

# **The Impact of Social Networking on the Sports World**

New York State Bar Association and Herrick, Feinstein LLP

Tuesday, November 17, 2009

8:30 am to 10:30 am

## **Agenda**

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8:00 am to 8:30 am    Breakfast and Networking

8:30 am to 8:35 am    Welcome Remarks

8:35 am to 8:55 am    Ownership of Content

8:55 am to 9:15 am    Media Rights - On-site Live Content

9:15 am to 9:55 am    Business Models and Future

9:55 am to 10:30 am   Questions and Networking

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## ESPN's guidelines for social networking

Posted by Mike Florio on August 4, 2009 10:21 PM ET

Here is a verbatim copy of ESPN's new guidelines for social networking, which has been forwarded to us by ESPN.

### ESPN'S ADDITIONAL GUIDELINES FOR SOCIAL NETWORKING

ESPN regards social networks such as message boards, conversation pages and other forms of social networking such as Facebook and Twitter as important new forms of content. As such, we expect to hold all talent who participate in social networking to the same standards we hold for interaction with our audiences across TV, radio and our digital platforms. This applies to all ESPN Talent, anchors, play by play, hosts, analysts, commentators, reporters and writers who participate in any form of personal social networking that contain sports related content.


ESPN Digital Media is currently building and testing modules designed to publish Twitter and Facebook entries simultaneously on ESPN.com, SportsCenter.com, Page 2, ESPN Profile pages and other similar pages across our web site and mobile platforms. The plan is to fully deploy these modules this fall.

#### Specific Guidelines

- Personal websites and blogs that contain sports content are not permitted
  - Prior to engaging in any form of social networking dealing with sports, you must receive permission from the supervisor as appointed by your department head
  - ESPN.COM may choose to post sports related social media content
  - If ESPN.com opts not to post sports related social media content created by ESPN talent, you are not permitted to report, speculate, discuss or give any opinions on sports related topics or personalities on your personal platforms
  - The first and only priority is to serve ESPN sanctioned efforts, including sports news, information and content
- \* Assume at all times you are representing ESPN

- \* If you wouldn't say it on the air or write it in your column, don't tweet it
- \* Exercise discretion, thoughtfulness and respect for your colleagues, business associates and our fans
- Avoid discussing internal policies or detailing how a story or feature was reported, written, edited or produced and discussing stories or features in progress, those that haven't been posted or produced, interviews you've conducted, or any future coverage plans.
- Steer clear of engaging in dialogue that defends your work against those who challenge it and do not engage in media criticism or disparage colleagues or competitors
- Be mindful that all posted content is subject to review in accordance with ESPN's employee policies and editorial guidelines
- Confidential or proprietary company information or similar information of third parties who have shared such information with ESPN, should not be shared

Any violation of these guidelines could result in a range of consequences, including but not limited to suspension or dismissal.

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Previous: [Andy Reid gets upset at the wrong people](#)  
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## 13 Responses to "ESPN's guidelines for social networking"

1. [thattomdude](#) says: [August 4, 2009 10:39 PM](#)

...and they call Obama a Socialist.

2. [igor79](#) says: [August 4, 2009 10:58 PM](#)

ESPN is only hurting themselves by this. I will just continue following local beat writers who post all sorts of great content...

The only time I even read ESPN is when a blog with "sports related content" posts a link or when someone posts something on Twitter.

Why follow an ESPN personality if they cant offer any content? ESPN needs to check out some websites on how to build traffic through social networking.

If you have content to offer on your Twitter, people will follow you, then when you post ESPN links, ESPN gets traffic and makes money.

I can understand them not wanting their people to get in wars with their Twitter followers, not wanting them to link to big ESPN competitors or posting libelous or unsubstantiated content, but this goes WAY too far.

3. [dgreene78](#) says: [August 4, 2009 11:01 PM](#)



PoynterOnline

## *New York Times'* Policy on Facebook and Other Social Networking Sites

*This unedited policy was provided by Craig Whitney, The New York Times' assistant managing editor who oversees journalistic standards.*

### Using "Facebook" in Reporting

Facebook and other social networking sites -- MySpace, LinkedIn, even Twitter -- can be remarkably useful reporting tools, as the Virginia Tech shooting in 2007 proved. As we've discovered from the experts on our staff, Facebook pages often tell a lot about a person's work, interests, friends, and thoughts, and, as one page leads or links to another, Facebook can help reporters do triangulation on difficult-to-research subjects. What people write on Facebook sites is publicly available information, like anything posted on any site that is not encrypted.

But there are a few things to be careful about, nonetheless.

One of them is that outsiders can read your Facebook page, and that personal blogs and "tweets" represent you to the outside world just as much as an 800-word article does. If you have or are getting a Facebook page, leave blank the section that asks about your political views, in accordance with the Ethical Journalism admonition to do nothing that might cast doubt on your or The Times's political impartiality in reporting the news. Remember that although you might get useful leads by joining a group on one of these sites, it will appear on your page, connoting that you "joined" it -- potentially complicated if it is a political group, or a controversial group.

Be careful not to write anything on a blog or a personal Web page that you could not write in The Times -- don't editorialize, for instance, if you work for the News Department. Anything you post online can and might be publicly disseminated, and can be twisted to be used against you by those who wish you or The Times ill -- whether it's text, photographs, or video. That includes things you recommend on TimesPeople or articles you post to Facebook and Digg, content you share with friends on MySpace, and articles you recommend through TimesPeople. It can also include things posted by outside parties to your Facebook page, so keep an eye on what appears there. Just remember that we are always under scrutiny by magnifying glass and that the possibilities of digital distortion are virtually unlimited, so always ask yourself, could this be deliberately misconstrued or misunderstood by somebody who wants to make me look bad?

Another problem worth thinking about is how careful to be about Facebook "friends." Can we write about someone who is a "friend?"

The answer depends on whether a "friend" is really a friend. In general, being a "friend" of someone on Facebook is almost meaningless and does not signify the kind of relationship that could pose a conflict of interest for a reporter or editor writing about that person. But if a "friend" is really a personal friend, it would.

Should we avoid consenting to be Facebook "friends" of people in the news we cover? Mostly no, but the answer can depend on the situation. A useful way to think about this is to imagine whether public disclosure of a "friend" could somehow turn out to be an embarrassment that casts doubt on our impartiality. It would not have looked good in the presidential election campaign for a national political reporter to agree to be a "friend" of Barack Obama without first making sure to be a "friend" of John McCain, too. A City Hall reporter or a politics editor might be "friends" with several different City Council members as well as the Mayor, but not just with one of them. But a reporter or editor whose work has nothing to do with City Hall could be "friends" with people who work there with no conflict of interest. Consult with the Standards Editor if there's any doubt.

Reporters can ask questions by e-mail using addresses found on Facebook, of course, but the same rules that apply to telephone contacts (or personal contacts) apply. "The Times treats news sources just as fairly and openly as it treats readers," Ethical Journalism says. "We do not inquire pointlessly into someone's personal life." Approaching minors by e-mail or by telephone, or in person, to ask about their or their parents' private lives or friends is a particularly sensitive area. Depending on the circumstances, it may not be advisable. In every case, reporters and editors should first consult with the Standards Editor before going ahead with such inquiries.

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## NBA issues policy on Twitter use before, after games

Posted Sep 30 2009 11:28PM

**NEW YORK (AP)** -- The NBA is instituting a policy regarding Twitter and other social media sites, banning players from using them during games.

The league sent a memo to teams on Wednesday telling them that cell phones and other communication devices can't be used from 45 minutes before game time until after players have finished their responsibilities after games. That includes halftime.

The rule applies to "coaches, players and other team basketball operations personnel." NBA spokesman Tim Frank confirmed the memo and its contents.

The memo does not specify penalties for violation of the rule, and says team are free to create their own policies for practices and other team events.

The NBA has more than 1.4 million followers on Twitter, and many players are active on it.

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Wednesday, September 30, 2009

## NBA social media guidelines out

By Marc Stein  
ESPN.com

The NBA formally announced its new social media guidelines Wednesday, informing teams through a league memorandum that the use of cell phones, PDAs and other electronic communications devices -- and thus accessing Twitter, Facebook and similar social media sites -- is now prohibited during games for players, coaches and other team personnel involved in the game.

The league has defined "during games" as the period of time beginning 45 minutes before the opening tip and ending "after the postgame locker room is open to the media and coaches and players have first fulfilled their obligation to be available to media attending the game."

"During games" also encompasses halftime, according to the memo, but the new guidelines do allow players to engage in social networking during the pregame media access period that starts 90 minutes before tipoff and lasts for 45 minutes.

Coaches and team executives are expected to largely welcome the league's edict, as they generally frown upon mobile-phone use in the locker room and on team buses, although the severity of restrictions generally vary from team to team given the rise in recent years in texting and e-mailing from handheld devices.

The league's announcement also included the expected caveat that teams "are free to adopt their own rules relating to the use of electronic communication devices and social media sites and services during practices, meetings and other team events."

The Miami Heat, Toronto Raptors, Milwaukee Bucks and Los Angeles Clippers are among the teams this week that have already announced a stricter ban on social networking than the league's rules, essentially forbidding it on anything regarded as "team time."

Yet the NBA's guidelines, relating to team personnel, are only applicable to coaches and other basketball-operations employees involved in an actual game. League spokesman Tim Frank on Wednesday confirmed to ESPN.com that front-office employees who are watching a game from the stands, for example, are not precluded for posting during games via their Twitter and Facebook accounts, nor are owners.

Dallas Mavericks owner Mark Cuban responded with an immediate "no" Wednesday when asked if the league's new guidelines would curtail his Twitter activity.

In March, Cuban received the NBA's first-ever fine for comments he made via his Twitter account when he was docked \$25,000 after complaining about the referees' refusal to call Denver Nuggets guard J.R. Smith for a technical foul following a clash between Smith and then-Mavericks guard Antoine Wright. That is believed to be the league's only Twitter-related fine to date.

The league office, to enforce its new policy, intends to keep treating social-networking commentary in the same manner as comments made in the traditional media, which means that anyone in the league can

be fined for posts via Twitter, Facebook, etc., that are deemed over the line.

The NBA is widely considered to be the North American professional sports league most associated with Twitter. One of the chief catalysts for that link is Cleveland Cavaliers center Shaquille O'Neal, who responded to a Twitter user pretending to be O'Neal by launching his own Twitter feed, which now boasts more than 2.3 million followers.

"Don't apply to me," O'Neal said of the new rules when reached Wednesday night by ESPN.com, referring to the fact that he generally tweets when he's not with his team.

But the fact that players, if allowed by their teams, can engage in social networking during the league's traditional pregame media access period would appear to back up the NBA's assertion that its policy, in the words of one source, is "less stringent" than the guidelines announced earlier this month by the National Football League.

The NFL now regards players, coaches and football operations personnel -- or any third party representing them -- to be in violation of league rules if they use social media platforms such as Twitter and Facebook from 90 minutes before kickoff through the end of the standard postgame access period for media interviews.

Corresponding guidelines in the NBA have been anticipated for weeks, largely because of the stir caused late last season when Detroit Pistons forward Charlie Villanueva, then with Milwaukee, tweeted from the Bucks' locker room during halftime. Before his first practice with the Pistons this week, he proudly referred to the forthcoming guidelines as the "Villanueva Rule."

"We'll have strict rules on it," Heat coach Erik Spoelstra said earlier this week. "Social media, we will not accept that in our building during office hours. That's the way we'll look at it when we're coming to practice, to shootarounds and to games. We're coming to work and we're coming to get a job done. That's not time for social media."

Clippers coach Mike Dunleavy told the Los Angeles Times on Monday: "The minute you're on our property, there's no tweeting. . . . They can do it, but they'll be fined."

In Miami's case, there was no protest from Heat star Dwyane Wade, who ranks as one of the NBA's most popular tweeters with nearly 100,000 followers.

"When you come to work, you come to work," Wade said. "You can tweet before, you can tweet after. It's not addicting like where I'm going to take a bathroom break, go downstairs and tweet. I think people take it a little too far with that. But I think it's very good to have communications with your fans personally. A lot of people, you can see them in a different light."

The other significant rule change announced Wednesday by the league, according to the memo obtained by ESPN.com, is aimed at cutting down on the growing frequency of players standing while they're on the bench.

Starting this season, league rules dictate that players will be required to remain seated on the bench while the ball is live except to "spontaneously react to a notable play [and] immediately sitting down on the bench afterward" or "to approach the scorer's table to report into the game."

The memo states that "players will not be permitted to stand [in front of] the bench at any other time

while the ball is in play, including standing for the last minute of a game or standing until the team scores its first point in game."

The league says it is instituting these restrictions "due to the numerous complaints that the NBA and its teams received from fans during last season" and is threatening "fines imposed upon the offending team" for non-compliance.

*Marc Stein is a senior NBA writer for ESPN.com.*

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Sunday, September 27, 2009

## Source: NBA to unveil policy this week

By Marc Stein  
ESPN.com

The NBA will this week introduce what it considers "minimal" guidelines for players, coaches and team officials when using Twitter and other social networking sites, according to sources with knowledge of the policy.

The primary restriction of the policy is expected to prevent various team representatives from tweeting during games, after the stir caused late last season when Detroit Pistons forward Charlie Villanueva, then with Milwaukee, tweeted from the Bucks' locker room during halftime.

One source described the forthcoming policy as "very minimal" and "less stringent" than the guidelines announced earlier this month by the NFL, which now regards players, coaches and football operations personnel -- or any third party representing them -- to be in violation of league rules if they use social media platforms such as Twitter and Facebook from 90 minutes before kickoff through the end of the standard post-game access period for media interviews.

Individual NBA teams, though, will have the right to impose their own standards that might be more strict, as seen with the NBA dress code where some teams in the past have mandated more formal apparel -- such as suits on team flights -- than league rules dictate.

The source said that the NBA's new policy, furthermore, will treat social-networking commentary in the same manner as comments made in the traditional media, which means that anyone in the league can be fined or otherwise sanctioned for posts via Twitter, Facebook, etc., that are deemed over the line.

Villanueva was not fined by his team or the league last season but was forbidden by Bucks coach Scott Skiles from tweeting again during games. Mobile-phone usage in the locker room and on team buses has long been frowned upon in the NBA, but the severity of restrictions generally vary from team to team given the rise in recent years in texting and e-mailing from handheld devices.

Dallas Mavericks owner Mark Cuban received the NBA's first-ever fine for comments he made via his Twitter account, when Cuban was docked \$25,000 last March after complaining about the referees' refusal to call Denver Nuggets guard J.R. Smith for a technical foul following a clash between Smith and then-Mavericks guard Antoine Wright.

The league did not announce the fine, but Cuban disclosed the punishment via his Twitter feed, revealing that it could no longer be said that "no one makes money from Twitter now" because "the NBA does."

Asked if the Mavericks will impose their own Twitter restrictions on their players this season, Cuban said Sunday: "Not really. I will talk to the guys about never venting or talking about team business on Twitter. That's usually what creates problems. [But] Twitter is just another form of media. What you say on Twitter is like saying it on ESPN."

Formal confirmation of the new policy is expected from the league office this week after teams are

officially notified. The NBA Players Association has likewise said that it will withhold comment until details of the league's policy are announced.

The NBA is widely considered to be one of the major professional sports leagues most associated with Twitter usage, largely thanks to Cleveland Cavaliers center Shaquille O'Neal, who responded to a Twitter user pretending to be O'Neal by launching his own Twitter feed, which now boasts more than 2.3 million followers.

Other Twitter landmarks in the NBA besides Villanueva's halftime tweet include the June disclosure by Minnesota Timberwolves forward Kevin Love that coach Kevin McHale was leaving the organization -- before the news had been reported anywhere else -- and Allen Iverson's numerous tweets about his summerlong courtship and eventual signing with the Memphis Grizzlies.

*Marc Stein is a senior NBA writer for ESPN.com.*

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Monday, September 28, 2009

## Heat ban Twitter during 'office hours'

Associated Press

MIAMI -- At 10:05 Monday morning, Dwyane Wade told his 96,348 followers on Twitter that he was heading to work.

"The first drive in to the beginning of the season," Wade wrote.

That was fine with the Miami Heat.

But there won't be any updates by "dwadeofficial" from work.

Miami players can no longer participate in social networking while at the arena, home or away. Many Miami players are accomplished tweeters, often sending messages to each other at all hours of the day and night. But practice or game times, it's not allowed.

"We'll have strict rules on it," Heat coach Erik Spoelstra said Monday at the team's media day. "The NBA has put in strict rules about it. Social media, we will not accept that in our building during office hours. That's the way we'll look at it when we're coming to practice, to shootarounds and to games. We're coming to work and we're coming to get a job done. That's not time for social media."

There wasn't any known instance of Heat players tweeting during games last year. Charlie Villanueva created a stir last season when he sent a message on his feed during halftime of a game when he was with the Milwaukee Bucks, and teams are expecting to receive formal guidelines from the NBA about Twitter and things of that nature.

Plenty of other teams, both pro and college, have similar rules in place.

"It's fascinating how fast technology is moving forward and how people will be able to use it," said Spoelstra, who has a Twitter account but does not post onto the feed. "But you have to be educated now about it."

Twitter was a burden for Heat forward Michael Beasley this summer. He closed his accounts twice, the second time after posting two messages that left some concerned that he was depressed over a looming 30-day stay in a Houston rehabilitation facility.

Beasley said last week that he's done with social networking, that he doesn't need it in his life.

Wade has no complaints, however, with either Twitter in general or the Heat policy.

"When you come to work, you come to work," Wade said. "You can tweet before, you can tweet after. It's not addicting like where I'm going to take a bathroom break, go downstairs and tweet. I think people take it a little too far with that. But I think it's very good to have communications with your fans, personally. A lot of people, you can see them in a different light."

Most Heat players who Tweet -- [Dorell Wright](#), [Mario Chalmers](#), [Quentin Richardson](#) and [Jermaine O'Neal](#) among them -- say they expect to hit the send button less now anyway.

Miami formally opens training camp Tuesday, and two-a-day practices won't leave much time for anything.

"I tweeted so much this summer because it was the summertime," Wright said. "I'd come in here, handle my business and I had the rest of the day to myself to tweet. I enjoy it because I'm able to open up and talk to fans and different people."

O'Neal was leery at first with Twitter. He opened an account, then basically let it sit idle for several weeks before getting the bug.

His Twitter account shows he posted 13 times in about an hour on Sept. 21, then hadn't posted again before Monday.

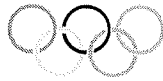
"In the workplace, it's too much," O'Neal said. "Games, it's ridiculous. Leisure time, that's on you. You should be able to tweet or whatever you want to do when you're home, but bringing it into locker rooms or bringing it into games, that's too much because basically you're not focusing on the task at hand."

O'Neal checks his Twitter often and tries to respond to people -- even the thousands he doesn't know.

"The problem is, you can't respond to everybody," O'Neal said. "And you get cursed out when you don't respond to everybody."

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INTERNATIONAL  
OLYMPIC  
COMMITTEE

## IOC Blogging Guidelines

### for Persons Accredited at the XXI Olympic Winter Games, Vancouver 2010<sup>1</sup>

These Guidelines have been developed for persons accredited ("**Accredited Persons**") at the XXI Olympic Winter Games, Vancouver 2010 (the "**Games**") who maintain personal blogs, accessible by the general public, that contain any content related to their personal experiences at, and participation in, the Games ("**Olympic Content**") upon the occasion of the Games, from the opening of the Olympic Village, 4 February 2010, until the closing of the Olympic Village, 3 March 2010. They are also applicable to Accredited Persons who post Olympic Content on the websites of others.

The IOC considers blogging, in accordance with these Guidelines, as a legitimate form of personal expression and not as a form of journalism. Therefore, the IOC does not consider that blogs by Accredited Persons, in accordance with these Guidelines, will compromise Paragraph 3 of Bye-law to Rule 49 of the Olympic Charter which states that "*Only those persons accredited as media may act as journalists, reporters or in any other media capacity*".

Additionally, accredited persons at the Games must abide by the Olympic Charter.

#### 1. Definition of a Blog

For the purposes of these Guidelines, a blog is a type of website where entries are made (such as in a journal or diary), usually displayed in a reverse chronological order, accessible by the general public.

#### 2. Personal Information

It is required that, when Accredited Persons at the Games post any Olympic Content, it be confined solely to their own personal Olympic-related experience. Without limiting the generality of the foregoing, blogs of Accredited Persons should take the form of a diary or

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<sup>1</sup> These guidelines apply only to the XXI Olympic Winter Games, Vancouver 2010. The IOC reserves its right to change these present guidelines. The English version of these guidelines shall prevail.



journal and, in any event, should not contain any interviews with, or stories about, other Accredited Persons.

Accredited Persons should not disclose any information that is confidential or private in relation to any third party including, without limitation, information which may compromise the security, staging and organisation of the Games and, where relevant, the accredited persons' respective Olympic Team or the privacy of any other Accredited Person.

In any event, blogs of Accredited Persons containing Olympic Content should at all times conform to the Olympic spirit and the fundamental principles of Olympism as contained in the Olympic Charter, and be dignified and in good taste.

### **3. No Sound or Moving Images of the Games**

The dissemination of moving images of the Games through any media, including display on the Internet, is a part of the IOC's intellectual property rights. No sound or moving images (including sequences of still photographs which simulate moving images) of any Olympic events, including sporting action, Opening, Closing and Medal Ceremonies or other activities which occur within any zone which requires an Olympic identity and accreditation card (or ticket) for entry - e.g. competition and practice venues, Olympic Village, Main Press Centre - ("**Accredited Zones**") may be made available, whether on a live or delayed basis, regardless of source.

### **4. Still Pictures**

Accredited Persons may feature still pictures taken of themselves within Accredited Zones provided that such pictures do not contain any sporting action of the Games or the Opening, Closing or Medal Ceremonies of the Games. It is the Accredited Persons' responsibility to obtain the consent of other persons appearing in any pictures which may featured in accordance with this Section. Still pictures may not be reproduced in a sequential manner, so as to simulate, in any way, moving images.

### **5. Olympic Marks**

Accredited Persons may not use on their blogs the Olympic Symbol - i.e. the five interlaced rings, which is the property of the IOC. Accredited Persons may use the word "Olympic" and other Olympic-related words on their blogs, provided that the word "Olympic" and other Olympic-related words are not associated with any third party or any third party's products or services. Also, Accredited Persons may not use on their blogs other Olympic



identifications such as NOC and/or VANOC emblems or mascots, unless they obtain the prior written approval of the relevant NOC and/or VANOC, as the case may be.

#### **6. Advertising and Sponsorship**

As a general rule, Accredited Persons must not include any commercial reference in connection with any Olympic Content posted on their blogs. Specifically, this means that advertising and sponsorship opportunities may not be offered and/or sold to third parties in connection with Olympic Content contained in their blogs.

Notwithstanding the foregoing, advertising and/or sponsorship on the screen at the same time as Olympic Content is allowed only if it is of the IOC TOP Partners (listed on <http://www.olympic.org/marketing>). Subject to the foregoing, any advertising and/or sponsorship must not be intrusive (i.e. no pop-ups nor expandable banners) and, in any event, must not take up more than 15 per cent of the screen at any given time. In addition, the websites of VANOC, other Organising Committees of the Olympic Games and the National Olympic Committees, as well as the websites of the official broadcast rights holders of the Games, may contain advertising and sponsorship as permitted by the IOC.

Accredited Persons may post Olympic Content on the websites of third parties, providing there is no commercial association being made between, on the one hand, such third parties or other advertising and/or sponsorship and, on the other hand, the Olympic Content.

#### **7. No Exclusivity**

Accredited Persons should not enter into any exclusive commercial agreement with any company with respect to the posting of any Olympic Content.

#### **8. Domain Names/URLs/Page Naming**

Domain Names including the word "Olympic" or "Olympics" or similar are not permitted (e.g. [myname]olympic.com would not be permitted while [myname].com/olympic would be allowed but only during the period in which these Guidelines are applicable).

#### **9. Links**

In order to facilitate access to pertinent Olympic information, Accredited Persons posting Olympic Content pursuant to these Guidelines are encouraged to "link" their blogs to



various official Olympic websites including, where relevant, the website of the accredited persons' respective Olympic Team or NOC. Useful addresses include:

**[www.olympic.org](http://www.olympic.org)** – the official website of the Olympic Movement

**[www.vancouver2010.com](http://www.vancouver2010.com)** – the official website of the Vancouver 2010 Olympic Winter Games

#### **10. Liability**

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 **[PRINT]** **ESPN.com:** Golf[\[Print without images\]](#)

Thursday, May 28, 2009

## Bivens 'encourages' in-round updates

ESPN.com news services

LPGA commissioner Carolyn Bivens says she wouldn't mind players using social media Web sites during a competitive round.

"I'd love it if players Twittered during the middle of a round," Bivens said in an interview, according to Bloomberg News. "The new media is very important to the growth of golf and we view it as a positive, and a tool to be used."

Bivens said she "encourages" players to update their Twitter or Facebook pages in the middle of a tournament.

There is a question, however, of whether using a handheld phone or mobile device is allowed under USGA rules. The LPGA is awaiting a ruling from the USGA. Its 2008 Rules of Golf do not mention using handheld devices, though Rule 14-3 says that players cannot use equipment "that might assist him in making a stroke or in his play; or for the purpose of gauging or measuring distance or conditions that might affect his play."

The PGA Tour bans the use of mobile phones or handheld communication devices during competitive play.

According to Bloomberg, approximately 30 LPGA players have Twitter pages, including Morgan Pressel, Christina Kim and Natalie Gulbis.

"For Morgan Pressel and Christina Kim's following -- her fans are 12-, 13-, 14-year-old girls and boys -- they're not waiting for the golf broadcast on Saturday and Sunday," Bivens said, according to Bloomberg. "They want to know what's going on in the middle of the round. If we're going to get out of the collared shirts and khaki pants and make golf chic, hip, happening, Christina Kim is exactly the kind of player to reach out and make golf a lot more relevant."

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## LPGA Players Balk at Tweeting During Play Suggestion (Update1)

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By Michael Buteau

June 4 (Bloomberg) -- **Paula Creamer** set her sights on birdies, not tweets, during the opening round of the LPGA State Farm Classic.

A week after LPGA Tour Commissioner **Carolyn Bivens** said she would "love it" if players used the social media site **Twitter.com** to connect with fans during their rounds, Creamer is one of the players who rejected the idea.

"I will not be twittering in my round," Creamer, who's ranked third in the world, wrote on her Twitter page shortly before teeing off. "It should not happen in any sport. The players have already told the tour no way."

Tweets or not, Creamer wasn't too pleased with her play after carding five birdies and double-bogey on the par-5 opening hole at Panther Creek Country Club. She's tied for seventh, three shots behind leaders Jee Young Lee and Se Ri Pak.

"I shot 69 today with a double bogey," she wrote after her round. "Not my best. I left a lot out there, however tomorrow is a new day."

### Anti-Twittering

Shortly before her anti-Twittering tweet, Creamer told her followers that she was "eating some pancakes for breakfast with my dad before we go out to the course."

**Morgan Pressel** shared Creamer's sentiments moments before beginning her first round in Springfield, Illinois.

"Thanks for the luck and NO I will not be tweeting when I play," she wrote.

After matching Creamer with a 3-under round, Pressel wrote "played well today. Hit 14 fwys and 18 greens. Had two three putts and 5 birdies, and just missed a bunch more."

A day earlier, Pressel tweeted about how many personalized license plates there seemed to be in the tournament's host city and lamented having to attend a player meeting on Tuesday night, interrupting her viewing of Game 2 of the Stanley Cup Final between her beloved Detroit Red Wings and the Pittsburgh Penguins.

Bivens said in an interview last week that she "encourages" players to use handheld devices to post content on social-media Web sites such as **Twitter** or **Facebook** during tournaments, even if it runs counter to golf etiquette.

### Engage Prospective Fans

Her comments created a debate among golf fans, players and sports talk show hosts. And after receiving numerous comments and questions from a variety of players, Bivens clarified her stance on the subject today.



"While the LPGA does not support, nor has it ever encouraged, any kind of interaction with social media during tournament play, we do believe social media is as important to golf as it is to all sports," Bivens said in a statement. "Our common challenge across sports is to leverage social media to engage current and prospective fans, turning them into more avid fans and loyal advocates."

About 30 LPGA players use **Twitter**, including 21-year-old Pressel, 25-year-old **Christina Kim** and 26-year-old **Natalie Gulbis**, who also used her Facebook page and an Internet blog to connect with fans while on "The Apprentice" reality television show last season.

The use of social-media sites by athletes during professional sports events led to controversy in March, when Milwaukee Bucks forward **Charlie Villanueva** used Twitter during halftime of a National Basketball Association win over the Boston Celtics. While Villanueva finished with a team-high 19 points, Bucks coach **Scott Skiles** said it was "nothing we ever want to happen again."

San Francisco-based Twitter Inc. provides a real-time service through which users exchange 140-character updates, or Tweets. A Twitter message with the "@" sign before a user name is regarded as addressed to the person who uses that name.

To contact the reporters on this story: **Michael Buteau** in Atlanta at [mbuteau@bloomberg.net](mailto:mbuteau@bloomberg.net)

*Last Updated: June 4, 2009 22:54 EDT*



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LEXSEE 2008 U.S. DIST. LEXIS 80475



Analysis

As of: Nov 02, 2009

**MADISON SQUARE GARDEN, L.P., Plaintiff, vs. NATIONAL HOCKEY LEAGUE, NATIONAL HOCKEY LEAGUE ENTERPRISES, L.P., NATIONAL HOCKEY LEAGUE INTERACTIVE CYBERENTERPRISES, L.L.C., NHL ENTERPRISES, L.L.C., NHL ENTERPRISES CANADA, L.P., and NHL ENTERPRISES, B.V., Defendants.**

07 CV 8455 (LAP)

**UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF  
NEW YORK**

*2008 U.S. Dist. LEXIS 80475; 2008-2 Trade Cas. (CCH) P76,346*

October 10, 2008, Decided

October 10, 2008, Filed

**PRIOR HISTORY:** *Madison Square Garden, L.P. v. NHL*, 270 Fed. Appx. 56, 2008 U.S. App. LEXIS 5888 (2d Cir. N.Y., 2008)

**COUNSEL:** [\*1] For Madison Square Garden, L.P., Plaintiff: Meir Feder, Robert W. Gaffey, William J. Hine, LEAD ATTORNEYS, Jones Day (NYC), New York, NY; Glen D. Nager, PRO HAC VICE, Jones, Day, Reavis & Pogue, Washington, DC; Joe Sims, Thomas F. Cullen, Jr., Jones Day (DC), Washington, DC; Thomas Demitrack, Jones Day, Cleveland, OH.

For National Hockey League, National Hockey League Enterprises, L.P., NHL Interactive Cyberenterprises, LLC, NHL Enterprises Canada, L.P., NHL Enterprises, B.V., Defendants: Shepard Goldfein, LEAD ATTORNEY, Skadden, Arps, Slate, Meagher & Flom LLP (NYC), New York, NY.

For NHL Enterprises, B.V., National Hockey League, National Hockey League Enterprises, L.P., NHL Interactive Cyberenterprises, LLC, NHL Enterprises Canada, L.P., Counter Claimants: Shepard Goldfein, LEAD ATTORNEY, Skadden, Arps, Slate, Meagher & Flom LLP (NYC), New York, NY.

For Madison Square Garden, L.P., Counter Defendant: Meir Feder, Robert W. Gaffey, William J. Hine, LEAD ATTORNEYS, Jones Day (NYC), New York, NY; Glen D. Nager, PRO HAC VICE, Jones, Day, Reavis & Pogue, Washington, DC; Joe Sims, Thomas F. Cullen, Jr., Jones Day (DC), Washington, DC; Thomas Demitrack, Jones Day, Cleveland, OH.

**JUDGES:** LORETTA A. [\*2] PRESKA, United States District Judge.

**OPINION BY:** LORETTA A. PRESKA

**OPINION**

LORETTA A. PRESKA, United States District Judge:

On November 2, 2007, this Court denied Plaintiff Madison Square Garden L.P.'s ("MSG") motion for a preliminary injunction on antitrust grounds against Defendants' (collectively "NHL" or the "League") implementation of their New Media Strategy, which required, *inter alia*, the migration of the MSG-owned New York Rangers' website to a League-operated server. *See Madison Square Garden, L.P. v. NHL*, No. 07 Civ. 8455, 2007 U.S. Dist. LEXIS 81446, 2007 WL 3254421 (S.D.N.Y.

Nov. 2, 2007) ("MSG I"), *aff'd* 270 Fed. Appx. 56 (2d Cir. Mar. 19, 2008). In denying the motion, the Court found that MSG failed to demonstrate a likelihood of success on the merits because the migration requirement and prohibition against operating a separate team website (1) did not constitute a "naked restraint" and (2) survived preliminary scrutiny under a full rule of reason analysis. *See MSG I*, 2007 U.S. Dist. LEXIS 81446, 2007 WL 3254421 at \*6-\*9.

Before the Court now is a motion by the NHL to dismiss or in the alternative for partial summary judgment.<sup>1</sup> For the reasons discussed below, the motion is granted in part and denied in part.

1 MSG has separately moved to dismiss [\*3] the NHL's counterclaim. That question is reserved and will be addressed in a separate order.

## BACKGROUND

While the motion for preliminary injunctive relief focused exclusively on the League's New Media Policy,<sup>2</sup> the Complaint in this case challenges a far broader swath of the League's restrictions on Member Clubs' operations as unreasonable restraints of trade under the Sherman Act, 15 U.S.C. § 1.

2 For a recitation of the events giving rise to the implementation of the New Media Strategy, see *MSG I* 2007 U.S. Dist. LEXIS 81446, 2007 WL 3254421 at \*1-\*5.

### A. League Organization

The NHL is an unincorporated association of thirty Member Clubs organized as a joint venture. (*See* Amended Complaint ("Compl.") P 2.) The Member Clubs are separately owned and operated entities with separate assets, stadium rights, employees, and ownership rights in various copyrights, trademarks, trade dress, and trade names in team logos and designs. (*Id.* P 13.) Yet as the Court recognized on the motion for a preliminary injunction, all members of the League have signed and ratified the NHL Constitution and By-laws, and, as such, the clubs' internal affairs are subject to the provisions of those agreements. *See MSG I* 2007 U.S. Dist. LEXIS 81446, 2007 WL 3254421 at \*1-\*5. [\*4] And the League Commissioner has the power to interpret the provisions of the Constitution, By-Laws, League rules and resolutions; he also has "full and complete authority" to discipline Member Clubs for violations of League rules. *Id.* MSG does not dispute that it is required to comply with the joint decisions of the Member Clubs regarding the alleged restraints at issue in the case. (Compl. PP 17, 41.) MSG even acknowledges that, pursuant to the terms of its contract with the League and

other Member Clubs, it may be expelled from the League for violating League rules. (*Id.*)

Nevertheless, MSG argues that the control exercised by the League goes too far, alleging that the NHL Member Clubs, "acting collusively as the League and through the Commissioner," have taken steps to eliminate, restrict and prevent off-ice competition between and among the member clubs . . . in ways that are not necessary to the purpose of the NHL joint venture." (*Id.* P 3.)

### B. Allegations Relating to Four Areas

MSG's allegations center around League restraints on (1) merchandizing and licensing, (2) broadcasting and streaming, (3) new media, and (4) advertising and sponsorship. The Complaint alleges that the NHL has [\*5] market power in these areas because major league men's professional ice hockey has unique characteristics that set it apart from other sports or leisure activities. (Compl. P 29.) At competitive prices, the rights to license or use the marks of the NHL and NHL clubs, the rights to broadcast or otherwise distribute NHL games, and the rights to sell advertising rights at or involving NHL venues are not reasonably interchangeable with any substitutes. (*Id.* P 31.) Consequently, the Complaint alleges that major league men's professional ice hockey products and services are a distinct market, in various local and national geographic areas, over which the NHL has market power. (*Id.* P 32.)

#### 1. Merchandizing and Licensing

Prior to MSG's acquisition of the Rangers, the NHL clubs agreed to give the exclusive right to control the individual clubs' marks and licensing opportunities to the League for virtually all commercial purposes. (*Id.* P 38.) As a result of acquiring the Rangers, MSG is a "partner and beneficiary" of the NHL, NHLE, NHL ICE, NHLE Canada and NHLE International--all entities that the Member Clubs created to license League and team marks. (*See id.* PP 22-28.)

In 1994, again before MSG's [\*6] purchase of the Rangers, the NHL Board of Governors resolved that each Club would grant the League exclusive marketing rights as follows:

RESOLVED, that each Member Club hereby grants to the League the exclusive worldwide right to use or license its team's trademarks, including the team's logos, symbols, emblems, designs, uniforms (including a picture of a player in the team's uniform) and other identifying indicia (collectively, "Trademarks"): (i) in connection with the advertising, merchandising, promotion, manufacture, sale and

distribution of products and services ("Commercial Purposes") of any nature; and (ii) to promote or generate interest in the NHL and, collectively its Member Clubs ("Promotional Purposes"), provided that each Member Club retains the non-exclusive right to: (w) perform under its existing local licensing contracts in accordance with their provisions during their defined terms, without permitting (to the extent possible) any renewal or extension thereof unless that agreement is limited in scope consistent with the terms of this Resolution; (x) use, within its home arena and its Team stores located within a 75-mile radius of its home arena, its own Trademarks in [\*7] connection with the normal operation and promotion of the team and for Commercial Purposes; (y) publish and distribute direct-mail catalogues outside the local territories, provided that 65 percent of the products offered in the direct-mail solicitation are produced by NHLE licensees; and (z) solely for purposes of this Resolution and without effect upon or expansion of a Club's broadcasting rights, use its own Trademarks outside of its home arena for team-specific Promotional Purposes within its local broadcast territory; and provided, further, that the reservation of local rights granted to the Member Clubs in this Resolution excludes jersey or sweater replicas, hockey trading cards and outerwear (exclusive of hats), and provided, further, that a Member Club's rights to use its Trademarks as specified above may in turn be licensed by the Member Club to third parties (e.g., sponsors and licensees) for uses consistent with this Resolution . . . .

(Goldfein Decl. Ex. 8.)<sup>3</sup> License Agreements executed in 1996 and 2006 continued this grant of rights from the Clubs to the League in substantively the same form. (*Id.* PP 38-39.)

3 "Goldfein Decl." refers to the declaration of Shepherd Goldfein, [\*8] sworn to on June 2, 2008. Because MSG incorporates the NHL Constitution, By-laws and League Rules into its Amended Complaint, the NHL Constitution, By-laws and Resolutions may be relied on by the Court in deciding the present motion. *See, e.g.,*

*Sira v. Morton*, 380 F.3d 57, 67 (2d Cir. 2004) ("A complaint is deemed to include any written instrument attached to it as an exhibit, materials incorporated in it by reference, and documents that, although not incorporated by reference, are 'integral' to the complaint.") (internal citations omitted).

MSG objects to this arrangement because it eliminates each club's ability to compete to sell, among other things, clothing and other products containing a player's name, number, or image. (*Id.* P 40A.) In particular, it objects to its inability to market Rangers products outside the team's home arena (*id.* P 40B) and on the Internet other than through the NHL-controlled store (*id.*). The upshot of this, from an antitrust perspective, is that individual clubs like the Rangers are precluded from seeking out lower-cost or higher-quality manufacturing arrangements than those entered into by the League and from offering consumers merchandise options not [\*9] offered by the League. In addition, because of the absence of reasonably interchangeable alternatives to NHL-themed merchandise, the Complaint alleges that restrictions on competition necessarily result in higher prices, lower quality, and reduced responsiveness to consumer preferences. (Compl. PP 16A.)

## 2. Broadcasting and Streaming

MSG also objects to the League's allocation of broadcasting territories, specifically the League's prohibition on each club's transmitting its games, on television or over the internet, outside defined territories. (*Id.* PP 16C, 40C.) These restrictions are found in Article IV of the NHL Constitution, which addresses certain territorial rights of the League and Member Clubs:

4.1. Definitions. For the purposes of this Article: . . . (c) "Home territory" . . . means . . . exclusive territorial rights in the city in which it is located and within fifty miles of that city's corporate limits."

4.2. Territorial Rights of League. The League shall have exclusive control of the playing of hockey games by Member Clubs in the home territory of each member, subject to the rights hereinafter granted to members. . . .

4.3. Territorial Rights of Members. Each member shall [\*10] have exclusive control of the playing of hockey games within its home territory including . . . the playing in such home territory of hockey games by any teams . . . or by other members of the League. . . .

4.4. Property Rights of Home Club.  
Each member hereby irrevocably conveys . . . all the right, title and interest . . . to each hockey game . . . as a visiting club and in the news of said game . . . to the member in whose home territory said game is played.

(Goldfein Decl. Ex. 5.)

From time to time, the Member Clubs have redefined certain features of these broadcast territories. For example, as early as 1984, the Clubs outlined by Board Resolution how they would define each Club's "Home Territory" and "Sphere of Influence" for purposes of determining where Member Clubs could broadcast their games through various means and technologies. (*See id.* Ex. 6.) Since the Modified Member Club Agreement of March 7, 1988 (*id.* Ex. 7), the Member Clubs have been limited to distributing their home and away games within their respective exclusive broadcast territories. However, the Clubs never changed the League's basic exclusive territories and the right to broadcast their home games.

MSG alleges [\*11] that because these agreements allow cable distribution of only a limited number of games in some portions of the area--on a fee-for-subscriber basis centrally determined by the League--and prevent the club from distributing games on the internet (Compl. P 40C), the necessary effect of these agreements to restrict competition, in the market for professional ice hockey broadcasts, is higher prices and reduced consumer welfare. (Compl. P 31.)

### 3. New Media

In *MSG I* the Court detailed the events giving rise to MSG's challenge to the League's New Media Policy. *See MSG I 2007 U.S. Dist. LEXIS 81446, 2007 WL 3254421, at \*1-\*5.* MSG maintains its challenge to the New Media policy's ban on Member Clubs' operating team websites independent of the League server. In its view, the League's desire to have uniformity constitutes a form of "output reduction" because it reduces the number of websites available to consumers. (Compl. P 16D.)

The League derives its authority for the policy from a 1996 Resolution of the NHL Board of Governors in which the Member Clubs agreed that the League would exploit, on behalf of all Clubs, the distribution of League and Club intellectual property rights over the internet and through similar new media. (Goldfein Decl. [\*12] Ex. 9.) The Resolutions included conveyance of any related intellectual property rights of the Clubs:

[T]he Member Clubs individually confirm the grant to the League . . . of the exclusive worldwide right to use or license all of its intellectual property rights . . . for all purposes relating to the further development of a presence for the League and the Member Clubs on the Internet's World Wide Web and the exploitation of any and all opportunities utilizing comparable computer and telecast technology, including, without limitation, any network-centric, on-line or other interactive technologies . . .

(*Id.*) They also granted the Commissioner broad discretion to carry out the League's objectives relating to exploitation of new media, including the authority to make directives regarding the very rights (*e.g.*, advertising, merchandising) that are the subject of this case. (*Id.*) In June 2000, the Board unanimously adopted a Resolution reaffirming and ratifying that the rights to exploit the internet are held by the League and that the Commissioner has the power "to promulgate such rules and regulations and take such acts he deem[s] appropriate, including with respect to what rights might, [\*13] at any particular time, be exercised by the Clubs." (*Id.* Ex. 10.) And finally, on October 25, 2000, the Commissioner promulgated the NHL Internet Regulations (*id.* Ex. 11), which have been amended on an ongoing basis.

### 4. Advertising and Sponsorships

The final area subject to the Complaint includes various rules governing advertising and sponsorships. The Member Clubs have operated under in-arena advertising rules--approved by Resolutions of the Board of Governors--in various forms since the late 1970s. (Goldfein Decl. Ex. 12.) These rules include the Board Advertising Regulations (*id.* Ex. 13), which are applicable to the dashboards around the ice surface. Further, in September 1991, the Board of Governors resolved that the same advertising restrictions that applied to dashboards would apply to in-ice advertising as well (*id.* Ex. 16). Subsequently, specific In-Ice Logo Guidelines were approved by Resolution on March 14, 1997. (*Id.* Exs. 17, 18.) In addition; on March 24, 1994, the Board of Governors resolved that no Club or Club broadcaster may use virtual signage or advertising. (*Id.* Ex. 19.) The Complaint alleges that these restraints also eliminate competition that would otherwise [\*14] exist for businesses seeking to advertise or promote to the distinct demographic of NHL hockey fans. (Compl. PP 16B, 31.)

### C. The Consent Agreement & Releases

At the time the Rangers Club was purchased in 1995--and again most recently in 2005--MSG entered into a Consent Agreement with the NHL in which it agreed, *inter alia*, to be bound by the NHL Constitution, By-laws, and all League Rules and Regulations (Goldfein Decl. Ex. 20, § 3(a); Ex. 28, § 3(a)), and to honor the League's territorial allocations and restrictions (*id.* Ex. 28, § 4(b)), including as they relate to MSG's cable operations (*id.* § 9(a)(ii)). The Consent Agreements also contained a "Release and Limitation of Liability." (*Id.* Ex. 20, § 10(a); Ex. 28, § 13(a).) Specifically, the 2005 Agreement provided:

As partial consideration for the NHL providing the consents contained herein, each of the Transaction Parties . . . hereby forever releases and discharges the NHL, each of the other NHL Entities, [and] all of the Member Clubs . . . from any and all claims, demands, causes of action, and liabilities of any kind whatsoever (upon any legal or equitable theory, whether contractual, common-law, statutory, decisional, Canadian, [\*15] United States, state, provincial, local or otherwise) . . . , which, to the best knowledge of such Transaction Party, exist as of the date of execution of this Consent Agreement by reason of any act, omission, transaction or occurrence taken or occurring at any time up to and including the date of the execution of this Consent Agreement, relating to, or arising from, any hockey operations or any NHL activity, including without limitation, the performance, presentation or exploitation of any hockey game or hockey exhibition or in respect of the Proposed Transactions . . . .

(*Id.* Ex. 20, § 10(a).) Whether the Consent Agreement and Release bar the instant suit is a subject of the pending motion.

## DISCUSSION

Resolution of this motion to dismiss requires identifying what portion, if any, of the Complaint survives the release entered into by MSG and/or the doctrine of laches. Concluding that only those claims relating to New Media do so, the Court denies the motion to dismiss on the ground that the League is a "single entity" for anti-trust purposes. The motion, therefore, is granted in part and denied in part.<sup>4</sup>

4 In considering the motion to dismiss, I have considered the following documents: [\*16] the NHL's Memorandum of Law in Support of Defendants' Motion to Dismiss or in the Alternative For Partial Summary Judgment ("NHL Mem."), dated June 2, 2008; MSG's Memorandum of Law in Opposition to Defendants' Motion to Dismiss or in the Alternative for Partial Summary Judgment ("MSG Opp."), dated July 17, 2008; and the NHL's Reply Memorandum of Law in Support of Defendants' Motion to Dismiss or in the Alternative for Partial Summary Judgment ("NHL Reply Mem."), dated August 6, 2008.

## I. Applicable Legal Standard

In addressing a motion to dismiss, the court must "accept as true all facts alleged in the complaint" and "draw all reasonable inferences in favor of the plaintiff." *Kassner v. 2nd Avenue Delicatessen Inc.*, 496 F.3d 229, 237 (2d Cir. 2007). "The court's function . . . is not to weigh the evidence that might be presented at trial but merely to determine whether the complaint itself is legally sufficient." *Condit v. Dunne*, No. 06 Civ. 13126, 2008 U.S. Dist. LEXIS 51928, 2008 WL 2676306, at \*2 (S.D.N.Y. July 8, 2008) (quoting *Festa v. Local 3 Int'l Bhd. of Elec. Workers*, 905 F.2d 35, 37 (2d Cir. 1990)) (ellipsis in original). Accordingly, the complaint "need only 'give the defendant fair notice of what the [\*17] . . . claim is and the grounds upon which it rests.'" *Iqbal v. Hasty*, 490 F.3d 143, 157 (2d Cir. 2007) (quoting *Erickson v. Pardus*, 551 U.S. 89, 127 S.Ct. 2197, 2200, 167 L. Ed. 2d 1081 (2007) (in turn citing *Twombly v. Bell Atlantic Corp.*, 550 U.S. 544, 127 S.Ct. 1955, 1964, 167 L. Ed. 2d 929 (2007) (omission in original))).

## II. The 2005 Release

The League contends that the bulk of the allegations in this case (*i.e.*, MSG's allegations relating to exclusive broadcasting territories, merchandizing and licensing, and advertising) are barred by the 2005 Consent Agreements and Release of Liability (the "Release"). As noted above, the Release provided that MSG "forever releases and discharges" the League "from any and all claims . . . upon any legal or equitable theory" which "exist as of the date of execution . . . relating to, or arising from, any hockey operations or any NHL activity, including without limitation, the performance, presentation or exploitation of any hockey game . . . ." (Goldfein Decl. Ex. 20, § 10(a).) MSG nevertheless argues that either (1) the release does not apply to its claims because they are based on "current conduct, not historical conduct" (MSG Opp. at 32-33), or (2) the release is unenforceable as against public policy because [\*18] it operates as a prospective

waiver of the right to sue for subsequent antitrust violations (MSG Opp. at 33-36).

### 1. *The Language of the Release Encompasses MSG's Claims*

MSG's argument based on the Release language fails. The plain meaning of the terms of the agreement shows that its intended purpose was to foreclose a challenge to policies existing at the time of the release, hence the release of claims "relating to, or arising from, any hockey operations or any [ongoing] NHL activity." (Goldfein Decl. Ex. 20, 10(a) (emphasis added).) While MSG characterizes its claims as being based on post-Release conduct, the Complaint itself belies this position; it contains no allegations of post-2005 conduct apart from (1) the enforcement of pre-existing policies and (2) the 2006 extension of the licensing agreement that had been in place since 1994, which reaffirmed each Member Club's assignment of the right to "use or license its team's trademarks" to the League. (See Compl. 11 39; Goldfein Decl. Ex. 8.) Because this very antitrust "claim" "exist[ed]" at the time of the release, and because the only allegations in the Complaint demonstrate that the League continued its enforcement of pre-existing [\*19] policies, cf. *Willsea v. Theis*, No. 98 Civ. 6774, 1999 U.S. Dist. LEXIS 22471, 1999 WL 595629, at \*12 (S.D.N.Y. Aug. 6, 1999), the Court has little trouble concluding that the Release evidences that the "parties had in mind a general settlement of all accounts up to that time," *Three Rivers Motors Co. v. Ford Motor Co.*, 522 F.2d 885, 896 (3d Cir. 1975). See also *Newmont Mines Ltd. v. Hanover Ins. Co.*, 784 F.2d 127, 135 (2d Cir. 1986) ("The cardinal principle . . . is that the intentions of the parties should control . . . [A]bsurd results should be avoided. . . [and] the meaning of particular language . . . should be examined 'in light of the business purposes sought to be achieved by the parties . . .'" (citations omitted)).

### 2. *Whether Enforcement of the Release Violates Public Policy*

Whether the enforcement of the release would violate public policy is a more difficult question. On the one hand, because "[a] no suit agreement may be one of the devices for shoring up a cartel," see *Sanjuan v. Am. Bd. of Psychiatry & Neurology, Inc.*, 40 F.3d 247, 250 (7th Cir. 1994), the Supreme Court has indicated that it would condemn as against public policy an agreement that "operated . . . as a prospective waiver of a party's [\*20] right to pursue statutory remedies for antitrust violations," *Mitsubishi Motors Corp. v. Soler Chrysler-Plymouth, Inc.*, 473 U.S. 614, 637 n.19, 105 S. Ct. 3346, 87 L. Ed. 2d 444 (1985). On the other hand, despite a strong public interest in private antitrust enforcement, "this interest does not prevent the injured party from releasing his

claim and foregoing the burden of litigation." *Three Rivers Motors Co.*, 522 F.2d at 891-92 (citations omitted); see also *Zenith Radio Corp. v. Hazeltine Research, Inc.*, 401 U.S. 321, 347, 91 S. Ct. 795, 28 L. Ed. 2d 77 (1971) (holding that the scope of a release of antitrust claims is determined by the intent of the parties); *Richard's Lumber & Supply Co. v. U.S. Gypsum Co.*, 545 F.2d 18, 20 (7th Cir. 1976) ("A general release . . . is not ordinarily contrary to public policy simply because it involves antitrust claims.").

Applying these well-settled principles to this case is complicated by the fact that MSG's challenge is to NHL policies, i.e., restraints that form part of the structure of the joint venture and, indeed, in some cases, are built into the NHL Constitution. The Release is neither purely prospective (for this reason, the Release does not bar MSG's challenge to the New Media policy); nor is it purely retrospective [\*21] in the sense that the League policies would continue to have effect after the Release's execution.

Determining whether the Release should be enforced requires examining the circumstances presented by this case. See *Southwestern Sugar & Molasses Co. v. River Terminals Corp.*, 360 U.S. 411, 421, 79 S. Ct. 1210, 3 L. Ed. 2d 1334 (1959) ("Cases are not decided, nor the law appropriately understood, apart from an informed and particularized insight into the factual circumstances of the controversy under litigation"). This principle has "particular force when the courts are asked to strike down on grounds of public policy a contractual arrangement on its face consensual." *Id.*; see also 17A C.J.S. *Contracts* § 218 (2008) ("There is no absolute rule by which to determine what contracts are against public policy, but each case must be determined from all the circumstances thereof, the courts declaring a contract void for such reason only where it is clearly contrary to the public interests, contravenes some established interest of society, or is against good morals"). The following considerations persuade the Court that enforcement of the release in question would not be "clearly contrary" to the public interest:

First, there is [\*22] no suggestion that the NHL is anything other than a legitimate joint venture. MSG's challenge is to the reasonableness of the restraints imposed by the venture, i.e., to these particular policies, not to the League's existence as such. (See Compl. P 2.) To be sure, this does not end the antitrust inquiry; the Court must still "determine whether the nonventure restriction is a naked restraint on trade, and thus invalid, or one that is ancillary to the legitimate and competitive purposes of the business association, and thus valid." *Texaco Inc. v. Dagher*, 547 U.S. 1, 7, 126 S. Ct. 1276, 164 L. Ed. 2d 1 (2006). Here, the venture's undisputed legitimacy diminishes the public policy concerns compared to those in the

case of a *Section 1* conspiracy whose very existence is unlawful, as in the case of a monopoly or price-fixing conspiracy. *See, e.g., Redel's Inc. v. Gen. Elec. Co.*, 498 F.2d 95, 99 (5th Cir. 1974) (general release not given prospective effect where plaintiff asserted "numerous claims of unlawful price discrimination"); *Mktg. Assistance Plan, Inc. v. Associated Milk Producers, Inc.*, 338 F. Supp. 1019, 1021-23 (S.D. Tex. 1972) (release could "not bar the assertion . . . of any post-release causes of actions" challenging [\*23] "renewed monopolistic activities by the defendants" but also noting that "[n]o one would reasonably expect the consequences of pre-release conduct to cease as of the day of the release, and such damages must certainly have been contemplated by the parties").

Second, MSG's argument is at odds with the language in a similar case decided by the Court of Appeals and well-settled principles favoring settlement as a matter of public policy. MSG concedes that the logical corollary of its position regarding the Release being "prospective" in nature is that parties can never settle antitrust claims predicated on "ongoing violations" even if they are based on "the same kind of acts repeated in the subsequent period." (Aug. 15. Tr. at 41-42 ("Tr.")).<sup>5</sup> Yet the Court of Appeals has observed that:

It is not uncommon, we assume, for a release to prevent the releasor from bringing suit against the releasee for engaging in a conspiracy that is later alleged to have continued after the release's execution. Such a release would seem always to protect the ongoing conspiracy because it always prevents the releasor from beginning litigation that would establish the scheme's illegality. We do not think that [\*24] the part and parcel doctrine can be read so broadly as thus to render void all releases relating to conspiracies alleged to continue post-release.

*VKK Corp. v. NFL*, 244 F.3d 114, 126 (2d Cir. 2001). While MSG correctly distinguishes *VKK*--which would otherwise be controlling--by disclaiming any reliance on the "part-and-parcel doctrine" relied on by the plaintiff in that case, (*see* Tr. at 30-31), the Court's *rationale* for rejecting the doctrine was predicated on the enforceability (or at the bare minimum, the presumptive legality of) of releases of "conspiracies alleged to continue post-release"--like the one at issue in this case. Thus while this case falls outside the holding of *VKK*, albeit barely, the Court of Appeals' *rationale* still undercuts MSG's argument. Even putting *VKK* to one side, it is well settled that public policy favors the settlement of disputes. *See*

*Bano v. Union Carbide Corp.*, 273 F.3d 120, 129-30 (2d Cir. 2001). The "leading antitrust treatise" (MSG Opp. at 38) has observed that repose is "especially valuable in antitrust, where tests of legality are often rather vague, where many business practices can be simultaneously efficient and beneficial to consumers but [\*25] also challengeable as antitrust violations . . ." II Phillip E. Areeda & Herbert Hovenkamp, *Antitrust Law* P 320a, at 282 (3d ed. 2004 & 2007 Supp.). Therefore even if the Court found that public policy counseled in favor of invalidating this Release on antitrust grounds, competing policy considerations favor its enforcement.

5 *See also* Tr. at 45. (MR. NAGER: That is the classic advice we give our clients, that the settlement agreement does not protect you from anything that happens tomorrow. // THE COURT: Even if it is the same conduct? // MR. NAGER: Even if it is the same conduct.)

Third, the Court finds considerable support in the caselaw for the distinction relied upon here, namely that the public policy considerations differ when the only "prospective" application of the release in question is the continued adherence to a pre-release restraint. *See MCM Partners, Inc. v. Andrews-Bartlett & Associates, Inc.*, 161 F.3d 443, 448 (7th Cir. 1998) (taking a functional approach to the question of enforceability, the Court found the conduct "clearly based" on pre-release conduct and thus enforced the release, while acknowledging that "new, post-release agreement" in restraint of trade may [\*26] actionable, but mere "continued adherence" to an alleged pre-release restraint of trade could not give rise to a viable claim);<sup>6</sup> *Hunter Douglas, Inc. v. Comfortex Corp.*, No. 98-CV-0479, 1999 U.S. Dist. LEXIS 10906, at \*19-21 (N.D.N.Y. Mar. 11, 1999) (release barred a claim challenging ongoing practices that had "not been altered materially since the parties executed [a release]") (emphasis added); *Record Club of Am., Inc. v. United Artists Records, Inc.*, 611 F. Supp. 211, 217 n.8 (S.D.N.Y. 1985) (enforcing a release of an antitrust claim because "all of the harm alleged flows from and is related to the terms of conditions [of the release]" and was merely the "continuing effect" of pre-release conduct") (emphasis added). MSG attempts to distinguish these cases because the plaintiffs were not seeking injunctive relief (MSG Opp. at 36 n.17) but it provides no reason why the remedy sought by a plaintiff should have any bearing on the question of whether a defendant's continued adherence to pre-release restraints is actionable when styled as an "ongoing violation." Indeed the very availability of the doctrine of laches to defeat claims for injunctive relief, *see Antitrust Law* P 320g, at [\*27] 325-26 ("[T]he doctrine of laches can bar an equity action where the plaintiff's unjustifiable delay in suing prejudices defendant") (discussed further *infra*), suggests that public policy con-



cerns about the prospective application of releases can be outweighed in appropriate cases because, as MSG itself recognizes, "[a] prospective injunction is entered only on the basis of current, ongoing conduct that threatens future harm," (MSG Opp. at 38) (citing *Lyons P'ship, L.P. v. Morris Costumes, Inc.*, 243 F.3d 789, 799 (4th Cir. 2001)).

6 The MCM Court, it should be noted, did not take up the question of whether an "affirmation" of a pre-release agreement might constitute a "new, post-Release" agreement, see 161 F.3d at 448 (emphasis added), and so it is cited here for the more limited purpose of discrediting MSG's argument that antitrust claims can never be released when they are predicated on alleged ongoing violations.

Finally, the cases on which MSG relies to support its public policy argument which do not involve conduct by the defendant that is by its very nature unlawful (and thus not even subject to the ancillary restraints doctrine) involve either releases that purport to bar claims [\*28] based on future violations, i.e., truly "new and distinctive incidents", see *Havercombe v. Dep't of Educ.*, 250 F.3d 1, 6 (1st Cir. 2001), or subsequent conduct by the defendant that goes beyond what was released in the first instance. As an example of the latter, in *Lawlor v. Nat'l Screen Serv. Corp.*, the plaintiffs alleged that movie producers conspired to establish a monopoly through a system of exclusive licenses for advertising posters and other "standard accessories" accompanying films. 349 U.S. 322, 324, 75 S. Ct. 865, 99 L. Ed. 1122 (1955). After settling the initial lawsuit, the plaintiffs alleged that (1) five other producers joined the conspiracy after the settlement, (2) the exclusive licensee intentionally made "slow and erratic deliveries" of advertising materials, and that (3) the licensee also used "tie-in sales and other means of exploiting monopoly power." *Id.* at 325. The Court of Appeals upheld the district court's grant of summary judgment predicated on a finding that the new action was based on "essentially" the "same course of wrongful conduct" and that summary judgment was proper because the new complaint was "in substance . . . the same [as the old]." *Id.* at 327. Though the case is slightly [\*29] different because the defense was *res judicata*, the Court's reasons for reversal are instructive. In reversing, the Supreme Court relied on the fact that the new action was based on new types of antitrust violations and that there was a "substantial change in the scope of the defendants' alleged monopoly" since the execution of the release. *Id.* at 328. Thus the Court concluded that while the previous settlement "precludes recovery on claims arising prior to its entry, it cannot be given the effect of extinguishing claims which did not even then

exist and which could not possibly have been sued upon in the previous case." *Id.* (emphasis added).

The other cases cited by MSG are distinguishable for these or similar reasons. See *Westmoreland Asbestos Co. v. Johns-Manville Corp.*, 39 F. Supp. 117 (S.D.N.Y. 1941) ("contemplation of future wrongs was not within the minds of the parties"); *Sanjuan v. Am. Bd. of Psychiatry & Neurology, Inc.*, 40 F.3d 247 (7th Cir. 1994) (prospective waiver of right to challenge future decision by board of examiners relating to board certification was unenforceable); *Three Rivers Motors Co. v. Ford Motor Co.*, 522 F.2d 885, 896 n. 27 (3d Cir. 1975) (upholding the [\*30] validity of a release because the release did not "seek to waive damages from future violations of anti-trust laws") (emphasis added); *Gaines v. Carrollton Bd. of Trade, Inc.*, 386 F.2d 757 (6th Cir. 1967) (not addressing a release and simply reciting principle that "an agreement, if executed in a fashion calculated to waive damages arising from future violations of the antitrust laws, would be invalid on public policy grounds"); *Fox Midwest Theatres, Inc. v. Means*, 221 F.2d 173, 180 (8th Cir. 1955) (plaintiff alleged a breach of the settlement agreement of a previously filed antitrust case, with the Court interpreting the agreement in light of the principle that "[a]ny contractual provision which could be argued to absolve one party from liability for future violations of the anti-trust statutes against another would to that extent be void as against public policy") (emphasis added); *Hunt v. Mobil Oil Corp.*, 654 F. Supp. 1487, 1516 (S.D.N.Y. 1987) ("new practices" constituted "future violations" and thus not subject to covenant not to sue).

For these reasons, the Court concludes that the enforcement of the 2005 release is not "clearly contrary" to the public interest. Therefore, the [\*31] NHL's motion for partial summary judgment is granted in this respect.

### III. Alternatively the Suit is Barred by the Doctrine of Laches

As an alternative basis for dismissing the allegations in the Complaint unrelated to New Media, the Court finds that they are barred by the doctrine of laches. "The defense of laches requires proof of (1) lack of diligence by the party against whom the defense is asserted, and (2) prejudice to the party asserting the defense." *Kansas v. Colorado*, 514 U.S. 673, 687, 115 S. Ct. 1733, 131 L. Ed. 2d 759 (1995). Laches may be decided on the pleadings if unreasonable delay and prejudice are clear on the face of the complaint. See *Solow Bldg. Co. v. Nine W. Group, Inc.*, No. 00 Civ. 7685, 2001 U.S. Dist. LEXIS 8848, 2001 WL 736794, at \*6, \*8 (S.D.N.Y. June 29, 2001), *aff'd* 48 Fed. App'x 15 (2d Cir. 2002).

While strictly speaking the statute of limitations does not apply to claims for injunctive relief, where the

conduct forming the basis for the Complaint occurs outside of the analogous statute of limitations period, the doctrine of laches presumptively bars a plaintiff's claims absent a showing that delay was excusable and caused no prejudice to the defendant. *See Conopco v. Campbell Soup Co.*, 95 F.3d 187, 191 (2d Cir. 1996). [\*32] The statute of limitations for private antitrust actions is four years. *See 15 U.S.C. §§ 15(a), 15(b)*. Because MSG filed this Complaint on September 28, 2007, any claim arising before September 28, 2003 is presumptively barred by laches. Only if MSG is correct, then, in characterizing its allegations unrelated to New Media as constituting "continuing violations" of the antitrust laws can the claims overcome the presumption of laches.

The Supreme Court has held that "[I]n the case of a 'continuing violation,' say, a price-fixing conspiracy that brings about a series of unlawfully high priced sales over a period of years, 'each overt act that is part of the violation and that injures the plaintiff,' e.g., each sale to the plaintiff, 'starts the statutory period running again.'" *Klehr v. A.O. Smith Corp.*, 521 U.S. 179, 189, 117 S. Ct. 1984, 138 L. Ed. 2d 373 (1997). The continuing violation doctrine, however, is an exception to the general rule that a cause of action accrues "the date on which the wrongdoer commits an act that injures the business of another." *Varner v. Peterson Farms*, 371 F.3d 1011, 1019 (8th Cir. 2004).

Not every act qualifies as an "overt act" under *Klehr*. In order to restart the statute of limitations, [\*33] the act (1) must be a new and independent act that is not merely a reaffirmation of a previous act; and (2) it must inflict new and accumulating injury on the plaintiff. *DXS, Inc. v. Siemens Med. Sys., Inc.*, 100 F.3d 462, 467-68 (6th Cir. 1996)(internal quotations omitted). The League actions that MSG argues qualify as "overt acts" are the 2006 renewal of the licensing agreements and the League's enforcement of those policies. (MSG Opp. at 37(citing Compl. PP 4-5, 17, 39).) Pinpointing exactly what qualifies as a "mere affirmation" of a previous act has been the source of some difficulty for the courts. *See Pace Industries, Inc. v. Three Phoenix Co.*, 813 F.2d 234, 237-240 (9th Cir. 1987); Antitrust Law P 320c, at 288 (describing the distinction as "hardly decisive in closes cases"). Under any meaningful definition of "reaffirmation," though, a "renewal" of policies in existence since 2004 qualifies. (See Compl. P 39.) The Complaint does not allege any substantive change in the rights the Member Clubs' ownership over their trademarks and other intellectually property; and indeed the Resolution only "confirmed" that the right to exploit this property belonged to the League. (Goldfein [\*34] Decl. Ex. 9.) The allegations in the Complaint, therefore, do not plausibly allege any "new and independent acts" that inflicted "new and accumulating injury" on MSG. For this reason,

the Court finds that it is clear on the face of the Complaint that MSG did not pursue any of its claims, apart from those relating to New Media, with diligence. ' *See also Conopco* 95 F.3d at 191-93 (applying laches to bar claims involving ongoing false advertisements); *Hot Wax, Inc. v. Turtle Wax, Inc.*, 191 F.3d 813, 821 (7th Cir. 1999) ("Without the availability of the application of laches to a claim arising from a continuing wrong, a party could, theoretically, delay filing suit indefinitely.")

7 The authors of *Antitrust Law* have observed that "the more recent decisions have paid increased attention to what the plaintiff knew or should have known when the initial act constituting the violation occurred." P 320c1, at 288-89. This consideration would clearly weigh in favor of the League because the policies being challenged have been in existence for well over ten years. The Court notes, however, that in *Klehr* the Supreme Court indicated that a plaintiff's knowledge ought not play in a role in determining [\*35] whether there is a continuing violation. 521 U.S. at 189.

Finding inexcusable delay, the burden is "on the complainant to [allege] . . . the circumstances making it inequitable to apply laches in [its] case." *Conopco*, 95 F.3d at 191. MSG has neither alleged nor offered evidence suggesting that laches should not apply. Therefore, the Court finds that the doctrine of laches bars the bulk of this suit.

#### IV. Whether the League Constitutes a "Single Entity" For Antitrust Purposes When Imposing the Disputed Restraints

The question then becomes whether the League's New Media policies, including the prohibition on teams' operating separate websites, are themselves sufficient to state an antitrust claim. The League argues that the Complaint does not adequately allege "antitrust injury" and thus MSG does not have standing to pursue the claim. Alternatively, it argues that the NHL constitutes a "single entity when deciding how to make and sell what only the venture can create." (NHL Mem. at 13.)

##### 1. The Complaint Adequately Alleges Antitrust Injury

In order to have standing to pursue a private antitrust claim, a plaintiff must show more than injury-in-fact. *See Ross v. Bank of America*, 524 F.3d 217, 225 (2d Cir. 2008) [\*36] ("It is now well settled that in order to have standing to prosecute private antitrust claims, plaintiffs must show more than that the defendants' conduct caused them an injury.") (citation omitted). A plaintiff must also plead *antitrust* injury, "which is to say injury of the type the antitrust laws were intended to prevent and that flows

from that which makes defendants' acts unlawful." *Balaklaw v. Lovell*, 14 F.3d 793, 797 (2d Cir. 1994). The rationale for requiring antitrust injury in order to have standing is that "the antitrust laws were enacted for the protection of competition, not competitors." *Id.* (citations and internal quotations omitted). Therefore a plaintiff will not have standing when the "injury" alleged results from competition alone, without a showing of "anticompetitive effect either of the violation or of anticompetitive acts made possible by the violation." *Id.*

The League argues that the allegations in the complaint "boil down to" allegations of-harm to MSG itself as opposed to competition. (See NHL MTD Mem. at 29) (citing *Paycom Billing Servs., Inc. v. Mastercard Int'l, Inc.*, 467 F.3d 283, 290 (2d Cir. 2006).) Undoubtedly many of the allegations in the Complaint [\*37] focus on the harm suffered by MSG. (See Compl. P 47D) ("MSG has been and will continue to be unable to distribute Rangers games, game highlights and game footage through cable, satellite, internet and otherwise in ways that it believes are best suited to reaching the Rangers fan base.") But the antitrust injury requirement does not turn on the subjective intent of the plaintiff. As long as "a cartel-member plaintiff seeks to remove [a] restraint so he may be free to compete--such that the member's interest coincides with the public interest in vigorous competition--he satisfies the antitrust injury requirement." *Daniel v. Am. Bd. of Emergency Med.*, 428 F.3d 408, 440 (2d Cir. 2005) (quoting *Volvo N. Amer. Corp. v. Men's Int'l Profl Tennis Council*, 857 F.2d 55, 67-70 (2d Cir. 1998)). The allegations in the Complaint, while they focus on harm to MSG, also plead harm to competition as a whole for new media. (See Compl. PP 16D, 40E). Because it is plausible that the New Media Policy's prohibition on independent websites constitutes a form of output reduction, see *United States v. Visa U.S.A., Inc.*, 344 F.3d 229, 240 (2d Cir. 2003), the Complaint adequately alleges antitrust injury and [\*38] thus will not be dismissed in its entirety.

## 2. Whether The League Is Not a Single Entity Under *Copperweld* or *Dagher*

Section § 1 of the Sherman Act requires a multiplicity of actors to establish a "contract, combination . . . or conspiracy" that unreasonably restrains trade. See, e.g., *Standard Oil Co. v. United States*, 221 U.S. 1, 58, 31 S. Ct. 502, 55 L. Ed. 619 (1911). The Supreme Court has found that because the Sherman Act contains a "basic distinction between concerted and independent action," the Act does not "reach conduct that is wholly unilateral." *Copperweld Corp. v. Independence Tube Corp.*, 467 U.S. 752, 761, 104 S. Ct. 2731, 81 L. Ed. 2d 628 (1984) (internal quotation marks omitted). The Court in *Copperweld* declined to take up the question of whether

a parent corporation may conspire "with an affiliated corporation it does not completely own." *Id.* at 767. The NHL argues that its logic suggests that the NHL should likewise be found to engage in "wholly unilateral" activity when "deciding how to make and sell what only the venture can create [i.e., NHL Hockey]" and that consequently, it is incapable of "conspiring" under the Sherman Act. (NHL MTD Mem. at 13-25.)

What is essentially the same argument has been rejected in a similar case by [\*39] the Court of Appeals. See *N. Am. Soccer League v. NFL*, 670 F.2d 1249, 1256 (2d Cir. 1982) ("NASL") ("The NFL contends, and the district court held, that § 1 does not apply for the reason that the NFL acted as a 'single economic entity' and not as a combination or conspiracy within the meaning of that law. We disagree.") Most other Courts that have taken up the issue have reached the same conclusion. See, e.g., *Los Angeles Mem'l Coliseum Comm'n v. NFL*, 726 F.2d 1381, 1388-89 (9th Cir. 1984); *Fraser v. Major League Soccer*, 284 F.3d 47 (1st Cir. 2002); *Sullivan v. NFL*, 34 F.3d 1091 (1st Cir. 1994); *St. Louis Convention & Visitors Comm'n v. NFL*, 154 F.3d 851 (8th Cir. 1998); *Smith v. Pro Football, Inc.*, 193 U.S. App. D.C. 19, 593 F.2d 1173 (D.C. Cir. 1978). There is authority to the contrary however. In *Seabury Mgmt., Inc. v. Professional Golfers' Ass'n of America, Inc.*, the Fourth Circuit, after examining the relationship between the PGA and a regional golfers association stated that "we are convinced that no reasonable trier of fact could have found them to be separate entities." 52 F.3d 322, 1995 WL 241379, at \*3 (4th Cir. 1995). In *Chicago Professional Sports Limited Partnership v. NBA*, Judge Easterbrook, [\*40] while acknowledging that "[w]hether the NBA itself is more like a single firm, which would be analyzed only under § 2 of the Sherman Act, or like a joint venture, which would be subject to the Rule of Reason under § 1, is a tough question under *Copperweld*," ultimately concluded that "NBA Basketball" is one product from a single source." 95 F.3d 593, 599 (7th Cir. 1996). Most recently, following *Chicago Professional Sports Limited Partnership*, the Seventh Circuit found that the NFL functioned as a single entity when collectively licensing its intellectual property. See *Am. Needle Inc. v. NFL*, 538 F.3d 736, 2008 WL 3822782 (7th Cir. 2008).

The Court need not--and will not--resolve the question at this juncture. The arguments advanced by the NHL in favor of single entity status require examining facts outside the pleadings. For example, the League argues that, like in *Chicago Professional Sports*, the NHL "has no existence independent of sports" and that NHL hockey "is one product from a single source." See *id.* at 600. But even in *Chicago Professional Sports*, the Seventh Circuit held only that "we conclude that when acting in the broadcast market the NBA is closer to a

single firm [\*41] than to a group of independent firms." *Id.* Similarly in *Am. Needle*, the District Court afforded single entity status to the NHL on a motion for summary judgment, only after determining (after discovery) that there were certain "advantages of one-stop exploitation of the intellectual properties of the 32 teams and of those common to the league in a national market." *Am. Needle, Inc. v. New Orleans Louisiana Saints*, 496 F. Supp. 2d 941, 944 (N.D. Ill. 2007).

At this early stage of litigation, there is no evidence in the record on the crucial question of market definition, let alone the inquiry into how the NHL actually operates as an economic actor in that market. See *Chicago Professional Sports*, 95 F.3d at 600 ("Sports are sufficiently diverse that it is essential to investigate their organization and ask *Copperweld's* functional question one league at a time-and perhaps one facet of a league at a time, for we do not rule out the possibility that an organization such as the NBA is best understood as one firm when selling broadcast rights to a network in competition with a thousand other producers of entertainment, but is best understood as a joint venture when curtailing competition for [\*42] players who have few other market opportunities.") Therefore the NHL's arguments in favor of dismissal cannot be resolved at the pleading stage, and the motion is denied.

To be sure, MSG faces a tall order in making its case. This Court has already observed that agreements among parents of a joint venture not to compete in the

market in which a joint venture operates have generally been upheld. *MSG I 2007 U.S. Dist. LEXIS 81446*, 2007 WL 3254421 at \*6 n.7; see also *United States v. Ad-dyston Pipe & Steel Co.*, 85 F. 271, 280-81 (6th Cir. 1898) (Taft, J.) (restrictions by parents were "of course, only ancillary to the main end of the union, and were to be encouraged") *aff'd in part, modified in part on other grounds*, 175 U.S. 211, 20 S. Ct. 96, 44 L. Ed. 136 (1899). The reasonableness of the restraint, however, is evaluated under the rule of reason. See *MSG I 2007 U.S. Dist. LEXIS 81446*, 2007 WL 3254421 at \*6 (observing that such agreements have typically been viewed as reasonable ancillary restraints); *Business Elecs. Corp. v. Sharp Elecs. Corp.*, 485 U.S. 717, 729 n. 3, 108 S. Ct. 1515, 99 L. Ed. 2d 808 (1988) (also observing that agreements not to compete are "classic" ancillary restraints).

#### CONCLUSION

For these reasons, the motion for partial summary judgment (dkt. no. 63) is granted in part and denied in part.

SO ORDERED:

Dated: New York, [\*43] New York

October 10, 2008

/s/ Loretta A. Preska

LORETTA A. PRESKA, U.S.D.J.

One Hundred Fifth Congress  
of the  
United States of America

AT THE SECOND SESSION

*Begun and held at the City of Washington on Tuesday,  
the twenty-seventh day of January, one thousand nine hundred and ninety-eight*

An Act

To amend title 17, United States Code, to implement the World Intellectual Property Organization Copyright Treaty and Performances and Phonograms Treaty, and for other purposes.

*Be it enacted by the Senate and House of Representatives of  
the United States of America in Congress assembled,*

SECTION 1. SHORT TITLE.

This Act may be cited as the "Digital Millennium Copyright Act".

SEC. 2. TABLE OF CONTENTS.

- Sec. 1. Short title.
- Sec. 2. Table of contents.

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TITLE II—ONLINE COPYRIGHT INFRINGEMENT LIABILITY LIMITATION

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TITLE III—COMPUTER MAINTENANCE OR REPAIR COPYRIGHT EXEMPTION

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TITLE V—PROTECTION OF CERTAIN ORIGINAL DESIGNS

- Sec. 501. Short title.
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- Sec. 503. Conforming amendments.
- Sec. 504. Joint study of the effect of this title.
- Sec. 505. Effective date.

## TITLE I—WIPO TREATIES IMPLEMENTATION

### SEC. 101. SHORT TITLE.

This title may be cited as the “WIPO Copyright and Performances and Phonograms Treaties Implementation Act of 1998”.

### SEC. 102. TECHNICAL AMENDMENTS.

(a) DEFINITIONS.—Section 101 of title 17, United States Code, is amended—

(1) by striking the definition of “Berne Convention work”;

(2) in the definition of “The ‘country of origin’ of a Berne Convention work”—

(A) by striking “The ‘country of origin’ of a Berne Convention work, for purposes of section 411, is the United States if” and inserting “For purposes of section 411, a work is a ‘United States work’ only if”;

(B) in paragraph (1)—

(i) in subparagraph (B) by striking “nation or nations adhering to the Berne Convention” and inserting “treaty party or parties”;

(ii) in subparagraph (C) by striking “does not adhere to the Berne Convention” and inserting “is not a treaty party”; and

(iii) in subparagraph (D) by striking “does not adhere to the Berne Convention” and inserting “is not a treaty party”; and

(C) in the matter following paragraph (3) by striking “For the purposes of section 411, the ‘country of origin’ of any other Berne Convention work is not the United States.”;

(3) by inserting after the definition of “fixed” the following: “The ‘Geneva Phonograms Convention’ is the Convention for the Protection of Producers of Phonograms Against Unauthorized Duplication of Their Phonograms, concluded at Geneva, Switzerland, on October 29, 1971.”;

(4) by inserting after the definition of “including” the following:

“An ‘international agreement’ is—

“(1) the Universal Copyright Convention;

“(2) the Geneva Phonograms Convention;

“(3) the Berne Convention;

“(4) the WTO Agreement;

“(5) the WIPO Copyright Treaty;

“(6) the WIPO Performances and Phonograms Treaty;

and

“(7) any other copyright treaty to which the United States is a party.”;

(5) by inserting after the definition of “transmit” the following:

“A ‘treaty party’ is a country or intergovernmental organization other than the United States that is a party to an international agreement.”;

(6) by inserting after the definition of “widow” the following:

“The ‘WIPO Copyright Treaty’ is the WIPO Copyright Treaty concluded at Geneva, Switzerland, on December 20, 1996.”;

(7) by inserting after the definition of “The ‘WIPO Copyright Treaty’” the following:

“The ‘WIPO Performances and Phonograms Treaty’ is the WIPO Performances and Phonograms Treaty concluded at Geneva, Switzerland, on December 20, 1996.”; and

(8) by inserting after the definition of “work made for hire” the following:

“The terms ‘WTO Agreement’ and ‘WTO member country’ have the meanings given those terms in paragraphs (9) and (10), respectively, of section 2 of the Uruguay Round Agreements Act.”.

(b) SUBJECT MATTER OF COPYRIGHT; NATIONAL ORIGIN.—Section 104 of title 17, United States Code, is amended—

(1) in subsection (b)—

(A) in paragraph (1) by striking “foreign nation that is a party to a copyright treaty to which the United States is also a party” and inserting “treaty party”;

(B) in paragraph (2) by striking “party to the Universal Copyright Convention” and inserting “treaty party”;

(C) by redesignating paragraph (5) as paragraph (6);

(D) by redesignating paragraph (3) as paragraph (5) and inserting it after paragraph (4);

(E) by inserting after paragraph (2) the following:

“(3) the work is a sound recording that was first fixed in a treaty party; or”;

(F) in paragraph (4) by striking “Berne Convention work” and inserting “pictorial, graphic, or sculptural work that is incorporated in a building or other structure, or an architectural work that is embodied in a building and the building or structure is located in the United States or a treaty party”; and

(G) by inserting after paragraph (6), as so redesignated, the following:

“For purposes of paragraph (2), a work that is published in the United States or a treaty party within 30 days after publication in a foreign nation that is not a treaty party shall be considered to be first published in the United States or such treaty party, as the case may be.”; and

(2) by adding at the end the following new subsection:

“(d) EFFECT OF PHONOGRAMS TREATIES.—Notwithstanding the provisions of subsection (b), no works other than sound recordings shall be eligible for protection under this title solely by virtue of the adherence of the United States to the Geneva Phonograms Convention or the WIPO Performances and Phonograms Treaty.”.

(c) COPYRIGHT IN RESTORED WORKS.—Section 104A(h) of title 17, United States Code, is amended—

(1) in paragraph (1), by striking subparagraphs (A) and (B) and inserting the following:

“(A) a nation adhering to the Berne Convention;

“(B) a WTO member country;

“(C) a nation adhering to the WIPO Copyright Treaty;

“(D) a nation adhering to the WIPO Performances and Phonograms Treaty; or

“(E) subject to a Presidential proclamation under subsection (g).”;

(2) by amending paragraph (3) to read as follows:

“(3) The term ‘eligible country’ means a nation, other than the United States, that—

“(A) becomes a WTO member country after the date of the enactment of the Uruguay Round Agreements Act;

“(B) on such date of enactment is, or after such date of enactment becomes, a nation adhering to the Berne Convention;

“(C) adheres to the WIPO Copyright Treaty;

“(D) adheres to the WIPO Performances and Phonograms Treaty; or

“(E) after such date of enactment becomes subject to a proclamation under subsection (g).”;

(3) in paragraph (6)—

(A) in subparagraph (C)(iii) by striking “and” after the semicolon;

(B) at the end of subparagraph (D) by striking the period and inserting “; and”; and

(C) by adding after subparagraph (D) the following:

“(E) if the source country for the work is an eligible country solely by virtue of its adherence to the WIPO Performances and Phonograms Treaty, is a sound recording.”;

(4) in paragraph (8)(B)(i)—

(A) by inserting “of which” before “the majority”; and

(B) by striking “of eligible countries”; and

(5) by striking paragraph (9).

(d) REGISTRATION AND INFRINGEMENT ACTIONS.—Section 411(a) of title 17, United States Code, is amended in the first sentence—

(1) by striking “actions for infringement of copyright in Berne Convention works whose country of origin is not the United States and”; and

(2) by inserting “United States” after “no action for infringement of the copyright in any”.

(e) STATUTE OF LIMITATIONS.—Section 507(a) of title 17, United States Code, is amended by striking “No” and inserting “Except as expressly provided otherwise in this title, no”.

**SEC. 103. COPYRIGHT PROTECTION SYSTEMS AND COPYRIGHT MANAGEMENT INFORMATION.**

(a) IN GENERAL.—Title 17, United States Code, is amended by adding at the end the following new chapter:

**“CHAPTER 12—COPYRIGHT PROTECTION AND MANAGEMENT SYSTEMS**

“Sec.

“1201. Circumvention of copyright protection systems.

“1202. Integrity of copyright management information.

“1203. Civil remedies.

“1204. Criminal offenses and penalties.

“1205. Savings clause.

**“§ 1201. Circumvention of copyright protection systems**

“(a) VIOLATIONS REGARDING CIRCUMVENTION OF TECHNOLOGICAL MEASURES.—(1)(A) No person shall circumvent a technological measure that effectively controls access to a work protected



under this title. The prohibition contained in the preceding sentence shall take effect at the end of the 2-year period beginning on the date of the enactment of this chapter.

“(B) The prohibition contained in subparagraph (A) shall not apply to persons who are users of a copyrighted work which is in a particular class of works, if such persons are, or are likely to be in the succeeding 3-year period, adversely affected by virtue of such prohibition in their ability to make noninfringing uses of that particular class of works under this title, as determined under subparagraph (C).

“(C) During the 2-year period described in subparagraph (A), and during each succeeding 3-year period, the Librarian of Congress, upon the recommendation of the Register of Copyrights, who shall consult with the Assistant Secretary for Communications and Information of the Department of Commerce and report and comment on his or her views in making such recommendation, shall make the determination in a rulemaking proceeding on the record for purposes of subparagraph (B) of whether persons who are users of a copyrighted work are, or are likely to be in the succeeding 3-year period, adversely affected by the prohibition under subparagraph (A) in their ability to make noninfringing uses under this title of a particular class of copyrighted works. In conducting such rulemaking, the Librarian shall examine—

“(i) the availability for use of copyrighted works;

“(ii) the availability for use of works for nonprofit archival, preservation, and educational purposes;

“(iii) the impact that the prohibition on the circumvention of technological measures applied to copyrighted works has on criticism, comment, news reporting, teaching, scholarship, or research;

“(iv) the effect of circumvention of technological measures on the market for or value of copyrighted works; and

“(v) such other factors as the Librarian considers appropriate.

“(D) The Librarian shall publish any class of copyrighted works for which the Librarian has determined, pursuant to the rulemaking conducted under subparagraph (C), that noninfringing uses by persons who are users of a copyrighted work are, or are likely to be, adversely affected, and the prohibition contained in subparagraph (A) shall not apply to such users with respect to such class of works for the ensuing 3-year period.

“(E) Neither the exception under subparagraph (B) from the applicability of the prohibition contained in subparagraph (A), nor any determination made in a rulemaking conducted under subparagraph (C), may be used as a defense in any action to enforce any provision of this title other than this paragraph.

“(2) No person shall manufacture, import, offer to the public, provide, or otherwise traffic in any technology, product, service, device, component, or part thereof, that—

“(A) is primarily designed or produced for the purpose of circumventing a technological measure that effectively controls access to a work protected under this title;

“(B) has only limited commercially significant purpose or use other than to circumvent a technological measure that effectively controls access to a work protected under this title; or

“(C) is marketed by that person or another acting in concert with that person with that person’s knowledge for use in circumventing a technological measure that effectively controls access to a work protected under this title.

“(3) As used in this subsection—

“(A) to ‘circumvent a technological measure’ means to descramble a scrambled work, to decrypt an encrypted work, or otherwise to avoid, bypass, remove, deactivate, or impair a technological measure, without the authority of the copyright owner; and

“(B) a technological measure ‘effectively controls access to a work’ if the measure, in the ordinary course of its operation, requires the application of information, or a process or a treatment, with the authority of the copyright owner, to gain access to the work.

“(b) ADDITIONAL VIOLATIONS.—(1) No person shall manufacture, import, offer to the public, provide, or otherwise traffic in any technology, product, service, device, component, or part thereof, that—

“(A) is primarily designed or produced for the purpose of circumventing protection afforded by a technological measure that effectively protects a right of a copyright owner under this title in a work or a portion thereof;

“(B) has only limited commercially significant purpose or use other than to circumvent protection afforded by a technological measure that effectively protects a right of a copyright owner under this title in a work or a portion thereof; or

“(C) is marketed by that person or another acting in concert with that person with that person’s knowledge for use in circumventing protection afforded by a technological measure that effectively protects a right of a copyright owner under this title in a work or a portion thereof.

“(2) As used in this subsection—

“(A) to ‘circumvent protection afforded by a technological measure’ means avoiding, bypassing, removing, deactivating, or otherwise impairing a technological measure; and

“(B) a technological measure ‘effectively protects a right of a copyright owner under this title’ if the measure, in the ordinary course of its operation, prevents, restricts, or otherwise limits the exercise of a right of a copyright owner under this title.

“(c) OTHER RIGHTS, ETC., NOT AFFECTED.—(1) Nothing in this section shall affect rights, remedies, limitations, or defenses to copyright infringement, including fair use, under this title.

“(2) Nothing in this section shall enlarge or diminish vicarious or contributory liability for copyright infringement in connection with any technology, product, service, device, component, or part thereof.

“(3) Nothing in this section shall require that the design of, or design and selection of parts and components for, a consumer electronics, telecommunications, or computing product provide for a response to any particular technological measure, so long as such part or component, or the product in which such part or component is integrated, does not otherwise fall within the prohibitions of subsection (a)(2) or (b)(1).

"(4) Nothing in this section shall enlarge or diminish any rights of free speech or the press for activities using consumer electronics, telecommunications, or computing products.

"(d) EXEMPTION FOR NONPROFIT LIBRARIES, ARCHIVES, AND EDUCATIONAL INSTITUTIONS.—(1) A nonprofit library, archives, or educational institution which gains access to a commercially exploited copyrighted work solely in order to make a good faith determination of whether to acquire a copy of that work for the sole purpose of engaging in conduct permitted under this title shall not be in violation of subsection (a)(1)(A). A copy of a work to which access has been gained under this paragraph—

"(A) may not be retained longer than necessary to make such good faith determination; and

"(B) may not be used for any other purpose.

"(2) The exemption made available under paragraph (1) shall only apply with respect to a work when an identical copy of that work is not reasonably available in another form.

"(3) A nonprofit library, archives, or educational institution that willfully for the purpose of commercial advantage or financial gain violates paragraph (1)—

"(A) shall, for the first offense, be subject to the civil remedies under section 1203; and

"(B) shall, for repeated or subsequent offenses, in addition to the civil remedies under section 1203, forfeit the exemption provided under paragraph (1).

"(4) This subsection may not be used as a defense to a claim under subsection (a)(2) or (b), nor may this subsection permit a nonprofit library, archives, or educational institution to manufacture, import, offer to the public, provide, or otherwise traffic in any technology, product, service, component, or part thereof, which circumvents a technological measure.

"(5) In order for a library or archives to qualify for the exemption under this subsection, the collections of that library or archives shall be—

"(A) open to the public; or

"(B) available not only to researchers affiliated with the library or archives or with the institution of which it is a part, but also to other persons doing research in a specialized field.

"(e) LAW ENFORCEMENT, INTELLIGENCE, AND OTHER GOVERNMENT ACTIVITIES.—This section does not prohibit any lawfully authorized investigative, protective, information security, or intelligence activity of an officer, agent, or employee of the United States, a State, or a political subdivision of a State, or a person acting pursuant to a contract with the United States, a State, or a political subdivision of a State. For purposes of this subsection, the term 'information security' means activities carried out in order to identify and address the vulnerabilities of a government computer, computer system, or computer network.

"(f) REVERSE ENGINEERING.—(1) Notwithstanding the provisions of subsection (a)(1)(A), a person who has lawfully obtained the right to use a copy of a computer program may circumvent a technological measure that effectively controls access to a particular portion of that program for the sole purpose of identifying and analyzing those elements of the program that are necessary to achieve interoperability of an independently created computer program with other programs, and that have not previously been

readily available to the person engaging in the circumvention, to the extent any such acts of identification and analysis do not constitute infringement under this title.

“(2) Notwithstanding the provisions of subsections (a)(2) and (b), a person may develop and employ technological means to circumvent a technological measure, or to circumvent protection afforded by a technological measure, in order to enable the identification and analysis under paragraph (1), or for the purpose of enabling interoperability of an independently created computer program with other programs, if such means are necessary to achieve such interoperability, to the extent that doing so does not constitute infringement under this title.

“(3) The information acquired through the acts permitted under paragraph (1), and the means permitted under paragraph (2), may be made available to others if the person referred to in paragraph (1) or (2), as the case may be, provides such information or means solely for the purpose of enabling interoperability of an independently created computer program with other programs, and to the extent that doing so does not constitute infringement under this title or violate applicable law other than this section.

“(4) For purposes of this subsection, the term ‘interoperability’ means the ability of computer programs to exchange information, and of such programs mutually to use the information which has been exchanged.

“(g) ENCRYPTION RESEARCH.—

“(1) DEFINITIONS.—For purposes of this subsection—

“(A) the term ‘encryption research’ means activities necessary to identify and analyze flaws and vulnerabilities of encryption technologies applied to copyrighted works, if these activities are conducted to advance the state of knowledge in the field of encryption technology or to assist in the development of encryption products; and

“(B) the term ‘encryption technology’ means the scrambling and descrambling of information using mathematical formulas or algorithms.

“(2) PERMISSIBLE ACTS OF ENCRYPTION RESEARCH.—Notwithstanding the provisions of subsection (a)(1)(A), it is not a violation of that subsection for a person to circumvent a technological measure as applied to a copy, phonorecord, performance, or display of a published work in the course of an act of good faith encryption research if—

“(A) the person lawfully obtained the encrypted copy, phonorecord, performance, or display of the published work;

“(B) such act is necessary to conduct such encryption research;

“(C) the person made a good faith effort to obtain authorization before the circumvention; and

“(D) such act does not constitute infringement under this title or a violation of applicable law other than this section, including section 1030 of title 18 and those provisions of title 18 amended by the Computer Fraud and Abuse Act of 1986.

“(3) FACTORS IN DETERMINING EXEMPTION.—In determining whether a person qualifies for the exemption under paragraph (2), the factors to be considered shall include—

“(A) whether the information derived from the encryption research was disseminated, and if so, whether

it was disseminated in a manner reasonably calculated to advance the state of knowledge or development of encryption technology, versus whether it was disseminated in a manner that facilitates infringement under this title or a violation of applicable law other than this section, including a violation of privacy or breach of security;

“(B) whether the person is engaged in a legitimate course of study, is employed, or is appropriately trained or experienced, in the field of encryption technology; and

“(C) whether the person provides the copyright owner of the work to which the technological measure is applied with notice of the findings and documentation of the research, and the time when such notice is provided.

“(4) USE OF TECHNOLOGICAL MEANS FOR RESEARCH ACTIVITIES.—Notwithstanding the provisions of subsection (a)(2), it is not a violation of that subsection for a person to—

“(A) develop and employ technological means to circumvent a technological measure for the sole purpose of that person performing the acts of good faith encryption research described in paragraph (2); and

“(B) provide the technological means to another person with whom he or she is working collaboratively for the purpose of conducting the acts of good faith encryption research described in paragraph (2) or for the purpose of having that other person verify his or her acts of good faith encryption research described in paragraph (2).

“(5) REPORT TO CONGRESS.—Not later than 1 year after the date of the enactment of this chapter, the Register of Copyrights and the Assistant Secretary for Communications and Information of the Department of Commerce shall jointly report to the Congress on the effect this subsection has had on—

“(A) encryption research and the development of encryption technology;

“(B) the adequacy and effectiveness of technological measures designed to protect copyrighted works; and

“(C) protection of copyright owners against the unauthorized access to their encrypted copyrighted works.

The report shall include legislative recommendations, if any.

“(h) EXCEPTIONS REGARDING MINORS.—In applying subsection (a) to a component or part, the court may consider the necessity for its intended and actual incorporation in a technology, product, service, or device, which—

“(1) does not itself violate the provisions of this title; and

“(2) has the sole purpose to prevent the access of minors to material on the Internet.

“(i) PROTECTION OF PERSONALLY IDENTIFYING INFORMATION.—

(1) CIRCUMVENTION PERMITTED.—Notwithstanding the provisions of subsection (a)(1)(A), it is not a violation of that subsection for a person to circumvent a technological measure that effectively controls access to a work protected under this title, if—

“(A) the technological measure, or the work it protects, contains the capability of collecting or disseminating personally identifying information reflecting the online activities of a natural person who seeks to gain access to the work protected;

"(B) in the normal course of its operation, the technological measure, or the work it protects, collects or disseminates personally identifying information about the person who seeks to gain access to the work protected, without providing conspicuous notice of such collection or dissemination to such person, and without providing such person with the capability to prevent or restrict such collection or dissemination;

"(C) the act of circumvention has the sole effect of identifying and disabling the capability described in subparagraph (A), and has no other effect on the ability of any person to gain access to any work; and

"(D) the act of circumvention is carried out solely for the purpose of preventing the collection or dissemination of personally identifying information about a natural person who seeks to gain access to the work protected, and is not in violation of any other law.

"(2) INAPPLICABILITY TO CERTAIN TECHNOLOGICAL MEASURES.—This subsection does not apply to a technological measure, or a work it protects, that does not collect or disseminate personally identifying information and that is disclosed to a user as not having or using such capability.

"(j) SECURITY TESTING.—

"(1) DEFINITION.—For purposes of this subsection, the term 'security testing' means accessing a computer, computer system, or computer network, solely for the purpose of good faith testing, investigating, or correcting, a security flaw or vulnerability, with the authorization of the owner or operator of such computer, computer system, or computer network.

"(2) PERMISSIBLE ACTS OF SECURITY TESTING.—Notwithstanding the provisions of subsection (a)(1)(A), it is not a violation of that subsection for a person to engage in an act of security testing, if such act does not constitute infringement under this title or a violation of applicable law other than this section, including section 1030 of title 18 and those provisions of title 18 amended by the Computer Fraud and Abuse Act of 1986.

"(3) FACTORS IN DETERMINING EXEMPTION.—In determining whether a person qualifies for the exemption under paragraph (2), the factors to be considered shall include—

"(A) whether the information derived from the security testing was used solely to promote the security of the owner or operator of such computer, computer system or computer network, or shared directly with the developer of such computer, computer system, or computer network; and

"(B) whether the information derived from the security testing was used or maintained in a manner that does not facilitate infringement under this title or a violation of applicable law other than this section, including a violation of privacy or breach of security.

"(4) USE OF TECHNOLOGICAL MEANS FOR SECURITY TESTING.—Notwithstanding the provisions of subsection (a)(2), it is not a violation of that subsection for a person to develop, produce, distribute or employ technological means for the sole purpose of performing the acts of security testing described

in subsection (2), provided such technological means does not otherwise violate section (a)(2).

“(k) CERTAIN ANALOG DEVICES AND CERTAIN TECHNOLOGICAL MEASURES.—

“(1) CERTAIN ANALOG DEVICES.—

“(A) Effective 18 months after the date of the enactment of this chapter, no person shall manufacture, import, offer to the public, provide or otherwise traffic in any—

“(i) VHS format analog video cassette recorder unless such recorder conforms to the automatic gain control copy control technology;

“(ii) 8mm format analog video cassette camcorder unless such camcorder conforms to the automatic gain control technology;

“(iii) Beta format analog video cassette recorder, unless such recorder conforms to the automatic gain control copy control technology, except that this requirement shall not apply until there are 1,000 Beta format analog video cassette recorders sold in the United States in any one calendar year after the date of the enactment of this chapter;

“(iv) 8mm format analog video cassette recorder that is not an analog video cassette camcorder, unless such recorder conforms to the automatic gain control copy control technology, except that this requirement shall not apply until there are 20,000 such recorders sold in the United States in any one calendar year after the date of the enactment of this chapter; or

“(v) analog video cassette recorder that records using an NTSC format video input and that is not otherwise covered under clauses (i) through (iv), unless such device conforms to the automatic gain control copy control technology.

“(B) Effective on the date of the enactment of this chapter, no person shall manufacture, import, offer to the public, provide or otherwise traffic in—

“(i) any VHS format analog video cassette recorder or any 8mm format analog video cassette recorder if the design of the model of such recorder has been modified after such date of enactment so that a model of recorder that previously conformed to the automatic gain control copy control technology no longer conforms to such technology; or

“(ii) any VHS format analog video cassette recorder, or any 8mm format analog video cassette recorder that is not an 8mm analog video cassette camcorder, if the design of the model of such recorder has been modified after such date of enactment so that a model of recorder that previously conformed to the four-line colorstripe copy control technology no longer conforms to such technology.

Manufacturers that have not previously manufactured or sold a VHS format analog video cassette recorder, or an 8mm format analog cassette recorder, shall be required to conform to the four-line colorstripe copy control technology in the initial model of any such recorder manufactured after the date of the enactment of this chapter,

and thereafter to continue conforming to the four-line colorstripe copy control technology. For purposes of this subparagraph, an analog video cassette recorder 'conforms to' the four-line colorstripe copy control technology if it records a signal that, when played back by the playback function of that recorder in the normal viewing mode, exhibits, on a reference display device, a display containing distracting visible lines through portions of the viewable picture.

"(2) CERTAIN ENCODING RESTRICTIONS.—No person shall apply the automatic gain control copy control technology or colorstripe copy control technology to prevent or limit consumer copying except such copying—

"(A) of a single transmission, or specified group of transmissions, of live events or of audiovisual works for which a member of the public has exercised choice in selecting the transmissions, including the content of the transmissions or the time of receipt of such transmissions, or both, and as to which such member is charged a separate fee for each such transmission or specified group of transmissions;

"(B) from a copy of a transmission of a live event or an audiovisual work if such transmission is provided by a channel or service where payment is made by a member of the public for such channel or service in the form of a subscription fee that entitles the member of the public to receive all of the programming contained in such channel or service;

"(C) from a physical medium containing one or more prerecorded audiovisual works; or

"(D) from a copy of a transmission described in subparagraph (A) or from a copy made from a physical medium described in subparagraph (C).

In the event that a transmission meets both the conditions set forth in subparagraph (A) and those set forth in subparagraph (B), the transmission shall be treated as a transmission described in subparagraph (A).

"(3) INAPPLICABILITY.—This subsection shall not—

"(A) require any analog video cassette camcorder to conform to the automatic gain control copy control technology with respect to any video signal received through a camera lens;

"(B) apply to the manufacture, importation, offer for sale, provision of, or other trafficking in, any professional analog video cassette recorder; or

"(C) apply to the offer for sale or provision of, or other trafficking in, any previously owned analog video cassette recorder, if such recorder was legally manufactured and sold when new and not subsequently modified in violation of paragraph (1)(B).

"(4) DEFINITIONS.—For purposes of this subsection:

"(A) An 'analog video cassette recorder' means a device that records, or a device that includes a function that records, on electromagnetic tape in an analog format the electronic impulses produced by the video and audio portions of a television program, motion picture, or other form of audiovisual work.



“(B) An ‘analog video cassette camcorder’ means an analog video cassette recorder that contains a recording function that operates through a camera lens and through a video input that may be connected with a television or other video playback device.

“(C) An analog video cassette recorder ‘conforms’ to the automatic gain control copy control technology if it—

“(i) detects one or more of the elements of such technology and does not record the motion picture or transmission protected by such technology; or

“(ii) records a signal that, when played back, exhibits a meaningfully distorted or degraded display.

“(D) The term ‘professional analog video cassette recorder’ means an analog video cassette recorder that is designed, manufactured, marketed, and intended for use by a person who regularly employs such a device for a lawful business or industrial use, including making, performing, displaying, distributing, or transmitting copies of motion pictures on a commercial scale.

“(E) The terms ‘VHS format’, ‘8mm format’, ‘Beta format’, ‘automatic gain control copy control technology’, ‘colorstripe copy control technology’, ‘four-line version of the colorstripe copy control technology’, and ‘NTSC’ have the meanings that are commonly understood in the consumer electronics and motion picture industries as of the date of the enactment of this chapter.

“(5) VIOLATIONS.—Any violation of paragraph (1) of this subsection shall be treated as a violation of subsection (b)(1) of this section. Any violation of paragraph (2) of this subsection shall be deemed an ‘act of circumvention’ for the purposes of section 1203(c)(3)(A) of this chapter.

## “§ 1202. Integrity of copyright management information

“(a) FALSE COPYRIGHT MANAGEMENT INFORMATION.—No person shall knowingly and with the intent to induce, enable, facilitate, or conceal infringement—

“(1) provide copyright management information that is false, or

“(2) distribute or import for distribution copyright management information that is false.

“(b) REMOVAL OR ALTERATION OF COPYRIGHT MANAGEMENT INFORMATION.—No person shall, without the authority of the copyright owner or the law—

“(1) intentionally remove or alter any copyright management information,

“(2) distribute or import for distribution copyright management information knowing that the copyright management information has been removed or altered without authority of the copyright owner or the law, or

“(3) distribute, import for distribution, or publicly perform works, copies of works, or phonorecords, knowing that copyright management information has been removed or altered without authority of the copyright owner or the law, knowing, or, with respect to civil remedies under section 1203, having reasonable grounds to know, that it will induce, enable, facilitate, or conceal an infringement of any right under this title.

“(c) DEFINITION.—As used in this section, the term ‘copyright management information’ means any of the following information conveyed in connection with copies or phonorecords of a work or performances or displays of a work, including in digital form, except that such term does not include any personally identifying information about a user of a work or of a copy, phonorecord, performance, or display of a work:

“(1) The title and other information identifying the work, including the information set forth on a notice of copyright.

“(2) The name of, and other identifying information about, the author of a work.

“(3) The name of, and other identifying information about, the copyright owner of the work, including the information set forth in a notice of copyright.

“(4) With the exception of public performances of works by radio and television broadcast stations, the name of, and other identifying information about, a performer whose performance is fixed in a work other than an audiovisual work.

“(5) With the exception of public performances of works by radio and television broadcast stations, in the case of an audiovisual work, the name of, and other identifying information about, a writer, performer, or director who is credited in the audiovisual work.

“(6) Terms and conditions for use of the work.

“(7) Identifying numbers or symbols referring to such information or links to such information.

“(8) Such other information as the Register of Copyrights may prescribe by regulation, except that the Register of Copyrights may not require the provision of any information concerning the user of a copyrighted work.

“(d) LAW ENFORCEMENT, INTELLIGENCE, AND OTHER GOVERNMENT ACTIVITIES.—This section does not prohibit any lawfully authorized investigative, protective, information security, or intelligence activity of an officer, agent, or employee of the United States, a State, or a political subdivision of a State, or a person acting pursuant to a contract with the United States, a State, or a political subdivision of a State. For purposes of this subsection, the term ‘information security’ means activities carried out in order to identify and address the vulnerabilities of a government computer, computer system, or computer network.

“(e) LIMITATIONS ON LIABILITY.—

“(1) ANALOG TRANSMISSIONS.—In the case of an analog transmission, a person who is making transmissions in its capacity as a broadcast station, or as a cable system, or someone who provides programming to such station or system, shall not be liable for a violation of subsection (b) if—

“(A) avoiding the activity that constitutes such violation is not technically feasible or would create an undue financial hardship on such person; and

“(B) such person did not intend, by engaging in such activity, to induce, enable, facilitate, or conceal infringement of a right under this title.

“(2) DIGITAL TRANSMISSIONS.—

“(A) If a digital transmission standard for the placement of copyright management information for a category of works is set in a voluntary, consensus standard-setting process involving a representative cross-section of broadcast

stations or cable systems and copyright owners of a category of works that are intended for public performance by such stations or systems, a person identified in paragraph (1) shall not be liable for a violation of subsection (b) with respect to the particular copyright management information addressed by such standard if—

“(i) the placement of such information by someone other than such person is not in accordance with such standard; and

“(ii) the activity that constitutes such violation is not intended to induce, enable, facilitate, or conceal infringement of a right under this title.

“(B) Until a digital transmission standard has been set pursuant to subparagraph (A) with respect to the placement of copyright management information for a category or works, a person identified in paragraph (1) shall not be liable for a violation of subsection (b) with respect to such copyright management information, if the activity that constitutes such violation is not intended to induce, enable, facilitate, or conceal infringement of a right under this title, and if—

“(i) the transmission of such information by such person would result in a perceptible visual or aural degradation of the digital signal; or

“(ii) the transmission of such information by such person would conflict with—

“(I) an applicable government regulation relating to transmission of information in a digital signal;

“(II) an applicable industry-wide standard relating to the transmission of information in a digital signal that was adopted by a voluntary consensus standards body prior to the effective date of this chapter; or

“(III) an applicable industry-wide standard relating to the transmission of information in a digital signal that was adopted in a voluntary, consensus standards-setting process open to participation by a representative cross-section of broadcast stations or cable systems and copyright owners of a category of works that are intended for public performance by such stations or systems.

“(3) DEFINITIONS.—As used in this subsection—

“(A) the term ‘broadcast station’ has the meaning given that term in section 3 of the Communications Act of 1934 (47 U.S.C. 153); and

“(B) the term ‘cable system’ has the meaning given that term in section 602 of the Communications Act of 1934 (47 U.S.C. 522).

#### “§ 1203. Civil remedies

“(a) CIVIL ACTIONS.—Any person injured by a violation of section 1201 or 1202 may bring a civil action in an appropriate United States district court for such violation.

“(b) POWERS OF THE COURT.—In an action brought under subsection (a), the court—

"(1) may grant temporary and permanent injunctions on such terms as it deems reasonable to prevent or restrain a violation, but in no event shall impose a prior restraint on free speech or the press protected under the 1st amendment to the Constitution;

"(2) at any time while an action is pending, may order the impounding, on such terms as it deems reasonable, of any device or product that is in the custody or control of the alleged violator and that the court has reasonable cause to believe was involved in a violation;

"(3) may award damages under subsection (c);

"(4) in its discretion may allow the recovery of costs by or against any party other than the United States or an officer thereof;

"(5) in its discretion may award reasonable attorney's fees to the prevailing party; and

"(6) may, as part of a final judgment or decree finding a violation, order the remedial modification or the destruction of any device or product involved in the violation that is in the custody or control of the violator or has been impounded under paragraph (2).

"(c) AWARD OF DAMAGES.—

"(1) IN GENERAL.—Except as otherwise provided in this title, a person committing a violation of section 1201 or 1202 is liable for either—

"(A) the actual damages and any additional profits of the violator, as provided in paragraph (2), or

"(B) statutory damages, as provided in paragraph (3).

"(2) ACTUAL DAMAGES.—The court shall award to the complaining party the actual damages suffered by the party as a result of the violation, and any profits of the violator that are attributable to the violation and are not taken into account in computing the actual damages, if the complaining party elects such damages at any time before final judgment is entered.

"(3) STATUTORY DAMAGES.—(A) At any time before final judgment is entered, a complaining party may elect to recover an award of statutory damages for each violation of section 1201 in the sum of not less than \$200 or more than \$2,500 per act of circumvention, device, product, component, offer, or performance of service, as the court considers just.

"(B) At any time before final judgment is entered, a complaining party may elect to recover an award of statutory damages for each violation of section 1202 in the sum of not less than \$2,500 or more than \$25,000.

"(4) REPEATED VIOLATIONS.—In any case in which the injured party sustains the burden of proving, and the court finds, that a person has violated section 1201 or 1202 within 3 years after a final judgment was entered against the person for another such violation, the court may increase the award of damages up to triple the amount that would otherwise be awarded, as the court considers just.

"(5) INNOCENT VIOLATIONS.—

"(A) IN GENERAL.—The court in its discretion may reduce or remit the total award of damages in any case in which the violator sustains the burden of proving, and

the court finds, that the violator was not aware and had no reason to believe that its acts constituted a violation.

“(B) NONPROFIT LIBRARY, ARCHIVES, OR EDUCATIONAL INSTITUTIONS.—In the case of a nonprofit library, archives, or educational institution, the court shall remit damages in any case in which the library, archives, or educational institution sustains the burden of proving, and the court finds, that the library, archives, or educational institution was not aware and had no reason to believe that its acts constituted a violation.

**“§ 1204. Criminal offenses and penalties**

“(a) IN GENERAL.—Any person who violates section 1201 or 1202 willfully and for purposes of commercial advantage or private financial gain—

“(1) shall be fined not more than \$500,000 or imprisoned for not more than 5 years, or both, for the first offense; and

“(2) shall be fined not more than \$1,000,000 or imprisoned for not more than 10 years, or both, for any subsequent offense.

“(b) LIMITATION FOR NONPROFIT LIBRARY, ARCHIVES, OR EDUCATIONAL INSTITUTION.—Subsection (a) shall not apply to a nonprofit library, archives, or educational institution.

“(c) STATUTE OF LIMITATIONS.—No criminal proceeding shall be brought under this section unless such proceeding is commenced within 5 years after the cause of action arose.

**“§ 1205. Savings clause**

“Nothing in this chapter abrogates, diminishes, or weakens the provisions of, nor provides any defense or element of mitigation in a criminal prosecution or civil action under, any Federal or State law that prevents the violation of the privacy of an individual in connection with the individual’s use of the Internet.”.

(b) CONFORMING AMENDMENT.—The table of chapters for title 17, United States Code, is amended by adding after the item relating to chapter 11 the following:

“12. Copyright Protection and Management Systems ..... 1201”.

**SEC. 104. EVALUATION OF IMPACT OF COPYRIGHT LAW AND AMENDMENTS ON ELECTRONIC COMMERCE AND TECHNOLOGICAL DEVELOPMENT.**

(a) EVALUATION BY THE REGISTER OF COPYRIGHTS AND THE ASSISTANT SECRETARY FOR COMMUNICATIONS AND INFORMATION.—The Register of Copyrights and the Assistant Secretary for Communications and Information of the Department of Commerce shall jointly evaluate—

(1) the effects of the amendments made by this title and the development of electronic commerce and associated technology on the operation of sections 109 and 117 of title 17, United States Code; and

(2) the relationship between existing and emergent technology and the operation of sections 109 and 117 of title 17, United States Code.

(b) REPORT TO CONGRESS.—The Register of Copyrights and the Assistant Secretary for Communications and Information of the Department of Commerce shall, not later than 24 months after the date of the enactment of this Act, submit to the Congress a joint report on the evaluation conducted under subsection (a),

including any legislative recommendations the Register and the Assistant Secretary may have.

**SEC. 105. EFFECTIVE DATE.**

(a) **IN GENERAL.**—Except as otherwise provided in this title, this title and the amendments made by this title shall take effect on the date of the enactment of this Act.

(b) **AMENDMENTS RELATING TO CERTAIN INTERNATIONAL AGREEMENTS.**—(1) The following shall take effect upon the entry into force of the WIPO Copyright Treaty with respect to the United States:

(A) Paragraph (5) of the definition of “international agreement” contained in section 101 of title 17, United States Code, as amended by section 102(a)(4) of this Act.

(B) The amendment made by section 102(a)(6) of this Act.

(C) Subparagraph (C) of section 104A(h)(1) of title 17, United States Code, as amended by section 102(c)(1) of this Act.

(D) Subparagraph (C) of section 104A(h)(3) of title 17, United States Code, as amended by section 102(c)(2) of this Act.

(2) The following shall take effect upon the entry into force of the WIPO Performances and Phonograms Treaty with respect to the United States:

(A) Paragraph (6) of the definition of “international agreement” contained in section 101 of title 17, United States Code, as amended by section 102(a)(4) of this Act.

(B) The amendment made by section 102(a)(7) of this Act.

(C) The amendment made by section 102(b)(2) of this Act.

(D) Subparagraph (D) of section 104A(h)(1) of title 17, United States Code, as amended by section 102(c)(1) of this Act.

(E) Subparagraph (D) of section 104A(h)(3) of title 17, United States Code, as amended by section 102(c)(2) of this Act.

(F) The amendments made by section 102(c)(3) of this Act.

## **TITLE II—ONLINE COPYRIGHT INFRINGEMENT LIABILITY LIMITATION**

**SEC. 201. SHORT TITLE.**

This title may be cited as the “Online Copyright Infringement Liability Limitation Act”.

**SEC. 202. LIMITATIONS ON LIABILITY FOR COPYRIGHT INFRINGEMENT.**

(a) **IN GENERAL.**—Chapter 5 of title 17, United States Code, is amended by adding after section 511 the following new section:

**“§ 512. Limitations on liability relating to material online**

**“(a) TRANSITORY DIGITAL NETWORK COMMUNICATIONS.**—A service provider shall not be liable for monetary relief, or, except as provided in subsection (j), for injunctive or other equitable relief,

for infringement of copyright by reason of the provider's transmitting, routing, or providing connections for, material through a system or network controlled or operated by or for the service provider, or by reason of the intermediate and transient storage of that material in the course of such transmitting, routing, or providing connections, if—

“(1) the transmission of the material was initiated by or at the direction of a person other than the service provider;

“(2) the transmission, routing, provision of connections, or storage is carried out through an automatic technical process without selection of the material by the service provider;

“(3) the service provider does not select the recipients of the material except as an automatic response to the request of another person;

“(4) no copy of the material made by the service provider in the course of such intermediate or transient storage is maintained on the system or network in a manner ordinarily accessible to anyone other than anticipated recipients, and no such copy is maintained on the system or network in a manner ordinarily accessible to such anticipated recipients for a longer period than is reasonably necessary for the transmission, routing, or provision of connections; and

“(5) the material is transmitted through the system or network without modification of its content.

“(b) SYSTEM CACHING.—

“(1) LIMITATION ON LIABILITY.—A service provider shall not be liable for monetary relief, or, except as provided in subsection (j), for injunctive or other equitable relief, for infringement of copyright by reason of the intermediate and temporary storage of material on a system or network controlled or operated by or for the service provider in a case in which—

“(A) the material is made available online by a person other than the service provider;

“(B) the material is transmitted from the person described in subparagraph (A) through the system or network to a person other than the person described in subparagraph (A) at the direction of that other person; and

“(C) the storage is carried out through an automatic technical process for the purpose of making the material available to users of the system or network who, after the material is transmitted as described in subparagraph (B), request access to the material from the person described in subparagraph (A),

if the conditions set forth in paragraph (2) are met.

(2) CONDITIONS.—The conditions referred to in paragraph (1) are that—

“(A) the material described in paragraph (1) is transmitted to the subsequent users described in paragraph (1)(C) without modification to its content from the manner in which the material was transmitted from the person described in paragraph (1)(A);

“(B) the service provider described in paragraph (1) complies with rules concerning the refreshing, reloading, or other updating of the material when specified by the person making the material available online in accordance

with a generally accepted industry standard data communications protocol for the system or network through which that person makes the material available, except that this subparagraph applies only if those rules are not used by the person described in paragraph (1)(A) to prevent or unreasonably impair the intermediate storage to which this subsection applies;

“(C) the service provider does not interfere with the ability of technology associated with the material to return to the person described in paragraph (1)(A) the information that would have been available to that person if the material had been obtained by the subsequent users described in paragraph (1)(C) directly from that person, except that this subparagraph applies only if that technology—

“(i) does not significantly interfere with the performance of the provider’s system or network or with the intermediate storage of the material;

“(ii) is consistent with generally accepted industry standard communications protocols; and

“(iii) does not extract information from the provider’s system or network other than the information that would have been available to the person described in paragraph (1)(A) if the subsequent users had gained access to the material directly from that person;

“(D) if the person described in paragraph (1)(A) has in effect a condition that a person must meet prior to having access to the material, such as a condition based on payment of a fee or provision of a password or other information, the service provider permits access to the stored material in significant part only to users of its system or network that have met those conditions and only in accordance with those conditions; and

“(E) if the person described in paragraph (1)(A) makes that material available online without the authorization of the copyright owner of the material, the service provider responds expeditiously to remove, or disable access to, the material that is claimed to be infringing upon notification of claimed infringement as described in subsection (c)(3), except that this subparagraph applies only if—

“(i) the material has previously been removed from the originating site or access to it has been disabled, or a court has ordered that the material be removed from the originating site or that access to the material on the originating site be disabled; and

“(ii) the party giving the notification includes in the notification a statement confirming that the material has been removed from the originating site or access to it has been disabled or that a court has ordered that the material be removed from the originating site or that access to the material on the originating site be disabled.

“(c) INFORMATION RESIDING ON SYSTEMS OR NETWORKS AT DIRECTION OF USERS.—

“(1) IN GENERAL.—A service provider shall not be liable for monetary relief, or, except as provided in subsection (j), for injunctive or other equitable relief, for infringement of copyright by reason of the storage at the direction of a user of



material that resides on a system or network controlled or operated by or for the service provider, if the service provider—

“(A)(i) does not have actual knowledge that the material or an activity using the material on the system or network is infringing;

“(ii) in the absence of such actual knowledge, is not aware of facts or circumstances from which infringing activity is apparent; or

“(iii) upon obtaining such knowledge or awareness, acts expeditiously to remove, or disable access to, the material;

“(B) does not receive a financial benefit directly attributable to the infringing activity, in a case in which the service provider has the right and ability to control such activity; and

“(C) upon notification of claimed infringement as described in paragraph (3), responds expeditiously to remove, or disable access to, the material that is claimed to be infringing or to be the subject of infringing activity.

“(2) DESIGNATED AGENT.—The limitations on liability established in this subsection apply to a service provider only if the service provider has designated an agent to receive notifications of claimed infringement described in paragraph (3), by making available through its service, including on its website in a location accessible to the public, and by providing to the Copyright Office, substantially the following information:

“(A) the name, address, phone number, and electronic mail address of the agent.

“(B) other contact information which the Register of Copyrights may deem appropriate.

The Register of Copyrights shall maintain a current directory of agents available to the public for inspection, including through the Internet, in both electronic and hard copy formats, and may require payment of a fee by service providers to cover the costs of maintaining the directory.

“(3) ELEMENTS OF NOTIFICATION.—

“(A) To be effective under this subsection, a notification of claimed infringement must be a written communication provided to the designated agent of a service provider that includes substantially the following:

“(i) A physical or electronic signature of a person authorized to act on behalf of the owner of an exclusive right that is allegedly infringed.

“(ii) Identification of the copyrighted work claimed to have been infringed, or, if multiple copyrighted works at a single online site are covered by a single notification, a representative list of such works at that site.

“(iii) Identification of the material that is claimed to be infringing or to be the subject of infringing activity and that is to be removed or access to which is to be disabled, and information reasonably sufficient to permit the service provider to locate the material.

“(iv) Information reasonably sufficient to permit the service provider to contact the complaining party, such as an address, telephone number, and, if available, an electronic mail address at which the complaining party may be contacted.

“(v) A statement that the complaining party has a good faith belief that use of the material in the manner complained of is not authorized by the copyright owner, its agent, or the law.

“(vi) A statement that the information in the notification is accurate, and under penalty of perjury, that the complaining party is authorized to act on behalf of the owner of an exclusive right that is allegedly infringed.

“(B)(i) Subject to clause (ii), a notification from a copyright owner or from a person authorized to act on behalf of the copyright owner that fails to comply substantially with the provisions of subparagraph (A) shall not be considered under paragraph (1)(A) in determining whether a service provider has actual knowledge or is aware of facts or circumstances from which infringing activity is apparent.

“(ii) In a case in which the notification that is provided to the service provider’s designated agent fails to comply substantially with all the provisions of subparagraph (A) but substantially complies with clauses (ii), (iii), and (iv) of subparagraph (A), clause (i) of this subparagraph applies only if the service provider promptly attempts to contact the person making the notification or takes other reasonable steps to assist in the receipt of notification that substantially complies with all the provisions of subparagraph (A).

“(d) INFORMATION LOCATION TOOLS.—A service provider shall not be liable for monetary relief, or, except as provided in subsection (j), for injunctive or other equitable relief, for infringement of copyright by reason of the provider referring or linking users to an online location containing infringing material or infringing activity, by using information location tools, including a directory, index, reference, pointer, or hypertext link, if the service provider—

“(1)(A) does not have actual knowledge that the material or activity is infringing;

“(B) in the absence of such actual knowledge, is not aware of facts or circumstances from which infringing activity is apparent; or

“(C) upon obtaining such knowledge or awareness, acts expeditiously to remove, or disable access to, the material;

“(2) does not receive a financial benefit directly attributable to the infringing activity, in a case in which the service provider has the right and ability to control such activity; and

“(3) upon notification of claimed infringement as described in subsection (c)(3), responds expeditiously to remove, or disable access to, the material that is claimed to be infringing or to be the subject of infringing activity, except that, for purposes of this paragraph, the information described in subsection (c)(3)(A)(iii) shall be identification of the reference or link, to material or activity claimed to be infringing, that is to be removed or access to which is to be disabled, and information reasonably sufficient to permit the service provider to locate that reference or link.

“(e) LIMITATION ON LIABILITY OF NONPROFIT EDUCATIONAL INSTITUTIONS.—(1) When a public or other nonprofit institution of higher education is a service provider, and when a faculty member or graduate student who is an employee of such institution

is performing a teaching or research function, for the purposes of subsections (a) and (b) such faculty member or graduate student shall be considered to be a person other than the institution, and for the purposes of subsections (c) and (d) such faculty member's or graduate student's knowledge or awareness of his or her infringing activities shall not be attributed to the institution, if—

“(A) such faculty member's or graduate student's infringing activities do not involve the provision of online access to instructional materials that are or were required or recommended, within the preceding 3-year period, for a course taught at the institution by such faculty member or graduate student;

“(B) the institution has not, within the preceding 3-year period, received more than two notifications described in subsection (c)(3) of claimed infringement by such faculty member or graduate student, and such notifications of claimed infringement were not actionable under subsection (f); and

“(C) the institution provides to all users of its system or network informational materials that accurately describe, and promote compliance with, the laws of the United States relating to copyright.

“(2) INJUNCTIONS.—For the purposes of this subsection, the limitations on injunctive relief contained in subsections (j)(2) and (j)(3), but not those in (j)(1), shall apply.

“(f) MISREPRESENTATIONS.—Any person who knowingly materially misrepresents under this section—

“(1) that material or activity is infringing, or

“(2) that material or activity was removed or disabled by mistake or misidentification,

shall be liable for any damages, including costs and attorneys' fees, incurred by the alleged infringer, by any copyright owner or copyright owner's authorized licensee, or by a service provider, who is injured by such misrepresentation, as the result of the service provider relying upon such misrepresentation in removing or disabling access to the material or activity claimed to be infringing, or in replacing the removed material or ceasing to disable access to it.

“(g) REPLACEMENT OF REMOVED OR DISABLED MATERIAL AND LIMITATION ON OTHER LIABILITY.—

“(1) NO LIABILITY FOR TAKING DOWN GENERALLY.—Subject to paragraph (2), a service provider shall not be liable to any person for any claim based on the service provider's good faith disabling of access to, or removal of, material or activity claimed to be infringing or based on facts or circumstances from which infringing activity is apparent, regardless of whether the material or activity is ultimately determined to be infringing.

“(2) EXCEPTION.—Paragraph (1) shall not apply with respect to material residing at the direction of a subscriber of the service provider on a system or network controlled or operated by or for the service provider that is removed, or to which access is disabled by the service provider, pursuant to a notice provided under subsection (c)(1)(C), unless the service provider—

“(A) takes reasonable steps promptly to notify the subscriber that it has removed or disabled access to the material;

“(B) upon receipt of a counter notification described in paragraph (3), promptly provides the person who provided the notification under subsection (c)(1)(C) with a copy of the counter notification, and informs that person that it will replace the removed material or cease disabling access to it in 10 business days; and

“(C) replaces the removed material and ceases disabling access to it not less than 10, nor more than 14, business days following receipt of the counter notice, unless its designated agent first receives notice from the person who submitted the notification under subsection (c)(1)(C) that such person has filed an action seeking a court order to restrain the subscriber from engaging in infringing activity relating to the material on the service provider’s system or network.

“(3) CONTENTS OF COUNTER NOTIFICATION.—To be effective under this subsection, a counter notification must be a written communication provided to the service provider’s designated agent that includes substantially the following:

“(A) A physical or electronic signature of the subscriber.

“(B) Identification of the material that has been removed or to which access has been disabled and the location at which the material appeared before it was removed or access to it was disabled.

“(C) A statement under penalty of perjury that the subscriber has a good faith belief that the material was removed or disabled as a result of mistake or misidentification of the material to be removed or disabled.

“(D) The subscriber’s name, address, and telephone number, and a statement that the subscriber consents to the jurisdiction of Federal District Court for the judicial district in which the address is located, or if the subscriber’s address is outside of the United States, for any judicial district in which the service provider may be found, and that the subscriber will accept service of process from the person who provided notification under subsection (c)(1)(C) or an agent of such person.

“(4) LIMITATION ON OTHER LIABILITY.—A service provider’s compliance with paragraph (2) shall not subject the service provider to liability for copyright infringement with respect to the material identified in the notice provided under subsection (c)(1)(C).

“(h) SUBPOENA TO IDENTIFY INFRINGER.—

“(1) REQUEST.—A copyright owner or a person authorized to act on the owner’s behalf may request the clerk of any United States district court to issue a subpoena to a service provider for identification of an alleged infringer in accordance with this subsection.

“(2) CONTENTS OF REQUEST.—The request may be made by filing with the clerk—

“(A) a copy of a notification described in subsection (c)(3)(A);

“(B) a proposed subpoena; and

“(C) a sworn declaration to the effect that the purpose for which the subpoena is sought is to obtain the identity of an alleged infringer and that such information will only

be used for the purpose of protecting rights under this title.

“(3) CONTENTS OF SUBPOENA.—The subpoena shall authorize and order the service provider receiving the notification and the subpoena to expeditiously disclose to the copyright owner or person authorized by the copyright owner information sufficient to identify the alleged infringer of the material described in the notification to the extent such information is available to the service provider.

“(4) BASIS FOR GRANTING SUBPOENA.—If the notification filed satisfies the provisions of subsection (c)(3)(A), the proposed subpoena is in proper form, and the accompanying declaration is properly executed, the clerk shall expeditiously issue and sign the proposed subpoena and return it to the requester for delivery to the service provider.

“(5) ACTIONS OF SERVICE PROVIDER RECEIVING SUBPOENA.—Upon receipt of the issued subpoena, either accompanying or subsequent to the receipt of a notification described in subsection (c)(3)(A), the service provider shall expeditiously disclose to the copyright owner or person authorized by the copyright owner the information required by the subpoena, notwithstanding any other provision of law and regardless of whether the service provider responds to the notification.

“(6) RULES APPLICABLE TO SUBPOENA.—Unless otherwise provided by this section or by applicable rules of the court, the procedure for issuance and delivery of the subpoena, and the remedies for noncompliance with the subpoena, shall be governed to the greatest extent practicable by those provisions of the Federal Rules of Civil Procedure governing the issuance, service, and enforcement of a subpoena duces tecum.

“(i) CONDITIONS FOR ELIGIBILITY.—

“(1) ACCOMMODATION OF TECHNOLOGY.—The limitations on liability established by this section shall apply to a service provider only if the service provider—

“(A) has adopted and reasonably implemented, and informs subscribers and account holders of the service provider’s system or network of, a policy that provides for the termination in appropriate circumstances of subscribers and account holders of the service provider’s system or network who are repeat infringers; and

“(B) accommodates and does not interfere with standard technical measures.

“(2) DEFINITION.—As used in this subsection, the term ‘standard technical measures’ means technical measures that are used by copyright owners to identify or protect copyrighted works and—

“(A) have been developed pursuant to a broad consensus of copyright owners and service providers in an open, fair, voluntary, multi-industry standards process;

“(B) are available to any person on reasonable and nondiscriminatory terms; and

“(C) do not impose substantial costs on service providers or substantial burdens on their systems or networks.

“(j) INJUNCTIONS.—The following rules shall apply in the case of any application for an injunction under section 502 against a service provider that is not subject to monetary remedies under this section:

“(1) SCOPE OF RELIEF.—(A) With respect to conduct other than that which qualifies for the limitation on remedies set forth in subsection (a), the court may grant injunctive relief with respect to a service provider only in one or more of the following forms:

“(i) An order restraining the service provider from providing access to infringing material or activity residing at a particular online site on the provider’s system or network.

“(ii) An order restraining the service provider from providing access to a subscriber or account holder of the service provider’s system or network who is engaging in infringing activity and is identified in the order, by terminating the accounts of the subscriber or account holder that are specified in the order.

“(iii) Such other injunctive relief as the court may consider necessary to prevent or restrain infringement of copyrighted material specified in the order of the court at a particular online location, if such relief is the least burdensome to the service provider among the forms of relief comparably effective for that purpose.

“(B) If the service provider qualifies for the limitation on remedies described in subsection (a), the court may only grant injunctive relief in one or both of the following forms:

“(i) An order restraining the service provider from providing access to a subscriber or account holder of the service provider’s system or network who is using the provider’s service to engage in infringing activity and is identified in the order, by terminating the accounts of the subscriber or account holder that are specified in the order.

“(ii) An order restraining the service provider from providing access, by taking reasonable steps specified in the order to block access, to a specific, identified, online location outside the United States.

“(2) CONSIDERATIONS.—The court, in considering the relevant criteria for injunctive relief under applicable law, shall consider—

“(A) whether such an injunction, either alone or in combination with other such injunctions issued against the same service provider under this subsection, would significantly burden either the provider or the operation of the provider’s system or network;

“(B) the magnitude of the harm likely to be suffered by the copyright owner in the digital network environment if steps are not taken to prevent or restrain the infringement;

“(C) whether implementation of such an injunction would be technically feasible and effective, and would not interfere with access to noninfringing material at other online locations; and

“(D) whether other less burdensome and comparably effective means of preventing or restraining access to the infringing material are available.

“(3) NOTICE AND EX PARTE ORDERS.—Injunctive relief under this subsection shall be available only after notice to the service provider and an opportunity for the service provider

to appear are provided, except for orders ensuring the preservation of evidence or other orders having no material adverse effect on the operation of the service provider's communications network.

“(k) DEFINITIONS.—

“(1) SERVICE PROVIDER.—(A) As used in subsection (a), the term ‘service provider’ means an entity offering the transmission, routing, or providing of connections for digital online communications, between or among points specified by a user, of material of the user's choosing, without modification to the content of the material as sent or received.

“(B) As used in this section, other than subsection (a), the term ‘service provider’ means a provider of online services or network access, or the operator of facilities therefor, and includes an entity described in subparagraph (A).

“(2) MONETARY RELIEF.—As used in this section, the term ‘monetary relief’ means damages, costs, attorneys’ fees, and any other form of monetary payment.

“(l) OTHER DEFENSES NOT AFFECTED.—The failure of a service provider's conduct to qualify for limitation of liability under this section shall not bear adversely upon the consideration of a defense by the service provider that the service provider's conduct is not infringing under this title or any other defense.

“(m) PROTECTION OF PRIVACY.—Nothing in this section shall be construed to condition the applicability of subsections (a) through (d) on—

“(1) a service provider monitoring its service or affirmatively seeking facts indicating infringing activity, except to the extent consistent with a standard technical measure complying with the provisions of subsection (i); or

“(2) a service provider gaining access to, removing, or disabling access to material in cases in which such conduct is prohibited by law.

“(n) CONSTRUCTION.—Subsections (a), (b), (c), and (d) describe separate and distinct functions for purposes of applying this section. Whether a service provider qualifies for the limitation on liability in any one of those subsections shall be based solely on the criteria in that subsection, and shall not affect a determination of whether that service provider qualifies for the limitations on liability under any other such subsection.”

(b) CONFORMING AMENDMENT.—The table of sections for chapter 5 of title 17, United States Code, is amended by adding at the end the following:

“512. Limitations on liability relating to material online.”

**SEC. 203. EFFECTIVE DATE.**

This title and the amendments made by this title shall take effect on the date of the enactment of this Act.

## **TITLE III—COMPUTER MAINTENANCE OR REPAIR COPYRIGHT EXEMPTION**

**SEC. 301. SHORT TITLE.**

This title may be cited as the “Computer Maintenance Competition Assurance Act”.

**SEC. 302. LIMITATIONS ON EXCLUSIVE RIGHTS; COMPUTER PROGRAMS.**

Section 117 of title 17, United States Code, is amended—

(1) by striking “Notwithstanding” and inserting the following:

“(a) MAKING OF ADDITIONAL COPY OR ADAPTATION BY OWNER OF COPY.—Notwithstanding”;

(2) by striking “Any exact” and inserting the following:

“(b) LEASE, SALE, OR OTHER TRANSFER OF ADDITIONAL COPY OR ADAPTATION.—Any exact”; and

(3) by adding at the end the following:

“(c) MACHINE MAINTENANCE OR REPAIR.—Notwithstanding the provisions of section 106, it is not an infringement for the owner or lessee of a machine to make or authorize the making of a copy of a computer program if such copy is made solely by virtue of the activation of a machine that lawfully contains an authorized copy of the computer program, for purposes only of maintenance or repair of that machine, if—

“(1) such new copy is used in no other manner and is destroyed immediately after the maintenance or repair is completed; and

“(2) with respect to any computer program or part thereof that is not necessary for that machine to be activated, such program or part thereof is not accessed or used other than to make such new copy by virtue of the activation of the machine.

“(d) DEFINITIONS.—For purposes of this section—

“(1) the ‘maintenance’ of a machine is the servicing of the machine in order to make it work in accordance with its original specifications and any changes to those specifications authorized for that machine; and

“(2) the ‘repair’ of a machine is the restoring of the machine to the state of working in accordance with its original specifications and any changes to those specifications authorized for that machine.”.

## **TITLE IV—MISCELLANEOUS PROVISIONS**

**SEC. 401. PROVISIONS RELATING TO THE COMMISSIONER OF PATENTS AND TRADEMARKS AND THE REGISTER OF COPYRIGHTS**

(a) COMPENSATION.—(1) Section 3(d) of title 35, United States Code, is amended by striking “prescribed by law for Assistant Secretaries of Commerce” and inserting “in effect for level III of the Executive Schedule under section 5314 of title 5, United States Code”.

(2) Section 701(e) of title 17, United States Code, is amended—

(A) by striking “IV” and inserting “III”; and

(B) by striking “5315” and inserting “5314”.

(3) Section 5314 of title 5, United States Code, is amended by adding at the end the following:

“Assistant Secretary of Commerce and Commissioner of Patents and Trademarks.

“Register of Copyrights.”.

(b) CLARIFICATION OF AUTHORITY OF THE COPYRIGHT OFFICE.—Section 701 of title 17, United States Code, is amended—



(1) by redesignating subsections (b) through (e) as subsections (c) through (f), respectively; and

(2) by inserting after subsection (a) the following:

“(b) In addition to the functions and duties set out elsewhere in this chapter, the Register of Copyrights shall perform the following functions:

“(1) Advise Congress on national and international issues relating to copyright, other matters arising under this title, and related matters.

“(2) Provide information and assistance to Federal departments and agencies and the Judiciary on national and international issues relating to copyright, other matters arising under this title, and related matters.

“(3) Participate in meetings of international intergovernmental organizations and meetings with foreign government officials relating to copyright, other matters arising under this title, and related matters, including as a member of United States delegations as authorized by the appropriate Executive branch authority.

“(4) Conduct studies and programs regarding copyright, other matters arising under this title, and related matters, the administration of the Copyright Office, or any function vested in the Copyright Office by law, including educational programs conducted cooperatively with foreign intellectual property offices and international intergovernmental organizations.

“(5) Perform such other functions as Congress may direct, or as may be appropriate in furtherance of the functions and duties specifically set forth in this title.”.

#### SEC. 402. EPHEMERAL RECORDINGS.

Section 112(a) of title 17, United States Code, is amended—

(1) by redesignating paragraphs (1), (2), and (3) as subparagraphs (A), (B), and (C), respectively;

(2) by inserting “(1)” after “(a)”;

(3) by inserting after “under a license” the following: “, including a statutory license under section 114(f),”;

(4) by inserting after “114(a),” the following: “or for a transmitting organization that is a broadcast radio or television station licensed as such by the Federal Communications Commission and that makes a broadcast transmission of a performance of a sound recording in a digital format on a nonsubscription basis,”; and

(5) by adding at the end the following:

“(2) In a case in which a transmitting organization entitled to make a copy or phonorecord under paragraph (1) in connection with the transmission to the public of a performance or display of a work is prevented from making such copy or phonorecord by reason of the application by the copyright owner of technical measures that prevent the reproduction of the work, the copyright owner shall make available to the transmitting organization the necessary means for permitting the making of such copy or phonorecord as permitted under that paragraph, if it is technologically feasible and economically reasonable for the copyright owner to do so. If the copyright owner fails to do so in a timely manner in light of the transmitting organization’s reasonable business requirements, the transmitting organization shall not be liable for

a violation of section 1201(a)(1) of this title for engaging in such activities as are necessary to make such copies or phonorecords as permitted under paragraph (1) of this subsection.”.

**SEC. 403. LIMITATIONS ON EXCLUSIVE RIGHTS; DISTANCE EDUCATION.**

(a) **RECOMMENDATIONS BY REGISTER OF COPYRIGHTS.**—Not later than 6 months after the date of the enactment of this Act, the Register of Copyrights, after consultation with representatives of copyright owners, nonprofit educational institutions, and nonprofit libraries and archives, shall submit to the Congress recommendations on how to promote distance education through digital technologies, including interactive digital networks, while maintaining an appropriate balance between the rights of copyright owners and the needs of users of copyrighted works. Such recommendations shall include any legislation the Register of Copyrights considers appropriate to achieve the objective described in the preceding sentence.

(b) **FACTORS.**—In formulating recommendations under subsection (a), the Register of Copyrights shall consider—

(1) the need for an exemption from exclusive rights of copyright owners for distance education through digital networks;

(2) the categories of works to be included under any distance education exemption;

(3) the extent of appropriate quantitative limitations on the portions of works that may be used under any distance education exemption;

(4) the parties who should be entitled to the benefits of any distance education exemption;

(5) the parties who should be designated as eligible recipients of distance education materials under any distance education exemption;

(6) whether and what types of technological measures can or should be employed to safeguard against unauthorized access to, and use or retention of, copyrighted materials as a condition of eligibility for any distance education exemption, including, in light of developing technological capabilities, the exemption set out in section 110(2) of title 17, United States Code;

(7) the extent to which the availability of licenses for the use of copyrighted works in distance education through interactive digital networks should be considered in assessing eligibility for any distance education exemption; and

(8) such other issues relating to distance education through interactive digital networks that the Register considers appropriate.

**SEC. 404. EXEMPTION FOR LIBRARIES AND ARCHIVES.**

Section 108 of title 17, United States Code, is amended—

(1) in subsection (a)—

(A) by striking “Notwithstanding” and inserting “Except as otherwise provided in this title and notwithstanding”;

(B) by inserting after “no more than one copy or phonorecord of a work” the following: “, except as provided in subsections (b) and (c)”; and

(C) in paragraph (3) by inserting after “copyright” the following: “that appears on the copy or phonorecord that is reproduced under the provisions of this section, or

includes a legend stating that the work may be protected by copyright if no such notice can be found on the copy or phonorecord that is reproduced under the provisions of this section”;

(2) in subsection (b)—

(A) by striking “a copy or phonorecord” and inserting “three copies or phonorecords”;

(B) by striking “in facsimile form”; and

(C) by striking “if the copy or phonorecord reproduced is currently in the collections of the library or archives.” and inserting “if—

“(1) the copy or phonorecord reproduced is currently in the collections of the library or archives; and

“(2) any such copy or phonorecord that is reproduced in digital format is not otherwise distributed in that format and is not made available to the public in that format outside the premises of the library or archives.”; and

(3) in subsection (c)—

(A) by striking “a copy or phonorecord” and inserting “three copies or phonorecords”;

(B) by striking “in facsimile form”;

(C) by inserting “or if the existing format in which the work is stored has become obsolete,” after “stolen.”;

(D) by striking “if the library or archives has, after a reasonable effort, determined that an unused replacement cannot be obtained at a fair price.” and inserting “if—

“(1) the library or archives has, after a reasonable effort, determined that an unused replacement cannot be obtained at a fair price; and

“(2) any such copy or phonorecord that is reproduced in digital format is not made available to the public in that format outside the premises of the library or archives in lawful possession of such copy.”; and

(E) by adding at the end the following:

“For purposes of this subsection, a format shall be considered obsolete if the machine or device necessary to render perceptible a work stored in that format is no longer manufactured or is no longer reasonably available in the commercial marketplace.”.

**SEC. 405. SCOPE OF EXCLUSIVE RIGHTS IN SOUND RECORDINGS; EPHEMERAL RECORDINGS.**

(a) **SCOPE OF EXCLUSIVE RIGHTS IN SOUND RECORDINGS.**—Section 114 of title 17, United States Code, is amended as follows:

(1) Subsection (d) is amended—

(A) in paragraph (1) by striking subparagraph (A) and inserting the following:

“(A) a nonsubscription broadcast transmission;”;

(B) by amending paragraph (2) to read as follows:

“(2) **STATUTORY LICENSING OF CERTAIN TRANSMISSIONS.**—

The performance of a sound recording publicly by means of a subscription digital audio transmission not exempt under paragraph (1), an eligible nonsubscription transmission, or a transmission not exempt under paragraph (1) that is made by a preexisting satellite digital audio radio service shall be subject to statutory licensing, in accordance with subsection (f) if—

“(A)(i) the transmission is not part of an interactive service;

“(ii) except in the case of a transmission to a business establishment, the transmitting entity does not automatically and intentionally cause any device receiving the transmission to switch from one program channel to another; and

“(iii) except as provided in section 1002(e), the transmission of the sound recording is accompanied, if technically feasible, by the information encoded in that sound recording, if any, by or under the authority of the copyright owner of that sound recording, that identifies the title of the sound recording, the featured recording artist who performs on the sound recording, and related information, including information concerning the underlying musical work and its writer;

“(B) in the case of a subscription transmission not exempt under paragraph (1) that is made by a preexisting subscription service in the same transmission medium used by such service on July 31, 1998, or in the case of a transmission not exempt under paragraph (1) that is made by a preexisting satellite digital audio radio service—

“(i) the transmission does not exceed the sound recording performance complement; and

“(ii) the transmitting entity does not cause to be published by means of an advance program schedule or prior announcement the titles of the specific sound recordings or phonorecords embodying such sound recordings to be transmitted; and

“(C) in the case of an eligible nonsubscription transmission or a subscription transmission not exempt under paragraph (1) that is made by a new subscription service or by a preexisting subscription service other than in the same transmission medium used by such service on July 31, 1998—

“(i) the transmission does not exceed the sound recording performance complement, except that this requirement shall not apply in the case of a retransmission of a broadcast transmission if the retransmission is made by a transmitting entity that does not have the right or ability to control the programming of the broadcast station making the broadcast transmission, unless—

“(I) the broadcast station makes broadcast transmissions—

“(aa) in digital format that regularly exceed the sound recording performance complement; or

“(bb) in analog format, a substantial portion of which, on a weekly basis, exceed the sound recording performance complement; and

“(II) the sound recording copyright owner or its representative has notified the transmitting entity in writing that broadcast transmissions of the copyright owner's sound recordings exceed the sound recording performance complement as provided in this clause;

“(ii) the transmitting entity does not cause to be published, or induce or facilitate the publication, by means of an advance program schedule or prior announcement, the titles of the specific sound recordings to be transmitted, the phonorecords embodying such sound recordings, or, other than for illustrative purposes, the names of the featured recording artists, except that this clause does not disqualify a transmitting entity that makes a prior announcement that a particular artist will be featured within an unspecified future time period, and in the case of a retransmission of a broadcast transmission by a transmitting entity that does not have the right or ability to control the programming of the broadcast transmission, the requirement of this clause shall not apply to a prior oral announcement by the broadcast station, or to an advance program schedule published, induced, or facilitated by the broadcast station, if the transmitting entity does not have actual knowledge and has not received written notice from the copyright owner or its representative that the broadcast station publishes or induces or facilitates the publication of such advance program schedule, or if such advance program schedule is a schedule of classical music programming published by the broadcast station in the same manner as published by that broadcast station on or before September 30, 1998;

“(iii) the transmission—

“(I) is not part of an archived program of less than 5 hours duration;

“(II) is not part of an archived program of 5 hours or greater in duration that is made available for a period exceeding 2 weeks;

“(III) is not part of a continuous program which is of less than 3 hours duration; or

“(IV) is not part of an identifiable program in which performances of sound recordings are rendered in a predetermined order, other than an archived or continuous program, that is transmitted at—

“(aa) more than 3 times in any 2-week period that have been publicly announced in advance, in the case of a program of less than 1 hour in duration, or

“(bb) more than 4 times in any 2-week period that have been publicly announced in advance, in the case of a program of 1 hour or more in duration,

except that the requirement of this subclause shall not apply in the case of a retransmission of a broadcast transmission by a transmitting entity that does not have the right or ability to control the programming of the broadcast transmission, unless the transmitting entity is given notice in writing by the copyright owner of the sound recording that the broadcast station makes broadcast

transmissions that regularly violate such requirement;

“(iv) the transmitting entity does not knowingly perform the sound recording, as part of a service that offers transmissions of visual images contemporaneously with transmissions of sound recordings, in a manner that is likely to cause confusion, to cause mistake, or to deceive, as to the affiliation, connection, or association of the copyright owner or featured recording artist with the transmitting entity or a particular product or service advertised by the transmitting entity, or as to the origin, sponsorship, or approval by the copyright owner or featured recording artist of the activities of the transmitting entity other than the performance of the sound recording itself;

“(v) the transmitting entity cooperates to prevent, to the extent feasible without imposing substantial costs or burdens, a transmission recipient or any other person or entity from automatically scanning the transmitting entity’s transmissions alone or together with transmissions by other transmitting entities in order to select a particular sound recording to be transmitted to the transmission recipient, except that the requirement of this clause shall not apply to a satellite digital audio service that is in operation, or that is licensed by the Federal Communications Commission, on or before July 31, 1998;

“(vi) the transmitting entity takes no affirmative steps to cause or induce the making of a phonorecord by the transmission recipient, and if the technology used by the transmitting entity enables the transmitting entity to limit the making by the transmission recipient of phonorecords of the transmission directly in a digital format, the transmitting entity sets such technology to limit such making of phonorecords to the extent permitted by such technology;

“(vii) phonorecords of the sound recording have been distributed to the public under the authority of the copyright owner or the copyright owner authorizes the transmitting entity to transmit the sound recording, and the transmitting entity makes the transmission from a phonorecord lawfully made under the authority of the copyright owner, except that the requirement of this clause shall not apply to a retransmission of a broadcast transmission by a transmitting entity that does not have the right or ability to control the programming of the broadcast transmission, unless the transmitting entity is given notice in writing by the copyright owner of the sound recording that the broadcast station makes broadcast transmissions that regularly violate such requirement;

“(viii) the transmitting entity accommodates and does not interfere with the transmission of technical measures that are widely used by sound recording copyright owners to identify or protect copyrighted works, and that are technically feasible of being

transmitted by the transmitting entity without imposing substantial costs on the transmitting entity or resulting in perceptible aural or visual degradation of the digital signal, except that the requirement of this clause shall not apply to a satellite digital audio service that is in operation, or that is licensed under the authority of the Federal Communications Commission, on or before July 31, 1998, to the extent that such service has designed, developed, or made commitments to procure equipment or technology that is not compatible with such technical measures before such technical measures are widely adopted by sound recording copyright owners; and

“(ix) the transmitting entity identifies in textual data the sound recording during, but not before, the time it is performed, including the title of the sound recording, the title of the phonorecord embodying such sound recording, if any, and the featured recording artist, in a manner to permit it to be displayed to the transmission recipient by the device or technology intended for receiving the service provided by the transmitting entity, except that the obligation in this clause shall not take effect until 1 year after the date of the enactment of the Digital Millennium Copyright Act and shall not apply in the case of a retransmission of a broadcast transmission by a transmitting entity that does not have the right or ability to control the programming of the broadcast transmission, or in the case in which devices or technology intended for receiving the service provided by the transmitting entity that have the capability to display such textual data are not common in the marketplace.”.

(2) Subsection (f) is amended—

(A) in the subsection heading by striking “NONEXEMPT SUBSCRIPTION” and inserting “CERTAIN NONEXEMPT”;

(B) in paragraph (1)—

(i) in the first sentence—

(I) by striking “(1) No” and inserting “(1)(A) No”;

(II) by striking “the activities” and inserting “subscription transmissions by preexisting subscription services and transmissions by preexisting satellite digital audio radio services”;

(III) by striking “2000” and inserting “2001”;

and

(ii) by amending the third sentence to read as follows: “Any copyright owners of sound recordings, preexisting subscription services, or preexisting satellite digital audio radio services may submit to the Librarian of Congress licenses covering such subscription transmissions with respect to such sound recordings.”; and

(C) by striking paragraphs (2), (3), (4), and (5) and inserting the following:

“(B) In the absence of license agreements negotiated under subparagraph (A), during the 60-day period commencing 6

months after publication of the notice specified in subparagraph (A), and upon the filing of a petition in accordance with section 803(a)(1), the Librarian of Congress shall, pursuant to chapter 8, convene a copyright arbitration royalty panel to determine and publish in the Federal Register a schedule of rates and terms which, subject to paragraph (3), shall be binding on all copyright owners of sound recordings and entities performing sound recordings affected by this paragraph. In establishing rates and terms for preexisting subscription services and preexisting satellite digital audio radio services, in addition to the objectives set forth in section 801(b)(1), the copyright arbitration royalty panel may consider the rates and terms for comparable types of subscription digital audio transmission services and comparable circumstances under voluntary license agreements negotiated as provided in subparagraph (A).

“(C)(i) Publication of a notice of the initiation of voluntary negotiation proceedings as specified in subparagraph (A) shall be repeated, in accordance with regulations that the Librarian of Congress shall prescribe—

“(I) no later than 30 days after a petition is filed by any copyright owners of sound recordings, any preexisting subscription services, or any preexisting satellite digital audio radio services indicating that a new type of subscription digital audio transmission service on which sound recordings are performed is or is about to become operational; and

“(II) in the first week of January 2001, and at 5-year intervals thereafter.

“(ii) The procedures specified in subparagraph (B) shall be repeated, in accordance with regulations that the Librarian of Congress shall prescribe, upon filing of a petition in accordance with section 803(a)(1) during a 60-day period commencing—

“(I) 6 months after publication of a notice of the initiation of voluntary negotiation proceedings under subparagraph (A) pursuant to a petition under clause (i)(I) of this subparagraph; or

“(II) on July 1, 2001, and at 5-year intervals thereafter.

“(iii) The procedures specified in subparagraph (B) shall be concluded in accordance with section 802.

“(2)(A) No later than 30 days after the date of the enactment of the Digital Millennium Copyright Act, the Librarian of Congress shall cause notice to be published in the Federal Register of the initiation of voluntary negotiation proceedings for the purpose of determining reasonable terms and rates of royalty payments for public performances of sound recordings by means of eligible nonsubscription transmissions and transmissions by new subscription services specified by subsection (d)(2) during the period beginning on the date of the enactment of such Act and ending on December 31, 2000, or such other date as the parties may agree. Such rates and terms shall distinguish among the different types of eligible nonsubscription transmission services and new subscription services then in operation and shall include a minimum fee for each such type of service. Any copyright owners of sound recordings or any entities performing sound recordings affected by this paragraph may submit to the Librarian of Congress licenses covering



such eligible nonsubscription transmissions and new subscription services with respect to such sound recordings. The parties to each negotiation proceeding shall bear their own costs.

“(B) In the absence of license agreements negotiated under subparagraph (A), during the 60-day period commencing 6 months after publication of the notice specified in subparagraph (A), and upon the filing of a petition in accordance with section 803(a)(1), the Librarian of Congress shall, pursuant to chapter 8, convene a copyright arbitration royalty panel to determine and publish in the Federal Register a schedule of rates and terms which, subject to paragraph (3), shall be binding on all copyright owners of sound recordings and entities performing sound recordings affected by this paragraph during the period beginning on the date of the enactment of the Digital Millennium Copyright Act and ending on December 31, 2000, or such other date as the parties may agree. Such rates and terms shall distinguish among the different types of eligible nonsubscription transmission services then in operation and shall include a minimum fee for each such type of service, such differences to be based on criteria including, but not limited to, the quantity and nature of the use of sound recordings and the degree to which use of the service may substitute for or may promote the purchase of phonorecords by consumers. In establishing rates and terms for transmissions by eligible nonsubscription services and new subscription services, the copyright arbitration royalty panel shall establish rates and terms that most clearly represent the rates and terms that would have been negotiated in the marketplace between a willing buyer and a willing seller. In determining such rates and terms, the copyright arbitration royalty panel shall base its decision on economic, competitive and programming information presented by the parties, including—

“(i) whether use of the service may substitute for or may promote the sales of phonorecords or otherwise may interfere with or may enhance the sound recording copyright owner’s other streams of revenue from its sound recordings; and

“(ii) the relative roles of the copyright owner and the transmitting entity in the copyrighted work and the service made available to the public with respect to relative creative contribution, technological contribution, capital investment, cost, and risk.

In establishing such rates and terms, the copyright arbitration royalty panel may consider the rates and terms for comparable types of digital audio transmission services and comparable circumstances under voluntary license agreements negotiated under subparagraph (A).

“(C)(i) Publication of a notice of the initiation of voluntary negotiation proceedings as specified in subparagraph (A) shall be repeated in accordance with regulations that the Librarian of Congress shall prescribe—

“(I) no later than 30 days after a petition is filed by any copyright owners of sound recordings or any eligible nonsubscription service or new subscription service indicating that a new type of eligible nonsubscription service or new subscription service on which sound recordings are performed is or is about to become operational; and

“(II) in the first week of January 2000, and at 2-year intervals thereafter, except to the extent that different years for the repeating of such proceedings may be determined in accordance with subparagraph (A).

“(ii) The procedures specified in subparagraph (B) shall be repeated, in accordance with regulations that the Librarian of Congress shall prescribe, upon filing of a petition in accordance with section 803(a)(1) during a 60-day period commencing—

“(I) 6 months after publication of a notice of the initiation of voluntary negotiation proceedings under subparagraph (A) pursuant to a petition under clause (i)(I); or

“(II) on July 1, 2000, and at 2-year intervals thereafter, except to the extent that different years for the repeating of such proceedings may be determined in accordance with subparagraph (A).

“(iii) The procedures specified in subparagraph (B) shall be concluded in accordance with section 802.

“(3) License agreements voluntarily negotiated at any time between 1 or more copyright owners of sound recordings and 1 or more entities performing sound recordings shall be given effect in lieu of any determination by a copyright arbitration royalty panel or decision by the Librarian of Congress.

“(4)(A) The Librarian of Congress shall also establish requirements by which copyright owners may receive reasonable notice of the use of their sound recordings under this section, and under which records of such use shall be kept and made available by entities performing sound recordings.

“(B) Any person who wishes to perform a sound recording publicly by means of a transmission eligible for statutory licensing under this subsection may do so without infringing the exclusive right of the copyright owner of the sound recording—

“(i) by complying with such notice requirements as the Librarian of Congress shall prescribe by regulation and by paying royalty fees in accordance with this subsection; or

“(ii) if such royalty fees have not been set, by agreeing to pay such royalty fees as shall be determined in accordance with this subsection.

“(C) Any royalty payments in arrears shall be made on or before the twentieth day of the month next succeeding the month in which the royalty fees are set.”.

(3) Subsection (g) is amended—

(A) in the subsection heading by striking “SUBSCRIPTION”;

(B) in paragraph (1) in the matter preceding subparagraph (A), by striking “subscription transmission licensed” and inserting “transmission licensed under a statutory license”;

(C) in subparagraphs (A) and (B) by striking “subscription”; and

(D) in paragraph (2) by striking “subscription”.

(4) Subsection (j) is amended—

(A) by striking paragraphs (4) and (9) and redesignating paragraphs (2), (3), (5), (6), (7), and (8) as paragraphs (3), (5), (9), (12), (13), and (14), respectively;

(B) by inserting after paragraph (1) the following:

“(2) An ‘archived program’ is a predetermined program that is available repeatedly on the demand of the transmission recipient and that is performed in the same order from the beginning, except that an archived program shall not include a recorded event or broadcast transmission that makes no more than an incidental use of sound recordings, as long as such recorded event or broadcast transmission does not contain an entire sound recording or feature a particular sound recording.”;

(C) by inserting after paragraph (3), as so redesignated, the following:

“(4) A ‘continuous program’ is a predetermined program that is continuously performed in the same order and that is accessed at a point in the program that is beyond the control of the transmission recipient.”;

(D) by inserting after paragraph (5), as so redesignated, the following:

“(6) An ‘eligible nonsubscription transmission’ is a noninteractive nonsubscription digital audio transmission not exempt under subsection (d)(1) that is made as part of a service that provides audio programming consisting, in whole or in part, of performances of sound recordings, including retransmissions of broadcast transmissions, if the primary purpose of the service is to provide to the public such audio or other entertainment programming, and the primary purpose of the service is not to sell, advertise, or promote particular products or services other than sound recordings, live concerts, or other music-related events.

“(7) An ‘interactive service’ is one that enables a member of the public to receive a transmission of a program specially created for the recipient, or on request, a transmission of a particular sound recording, whether or not as part of a program, which is selected by or on behalf of the recipient. The ability of individuals to request that particular sound recordings be performed for reception by the public at large, or in the case of a subscription service, by all subscribers of the service, does not make a service interactive, if the programming on each channel of the service does not substantially consist of sound recordings that are performed within 1 hour of the request or at a time designated by either the transmitting entity or the individual making such request. If an entity offers both interactive and noninteractive services (either concurrently or at different times), the noninteractive component shall not be treated as part of an interactive service.

“(8) A ‘new subscription service’ is a service that performs sound recordings by means of noninteractive subscription digital audio transmissions and that is not a preexisting subscription service or a preexisting satellite digital audio radio service.”;

(E) by inserting after paragraph (9), as so redesignated, the following:

“(10) A ‘preexisting satellite digital audio radio service’ is a subscription satellite digital audio radio service provided pursuant to a satellite digital audio radio service license issued by the Federal Communications Commission on or before July 31, 1998, and any renewal of such license to the extent of

the scope of the original license, and may include a limited number of sample channels representative of the subscription service that are made available on a nonsubscription basis in order to promote the subscription service.

“(11) A ‘preexisting subscription service’ is a service that performs sound recordings by means of noninteractive audio-only subscription digital audio transmissions, which was in existence and was making such transmissions to the public for a fee on or before July 31, 1998, and may include a limited number of sample channels representative of the subscription service that are made available on a nonsubscription basis in order to promote the subscription service.”; and

(F) by adding at the end the following:

“(15) A ‘transmission’ is either an initial transmission or a retransmission.”.

(5) The amendment made by paragraph (2)(B)(i)(III) of this subsection shall be deemed to have been enacted as part of the Digital Performance Right in Sound Recordings Act of 1995, and the publication of notice of proceedings under section 114(f)(1) of title 17, United States Code, as in effect upon the effective date of that Act, for the determination of royalty payments shall be deemed to have been made for the period beginning on the effective date of that Act and ending on December 1, 2001.

(6) The amendments made by this subsection do not annul, limit, or otherwise impair the rights that are preserved by section 114 of title 17, United States Code, including the rights preserved by subsections (c), (d)(4), and (i) of such section.

(b) EPHEMERAL RECORDINGS.—Section 112 of title 17, United States Code, is amended—

(1) by redesignating subsection (e) as subsection (f); and

(2) by inserting after subsection (d) the following:

“(e) STATUTORY LICENSE.—(1) A transmitting organization entitled to transmit to the public a performance of a sound recording under the limitation on exclusive rights specified by section 114(d)(1)(C)(iv) or under a statutory license in accordance with section 114(f) is entitled to a statutory license, under the conditions specified by this subsection, to make no more than 1 phonorecord of the sound recording (unless the terms and conditions of the statutory license allow for more), if the following conditions are satisfied:

“(A) The phonorecord is retained and used solely by the transmitting organization that made it, and no further phonorecords are reproduced from it.

“(B) The phonorecord is used solely for the transmitting organization’s own transmissions originating in the United States under a statutory license in accordance with section 114(f) or the limitation on exclusive rights specified by section 114(d)(1)(C)(iv).

“(C) Unless preserved exclusively for purposes of archival preservation, the phonorecord is destroyed within 6 months from the date the sound recording was first transmitted to the public using the phonorecord.

“(D) Phonorecords of the sound recording have been distributed to the public under the authority of the copyright owner or the copyright owner authorizes the transmitting entity to transmit the sound recording, and the transmitting entity

makes the phonorecord under this subsection from a phonorecord lawfully made and acquired under the authority of the copyright owner.

“(3) Notwithstanding any provision of the antitrust laws, any copyright owners of sound recordings and any transmitting organizations entitled to a statutory license under this subsection may negotiate and agree upon royalty rates and license terms and conditions for making phonorecords of such sound recordings under this section and the proportionate division of fees paid among copyright owners, and may designate common agents to negotiate, agree to, pay, or receive such royalty payments.

“(4) No later than 30 days after the date of the enactment of the Digital Millennium Copyright Act, the Librarian of Congress shall cause notice to be published in the Federal Register of the initiation of voluntary negotiation proceedings for the purpose of determining reasonable terms and rates of royalty payments for the activities specified by paragraph (2) of this subsection during the period beginning on the date of the enactment of such Act and ending on December 31, 2000, or such other date as the parties may agree. Such rates shall include a minimum fee for each type of service offered by transmitting organizations. Any copyright owners of sound recordings or any transmitting organizations entitled to a statutory license under this subsection may submit to the Librarian of Congress licenses covering such activities with respect to such sound recordings. The parties to each negotiation proceeding shall bear their own costs.

“(5) In the absence of license agreements negotiated under paragraph (3), during the 60-day period commencing 6 months after publication of the notice specified in paragraph (4), and upon the filing of a petition in accordance with section 803(a)(1), the Librarian of Congress shall, pursuant to chapter 8, convene a copyright arbitration royalty panel to determine and publish in the Federal Register a schedule of reasonable rates and terms which, subject to paragraph (6), shall be binding on all copyright owners of sound recordings and transmitting organizations entitled to a statutory license under this subsection during the period beginning on the date of the enactment of the Digital Millennium Copyright Act and ending on December 31, 2000, or such other date as the parties may agree. Such rates shall include a minimum fee for each type of service offered by transmitting organizations. The copyright arbitration royalty panel shall establish rates that most clearly represent the fees that would have been negotiated in the marketplace between a willing buyer and a willing seller. In determining such rates and terms, the copyright arbitration royalty panel shall base its decision on economic, competitive, and programming information presented by the parties, including—

“(A) whether use of the service may substitute for or may promote the sales of phonorecords or otherwise interferes with or enhances the copyright owner’s traditional streams of revenue; and

“(B) the relative roles of the copyright owner and the transmitting organization in the copyrighted work and the service made available to the public with respect to relative creative contribution, technological contribution, capital investment, cost, and risk.

In establishing such rates and terms, the copyright arbitration royalty panel may consider the rates and terms under voluntary

license agreements negotiated as provided in paragraphs (3) and (4). The Librarian of Congress shall also establish requirements by which copyright owners may receive reasonable notice of the use of their sound recordings under this section, and under which records of such use shall be kept and made available by transmitting organizations entitled to obtain a statutory license under this subsection.

“(6) License agreements voluntarily negotiated at any time between 1 or more copyright owners of sound recordings and 1 or more transmitting organizations entitled to obtain a statutory license under this subsection shall be given effect in lieu of any determination by a copyright arbitration royalty panel or decision by the Librarian of Congress.

“(7) Publication of a notice of the initiation of voluntary negotiation proceedings as specified in paragraph (4) shall be repeated, in accordance with regulations that the Librarian of Congress shall prescribe, in the first week of January 2000, and at 2-year intervals thereafter, except to the extent that different years for the repeating of such proceedings may be determined in accordance with paragraph (4). The procedures specified in paragraph (5) shall be repeated, in accordance with regulations that the Librarian of Congress shall prescribe, upon filing of a petition in accordance with section 803(a)(1), during a 60-day period commencing on July 1, 2000, and at 2-year intervals thereafter, except to the extent that different years for the repeating of such proceedings may be determined in accordance with paragraph (4). The procedures specified in paragraph (5) shall be concluded in accordance with section 802.

“(8)(A) Any person who wishes to make a phonorecord of a sound recording under a statutory license in accordance with this subsection may do so without infringing the exclusive right of the copyright owner of the sound recording under section 106(1)—

“(i) by complying with such notice requirements as the Librarian of Congress shall prescribe by regulation and by paying royalty fees in accordance with this subsection; or

“(ii) if such royalty fees have not been set, by agreeing to pay such royalty fees as shall be determined in accordance with this subsection.

“(B) Any royalty payments in arrears shall be made on or before the 20th day of the month next succeeding the month in which the royalty fees are set.

“(9) If a transmitting organization entitled to make a phonorecord under this subsection is prevented from making such phonorecord by reason of the application by the copyright owner of technical measures that prevent the reproduction of the sound recording, the copyright owner shall make available to the transmitting organization the necessary means for permitting the making of such phonorecord as permitted under this subsection, if it is technologically feasible and economically reasonable for the copyright owner to do so. If the copyright owner fails to do so in a timely manner in light of the transmitting organization's reasonable business requirements, the transmitting organization shall not be liable for a violation of section 1201(a)(1) of this title for engaging in such activities as are necessary to make such phonorecords as permitted under this subsection.

“(10) Nothing in this subsection annuls, limits, impairs, or otherwise affects in any way the existence or value of any of

the exclusive rights of the copyright owners in a sound recording, except as otherwise provided in this subsection, or in a musical work, including the exclusive rights to reproduce and distribute a sound recording or musical work, including by means of a digital phonorecord delivery, under sections 106(1), 106(3), and 115, and the right to perform publicly a sound recording or musical work, including by means of a digital audio transmission, under sections 106(4) and 106(6).”.

(c) SCOPE OF SECTION 112(a) OF TITLE 17 NOT AFFECTED.—Nothing in this section or the amendments made by this section shall affect the scope of section 112(a) of title 17, United States Code, or the entitlement of any person to an exemption thereunder.

(d) PROCEDURAL AMENDMENTS TO CHAPTER 8.—Section 802 of title 17, United States Code, is amended—

(1) in subsection (f)—

(A) in the first sentence by striking “60” and inserting “90”; and

(B) in the third sentence by striking “that 60-day period” and inserting “an additional 30-day period”; and

(2) in subsection (g) by inserting after the second sentence the following: “When this title provides that the royalty rates or terms that were previously in effect are to expire on a specified date, any adjustment by the Librarian of those rates or terms shall be effective as of the day following the date of expiration of the rates or terms that were previously in effect, even if the Librarian’s decision is rendered on a later date.”.

(e) CONFORMING AMENDMENTS.—(1) Section 801(b)(1) of title 17, United States Code, is amended in the second sentence by striking “sections 114, 115, and 116” and inserting “sections 114(f)(1)(B), 115, and 116”.

(2) Section 802(c) of title 17, United States Code, is amended by striking “section 111, 114, 116, or 119, any person entitled to a compulsory license” and inserting “section 111, 112, 114, 116, or 119, any transmitting organization entitled to a statutory license under section 112(f), any person entitled to a statutory license”.

(3) Section 802(g) of title 17, United States Code, is amended by striking “sections 111, 114” and inserting “sections 111, 112, 114”.

(4) Section 802(h)(2) of title 17, United States Code, is amended by striking “section 111, 114” and inserting “section 111, 112, 114”.

(5) Section 803(a)(1) of title 17, United States Code, is amended by striking “sections 114, 115” and inserting “sections 112, 114, 115”.

(6) Section 803(a)(5) of title 17, United States Code, is amended—

(A) by striking “section 114” and inserting “section 112 or 114”; and

(B) by striking “that section” and inserting “those sections”.

**SEC. 406. ASSUMPTION OF CONTRACTUAL OBLIGATIONS RELATED TO TRANSFERS OF RIGHTS IN MOTION PICTURES.**

(a) IN GENERAL.—Part VI of title 28, United States Code, is amended by adding at the end the following new chapter:

## **“CHAPTER 180—ASSUMPTION OF CERTAIN CONTRACTUAL OBLIGATIONS**

“Sec. 4001. Assumption of contractual obligations related to transfers of rights in motion pictures.

### **“§ 4001. Assumption of contractual obligations related to transfers of rights in motion pictures**

“(a) ASSUMPTION OF OBLIGATIONS.—(1) In the case of a transfer of copyright ownership under United States law in a motion picture (as the terms ‘transfer of copyright ownership’ and ‘motion picture’ are defined in section 101 of title 17) that is produced subject to 1 or more collective bargaining agreements negotiated under the laws of the United States, if the transfer is executed on or after the effective date of this chapter and is not limited to public performance rights, the transfer instrument shall be deemed to incorporate the assumption agreements applicable to the copyright ownership being transferred that are required by the applicable collective bargaining agreement, and the transferee shall be subject to the obligations under each such assumption agreement to make residual payments and provide related notices, accruing after the effective date of the transfer and applicable to the exploitation of the rights transferred, and any remedies under each such assumption agreement for breach of those obligations, as those obligations and remedies are set forth in the applicable collective bargaining agreement, if—

“(A) the transferee knows or has reason to know at the time of the transfer that such collective bargaining agreement was or will be applicable to the motion picture; or

“(B) in the event of a court order confirming an arbitration award against the transferor under the collective bargaining agreement, the transferor does not have the financial ability to satisfy the award within 90 days after the order is issued.

“(2) For purposes of paragraph (1)(A), ‘knows or has reason to know’ means any of the following:

“(A) Actual knowledge that the collective bargaining agreement was or will be applicable to the motion picture.

“(B)(i) Constructive knowledge that the collective bargaining agreement was or will be applicable to the motion picture, arising from recordation of a document pertaining to copyright in the motion picture under section 205 of title 17 or from publication, at a site available to the public on-line that is operated by the relevant union, of information that identifies the motion picture as subject to a collective bargaining agreement with that union, if the site permits commercially reasonable verification of the date on which the information was available for access.

“(ii) Clause (i) applies only if the transfer referred to in subsection (a)(1) occurs—

“(I) after the motion picture is completed, or

“(II) before the motion picture is completed and—

“(aa) within 18 months before the filing of an application for copyright registration for the motion picture under section 408 of title 17, or

“(bb) if no such application is filed, within 18 months before the first publication of the motion picture in the United States.



“(C) Awareness of other facts and circumstances pertaining to a particular transfer from which it is apparent that the collective bargaining agreement was or will be applicable to the motion picture.

“(b) SCOPE OF EXCLUSION OF TRANSFERS OF PUBLIC PERFORMANCE RIGHTS.—For purposes of this section, the exclusion under subsection (a) of transfers of copyright ownership in a motion picture that are limited to public performance rights includes transfers to a terrestrial broadcast station, cable system, or programmer to the extent that the station, system, or programmer is functioning as an exhibitor of the motion picture, either by exhibiting the motion picture on its own network, system, service, or station, or by initiating the transmission of an exhibition that is carried on another network, system, service, or station. When a terrestrial broadcast station, cable system, or programmer, or other transferee, is also functioning otherwise as a distributor or as a producer of the motion picture, the public performance exclusion does not affect any obligations imposed on the transferee to the extent that it is engaging in such functions.

“(c) EXCLUSION FOR GRANTS OF SECURITY INTERESTS.—Subsection (a) shall not apply to—

“(1) a transfer of copyright ownership consisting solely of a mortgage, hypothecation, or other security interest; or

“(2) a subsequent transfer of the copyright ownership secured by the security interest described in paragraph (1) by or under the authority of the secured party, including a transfer through the exercise of the secured party's rights or remedies as a secured party, or by a subsequent transferee. The exclusion under this subsection shall not affect any rights or remedies under law or contract.

“(d) DEFERRAL PENDING RESOLUTION OF BONA FIDE DISPUTE.—A transferee on which obligations are imposed under subsection (a) by virtue of paragraph (1) of that subsection may elect to defer performance of such obligations that are subject to a bona fide dispute between a union and a prior transferor until that dispute is resolved, except that such deferral shall not stay accrual of any union claims due under an applicable collective bargaining agreement.

“(e) SCOPE OF OBLIGATIONS DETERMINED BY PRIVATE AGREEMENT.—Nothing in this section shall expand or diminish the rights, obligations, or remedies of any person under the collective bargaining agreements or assumption agreements referred to in this section.

“(f) FAILURE TO NOTIFY.—If the transferor under subsection (a) fails to notify the transferee under subsection (a) of applicable collective bargaining obligations before the execution of the transfer instrument, and subsection (a) is made applicable to the transferee solely by virtue of subsection (a)(1)(B), the transferor shall be liable to the transferee for any damages suffered by the transferee as a result of the failure to notify.

“(g) DETERMINATION OF DISPUTES AND CLAIMS.—Any dispute concerning the application of subsections (a) through (f) shall be determined by an action in United States district court, and the court in its discretion may allow the recovery of full costs by or against any party and may also award a reasonable attorney's fee to the prevailing party as part of the costs.

“(h) **STUDY.**—The Comptroller General, in consultation with the Register of Copyrights, shall conduct a study of the conditions in the motion picture industry that gave rise to this section, and the impact of this section on the motion picture industry. The Comptroller General shall report the findings of the study to the Congress within 2 years after the effective date of this chapter.”.

(b) **CONFORMING AMENDMENT.**—The table of chapters for part VI of title 28, United States Code, is amended by adding at the end the following:

“180. Assumption of Certain Contractual Obligations ..... 4001”.

**SEC. 407. EFFECTIVE DATE.**

Except as otherwise provided in this title, this title and the amendments made by this title shall take effect on the date of the enactment of this Act.

## **TITLE V—PROTECTION OF CERTAIN ORIGINAL DESIGNS**

**SEC. 501. SHORT TITLE.**

This Act may be referred to as the “Vessel Hull Design Protection Act”.

**SEC. 502. PROTECTION OF CERTAIN ORIGINAL DESIGNS.**

Title 17, United States Code, is amended by adding at the end the following new chapter:

### **“CHAPTER 13—PROTECTION OF ORIGINAL DESIGNS**

“Sec.

- “1301. Designs protected.
- “1302. Designs not subject to protection.
- “1303. Revisions, adaptations, and rearrangements.
- “1304. Commencement of protection.
- “1305. Term of protection.
- “1306. Design notice.
- “1307. Effect of omission of notice.
- “1308. Exclusive rights.
- “1309. Infringement.
- “1310. Application for registration.
- “1311. Benefit of earlier filing date in foreign country.
- “1312. Oaths and acknowledgments.
- “1313. Examination of application and issue or refusal of registration.
- “1314. Certification of registration.
- “1315. Publication of announcements and indexes.
- “1316. Fees.
- “1317. Regulations.
- “1318. Copies of records.
- “1319. Correction of errors in certificates.
- “1320. Ownership and transfer.
- “1321. Remedy for infringement.
- “1322. Injunctions.
- “1323. Recovery for infringement.
- “1324. Power of court over registration.
- “1325. Liability for action on registration fraudulently obtained.
- “1326. Penalty for false marking.
- “1327. Penalty for false representation.
- “1328. Enforcement by Treasury and Postal Service.
- “1329. Relation to design patent law.
- “1330. Common law and other rights unaffected.
- “1331. Administrator; Office of the Administrator.
- “1332. No retroactive effect.

**“§ 1301. Designs protected**

“(a) **DESIGNS PROTECTED.**—

“(1) IN GENERAL.—The designer or other owner of an original design of a useful article which makes the article attractive or distinctive in appearance to the purchasing or using public may secure the protection provided by this chapter upon complying with and subject to this chapter.

“(2) VESSEL HULLS.—The design of a vessel hull, including a plug or mold, is subject to protection under this chapter, notwithstanding section 1302(4).

“(b) DEFINITIONS.—For the purpose of this chapter, the following terms have the following meanings:

“(1) A design is ‘original’ if it is the result of the designer’s creative endeavor that provides a distinguishable variation over prior work pertaining to similar articles which is more than merely trivial and has not been copied from another source.

“(2) A ‘useful article’ is a vessel hull, including a plug or mold, which in normal use has an intrinsic utilitarian function that is not merely to portray the appearance of the article or to convey information. An article which normally is part of a useful article shall be deemed to be a useful article.

“(3) A ‘vessel’ is a craft, especially one larger than a rowboat, designed to navigate on water, but does not include any such craft that exceeds 200 feet in length.

“(4) A ‘hull’ is the frame or body of a vessel, including the deck of a vessel, exclusive of masts, sails, yards, and rigging.

“(5) A ‘plug’ means a device or model used to make a mold for the purpose of exact duplication, regardless of whether the device or model has an intrinsic utilitarian function that is not only to portray the appearance of the product or to convey information.

“(6) A ‘mold’ means a matrix or form in which a substance for material is used, regardless of whether the matrix or form has an intrinsic utilitarian function that is not only to portray the appearance of the product or to convey information.

#### “§ 1302. Designs not subject to protection

“Protection under this chapter shall not be available for a design that is—

“(1) not original;

“(2) staple or commonplace, such as a standard geometric figure, a familiar symbol, an emblem, or a motif, or another shape, pattern, or configuration which has become standard, common, prevalent, or ordinary;

“(3) different from a design excluded by paragraph (2) only in insignificant details or in elements which are variants commonly used in the relevant trades;

“(4) dictated solely by a utilitarian function of the article that embodies it; or

“(5) embodied in a useful article that was made public by the designer or owner in the United States or a foreign country more than 1 year before the date of the application for registration under this chapter.

#### “§ 1303. Revisions, adaptations, and rearrangements

“Protection for a design under this chapter shall be available notwithstanding the employment in the design of subject matter excluded from protection under section 1302 if the design is a substantial revision, adaptation, or rearrangement of such subject

matter. Such protection shall be independent of any subsisting protection in subject matter employed in the design, and shall not be construed as securing any right to subject matter excluded from protection under this chapter or as extending any subsisting protection under this chapter.

**“§ 1304. Commencement of protection**

“The protection provided for a design under this chapter shall commence upon the earlier of the date of publication of the registration under section 1313(a) or the date the design is first made public as defined by section 1310(b).

**“§ 1305. Term of protection**

“(a) IN GENERAL.—Subject to subsection (b), the protection provided under this chapter for a design shall continue for a term of 10 years beginning on the date of the commencement of protection under section 1304.

“(b) EXPIRATION.—All terms of protection provided in this section shall run to the end of the calendar year in which they would otherwise expire.

“(c) TERMINATION OF RIGHTS.—Upon expiration or termination of protection in a particular design under this chapter, all rights under this chapter in the design shall terminate, regardless of the number of different articles in which the design may have been used during the term of its protection.

**“§ 1306. Design notice**

“(a) CONTENTS OF DESIGN NOTICE.—(1) Whenever any design for which protection is sought under this chapter is made public under section 1310(b), the owner of the design shall, subject to the provisions of section 1307, mark it or have it marked legibly with a design notice consisting of—

“(A) the words ‘Protected Design’, the abbreviation ‘Prot’d Des.’, or the letter ‘D’ with a circle, or the symbol ‘\*D\*’;

“(B) the year of the date on which protection for the design commenced; and

“(C) the name of the owner, an abbreviation by which the name can be recognized, or a generally accepted alternative designation of the owner.

Any distinctive identification of the owner may be used for purposes of subparagraph (C) if it has been recorded by the Administrator before the design marked with such identification is registered.

“(2) After registration, the registration number may be used instead of the elements specified in subparagraphs (B) and (C) of paragraph (1).

“(b) LOCATION OF NOTICE.—The design notice shall be so located and applied as to give reasonable notice of design protection while the useful article embodying the design is passing through its normal channels of commerce.

“(c) SUBSEQUENT REMOVAL OF NOTICE.—When the owner of a design has complied with the provisions of this section, protection under this chapter shall not be affected by the removal, destruction, or obliteration by others of the design notice on an article.

**“§ 1307. Effect of omission of notice**

“(a) ACTIONS WITH NOTICE.—Except as provided in subsection (b), the omission of the notice prescribed in section 1306 shall

not cause loss of the protection under this chapter or prevent recovery for infringement under this chapter against any person who, after receiving written notice of the design protection, begins an undertaking leading to infringement under this chapter.

“(b) ACTIONS WITHOUT NOTICE.—The omission of the notice prescribed in section 1306 shall prevent any recovery under section 1323 against a person who began an undertaking leading to infringement under this chapter before receiving written notice of the design protection. No injunction shall be issued under this chapter with respect to such undertaking unless the owner of the design reimburses that person for any reasonable expenditure or contractual obligation in connection with such undertaking that was incurred before receiving written notice of the design protection, as the court in its discretion directs. The burden of providing written notice of design protection shall be on the owner of the design.

#### “§ 1308. Exclusive rights

“The owner of a design protected under this chapter has the exclusive right to—

“(1) make, have made, or import, for sale or for use in trade, any useful article embodying that design; and

“(2) sell or distribute for sale or for use in trade any useful article embodying that design.

#### “§ 1309. Infringement

“(a) ACTS OF INFRINGEMENT.—Except as provided in subsection (b), it shall be infringement of the exclusive rights in a design protected under this chapter for any person, without the consent of the owner of the design, within the United States and during the term of such protection, to—

“(1) make, have made, or import, for sale or for use in trade, any infringing article as defined in subsection (e); or

“(2) sell or distribute for sale or for use in trade any such infringing article.

“(b) ACTS OF SELLERS AND DISTRIBUTORS.—A seller or distributor of an infringing article who did not make or import the article shall be deemed to have infringed on a design protected under this chapter only if that person—

“(1) induced or acted in collusion with a manufacturer to make, or an importer to import such article, except that merely purchasing or giving an order to purchase such article in the ordinary course of business shall not of itself constitute such inducement or collusion; or

“(2) refused or failed, upon the request of the owner of the design, to make a prompt and full disclosure of that person's source of such article, and that person orders or reorders such article after receiving notice by registered or certified mail of the protection subsisting in the design.

“(c) ACTS WITHOUT KNOWLEDGE.—It shall not be infringement under this section to make, have made, import, sell, or distribute, any article embodying a design which was created without knowledge that a design was protected under this chapter and was copied from such protected design.

“(d) ACTS IN ORDINARY COURSE OF BUSINESS.—A person who incorporates into that person's product of manufacture an infringing article acquired from others in the ordinary course of business,

or who, without knowledge of the protected design embodied in an infringing article, makes or processes the infringing article for the account of another person in the ordinary course of business, shall not be deemed to have infringed the rights in that design under this chapter except under a condition contained in paragraph (1) or (2) of subsection (b). Accepting an order or reorder from the source of the infringing article shall be deemed ordering or reordering within the meaning of subsection (b)(2).

“(e) INFRINGING ARTICLE DEFINED.—As used in this section, an ‘infringing article’ is any article the design of which has been copied from a design protected under this chapter, without the consent of the owner of the protected design. An infringing article is not an illustration or picture of a protected design in an advertisement, book, periodical, newspaper, photograph, broadcast, motion picture, or similar medium. A design shall not be deemed to have been copied from a protected design if it is original and not substantially similar in appearance to a protected design.

“(f) ESTABLISHING ORIGINALITY.—The party to any action or proceeding under this chapter who alleges rights under this chapter in a design shall have the burden of establishing the design’s originality whenever the opposing party introduces an earlier work which is identical to such design, or so similar as to make prima facie showing that such design was copied from such work.

“(g) REPRODUCTION FOR TEACHING OR ANALYSIS.—It is not an infringement of the exclusive rights of a design owner for a person to reproduce the design in a useful article or in any other form solely for the purpose of teaching, analyzing, or evaluating the appearance, concepts, or techniques embodied in the design, or the function of the useful article embodying the design.

#### “§ 1310. Application for registration

“(a) TIME LIMIT FOR APPLICATION FOR REGISTRATION.—Protection under this chapter shall be lost if application for registration of the design is not made within 2 years after the date on which the design is first made public.

“(b) WHEN DESIGN IS MADE PUBLIC.—A design is made public when an existing useful article embodying the design is anywhere publicly exhibited, publicly distributed, or offered for sale or sold to the public by the owner of the design or with the owner’s consent.

“(c) APPLICATION BY OWNER OF DESIGN.—Application for registration may be made by the owner of the design.

“(d) CONTENTS OF APPLICATION.—The application for registration shall be made to the Administrator and shall state—

“(1) the name and address of the designer or designers of the design;

“(2) the name and address of the owner if different from the designer;

“(3) the specific name of the useful article embodying the design;

“(4) the date, if any, that the design was first made public, if such date was earlier than the date of the application;

“(5) affirmation that the design has been fixed in a useful article; and

“(6) such other information as may be required by the Administrator.

The application for registration may include a description setting forth the salient features of the design, but the absence of such a description shall not prevent registration under this chapter.

"(e) SWORN STATEMENT.—The application for registration shall be accompanied by a statement under oath by the applicant or the applicant's duly authorized agent or representative, setting forth, to the best of the applicant's knowledge and belief—

"(1) that the design is original and was created by the designer or designers named in the application;

"(2) that the design has not previously been registered on behalf of the applicant or the applicant's predecessor in title; and

"(3) that the applicant is the person entitled to protection and to registration under this chapter.

If the design has been made public with the design notice prescribed in section 1306, the statement shall also describe the exact form and position of the design notice.

"(f) EFFECT OF ERRORS.—(1) Error in any statement or assertion as to the utility of the useful article named in the application under this section, the design of which is sought to be registered, shall not affect the protection secured under this chapter.

"(2) Errors in omitting a joint designer or in naming an alleged joint designer shall not affect the validity of the registration, or the actual ownership or the protection of the design, unless it is shown that the error occurred with deceptive intent.

"(g) DESIGN MADE IN SCOPE OF EMPLOYMENT.—In a case in which the design was made within the regular scope of the designer's employment and individual authorship of the design is difficult or impossible to ascribe and the application so states, the name and address of the employer for whom the design was made may be stated instead of that of the individual designer.

"(h) PICTORIAL REPRESENTATION OF DESIGN.—The application for registration shall be accompanied by two copies of a drawing or other pictorial representation of the useful article embodying the design, having one or more views, adequate to show the design, in a form and style suitable for reproduction, which shall be deemed a part of the application.

"(i) DESIGN IN MORE THAN ONE USEFUL ARTICLE.—If the distinguishing elements of a design are in substantially the same form in different useful articles, the design shall be protected as to all such useful articles when protected as to one of them, but not more than one registration shall be required for the design.

"(j) APPLICATION FOR MORE THAN ONE DESIGN.—More than one design may be included in the same application under such conditions as may be prescribed by the Administrator. For each design included in an application the fee prescribed for a single design shall be paid.

#### **"§ 1311. Benefit of earlier filing date in foreign country**

"An application for registration of a design filed in the United States by any person who has, or whose legal representative or predecessor or successor in title has, previously filed an application for registration of the same design in a foreign country which extends to designs of owners who are citizens of the United States, or to applications filed under this chapter, similar protection to that provided under this chapter shall have that same effect as if filed in the United States on the date on which the application

was first filed in such foreign country, if the application in the United States is filed within 6 months after the earliest date on which any such foreign application was filed.

**“§ 1312. Oaths and acknowledgments**

“(a) IN GENERAL.—Oaths and acknowledgments required by this chapter—

“(1) may be made—

“(A) before any person in the United States authorized by law to administer oaths; or

“(B) when made in a foreign country, before any diplomatic or consular officer of the United States authorized to administer oaths, or before any official authorized to administer oaths in the foreign country concerned, whose authority shall be proved by a certificate of a diplomatic or consular officer of the United States; and

“(2) shall be valid if they comply with the laws of the State or country where made.

“(b) WRITTEN DECLARATION IN LIEU OF OATH.—(1) The Administrator may by rule prescribe that any document which is to be filed under this chapter in the Office of the Administrator and which is required by any law, rule, or other regulation to be under oath, may be subscribed to by a written declaration in such form as the Administrator may prescribe, and such declaration shall be in lieu of the oath otherwise required.

“(2) Whenever a written declaration under paragraph (1) is used, the document containing the declaration shall state that willful false statements are punishable by fine or imprisonment, or both, pursuant to section 1001 of title 18, and may jeopardize the validity of the application or document or a registration resulting therefrom.

**“§ 1313. Examination of application and issue or refusal of registration**

“(a) DETERMINATION OF REGISTRABILITY OF DESIGN; REGISTRATION.—Upon the filing of an application for registration in proper form under section 1310, and upon payment of the fee prescribed under section 1316, the Administrator shall determine whether or not the application relates to a design which on its face appears to be subject to protection under this chapter, and, if so, the Register shall register the design. Registration under this subsection shall be announced by publication. The date of registration shall be the date of publication.

“(b) REFUSAL TO REGISTER; RECONSIDERATION.—If, in the judgment of the Administrator, the application for registration relates to a design which on its face is not subject to protection under this chapter, the Administrator shall send to the applicant a notice of refusal to register and the grounds for the refusal. Within 3 months after the date on which the notice of refusal is sent, the applicant may, by written request, seek reconsideration of the application. After consideration of such a request, the Administrator shall either register the design or send to the applicant a notice of final refusal to register.

“(c) APPLICATION TO CANCEL REGISTRATION.—Any person who believes he or she is or will be damaged by a registration under this chapter may, upon payment of the prescribed fee, apply to the Administrator at any time to cancel the registration on the



ground that the design is not subject to protection under this chapter, stating the reasons for the request. Upon receipt of an application for cancellation, the Administrator shall send to the owner of the design, as shown in the records of the Office of the Administrator, a notice of the application, and the owner shall have a period of 3 months after the date on which such notice is mailed in which to present arguments to the Administrator for support of the validity of the registration. The Administrator shall also have the authority to establish, by regulation, conditions under which the opposing parties may appear and be heard in support of their arguments. If, after the periods provided for the presentation of arguments have expired, the Administrator determines that the applicant for cancellation has established that the design is not subject to protection under this chapter, the Administrator shall order the registration stricken from the record. Cancellation under this subsection shall be announced by publication, and notice of the Administrator's final determination with respect to any application for cancellation shall be sent to the applicant and to the owner of record.

#### **“§ 1314. Certification of registration**

“Certificates of registration shall be issued in the name of the United States under the seal of the Office of the Administrator and shall be recorded in the official records of the Office. The certificate shall state the name of the useful article, the date of filing of the application, the date of registration, and the date the design was made public, if earlier than the date of filing of the application, and shall contain a reproduction of the drawing or other pictorial representation of the design. If a description of the salient features of the design appears in the application, the description shall also appear in the certificate. A certificate of registration shall be admitted in any court as prima facie evidence of the facts stated in the certificate.

#### **“§ 1315. Publication of announcements and indexes**

“(a) PUBLICATIONS OF THE ADMINISTRATOR.—The Administrator shall publish lists and indexes of registered designs and cancellations of designs and may also publish the drawings or other pictorial representations of registered designs for sale or other distribution.

“(b) FILE OF REPRESENTATIVES OF REGISTERED DESIGNS.—The Administrator shall establish and maintain a file of the drawings or other pictorial representations of registered designs. The file shall be available for use by the public under such conditions as the Administrator may prescribe.

#### **“§ 1316. Fees**

“The Administrator shall by regulation set reasonable fees for the filing of applications to register designs under this chapter and for other services relating to the administration of this chapter, taking into consideration the cost of providing these services and the benefit of a public record.

#### **“§ 1317. Regulations**

“The Administrator may establish regulations for the administration of this chapter.

**“§ 1318. Copies of records**

“Upon payment of the prescribed fee, any person may obtain a certified copy of any official record of the Office of the Administrator that relates to this chapter. That copy shall be admissible in evidence with the same effect as the original.

**“§ 1319. Correction of errors in certificates**

“The Administrator may, by a certificate of correction under seal, correct any error in a registration incurred through the fault of the Office, or, upon payment of the required fee, any error of a clerical or typographical nature occurring in good faith but not through the fault of the Office. Such registration, together with the certificate, shall thereafter have the same effect as if it had been originally issued in such corrected form.

**“§ 1320. Ownership and transfer**

“(a) PROPERTY RIGHT IN DESIGN.—The property right in a design subject to protection under this chapter shall vest in the designer, the legal representatives of a deceased designer or of one under legal incapacity, the employer for whom the designer created the design in the case of a design made within the regular scope of the designer's employment, or a person to whom the rights of the designer or of such employer have been transferred. The person in whom the property right is vested shall be considered the owner of the design.

“(b) TRANSFER OF PROPERTY RIGHT.—The property right in a registered design, or a design for which an application for registration has been or may be filed, may be assigned, granted, conveyed, or mortgaged by an instrument in writing, signed by the owner, or may be bequeathed by will.

“(c) OATH OR ACKNOWLEDGEMENT OF TRANSFER.—An oath or acknowledgment under section 1312 shall be prima facie evidence of the execution of an assignment, grant, conveyance, or mortgage under subsection (b).

“(d) RECORDATION OF TRANSFER.—An assignment, grant, conveyance, or mortgage under subsection (b) shall be void as against any subsequent purchaser or mortgagee for a valuable consideration, unless it is recorded in the Office of the Administrator within 3 months after its date of execution or before the date of such subsequent purchase or mortgage.

**“§ 1321. Remedy for infringement**

“(a) IN GENERAL.—The owner of a design is entitled, after issuance of a certificate of registration of the design under this chapter, to institute an action for any infringement of the design.

“(b) REVIEW OF REFUSAL TO REGISTER.—(1) Subject to paragraph (2), the owner of a design may seek judicial review of a final refusal of the Administrator to register the design under this chapter by bringing a civil action, and may in the same action, if the court adjudges the design subject to protection under this chapter, enforce the rights in that design under this chapter.

“(2) The owner of a design may seek judicial review under this section if—

“(A) the owner has previously duly filed and prosecuted to final refusal an application in proper form for registration of the design;

“(B) the owner causes a copy of the complaint in the action to be delivered to the Administrator within 10 days after the commencement of the action; and

“(C) the defendant has committed acts in respect to the design which would constitute infringement with respect to a design protected under this chapter.

“(c) ADMINISTRATOR AS PARTY TO ACTION.—The Administrator may, at the Administrator’s option, become a party to the action with respect to the issue of registrability of the design claim by entering an appearance within 60 days after being served with the complaint, but the failure of the Administrator to become a party shall not deprive the court of jurisdiction to determine that issue.

“(d) USE OF ARBITRATION TO RESOLVE DISPUTE.—The parties to an infringement dispute under this chapter, within such time as may be specified by the Administrator by regulation, may determine the dispute, or any aspect of the dispute, by arbitration. Arbitration shall be governed by title 9. The parties shall give notice of any arbitration award to the Administrator, and such award shall, as between the parties to the arbitration, be dispositive of the issues to which it relates. The arbitration award shall be unenforceable until such notice is given. Nothing in this subsection shall preclude the Administrator from determining whether a design is subject to registration in a cancellation proceeding under section 1313(c).

#### **§ 1322. Injunctions**

“(a) IN GENERAL.—A court having jurisdiction over actions under this chapter may grant injunctions in accordance with the principles of equity to prevent infringement of a design under this chapter, including, in its discretion, prompt relief by temporary restraining orders and preliminary injunctions.

“(b) DAMAGES FOR INJUNCTIVE RELIEF WRONGFULLY OBTAINED.—A seller or distributor who suffers damage by reason of injunctive relief wrongfully obtained under this section has a cause of action against the applicant for such injunctive relief and may recover such relief as may be appropriate, including damages for lost profits, cost of materials, loss of good will, and punitive damages in instances where the injunctive relief was sought in bad faith, and, unless the court finds extenuating circumstances, reasonable attorney’s fees.

#### **“§ 1323. Recovery for infringement**

“(a) DAMAGES.—Upon a finding for the claimant in an action for infringement under this chapter, the court shall award the claimant damages adequate to compensate for the infringement. In addition, the court may increase the damages to such amount, not exceeding \$50,000 or \$1 per copy, whichever is greater, as the court determines to be just. The damages awarded shall constitute compensation and not a penalty. The court may receive expert testimony as an aid to the determination of damages.

“(b) INFRINGER’S PROFITS.—As an alternative to the remedies provided in subsection (a), the court may award the claimant the infringer’s profits resulting from the sale of the copies if the court finds that the infringer’s sales are reasonably related to the use of the claimant’s design. In such a case, the claimant shall be required to prove only the amount of the infringer’s sales and

the infringer shall be required to prove its expenses against such sales.

“(c) STATUTE OF LIMITATIONS.—No recovery under subsection (a) or (b) shall be had for any infringement committed more than 3 years before the date on which the complaint is filed.

“(d) ATTORNEY’S FEES.—In an action for infringement under this chapter, the court may award reasonable attorney’s fees to the prevailing party.

“(e) DISPOSITION OF INFRINGING AND OTHER ARTICLES.—The court may order that all infringing articles, and any plates, molds, patterns, models, or other means specifically adapted for making the articles, be delivered up for destruction or other disposition as the court may direct.

**“§ 1324. Power of court over registration**

“In any action involving the protection of a design under this chapter, the court, when appropriate, may order registration of a design under this chapter or the cancellation of such a registration. Any such order shall be certified by the court to the Administrator, who shall make an appropriate entry upon the record.

**“§ 1325. Liability for action on registration fraudulently obtained**

“Any person who brings an action for infringement knowing that registration of the design was obtained by a false or fraudulent representation materially affecting the rights under this chapter, shall be liable in the sum of \$10,000, or such part of that amount as the court may determine. That amount shall be to compensate the defendant and shall be charged against the plaintiff and paid to the defendant, in addition to such costs and attorney’s fees of the defendant as may be assessed by the court.

**“§ 1326. Penalty for false marking**

“(a) IN GENERAL.—Whoever, for the purpose of deceiving the public, marks upon, applies to, or uses in advertising in connection with an article made, used, distributed, or sold, a design which is not protected under this chapter, a design notice specified in section 1306, or any other words or symbols importing that the design is protected under this chapter, knowing that the design is not so protected, shall pay a civil fine of not more than \$500 for each such offense.

“(b) SUIT BY PRIVATE PERSONS.—Any person may sue for the penalty established by subsection (a), in which event one-half of the penalty shall be awarded to the person suing and the remainder shall be awarded to the United States.

**“§ 1327. Penalty for false representation**

“Whoever knowingly makes a false representation materially affecting the rights obtainable under this chapter for the purpose of obtaining registration of a design under this chapter shall pay a penalty of not less than \$500 and not more than \$1,000, and any rights or privileges that individual may have in the design under this chapter shall be forfeited.

**"§ 1328. Enforcement by Treasury and Postal Service**

"(a) REGULATIONS.—The Secretary of the Treasury and the United States Postal Service shall separately or jointly issue regulations for the enforcement of the rights set forth in section 1308 with respect to importation. Such regulations may require, as a condition for the exclusion of articles from the United States, that the person seeking exclusion take any one or more of the following actions:

"(1) Obtain a court order enjoining, or an order of the International Trade Commission under section 337 of the Tariff Act of 1930 excluding, importation of the articles.

"(2) Furnish proof that the design involved is protected under this chapter and that the importation of the articles would infringe the rights in the design under this chapter.

"(3) Post a surety bond for any injury that may result if the detention or exclusion of the articles proves to be unjustified.

"(b) SEIZURE AND FORFEITURE.—Articles imported in violation of the rights set forth in section 1308 are subject to seizure and forfeiture in the same manner as property imported in violation of the customs laws. Any such forfeited articles shall be destroyed as directed by the Secretary of the Treasury or the court, as the case may be, except that the articles may be returned to the country of export whenever it is shown to the satisfaction of the Secretary of the Treasury that the importer had no reasonable grounds for believing that his or her acts constituted a violation of the law.

**"§ 1329. Relation to design patent law**

"The issuance of a design patent under title 35, United States Code, for an original design for an article of manufacture shall terminate any protection of the original design under this chapter.

**"§ 1330. Common law and other rights unaffected**

"Nothing in this chapter shall annul or limit—

"(1) common law or other rights or remedies, if any, available to or held by any person with respect to a design which has not been registered under this chapter; or

"(2) any right under the trademark laws or any right protected against unfair competition.

**"§ 1331. Administrator; Office of the Administrator**

"In this chapter, the 'Administrator' is the Register of Copyrights, and the 'Office of the Administrator' and the 'Office' refer to the Copyright Office of the Library of Congress.

**"§ 1332. No retroactive effect**

"Protection under this chapter shall not be available for any design that has been made public under section 1310(b) before the effective date of this chapter."

**SEC. 503. CONFORMING AMENDMENTS.**

(a) TABLE OF CHAPTERS.—The table of chapters for title 17, United States Code, is amended by adding at the end the following:

"13. Protection of Original Designs ..... 1301".

(b) JURISDICTION OF DISTRICT COURTS OVER DESIGN ACTIONS.—

(1) Section 1338(c) of title 28, United States Code, is amended by inserting “, and to exclusive rights in designs under chapter 13 of title 17,” after “title 17”.

(2)(A) The section heading for section 1338 of title 28, United States Code, is amended by inserting “**designs,**” after “**mask works,**”.

(B) The item relating to section 1338 in the table of sections at the beginning of chapter 85 of title 28, United States Code, is amended by inserting “designs,” after “mask works,”.

(c) PLACE FOR BRINGING DESIGN ACTIONS.—(1) Section 1400(a) of title 28, United States Code, is amended by inserting “or designs” after “mask works”.

(2) The section heading for section 1400 of title 28, United States Code, is amended to read as follows:

**“Patents and copyrights, mask works, and designs”.**

(3) The item relating to section 1400 in the table of sections at the beginning of chapter 87 of title 28, United States Code, is amended to read as follows:

“1400. Patents and copyrights, mask works, and designs.”.

(d) ACTIONS AGAINST THE UNITED STATES.—Section 1498(e) of title 28, United States Code, is amended by inserting “, and to exclusive rights in designs under chapter 13 of title 17,” after “title 17”.

**SEC. 504. JOINT STUDY OF THE EFFECT OF THIS TITLE.**

(a) IN GENERAL.—Not later than 1 year after the date of the enactment of this Act, and not later than 2 years after such date of enactment, the Register of Copyrights and the Commissioner of Patents and Trademarks shall submit to the Committees on the Judiciary of the Senate and the House of Representatives a joint report evaluating the effect of the amendments made by this title.

(b) ELEMENTS FOR CONSIDERATION.—In carrying out subsection (a), the Register of Copyrights and the Commissioner of Patents and Trademarks shall consider—

(1) the extent to which the amendments made by this title has been effective in suppressing infringement of the design of vessel hulls;

(2) the extent to which the registration provided for in chapter 13 of title 17, United States Code, as added by this title, has been utilized;

(3) the extent to which the creation of new designs of vessel hulls have been encouraged by the amendments made by this title;

(4) the effect, if any, of the amendments made by this title on the price of vessels with hulls protected under such amendments; and

(5) such other considerations as the Register and the Commissioner may deem relevant to accomplish the purposes of the evaluation conducted under subsection (a).

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**SEC. 505. EFFECTIVE DATE.**

The amendments made by sections 502 and 503 shall take effect on the date of the enactment of this Act and shall remain in effect until the end of the 2-year period beginning on such date of enactment. No cause of action based on chapter 13 of title 17, United States Code, as added by this title, may be filed after the end of that 2-year period.

*Speaker of the House of Representatives.*

*Vice President of the United States and  
President of the Senate.*



# TERMS AND CONDITIONS OF CREDENTIALS FOR MAJOR LEAGUE BASEBALL GAMES, WORKOUTS, ACTIVITIES AND EVENTS ("GAMES")

Each individual or entity signing for or using a credential, and his/her/its employers (each signer, user and employer, a "Bearer"), agree to the following:

1. Each Bearer attending one of the Games (each, a "Game") using a credential represents that such Bearer is acting on a specific assignment for a newspaper, or for a press, news or photographic service.
2. The use of any account, description, picture, photograph, video, audio, reproduction, or other information concerning the Games (the "Game Information") other than for news coverage of, or magazines, books or stories about, the Games, or for First Amendment-protected purposes, is prohibited, except (a) with the prior written consent of the Baseball Office of the Commissioner or (b) as specifically licensed by Paragraph 4 below. Nothing in these terms and conditions authorizes or allows Bearer to violate the MLB Entities' trademark, copyright and other proprietary rights.
3. While a Game is in progress, Bearer shall not transmit or aid in transmitting any Game Information on a play-by-play or pitch-by-pitch basis, more frequently than once every half-inning of play (except to report on the occasional and significant historic event), or such other longer period as Bearer has agreed to refrain from such transmission except (a) this limitation shall not apply to Internet transmissions between the Bearer attending the Game and such Bearer's employer, or (b) with the prior written consent of the Baseball Office of the Commissioner.
4. While a Game is in progress, Bearer shall not transmit, display, or aid in transmitting or displaying, any video, audio, pictures, photographs or other non-text based accounts or descriptions of Games (such video, audio, pictures, photographs or other non-text based accounts or descriptions of Games shall be collectively referred to as "Non-Text Accounts") that Bearer obtains at that Game in any media, except (a) this limitation shall not apply to Internet transmissions between the Bearer attending the Games and such Bearer's employer, or (b) with the prior written consent of the Baseball Office of the Commissioner. This credential confers on the entity that engaged the Bearer a limited, non-exclusive and non-transferable license to use on such entity's own online distribution platform product or site a reasonable number of still pictures or photographs for news coverage of the Game and other editorial purposes; provided, however, that no more than seven still pictures and photographs about a Game may be so used while the Game is in progress.
5. The MLB Entities are the exclusive owners of all trademarks, copyrights, and other proprietary rights in their respective names, logos and uniform designs.
6. Bearer assumes all risks incidental to the performance by the Bearer of Bearer's services in connection with the Games and assumes all risks incidental to the Games, whether occurring prior to, during or subsequent to the actual playing of the Games, including, but not limited to, the risk of being injured by thrown bats, or fragments thereof, and thrown or batted balls, and agrees that the Baseball Office of the Commissioner, Major League Baseball Enterprises, Inc., Major League Baseball Properties, Inc., Major League Baseball Properties Canada Inc., MLB Advanced Media, L.P., MLB Advanced Media, Inc., MLB Online Services, Inc., the American and National Leagues and their constituent Major League Clubs, and their respective owners, shareholders, partners, agents, officers, directors and players and other employees and any entity owning or providing the stadium or premises for the event for which these credentials are issued (collectively, the "MLB Entities") shall not be liable for injuries or loss of personal property or equipment resulting from such causes.
7. **EVENTS:** The definition of the word "Events," as it is used in the first sentence of each credential includes, without limitation, pre-game, in-game and post-game interviews with players, managers, Club personnel and/or other baseball officials.
8. **PHOTOGRAPHS/PICTURES:** The credential confers on Bearer a limited, non-exclusive and non-transferable license to take photographs of the Games, and to allow the entity that engaged the Bearer to take the photographs to use such photographs only for news coverage of, or magazines, books or stories about, the Games or for other editorial purposes. In exchange for the access granted by the credential, the MLB Entities shall have the right to purchase prints of any published photographs taken by the Bearer in connection with the credential, at the best financial terms offered to third parties, and such MLB Entities shall be licensed at no additional charge to use the photographs for news coverage purposes only. The MLB Entities may not distribute reproductions of the photographs to others or license others to reproduce the photographs. Except as specifically licensed in the first sentence of this Paragraph, the MLB Entities maintain that separate consent is required to transmit, offer to sell, or sell any photographs featuring their respective trademarks, names, logos, uniform designs, copyrights or other proprietary rights for commercial purposes, including in third party advertisements or promotions, or on apparel, cups, posters, prints, T-shirts or other consumer products.
9. **VIDEO/AUDIO AND OTHER NON-TEXT ACCOUNTS:** Subject to the provisions of Paragraphs 2 and 4 above, Bearer may only transmit, display, or aid in transmitting or displaying, any Non-Text Accounts concerning or in any way relating to Games that Bearer obtains at such Games if Bearer complies with the following rules as well as any additional rules imposed by the Baseball Office of the Commissioner or the applicable participating Club: (a) when submitting a request for a credential, Bearer must provide the home Club with written notice stating that it intends to transmit or display Non-Text Accounts, and Bearer may only transmit or display such Non-Text Accounts if such prior written notice is provided; (b) any video related to Games, captured within the ballpark, and carried online, must be linked to 120 seconds and cannot be carried live; (c) no live or taped audio or video is permitted to be captured from 45 minutes prior to a scheduled game time until that game has concluded; (d) a manager's pre-game interview or other content may not be transmitted live, and audio or video transmissions of such content may be transmitted online for no longer than 120 seconds; (e) a manager's post-game press conference may be captured via video or audio and cannot be carried live or online; and (f) audio or video interviews with players, Club personnel and baseball officials posted online may not be longer than 120 seconds in duration; provided, however, that the Bearer will have the limited, non-exclusive and non-transferable license to use on its own online distribution platform product or site for news coverage of the Game and other editorial purposes up to a total of 120 seconds of the audio and video identified above in subsections (b-f) about each Game. Such online uses of audio and/or video shall: (i) not have any sponsorship or advertising integrated with or around the content; (ii) not be permanently archived (content may be made available only for 72 hours maximum, including press conference audio and video); and (iii) be accompanied by links back to the applicable Official Club Website and MLB.com pursuant to the Club/MLB.com Link Terms and Conditions available at MLBPranbox.com. Use of game highlights is prohibited.
10. The credential is not transferable and may be revoked at any time without cause.
11. While within the ballpark, Bearer shall, at all times, be subject to the direction and/or supervision of the home Club and its designated agents.
12. Bearer shall obtain all necessary licenses, consents or releases permitting the use of any party's proprietary material, including, but not limited to any party's copyrights, trademarks, rights of publicity, rights of privacy or other proprietary or personal rights, however denominated, included in any photograph taken or other material obtained in connection with the credential. The Bearer is solely responsible for determining which licenses, consents and releases shall be obtained. Bearer shall indemnify, defend (if requested) and hold harmless the MLB Entities against and from any and all liability, loss, damage or expense (including reasonable attorneys' fees and expenses) against third party claims arising out of or relating to: (a) Bearer's use of any Game Information taken or obtained in connection with the credential, including, without limitation, any claim that any use of such Game Information infringes any third party's copyrights, trademarks, rights of publicity, rights of privacy, or other proprietary or personal rights, however denominated; (b) Bearer's acts or omissions; (c) the presence on the premises of any cameras, wires, cable or other equipment brought thereon by Bearer; and (d) Bearer's breach of any terms of the credential.
13. With respect to any claim that might give rise to liability of the Bearer as an indemnitor, the MLB Entities shall: (a) have the right to fully participate in the litigation of such claim with counsel selected by Bearer and approved by such MLB Entities at the sole expense of the Bearer; and (b) not be obligated, without their consent, to participate in any settlement of such claim.
14. In the event that the name or likeness of any individual using this credential is included in any broadcast, telecast, photograph, film, video or other media taken in connection with the Games, such individual grants the MLB Entities the non-exclusive, transferable, perpetual right and license to use (and to sub-license the use of) such name and likeness in any media worldwide whether now known or hereafter devised.
15. The rights and privileges granted to Bearer shall automatically terminate if any term of this credential shall be breached.
16. Bearer acknowledges receipt and review of, and agrees to be bound by, these terms and conditions.

SIGN

AFFILIATION

DATE

4/15/08



## **Notice of Credential Use Conditions**

### **Agreement**

Acceptance of NFL credentialed access constitutes agreement by the Accredited Organization (as defined below) and the Bearer (as defined below) to abide by (1) the following terms and conditions, (2) an executed Liability Waiver (necessary for access to the playing field), and (3) the NFL Official Rule Book governing access to the playing field area, which can be found on [www.nflmedia.com](http://www.nflmedia.com), as well as any other rules that may be issued by the League and/or clubs pertaining to field access.

### **Purpose**

The credential card provides privileged access to an organization (the "Accredited Organization") for the sole purpose of authorizing, under certain terms and conditions, access to a designated NFL Member Club stadium and/or facility for an individual (the "Bearer") who has a legitimate working function at the game or event for which this credential is issued (the "Game"). It may not be transferred by the accredited organization to which it is directly issued and the bearer may use it only and directly for the accredited organization's purposes. Any unauthorized use of the credential card subjects the Bearer to ejection and prosecution for criminal trespass and subjects the Accredited Organization to revocation of its credentials for future NFL games or events. The NFL is defined for the purposes of the credential card to include the National Football League, its affiliates, its Member Clubs, and their agents and employees. The NFL, at its sole discretion, may revoke any Accredited Organization's or individual Bearer's credentials.

### **No Video Of Game Action**

The credential card does not authorize the Bearer to shoot video of Game action. When issued to video personnel, it only authorizes the Bearer to shoot video of non-Game activities (e.g., player interviews) and to use such video in accordance with the terms below. The creation of Game action video requires, and is subject to the terms of, a separate, signed Sideline Video Access Agreement.

### **Permitted Uses**

The credential card authorizes (i) the use by the Accredited Organization, solely for news and editorial coverage of the Game, of any descriptions (including statistical descriptions), accounts, photographs, non-Game action video or audio recordings of the Game, or of player interviews, press conferences, or other stadium activities related to the Game (collectively, "Game Information") taken, made, created, or compiled by the Accredited Organization or the Bearer, and (ii) the use by the Accredited Organization of any NFL or NFL Member Club logos or trademarks (the "Marks") in connection with the uses of the Game Information authorized herein. Any other use or attempted use by the Bearer or the Accredited Organization of Game Information or Marks, including any distribution of Game Information to third parties other than ultimate consumers (e.g., newspaper readers) for their use (whether before or after the conclusion of the Game, and whether or not for editorial purposes), any purported authorization by an Accredited Organization of any third party to redistribute Game Information and any use of Game Information or any Marks as part of separate commercial non-editorial products (e.g., apparel, posters, or other types of souvenir merchandise) is expressly prohibited, unless the Accredited Organization has obtained the advance written permission of the NFL. The Accredited Organization's and Bearer's distribution of Game Information must be time-delayed and/or limited in amount (including while a Game is in progress) as set forth in this Notice of Credential Use Conditions and may not, under any circumstances, constitute, serve as a substitute for, or otherwise approximate, play-by-play accounts of a Game in any medium.

The Accredited Organization may supplement its traditional media distribution platform (e.g., newspaper, television, radio, etc.) with its own new media distribution platforms (e.g., Internet, wireless, podcasts, etc.) provided that, with respect to such new media distribution platforms: (a) any photographs are limited to a reasonable number, not sequenced so as to appear to be video of Game action and used only to illustrate or support news coverage of the Game or other editorial (as opposed to apparel, souvenir or merchandise) purposes; (b) no video of Game action is used (except that, if the Accredited Organization is a television broadcaster, Game action highlights may be shown as part of a single, non-archived, online "simulcast" of any regularly scheduled television news programming the Accredited Organization may broadcast, provided it adheres to the limits on such broadcasts set forth below); and (c) use of non-Game action audio and video content, obtained as a result of credentialed access (e.g., press conferences, training camp, practice and/or interviews at NFL venues) (1) is limited to 90 seconds maximum per day (180 seconds maximum -- 90 seconds per team -- in two-team markets), (2) may not be archived (i.e., made available for on-demand public access for more than 24 hours after the Game), (3) may appear in an editorial context only (no sponsorship, merchandising or advertising integrated with or around the content), and may not be posted "live" or in real time, (4) is accompanied by links back to NFL.com and to the team's web site; and (5) while a Game is in progress, any forms of accounts of the Game must be time-delayed and/or limited in amount (e.g., score updates with detail given only in quarterly game updates, fewer than 10 photographs during the game) so that the Accredited Organization's game coverage cannot be used as a substitute for, or otherwise approximate, authorized play-by-play accounts. Audio and video content consisting of material obtained at press conferences may not be posted "live" or in real time and may not exceed the 90 seconds per team limits set forth above.

Any proposed use of Game Information that is more detailed and/or immediate than that described or which exceeds the limits set forth above requires a separate NFL license.

The 2009 NFL credentials also impose limits on the use of game audio and video. Except as otherwise expressly permitted, Video Highlights may only be used in accordance with the NFL Video Highlights license. Under the NFL Video Highlights license, a television broadcaster agrees that its use of film, video, or digital video highlights of Game action ("Video Highlights") will be used only in connection with its regularly scheduled broadcast television newscast within a seven-day period following the game, and further agrees that its use of Video Highlights in such newscasts shall not exceed (a) six (6) minutes of "same-day" post-game highlights on Game days and (b) (i) two (2) minutes of current-season highlights on any other day, or (ii) if an Accredited Organization airs a continuous-loop news service, Video Highlights including more than seven (7) plays in any 15-minute segment or fourteen (14) plays in any 30-minute segment of such service. Use of Video Highlights in any other manner, or on any other media distribution platform, without the advance written permission of the NFL and, where applicable, NFL Productions LLC (d/b/a NFL Films) is expressly prohibited.

Game audio ("Audio Highlights") is subject to the following limitations. Audio Highlights may only be used as part of a regularly scheduled news program that regularly includes segments on news, sports and weather; or regularly scheduled sports wrap-up shows that cover all sports and do not focus unduly on the NFL at any time. No Audio Highlights may be used for games in progress. On game days, up to two minutes of Audio Highlights from any one game played that day may be used but no more than a total of six minutes of Audio Highlights from all games played that day may be used. On non-game days, up to one minute of Audio Highlights from any one game played in the preceding six days may be used but no more than a total of two minutes of Audio Highlights from all games played in the preceding six days may be used. In no case may Audio Highlights be used in connection with or associated with any third party (e.g., a sponsor).

### Risk

The Accredited Organization and the Bearer: assume all risk incident to the performance by the Bearer of his or her services; assume all risk incident to attending NFL Games; agree that the NFL has no responsibility for any equipment in use in the stadium; agree that they are not acting for the NFL in any manner whatsoever and are not employees or agents of the NFL; and agree to indemnify and hold harmless the NFL from and against all liability, loss, damage or expense resulting from or arising out of the issuance of the credential card or the Bearer's presence in the stadium, except to the extent such liability, loss, damage or expense arises out of the willful or intentional misconduct of the NFL. The Bearer and his or her belongings may be searched upon entry into the stadium and the Bearer consents to such searches and waives any claims that he or she might have against the NFL in connection therewith. If the Bearer fails to consent to such searches, it is agreed and understood that he or she will be denied access to the stadium. Any Bearer who is deemed disorderly, or who fails to comply with these terms or any and all security measures, shall be subject to, if appropriate, ejection from the stadium and prosecution, and shall subject the Accredited Organization to revocation of its credentials for future NFL games or events.

2009 CREDENTIAL MEMO

CLUB LETTERHEAD

{DATE}

TO: WORKING MEDIA

FROM: {CLUB OR PR DIRECTOR}

Enclosed is the credentials card granting privileged access to games of the {CLUB NAME} during the 2009 season.

In exchange for access to our facilities and/or stadium in ways not available to the general public, you have agreed to certain terms and conditions governing your access and the use of the information you gather as a result of that access, which are incorporated by reference on the back of the credentials card. Credential cards must be displayed at all times in order to enter and remain in our facilities and/or stadium. This memorandum summarizes the complete Notice of Credential Use Conditions, which is both attached to this memorandum and available at NFLmedia.com:

1. Unless permitted by a separate NFL authorization, credentialed individuals and organizations may sell or distribute the information they gather only as part of the editorial product (e.g., newspaper) delivered to end users (i.e., consumers such as readers and TV viewers), regardless of media platform, and not to other organizations or as part of separate commercial products (e.g., apparel, posters, or other types of souvenir merchandise). If the credential has been issued to established wire and news services whose normal business is to distribute information to other news organizations, however, such services may distribute the information to other print and broadcast media organizations, who may use the information for editorial product as though they generated it themselves.
2. The Accredited Organization's and Bearer's distribution of Game Information must be time-delayed and/or limited in amount (including while a game is in progress) as set forth in the Notice of Credential Use Conditions and may not, under any circumstances, constitute, serve as a substitute for, or otherwise approximate, play-by-play accounts of a game in any medium.
3. The 2009 NFL credentials impose a 90-second limit on the use of online and other new media non-game audio and video content obtained as a result of credentialed access. Such content may not be "archived" (i.e., made available for on-demand public access) on the Internet for more than 24 hours after the Game, may not incorporate integrated advertising (regardless of whether the advertising is integrated with, or around, the content), and must be accompanied by links back to NFL.com and to the team's web site. As previously has been our custom, we do not count toward the 90-second limit video/audio material that is comprised entirely of a credentialed media employee providing commentary or analysis ("Talking Head" reporting), including pre- or post-game stand-up material shot on the field or other facility location.
4. The 2009 NFL credentials also impose limits on the use of game audio and video. Except as otherwise expressly permitted, Video Highlights may only be used in accordance with the NFL Video Highlights license. Under the NFL Video Highlights license, a television

broadcaster agrees that its use of film, video, or digital video highlights of Game action ("Video Highlights") will be used only in connection with its regularly scheduled broadcast television newscast within a seven-day period following the game, and further agrees that its use of Video Highlights in such newscasts shall not exceed (a) six (6) minutes of "same-day" post-game highlights on Game days and (b) (i) two (2) minutes of current-season highlights on any other day, or (ii) if an Accredited Organization airs a continuous-loop news service, Video Highlights including more than seven (7) plays in any 15-minute segment or fourteen (14) plays in any 30-minute segment of such service. Use of game audio ("Audio Highlights") is subject to the following limitations:

- a) Audio Highlights may only be used as part of a regularly scheduled news program that regularly includes segments on news, sports and weather; or regularly scheduled sports wrap-up shows that cover all sports and do not focus unduly on the NFL at any time;
  - b) No Audio Highlights may be used for games in progress;
  - c) On game days, up to two minutes of Audio Highlights from any one game played that day may be used but no more than a total of six minutes of Audio Highlights from all games played that day may be used;
  - d) On non-game days, up to one minute of Audio Highlights from any one game played in the preceding six days may be used but no more than a total of two minutes of Audio Highlights from all games played in the preceding six days may be used; and
  - e) In no case may Audio Highlights be used in connection with or associated with any third party (e.g., a sponsor).
- 5. Access to the playing field area is subject to NFL rules, including all rules concerning photography location borders along the sidelines and end lines.
  - 6. Individual credential holders who receive playing field access privileges acknowledge that they assume the risks inherent in field access (collision, injury, and the like) and, as a condition of such access, waive their rights to assert that the NFL, the {CLUB NAME}, any other club, or any player is liable for any injury that they may suffer. The required waiver is set forth in the Notice of Credential Use Conditions **[add if applicable: and in the 2009 Liability Waiver, which must be signed by anyone desiring to have access to the playing field]**.
  - 7. Credentials alone do not authorize holders to shoot Game action video, or to create the appearance of video by using closely sequenced still photographs of Game action. Use of camera equipment to create Game action video requires, and is subject to, a signed Sideline Video Access Agreement. Still images that are sequenced to appear to be video are not permitted under any circumstances.
  - 8. Each credential is issued to, and binding on, the holder and his or her employer. The credential may not be used by, or lent or transferred to, any individual or entity other than the party to which it was directly issued.
  - 9. The credential also authorizes media organizations to use NFL trademarks (including team colors and logos) in their news and editorial coverage of the NFL and NFL games. It does not authorize media use of such trademarks in non-editorial contexts; non-editorial use of

NFL marks or logos (*e.g.*, in connection with apparel, posters or other types of souvenir merchandise) requires a separate license.

10. Misuse of credentials, failure to abide by the terms of the credentials, disorderly conduct and/or failure to comply with security measures will subject the credential holder to, among other things, ejection from the game being covered and to cancellation or revocation of credentials for future games.

## NOTICE OF CREDENTIAL USE CONDITIONS (2007-08) SINGLE GAME

This credential is issued for the sole purpose of providing arena access to an individual ("Bearer") who is working on an assignment for a legitimate news organization or an authorized provider of game-related services (as employee or agent) in connection with the National Basketball Association ("NBA") game specified on the front of this credential and the events, activities, and interviews relating to that game (collectively hereinafter, the "Game"), and Bearer hereby represents that he or she is attending the Game solely for such purpose. This credential is non-transferable, and any unauthorized use of this credential or violation of its terms may subject Bearer and/or the assigning news organization to ejection from the arena, revocation of the credential, denial of access to NBA arenas in the future, prosecution for civil or criminal trespass, and any other remedies available under law.

Unless expressly authorized in writing by the NBA, the use, distribution, exhibition, reproduction, adaptation, display, performance or publication in any form of any photograph, drawing, account or description of the Game or any excerpt of the foregoing, taken or made by Bearer or his or her assigning news organization shall be limited to news coverage of the Game by the assigning news organization to which this credential is issued.

Neither Bearer nor his or her assigning news organization shall be permitted to record, transmit, use or distribute any film, video or audio of the Game (or any excerpts thereof); provided, however, that if the assigning news organization has been authorized by the NBA to record, transmit or use film, video or audio excerpts pursuant to the NBA's 2007-08 Video and Audio Highlights License (the "Highlights License") or by separate written authorization from the NBA, it may do so in accordance with the terms of the Highlights License or such separate written authorization.

All ownership, copyright and property rights in the Game (including, without limitation, the statistics thereof) and in any telecast, broadcast, transmission or recording thereof shall remain the sole property of the NBA, and no such rights are conferred or intended to be conferred or created on behalf of any other person or entity by the issuance of this credential.

Bearer and his or her employer or assigning news organization: (i) assume all risk incident to the performance of services by Bearer and assume all risk incident to Bearer's attendance at the Game, in each case, howsoever caused, whether by negligence or otherwise, (ii) agree to indemnify and hold harmless the NBA, its member teams, and their respective affiliates, agents and employees from and against all liability, loss, damage or expense resulting from or arising out of (x) Bearer's presence at the arena, (y) Bearer's acts or omissions and (z) the presence at the arena of any cameras, wires, cabling or

other equipment brought on the premises or used by Bearer; and (iii) grant permission to the NBA, its affiliates and their respective designees to utilize without compensation Bearer's image, likeness and/or voice in any photograph or live or recorded video or audio display or other transmission or reproduction of the Game or in any excerpt thereof.

The NBA or its designee may at any time revoke this credential and/or any of the rights granted hereunder for any reason in its sole discretion. In case of any dispute regarding the terms and conditions of this agreement, New York law will apply (without regard to its choice-of-law principles).

Acceptance of this credential constitutes agreement by Bearer and his or her employer or assigning news organization to abide by the foregoing conditions and the conditions on reporting and transmitting updates regarding games in progress that are displayed in the arena.

No autographs are allowed during media access periods.

--NATIONAL BASKETBALL ASSOCIATION



**NOTICE OF CREDENTIAL USE CONDITIONS (2007-08)  
FULL SEASON**

This credential is issued for the sole purpose of providing arena access to an individual ("Bearer") who is working on an assignment for a legitimate news organization or an authorized provider of game-related services (as employee or agent) in connection with the 2007-08 National Basketball Association ("NBA") pre-season and regular season home games of the [insert team name], as well as the playoff home games (first three rounds only) specified on the front of this credential, if any, of the [insert team name], and the events, activities, and interviews relating to such games (each, a "Game" and collectively, the "Games"), and Bearer hereby represents that he or she is attending each Game solely for such purpose. This credential is non-transferable, and any unauthorized use of this credential or violation of its terms may subject Bearer and/or the assigning news organization to ejection from the arena, revocation of the credential, denial of access to NBA arenas in the future, prosecution for civil or criminal trespass, and any other remedies available under law.

Unless expressly authorized in writing by the NBA, the use, distribution, exhibition, reproduction, adaptation, display, performance or publication in any form of any photograph, drawing, account or description of any Game or any excerpt of the foregoing, taken or made by Bearer or his or her assigning news organization shall be limited to news coverage of that Game by the assigning news organization to which this credential is issued.

Neither Bearer nor his or her assigning news organization shall be permitted to record, transmit, use or distribute any film, video or audio of any Game (or any excerpts thereof); provided, however, that if the assigning news organization has been authorized by the NBA to record, transmit or use film, video or audio excerpts pursuant to the NBA's 2007-08 Video and Audio Highlights License (the "Highlights License") or by separate written authorization from the NBA, it may do so in accordance with the terms of the Highlights License or such separate written authorization.

All ownership, copyright and property rights in the Games (including, without limitation, the statistics thereof) and in any telecast, broadcast, transmission or recording thereof shall remain the sole property of the NBA, and no such rights are conferred or intended to be conferred or created on behalf of any other person or entity by the issuance of this credential.

Bearer and his or her employer or assigning news organization: (i) assume all risk incident to the performance of services by Bearer and assume all risk incident to Bearer's attendance at the Games, in each case, howsoever caused, whether by negligence or otherwise, (ii) agree to indemnify and hold harmless the NBA, its member teams, and their respective affiliates, agents and employees from and against all liability, loss, damage or expense resulting from

or arising out of (x) Bearer's presence at the arena, (y) Bearer's acts or omissions and (z) the presence at the arena of any cameras, wires, cabling or other equipment brought on the premises or used by Bearer; and (iii) grant permission to the NBA, its affiliates and their respective designees to utilize without compensation Bearer's image, likeness and/or voice in any photograph or live or recorded video or audio display or other transmission or reproduction of any Game or in any excerpt thereof.

The NBA or its designee may at any time revoke this credential and/or any of the rights granted hereunder for any reason in its sole discretion. In case of any dispute regarding the terms and conditions of this agreement, New York law will apply (without regard to its choice-of-law principles).

Acceptance of this credential constitutes agreement by Bearer and his or her employer or assigning news organization to abide by the foregoing conditions and the conditions on reporting and transmitting updates regarding games in progress that are displayed in the arena.

No autographs are allowed during media access periods.

--NATIONAL BASKETBALL ASSOCIATION



This "Credential" is issued by "Club" to "Accredited Organization" for the sole purpose of providing arena access to accredited individuals with legitimate working function on behalf of Accredited Organization in connection with the event for which Credential is issued (the "Game"). It is issued subject to the following conditions:

Accredited Organization together with the Bearer of Credential and each of their agents and personnel (collectively "Bearer"), by acceptance and use of Credential, each represent and agree that Bearer has a legitimate working function at Game. Credential is for use solely in connection with Bearer's news and editorial Game coverage. Non-editorial, commercial or other unauthorized use of any transmission, picture or other depiction or description of game action, game information, player interview or other arena activity and non-editorial or commercial use of any NHL (as defined below) mark or NHL Club mark is prohibited without prior written approval of NHL (collectively "Unauthorized Use"). To the extent Bearer participates in online activities, Bearer shall comply with NHL's Online Transmission Policy set forth on NHL.com.

Bearer assumes all risks incidental to (i) the performance of his/her service and (ii) the game of hockey, in connection with Game, whether occurring prior to, during or subsequent to the playing of Game, including specifically but not exclusively the risk of injury by objects including but not limited to hockey sticks, pucks and other equipment. **WARNING! DESPITE ENHANCED SPECTATOR SHIELDING MEASURES, PUCKS STILL MAY FLY INTO THE SPECTATOR AREA. SERIOUS INJURY CAN OCCUR. STAY ALERT IN ALL TIMES INCLUDING DURING WARMUP AND AFTER PLAY STOPS. IF STRUCK, IMMEDIATELY ASK USHER FOR DIRECTIONS TO MEDICAL STATION.** Bearer agrees that Club and National Hockey League and its constituent clubs and players, including Game participants, NHL Enterprises, L.P., and their respective agents, representatives, affiliates, officers, directors and employees (collectively "NHL") are not liable for injuries suffered by Bearer whether resulting from such causes or otherwise. In consideration of benefits received, Bearer hereby releases Club and NHL from any liability arising from, and agrees not to assert any claim on account of, Game, including Bearer's presence thereof. While within the arena, Bearer shall be subject to direction of Club.

Bearer shall indemnify, defend (if requested) and hold harmless Club and NHL from any liability, loss, damage or expense caused by or resulting from Unauthorized Use, the Bearer, the presence of equipment brought or used by Bearer, or the use of depictions or descriptions of matter other than Game.

Credential is non-transferable and may be revoked at any time at the sole discretion of Club, and will automatically terminate if any term is breached.

2008-09 NEW YORK RANGERS HOCKEY

**MEDIA**



NAME \_\_\_\_\_

AFFILIATION \_\_\_\_\_

GOOD ON ABOVE DATE ONLY



1 of 2 DOCUMENTS



Caution

As of: Nov 02, 2009

**THE NATIONAL BASKETBALL ASSOCIATION and NBA PROPERTIES, INC.,  
Plaintiff-Counter-Defendant-Appellee-Cross-Appellant, v. MOTOROLA, INC. do-  
ing business as Sports Trax, Defendant-Counter-Claimant-Appellant-Cross-  
Appellee, SPORTS TEAM ANALYSIS AND TRACKING SYSTEMS, INC. doing  
business as STATS, Inc., Defendant-Appellant-Cross-Appellee.**

**Docket Nos. 96-7975, 96-7983 (CON), 96-9123 (XAP)**

**UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT**

***105 F.3d 841; 1997 U.S. App. LEXIS 1527; 41 U.S.P.Q.2D (BNA) 1585; Copy. L. Rep.  
(CCH) P27,591; 1997-1 Trade Cas. (CCH) P71,705; 25 Media L. Rep. 1385***

**October 21, 1996, Argued**

**January 30, 1997, Decided**

**PRIOR HISTORY:**     [\*\*1] Motorola and Sports Team Analysis and Tracking Systems ("STATS") appeal from a permanent injunction entered by the United States District Court for the Southern District of New York (Loretta A. Preska, Judge) barring, inter alia, the sale of a handheld pager that displays updated scores and statistics of National Basketball Association games as they are played. The NBA and NBA Properties, Inc. cross-appeal from the district court's dismissal of its Lanham Act claim. We hold that Motorola and STATS have not unlawfully misappropriated NBA's property by transmitting "real-time" NBA game scores and statistics taken from television and radio broadcasts of games in progress. We therefore reverse on the misappropriation claim and vacate the injunction. On the cross-appeal, we affirm.

**DISPOSITION:**     We therefore reverse on the misappropriation claim and vacate the injunction. On the cross-appeal, we affirm.

**CASE SUMMARY:**

**PROCEDURAL POSTURE:** Appellants, a marketer and a supplier, sought review of a permanent injunction entered by the United States District Court for the South-

ern District of New York, which barred appellants from transmitting "real-time" sports game data via handheld pagers. Appellees, a basketball association and a related entity, cross-appealed the dismissal of their claims under § 43(a) of the Lanham Act, *15 U.S.C.S. § 1125(a)*.

**OVERVIEW:** Appellants were enjoined from transmitting scores or other data about professional basketball games in progress via handheld pagers. Appellees had brought various trademark and misappropriation claims against appellants for the transmissions. The district court found that appellants were liable for misappropriation. It also dismissed appellees' claims for false advertising under the Lanham Act, *15 U.S.C.S. § 1125(a)*. On review, the court held that appellees' state law claims for misappropriation survived preemption. Because appellants expended their own resources to collect purely factual information, they did not free-ride on appellees' product. As to appellees' cross-appeal, the court held that the alleged false statements pertained to nonmaterial minutiae that did not misrepresent an inherent quality or characteristic of the appellees' product.

**OUTCOME:** The court vacated the injunction because it found that appellants were not liable for misappropriation of the game data and affirmed the dismissal of ap-

105 F.3d 841, \*; 1997 U.S. App. LEXIS 1527, \*\*;  
41 U.S.P.Q.2D (BNA) 1585; Copy. L. Rep. (CCH) P27,591

pellees' Lanham Act claim because the false statements did not effect a misrepresentation of appellants' product.

#### **LexisNexis(R) Headnotes**

*Copyright Law > Civil Infringement Actions > Elements > General Overview*

*Copyright Law > Subject Matter > Common Law Copyright*

[HN1] The court holds that the "hot-news" claim is limited to cases where: (i) a plaintiff generates or gathers information at a cost; (ii) the information is time-sensitive; (iii) a defendant's use of the information constitutes free-riding on the plaintiff's efforts; (iv) the defendant is in direct competition with a product or service offered by the plaintiffs; and (v) the ability of other parties to free-ride on the efforts of the plaintiff or others would so reduce the incentive to produce the product or service that its existence or quality would be substantially threatened.

*Copyright Law > Subject Matter > Literary Works > Definitions*

*Copyright Law > Subject Matter > Statutory Copyright & Fixation > Original Works of Authorship*

[HN2] 17 U.S.C.S. § 102(a) lists eight categories of "works of authorship" covered by the act, including such categories as "literary works," "musical works," and "dramatic works." The list does not include athletic events, and, although the list is concededly non-exclusive, such events are neither similar nor analogous to any of the listed categories.

*Copyright Law > Subject Matter > Statutory Copyright & Fixation > Original Works of Authorship*

[HN3] See 17 U.S.C.S. § 102(a).

*Copyright Law > Subject Matter > Statutory Copyright & Fixation > Fixation Requirements > General Overview*

*Copyright Law > Subject Matter > Statutory Copyright & Fixation > Original Works of Authorship*

[HN4] The Copyright Act (the Act), 17 U.S.C.S. § 102(a), was amended in 1976 specifically to insure that simultaneously-recorded transmissions of live performances and sporting events would meet the Act's requirement that the original work of authorship be "fixed in any tangible medium of expression."

*Copyright Law > Subject Matter > Factual Works > General Overview*

*Copyright Law > Subject Matter > Statutory Copyright & Fixation > Original Works of Authorship*

[HN5] See 17 U.S.C.S. § 101.

*Copyright Law > Civil Infringement Actions > Elements > Copying by Defendants*

*Copyright Law > Subject Matter > Factual Works > General Overview*

*Copyright Law > Subject Matter > Ideas > General Overview*

[HN6] The "fact/expression dichotomy" is a bedrock principle of copyright law that limits severely the scope of protection in fact-based works. No author may copyright facts or ideas. The copyright is limited to those aspects of the work -- termed "expression" -- that displays the stamp of the author's originality.

*Copyright Law > Constitutional Protections > Application of Federalism > Federal Preemption*

*Copyright Law > Owner Rights > General Overview*

*Copyright Law > Subject Matter > Common Law Copyright*

[HN7] Under 17 U.S.C.S. § 301, a state law claim is preempted when: (i) the state law claim seeks to vindicate "legal or equitable rights that are equivalent" to one of the bundle of exclusive rights already protected by copyright law under 17 U.S.C.S. § 106 -- styled the "general scope requirement"; and (ii) the particular work to which the state law claim is being applied falls within the type of works protected by the Copyright Act under §§ 102 and 103 -- styled the "subject matter requirement."

*Copyright Law > Civil Infringement Actions > Elements > General Overview*

*Copyright Law > Subject Matter > General Overview*

[HN8] The subject matter requirement is met when the work of authorship being copied or misappropriated falls within the ambit of copyright protection.

*Copyright Law > Constitutional Protections > Application of Federalism > Federal Preemption*

*Copyright Law > Subject Matter > Statutory Copyright & Fixation > Original Works of Authorship*

*Torts > Intentional Torts > Invasion of Privacy > Appropriation > Defenses*

[HN9] Once a performance is reduced to tangible form, there is no distinction between the performance and the recording of the performance for the purposes of preemption under 17 U.S.C.S. § 301(a).

*Copyright Law > Constitutional Protections > Application of Federalism > Federal Preemption*

*Copyright Law > Subject Matter > Common Law Copyright*

*Copyright Law > Subject Matter > Statutory Copyright & Fixation > General Overview*

[HN10] Copyrightable material often contains uncopyrightable elements within it, but 17 U.S.C.S. § 301 preemption bars state law misappropriation claims with respect to uncopyrightable as well as copyrightable elements.

*Copyright Law > Constitutional Protections > Application of Federalism > Federal Preemption*

*Copyright Law > Subject Matter > Common Law Copyright*

*Copyright Law > Subject Matter > Factual Works > Nonprotected Facts*

[HN11] Adoption of a partial preemption doctrine -- preemption of claims based on misappropriation of broadcasts but no preemption of claims based on misappropriation of underlying facts -- would expand significantly the reach of state law claims and render the preemption intended by Congress unworkable.

*Copyright Law > Civil Infringement Actions > Elements > Copying by Defendants*

*Copyright Law > Constitutional Protections > Application of Federalism > Federal Preemption*

*Copyright Law > Subject Matter > Common Law Copyright*

[HN12] Under the general scope requirement, 17 U.S.C.S. § 301 preempts only those state law rights that may be abridged by an act which, in and of itself, would infringe one of the exclusive rights provided by federal copyright law. However, certain forms of commercial misappropriation otherwise within the general scope requirement will survive preemption if an "extra-element" test is met.

*Trademark Law > Federal Unfair Competition Law > False Advertising > General Overview*

*Trademark Law > Federal Unfair Competition Law > False Designation of Origin > Elements*

*Trademark Law > Federal Unfair Competition Law > Trade Dress Protection > General Overview*

[HN13] See 15 U.S.C.S. § 1125(a)(1).

*Trademark Law > Federal Unfair Competition Law > False Advertising > Elements*

*Trademark Law > Federal Unfair Competition Law > False Designation of Origin > Elements*

*Trademark Law > Federal Unfair Competition Law > Trade Dress Protection > General Overview*

[HN14] To establish a false advertising claim under § 43(a) of the Lanham Act, 15 U.S.C.S. § 1125(a), the plaintiff must demonstrate that the statement in the challenged advertisement is false. Falsity may be established by proving that (1) the advertising is literally false as a factual matter, or (2) although the advertisement is literally true, it is likely to deceive or confuse customers. However, in addition to proving falsity, the plaintiff must also show that the defendants misrepresented an "inherent quality or characteristic" of the product.

**COUNSEL:** JEFFREY A. MISHKIN, The National Basketball Association and NBA Properties, Inc., New York, New York (Kathryn L. Barrett, Richard W. Buchanan, of counsel; Roger L. Zissu, Mark D. Engelmann, Raphael Winick, Weiss Dawid Fross Zelnick & Lehrman, of counsel), for Plaintiff-Counter-Defendant-Appellee-Cross-Appellant.

HERBERT [\*\*2] F. SCHWARTZ, Fish & Neave, New York, New York (Patricia A. Martone, Vincent N. Palladino, of counsel; Roger H. Dusberger, Motorola, Inc., of counsel), for Defendant-Counter-Claimant-Appellant-Cross-Appellee.

ANDREW L. DEUTSCH, Piper & Marbury, New York, New York (Edward F. Malaf, of counsel; Paul M. Levy, Alan D. Leib, Deutsch Levy & Engel Chartered, Chicago, Illinois, of counsel), for Defendant-Appellant-Cross-Appellee.

Bruce P. Keller, Debevoise & Plimpton, New York, New York (Lorin L. Reisner, of counsel), for Amici Curiae National Football League, Office of the Commissioner of Baseball and National Hockey League. Floyd Abrams, Cahill Gordon & Reindel, New York, New York, for Amicus Curiae Interactive Services Association. George Freeman, The New York Times Company, New York, New York, for Amicus Curiae The New York Times Company. Susan E. Weiner, National Broadcasting Company, Inc., New York, New York (Michael K. Kellogg, Austin C. Schlick, Kellogg, Huber, Hansen, Todd & Evans, Washington, D.C., of counsel), for Amicus Curiae National Broadcasting Company, Inc. Lee A. Freeman, Jr., Freeman, Freeman & Salzman, Chicago, Illinois (Jerrold E. Salzman, Chris C. Gair, of counsel), [\*\*3] for Amicus Curiae Chicago Mercantile Exchange.

**JUDGES:** Before: VAN GRAAFEILAND, WINTER, and ALTIMARI, Circuit Judges.

**OPINION BY:** WINTER

## OPINION

[\*843] WINTER, *Circuit Judge*:

Motorola, Inc. and Sports Team Analysis and Tracking Systems ("STATS") appeal from a permanent injunction entered by Judge Preska. The injunction concerns a handheld pager sold by Motorola and marketed under the name "SportsTrax," which displays updated information of professional basketball games in progress. The injunction prohibits appellants, absent authorization from the National Basketball Association and NBA Properties, Inc. (collectively the "NBA"), from transmitting scores or other data about NBA games in progress via the pagers, STATS's site on America On-Line's computer dial-up service, or "any equivalent means."

The crux of the dispute concerns the extent to which a state law "hot-news" misappropriation claim based on *International News Service v. Associated Press*, 248 U.S. 215, 63 L. Ed. 211, 39 S. Ct. 68 (1918) ("INS"), survives preemption by the federal Copyright Act and whether the NBA's claim fits within the surviving INS-type claims. We hold that a narrow "hot-news" exception does survive preemption. However, we also hold [\*4] that appellants' transmission of "real-time" NBA game scores and information tabulated from television and radio broadcasts of games in progress does not constitute a misappropriation of "hot news" that is the property of the NBA.

The NBA cross-appeals from the dismissal of its Lanham Act claim. We hold that any misstatements by Motorola in advertising its pager were not material and affirm.

## I. BACKGROUND

The facts are largely undisputed. Motorola manufactures and markets the SportsTrax paging device while STATS supplies the game information that is transmitted to the pagers. The product became available to the public in January 1996, at a retail price of about \$ 200. SportsTrax's pager has an inch-and-a-half by inch-and-a-half screen and operates in four basic modes: "current," "statistics," "final scores" and "demonstration." It is the "current" mode that gives rise to the present dispute. <sup>1</sup> In that mode, SportsTrax [\*844] displays the following information on NBA games in progress: (i) the teams playing; (ii) score changes; (iii) the team in possession of the ball; (iv) whether the team is in the free-throw bonus; (v) the quarter of the game; and (vi) time remaining in the quarter. [\*5] The information is updated every two to three

minutes, with more frequent updates near the end of the first half and the end of the game. There is a lag of approximately two or three minutes between events in the game itself and when the information appears on the pager screen.

1 The other three SportsTrax modes involve information that is far less contemporaneous than that provided in the "current" mode. In the "statistics" mode, the SportsTrax pager displays a variety of player and team statistics, such as field goal shooting percentages and top scorers. However, these are calculated only at half-time and when the game is over. In the "final scores" mode, the unit displays final scores from the previous day's games. In the "demonstration" mode, the unit merely simulates information shown during a hypothetical NBA game. The core issue in the instant matter is the dissemination of continuously-updated real-time NBA game information in the "current" mode. Because we conclude that the dissemination of such real-time information is lawful, the other modes need no further description or discussion.

[\*6] SportsTrax's operation relies on a "data feed" supplied by STATS reporters who watch the games on television or listen to them on the radio. The reporters key into a personal computer changes in the score and other information such as successful and missed shots, fouls, and clock updates. The information is relayed by modem to STATS's host computer, which compiles, analyzes, and formats the data for retransmission. The information is then sent to a common carrier, which then sends it via satellite to various local FM radio networks that in turn emit the signal received by the individual SportsTrax pagers.

Although the NBA's complaint concerned only the SportsTrax device, the NBA offered evidence at trial concerning STATS's America On-Line ("AOL") site. Starting in January, 1996, users who accessed STATS's AOL site, typically via a modem attached to a home computer, were provided with slightly more comprehensive and detailed real-time game information than is displayed on a SportsTrax pager. On the AOL site, game scores are updated every 15 seconds to a minute, and the player and team statistics are updated each minute. The district court's original decision and judgment, *National Basketball Ass'n v. Sports Team Analysis and Tracking Sys. Inc.*, 931 F. Supp. 1124 (S.D.N.Y. 1996), did not address the AOL site, because "NBA's complaint and the evidence proffered at trial were devoted largely to SportsTrax." *National Basketball Ass'n v. Sports Team Analysis and Tracking Sys. Inc.*, 939 F. Supp. 1071, 1074 n.1 (S.D.N.Y. 1996). Upon motion by the NBA, however,

the district court amended its decision and judgment and enjoined use of the real-time game information on STATS's AOL site. *Id.* at 1075 n.1. Because the record on appeal, the briefs of the parties, and oral argument primarily addressed the SportsTrax device, we similarly focus on that product. However, we regard the legal issues as identical with respect to both products, and our holding applies equally to SportsTrax and STATS's AOL site.

The NBA's complaint asserted six claims for relief: (i) state law unfair competition by misappropriation; (ii) false advertising under Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a); (iii) false representation of origin under Section 43(a) of the Lanham Act; (iv) state and common law unfair competition by false advertising and false designation of origin; [\*\*8] (v) federal copyright infringement; and (vi) unlawful interception of communications under the Communications Act of 1934, 47 U.S.C. § 605. Motorola counterclaimed, alleging that the NBA unlawfully interfered with Motorola's contractual relations with four individual NBA teams that had agreed to sponsor and advertise SportsTrax.

The district court dismissed all of the NBA's claims except the first -- misappropriation under New York law. The court also dismissed Motorola's counterclaim. Finding Motorola and STATS liable for misappropriation, Judge Preska entered the permanent injunction,<sup>2</sup> reserved the calculation of damages for subsequent proceedings, and stayed execution of the injunction pending appeal. Motorola and STATS appeal from the injunction, while NBA cross-appeals from the district court's dismissal of its Lanham Act false-advertising claim. The issues before us, therefore, are the state law misappropriation and Lanham Act claims.

2 The NBA moved initially for a preliminary injunction and a hearing was held on that motion. Subsequently, the parties agreed to consolidate the hearing into a trial on the merits, submitting supplemental briefing and attending an additional oral argument.

## [\*\*9] II. THE STATE LAW MISAPPROPRIATION CLAIM

### A. Summary of Ruling

Because our disposition of the state law misappropriation claim rests in large part on [\*\*845] preemption by the Copyright Act, our discussion necessarily goes beyond the elements of a misappropriation claim under New York law, and a summary of our ruling here will perhaps render that discussion -- or at least the need for it -- more understandable.

The issues before us are ones that have arisen in various forms over the course of this century as technology has steadily increased the speed and quantity of information transmission. Today, individuals at home, at work, or elsewhere, can use a computer, pager, or other device to obtain highly selective kinds of information virtually at will. *International News Service v. Associated Press*, 248 U.S. 215, 63 L. Ed. 211, 39 S. Ct. 68 (1918) ("INS") was one of the first cases to address the issues raised by these technological advances, although the technology involved in that case was primitive by contemporary standards. INS involved two wire services, the Associated Press ("AP") and International News Service ("INS"), that transmitted news stories by wire to member newspapers. *Id.* [\*\*10] INS would lift factual stories from AP bulletins and send them by wire to INS papers. *Id.* at 231. INS would also take factual stories from east coast AP papers and wire them to INS papers on the west coast that had yet to publish because of time differentials. *Id.* at 238. The Supreme Court held that INS's conduct was a common-law misappropriation of AP's property. *Id.* at 242.

With the advance of technology, radio stations began "live" broadcasts of events such as baseball games and operas, and various entrepreneurs began to use the transmissions of others in one way or another for their own profit. In response, New York courts created a body of misappropriation law, loosely based on INS, that sought to apply ethical standards to the use by one party of another's transmissions of events.

Federal copyright law played little active role in this area until 1976. Before then, it appears to have been the general understanding -- there being no caselaw of consequence -- that live events such as baseball games were not copyrightable. Moreover, doubt existed even as to whether a recorded broadcast or videotape of such an event was copyrightable. In 1976, however, Congress [\*\*11] passed legislation expressly affording copyright protection to simultaneously-recorded broadcasts of live performances such as sports events. *See* 17 U.S.C. § 101. Such protection was not extended to the underlying events.

The 1976 amendments also contained provisions preempting state law claims that enforced rights "equivalent" to exclusive copyright protections when the work to which the state claim was being applied fell within the area of copyright protection. *See* 17 U.S.C. § 301. Based on legislative history of the 1976 amendments, it is generally agreed that a "hot-news" INS-like claim survives preemption. H.R. No. 94-1476 at 132 (1976), *reprinted in* 1976 U.S.C.C.A.N. 5659, 5748. However, much of New York misappropriation law after INS goes well beyond "hot-news" claims and is preempted.



We hold that [HN1] the surviving "hot-news" *INS*-like claim is limited to cases where: (i) a plaintiff generates or gathers information at a cost; (ii) the information is time-sensitive; (iii) a defendant's use of the information constitutes free-riding on the plaintiff's efforts; (iv) the defendant is in direct competition with a product or service offered by the plaintiffs; [\*\*12] and (v) the ability of other parties to free-ride on the efforts of the plaintiff or others would so reduce the incentive to produce the product or service that its existence or quality would be substantially threatened. We conclude that SportsTrax does not meet that test.

#### B. Copyrights in Events or Broadcasts of Events

The NBA asserted copyright infringement claims with regard both to the underlying games and to their broadcasts. The district court dismissed these claims, and the NBA does not appeal from their dismissal. Nevertheless, discussion of the infringement claims is necessary to provide the framework for analyzing the viability of the NBA's state law misappropriation claim in light of the Copyright Act's preemptive effect.

##### [\*846] 1. *Infringement of a Copyright in the Underlying Games*

In our view, the underlying basketball games do not fall within the subject matter of federal copyright protection because they do not constitute "original works of authorship" [HN2] under 17 U.S.C. § 102(a). Section 102(a) lists eight categories of "works of authorship" covered by the act, including such categories as "literary works," "musical works," and "dramatic works." <sup>3</sup> The [\*\*13] list does not include athletic events, and, although the list is concededly non-exclusive, such events are neither similar nor analogous to any of the listed categories.

#### 3 The text of Section 102(a) reads:

§ 102. [HN3] Subject matter of copyright: In general

(a) Copyright protection subsists, in accordance with this title, 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, either directly or with the aid of a machine or device. Works of authorship include the following categories:

(1) literary works;

(2) musical works, including any accompanying words;

(3) dramatic works, including any accompanying music;

(4) pantomimes and choreographic works;

(5) pictorial, graphic, and sculptural works;

(6) motion pictures and other audiovisual works;

(7) sound recordings; and

(8) architectural works.

Sports events are not "authored" in any common sense of the word. [\*\*14] There is, of course, at least at the professional level, considerable preparation for a game. However, the preparation is as much an expression of hope or faith as a determination of what will actually happen. Unlike movies, plays, television programs, or operas, athletic events are competitive and have no underlying script. Preparation may even cause mistakes to succeed, like the broken play in football that gains yardage because the opposition could not expect it. Athletic events may also result in wholly unanticipated occurrences, the most notable recent event being in a championship baseball game in which interference with a fly ball caused an umpire to signal erroneously a home run.

What "authorship" there is in a sports event, moreover, must be open to copying by competitors if fans are to be attracted. If the inventor of the T-formation in football had been able to copyright it, the sport might have come to an end instead of prospering. Even where athletic preparation most resembles authorship -- figure skating, gymnastics, and, some would uncharitably say, professional wrestling -- a performer who conceives and executes a particularly graceful and difficult -- or, in the case [\*\*15] of wrestling, seemingly painful -- acrobatic feat cannot copyright it without impairing the underlying

competition in the future. A claim of being the only athlete to perform a feat doesn't mean much if no one else is allowed to try.

For many of these reasons, *Nimmer on Copyright* concludes that the "far more reasonable" position is that athletic events are not copyrightable. 1 M. Nimmer & D. Nimmer, *Nimmer on Copyright* § 2.09[F] at 2-170.1 (1996). *Nimmer* notes that, among other problems, the number of joint copyright owners would arguably include the league, the teams, the athletes, umpires, stadium workers and even fans, who all contribute to the "work."

Concededly, caselaw is scarce on the issue of whether organized events themselves are copyrightable, but what there is indicates that they are not. See *Prod. Contractors, Inc. v. WGN Continental Broad. Co.*, 622 F. Supp. 1500 (N.D. Ill. 1985) (Christmas parade is not a work of authorship entitled to copyright protection). In claiming a copyright in the underlying games, the NBA relied in part on a footnote in *Baltimore Orioles, Inc. v. Major League Baseball Players Assn.*, 805 F.2d 663, 669 n.7 (7th Cir. 1986), [**\*\*16**] cert. denied, 480 U.S. 941, 94 L. Ed. 2d 782, 107 S. Ct. 1593 (1987), which stated that the "players' performances" contain the "modest creativity required for copyrightability." However, the court went on to state, "Moreover, even if the players' performances were not sufficiently creative, the players agree that the cameramen and director contribute creative labor to the telecasts." *Id.* This last sentence indicates that the court was considering the copyrightability of telecasts -- not the underlying games, [**\*847**] which obviously can be played without cameras.

We believe that the lack of caselaw is attributable to a general understanding that athletic events were, and are, uncopyrightable. Indeed, prior to 1976, there was even doubt that broadcasts describing or depicting such events, which have a far stronger case for copyrightability than the events themselves, were entitled to copyright protection. Indeed, as described in the next subsection of this opinion, Congress found it necessary to extend such protection to recorded broadcasts of live events. The fact that Congress did not extend such protection to the events themselves confirms our view that the district court correctly held that appellants were not [**\*\*17**] infringing a copyright in the NBA games.

## 2. Infringement of a Copyright in the Broadcasts of NBA Games

As noted, recorded broadcasts of NBA games -- as opposed to the games themselves -- are now entitled to copyright protection. [HN4] The Copyright Act was amended in 1976 specifically to insure that simultaneously-recorded transmissions of live performances and sporting events would meet the Act's requirement that

the original work of authorship be "fixed in any tangible medium of expression." 17 U.S.C. § 102(a). Accordingly, Section 101 of the Act, containing definitions, was amended to read:

[HN5] A work consisting of sounds, images, or both, that are being transmitted, is "fixed" for purposes of this title if a fixation of the work is being made simultaneously with its transmission.

17 U.S.C. § 101. Congress specifically had sporting events in mind:

The bill seeks to resolve, through the definition of "fixation" in section 101, the status of live broadcasts -- sports, news coverage, live performances of music, etc. -- that are reaching the public in unfixed form but that are simultaneously being recorded.

H.R. No. 94-1476 at 52, reprinted in 1976 U.S.C.C.A.N. at 5665. [**\*\*18**] The House Report also makes clear that it is the broadcast, not the underlying game, that is the subject of copyright protection. In explaining how game broadcasts meet the Act's requirement that the subject matter be an "original work[] of authorship," 17 U.S.C. § 102(a), the House Report stated:

When a football game is being covered by four television cameras, with a director guiding the activities of the four cameramen and choosing which of their electronic images are sent out to the public and in what order, there is little doubt that what the cameramen and the director are doing constitutes "authorship."

H.R. No. 94-1476 at 52, reprinted in 1976 U.S.C.C.A.N. at 5665.

Although the broadcasts are protected under copyright law, the district court correctly held that Motorola and STATS did not infringe NBA's copyright because they reproduced only facts from the broadcasts, not the expression or description of the game that constitutes the broadcast. [HN6] The "fact/expression dichotomy" is a bedrock principle of copyright law that "limits severely the scope of protection in fact-based works." *Feist Publications, Inc. v. Rural Tel. Service* [**\*\*19**] Co., 499 U.S. 340, 350, 113 L. Ed. 2d 358, 111 S. Ct. 1282 (1991). "No author may copyright facts or ideas. The copyright is limited to those aspects of the work -- termed 'expression' -- that display the stamp of the author's originality."

*Id.* (quoting *Harper & Row, Inc. v. Nation Enter.*, 471 U.S. 539, 547-48, 85 L. Ed. 2d 588, 105 S. Ct. 2218 (1985)).

We agree with the district court that the "defendants provide purely factual information which any patron of an NBA game could acquire from the arena without any involvement from the director, cameramen, or others who contribute to the originality of a broadcast." 939 F. Supp. at 1094. Because the SportsTrax device and AOL site reproduce only factual information culled from the broadcasts and none of the copyrightable expression of the games, appellants did not infringe the copyright of the broadcasts.

### C. The State-Law Misappropriation Claim

The district court's injunction was based on its conclusion that, under New York law, [\*848] defendants had unlawfully misappropriated the NBA's property rights in its games. The district court reached this conclusion by holding: (i) that the NBA's misappropriation claim relating to the underlying games was not preempted by Section 301 of the [\*\*20] Copyright Act; and (ii) that, under New York common law, defendants had engaged in unlawful misappropriation. *Id.* at 1094-1107. We disagree.

#### 1. Preemption Under the Copyright Act

##### a) Summary

When Congress amended the Copyright Act in 1976, it provided for the preemption of state law claims that are interrelated with copyright claims in certain ways. [HN7] Under 17 U.S.C. § 301, a state law claim is preempted when: (i) the state law claim seeks to vindicate "legal or equitable rights that are equivalent" to one of the bundle of exclusive rights already protected by copyright law under 17 U.S.C. § 106 -- styled the "general scope requirement"; and (ii) the particular work to which the state law claim is being applied falls within the type of works protected by the Copyright Act under Sections 102 and 103 -- styled the "subject matter requirement." <sup>4</sup>

4 The relevant portions of the statute, 17 U.S.C. § 301, read:

§ 301. Preemption with respect to other laws

(a) On and after January 1, 1978, all legal or equitable rights that are equivalent to any of the exclusive rights within the general scope of copyright as specified by section 106 in works of authorship that are fixed in a tangible medium of expression and come within the

subject matter of copyright as specified by sections 102 and 103, whether created before or after that date and whether published or unpublished, are governed exclusively by this title. Thereafter, no person is entitled to any such right or equivalent right in any such work under the common law or statutes of any State.

(b) Nothing in this title annuls or limits any rights or remedies under the common law or statutes of any State with respect to--

(1) subject matter that does not come within the subject matter of copyright as specified by sections 102 and 103, including works of authorship not fixed in any tangible medium of expression; or . . .

(3) activities violating legal or equitable rights that are not equivalent to any of the exclusive rights within the general scope of copyright as specified by section 106.

[\*\*21] The district court concluded that the NBA's misappropriation claim was not preempted because, with respect to the underlying games, as opposed to the broadcasts, the subject matter requirement was not met. 939 F. Supp. at 1097. The court dubbed as "partial preemption" its separate analysis of misappropriation claims relating to the underlying games and misappropriation claims relating to broadcasts of those games. *Id.* at 1098, n.24. The district court then relied on a series of older New York misappropriation cases involving radio broadcasts that considerably broadened *INS*. We hold that where the challenged copying or misappropriation relates in part to the copyrighted broadcasts of the games, the subject matter requirement is met as to both the broadcasts and the games. We therefore reject the partial preemption doctrine and its anomalous consequence that "it is possible for a plaintiff to assert claims both for infringement of its copyright in a broadcast and misappropriation of its rights in the underlying event." *Id.* We do find that a properly-narrowed *INS* "hot-news" misappropriation claim survives preemption because it fails the general scope requirement, but [\*\*22] that the broader theory of the radio broadcast cases relied upon by the district court were preempted when Congress extended copyright protection to simultaneously-recorded broadcasts.

b) "Partial Preemption" and the Subject Matter Requirement

105 F.3d 841, \*; 1997 U.S. App. LEXIS 1527, \*\*;  
41 U.S.P.Q.2D (BNA) 1585; Copy. L. Rep. (CCH) P27,591

[HN8] The subject matter requirement is met when the work of authorship being copied or misappropriated "falls within the ambit of copyright protection." *Harper & Row, Inc. v. Nation Enter.*, 723 F.2d 195, 200 (1983), *rev'd on other grounds*, 471 U.S. 539, 85 L. Ed. 2d 588, 105 S. Ct. 2218 (1985). We believe that the subject matter requirement is met in the instant matter and that the concept of "partial preemption" is not consistent with Section 301 of the Copyright Act. Although game broadcasts are copyrightable while the underlying games are not, the Copyright Act should not be [\*849] read to distinguish between the two when analyzing the preemption of a misappropriation claim based on copying or taking from the copyrightable work. We believe that:

[HN9] Once a performance is reduced to tangible form, there is no distinction between the performance and the recording of the performance for the purposes of preemption under § 301(a). Thus, if a baseball game were not broadcast [\*\*23] or were telecast without being recorded, the Players' performances similarly would not be fixed in tangible form and their rights of publicity would not be subject to preemption. By virtue of being videotaped, however, the Players' performances are fixed in tangible form, and any rights of publicity in their performances that are equivalent to the rights contained in the copyright of the telecast are preempted.

*Baltimore Orioles*, 805 F.2d at 675 (citation omitted).

[HN10] Copyrightable material often contains uncopyrightable elements within it, but Section 301 preemption bars state law misappropriation claims with respect to uncopyrightable as well as copyrightable elements. In *Harper & Row*, for example, we held that state law claims based on the copying of excerpts from President Ford's memoirs were preempted even with respect to information that was purely factual and not copyrightable. We stated:

The [Copyright] Act clearly embraces "works of authorship," including "literary works," as within its subject matter. The fact that portions of the Ford memoirs may consist of uncopyrightable material . . . does not take the work as a whole outside the subject matter [\*\*24] protected by the Act. Were this not so, states would be free to expand the perimeters of copyright protection to their own liking, on the

theory that preemption would be no bar to state protection of material not meeting federal statutory standards.

723 F.2d at 200 (citation omitted). The legislative history supports this understanding of Section 301(a)'s subject matter requirement. The House Report stated:

As long as a work fits within one of the general subject matter categories of sections 102 and 103, the bill prevents the States from protecting it even if it fails to achieve Federal statutory copyright because it is too minimal or lacking in originality to qualify, or because it has fallen into the public domain.

H.R. No. 94-1476 at 131, reprinted in 1976 U.S.C.C.A.N. at 5747. See also *Baltimore Orioles*, 805 F.2d at 676 (citing excerpts of House Report 94-1476).

[HN11] Adoption of a partial preemption doctrine -- preemption of claims based on misappropriation of broadcasts but no preemption of claims based on misappropriation of underlying facts -- would expand significantly the reach of state law claims and render the preemption intended by Congress [\*\*25] unworkable. It is often difficult or impossible to separate the fixed copyrightable work from the underlying uncopyrightable events or facts. Moreover, Congress, in extending copyright protection only to the broadcasts and not to the underlying events, intended that the latter be in the public domain. Partial preemption turns that intent on its head by allowing state law to vest exclusive rights in material that Congress intended to be in the public domain and to make unlawful conduct that Congress intended to allow. This concern was recently expressed in *ProCD, Inc. v. Zeidenberg*, 86 F.3d 1447 (7th Cir. 1996), a case in which the defendants reproduced non-copyrightable facts (telephone listings) from plaintiffs' copyrighted software. In discussing preemption under Section 301(a), Judge Easterbrook held that the subject matter requirement was met and noted:

ProCD's software and data are "fixed in a tangible medium of expression", and the district judge held that they are "within the subject matter of copyright". The latter conclusion is plainly right for the copyrighted application program, and the judge thought that the data likewise are "within the subject matter of copyright" [\*\*26] even if, after *Feist*, they are not sufficiently original to be copyrighted. 908 F. Supp. at 656-57. *Baltimore Ori-*

*oles, Inc. v. Major League Baseball Players Ass'n*, 805 F.2d 663, 676 (7th Cir. 1986), supports that conclusion, with which commentators [\*850] agree. . . . One function of § 301(a) is to prevent states from giving special protection to works of authorship that Congress has decided should be in the public domain, which it can accomplish only if "subject matter of copyright" includes all works of a type covered by sections 102 and 103, even if federal law does not afford protection to them.

*ProCD*, 86 F.3d at 1453 (citation omitted). We agree with Judge Easterbrook and reject the separate analysis of the underlying games and broadcasts of those games for purposes of preemption.

#### c) The General Scope Requirement

[HN12] Under the general scope requirement, *Section 301* "preempts only those state law rights that 'may be abridged by an act which, in and of itself, would infringe one of the exclusive rights' provided by federal copyright law." *Computer Assoc. Int'l, Inc. v. Altai, Inc.*, 982 F.2d 693, 716 (2d Cir. 1992) (quoting *Harper & Row*, 723 F.2d at 200). [\*\*27] However, certain forms of commercial misappropriation otherwise within the general scope requirement will survive preemption if an "extra-element" test is met. As stated in *Altai*:

But if an "extra element" is "required instead of or in addition to the acts of reproduction, performance, distribution or display, in order to constitute a state-created cause of action, then the right does not lie 'within the general scope of copyright,' and there is no preemption."

*Id.* (quoting 1 *Nimmer on Copyright* § 1.01[B] at 1-15).

*ProCD* was in part an application of the extra-element test. Having held the misappropriation claims to be preempted, Judge Easterbrook went on to hold that the plaintiffs could bring a state law contract claim. The court held that the defendants were bound by the software's shrink-wrap licenses as a matter of contract law and that the private contract rights were not preempted because they were not equivalent to the exclusive rights granted by copyright law. In other words, the contract right claims were not preempted because the general scope requirement was not met. *ProCD*, 86 F.3d at 1455.

We turn, therefore, to the question [\*\*28] of the extent to which a "hot-news" misappropriation claim based on *INS* involves extra elements and is not the equivalent of exclusive rights under a copyright. Courts are generally agreed that some form of such a claim survives preemption. *Financial Information, Inc. v. Moody's Investors Service, Inc.*, 808 F.2d 204, 208 (2d Cir. 1986), *cert. denied*, 484 U.S. 820, 98 L. Ed. 2d 42, 108 S. Ct. 79 (1987) ("*FIT*"). This conclusion is based in part on the legislative history of the 1976 amendments. The House Report stated:

"Misappropriation" is not necessarily synonymous with copyright infringement, and thus a cause of action labeled as "misappropriation" is not preempted if it is in fact based neither on a right within the general scope of copyright as specified by section 106 nor on a right equivalent thereto. For example, state law should have the flexibility to afford a remedy (under traditional principles of equity) against a consistent pattern of unauthorized appropriation by a competitor of the facts (i.e., not the literary expression) constituting "hot" news, whether in the traditional mold of *International News Service v. Associated Press*, 248 U.S. 215, 63 L. Ed. 211, 39 S. Ct. 68 (1918), or in the newer form of [\*\*29] data updates from scientific, business, or financial data bases.

H.R. No. 94-1476 at 132, reprinted in 1976 U.S.C.C.A.N. at 5748 (footnote omitted), <sup>5</sup> see also *FII*, 808 F.2d at 209 ("misappropriation" of 'hot' news, under *International News Service*, [is] a branch of the unfair competition doctrine not preempted by the Copyright Act according to the House Report") (citation omitted)). The crucial question, therefore, is the breadth of the "hot-news" claim that survives preemption.

5 Although this passage implies that *INS* survives preemption because it fails the general scope requirement, *Nimmer* apparently takes the view adopted by the district court, namely that *INS* survives preemption because the subject matter requirement is not met. *Nimmer* § 1.01[B][2][b] at 1-44.2.

[\*851] In *INS*, the plaintiff AP and defendant *INS* were "wire services" that sold news items to client newspapers. AP brought suit to prevent *INS* from selling facts and information lifted from AP [\*\*30] sources to *INS*-affiliated newspapers. One method by which *INS* was

able to use AP's news was to lift facts from AP news bulletins. *INS*, 248 U.S. at 231. Another method was to sell facts taken from just-published east coast AP newspapers to west coast *INS* newspapers whose editions had yet to appear. *Id.* at 238. The Supreme Court held (prior to *Erie R. Co. v. Tompkins*, 304 U.S. 64, 82 L. Ed. 1188, 58 S. Ct. 817 (1938)), that *INS*'s use of AP's information was unlawful under federal common law. It characterized *INS*'s conduct as

amounting to an unauthorized interference with the normal operation of complainant's legitimate business precisely at the point where the profit is to be reaped, in order to divert a material portion of the profit from those who have earned it to those who have not; with special advantage to defendant in the competition because of the fact that it is not burdened with any part of the expense of gathering the news.

*INS*, 248 U.S. at 240.

The theory of the New York misappropriation cases relied upon by the district court is considerably broader than that of *INS*. For example, the district court quoted at length from *Metropolitan Opera Ass'n v. Wagner-Nichols* [\*\*31] *Recorder Corp.*, 199 Misc. 786, 101 N.Y.S.2d 483 (N.Y. Sup. Ct. 1950), *aff'd*, 279 A.D. 632, 107 N.Y.S.2d 795 (1st Dep't 1951). *Metropolitan Opera* described New York misappropriation law as standing for the "broader principle that property rights of commercial value are to be and will be protected from any form of commercial immorality"; that misappropriation law developed "to deal with business malpractices offensive to the ethics of [] society"; and that the doctrine is "broad and flexible." 939 F. Supp. at 1098-1110 (quoting *Metropolitan Opera*, 101 N.Y.S.2d at 492, 488-89).

However, we believe that *Metropolitan Opera*'s broad misappropriation doctrine based on amorphous concepts such as "commercial immorality" or society's "ethics" is preempted. Such concepts are virtually synonymous for wrongful copying and are in no meaningful fashion distinguishable from infringement of a copyright. The broad misappropriation doctrine relied upon by the district court is, therefore, the equivalent of exclusive rights in copyright law.

Indeed, we said as much in *FII*. That decision involved the copying of financial information by a rival financial reporting service and specifically repudiated the broad [\*\*32] misappropriation doctrine of *Metropolitan Opera*. We explained:

We are not persuaded by *FII*'s argument that misappropriation is not "equivalent" to the exclusive rights provided by the Copyright Act . . . . Nor do we believe that a possible exception to the general rule of preemption in the misappropriation area -- for claims involving "any form of commercial immorality," . . . quoting *Metropolitan Opera Ass'n v. Wagner-Nichols Recorder Corp.*, 199 Misc. 786, 101 N.Y.S.2d 483, . . . -- should be applied here. We believe that no such exception exists and reject its use here. Whether or not reproduction of another's work is "immoral" depends on whether such use of the work is wrongful. If, for example, the work is in the public domain, then its use would not be wrongful. Likewise, if, as here, the work is unprotected by federal law because of lack of originality, then its use is neither unfair nor unjustified.

*FII*, 808 F.2d at 208. In fact, *FII* only begrudgingly concedes that even narrow "hot news" *INS*-type claims survive preemption. *Id.* at 209.

Moreover, *Computer Associates Intern., Inc. v. Altai Inc.* indicated that the "extra element" test should [\*\*33] not be applied so as to allow state claims to survive preemption easily. 982 F.2d at 717. "An action will not be saved from preemption by elements such as awareness or intent, which alter 'the action's scope but not its nature' . . . . Following this 'extra element' test, we have held that unfair competition and misappropriation claims grounded solely in the copying of a plaintiff's protected expression are preempted by section 301." *Id.* (citation omitted).

[\*852] In light of cases such as *FII* and *Altai* that emphasize the narrowness of state misappropriation claims that survive preemption, most of the broadcast cases relied upon by the NBA are simply not good law. Those cases were decided at a time when simultaneously-recorded broadcasts were not protected under the Copyright Act and when the state law claims they fashioned were not subject to federal preemption. For example, *Metropolitan Opera*, 199 Misc. 786, 101 N.Y.S.2d 483, involved the unauthorized copying, marketing, and sale of opera radio broadcasts. As another example, in *Mutual Broadcasting System v. Muzak Corp.*, 177 Misc. 489, 30 N.Y.S.2d 419 (Sup. Ct. 1941), the defendant simultaneously retransmitted the plaintiff's baseball radio broadcasts [\*\*34] onto telephone lines. As discussed above, the 1976 amendments to the Copyright Act were specifically designed to afford copyright protection to simultaneously-recorded broadcasts, and *Metropolitan Opera* and *Muzak* could today be brought as copyright infringement cases. Moreover, we believe that they would *have* to be brought as copyright cases because the amendments affording broadcasts copyright protection also preempted the state law misappropriation claims under which they were decided.

105 F.3d 841, \*; 1997 U.S. App. LEXIS 1527, \*\*;  
41 U.S.P.Q.2D (BNA) 1585; Copy. L. Rep. (CCH) P27,591

Our conclusion, therefore, is that only a narrow "hot-news" misappropriation claim survives preemption for actions concerning material within the realm of copyright. <sup>6</sup> See also 1 *McCarthy on Trademarks and Unfair Competition* (4th ed. 1996), § 10:69, at 10-134 (discussing *National Exhibition Co. v. Fass*, 133 N.Y.S.2d 379 (Sup. Ct. 1954), *Muzak*, 177 Misc. 489, 30 N.Y.S.2d 419, and other cases relied upon by NBA that pre-date the 1976 amendment to the Copyright Act and concluding that after the amendment, "state misappropriation law would be unnecessary and would be preempted: protection is solely under federal copyright"). <sup>7</sup>

6 State law claims involving breach of fiduciary duties or trade-secret claims are not involved in this matter and are not addressed by this discussion. These claims are generally not preempted because they pass the "extra elements" test. See *Altai*, 982 F.2d at 717.

[\*\*35]

7 Quite apart from Copyright Act preemption, *INS* has long been regarded with skepticism by many courts and scholars and often confined strictly to its facts. In particular, Judge Learned Hand was notably hostile to a broad reading of the case. He wrote:

We think that no more was covered than situations substantially similar to those then at bar. The difficulties of understanding it otherwise are insuperable. We are to suppose that the court meant to create a sort of common-law patent or copyright for reasons of justice. Either would flagrantly conflict with the scheme which Congress has for more than a century devised to cover the subject-matter.

*Cheney Bros. v. Doris Silk Corp.*, 35 F.2d 279, 280 (2d Cir. 1929), cert. denied, 281 U.S. 728, 74 L. Ed. 1145, 50 S. Ct. 245 (1930). See also *Restatement (Third) of Unfair Competition* § 38 cmt. c (1995):

The facts of the *INS* decision are unusual and may serve, in part, to limit its rationale . . . . The limited extent to which the *INS* rationale has been incorporated into the common law of the states indicate that the decision is properly viewed as a response to unusual circumstances rather than as a statement of generally applicable principles of

common law. Many subsequent decisions have expressly limited the *INS* case to its facts.

[\*\*36] In our view, the elements central to an *INS* claim are: (i) the plaintiff generates or collects information at some cost or expense, see *FII*, 808 F.2d at 206; *INS*, 248 U.S. at 240; (ii) the value of the information is highly time-sensitive, see *FII*, 808 F.2d at 209; *INS*, 248 U.S. at 231; *Restatement (Third) Unfair Competition*, § 38 cmt. c.; (iii) the defendant's use of the information constitutes free-riding on the plaintiff's costly efforts to generate or collect it, see *FII*, 808 F.2d at 207; *INS*, 248 U.S. at 239-40; *Restatement* § 38 at cmt. c.; *McCarthy*, § 10:73 at 10-139; (iv) the defendant's use of the information is in direct competition with a product or service offered by the plaintiff, *FII*, 808 F.2d at 209, *INS*, 248 U.S. at 240; (v) the ability of other parties to free-ride on the efforts of the plaintiff would so reduce the incentive to produce the product or service that its existence or quality would be substantially threatened, *FII*, 808 F.2d at 209; *Restatement*, § 38 at cmt. c.; *INS*, 248 U.S. at 241 ("[INS's conduct] would render [AP's] publication profitless, or so little profitable as in effect to [\*\*37] cut off the service by rendering the cost prohibitive in comparison with the return.") <sup>8</sup>

8 Some authorities have labeled this element as requiring direct competition between the defendant and the plaintiff in a primary market. "In most of the small number of cases in which the misappropriation doctrine has been determinative, the defendant's appropriation, like that in *INS*, resulted in direct competition in the plaintiffs' primary market. . . Appeals to the misappropriation doctrine are almost always rejected when the appropriation does not intrude upon the plaintiffs' primary market.", *Restatement (Third) of Unfair Competition*, § 38 cmt. c, at 412-13; see also *National Football League v. Delaware*, 435 F. Supp. 1372 (D. Del. 1977). In that case, the NFL sued Delaware over the state's lottery game which was based on NFL games. In dismissing the wrongful misappropriation claims, the court stated:

While courts have recognized that one has a right to one's own harvest, this proposition has not been construed to preclude others from profiting from demands for collateral services generated by the success of one's business venture.

*Id.* at 1378. The court also noted, "It is true that Delaware is thus making profits it would not make but for the existence of the NFL, but I find this difficult to distinguish from the multitude of charter bus companies who generate profit from servicing those of plaintiffs' fans who want to go to the stadium or, indeed, the sidewalk popcorn salesman who services the crowd as it surges towards the gate." *Id.*

[\*\*38] [\*\*53] *INS* is not about ethics; it is about the protection of property rights in time-sensitive information so that the information will be made available to the public by profit-seeking entrepreneurs. If services like AP were not assured of property rights in the news they pay to collect, they would cease to collect it. The ability of their competitors to appropriate their product at only nominal cost and thereby to disseminate a competing product at a lower price would destroy the incentive to collect news in the first place. The newspaper-reading public would suffer because no one would have an incentive to collect "hot news."

We therefore find the extra elements -- those in addition to the elements of copyright infringement -- that allow a "hotnews" claim to survive preemption are: (i) the time-sensitive value of factual information, (ii) the free-riding by a defendant, and (iii) the threat to the very existence of the product or service provided by the plaintiff.

## 2. The Legality of SportsTrax

We conclude that Motorola and STATS have not engaged in unlawful misappropriation under the "hot-news" test set out above. To be sure, some of the elements of a "hot-news" *INS* [\*\*39] -claim are met. The information transmitted to SportsTrax is not precisely contemporaneous, but it is nevertheless time-sensitive. Also, the NBA does provide, or will shortly do so, information like that available through SportsTrax. It now offers a service called "Gamestats" that provides official play-by-play game sheets and half-time and final box scores within each arena. It also provides such information to the media in each arena. In the future, the NBA plans to enhance Gamestats so that it will be networked between the various arenas and will support a pager product analogous to SportsTrax. SportsTrax will of course directly compete with an enhanced Gamestats.

However, there are critical elements missing in the NBA's attempt to assert a "hot-news" *INS*-type claim. As framed by the NBA, their claim compresses and confuses three different informational products. The first product is generating the information by playing the games; the second product is transmitting live, full descriptions of those games; and the third product is collecting and retransmitting strictly factual information about the games.

The first and second products are the NBA's primary business: producing [\*\*40] basketball games for live attendance and licensing copyrighted broadcasts of those games. The collection and retransmission of strictly factual material about the games is a different product: e.g., box-scores in newspapers, summaries of statistics on television sports news, and real-time facts to be transmitted to pagers. In our view, the NBA has failed to show any competitive effect whatsoever from SportsTrax on the first and second products and a lack of any free-riding by SportsTrax on the third.

With regard to the NBA's primary products -- producing basketball games with live attendance and licensing copyrighted broadcasts of those games -- there is no evidence [\*\*54] that anyone regards SportsTrax or the AOL site as a substitute for attending NBA games or watching them on television. In fact, Motorola markets SportsTrax as being designed "for those times when you cannot be at the arena, watch the game on TV, or listen to the radio . . ."

The NBA argues that the pager market is also relevant to a "hot-news" *INS*-type claim and that SportsTrax's future competition with Gamestats satisfies any missing element. We agree that there is a separate market for the real-time transmission [\*\*41] of factual information to pagers or similar devices, such as STATS's AOL site. However, we disagree that SportsTrax is in any sense free-riding off Gamestats.

An indispensable element of an *INS* "hot-news" claim is free-riding by a defendant on a plaintiff's product, enabling the defendant to produce a directly competitive product for less money because it has lower costs. SportsTrax is not such a product. The use of pagers to transmit real-time information about NBA games requires: (i) the collecting of facts about the games; (ii) the transmission of these facts on a network; (iii) the assembling of them by the particular service; and (iv) the transmission of them to pagers or an on-line computer site. Appellants are in no way free-riding on Gamestats. Motorola and STATS expend their own resources to collect purely factual information generated in NBA games to transmit to SportsTrax pagers. They have their own network and assemble and transmit data themselves.

To be sure, if appellants in the future were to collect facts from an enhanced Gamestats pager to retransmit them to SportsTrax pagers, that would constitute free-riding and might well cause Gamestats to be unprofitable [\*\*42] because it had to bear costs to collect facts that SportsTrax did not. If the appropriation of facts from one pager to another pager service were allowed, transmission of current information on NBA games to pagers or similar devices would be substantially deterred because



any potential transmitter would know that the first entrant would quickly encounter a lower cost competitor free-riding on the originator's transmissions.<sup>9</sup>

9 It may well be that the NBA's product, when enhanced, will actually have a competitive edge because its Gamestats system will apparently be used for a number of in-stadium services as well as the pager market, resulting in a certain amount of cost-sharing. Gamestats might also have a temporal advantage in collecting and transmitting official statistics. Whether this is so does not affect our disposition of this matter, although it does demonstrate the gulf between this case and *INS*, where the free-riding created the danger of no wire service being viable.

However, that is not the [\*\*43] case in the instant matter. SportsTrax and Gamestats are each bearing their own costs of collecting factual information on NBA games, and, if one produces a product that is cheaper or otherwise superior to the other, that producer will prevail in the marketplace. This is obviously not the situation against which *INS* was intended to prevent: the potential lack of any such product or service because of the anticipation of free-riding.

For the foregoing reasons, the NBA has not shown any damage to any of its products based on free-riding by Motorola and STATS, and the NBA's misappropriation claim based on New York law is preempted.<sup>10</sup>

10 In view of our disposition of this matter, we need not address appellants' *First Amendment* and laches defenses.

### III. THE NBA'S CROSS-APPEAL

The NBA cross-appeals from the district court's dismissal of its false advertising claim under Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a).<sup>11</sup> This claim was [\*\*855] based on a January 1996 Motorola press release stating that [\*\*44] SportsTrax provides "updated game information direct from each arena" which "originates from the press table in each arena" and on a statement appearing on the spine of the retail box and on the retail display stand that SportsTrax provides "game updates from the arena."

11 The text of 15 U.S.C. § 1125(a)(1) reads in pertinent part:

§ 1125. [HN13] False designations of origin, false descriptions, and dilution forbidden

(a) Civil action; any person

(1) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which--

(A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, or

(B) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities,

shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

[\*\*45] NBA argues that because STATS reporters collect their information from television and radio broadcasts, the information is not "direct from each arena" or even "from the arena." Motorola responds that the statement about information coming from the press table was an isolated remark occurring only in that press release. It also claims that the assertion that the game updates come "from the arena" is not literally false, presumably because the factual information does originate in the arena.

[HN14] To establish a false advertising claim under Section 43(a), the plaintiff must demonstrate that the statement in the challenged advertisement is false. "Falsity may be established by proving that (1) the advertising is literally false as a factual matter, or (2) although the advertisement is literally true, it is likely to deceive or confuse customers." *Lipton v. Nature Co.*, 71 F.3d 464, 474 (2d Cir. 1995). However, in addition to proving falsity, the plaintiff must also show that the defendants "misrepresented an 'inherent quality or characteristic' of the product. *National Assoc. of Pharm. Mfrs. v. Ayerst Lab.*, 850 F.2d 904, 917 (2d Cir. 1988) (quoting *Vidal Sassoon, Inc. v. Bristol-Myers* [\*\*46] *Co.*, 661 F.2d 272, 278 (2d Cir. 1981)). This requirement is essentially one of materiality, a term explicitly used in other circuits. See *American Tel. & Tel. Co. v. Winback and Conserve Program, Inc.*, 42 F.3d 1421, 1428 n. 9 (3d Cir. 1994) (plaintiff alleging false advertising must prove "that the deception is material in that it is likely to influence purchasing decisions") (citations and internal quotation marks omitted), *cert. denied*, 131 L. Ed. 2d 757, 115 S. Ct. 1838 (1995); *ALPO Petfoods, Inc. v. Ralston Purina Co.*, 286 U.S. App. D.C. 192, 913 F.2d 958, 964 (D.C. Cir. 1990) (false or misleading ads must be "material in their effects on buying decisions"); *Taquino v. Teledyne Monarch Rubber*, 893 F.2d 1488, 1500 (5th Cir. 1990) (deception must be "material, in that it is likely to influence the purchasing decision"); see also 3 *McCarthy on Trademarks* § 27:35 at 27-54 (there must be "some showing that the defendant's misrepresentation was 'ma-

terial' in the sense that it would have some effect on consumers' purchasing decisions.").

The district court found, "after viewing the complained-of statements in this action in their context," that "the statements as to the particular origin of game updates [\*\*47] constitute nothing more than minutiae about SportsTrax." 939 F. Supp. at 1110. We agree with the district court that the statements in question are not material in the present factual context. The inaccuracy in the statements would not influence consumers at the present time, whose interest in obtaining updated game scores on pagers is served only by SportsTrax. Whether the data is taken from broadcasts instead of being observed first-hand is, therefore, simply irrelevant. However, we note that if the NBA were in the future to market a rival pager with a direct data-feed from the arenas - perhaps with quicker updates than SportsTrax and official statistics -- then Motorola's statements regarding source might well be materially misleading. On the present facts, however, the complained-of statements are not material and do not misrepresent an inherent quality or characteristic of the product.

#### IV. CONCLUSION

We vacate the injunction entered by the district court and order that the NBA's claim for misappropriation be dismissed. We affirm the district court's dismissal of the NBA's claim for false advertising under Section 43(a) of the Lanham Act.



LEXSEE 2009 U.S. DIST. LEXIS 57438



Analysis

As of: Nov 02, 2009

THE FOOTBALL ASSOCIATION PREMIER LEAGUE LIMITED, BOURNE CO. (together with its affiliate MURBO MUSIC PUBLISHING, INC.), CHERRY LANE MUSIC PUBLISHING COMPANY, INC., CAL IV ENTERTAINMENT LLC, ROBERT TUR d/b/a LOS ANGELES NEWS SERVICE, NATIONAL MUSIC PUBLISHERS' ASSOCIATION, THE RODGERS & HAMMERSTEIN ORGANIZATION, STAGE THREE MUSIC (US), INC., EDWARD B. MARKS MUSIC COMPANY, FREDDY BIENSTOCK MUSIC COMPANY d/b/a BIENSTOCK PUBLISHING COMPANY, ALLEY MUSIC CORPORATION, X-RAY DOG MUSIC, INC., FEDERATION FRANCAISE DE TENNIS, THE MUSIC FORCE MEDIA GROUP LLC, THE MUSIC FORCE LLC, and SIN-DROME RECORDS, LTD. on behalf of themselves and all others similarly situated, Plaintiffs, - against - YOUTUBE, INC., YOUTUBE, LLC and GOOGLE, INC., Defendants.

07 Civ. 3582 (LLS)

UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF  
NEW YORK

633 F. Supp. 2d 159; 2009 U.S. Dist. LEXIS 57438; 91 U.S.P.Q.2D (BNA) 1919

July 3, 2009, Decided

July 7, 2009, Filed

**PRIOR HISTORY:** *Viacom Int'l Inc. v. YouTube Inc.*, 253 F.R.D. 256, 2008 U.S. Dist. LEXIS 50614 (S.D.N.Y., 2008)

#### CASE SUMMARY:

**PROCEDURAL POSTURE:** Plaintiffs brought a putative class action for copyright infringement under the Copyright Act of 1976, 17 U.S.C.S. § 101 *et seq.* Defendants moved for judgment on the pleadings, dismissing plaintiffs' claims for statutory damages on foreign works that had not been registered with the U.S. Copyright Office, and their claim for punitive damages.

**OVERVIEW:** Because 17 U.S.C.S. § 412 had to be construed according to its terms (subject to specified exceptions, it barred statutory damages for all foreign and do-

mestic works not timely registered) plaintiffs' Copyright Act claims for statutory damages were dismissed with respect to all unregistered foreign works that did not fall within any such exception. However, it was apparent from plaintiffs' submissions that they could have adequately amended their complaint to assert facts showing that there were unregistered foreign works in suit which met 17 U.S.C.S. § 411(c)'s requirements. Under the circumstances, plaintiffs' complaint was deemed amended to include the material set forth in plaintiffs' counsel's declaration, and defendants' motion was denied insofar as it sought dismissal of plaintiffs' claims for statutory damages arising from infringements of unregistered foreign works which qualified under the "live broadcast exemption" in 17 U.S.C.S. § 411(c). Plaintiffs' claims for punitive damages were dismissed, as there was no circumstance in which punitive damages were available under the Copyright Act.

**OUTCOME:** Plaintiffs' complaint was deemed amended to include the material set forth in plaintiffs' counsel's declaration. Plaintiffs' Copyright Act claims for statutory damages were dismissed with respect to all foreign works which were not registered in the United States, except those in suit under the "live broadcast exemption" in 17 U.S.C.S. § 411(c).

#### LexisNexis(R) Headnotes

*Copyright Law > Civil Infringement Actions > Remedies > Damages > Statutory Damages*

*Copyright Law > Formalities > Deposit & Registration > Registration > Registration Certificates*

[HN1] With specified exceptions, 17 U.S.C.S. § 412 prohibits recovery of statutory damages for each and every work unless the work was registered (a) before the infringement commenced or (b) within three months after its first publication.

*Copyright Law > Civil Infringement Actions > Remedies > Damages > Statutory Damages*

*Copyright Law > Formalities > Deposit & Registration > Registration > Registration Certificates*

[HN2] See 17 U.S.C.S. § 412.

*Copyright Law > Civil Infringement Actions > Remedies > Damages > Statutory Damages*

*Copyright Law > Formalities > Deposit & Registration > Registration > Registration Certificates*

[HN3] 17 U.S.C.S. § 412 has no exception excusing foreign works from its mandate: it requires registration to obtain statutory damages for both domestic and foreign works.

*Copyright Law > Civil Infringement Actions > Remedies > Damages > Statutory Damages*

*Copyright Law > Formalities > Deposit & Registration > Registration > Registration Certificates*

[HN4] 17 U.S.C.S. § 411(a), which requires preregistration or registration before any copyright infringement suit may be brought, is limited to U.S. works, stating no civil action for infringement of the copyright in any United States work shall be instituted until preregistration or registration of the copyright claim has been made, 17 U.S.C.S. § 411(a), and thus allows suits to be brought upon foreign works without registration of them; but it does not impair the operation of 17 U.S.C.S. § 412, which forbids the recovery of statutory damages in any

infringement action (except, among others, those under 17 U.S.C.S. § 411(c) concerning live broadcasts) unless the work has been registered. Unlike 17 U.S.C.S. § 411(a), 17 U.S.C.S. § 412 has no such limitation to U.S. works: it applies to all unregistered works.

#### *Governments > Legislation > Interpretation*

[HN5] When Congress includes particular language in one section of a statute but omits it in another section of the same Act, it is generally presumed that Congress acts intentionally and purposely in the disparate inclusion or exclusion.

*Copyright Law > Civil Infringement Actions > Remedies > Damages > Statutory Damages*

*Copyright Law > Formalities > Deposit & Registration > Registration > Registration Certificates*

[HN6] 17 U.S.C.S. § 412 would deny any award of the special or "extraordinary" remedies of statutory damages or attorney's fees where infringement of copyright in an unpublished work began before registration or where, in the case of a published work, infringement commenced after publication and before registration (unless registration has been made within a grace period of three months after publication).

*Copyright Law > Civil Infringement Actions > Remedies > Damages > Statutory Damages*

*Copyright Law > Formalities > Deposit & Registration > Registration > Registration Certificates*

[HN7] Even if 17 U.S.C.S. § 412 were in conflict with the Berne Convention for the Protection of Literary and Artistic Works, 17 U.S.C.S. § 412 would be binding. The Berne Convention has no effect on U.S. law unless Congress so provides, and Congress left 17 U.S.C.S. § 412 "unaffected" by the Berne Convention Implementation Act.

*Copyright Law > Foreign & International Protections > Uruguay Round Agreements Act*

[HN8] See 19 U.S.C.S. § 3512(a)(1).

*Copyright Law > Civil Infringement Actions > Remedies > Damages > Statutory Damages*

*Copyright Law > Formalities > Deposit & Registration > Registration > Registration Certificates*

[HN9] 17 U.S.C.S. § 412 must be construed according to its terms: subject to specified exceptions, it bars statutory damages for all foreign and domestic works not timely registered.

*Copyright Law > Civil Infringement Actions > Presumptions & Requirements > Registration Requirement*  
[HN10] See 17 U.S.C.S. § 411(c)(1).

*Copyright Law > Civil Infringement Actions > Presumptions & Requirements > Registration Requirement*  
[HN11] Pursuant to 17 U.S.C.S. § 411(c)(2), the copyright owner of such a work may (among other things) seek statutory damages only if the copyright owner makes registration for the work, if required by subsection (a), within three months after its first transmission. 17 U.S.C.S. § 411(c)(2). Since 17 U.S.C.S. § 411(a) does not require registration of foreign works, 17 U.S.C.S. § 411(c)(2) does not apply to foreign works consisting of sounds, images, or both, the first fixation of which are made simultaneously with their transmission.

*Copyright Law > Civil Infringement Actions > Presumptions & Requirements > Registration Requirement*  
*Copyright Law > Civil Infringement Actions > Remedies > Damages > Statutory Damages*  
[HN12] All foreign works which meet the requirements of 17 U.S.C.S. § 411(c) are exempted from the general rule of 17 U.S.C.S. § 412, which bars statutory damages for works not timely registered. 17 U.S.C.S. §§ 411(a) & (c), 412, 504.

*Copyright Law > Civil Infringement Actions > Presumptions & Requirements > Registration Requirement*  
[HN13] In a suit under 17 U.S.C.S. § 411(c), the copyright owner of a foreign work consisting of sounds, images, or both, the first fixation of which is made simultaneously with its transmission may obtain statutory damages (17 U.S.C.S. §§ 411(c), 504) without registering the work (17 U.S.C.S. §§ 411(a) & (c)(2), 412) if the copyright owner serves an "Advance Notice of Potential Infringement" on the prospective infringer at least 48 hours before the work is transmitted (17 U.S.C.S. § 411(c)(1); 37 C.F.R. § 201.22). Among other things, the Advance Notice must clearly identify each work at issue by title, as well as the date, specific time, and expected duration of the intended first transmission of each work, the source of the intended first transmission, and the copyright owner of each work; and include a description of the relevant activities of the potential infringer which would, if carried out, result in an infringement of the copyright. 17 U.S.C.S. § 411(c)(1); 37 C.F.R. § 201.22(c).

*Copyright Law > Civil Infringement Actions > Remedies > Damages > General Overview*

[HN14] There is no circumstance in which punitive damages are available under the Copyright Act of 1976. Common-law punitive damages cannot be recovered under the Copyright Act.

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Cherry Lane Music Publishing Company, Inc., Robert Tur, doing business as Los Angeles News Service, X-Ray Dog Music, Inc., Federation Francaise De Tennis, The Scottish Premier League Limited, The Music Force Media Group LLC, Sin-Drome Records, Ltd., on behalf of themselves and all others similarly situated, Murbo Music Publishing, Inc., Plaintiffs: Louis M. Solomon, Proskauer Rose LLP (New York), New York, NY; Max

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**JUDGES:** LOUIS L. STANTON, United States District Judge.

**OPINION BY:** LOUIS L. STANTON

## OPINION

### [\*161] OPINION and ORDER

In this putative class action for copyright infringement brought under the U.S. Copyright Act of 1976 (*17 U.S.C. § 101 et seq.*), defendants move for judgment on the pleadings dismissing plaintiffs' claims under the Act for (1) statutory damages on foreign works that have not been registered with the U.S. Copyright Office and (2) punitive damages.<sup>1</sup>

<sup>1</sup> Although defendants' motion also seeks, in the alternative, to strike those claims, it is treated as a

motion for judgment on the pleadings dismissing those claims.

Plaintiffs' Copyright Act claims for statutory damages are dismissed with respect to all foreign works which were not registered in the United States ("unregistered foreign works"), except those in suit under the "live broadcast exemption" in *Section 411(c)* of the Act.

## I. Statutory Damages

### A. *Section 412* of the Copyright Act

Defendants argue that because statutory damages are not available under the Copyright Act for the unregistered foreign works plaintiffs sue upon, plaintiffs' Copyright Act claims for statutory damages on those works must be [\*\*5] dismissed.

[\*162] Plaintiffs respond that they may seek statutory damages on unregistered foreign works because all foreign works, as a matter of law, are exempt from any registration requirements under the Act.

That response is foreclosed by *Section 412* of the Act. [HN1] With specified exceptions, *Section 412* prohibits recovery of statutory damages for each and every work unless the work was registered (a) before the infringement commenced or (b) within three months after its first publication. *Section 412* states in pertinent part:

#### [HN2] Registration as prerequisite to certain remedies for infringement

In any action under this title, other than an action . . . instituted under section 411(c), no award of statutory damages . . . shall be made for--

(1) any infringement of copyright in an unpublished work commenced before the effective date of its registration; or

(2) any infringement of copyright commenced after first publication of the work and before the effective date of its registration, unless such registration is made within three months after the first publication of the work.

*17 U.S.C. § 412.*

[HN3] *Section 412* has no exception excusing foreign works from its mandate: it requires registration to obtain statutory [\*\*6] damages for both domestic and foreign works. Cf. *Master Sound Int'l, Inc. v. PolyGram Latino U.S.*, No. 98 Civ. 8468 (DLC), 1999 U.S. Dist. LEXIS 6287, 1999 WL 269958, at \*3 (S.D.N.Y. May 4,

1999)("Registration is a prerequisite to bringing suit for recovery of [statutory] damages and [attorney's] fees, and [Section 412] does not incorporate an exception for works originated in countries outside the United States."); accord *Rudnicki v. WPNA* 1490 AM, 580 F. Supp. 2d 690, 694 (N.D.Ill. 2008)("Registration is only a prerequisite when the foreign copyright holder seeks statutory damages and attorney's fees."); *Películas Y Videos Internacionales, S.A. de C.V. v. Harriscope of Los Angeles, Inc.*, 302 F. Supp. 2d 1131, 1138-39 (C.D.Cal. 2004)(statutory damages unavailable on four foreign films because they were not timely registered in accordance with Section 412); *Parfums Givenchy, Inc. v. C & C Beauty Sales, Inc.*, 832 F. Supp. 1378, 1393-95, 1393 n.13 (C.D.Cal. 1993)(statutory damages not recoverable on foreign design for perfume box because it was not timely registered as required by Section 412); 2 NIMMER ON COPYRIGHT § 7.16[C] [1], at 7-183 (2008) ("the loss of remedies under Section 412 due to failure to register [\*\*7] is applicable to works of foreign origin as well as to domestic works").

[HN4] Section 411(a) of the Act, which requires preregistration or registration before any copyright infringement suit may be brought, is limited to U.S. works, stating "no civil action for infringement of the copyright in any United States work shall be instituted until preregistration or registration of the copyright claim has been made", 17 U.S.C. § 411(a) (emphasis added), and thus allows suits to be brought upon foreign works without registration of them; but it does not impair the operation of Section 412, which forbids the recovery of statutory damages in any infringement action (except, among others, those under Section 411(c) concerning live broadcasts) unless the work has been registered. Unlike Section 411(a), Section 412 has no such limitation to U.S. works: it applies to all unregistered works. See *Barnhart v. Sigmon Coal Co., Inc.*, 534 U.S. 438, 452, 122 S. Ct. 941, 151 L. Ed. 2d 908 (2002)([HN5] "when Congress includes particular language in one section of a statute but omits it in another section of the same Act, it is generally presumed that Congress acts intentionally and purposely in the disparate inclusion [\*163] or exclusion" (internal quotation [\*\*8] marks omitted)).

That Congress did not intend to exempt foreign works generally from Section 412 is also clear from the Act's legislative history. The House of Representatives' Report accompanying the Act shows that Section 412 was enacted to induce copyright registration, "which is useful and important to users and the public at large," by denying "special statutory remedies unless the owner has, by registration, made a public record of his copyright claim." H.R. Rep. No. 94-1476, at 158 (Sept. 3, 1976). According to the Report (at 158), the Act's general scheme permits a copyright owner whose work has

been infringed before registration to seek the ordinary remedies of an injunction and actual damages plus any applicable profits, while:

[HN6] section 412 would deny any award of the special or "extraordinary" remedies of statutory damages or attorney's fees where infringement of copyright in an unpublished work began before registration or where, in the case of a published work, infringement commenced after publication and before registration (unless registration has been made within a grace period of three months after publication).

The Report's next sentence states that "These provisions [\*\*9] [of Section 412] would be applicable to works of foreign and domestic origin alike." *Id.*

## B. International Agreements

Plaintiffs contend that unless Section 412 is construed to exempt all foreign works from its directive it would violate two international agreements to which the U.S. is bound: the Berne Convention for the Protection of Literary and Artistic Works, an international copyright treaty which the U.S. joined in 1989, and the Agreement on Trade-Related Aspects of Intellectual Property Rights ("TRIPs"), a trade agreement the President made in 1994. Further, plaintiffs say, an amendment to Copyright Act § 411(a) in the Digital Millennium Copyright Act of 1998 ("DMCA") shows that Congress intended § 412 to be so construed, to conform to the foregoing and similar international agreements.

None of the materials on which plaintiffs rely so alters Section 412's terms.

### 1. The Berne Convention

Plaintiffs assume that if Section 412 denied statutory damages on a foreign work for failure to register, it would violate "one of the most fundamental tenets of Berne, that 'the enjoyment and the exercise of [copyright] shall not be subject to any formality.'" Class Pls.' Opp. at 9-10 (plaintiffs' [\*\*10] brackets), quoting Berne Convention Art. 5(2).

Congress rejected that assumption when it passed the Berne Convention Implementation Act of 1988 "to make the changes to the U.S. copyright law that are necessary for the United States to adhere to the Berne Convention." S. Rep. No. 100-352, at 1 (May 20, 1988).

The Senate Judiciary Committee confronted "the question of whether the registration provisions of exist-

ing U.S. copyright law, as applied to foreign works originating in States adhering to Berne, constitute a prohibited formality" (id. at 13).

With respect to Copyright Act § 411(a), which at that time required registration as a prerequisite for a copyright infringement suit for both foreign and domestic works, the Senate Judiciary Committee "concluded that section 411(a) in its current form is incompatible" with Berne. Id. at 14. Although the House of Representatives disagreed, Congress as a whole ultimately exempted foreign "Berne Convention works" [\*164] from Section 411(a)'s registration requirement, while leaving it intact as to U.S. and other works. See 134 Cong. Rec. H10091, at H10093, H10096 (daily ed. Oct. 12, 1988). Thus, pursuant to that exemption, one could bring an infringement [\*11] suit (although not obtain statutory damages) based on an unregistered foreign Berne Convention work.

Neither the House nor the Senate found that Section 412, which denies statutory damages for both foreign and domestic unregistered works, violated the Berne Convention. The Senate Judiciary Committee concluded that Section 412 and other provisions of the Copyright Act "do not condition the availability of all meaningful relief on registration, and therefore are not inconsistent with Berne." S. Rep. No. 100-352, at 14-15.

[HN7] Even if Section 412 were in conflict with the Berne Convention, Section 412 would be binding. The Berne Convention has no effect on U.S. law unless Congress so provides,<sup>2</sup> and Congress left Section 412 "unaffected" by the Berne Convention Implementation Act (134 Cong. Rec. at H10096).

2 Congress declared in the Berne Convention Implementation Act (Pub. L. 100-568 § 2, codified at 17 U.S.C. § 101 note): that "the 'Berne Convention' is 'not self-executing under the Constitution and laws of the United States'; that 'The obligations of the United States under the Berne Convention may be performed only pursuant to appropriate domestic law'; and that 'The amendments made by [\*12] this Act, together with the law as it exists on the date of the enactment of this Act, satisfy the obligations of the United States in adhering to the Berne Convention and no further rights or interests shall be recognized or created for that purpose.'"

## 2. Agreement on Trade-Related Aspects of Intellectual Property Rights ("TRIPs")

Nor would Section 412 be altered by TRIPs, one of the Uruguay Round Agreements on trade entered into by the President in 1994, even if applying it to foreign works conflicted with TRIPs. "TRIPs is plainly not a

self-executing treaty", *ITC Ltd. v. Punchgini, Inc.*, 482 F.3d 135, 161 (2d Cir. 2007), and Congress has mandated that U.S. laws such as Section 412 prevail if they conflict with any of the Uruguay Round Agreements (see 19 U.S.C. § 3512(a)(1)), including TRIPs (see id. §§ 3501(7), 3511(a)(1) & (d)(15)). As stated by the Uruguay Round Agreements Act implementing TRIPs: [HN8] "No provision of any of the Uruguay Round Agreements, nor the application of any such provision to any person or circumstance, that is inconsistent with any law of the United States shall have effect." Id. § 3512(a)(1).

## 3. Digital Millennium Copyright Act of 1998 ("DMCA")

Plaintiffs argue [\*13] that an amendment to Copyright Act § 411(a) made by the DMCA shows that Congress intended § 412 to be construed to exempt all foreign works from its rule, to conform to "an increasing array of international treaties and trade agreements that prohibit the conditioning of copyright rights and remedies on formalities such as copyright registration." Class Pls.' Sur-Reply at 2.

Plaintiffs cite no binding authority holding that Section 412's terms violate any treaty or trade agreement, and the DMCA's legislative history shows that the amendment it made in Section 411(a) was not meant to change Section 412.

When Congress was considering the DMCA, Section 411(a) exempted foreign "Berne Convention works" from its requirement that works be registered before suit could be brought for their infringement. See S. Rep. No. 105-190, at 27 (May 11, 1998). Congress decided that the exemption [\*165] needed to be expanded to include works from parties to two treaties the United States made after the Berne Convention. See id. Rather than leave Section 411(a)'s general rule in place and draft an exception listing all the treaties, in the DMCA Congress amended Section 411(a) to "state affirmatively that 'United States [\*14] works' must be registered before suit." Id.

That was done so that "section 411(a), as amended by [the DMCA], may be easily updated each time the United States joins another treaty, without the need to change several interrelated provisions of the [Copyright] Act." Id. The change was merely one of "several technical amendments to the U.S. Copyright Act." Id. at 25. Congress, by the DMCA, certainly did not intend a sweeping exemption of all foreign works from Section 412's bar of statutory damages for unregistered works, and did not do so implicitly by a technical amendment to a different section of the statute.

\* \* \*



Thus, [HN9] *Section 412* must be construed according to its terms: subject to specified exceptions, it bars statutory damages for all foreign and domestic works not timely registered.

Plaintiffs' Copyright Act claims for statutory damages are dismissed with respect to all unregistered foreign works that do not fall within any such exception.

### C. *Section 411(c)* of the Copyright Act

The relevant exception is the "live broadcast exemption" in *Section 411(c)* of the Act, which states in pertinent part:

[HN10] (e) In the case of a work consisting of sounds, images, or both, the first fixation of which [\*\*15] is made simultaneously with its transmission, the copyright owner may, either before or after such fixation takes place, institute an action for infringement under section 501, fully subject to the remedies [of, among other things, statutory damages], if, in accordance with requirements that the Register of Copyrights shall prescribe by regulation, the copyright owner--

(1) serves notice upon the infringer, not less than 48 hours before such fixation, identifying the work and the specific time and source of its first transmission, and declaring an intention to secure copyright in the work . . . .

### 17 U.S.C. § 411(c)(1).<sup>3</sup>

3 [HN11] Pursuant to *Section 411(c)(2)*, the copyright owner of such a work may (among other things) seek statutory damages only if the copyright owner "makes registration for the work, if required by subsection (a), within three months after its first transmission." 17 U.S.C. § 411(c)(2). Since *Section 411(a)* does not require registration of foreign works, *Section 411(c)(2)* does not apply to foreign works consisting of sounds, images, or both, the first fixation of which are made simultaneously with their transmission.

[HN12] All foreign works which meet the requirements of *Section 411(c)* [\*\*16] are exempted from the general rule of *Section 412*, which bars statutory damages for works not timely registered. See 17 U.S.C. §§ 411(a) & (c), 412, 504; accord 2 NIMMER ON COPYRIGHT § 7.16[B] [3], at 7-176. *Section 411(c)* "is

intended to deal with the special situation presented by works that are being transmitted 'live' at the same time they are being fixed in tangible form for the first time", H.R. Rep. No. 94-1476, at 157, such as live broadcasts of "sporting events, concerts, theatrical presentations and news and public affairs programs", *Works Consisting of Sounds, Images, or Both*, 46 Fed. Reg. 28,846, at 28,849 (May 29, 1981).

[HN13] In a suit under *Section 411(c)*, the copyright owner of a foreign work consisting of sounds, images, or both, the first fixation of which is made simultaneously with its [\*\*166] transmission may obtain statutory damages (see 17 U.S.C. §§ 411(c), 504) without registering the work (see id. §§ 411(a) & (c)(2), 412) if the copyright owner serves an "Advance Notice of Potential Infringement" on the prospective infringer at least 48 hours before the work is transmitted (see id. § 411(c)(1); 37 C.F.R. § 201.22). Among other things, the Advance Notice must clearly identify [\*\*17] each work at issue by title, as well as the date, specific time, and expected duration of the intended first transmission of each work, the source of the intended first transmission, and the copyright owner of each work; and include a description of the relevant activities of the potential infringer which would, if carried out, result in an infringement of the copyright. See 17 U.S.C. § 411(c)(1); 37 C.F.R. § 201.22(c).

Defendants argue that plaintiffs cannot rely on *Section 411(c)*, stating (Defs.' Reply at 14):

Not only have they failed to point to a single work for which they claim to qualify for the exception, they have not even attempted to allege the facts necessary to satisfy the provision's detailed notice requirements. Plaintiffs' reference to *section 411(c)* in their complaint is entirely formulaic; it consists of a naked assertion devoid of any further factual enhancements. As the Supreme Court has recently made clear, that is not enough. Instead, "a complaint must contain sufficient factual matter, accepted as true, to 'state a claim to relief that is plausible on its face.'" *Ashcroft v. Iqbal*, 129 S. Ct. 1937, 173 L. Ed. 2d 868, 2009 WL 1361536, at \*12 (2009)(quoting *Bell Atlantic Corp. v. Twombly*, 550 U.S. 544, 557, 127 S. Ct. 1955, 167 L. Ed. 2d 929 (2007)).

Plaintiffs' [\*\*18] complaint ' alleges (at PP 1-2, 10, 15, 31-32, 69) that their copyrighted works have been infringed on defendants' YouTube website; that "For

each of the Protected Works at issue, all statutory and other applicable formalities have been complied with"; and that the works of lead-plaintiffs The Football Association Premier League Limited and Federation Francaise de Tennis, each of which owns the copyright in audiovisual footage of certain foreign sports matches, "are not 'United States works' within the meaning of the U.S. Copyright Act" and are "pursuant to *section 411(b)* [recently redesignated as *section 411(c)*] of the U.S. Copyright Act, entitled to all remedies under U.S. copyright law, including statutory damages."

4 Plaintiffs' second amended class action complaint is referred to as "complaint."

Whether or not those allegations suffice, it is apparent from plaintiffs' submissions that they could adequately amend their complaint to assert facts showing that there are unregistered foreign works in suit which meet *Section 411(c)*'s requirements.

First, plaintiffs submit the June 4, 2009 Declaration of Oliver Weingarten, the Commercial and Intellectual Property Solicitor for lead-plaintiff [\*\*19] The Football Association Premier League Limited, in which he states under penalty of perjury that (his Decl. PP 2-5) :

2. In the period since 10 September 2008, the Premier League has caused to be served on [the] YouTube [website] more than three hundred and forty four "Advance Notices of Potential Infringement" (an "Advance Notice"). . . .

3. Each of these has been served on YouTube by email no less than 48 hours in advance of the first fixation and simultaneous transmission of a particular Premier League soccer match, identifies the particular match by title (the names [\*167] of the teams), the date, specific time and expected duration of the intended first transmission and other information concerning that work, including the source of its intended first transmission, the parties responsible for recording the live event and the identity of the copyright owner, as well as a description of the activities which would, if carried out, constitute infringement . . . .

4. In addition, the original copy of the Advance Notice bearing the actual handwritten signature on behalf of the Premier League has been served on YouTube by courier . . . so that they receive it before

the first fixation and simultaneous [\*\*20] transmission take place. . . .

5. This practice has been followed for each of the hundreds of Advance Notices sent so far to YouTube on behalf of the Premier League.

Second, in his June 9, 2009 Letter to the Court, plaintiffs' counsel represents "that the hundreds of 411(c) notices described in Mr. Weingarten's Declaration specifically relate to works in suit" (Solomon Esq.'s June 9, 2009 Ltr. to the Ct. at 1).

Under the circumstances, plaintiffs' complaint is deemed amended to include the material set forth in Mr. Weingarten's Declaration and the above quoted representation of plaintiffs' counsel, <sup>5</sup> and defendants' motion is denied insofar as it seeks dismissal of plaintiffs' claims for statutory damages arising from infringements of unregistered foreign works which qualify under the "live broadcast exemption" in *Section 411(c)*.

5 Cf. *Brickman v. Tyco Toys, Inc.*, 722 F. Supp. 1054, 1061 (S.D.N.Y. 1989) ("Plaintiff's amended complaint shall be deemed further amended to include the stock purchase information contained in this affidavit, thereby curing this particular defect.").

## II. Punitive Damages

Defendants argue that plaintiffs' Copyright Act claims for punitive damages must be dismissed [\*\*21] because such damages are, as a matter of law, not obtainable under the Act.

Plaintiffs maintain that they should be allowed to seek punitive damages under the Act for willful infringements of the unregistered foreign works that are barred from recovering statutory damages "in these limited circumstances" (Class Pls.' Opp. at 32), where they would otherwise "have a difficult--if not impossible--time obtaining any effective monetary relief" for such works (id. at 31). <sup>6</sup>

6 Plaintiffs also argue that punitive damages must be available for foreign works under the Copyright Act because the U.S. has an international obligation "to provide 'foreign' rights holders with remedies to deter infringement." Class Pls.' Opp. at 32. However, plaintiffs cite no binding authority requiring the U.S. to furnish the remedy of punitive damages in suits under the Copyright Act, nor one holding that the remedies ordinarily available in infringement cases of an

633 F. Supp. 2d 159, \*, 2009 U.S. Dist. LEXIS 57438, \*\*;  
91 U.S.P.Q.2D (BNA) 1919

injunction and actual damages plus any applicable profits (see H.R. Rep. No. 94-1476, at 158) do not suffice to deter infringement.

[HN14] There is no circumstance in which punitive damages are available under the Copyright Act of 1976. "Common-law punitive damages [\*\*22] cannot be recovered under the Copyright Act." *Viacom Int'l Inc. v. Youtube, Inc.*, 540 F. Supp. 2d 461, 464 (S.D.N.Y. 2008), relying primarily on *Oboler v. Goldin*, 714 F.2d 211, 213 (2d Cir. 1983) ("If the action proceeds to a new trial, we note that punitive damages are not available under the Copyright Act of 1976."); accord *Faulkner v. Nat'l Geographic Soc.*, 576 F. Supp. 2d 609, 612-13, 613 n.7, 617 (S.D.N.Y. 2008) ("the Copyright Act limits recovery in this case to 'actual damages' and does not permit recovery of punitive damages"); *Granger v. Gill Abstract Corp.*, 566 F. Supp. 2d 323, 330 [\*168] (S.D.N.Y. 2008) ("Finally, irrespective of whether a plaintiff is seeking actual or statutory damages, 'punitive damages are not available under the Copyright Act of 1976.'"); 4 *NIMMER ON COPYRIGHT* § 14.02[C] [2], at 14-34 ("The cases are clear that exemplary or punitive damages should not be awarded in a statutory copyright infringement action.").

Plaintiffs' claims for punitive damages under the Copyright Act are dismissed. (For the reasons stated on the record at the February 27, 2009 pre-motion conference before the Court, any ruling on whether plaintiffs may seek punitive damages for pre-1972 [\*\*23] sound recordings under state law, or infringements for which foreign law determines the remedies, is deferred.)

#### CONCLUSION

For the reasons set forth above, the issues raised by defendants' motion (Docket No. 120) are disposed of as follows:

(1) plaintiffs' complains is deemed amended to include the material set forth in Mr. Weingarten's June 4, 2009 Declaration and the above quoted representation of plaintiffs' counsel;

(2) plaintiffs' Copyright Act claims for statutory damages are dismissed with respect to all unregistered foreign works, except those claims based on unregistered foreign works which qualify for the "live broadcast exemption" in Section 411(c) of the Act; and

(3) plaintiffs' claims for punitive damages under the Copyright Act are dismissed.

So ordered.

Dated: New York, NY

July 3, 2009

/s/ Louis L. Stanton

LOUIS L. STANTON

U.S.D.J.

**STREET & SMITH'S**  
**SportsBusiness**  
**DAILY**

Sports Media  
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**Ochocinco Teams With Motorola For News Network On Twitter**

Bengals WR Chad Ochocinco is "planning to form his own social news network on Twitter, using his player contacts around the league to develop news about other teams," according to Joe Kay of the AP. The idea for the Ochocinco News Network (OCNN) "grew out of his partnership with Motorola, which will provide the technology" for Ochocinco to "compete with mainstream



media to tell fans what's going on with NFL teams." He said, "If I break it, you might as well believe it. ... I am that source now. I'll be the leak for all 32 teams." Ochocinco, who has about 300,000 followers on Twitter, "plans to operate like a reporter, getting tips from players on other teams." He may also "get other NFL players involved in his reports." Kay noted the venture will "have to stay within the NFL's restrictions on social networking." Motorola is using the venture to promote its Motoblur technology, and Ochocinco will "use one of the company's Cliq mobile devices" for his reports (*AP*, 10/24). *PRO FOOTBALL TALK*'s Gregg Rosenthal wrote while the OCNN "may get the attention of Ochocinco's coaches, we think the coverage of the announcement is probably being taken a little too seriously," as the idea "has something to do with a sponsored promotion." However, Ochocinco "certainly has some good sources," and Rosenthal added he "will be happy if he can deliver some unique injury or player news" (*PROFOOTBALLTALK.com*, 10/24). Motorola ran a full-page ad promoting the OCNN in today's *USA Today* (*THE DAILY*).

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## NBA is all a-Twitter

By Josh Robbins

THE ORLANDO SENTINEL

Sunday, Sep. 06 2009

ORLANDO, Fla. — The NBA's last few months ultimately might be remembered as "The Summer of Twitter."

Though all of North America's major pro sports leagues are utilizing social media, the NBA and its fans have embraced Twitter and Facebook at warp speed — and not always smoothly.

Players' tweets, messages of 140 characters or less, have generated news headlines. In June, Minnesota forward Kevin Love broke the news that Kevin McHale wouldn't return as the Timberwolves' coach. Shaquille O'Neal used his feed to congratulate his old teammate and rival Kobe Bryant for winning the NBA title. And, in recent days, Allen Iverson announced that he had received a contract offer from Memphis.

"We've always tried to be at the forefront of embracing and looking at new technology — anything that enhances our fans' experience and their engagement with the game," said Dan Opallo, a director of marketing for the NBA who is involved in the day-to-day management of the league's Twitter feed and Facebook page.

"This is from a league level, a team level, a player level. It allowed us to reach fans that were in the social space that maybe we wouldn't normally have reached through conventional marketing and advertising methods."

The NBA's official Twitter feed has roughly 1.25 million followers, while the official feeds for Major League Baseball, the NFL and the NHL have about 1.3 million followers combined. The NBA's official Facebook page has approximately 1.42 million fans, which is nine times more fans than the NFL has on its page and 38 times more fans than Major League Baseball has on its page.

All of the NBA's 30 teams operate their own official Twitter and Facebook accounts, league officials said.

On the league's official Twitter feed, some tweets have offered discounts for products offered by league partners and the NBA.

"Let's not forget that the professional sports business is an entertainment business," said Chris Brogan, the president of New Marketing Labs, an online marketing and social-media consulting company that is not connected with the NBA.

"We are here to make money off of people enjoying our product. All these new tools are engagement tools, and all these tools allow people — should they use them the right way, which is a judgment call — to do so much more engaging with the personalities that they're used to dealing with on the screen."

Brogan regards O'Neal as a Twitter pioneer. O'Neal's feed, THE—REAL—SHAQ, has almost 2.1 million followers, more than any other sports celebrity.

Dwight Howard, the Magic's all-star center, has followed in O'Neal's footsteps. Howard has tweeted almost 5,400 times and has about 919,000 Twitter followers.

"Twitter and Facebook has been a great way to connect with the fans," Howard said earlier this month.

Over the last week, Howard used Twitter and Facebook to post pictures and videos from a recent adidas promotional trip to Shanghai. He shared footage of him doing the moonwalk for an audience and footage of him trying to get Chinese fans atop a double-decker bus to sing Michael Jackson and R. Kelly tunes.

Yet even passionate Twitter advocates acknowledge that the site has potential drawbacks.

About a month ago, a Twitter impersonator pretended to be power forward Glen "Big Baby" Davis and expressed frustration that Davis hadn't received an attractive contract offer from the Boston Celtics. The fraudulent comments were reported as authentic by at least one traditional media outlet, and Davis eventually told Celtics general manager Danny Ainge that he hadn't written those tweets.

Miami Heat forward Michael Beasley recently posted some tweets that made

national headlines. One of them in particular — "Feelin like it's not worth livin!!!!!! I'm done" — raised concerns about his mental health. Another tweet included a link to a photo that included two plastic baggies in the background; people could have assumed the baggies contained marijuana.

Brogan described Beasley's tweets as "something every sports franchise is afraid of."

"The risk is that a player will act like a human being," Brogan said. "Just because there never used to be a voice to it doesn't mean it's not going on."

In the NBA, individual teams determine their own Twitter policies for their players.

Orlando coach Stan Van Gundy said his team doesn't have a social-media policy for game days. His players don't tweet or use Facebook while he's giving his halftime talks.

"It's like anything," Van Gundy said. "I think if it becomes a problem, then you have to address it. But at this point, it hasn't been a problem here."

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# STREET & SMITH'S SportsBusiness DAILY

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## NBA League Pass Mobile Being Released Across Different Platforms



NBA Digital today is releasing NBA League Pass Mobile, a newly developed application for both the iPhone and Android platforms that will feature more than 40 live games per week. The game video will also include DVR-type functionality, mirroring improvements installed on the broadband version of League Pass, and 48-hour game archiving. The new application, costing \$39.99 and developed in partnership with mobile media outfit MobiTV, marks a heightened commitment by NBA Digital to mobile content that will also include a relaunched version of NBA Game Time. The new version of that application for the Android, BlackBerry and iPhone platforms, costing \$9.99 for a full version and free for a lighter one, updates a springtime, playoff-oriented release with several new elements, including "The Barkley Zone." The recurring feature starring TNT's Charles Barkley, available only to Android purchasers of the application, will involve the HOFer interacting with current players and opining on various topics. Other content on NBA Game Time includes scores, statistics, schedules, access to the NBA's Twitter feed, game alerts, and live radio broadcasts for every team. With the new releases, the NBA becomes the first major sports league to have a mobile application with live game video on two different platforms, and the first to have an application presence across the Android, iPhone and BlackBerry platforms. The mobile version of League Pass presently will be sold only as a standalone product and be subject to local blackouts, but it is possible the product will be coupled later on with its broadband and TV counterparts. League Pass Broadband is sold independently, and bundled with the TV product. "League Pass Mobile is a natural evolution of the TV and online products. We said we were going to be aggressive about being cross-platform and multi-platform with our products and we meant it," said NBA Digital Senior VP & GM Bryan Perez (*Eric Fisher, SportsBusiness Journal*). Perez added, "I think the biggest point is we developed across multiple platforms simultaneously. For us, that's a key operating philosophy." He added down the road, the league "will want to try and do a local in-market mobile package, coordinating with teams and regional sports networks" ([PAIDCONTENT.org](http://PAIDCONTENT.org), 10/29).



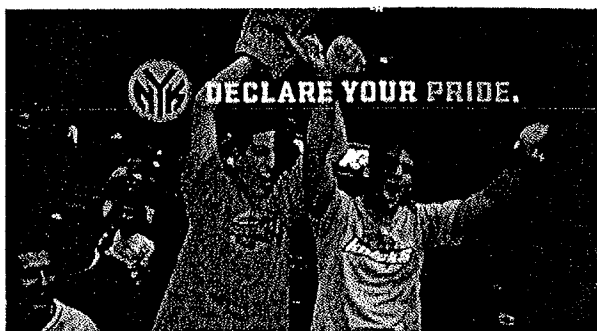
**STREET & SMITH'S**  
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Franchises

Published October 30, 2009

**Knicks Seek To Reconnect With Fan Base With New Marketing Push**

The Knicks are "looking to keep the fan base fired up with a major marketing push," according to Anthony Crupi of *MEDIAWEEK*. The new campaign is a "multiplatform effort to reconnect long-suffering Knicks supporters with the franchise." The effort, dubbed "Declare," is a "call to action, a rallying cry." A poster of Knicks F David Lee "shows him driving to the hole, an image augmented by the tag 'Declare Your Talent.'" Another poster "captures Nate Robinson fresh off a dunk, fists up at chest level, pumped," with a tagline that reads, "Declare Your



Knicks Campaign A Multiplatform Effort To Reconnect Suffering Fans With Franchise

Pride." The campaign will be featured in N.Y. on "subway platforms and across the local airwaves, in the dailies and on various social-media platforms." The Knicks are "pushing through on local cable, blanketing their own air (MSG, MSG Plus), while making buys on ESPN, TBS, TNT and BET." A 60-second spot begins with a "panoramic view of the Manhattan skyline, before cutting to crowd shots, playground ball and an overhead shot" of Madison Square Garden. Actor Ed Burns "handles the voiceover." A 30-second version of the spot is also in rotation, and after a "month-long cycle, a new commercial will debut on or around Dec. 1." One new "wrinkle will allow fans to make their own declarations, by way of Facebook, Twitter and Knicks.com." The team "will solicit user-generated video submissions, allowing the voluble fan base to share their vision." Crupi noted the team to date has sold "2,500 new season-ticket packages," up 67% from this time last year. The team has also signed "30 new sponsors," including Time Warner Cable and Burger King (*MEDIAWEEK.com*, 10/29).

## Dallas Mavericks bar bloggers from locker room

10:38 PM CDT on Monday, March 10, 2008

By GARY JACOBSON / The Dallas Morning News  
gjacobson@dallasnews.com

Dallas Maverick owner Mark Cuban has instituted a new policy banning full-time bloggers from the team's locker room, drawing an official protest from *The Dallas Morning News*, which employs the only writer so far banned.

In an e-mail sent to Cuban on Monday, Bob Yates, deputy managing editor/sports of *The Morning News*, wrote that the policy "is a veiled attempt at retribution" against *Morning News* reporter Tim MacMahon, who has been blogging about the Mavericks since 2006.

Cuban told MacMahon to leave the locker room on Feb. 29, the same day MacMahon wrote an item critical of Mavericks coach Avery Johnson.

Yates wrote that the policy, issued by the Mavericks over the weekend, contradicts language on the team's season media passes, allowing access to all media areas, including locker rooms.

In addition to writing items that appear only online in the dallasnews.com Mavericks blog, MacMahon gathers quotes from players for the beat writers who cover the team. Those quotes often appear in the newspaper.

MacMahon attempted to enter the Mavs' locker room before games Thursday and Saturday but was stopped both times.

"I can assure you that I am not singling out Tim MacMahon," Cuban wrote in an e-mail response to a reporter's questions. Cuban said he never read MacMahon's posts and had no idea MacMahon had been blogging so long. He said someone did bring the Johnson item to his attention, along with the fact that MacMahon was a blogger.

"I don't care what Tim writes, then or now," Cuban wrote. "What I do care about is being fair to all bloggers."

The Mavericks' new policy denies locker room access to writers whose "primary purpose is to blog." The policy states that the team does "not have enough room in the locker room, nor enough media passes to fairly accommodate everyone."

In an e-mail exchange with a reporter, Cuban acknowledged that MacMahon is the only writer who has been excluded from the locker room so far. He wrote that if he becomes aware of other writers whose primary purpose is blogging, he will prevent them from gathering material in the locker room, too.

The dispute has attracted the attention of the NBA, which has no policy on bloggers.

"We're looking into the whole issue of locker room access for bloggers," said Brian McIntyre, the NBA's senior vice president for basketball communications.

The heads of some press organizations were critical of Cuban's move.

"I can't imagine the NBA would want to make this a widespread phenomenon," said Gilbert Ballon, president of the American Society of Newspaper Editors.

Ballon said in a telephone interview that blogging is now part of the job description of newspaper reporters. He is editorial page editor of the *St. Louis Post-Dispatch* and a former

executive editor of *The Morning News*.

Mike Fannin, president of the Associated Press Sports Editors, wrote in an e-mail that his group "takes issue with any major league sports franchise arbitrarily changing the rules" during a season.

"At a time when professional bloggers are gaining respect across the board, this seems to represent a leap backward for the NBA," wrote Fannin, managing editor for sports and features at *The Kansas City Star*. Earlier in his career, Fannin worked at *The Morning News*.

"We hope the commissioner will see the potential chaos involved and step in to stop this overt bullying," Fannin wrote.

Jonathan Dube, president of the Online News Association and director of digital media for the Canadian Broadcasting Corp., declined to comment on the specific case but said that, in general, it's unfair to treat professional journalists who blog differently from other professional journalists.

"It should be irrelevant from a credential standpoint whether journalists publish their text reports on the Web or in a newspaper," Dube said in a telephone interview.

Cuban, a popular blogger himself, responded to the criticism with some of his own.

"By taking on the branding, standards and posting habits of the blogosphere, newspapers have worked their way down to the least common denominator of publishing in what appears to be an effort to troll for page views," Cuban wrote in an e-mail.

Deadspin, a sports blog, noted the irony of Cuban's blogger ban, headlining its item on the Mavericks' new policy, "Mark Cuban dislikes bloggers who aren't him."

**STREET & SMITH'S**  
**SportsBusiness**  
**DAILY**

Sports Media  
Published March 28, 2008

**NBA Instructs Mavericks To Re-Open Locker Room To Bloggers**

The NBA has "instructed the Mavericks to re-open the team's home locker room to properly credentialed full-time bloggers who were banned earlier this month," according to Barry Horn of the DALLAS MORNING NEWS. Bloggers again will be granted locker room access for Wednesday's game against the Warriors.

Mavericks Owner Mark Cuban "accepted the league's edict but added a caveat." Cuban said in an e-mail that the team will open the locker room to "all credentialed bloggers, regardless of affiliation." Horn notes Mavericks credentials are "issued by the team." Cuban said that bloggers "should be treated equally, regardless of affiliation." Cuban: "Which means we will

encourage all bloggers to apply, whether they be someone on blogspot who has been posting for a couple weeks, kids blogging for their middle school Web site or those that work for big companies. We won't discriminate at all." Cuban cautioned that locker room time, which "translates to access to players, may be divided." Cuban: "We will try to work it out so that all bloggers come in as a group after credentialed media. This will help us manage the crowds should there be quite a few bloggers." K.C. Star Managing Editor for Features & Sports and APSE President Mike Fannin said in an e-mail, "With all due respect for the potential journalism talent in the middle school ranks, this rebuttal smacks with the tartness of sour grapes. Is this really the standard the NBA wants to set for blogging?" (*DALLAS MORNING NEWS*, 3/28).



Cuban Encouraging All Bloggers To Apply For Mavericks Credentials Following NBA Edict

## Chris Paul Caught Lying on Twitter?

There was a time, not that long ago, when Chris Paul was not into the whole Twitter thing. In fact, due to various impostor accounts that popped up, it became kind of a joke/meme to tweet — in all caps, of course — **CHRIS PAUL IS NOT ON TWITTER!**

Right about now, he probably wishes that he wasn't.

After a report appeared in *Pro Basketball News* on Friday that had Paul on the record acknowledging the fact that given the Hornets' financial situation, there was the possibility that he could be traded, Paul updated his Twitter page with a complete denial, which effectively accused the reporter of making the whole thing up.

The only problem? The reporter in question, Chris Tomasson, has the whole thing on tape.

The original comments made by Paul were pretty innocuous; here's how they appeared within the context of the report:

Paul was interviewed Thursday by *Pro Basketball News*, and asked about his team's financial situation. The Hornets are starting at being well over the luxury tax, and might have to dump some big contracts.

"In this league, anything can happen," said Paul, at the summer league to watch his Hornets. "I can be dealt."

Paul then was asked that surely he can't be serious he could be traded.

"It's possible," he said. "It's possible."

Again, harmless. But Paul must have been catching a whole lot of grief about it, so much so that he threw out the following message on his Twitter page, which included calling out Tomasson by name:

Tomasson, a highly-respected journalist who's been covering the NBA for over 20 years, obviously felt the need to defend himself — especially after someone on the Hornets' PR staff said Paul didn't remember the conversation, and asked Tomasson if the interview was taped.

As it turns out, it was.

It's unclear why Paul would try to deny his comments so vehemently, to the point of basically calling Tomasson a liar, when the conversation happened in a public place and was clearly being recorded at the time. Is it possible that he was being a little too candid with some inside information, and the organization reprimanded him for it?

Maybe, maybe not. Either way, if you're an NBA star speaking to a reporter at an NBA event (like Summer League, for example), and the recorder is rolling and in plain sight, guess what? Your comments are on the record unless you clearly instruct the reporter otherwise.

Saying your comments were taken out of context or misinterpreted is one thing, but flat out denying that you ever said them, when they're on tape? That makes you a liar.

Calling out the reporter that printed them by name, and accusing him of making it up? That makes you a jerk, too.

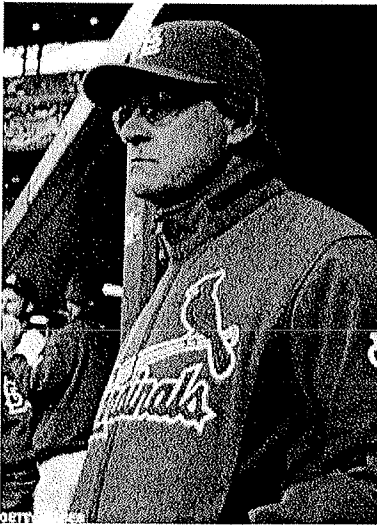
If all of this went down as it appears to have gone down, one thing is clear:

Chris Paul owes Chris Tomasson an apology.

STREET & SMITH'S  
**SportsBusiness**  
**DAILY**

Sports Media  
 Published June 8, 2009

**Tony La Russa Settles Lawsuit Against Twitter Out Of Court**



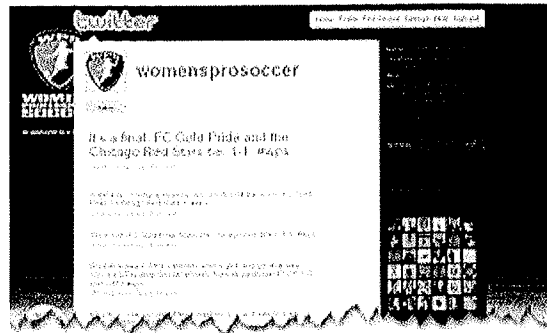
La Russa Says Key Issue Was Unauthorized Use Of His Name

MLB Cardinals manager Tony La Russa Friday said that his lawsuit against Twitter "has been settled out of court," according to Derrick Goold of the ST. LOUIS POST-DISPATCH. La Russa sued Twitter last month for "trademark infringement, cybersquatting and misappropriation of name and likeness." La Russa said that damages "would likely consist of covering legal fees," as well as a possible donation to La Russa's Animal Rescue Foundation (ARF) charity. La Russa said the donation to ARF is "not going to be too ridiculous." La Russa said the biggest misconception about the lawsuit "was that it was about somebody using Twitter to be critical of me. ... No, it was the improper use of the name." Goold noted La Russa's "key issue was what he called 'the unauthorized use' of his name." La Russa "did not say what would be done with the fake page, which carried a domain name of [www.twitter.com/TonyLaRussa](http://www.twitter.com/TonyLaRussa)." It is "likely that page will remain under ARF control for the charity's use" (*STLTODAY.com*, 6/5).

**FAKE I.D.:** In N.Y., Vacchiano & O'Keeffe noted one of the "unintended consequences" of Twitter is that "imposters are everywhere." A Twitter message under La Russa's name in April read, "Lost 2 out of 3, but we made it out of Chicago without one drunk driving incident or dead pitcher." The post was an "obvious reference to the deaths of two Cardinals pitchers since 2002 and La Russa's own DUI incident two years ago." Meanwhile, Eagles CB Asante Samuel last month Tweeted a Super Bowl guarantee that was reported locally, but Samuel "didn't have a Twitter account." Cowboys DE DeMarcus Ware and Steelers QB Ben Roethlisberger also supposedly made comments via Twitter despite not having an actual account. As of Friday, there were "10,848 people 'following' a fake account under" Colts QB Peyton Manning's name, while "another 17,084 were following a fake" account under Giants QB Eli Manning's name. Eli Manning: "I haven't gotten hurt by it. But it was important for Peyton and I to get it out there that we're not on Twitter. We won't be using it. So if anybody gets a message saying it's from Eli or Peyton, it's not us" (*N.Y. DAILY NEWS*, 6/7). In Philadelphia, John Gonzalez writes, "Bully for [La Russa] for taking on those who enable the nameless, faceless cyber-assassins who don't have the cojones to put their names on their cheap handiwork." Gonzalez: "Considering all the fake Twitter accounts that are out there ... Twitter could go under if every sports figure sued them" (*PHILADELPHIA INQUIRER*, 6/8).

**GAME CHANGING PERFORMANCE:** Time magazine's Sean Gregory in a special to SI.com

wrote Twitter is "scoring for the pro leagues." The NFL, NBA, MLB, NHL and NASCAR "shoot their followers useful information like scores, schedules, and highlight clips, and inane chatter." Trackingtwitter.com indicated that the NBA, which "claims more than 600,000 followers, has a greater Twitter audience than all brand accounts besides Whole Foods and online shoe retailer Zappos." For "niche leagues, Twitter provides a powerful marketing tool." WPS is "counting on Twitter to build a fan base," and "even encourages players to tweet during games." There is "also the way Twitter ... peels back the curtain on an athlete's existence, showcasing personality layers never seen at press conferences." When athletes "share details of their most mundane tasks, joys and frustrations, fans are fascinated." Twitter also "lets athletes speak on their own terms." Rams RB Steven Jackson said Twitter is "going to be useful during the season, because after a game, I'll be able to say my piece instead of just allowing different media outlets to portray me how they want to portray me." But Eagles LB Omar Gaither said, "I don't think I want to tell people everything I do all day. It's just invasive. It's like you're on a reality show, and you have a camera following you around all day, every day." NBA Commissioner David Stern: "I believe we will ultimately have Twitter fatigue" (*SI.com*, 6/5).



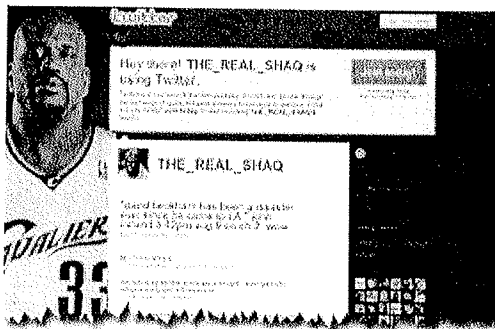
Several Professional Leagues Tweet Useful Information Like Scores, Schedules On Twitter

**OUT OF BOUNDS:** LPGA Commissioner Carolyn Bivens last month proposed having players tweet during competition and in Nashville, David Climer writes Bivens "doesn't get this." During her "four-year reign of error as LPGA commissioner, Bivens has repeatedly dropped the golf ball and in the process has helped devalue the women's pro tour." Now she is "all Twittered out." Tournament golf "does not lend itself to the on-course intervention of social media." Bivens is "grasping at straws in her attempts to make the LPGA more than an afterthought on the sports landscape." Climer: "Now it's Twitter. What's next, electronic digital messaging on golf bags?" (*Nashville TENNESSEAN*, 6/8).

# STREET & SMITH'S SportsBusiness DAILY

Sports Media  
Published August 10, 2009

## Athletes Flocking To Twitter, But Authentication Remains Issue



### Shaq One Of Few Athletes, Celebrities To Have Validated Twitter Account

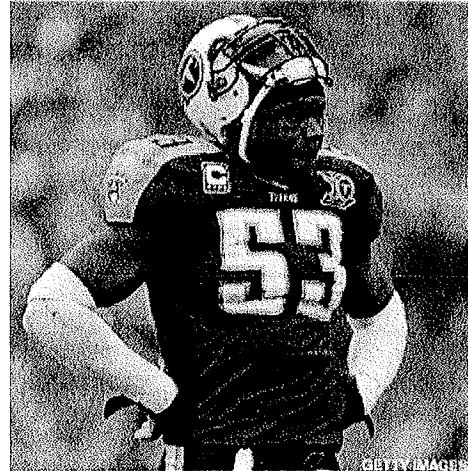
Twitter's attraction is the "immediate communication with public figures," but its "danger is the question of authenticity," according to ESPN's Bob Ley. ESPN's David Amber noted that according to TwitterAthletes.com, "more than 700 professional athletes have Twitter accounts." Sports Media Challenge President Kathleen Hessert: "Twitter enables athletes to go directly to the fan. So that they don't have to have PR person saying, 'Be here, do this, say this, or don't do this, or don't say this or no, you're not available.'" Hessert said that "total autonomy for the athletes has created a closer bond with their fans." However, Amber noted, "As far as content goes, that witty, spontaneous Tweet you just read from your favorite player might be a manufactured message at the urging of sponsors, agents and PR handlers." Hessert: "Collaboration is part of everything, so we help them determine, 'What is the best strategy to achieve the most beneficial goals?'" Sportsin140.com Founder Brendan Wilhide, whose site helps identify fake pro athlete accounts on Twitter, noted the Web site has started creating validated accounts in the wake of MLB Cardinals manager Tony La Russa's lawsuit regarding an imposter account. But Wilhide added the site currently is "only doing it for very big stars," such as entertainer Justin Timberlake and Cavaliers C Shaquille O'Neal. Amber: "Even with the new verification process, imposter accounts continue to fool Twitter's users." The Washington Post's Mark Maske said of Twitter use in the NFL, "With the prevalence among players, you're going to see the NFL coming out with a new policy and limit it on gamedays. But the other six days of the week I think they are going to be fine with it." Maske added, "Other leagues, other sports, will be watching and see how the NFL deals with it and how successful the NFL is with dealing with it and what it does to promote the sport" ("*Outside The Lines*," *ESPN*, 8/9).

**PULLING THE CURTAIN TOO SOON:** New York magazine Contributing Editor Will Leitch said ESPN's recent employee guidelines for social networking use were a "shame ... because it really has been fun to learn the other side of this stuff." Leitch: "The ESPN on-air talent and columnists and so on are grown-ups. I follow a lot of those guys and there's never been a moment where they've gone over the top or I've been like, 'Oh, they shouldn't be saying that.' It seems like a preemptive strike against something that really wasn't in a lot of danger of happening." CNN's Howard Kurtz said ESPN is "taking people who are creative for a living and telling them really to kind of 'zip it'" ("*Reliable Sources*," *CNN*, 8/9).

**HOMEMADE REALITY:** The AP's Teresa Walker



reported the Internet has "helped some NFL players turn themselves into stars of their own reality TV shows," with some broadcasts "coming right from the locker room." Titans LB Keith Bulluck debuted "KB53 All the way live TV" on July 31, and the process for viewers to tune in is "simple." A "quick message on Twitter alerts a player's followers that he's about to go live," and Bulluck said that it "usually takes a few minutes for questions to start coming." Bulluck has given viewers a "tour of Tennessee's locker room, commented on his contract and discussed the team's No. 9 helmet decal in honor of the late Steve McNair." But broadcasts from the locker room "have been limited." Bulluck Thursday during his latest broadcast said, "Some people don't know it's live, and they get a little reckless, and I'm not trying to make anyone look like a fool or stupid on the Internet." Titans RB Chris Johnson recently "found himself a guest" on Bengals WR Chad



Bulluck Communicates With Fans Through Live Video Feed

Ochocinco's "The Ocho Cinco Show," and he "quickly bought a new Macbook and started airing his show Aug. 1." Johnson "credits the show with boosting his Twitter followers from 9,000 to 13,000." Meanwhile, Cowboys TE Martellus Bennett broadcasts "every night," and Redskins TE Chris Cooley and CB DeAngelo Hall also "have used the technology." Walker noted Titans coach Jeff Fisher "has been developing a policy on social networking that will cover this latest innovation," but he "declined to say what that will be until he discusses it with his players" (AP, 8/8).

## Help Resources / Impersonation, Trademark, and Terms of Service policies / Impersonation Policy

### Impersonation Policy

Submitted Jan 14 by crystal

#### What is impersonation?

Impersonation is pretending to be another person or business as entertainment or in order to deceive. Non-parody impersonation is a violation of the Twitter Rules.

The standard for defining parody is "would a reasonable person be aware that it's a joke?" An account may be guilty of impersonation if it confuses or misleads others—accounts with the clear INTENT to confuse or mislead will be permanently suspended.

#### What happens to impersonation accounts?

Twitter allows parody impersonation accounts to exist. The profile information on a parody account must make it obvious that the profile is fake, or the account is subject to removal from Twitter.com. If it's not evident from viewing the profile that it is a joke, it is considered non-parody impersonation. Non-parody impersonation accounts may be permanently suspended.

#### What information do I include when reporting impersonation?

In order to investigate impersonation, we need the following information:

- Username of the person impersonating you (or the URL of their profile page):
- Your First and Last Name:
- Your Twitter username (if you have one):
- Address:
- Phone:

Please let us know if you would like to remove the impersonation with no interest in using Twitter, or if you are reporting the impersonation because you'd like to use Twitter

### Related topics

[Trademark Policy](#)  
[Filing a copyright complaint or DMCA take down notice](#)  
[Reposting others' content without attribution](#)  
[Child Pornography](#)  
[Filing Terms of Service or Rules complaints](#)

### Help Resources

[Getting Started \(32\)](#)  
[Using Twitter with your phone \(22\)](#)  
[Troubleshooting \(15\)](#)  
[Known Issues \(31\)](#)  
[Impersonation, Trademark, and Terms of Service policies \(13\)](#)  
[Twitter Support- jen español! \(45\)](#)

### Search

(All)

Search

with your own name.

**If you are not the person involved in the impersonation, but are legally authorized to act their behalf, please include the information above in addition this information:**

- Name:
- Company name:
- Title:
- Phone:
- Fax:
- Company domain address:
- Company domain email address:
- Legal relationship to the person/entity involved:

### **How do I report an impersonation violation?**

The best way to report impersonation submitting a web request from the Support home page--be sure to select impersonation from the dropdown box! Once you've submitted your ticket, we'll email you a ticket confirmation with more information. You can check on your ticket status anytime by visiting your Twitter Support home page and clicking on "check on your existing requests." If you're unable to submit a request through our support form or do not have a Twitter account yourself, please send an email to [impersonation@twitter.com](mailto:impersonation@twitter.com) with the subject line "Impersonation" and include the information described above.

GREGORY L. MCCOY, CSB # 063399  
GAGEN, McCOY, McMAHON, KOSS,  
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279 Front Street  
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Attorneys for Plaintiff  
ANTHONY LA RUSSA

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA  
SAN FRANCISCO

ANTHONY LA RUSSA,

Plaintiff,

v.

TWITTER, INC., a Delaware corporation,  
and DOES 1-25, inclusive,

Defendant.

Case No. CV-09-2503-EMC

**NOTICE OF DISMISSAL OF COMPLAINT  
WITH PREJUDICE**

**[Fed. R. Civ. P. 41(a)(1)(A)]**

Pursuant to Rule 41(a)(1)(A) of the Federal Rules of Civil Procedure, Plaintiff Anthony La Russa hereby dismisses **with prejudice** all claims in this action against Twitter, Inc., with each party to bear its own costs and attorneys' fees. No payment was made by Twitter to La Russa in exchange for this dismissal.

Dated: June \_\_, 2009

GAGEN, McCOY, McMAHON, KOSS,  
MARKOWITZ & RAINES

By: 

Gregory L. McCoy

Attorneys for Plaintiff  
ANTHONY LA RUSSA

NOTICE OF DISMISSAL OF COMPLAINT  
WITH PREJUDICE

CASE NO. CV-09-2503-EMC



**SUPERIOR COURT OF CALIFORNIA  
COUNTY OF SAN FRANCISCO  
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Case Number: CGC-09-488101  
Filing Date: May-06-2009 10:34  
Juke Box: 001 Image: 02487393  
**COMPLAINT**

**ANTHONY LA RUSSA VS. TWITTER, INC A DELAWARE CORPORATION et al**

001C02487393

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Please place this sheet on top of the document to be scanned.

**SUMMONS**  
(CITACION JUDICIAL)

SUM-100

**NOTICE TO DEFENDANT:**  
(AVISO AL DEMANDADO):

TWITTER, INC., a Delaware corporation, and DOES 1-25, inclusive

FOR COURT USE ONLY  
(SOLO PARA USO DE LA CORTE)

**YOU ARE BEING SUED BY PLAINTIFF:**  
(LO ESTÁ DEMANDANDO EL DEMANDANTE):  
ANTHONY LA RUSSA

You have 30 CALENDAR DAYS after this summons and legal papers are served on you to file a written response at this court and have a copy served on the plaintiff. A letter or phone call will not protect you. Your written response must be in proper legal form if you want the court to hear your case. There may be a court form that you can use for your response. You can find these court forms and more information at the California Courts Online Self-Help Center ([www.courtinfo.ca.gov/selfhelp](http://www.courtinfo.ca.gov/selfhelp)), your county law library, or the courthouse nearest you. If you cannot pay the filing fee, ask the court clerk for a fee waiver form. If you do not file your response on time, you may lose the case by default, and your wages, money, and property may be taken without further warning from the court.

There are other legal requirements. You may want to call an attorney right away. If you do not know an attorney, you may want to call an attorney referral service. If you cannot afford an attorney, you may be eligible for free legal services from a nonprofit legal services program. You can locate these nonprofit groups at the California Legal Services Web site ([www.lawhelpcalifornia.org](http://www.lawhelpcalifornia.org)), the California Courts Online Self-Help Center ([www.courtinfo.ca.gov/selfhelp](http://www.courtinfo.ca.gov/selfhelp)), or by contacting your local court or county bar association.

Tiene 30 DÍAS DE CALENDARIO después de que le entreguen esta citación y papeles legales para presentar una respuesta por escrito en esta corte y hacer que se entregue una copia al demandante. Una carta o una llamada telefónica no lo protegen. Su respuesta por escrito tiene que estar en formato legal correcto si desea que procesen su caso en la corte. Es posible que haya un formulario que usted pueda usar para su respuesta. Puede encontrar estos formularios de la corte y más información en el Centro de Ayuda de las Cortes de California ([www.courtinfo.ca.gov/selfhelp/espanol/](http://www.courtinfo.ca.gov/selfhelp/espanol/)), en la biblioteca de leyes de su condado o en la corte que le quede más cerca. Si no puede pagar la cuota de presentación, pida al secretario de la corte que le dé un formulario de exención de pago de cuotas. Si no presenta su respuesta a tiempo, puede perder el caso por incumplimiento y la corte le podrá quitar su sueldo, dinero y bienes sin más advertencia.

Hay otros requisitos legales. Es recomendable que llame a un abogado inmediatamente. Si no conoce a un abogado, puede llamar a un servicio de remisión a abogados. Si no puede pagar a un abogado, es posible que cumpla con los requisitos para obtener servicios legales gratuitos de un programa de servicios legales sin fines de lucro. Puede encontrar estos grupos sin fines de lucro en el sitio web de California Legal Services ([www.lawhelpcalifornia.org](http://www.lawhelpcalifornia.org)), en el Centro de Ayuda de las Cortes de California, ([www.courtinfo.ca.gov/selfhelp/espanol/](http://www.courtinfo.ca.gov/selfhelp/espanol/)) o poniéndose en contacto con la corte o el colegio de abogados locales.

The name and address of the court is:

(El nombre y dirección de la corte es):  
SAN FRANCISCO COUNTY SUPERIOR COURT  
400 McAllister Street

San Francisco, CA 94102

CASE NUMBER:  
(Número de caso)

09-488101

The name, address, and telephone number of plaintiff's attorney, or plaintiff without an attorney, is:

(El nombre, la dirección y el número de teléfono del abogado del demandante, o del demandante que no tiene abogado, es):  
Gregory L. McCoy, CSB #063399 925-837-0585 925-838-5985  
Gagen, McCoy, McMahon, Koss, Markowitz & Raines  
279 Front Street  
Danville, CA 94526

DATE: MAY 6 - 2009  
(Fecha)

GORDON, Patricia C. Bantel

Clerk, by  
(Secretario)

Deputy  
(Adjunto)

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2. ☐ as the person sued under the fictitious name of (specify):

3. ☐ on behalf of (specify):

- under: ☐ CCP 416.10 (corporation) ☐ CCP 416.60 (minor)  
☐ CCP 416.20 (defunct corporation) ☐ CCP 416.70 (conservatee)  
☐ CCP 416.40 (association or partnership) ☐ CCP 416.90 (authorized person)  
☐ other (specify):

4. ☐ by personal delivery on (date):

ATTORNEY OR PARTY WITHOUT ATTORNEY (Name, State Bar number, and address): Gregory L. McCoy, CSB #063399 Gagen, McCoy, McMahon, Koss, Markowitz & Raines 279 Front Street Danville, CA 94526 TEL/FPHONE NO.: 925-837-0585 FAX NO.: 925-838-5985		CM-010 <b>FILED</b> Superior Court of California County of San Francisco MAY 6 - 2009 MAY 6 - 2009 GORDON PARK-LI, Clerk Deputy Clerk
ATTORNEY FOR (Name): <u>Anthony La Russa</u> SUPERIOR COURT OF CALIFORNIA, COUNTY OF SAN FRANCISCO STREET ADDRESS: 400 McAllister-Street MAILING ADDRESS: CITY AND ZIP CODE: San Francisco, CA 94102 BRANCH NAME:		
CASE NAME:		
<b>CIVIL CASE COVER SHEET</b> <input checked="" type="checkbox"/> Unlimited (Amount demanded exceeds \$25,000) <input type="checkbox"/> Limited (Amount demanded is \$25,000 or less) Complex Case Designation <input type="checkbox"/> Counter <input type="checkbox"/> Joinder Filed with first appearance by defendant (Cal. Rules of Court, rule 3.402)		
CASE NUMBER: <b>CGC-09-488101</b> JUDGE: DEPT:		

Items 1-6 below must be completed (see instructions on page 2).

1. Check one box below for the case type that best describes this case:		
<b>Auto Tort</b> <input type="checkbox"/> Auto (22) <input type="checkbox"/> Uninsured motorist (46) <b>Other PIP/DWD (Personal Injury/Property Damage/Wrongful Death) Tort</b> <input type="checkbox"/> Asbestos (04) <input type="checkbox"/> Product liability (24) <input type="checkbox"/> Medical malpractice (45) <input type="checkbox"/> Other PIP/DWD (23) <b>Non-PIP/DWD (Other) Tort</b> <input checked="" type="checkbox"/> Business tort/unfair business practice (07) <input type="checkbox"/> Civil rights (08) <input type="checkbox"/> Defamation (13) <input type="checkbox"/> Fraud (16) <input type="checkbox"/> Intellectual property (19) <input type="checkbox"/> Professional negligence (25) <input type="checkbox"/> Other non-PIP/DWD tort (35) <b>Employment</b> <input type="checkbox"/> Wrongful termination (36) <input type="checkbox"/> Other employment (15)	<b>Contract</b> <input type="checkbox"/> Breach of contract/warranty (06) <input type="checkbox"/> Rule 3.740 collections (09) <input type="checkbox"/> Other collections (09) <input type="checkbox"/> Insurance coverage (18) <input type="checkbox"/> Other contract (37) <b>Real Property</b> <input type="checkbox"/> Eminent domain/inverse condemnation (14) <input type="checkbox"/> Wrongful eviction (33) <input type="checkbox"/> Other real property (26) <b>Unlawful Detainer</b> <input type="checkbox"/> Commercial (31) <input type="checkbox"/> Residential (32) <input type="checkbox"/> Drugs (38) <b>Judicial Review</b> <input type="checkbox"/> Asset forfeiture (05) <input type="checkbox"/> Petition re: arbitration award (11) <input type="checkbox"/> Writ of mandate (02) <input type="checkbox"/> Other judicial review (39)	<b>Provisionally Complex Civil Litigation</b> (Cal. Rules of Court, rules 3.400-3.403) <input type="checkbox"/> Antitrust/Trade regulation (03) <input type="checkbox"/> Construction defect (10) <input type="checkbox"/> Mass tort (40) <input type="checkbox"/> Securities litigation (28) <input type="checkbox"/> Environmental/Toxic tort (30) <input type="checkbox"/> Insurance coverage claims arising from the above listed provisionally complex case types (41) <b>Enforcement of Judgment</b> <input type="checkbox"/> Enforcement of judgment (20) <b>Miscellaneous Civil Complaint</b> <input type="checkbox"/> RICO (27) <input type="checkbox"/> Other complaint (not specified above) (42) <b>Miscellaneous Civil Petition</b> <input type="checkbox"/> Partnership and corporate governance (21) <input type="checkbox"/> Other petition (not specified above) (43)

2. This case ☐ is ☒ is not complex under rule 3.400 of the California Rules of Court. If the case is complex, mark the factors requiring exceptional judicial management:
- |  |  |
|--|--|
| a. <input type="checkbox"/> Large number of separately represented parties   | d. <input type="checkbox"/> Large number of witnesses  |
| b. <input type="checkbox"/> Extensive motion practice raising difficult or novel issues that will be time-consuming to resolve | e. <input type="checkbox"/> Coordination with related actions pending in one or more courts in other counties, states, or countries, or in a federal court |
| c. <input type="checkbox"/> Substantial amount of documentary evidence   | f. <input type="checkbox"/> Substantial postjudgment judicial supervision  |
3. Remedies sought (check all that apply): a. ☒ monetary b. ☐ nonmonetary; declaratory or injunctive relief c. ☒ punitive
4. Number of causes of action (specify):
5. This case ☐ is ☒ is not a class action suit.
6. If there are any known related cases, file and serve a notice of related case. (You may use form CM-015.)
- Date: May 6, 2009
- Gregory L. McCoy, CSB #063399

(SIGNATURE OF PARTY OR ATTORNEY FOR PARTY)

<b>NOTICE</b> • Plaintiff must file this cover sheet with the first paper filed in the action or proceeding (except small claims cases or cases filed under the Probate Code, Family Code, or Welfare and Institutions Code). (Cal. Rules of Court, rule 3.220.) Failure to file may result in sanctions. • File this cover sheet in addition to any cover sheet required by local court rule. • If this case is complex under rule 3.400 et seq. of the California Rules of Court, you must serve a copy of this cover sheet on all other parties to the action or proceeding. • Unless this is a collections case under rule 3.740 or a complex case, this cover sheet will be used for statistical purposes only.
--

1 GREGORY L. MCCOY, CSB #063399  
2 GAGEN, McCOY, McMAHON, KOSS,  
3 MARKOWITZ & RAINES  
4 279 Front Street  
5 P.O. Box 218  
6 Danville, CA 94526 --  
7 Telephone: (925) 837-0585  
8 Facsimile: (925) 838-5985

9 Attorneys for Plaintiff  
10 ANTHONY LA RUSSA

**FILED**  
Superior Court of California  
County of San Francisco

MAY 6 - 2009

MAY 8 - 2009

CASE MANAGEMENT CONFERENCE

GORDON PARK-LI, Clerk

OCT 9 - 2009 - 9:00 AM

**SUMMONS ISSUED**

DEPARTMENT 212  
SUPERIOR COURT OF THE STATE OF CALIFORNIA  
FOR THE CITY AND COUNTY OF SAN FRANCISCO

11 ANTHONY LA RUSSA,  
12 Plaintiff,

13 vs.

14 TWITTER, INC., a Delaware corporation, and  
15 DOES 1-25, inclusive,  
16 Defendants.

CGC-09.488101

No.:

**COMPLAINT FOR TRADEMARK  
INFRINGEMENT, FALSE  
DESIGNATION OF ORIGIN,  
TRADEMARK DILUTION,  
CYBERSQUATTING,  
MISAPPROPRIATION OF NAME,  
AND MISAPPROPRIATION OF  
LIKENESS**

19 Plaintiff alleges:

20 FIRST CAUSE OF ACTION

21 (Trademark Infringement)

22 1. Defendant TWITTER, INC. ("TWITTER") is a Delaware corporation with  
23 its principal place of business in San Francisco, California.

24 2. Plaintiff ANTHONY LA RUSSA ("LA RUSSA") is an individual residing  
25 in Alamo, California.

26 3. The true names and capacities, whether individual, corporate, associate, or  
27 otherwise of Defendants DOES 1-25, inclusive, are unknown to Plaintiff at this time, and  
28 Plaintiff therefore sues these Defendants under such fictitious names. When the true

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1 names, capacities, and activities of these Defendants are ascertained, Plaintiff will amend  
2 this Complaint accordingly. Plaintiff is informed and believes and thereon alleges that  
3 each of the Defendants designated herein as a DOE is responsible in some manner for the  
4 events and happenings referred to herein, and that Plaintiff's damages as alleged herein  
5 were proximately caused by such Defendants.

6 4. Plaintiff is informed and believes and thereon alleges that at all times herein  
7 mentioned, each of the Defendants, including the DOE Defendants, were acting as  
8 agents, servants, and/or employees of each of the remaining Defendants, and in doing the  
9 things hereinafter alleged were acting within the course and scope of such agency and/or  
10 employment and with the permission and consent of the other Defendants. Plaintiff is  
11 further informed and believes and thereon alleges that each of the Defendants acted with  
12 full knowledge and advice of the other Defendants, and expressly and impliedly ratified  
13 the acts of each of the other Defendants in all respects and adopted as his/her/its acts the  
14 acts of such Defendants, and each of them.

15 5. Plaintiff LA RUSSA is a well-known manager for Major League Baseball  
16 ("MLB"). He has managed teams in the MLB for 30 years, and currently manages the St.  
17 Louis Cardinals. He ranks third all-time among MLB managers for both games managed  
18 and games won. He has been the subject of several books and has lent his name to a  
19 series of successful computer and video games entitled "Tony La Russa Baseball". In  
20 addition to his athletic achievements, Plaintiff founded Tony La Russa's Animal Rescue  
21 Foundation ("ARF"), headquartered in Walnut Creek, California, which saves abandoned  
22 and injured animals and arranges for them to be adopted and to visit hospital patients,  
23 elders, and abused children.

24 6. Plaintiff LA RUSSA'S name and image have garnered fame, significance  
25 and distinction worldwide for both his athletic and philanthropic achievements. He  
26 maintains the domain names tonylarussa.com, tonylarussa.org, and tonylarussa.net. Each  
27 domain directs you to the website for ARF (www.arf.net).  
28

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1           7. Defendant owns the registered domain name twitter.com, and pursuant  
2 thereto, twitter.com/TonyLaRussa ("the Site"). The Site contains an unauthorized  
3 photograph of Plaintiff and written statements impliedly written by Plaintiff himself,  
4 when in fact they are not. (See Exhibit A). The domain name of this Site, and Plaintiff's  
5 name used on the Site itself, are unauthorized uses of Plaintiff's trademark, his name.

6           8. Defendant's use of Plaintiff's mark both in the Site's domain name and on  
7 the Site itself is misleading and likely to confuse users by leading them to believe that  
8 this Site is endorsed and authored by Plaintiff LA RUSSA. The Site states in large  
9 lettering, "Tony LaRussa is using Twitter", and encourages users to "Join today to start  
10 receiving Tony LaRussa's updates." It also contains a picture of Plaintiff with his name  
11 printed next to it. Beneath the picture, the Site contains written entries that are impliedly  
12 written by Plaintiff himself, when in fact they are not. The entries are derogatory and  
13 demeaning and are damaging to Plaintiff's trademark rights.

14           9. Defendant's actions as described herein are in direct violation of both  
15 common law and Section 32 of the Lanham Act (15 U.S.C. § 1114).

16           10. As a direct and proximate result of Defendant's actions as stated herein,  
17 Plaintiff has suffered significant emotional distress, damage to his reputation, and  
18 damage to the goodwill of his mark. Further, Plaintiff is entitled to exemplary damages  
19 as a result of Defendant's malicious actions as described above.

20           IN WITNESS WHEREOF, Plaintiff prays judgment as hereinafter set forth.

21                               SECOND CAUSE OF ACTION

22                               (False Designation of Origin)

23           11. Plaintiff incorporates and realleges at this point as though set forth in full  
24 each and every allegation contained in paragraphs 1-8.

25           12. Defendant's actions as described herein are in direct violation of Section  
26 43(a) of the Lanham Act (15 U.S.C. § 1125).

27           13. As a direct and proximate result of Defendant's actions as stated herein,  
28 Plaintiff has suffered significant emotional distress, damage to his reputation, and

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1 damage to the goodwill of his mark. Further, Plaintiff is entitled to exemplary damages  
2 as a result of Defendant's malicious actions as described above.

3 THIRD CAUSE OF ACTION

4 (Trademark Dilution)

5 14. Plaintiff incorporates and realleges at this point as though set forth in full  
6 each and every allegation contained in paragraphs 1-8.

7 15. Defendant's use of Plaintiff's famous mark in commerce, which began after  
8 Plaintiff's mark was already famous, creates a likelihood of dilution of the mark's  
9 distinctive value by diminishing the capacity of the mark to identify and distinguish  
10 Plaintiff's goods and services.

11 16. Defendant's actions as described herein are in direct violation of Section  
12 43(c) of the Lanham Act (15 U.S.C. 1125).

13 17. As a direct and proximate result of Defendant's actions as stated herein,  
14 Plaintiff has suffered significant emotional distress, damage to his reputation, and  
15 damage to the goodwill of his mark. Further, Plaintiff is entitled to exemplary damages  
16 as a result of Defendant's malicious actions as described above.

17 IN WITNESS WHEREOF, Plaintiff prays judgment as hereinafter set forth.

18 FOURTH CAUSE OF ACTION

19 (Cybersquatting)

20 18. Plaintiff incorporates and realleges at this point as though set forth in full  
21 each and every allegation contained in paragraphs 1-8.

22 19. Defendant's actions as stated herein, including its registration and use of  
23 the domain name twitter.com/TonyLaRussa in an intentional attempt to divert the public  
24 away from Plaintiff's authorized websites to Defendant's website, constitute a bad faith  
25 intent to profit from and injure Plaintiff's mark, is intended to increase traffic to  
26 Defendant's site, or were done with knowledge that injury to Plaintiff's mark was  
27 substantially certain to occur.  
28

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1       20. Defendant's actions as stated herein are in direct violation of the  
2 Anticybersquatting Consumer Protection Act (15 U.S.C.A. 1125(d)).

3       21. As a direct and proximate result of Defendant's actions as stated herein,  
4 Plaintiff has suffered significant emotional distress, damage to his reputation, and  
5 damage to the goodwill of his mark. Further, Plaintiff is entitled to exemplary damages  
6 as a result of Defendant's malicious actions as described above.

7       IN WITNESS WHEREOF, Plaintiff prays judgment as hereinafter set forth.

8                               FIFTH CAUSE OF ACTION

9                               (Misappropriation of Name)

10       22. Plaintiff incorporates and realleges at this point as though set forth in full  
11 each and every allegation contained in paragraphs 1-8.

12       23. Defendant's unauthorized use of Plaintiff's name in connection with the  
13 domain name, twitter.com/TonyLaRussa, resulted in a benefit to Defendant by attracting  
14 the consuming public to Defendant's site and by leading them to believe that Plaintiff  
15 was connected to, authored, and/or endorsed the Site.

16       24. Plaintiff's privacy interests outweigh any potentially alleged public interest  
17 served by Defendant's unauthorized use of Plaintiff's name.

18       25. As a direct and proximate result of Defendant's actions as stated herein,  
19 Plaintiff has suffered significant emotional distress, damage to his reputation, and  
20 damage to the goodwill of his mark. Further, Plaintiff is entitled to injunctive relief and  
21 exemplary damages as a result of Defendant's malicious actions as described above.

22       IN WITNESS WHEREOF, Plaintiff prays judgment as hereinafter set forth.

23                               SIXTH CAUSE OF ACTION

24                               (Misappropriation of Likeness)

25       26. Plaintiff incorporates and realleges at this point as though set forth in full  
26 each and every allegation contained in paragraphs 1-8.

27       27. Defendant's unauthorized use of Plaintiff's likeness in connection with the  
28 domain name, twitter.com/TonyLaRussa, resulted in a benefit to Defendant by leading

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1 the consuming public to believe that Plaintiff was connected to, authored, and/or  
2 endorsed the Site.

3 28. Plaintiff's privacy interests outweigh any potentially alleged public interest  
4 served by Defendant's unauthorized use of Plaintiff's likeness.

5 29. As a direct and proximate result of Defendant's actions as stated herein,  
6 Plaintiff has suffered significant emotional distress, damage to his reputation, and  
7 damage to the goodwill of his mark. Further, Plaintiff is entitled to exemplary damages  
8 as a result of Defendant's malicious actions as described above.

9 IN WITNESS WHEREOF, Plaintiff prays judgment as hereinafter set forth.

10 SEVENTH CAUSE OF ACTION

11 (Invasion of Privacy)

12 30. Plaintiff incorporates and realleges at this point as though set forth in full  
13 each and every allegation contained in paragraphs 1-8.

14 31. California Civil Code §3344(a) provides that anyone who knowingly uses  
15 another's name, signature, photograph or likeness, in any manner, for the purpose of  
16 advertising or selling or soliciting without such person's prior consent shall be liable for  
17 any damages sustained.

18 32. Defendant has made an unauthorized use of Plaintiff's name, signature,  
19 photograph and likeness, in a manner to which he has not consented.

20 33. As a direct and proximate result thereof, Plaintiff has suffered emotional  
21 distress, damage to his reputation and general damages in the sum to be shown according  
22 to proof.

23 34. Pursuant to the provisions of California Civil Code §3344, Plaintiff is  
24 entitled to an award of reasonable attorney's fees in connection with this action.

25 35. Further pursuant to Civil Code §3344, Plaintiff is entitled to a recovery of  
26 punitive damages.

27 IN WITNESS WHEREOF, Plaintiff prays judgment as hereinafter set forth.  
28

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1 EIGHTH CAUSE OF ACTION

2 (Intentional Misrepresentation)

3 36. Plaintiff incorporates and realleges at this point as though set forth in full  
4 each and every allegation contained in paragraphs 1-8.

5 37. Defendant on its website from and after April 19, 2009, and continuing  
6 until the present, has published the false and fraudulent representation that "Tony  
7 LaRussa is using Twitter."

8 38. The representing contained on Defendant's website is made to all members  
9 of the public over the internet.

10 39. The foregoing representation is false and fraudulent in that Plaintiff does  
11 not have a webpage on Twitter, nor does Plaintiff use Twitter.

12 40. As a direct and proximate result of Defendant's actions as stated herein,  
13 Plaintiff has suffered significant emotional distress and damage to his reputation, all to  
14 his general damage in a sum to be shown according to proof.

15 41. Plaintiff is further entitled to an award of punitive and exemplary damages.

16 IN WITNESS WHEREOF, Plaintiff prays judgment as follows:

17 1. For general damages for injury to Plaintiff's mark and resulting profit to  
18 Defendant, in a sum to be shown according to proof.

19 2. For general damages for mental anguish and emotional distress.

20 3. For an order enjoining Defendant from further use of Plaintiff's mark and  
21 assignment of the Site to Plaintiff.

22 4. For an award of attorney's fees and costs.

23 5. For exemplary damages.

24 6. For all costs of suit incurred herein; and

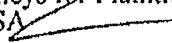
25 7. For such other and further relief as the Court deems just and proper.

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1 Dated: May 6, 2009

GAGEN, McCOY, McMAHON, KOSS,  
MARKOWITZ & RAINES  
A Professional Corporation

2  
3  
4 By: 

GREGORY L. MCCOY  
Attorneys for Plaintiff, ANTHONY LA  
RUSSA 

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Twitter is a free service that lets you keep in touch with people through the exchange of quick, frequent answers to one simple question: What are you doing? Join today to start receiving TonyLaRussa's updates.

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**TonyLaRussa**

- *Name Tony La Russa*
- *Location Tossing Pujols' salad*
- *Web <http://madd.org>*
- *Bio Parodies are fun for everyone.*

[0 Following](#) [4 Followers](#)

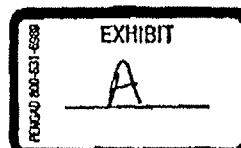
1. Lost 2 out of 3, but we made it out of Chicago without one drunk driving incident or dead pitcher... I'd call that an I-55 series. 8:01 PM Apr 19th from web
2. Fortunately, Ian Snell sucks now... when Molina and Duncan Jr. go deep off of you it's time to look yourself in the mirror, have an ice-... 3:33 PM Apr 8th from web
3. drinking a cold Zima and wishing fucking Hancock was alive, I bet he could've gotten Jack Wilson out. 4:13 PM Apr 7th from web

- [3 Updates](#)
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<http://twitter.com/tonylarussa>



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