hundred to thousands of dollars each and are protected by a complex registration system. The first string of registration numbers appears in the "about this program" box, which also delivers a copyright notice and basic licensing information. The last string, necessary to make the software program work, does not appear in the box.

If an unlicensed user copies the program and registration number from the "about this program" box, the program will not work. In addition, virtually all programs retailing for under $100 can be obtained on a "try before you buy" basis where users download and use the program for a specific period. After that time, access is prohibited or certain functions stop working.

The question is why the record industry cannot adopt a similar model, allow a certain number of plays, then require the user to pay for that particular piece of music to keep it. This would spread goodwill (free music) and ensure that, if the music is appealling, the user must eventually pay for it or suffer the automatic deletion of the song file from the computer. By failing to develop a workable distribution model and waging war on Napster instead, the record industry has sent a terrible message: It simply does not trust its customers.

Napster reportedly had 50 million users. That's not a community; it's a virtual nation. And the record industry decided to declare war on that nation without recognizing one fundamental fact: The citizens of that nation comprise record-industry customers.

Wars have ugly truths. In order to win the war and not commit the biggest business mistake of all time, the record industry should accept that a small amount of music might be delivered without payment. Call it goodwill, or acceptable losses -- every business must factor into its pricing structure some acceptable losses. In the restaurant business, it's called "waste"; in the retail business it's called "shrinkage."

The record industry already factors into its pricing structure the shrinkage that occurs as a CD makes its way from recording studio to manufacturer, to distributor, to retail store. The record industry locks itself into a self-defeating stance when it expects compensation for every last unit.

The record industry needs to court its audience because, without it, there is *no* profit. The industry should do everything possible to deliver music to the user in ways the user wants and needs. The record industry should now concede defeat; insisting on total victory means killing the golden goose called Napster.

Are the *Cats* out of the Bag?

(continued from page 1)

creating the sea change of truth than concentrate on such mundane and temporal matters. Theater was, in its origins, a sacred function.[2] Its inspiration, expression and creation are in turn governed by a web of agreements and laws that regulate the monetary transactions resulting from these acts and the right to control the integrity of one's work, the time and manner of its appearance, and the association of the artist's name with his or her work.

Dealing with legal issues, the cost of lawyers, the fast-paced and often informal nature of work in the performing arts as well as inequalities in bargaining positions, may cause artists and producers to avoid, ignore or misunderstand legal formalities that are intended to protect them. The absence of -- or error in -- those formalities can ultimately lead to dissension, litigation, limitation on the use of the artist's work, and incursion of unanticipated costs. Artistic and business relationships always risk stress and rancor. The goal for the entertainment lawyer should be to keep the ordinary from turning into farce or courtroom drama.

A rare opinion addressing rights in theatrical designs was provided by a federal judge in the Southern District of New York in 2000. The court denied a motion to dismiss (in substantial part) allegations of copyright and trademark infringement brought by Candace Carell, the makeup designer for the American production of the smash Broadway hit musical *Cats*.[3] The 30-page decision dealt with many of the copyright and related trademark matters that arise with respect to theatrical designs. The decision is instructive both to litigators and transactional entertainment lawyers.

This article discusses the *Carell* case and more general issues concerning the existence and nature of copyright in theatrical designs such as whether the designs meet the threshold requirement for the existence of copyright and the ownership of theatrical designs. An analysis will help the lawyer to avoid or resolve problems before they become unmanageable.

The *Carell* case

The *Carell* case aptly demonstrates the risks of litigation and the reduced ability to make use of work that stems from the failure to understand the legal implications of creative acts and the need for written agreements. Judge Allen Schwartz, like the *deus ex machina* in a Greek drama, helped the parties resolve their contentions, encouraging a settlement after the Second Circuit denied defendants leave to appeal.

Carell sued 18 defendants connected with the American production of *Cats*. Among the defendants were the Shubert Organization Inc. (a producer), other producers, John Napier (the set and costume designer), Andrew Lloyd Webber (the author of *Cats* and producer of the video version) and others associated with the stage production, video production and licensing of *Cats*.[4] Although the court dismissed claims against three foreign entities and certain individual defendants, other defendants -- including Lloyd Webber and Napier -- remained in the case.[5]

> The goal for the entertainment lawyer should be to keep the ordinary from turning into farce or courtroom drama.

In deciding the defendants' motion, the court did not determine whether any of the defendants had actually violated any of Carell's rights. The court only decided that certain allegations and claims made by Carell in her complaint, if ultimately proven to be true, could raise valid claims of copyright and trademark infringement against some of the defendants. The description of the case that follows is taken from the court's opinion, which was based on the untested allegations of the complaint.

In 1982, for the American production of the musical, Carell designed makeup for numerous *Cats* characters. The designs were created on her own, with ideas provided by John Napier, the show's set and costume designer, and with designs by Carell and Napier together.

Carell's contract with the producer did not refer to copyrights in the makeup designs, and she did not

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seek to register the copyright in the designs until more than seven years after creating them. While she had sought legal advice about copyright in the designs, the first two lawyers she consulted did not think that they were subjects of copyright protection. However, the third lawyer that Carell consulted proceeded to register the copyrights.

Carell received playbill credit for the makeup in the New York production. However, when the designs were (allegedly) used for a video, in a coloring and activity book about *Cats* makeup designs and other uses, Carell was not credited. She received no additional compensation or royalties. Indeed, the producers reacted to Carell's claims by preventing her from marketing her own book about *Cats* makeup.

> For a theatrical performance, copyright exist only in the tangible fixation of a work.

After arguing several years with some of the defendants concerning ownership of the designs, Carell sued in 1999. That was almost 18 years after creating the designs and almost nine years after registering them as the sole copyright owner.[6] Carell sought to resolve claims that Napier was a joint author of the makeup designs, that the producers' uses of the designs without permission constituted copyright infringement, and that use of the designs without crediting her was a misrepresentation of the origin of the designs. The court decided that Carell could pursue claims of copyright and trademark infringement against some, but not all, of the defendants.

The parties did not dispute that the designs are protected by copyright. The court found that the designs were original and are fixed in tangible form when applied to the actors' faces.

The court determined that because Carell had not brought suit over her claims of ownership of the designs until more than three years after the defendants contested her ownership, her claim that she was sole owner of the designs was barred by the three-year statute of limitations on copyright claims.[7]

The court found that her infringement claim, which was pleaded in the alternative to her sole-ownership claim, could proceed in respect of infringements occurring in the three years preceding the filing of the lawsuit. According to the court, Carell had successfully pleaded the elements of copyright infringement. She had identified original works that were the subject of the copyright claim. She claimed ownership of those works and that they were registered. Finally, she identified the allegedly infringing acts.[8]

Although Carell's declaratory claim for sole ownership of the makeup designs was time barred, she had valid registrations for the designs and alleged sole ownership to some, if not all, of the designs.[9]

Finally, the court allowed Carell's claims of trademark infringement for failure to credit her. She claimed that the defendants' use of the designs without crediting her was a false designation of origin in violation of Section 43(a) of the Lanham Act. Her claim was in the nature of "reverse passing off," where one person falsely claims another's product as his or her own. The court reasoned that the harm caused by reverse passing off is that the originator of the product is "involuntarily deprived of the advertising value of its name and of the goodwill that otherwise would stem from public knowledge of the true source of the satisfactory product."[10] The defendants sought leave to appeal the court's decision to the Second Circuit. That request was denied and the case settled thereafter.

Copyright in theatrical productions

No copyright exists in a theatrical performance *per se* because copyright exists only in the tangible fixation of a work.[11] A performance is inherently unfixed and is unprotected. However, its tangible and fixed components will be protectable, assuming they meet other statutory requisites. For example, a video recording of a theatrical performance is a tangible fixation and is protectable as an audiovisual work under the Copyright Act. A recorded theatrical performance will generally be considered a collective work, because a number of contributions to the performance including the play, the various designs and potentially the direction, constitute "separate and independent works assembled into a collective whole."[12] Copyright in a collective work is separate from the copyright in each component, which vests initially in the author of the component.[13]

Copyright and the designer

The play generally remains the same from production to production. However, the designs for each production will differ because they are produced by different groups with different budgets, directed by different directors with different intentions and concepts and produced in different spaces. Areas of theatrical design traditionally include set, costumes and lighting but can range far beyond, to include sound, makeup, masks, puppets or anything else within the realm of art and necessity.

The work product of theatrical designers varies.[14] The set designer produces renderings, models and drawings that are used as the basis for the construction and painting of scenery. The costume designer develops a "costume plot," which details the costumes to be used by characters in each scene, and prepares drawings of costumes. The lighting designer produces schematic drawings and detailed lists showing the location and type of lighting instruments and other hardware to be used in the production. The lighting designer executes the design in the technical and dress rehearsals of the play by setting the lighting levels, the timing of changes in those levels and the execution of lighting effects.

Thus, the work of designers covers drawings, written documents and sculpture, which are traditional subjects of copyright. According to Local 829 of the United Scenic Artists union, the entertainment designer's union local, the first opinion in which a federal court found that a set design could be the subject of copyright was issued in 1997.[15] In that decision, the court held that the issuance of a registration by the U.S. Copyright Office creates a presumption that the work is copyrightable and that defendants had not, on their motion to dismiss, rebutted that presumption.[16] The ruling suggests that, as a matter of law, set designs may be the proper subjects of copyright. That ruling opens the issue of whether a designer could bring suit to redress the unlicensed copying of his or her work.

Whether such work might or might not be the subject of copyright is open to the same analysis applicable any other type of work:

- whether the act of designing is insufficiently creative to imbue its resulting products with the originality necessary to justify copyright protection,
- whether the expression of the design is dictated by the idea of the play,
- whether (as a defense to infringement) the designs are merely "*scenes a faire*" in that one design does not copy protected expression from another but that two designs merely share elements common to a genre,
- whether certain types of design -- particularly lighting and sound -- are not tangible or fixed and are therefore not protected, and
- whether the designs (at least as executed) are merely utilitarian.

With respect to lighting and costume design, these elements are analyzed as follows:

Originality

Originality simply means that the work was independently created by the author and that it possesses at least some minimal degree of creativity.[17] So long as a work is not copied from another, it has been independently created, even if it is identical to another work.[18] As for creativity, the vast majority of works make the grade quite easily, as they possess some creative spark, no matter how crude, humble or obvious it might be.[19] Under this standard, there can be little question that theatrical designs should routinely pass the low bar of originality.

Idea-expression merger

Copyright protects expression, not ideas. When the expression is inseparable from the idea it expresses, the expression and the idea merge, and the combined idea-expression is not protected.[20] If there is only one way that an idea can be expressed, that expression is not protected by copyright. The argument in support of merger in a theatrical design is that the design is wholly dictated by the direction or text of the play.

But, "we may fairly speak of the art of stage designing as poetic, in that it seeks to give expression to the essential quality of the play rather than to its outward characteristics."[21] There are few works that directly dictate the precise mode of design in a way that leaves no latitude to the designers. There are even fewer directors and designers who would allow that to happen. Indeed, each production of a work will emphasize different elements of the play.

Stage designing seeks to give expression to the essential quality of the play rather than to its outward characteristics.

Scenes a faire

The *scenes a faire* doctrine is not an attack on the copyright protection in a work, but a defense to a charge of infringement of the work. *Scenes a faire* are sequences of events necessarily resulting from the choice of setting or situation, or incidents, characters or settings that are indispensable in the treatment of a given topic.[22] The doctrine is related to the merger of idea and expression. Although the precise expression of a stock scene may be protected, the more general *scene a faire* is not.

A typical *scene a faire* in a theatrical set design might be the living room set. All such sets will contain combinations of sofas, chairs, lamps, artwork and coffee tables. Certain arrangements (for example, a sofa flanked by chairs with a coffee table in front) are so common that they are unlikely in themselves to be protected. However, specific choices of colors, patterns and styles (as well as graphic or sculptural elements specially created for the production), taken together, might be sufficiently detailed that their appropriation would be an infringement. Design *scenes a faire* are not limited to scenery. Standard lighting and sound effects or ordinary makeup designs (such as an aging face) may also be *scenes a faire*.

Tangibility and fixation

The work of the set and costume designers, which includes expressive drawings and palpable scenery and clothing, is tangible. The work of other types of designers, while ephemeral in performance, is not any less important. At a time when lighting equipment was far less precise and sophisticated than it is today, Robert Jones wrote that, "The beam of light strikes with the precision of a *mot juste*. It bites like an etcher's needle or cuts deep like a surgeon's scalpel."[23]

> Individual costumes, absent some unusual attribute, may not be protectable.

The shaft of light, the outline touched with color, are in themselves intangible. Part of the lighting designer's work *is* tangible. The highly schematic light plot, the paperwork showing information about individual lights and control systems, is not the essence of the design. Substantial mediation from drawing to ephemeral performance is required.

While it is possible to copy a lighting design by copying the light plot and paperwork, the greater concern is the theft of the evanescent moment. That moment is intangible, and most likely unprotected, unless it is recorded. At that point, it should be the subject of copyright protection.

Utility

Utility may sometimes present a close question, but in the end may bear more on the issue of the scope of protection rather than its existence. Useful articles -- that is, articles "having an intrinsic utilitarian function that is not merely to portray the appearance of the article or to convey information" -- are not protected by copyright.[24] However, to the extent that the design of a useful article "incorporates pictorial, graphic or sculptural features that can be identified separately from, and are capable of existing independently of, the utilitarian aspects of the article," those artistic features are protected.[25] Independence (or separability) is viewed conceptually, not physically. It is not necessary to be able to physically remove the "art" from the useful part of the article.[26]

Utility in costume design

It is well settled that clothing *per se* cannot be copyrighted because it is utilitarian.[27]The Copyright Office will not issue a registration certificate for garment designs to include theatrical productions or period clothing. Fabric designs, however, are proper subjects of copyright.[28]

Works such as masks are not properly considered useful articles. The Third Circuit stated in *Masquerade Novelty Inc. v. Unique Industry Inc.*, "the only utilitarian function of [animal] nose masks is their portrayal of animal noses."[29] The court found that humorous animal nose masks were not utilitarian, as their function was to evoke a humorous, emotional effect and therefore had no utility that did not derive from their appearance.[30] It would seem under that decision, and others, that a costume possessing such separable artistic elements -- for example, Julie Taymor's animal costumes for *The Lion King* -- would be protected. Additionally, artistic designs used in fanciful costumes, such as pictorial or sculptural elements, should also be protected by copyright.[31]

The underlying logic of the *Masquerade* decision — that articles whose function, while utilitarian in the sense of capable of being worn, are ultimately artistic and therefore are not utilitarian -- should apply to theatrical costumes.

A costume in the theater has nonutilitarian purposes. They convey information about the character's personality, the period of the production, the mood of the production and provoke an emotional response. These purposes in a garment that is not fanciful are joined with the utilitarian purpose of clothing the actor. In law, that utilitarian purpose trumps the expressive purpose of costume. Under copyright law, the fact that a costume can be worn outside of the theatre as ordinary clothing vitiates the possibility of protecting its animating artistic purpose.

Compilation protection for costume design

Although individual costumes, absent some unusual attribute, may not be protectable, the costume designer's overall design ought to be. First, the costume designer's drawings are protected because as drawings they are not in themselves useful articles and likely possess the requisite originality. Second, the costume designer's selection and arrangement of costumes and arguably the various components of even a single character's costume should be protected as a compilation.

A compilation is a collection and assembly of "pre-existing materials or data that are selected, coordinated or arranged" in a way that achieves originality.[32] Certain kinds of compilations -- for example, telephone white-pages directories -- are not sufficiently original. In creating the costume design for a production, a costume designer selects and arranges the clothing. That act would seem to meet the requisite originality. The choices made in the creation of a costume design, including the interrelated styles and colors among the clothing of the characters of a play, are artistic and serve to convey information and evoke an emotional response. Their totality therefore ought to be protected.

Costumes are designed to further the purposes of the concept of the overall production, and are intended to define character, focus attention and coordinate with the style of the production. Thus, even commonplace elements of clothing are carefully selected and arranged with an eye not only to the individual character but to the character's context in the play.

Utility in other areas of theatrical design

The issue of utility in other areas of design ought to be a simpler matter. Custom scenic elements derived from a set designer's renderings and drawings seem to possess artistic elements independent of and separable from their utilitarian function, and will qualify as pictorial, graphic and sculptural works.[33] Even small-scale portrayals of mundane locations -- the kitchen, the living room -- made up primarily of pre-existing objects (sofas, carpets, etc.) may have original components that are protected in themselves or might be protected in the selection and arrangement of components. The color, style and condition of the furniture, as well as its arrangement on the stage, may qualify for protection.

Ownership

The relationship between the producer, the designer and any associated contractual terms, will control ownership of copyright in the designer's contributions. Works created by an employee within the scope of his or her employment, absent contractual provisions to the contrary, are works made for hire, and the copyright is owned by the employer. Where the work is created by an independent contractor, however, absent a governing contract term, the copyright is owned by the contractor, and the producer has only a nonexclusive license in the work.[34]

Whether, as an employee, the designer has retained exclusive rights that give standing to sue for infringement, may be a question. For example, set designers for Broadway shows are covered by a collective-bargaining agreement (the Broadway Agreement) negotiated by United Scenic Artists, Local 829, which represents entertainment designers and artists.[35] The agreement grants the producer certain rights and retains others in the designer.

Although the designer is termed an employee in that agreement, both the nature of the contract and the factors articulated by the Supreme Court to determine whether the creator of a work is an employee (and the creation is owned by the employer as a matter of law under the work-for-hire doctrine) suggest that a designer may well be an independent contractor.[36] Without ruling on the nature of the relationship, at least one court has found that the rights retained by the designer under the Broadway Agreement suffice to thwart a motion to dismiss a claim of infringement brought by a set designer.

Futhermore, ownership of the physical object does not imply ownership of the copyright in the object. The owner of the object does not have the right to reproduce the work, make derivative works or exercise the other rights set forth in the Copyright Act.[37]

Where the work is created by an independent contractor, the copyright is owned by the contractor.

Absent a written agreement, the joint or collaborative creation of designs can give rise to uncertainty and contradictory claims. Exploitation of the work may be limited by dissension among acknowledged joint authors.

The courts may have to determine the threshold matter of whether the play is a joint work under the copyright law as prepared by two or more authors with the intention that their contributions be merged into inseparable or interdependent parts of a unitary whole.[38] The contributions of each joint author must be independently copyrightable, and the parties must have mutually intended that their contributions be merged at the time of creation of the work.[39] Providing an author with ideas or editorial comments does not rise to the level of authorship required to make a joint work.[40]

Lessons to be learned from the *Carell* case

The parties to the *Carell* case might have avoided their dispute had they fully understood the copyright issues and addressed them at the beginning of their relationship. Their failure to do so led to a 20-year dispute. Lawyers, producers and designers can discern a number of lessons from Carell's case:

Know what kinds of works are protected by copyright. Copyright protection subsists in original works of authorship fixed in any tangible medium of expression, now known or later developed, from which they can be perceived, reproduced or otherwise communicated. Copyright does not protect *ideas.*[41] It covers only tangible and original *expression* of ideas. When Carell's makeup designs were sketched or applied to actors' faces and photographed, they became expression protected by copyright.

Be aware of moral rights. Outside the United States, authors are granted what is known as moral rights to attribution and to prevent misattribution, to forbid the use of the author's name where the work is altered, and to prevent such mutilation.[42]

Copyright does not protect ideas. It covers only tangible and original *expression* of ideas.

The United States provides limited moral-rights protection to authors of works of visual art, such as painting and sculpture, through the Visual Artists Rights Act.[43] As the *Carell* case demonstrates, some protection in the United States may be grounded in trademark law. In addition, copyright and moral rights are protected in other nations by their own laws. The protection of moral rights in countries outside the United States can be vigorous and can be invoked in unexpected circumstances.

Determine who are co-authors. After a work is successful, it is not unusual for people associated with a project to claim that they are co-authors and entitled to share in the success. However, a claim of co-authorship requires that two or more authors intend that their contributions to the work be merged into inseparable or interdependent parts of a unitary whole. Consider who might be co-authors and clarify relationships with formal, written agreements.

Absent some other agreement, in the United States each co-author may license the work without the consent of the other, and the co-authors share equally in the proceeds of such licensing.[44] Because co-authors cannot give an exclusive license to third parties in the United States without an agreement between themselves, the value of the work to prospective users is lessened.

Develop clear agreements between artists and producers. Where there is no written agreement, the person licensing the work will receive, at best, a nonexclusive license. Determining whether a work is made for hire for an employer -- and thus owned by the employer -- can be difficult and contentious.

Do not delay bringing infringement and ownership claims. The statute of limitations on copyright ownership and infringement claims is three years.[45] Failure to bring a claim of sole ownership within three years against a person wrongly claiming joint ownership of the copyright will likely result in loss of the claim. While an owner can sue for copyright infringement during the life of the copyright, he or she can only recover for infringements occurring in the three years prior to commencement of the lawsuit. In addition, delay can affect the owner's ability to stop or prevent the infringing use.

Make use of available resources. Vast information about copyright law is available at the Copyright Office Web site, http://lcweb.loc.gov/copyright/. Information circulars and FAQs (Frequently Asked Questions) on the site provide both basic and detailed information about copyright law and registration procedures. Forms are also available online. The Legal Information Institute (http://www.law.cornell.edu) collects information and links to resources in intellectual property in its topical library.■

Endnotes

1. Robert Edmond Jones, *The Dramatic Imagination* 25 (1941). Lest anyone fear that Jones's work is too old and for that reason unfashionable, look to Darwin R. Payne, *The Scenographic Imagination* 19 (3d ed. 1993) ("essential decency of [Jones's] underlying philosophy still commands the attention and respect of the most modern scenographer").

2. *See The Oxford Companion to the Theatre* 347-48 (Phyllis Hartnoll ed., 4th ed. 1983) (Greek drama developed from Athenian religious celebrations in honor of Dionysus).

3. Carell v. Shubert Organization Inc., 104 F. Supp. 2d 236 (S.D.N.Y. 2000).

4. *Id.* at 241-43 (S.D.N.Y. 2000).

5. *Id.* at 241. Some of the defendants also moved to dismiss for lack of personal jurisdiction as well.

6. *Id*. at 245. Carell also brought antitrust claims that were dismissed.

7. *Id.* at 248-49. In addition, the court found that the doctrines of equitable tolling (where a plaintiff "was justifiably ignorant of his cause of action") and equitable estoppel (where the plaintiff knew of the existence of the cause of action but the defendants' "egregious misconduct" caused the plaintiff to delay filing suit) did not apply to toll the limitations period. *Id.* at 250. Napier's claims to joint authorship of all of the designs were rejected at the motion to dismiss stage, as (i) the fact that all of the designs were registered in a single registration does not automatically make them a single work for copyright purposes, and, (ii) as to individual designs, there was no indication in the complaint that Napier and Carell intended to be co-authors under the Second Circuit test for joint authorship. *Id.* at 256.

8. *Id.* at 250. The court also found that Carell's claims of copyright infringement in foreign countries could also proceed in federal court. *Id.* at 257-59

9. *Id.* at 250-51. Carell consistently maintained that at least 10 of the 28 designs at issue were solely hers, and defendants acknowledged that she created at least some of the designs. *Id.* at 248.

10. *Id.* (quoting Rosenfeld v. W.B. Saunders, Div. of Harcourt Brace Jovanovich Inc., 728 F. Supp. 236, 241 (S.D.N.Y. 1990).

11. 17 U.S.C. § 102(a).

12. 17 U.S.C. § 101. Of course, the producer would among other things have to have acquired the right to make a fixation of the play from the playwright, and rights to do the same with the various designs.

13. 17 U.S.C. § 201(c). Absent agreement to the contrary, the holder of the copyright in the collective work is presumed to have acquired only the right to reproduce and distribute the contribution as part of the collective work.

14. Section II of the United Scenic Artists Local 829 Broadway Agreement provides a detailed description of the responsibilities of set, costume and lighting designers. The agreement, and numerous other documents, are available at the local's Web site, http://www.usa829.org.

15. Arcenas v. Hall, No. 97-8388 CIV-RYSKAMP (Oct. 7, 1997) (slip op.).

16. Arcenas, slip op. at 7.

17 Feist v. Rural Tel. Co., 499 U.S. 340, 345 (1991)

18 *Id.*

19 *Id.* (citing 1 M. Nimmer & D. Nimmer, Copyright § 1.98[C][1] (1990).

20 4 *Nimmer on Copyright* § 13.03[B][3], at 13-69 (2000) suggests that merger can also be, and might be better, understood as a defense to a claim of infringement.

21 Jones, *supra* note 1, at 78.

22 Kaplan v. Stock Market Photo Agency Inc., 133 F. Supp. 2d 317, 322-23 (S.D.N.Y. 2001) (internal citation omitted) (quoting Walker v. Time Life Films Inc., 784 F.2d 44, 50 (2d Cir. 1986) and Hoehling v. Universal City Studios Inc., 618 F.2d 972, 979 (2d Cir. 1980)).

23 Jones, *supra* note 1, at 113.

24 17 U.S.C. § 101.

25 *Id.*

26 Whimsicality Inc. v. Rubie's Costume Co. Inc., 891 F.2d 452, 455 (2d Cir. 1989).

27 *Id.*

28 *Id.*

29 Masquerade Novelty Inc. v. Unique Indus. Inc., 912 F.2d 663, 664 (3d Cir. 1990).

30 *Id.* at 670-71

31 56 Fed. Reg. 56530.

32 17 U.S.C. § 101.

33 For a discussion of copyright protection in three-dimensional reproductions of two-dimensional works, see 1 Nimmer on Copyright § 2.08[C][2], at 2-109 to 2-110 (1997). Innovative functional aspects of scenery -- unique machinery, for example -- might be appropriate subjects for patent protection.

34 *See generally* Community for Creative Non-Violence v. Reid, 490 U.S. 730 (1989). The parties can agree that a work by a nonemployee is made for hire if it is "specially ordered or commissioned for use as a contribution to a collective work" *and* the parties agree in a signed writing to so consider the work. 17 U.S.C. § 101. Transfers of copyright ownership must be in writing. 17 U.S.C. § 204(a).

35 The union maintains an extensive Web site with, among other things, contract forms, at http://www.usa829.org/

36 Community for Creative Non-Violence, 490 U.S. at 751-52. The factors include factors relevant to the control of the worker and the work product as well as the payment relationship. Under the Broadway Agreement, for example, the producer has little control over the designer's mode of work, and the designer provides his or her own workplace, factors that militate in favor of independent contractor status. On the other hand, payments to the designer are subject to applicable payroll taxes, more typical of an employment relationship.

37 17 U.S.C. § 202.

38 17 U.S.C. § 101.

39 Thomson v. Larson, 147 F.3d 195, 200 (2d Cir. 1998); Childress v. Taylor, 945 F.2d 500, 507-08 (2d Cir. 1991); Cabrera v. Teatro Del Sesenta Inc., 914 F. Supp. 743, 763-66 (D.P.R. 1995).

40 Childress, 945 F.2d at 507.

41 17 U.S.C. § 102(b) (no copyright in ideas, procedures, processes, systems, method of operation, concept, principle or discovery).

42 *See generally* Jeffrey M. Dine, Authors' Moral Rights in Non-European Nations, 16 Mich. J. Int'l L. 545 (1995).

43 Visual Artists Rights Act of 1990, codified at 17 U.S.C. §106A. At least one court has found puppets, costumes and sets not to be protected under the Visual Artists Rights Act. Gegenhuber v. Hystopolis Productions Inc. No. 92 C 1055, 1992 U.S. Dist. LEXIS 10156, at *11-12 (E.D. Ill. Jul. 13, 1992).

44 The rule is frequently different in other countries, where the consent of all joint authors may be required to license a work. 4 Nimmer on Copyright § 17.07[B], at 17-46 to 17-47.

45 17 U.S.C. § 507(b). The statute of limitations for criminal proceedings is five years. *Id.* § 507(a).

BOOK REVIEW

Taxation of the Entertainment Industry 2001

SCHYLER M. MOORE
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414 PAGES

Reviewed by Robert G. Pimm

Taxation of the Entertainment Industry is published annually to ensure currency with the Internal Revenue Service's latest tax rules and regulations. The author is Schyler Moore, a partner in the Los Angeles office of Stroock & Stroock & Lavan, LLP, and an adjunct professor who teaches entertainment law at UCLA Law School.

The book helps lawyers advise entertainment clients on how best to lower taxes while complying with the law. The primary emphasis is on the film industry but sports and music industries are included, and the discussions can also be applied to other sub-fields, such as literary law.

Because the book covers so much information in such a small package, it is best used for specific issue spotting.

Just 414 pages, the new paperback volume is packed with information, including a comprehensive index and 141 pages of agreement forms -- like a LLC operating agreement, pro-licensor and pro-licensee agreements, and employment agreements for both writers and directors. Each form makes use of the tax-saving strategies discussed throughout the book.

Because the book covers so much information in such a small package, it is best used for specific issue spotting rather than a detailed analysis of each topic. Some topics are treated in substantial depth, but most will require reference to other sources.

Pimm (bob@rjg.com) practices entertainment and sports law at The Law Offices of Richard J. Greenstone, in San Francisco.

However, lawyers using this volume will be unlikely to miss the many tax issues found in entertainment law problems.

Taxation of the Entertainment Industry 2001 begins with an overview of key tax characterization matters affecting entertainment ventures, including tangible versus intangible property, ownership, rents versus royalties, licensee versus agent, royalties versus compensation, inventory and partnerships. It next discusses choice of entity by comparing sole proprietorship, general partnership, limited partnership, S and C corporations and limited liability companies. The discussion is not about how to form such entities but the tax implications of choosing an entity form, especially the owner's basis in the assets of the entity and the tax consequences of selling the entity's assets.

Following this, Moore probes income recognition, timing and characterization, highlighting income-deferral strategies and theories. The book delves into numerous technical methods used to accomplish income deferral goals such as refundable deposits, letters of credit and loans from payors. To cite one example, using these techniques an entity can mechanically defer the date of an advance payment while still allowing advance access to the cash.

This part of the book also describes the tax implications of production service agreements, television network production agreements, negative pick-ups and several other specific transaction formats.

Other sections of the book discuss income tax deductions and depreciation, with an emphasis on depreciation and amortization of films in which comparisons are made between straight-line depreciation, income forecast methods and supplementary techniques.

Moore next considers the federal tax withholding implications of employee versus independent contractor status, examining directors and writers separately. For example, the determination of an employee writer's employment status requires consideration of many factors, including the Writer's Guild of America's (WGA) basic agreement, WGA pension, health and welfare eligibility, work-for-hire portions of copyright statutes and cases, the California Unemployment Insurance Code, and federal tax law. Daunting stuff -- but Moore navigates the topics with confidence.

Many lawyers will find the section on foreign film production and distribution enlightening. Moore notes that the entertainment industry has become much more involved with foreign production and distribution because the investment tax credit for U.S. production costs has been used to offset the generally lower labor costs for foreign production. The repeal of the investment tax credit has provided an incentive to find lower production costs offshore.

The book also includes a good discussion of film financing methods, covering domestic tax shelters; loans; international co-productions; and foreign tax-shelter financing in Germany, Australia and Japan.

For those lawyers providing tax-planning advice for individuals -- the "talent" -- the author devotes 20 pages to fundamental tax issues and strategies. Moore compares a loan-out corporation to a personal service corporation and explains the differences. For example, the former can be used to defer income into the next year by operating on a fiscal year ending in January or February and by paying out the corporation's income as a "bonus" to the employee-owner at the end of the fiscal year; the latter cannot.

Special sections of the book detail specific California tax laws, sports law and music law. Issues discussed in the sports law section focus on player contracts from both the management and the player perspective. The music law section considers many of the same topics discussed in the section on film, for instance, sources of income and their characterization -- but Moore also addresses unique issues of sheet music, mechanical royalties, performance royalties and synchronization fees.

Taxation of the Entertainment Industry 2001 is an ambitious effort, especially for an annual publication. Moore should be congratulated on his effort to assemble a single-volume title that largely succeeds in bringing together the multitude of tax issues inherent to entertainment law transactions.

> The book also includes a good discussion of film financing methods.

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ENTERTAINMENT AND SPORTS LAWYER

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