

# Texas Review of Entertainment & Sports Law



Volume 15

Spring 2014

Number 2

When the Clock Starts for Pursuing Past Doping Violations  
*Stuart C. Gillespie*

Pirates, Blackmailers and Rule 20  
*Adam Ackerman*

Defining the Modern Right of Publicity  
*Alex Wyman*

Mark My Word: Trademark Your Band Name  
*Tristan Griffin*

I Want My DVD: Considering A Modern Approach to Obtaining  
Synchronization Licenses  
*Molly K. Bentley*

“Take Me Out to the Ball Game”—The Contractual Implications  
of Wrigley Field Renovations on the Chicago Cubs’ Contracts  
with Rooftop Seat Holders  
*Mary Meghan Balkin*



---

**CONTENTS**

**ARTICLES**

- WHEN THE CLOCK STARTS FOR PURSUING PAST DOPING VIOLATIONS ..... 123  
*Stuart C. Gillespie*
- PIRATES, BLACKMAILERS AND RULE 20 ..... 147  
*Adam Ackerman*
- DEFINING THE MODERN RIGHT OF PUBLICITY ..... 167  
*Alex Wyman*
- MARK MY WORD: TRADEMARK YOUR BAND NAME ..... 177  
*Tristan Griffin*
- I WANT MY DVD: CONSIDERING A MODERN APPROACH TO  
OBTAINING SYNCHRONIZATION LICENSES ..... 193  
*Molly K. Bentley*
- “TAKE ME OUT TO THE BALL GAME”—THE CONTRACTUAL  
IMPLICATIONS OF WRIGLEY FIELD RENOVATIONS ON THE CHICAGO  
CUBS’ CONTRACTS WITH ROOFTOP SEAT HOLDERS ..... 211  
*Mary Meghan Balkin*

# THE UNIVERSITY OF TEXAS SCHOOL OF LAW

## ADMINISTRATIVE OFFICERS

WARD FARNSWORTH, B.A., J.D.; *Dean, John Jeffers Research Chair in Law.*  
JOHN B. BECKWORTH, B.A., J.D.; *Assoc. Dean for Admin. and Strategic Planning*  
ROBERT M. CHESNEY, B.S., J.D.; *Assoc. Dean for Academic Affairs; Charles I. Francis Professor in Law.*  
WILLIAM E. FORBATH, A.B., B.A., Ph.D., J.D.; *Assoc. Dean for Research; Lloyd M. Bentsen Chair in Law.*  
EDEN E. HARRINGTON, B.A., J.D.; *Assoc. Dean for Experimental Educ.; Dir. of William Wayne Justice Ctr. for Pub. Interest Law; Clinical Professor.*  
MARIA M. ARRELLAGA; *Assistant Dean for Communications.*  
ELIZABETH T. BANGS; *Assistant Dean for Student Affairs.*  
KIMBERLY L. BIAR, B.B.A.; *Assistant Dean for Financial Affairs.*  
MICHAEL HARVEY, B.A., B.S.; *Assistant Dean for Technology.*  
MONICA K. INGRAM, B.A., J.D.; *Assistant Dean for Admissions and Financial Aid.*  
TIMOTHY A. KUBATZKY, *Exec. Dir. of Dev.*  
DAVID A. MONTOYA, B.A., J.D.; *Assistant Dean for Career Services.*

## FACULTY EMERITI

HANS W. BAADE, A.B., J.D., LL.B., LL.M.; *Hugh Lamar Stone Chair Emeritus in Civil Law.*  
RICHARD V. BARNDT, B.S.L., LL.B.; *Professor Emeritus.*  
WILLIAM W. GIBSON, JR., B.A., LL.B.; *Sylvan Lang Professor Emeritus in Law of Trusts.*  
ROBERT W. HAMILTON, A.B., J.D.; *Minerva House Drysdale Regents Chair Emeritus.*  
DOUGLAS LAYCOCK, A.B., J.D.; *Alice McKean Young Regents Chair Emeritus.*  
J. LEON LEBOWITZ, A.B., J.D., LL.M.; *Joseph C. Hutcheson Professor Emeritus.*  
JOHN T. RATLIFF, JR., B.A., LL.B.; *Ben Gardner Sewell Professor Emeritus in Civil Trial Advocacy.*  
JAMES M. TREECE, B.A., J.D., M.A.; *Charles I. Francis Professor Emeritus in Law.*

## PROFESSORS

JEFFREY B. ABRAMSON, B.A., J.D., Ph.D.; *Professor of Gov't; Professor of Law.*  
DAVID E. ADELMAN, B.A., Ph.D., J.D.; *Harry Reasoner Regents Chair in Law.*  
DAVID A. ANDERSON, A.B., J.D.; *Fred & Emily Marshall Wulff Centennial Chair in Law.*  
MARILYN ARMOUR, B.A., M.S.W., Ph.D.; *Assoc. Professor (School of Social Work).*  
MARK L. ASCHER, B.A., M.A., LL.M., J.D.; *Joseph D. Jamail Centennial Chair in Law.*  
RONEN AVRAHAM, M.B.A., LL.B., LL.M., S.J.D.; *Thomas Shelton Maxey Professor in Law.*  
LYNN A. BAKER, B.A., B.A., J.D.; *Frederick M. Baron Chair in Law; Co-Dir. of Ctr. on Lawyers, Civil Justice, and the Media.*  
MITCHELL N. BERMAN, A.B., M.A., J.D.; *Richard Dale Endowed Chair in Law. Professor of Philosophy; Co-Dir., Law & Philosophy Program.*  
BARBARA A. BINTLIFF, M.A., J.D.; *Joseph C. Hutcheson Professor in Law; Dir., Tarlton Law Library/Jamail Ctr. for Legal Research.*  
LYNN E. BLAIS, A.B., J.D.; *Leroy G. Denman, Jr. Regents Professor in Real Property Law.*  
ROBERT G. BONE, B.A., J.D.; *G. Rollie White Teaching Excellence Chair in Law.*  
OREN BRACHA, LL.B., S.J.D.; *Howrey LLP and Arnold, White & Durkee Centennial Professor.*  
DANIEL M. BRINKS, A.B., J.D., Ph.D.; *Assoc. Professor; Co-Dir. of Bernard and Audre Rapoport Ctr. for Human Rights and Justice*  
J. BUDZISZEWSKI, Ph.D. *Professor (Dep't of Gov't, College of Liberal Arts).*  
NORMA V. CANTU, B.A., J.D.; *Professor of Educ.; Professor of Law.*  
LOFTUS C. CARSON, II, B.S., M. Pub. Affs., M.B.A., J.D.; *Ronald D. Krist Professor.*  
MICHAEL J. CHURGIN, A.B., J.D.; *Raybourne Thompson Centennial Professor.*  
JANE M. COHEN, B.A., J.D.; *Edward Clark Centennial Professor.*  
KYLE A. COX, *Program Manager – IC2 Inst.*  
FRANK B. CROSS, B.A., J.D.; *Herbert D. Kelleher Centennial Professor of Bus. Law; Professor of Law.*  
WILLIAM H. CUNNINGHAM, B.A., M.B.A., Ph.D.; *Professor (Dep't of Mktg. Admin., Red McCombs School of Bus.).*  
JENS C. DAMMANN, J.D., LL.M., Dr. Jur., J.S.D.; *William Stamps Farish Professor in Law.*  
JOHN DEIGH, B.A., M.A., Ph.D.; *Professor of Philosophy; Professor of Law.*  
MECHELE DICKERSON, B.A., J.D.; *Arthur L. Moller Chair in Bankruptcy Law and Practice.*  
GEORGE E. DIX, B.A., J.D.; *George R. Killam, Jr. Chair of Criminal Law.*  
JUSTIN DRIVER, B.A., M.A., M.A., J.D.; *Professor.*  
JOHN S. DZIENKOWSKI, B.B.A., J.D.; *Dean John F. Sutton, Jr. Chair in Lawyering and the Legal Process.*  
ZACHARY S. ELKINS, B.A., M.A., Ph.D.; *Assoc. Professor (Dep't of Gov't, College of Liberal Arts).*  
KENNETH FLAMM, Ph.D.; *Professor (Lyndon B. Johnson School of Pub. Affairs).*  
JULIUS G. GETMAN, B.A., LL.B., LL.M.; *Earl E. Sheffield Regents Chair.*  
CHARLES E. GHOLZ, B.S., B.S., Ph.D.; *Assoc. Professor (Lyndon B. Johnson School of Pub. Affairs).*  
JOHN M. GOLDEN, A.B., J.D., Ph.D.; *Loomer Family Professor in Law.*  
STEVEN GOODE, B.A., J.D.; *W. James Kronzer Chair in Trial and Appellate Advocacy; Univ. Distinguished Teaching Professor.*

LINO A. GRAGLIA, B.A., LL.B.; *A.W. Walker Centennial Chair in Law*.  
 BENJAMIN G. GREGG, B.A., Ph.D., M.A., Ph.D.; *Assoc. Professor (Dep't of Gov't, College of Liberal Arts)*.  
 CHARLES G. GROAT, B.A., M.S., Ph.D.; *Professor (Lyndon B. Johnson School of Pub. Affairs)*.  
 PATRICIA I. HANSEN, A.B., M.P.A., J.D.; *J. Waddy Bullion Professor*.  
 HENRY T.C. HU, B.S., M.A., J.D.; *Allan Shivers Chair in the Law of Banking and Finance*.  
 BOBBY R. INMAN, B.A.; *Professor (Lyndon B. Johnson School of Pub. Affairs)*.  
 GARY J. JACOBSON, B.A., M.A., Ph.D.; *Professor of Gov't; Professor of Law*.  
 DEREK P. JINKS, B.A., M.A., J.D.; *The Marrs McLean Professor in Law*.  
 STANLEY M. JOHANSON, B.S., LL.B., LL.M.; *James A. Elkins Centennial Chair in Law; Univ. Distinguished Teaching Professor*.  
 CALVIN H. JOHNSON, B.A., J.D.; *Andrews & Kurth Centennial Professor*.  
 SUSAN R. KLEIN, B.A., J.D.; *Alice McKean Young Regents Chair in Law*.  
 JENNIFER E. LAURIN, B.A., J.D.; *Professor*.  
 SANFORD V. LEVINSON, A.B., Ph.D., J.D.; *W. St. John Garwood & W. St. John Garwood, Jr. Centennial Chair in Law; Professor of Gov't*.  
 ANGELA K. LITWIN, B.A., J.D.; *Professor*.  
 VIJAY MAHAJAN, M.S.C.H.E., Ph.D.; *Professor (Dep't of Mktg. Admin., Red McCombs School of Bus.)*.  
 INGA MARKOVITS, LL.M.; *"The Friends of Joe Jamail" Regents Chair*.  
 RICHARD S. MARKOVITS, B.A., LL.B., Ph.D.; *John B. Connally Chair*.  
 THOMAS O. MCGARITY, B.A., J.D.; *Joe R. & Teresa Lozano Long Endowed Chair in Admin. Law*.  
 STEVEN A. MOORE, B.A., Ph.D.; *Professor (School of Architecture)*.  
 LINDA S. MULLENIX, B.A., M. Phil., J.D., Ph.D.; *Morris & Rita Atlas Chair in Advocacy*.  
 STEVEN P. NICHOLS, B.S.M.E., M.S.M.E., J.D., Ph.D.; *Professor (Dep't of Mechanical Eng'g, Cockrell School of Eng'g)*.  
 ROBERT J. PERONI, B.S.C., J.D., LL.M.; *The Fondren Foundation Centennial Chair for Faculty Excellence*.  
 H. W. PERRY, JR., B.A., M.A., Ph.D.; *Assoc. Professor of Gov't; Assoc. Professor of Law*.  
 LUCAS A. POWE, JR., B.A., J.D.; *Anne Green Regents Chair in Law; Professor of Gov't*.  
 WILLIAM C. POWERS, JR., B.A., J.D.; *President of The Univ. of Texas at Austin; Hines H. Baker & Thelma Kelley Baker Chair; Univ. Distinguished Teaching Professor*.  
 DAVID M. RABBAN, B.A., J.D.; *Dahr Jamail, Randall Hage Jamail, & Robert Lee Jamail Reg. Chair; Univ. Distinguished Teaching Professor*.  
 ALAN S. RAU, B.A., LL.B.; *Mark G. & Judy G. Yudof Chair in Law*.  
 DAVID W. ROBERTSON, B.A., LL.B., LL.M., J.S.D.; *W. Page Keeton Chair in Tort Law; Univ. Distinguished Teaching Professor*.  
 JOHN A. ROBERTSON, A.B., J.D.; *Vinson & Elkins Chair*.  
 MARY ROSE, A.B., M.A., Ph.D.; *Assoc. Professor (Dep't of Sociology, College of Liberal Arts)*.  
 WILLIAM M. SAGE, A.B., M.D., J.D.; *Vice Provost for Health Affairs; James R. Dougherty Chair for Faculty Excellence*.  
 LAWRENCE G. SAGER, B.A., LL.B.; *Alice Jane Drysdale Sheffield Regents Chair*.  
 JOHN J. SAMPSON, B.B.A., LL.B.; *William Benjamin Wynne Professor*.  
 CHARLES M. SILVER, B.A., M.A., J.D.; *Roy W. & Eugenia C. MacDonald Endowed Chair in Civil Procedure; Professor in Gov't; Co-Dir. of Cir. on Lawyers, Civil Justice, and the Media*.  
 ERNEST E. SMITH, B.A., LL.B.; *Rex G. Baker Centennial Chair in Natural Resources Law*.  
 DAVID B. SPENCE, B.A., J.D., M.A., Ph.D.; *Professor (Bus., Gov't and Society, Red McCombs School of Bus.)*.  
 JAMES C. SPINDLER, B.A., M.A., Ph.D., J.D.; *The Sylvan Lang Professor; Professor, UT McCombs School of Bus.*  
 JANE STAPLETON, B.S., Ph.D., LL.B., DCL, D.Phil.; *Ernest E. Smith Professor*.  
 JORDAN M. STEIKER, B.A., J.D.; *Judge Robert M. Parker Endowed Chair in Law*.  
 MICHAEL F. STURLEY, B.A., J.D.; *Fannie Coplin Regents Chair*.  
 GERALD TORRES, A.B., J.D., LL.M.; *Bryant Smith Chair in Law*.  
 JEFFREY K. TULIS, B.A., M.A., Ph.D.; *Assoc. Professor (Dep't of Gov't, College of Liberal Arts)*.  
 GREGORY J. VINCENT, B.A., J.D., Ed.D.; *Professor; Vice President for Diversity and Cmty. Engagement*.  
 SRIRAM VISHWANATH, B.S., M.S., Ph.D.; *Assoc. Professor (Dep't of Elec. & Computer Eng'g, Cockrell School of Eng'g)*.  
 LOUISE WEINBERG, A.B., J.D., LL.M.; *William B. Bates Chair for the Admin. of Justice*.  
 OLIN G. WELLBORN, A.B., J.D.; *William C. Liedtke, Senior Professor*.  
 JAY L. WESTBROOK, B.A., J.D.; *Benno C. Schmidt Chair of Bus. Law*.  
 ABRAHAM L. WICKELGREN, A.B., Ph.D., J.D.; *Bernard J. Ward Professor in Law*.  
 SEAN H. WILLIAMS, B.A., J.D.; *Professor*.  
 ZIPPORAH B. WISEMAN, B.A., M.A., LL.B.; *Thos. H. Law Centennial Professor*.  
 PATRICK WOOLLEY, A.B., J.D.; *Beck, Redden & Secrest Professor in Law*.

#### ASSISTANT PROFESSORS

JOSEPH R. FISHKIN, B.A., M.Phil., D.Phil., J.D.	JAMES W. MCCLELLAND, B.S., Ph.D.
CARY C. FRANKLIN, B.A., M.S.T., D.Phil., J.D.	SUSAN C. MORSE, A.B., J.D.
MIRA GANOR, B.A., M.B.A., LL.B., LL.M., J.S.D.	TIMOTHY D. WERNER, B.A., M.A., Ph.D.

#### SENIOR LECTURERS, WRITING LECTURERS, AND CLINICAL PROFESSORS

ALEXANDRA W. ALBRIGHT, B.A., J.D.; <i>Senior Lecturer</i> .	BRIAN R. LENDECKY, B.B.A., M.P.A.; <i>Senior Lecturer</i>
WILLIAM P. ALLISON, B.A., J.D.; <i>Clinical Professor; Dir. - Criminal Def. Clinic</i> .	(Dep't of Accounting, Red McCombs School of Bus.).
	JEANA A. LUNGWITZ, B.A., J.D.; <i>Clinical Professor; Dir. -</i>

WILLIAM H. BEARDALL, JR., B.A., J.D.; *Clinical Professor – Transnational Worker Rights Clinic.*

NATALIA V. BLINKOVA, B.A., M.A., J.D.; *Lecturer - The David J. Beck Ctr. for Legal Research, Writing, and Appellate Advocacy.*

PHILIP C. BOBBITT, A.B., J.D., Ph.D.; *Distinguished Senior Lecturer.*

HUGH L. BRADY, B.A., J.D.; *Clinical Professor; Dir. – Legislative Lawyering Clinic.*

KAMELA S. BRIDGES, B.A., B.J., J.D.; *Lecturer – The David J. Beck Ctr. for Legal Research, Writing, and Appellate Advocacy.*

JOHN C. BUTLER, B.B.A., Ph.D.; *Clinical Assoc. Professor (Dep't of Finance, Red McCombs School of Bus.).*

MARY R. CROUTER, A.B., J.D.; *Lecturer; Assistant Dir. - William Wayne Justice Ctr. for Pub. Interest Law.*

MICHELE Y. DEITCH, B.A., M.S., J.D.; *Senior Lecturer (Lyndon B. Johnson School of Pub. Affairs).*

TIFFANY J. DOWLING, B.A., J.D.; *Clinical Instructor, Dir. - Actual Innocence Clinic.*

LORI K. DUKE, B.A., J.D.; *Clinical Professor.*

ARIEL E. DULITZKY, J.D., LL.M.; *Clinical Professor., Dir. - Human Rights Clinic.*

ELANA S. EINHORN, B.A., J.D.; *Lecturer - The David J. Beck Ctr. for Legal Research, Writing, and Appellate Advocacy.*

TINA V. FERNANDEZ, A.B., J.D.; *Lecturer; Dir. - Pro Bono Programs*

LYNDA E. FROST, B.A., M.Ed., J.D., Ph.D.; *Clinical Assoc. Professor (Dep't of Educ. Admin., College of Educ.).*

DENISE L. GILMAN, B.A., J.D.; *Clinical Professor; Co-Dir. - Immigration Clinic.*

KELLY L. HARAGAN, B.A., J.D.; *Lecturer; Dir. - Envtl. Law Clinic.*

BARBARA HINES, B.A., J.D.; *Clinical Professor; Co-Dir. - Immigration Clinic.*

HARRISON KELLER, B.A., M.A., Ph.D.; *Vice Provost for Higher Educ. Policy; Senior Lecturer (College of Educ.).*

*Domestic Violence Clinic.*

JIM MARCUS, B.A., J.D.; *Clinical Professor.*

TRACY W. MCCORMACK, B.A., J.D.; *Lecturer; Dir. – Advocacy Programs.*

F. SCOTT MCCOWN, B.S., J.D.; *Clinical Professor; Dir. - Children's Rights Clinic.*

ROBIN B. MEYER, B.A., M.A., J.D.; *Lecturer - The David J. Beck Ctr. for Legal Research, Writing, and Appellate Advocacy.*

RANJANA NATARAJAN, B.A., J.D.; *Clinical Professor; Dir. - Civil Rights Clinic.*

SEAN J. PETRIE, B.A., J.D.; *Lecturer - The David J. Beck Ctr. for Legal Research, Writing, and Appellate Advocacy.*

ELIZA T. PLATTS-MILLS, B.A., J.D.; *Clinical Professor.*

RACHAEL RAWLINS, B.A., MCRP, J.D.; *Senior Lecturer (School of Architecture).*

WAYNE SCHIESS, B.A., J.D.; *Senior Lecturer; Dir. - The David J. Beck Ctr. for Legal Research, Writing, and Appellate Advocacy.*

STACY ROGERS SHARP, B.S., J.D.; *Lecturer - The David J. Beck Ctr. for Legal Research, Writing, and Appellate Advocacy.*

RAOUL D. SCHONEMANN, B.A., LL.M., J.D.; *Clinical Professor.*

PAMELA J. SIGMAN, B.A., J.D.; *Clinical Professor; Dir. - Juvenile Justice Clinic.*

DAVID S. SOKOLOV, B.A., M.A., J.D., M.B.A.; *Distinguished Senior Lecturer; Dir. - Student Life.*

LESLIE L. STRAUCH, B.A., J.D.; *Clinical Professor.*

GRETCHEN S. SWEEN, B.A., M.A., Ph.D., J.D.; *Lecturer - The David J. Beck Ctr. for Legal Research, Writing, and Appellate Advocacy.*

MELINDA E. TAYLOR, B.A., J.D.; *Senior Lecturer; Exec. Dir. - Ctr. - Global Energy, Int'l Arbitration, Envtl. Law.*

HEATHER K. WAY, B.A., B.J., J.D.; *Lecturer; Dir. – Entrepreneurship and Cmty. Dev. Clinic.*

ELIZABETH M. YOUNGDALE, B.A., M.L.I.S., J.D.; *Lecturer - The David J. Beck Ctr. for Legal Research, Writing, and Appellate Advocacy.*

## ADJUNCT PROFESSORS AND OTHER LECTURERS

ELIZABETH AEBERSOLD, B.A., M.S.

WILLIAM R. ALLENSWORTH, B.A., J.D.

ANDREW W. AUSTIN, B.A., M.Phil., J.D.

MARJORIE I. BACHMAN, B.S., J.D.

CRAIG D. BALL, B.A., J.D.

SHARON C. BAXTER, B.S., J.D.

KARL O. BAYER, B.A., M.S., J.D.

JERRY A. BELL, B.A., J.D.

ALLISON H. BENESCH, B.A., M.S.W., J.D.

CRAIG R. BENNETT, B.S., J.D.

JAMES B. BENNETT, B.B.A., J.D.

MURFF F. BLEDSOE, B.A., J.D.

WILLIAM P. BOWERS, B.B.A., J.D., LL.M.

STACY L. BRAININ, B.A., J.D.

ANTHONY W. BROWN, B.A., J.D.

JAMES E. BROWN, B.A., LL.B.

JEREMY M. BROWN, J.D.

TOMMY L. BROYLES, B.A., J.D.

PAUL J. BURKA, B.A., LL.B.

W. AMON BURTON, JR., B.A., M.A., LL.B.

ERIN G. BUSBY, B.A., J.D.

AGNES E. CASAS, B.A., J.D.

RUBEN V. CASTANEDA, B.A., J.D.

EDWARD A. CAVAZOS, B.A., J.D.

LINDA BRAY CHANOW, B.A., J.D.

JEFF CIVINS, A.B., M.S., J.D.

ELIZABETH COHEN, B.A., M.S.W., J.D.

JAMES W. COLLINS, B.S., J.D.

LAURA A. MARTINEZ, B.A., J.D.

LORI R. MASON, B.A., J.D.

PHILIP K. MAXWELL, B.A., J.D.

PETER C. MCCABE, B.A., J.D.

ANN M. MCGEEHAN, B.A., J.D.

BARRY F. MCNEIL, B.A., J.D.

MARGARET M. MENICUCCI, B.A., J.D.

JO ANN MERICA, B.A., J.D.

RANELLE M. MERONEY, B.A., J.D.

ELIZABETH N. MILLER, B.A., J.D.

JONATHAN F. MITCHELL, B.A., J.D.

DARYL L. MOORE, B.A., M.L.A., J.D.

EDWIN G. MORRIS, B.S., J.D.

SARAH J. MUNSON, B.A., J.D.

HENRY C. MYERS, B.S., J.D.

MANUEL H. NEWBURGER, B.A., J.D.

HOWARD D. NIRKEN, B.A., M.P.Aff., J.D.

DAVID G. NIX, B.S.E., LL.M., J.D.

JOSEPH W. NOEL, B.S.E., M.S.L.S., J.D.

JANE A. O'CONNELL, B.A., M.S., J.D.

PATRICK L. O'DANIEL, B.B.A., J.D.

M. A. PAYAN, B.A., J.D.

MARK L. PERLMUTTER, B.S., J.D.

EDSON PETERS, LL.B., LL.M., Ph.D.

WILLIAM C. POLLARD, B.A., J.D.

LAURA L. PRATHER, B.B.A., J.D.

JONATHAN PRATTER, B.A., M.L.S., J.D.

VELVA L. PRICE, B.A., J.D.

KEVIN D. COLLINS, B.A., J.D.  
 DANLEY K. CORNYN, B.A., J.D.  
 KASIA SOLON CRISTOBAL, B.A., M.S., J.D.  
 PATRICIA J. CUMMINGS, B.A., J.D.  
 KEITH B. DAVIS, B.S., J.D.  
 SCOTT D. DEATHERAGE, B.A., J.D.  
 DICK DEGUERIN, B.A., LL.B.  
 ADAM R. DELL, B.A., J.D.  
 MELONIE M. DEROSE, B.A., J.D.  
 RICHARD D. DEUTSCH, B.A., B.A., J.D.  
 STEVEN K. DEWOLF, B.A., J.D., LL.M.  
 REBECCA H. DIFFEN, B.A., J.D.  
 DENNIS B. DRAPKIN, A.B., B.E., LL.M., J.D.  
 CASEY D. DUNCAN, B.A., M.L.I.S., J.D.  
 PHILIP DURST, B.A., M.A., J.D.  
 JAY D. ELLWANGER, B.A., J.D.  
 LISA R. ESKOW, A.B., J.D.  
 EDWARD Z. FAIR, B.A., M.S.W., J.D.  
 ROSS FISCHER, B.A., J.D.  
 SEAN P. FLAMMER, B.A., J.D.  
 JOHN C. FLEMING, B.A., J.D.  
 KYLE K. FOX, B.A., J.D.  
 DAVID C. FREDERICK, B.A., Ph.D., J.D.  
 GREGORY D. FREED, B.A., J.D.  
 FRED J. FUCHS, B.A., J.D.  
 MICHAEL J. GOLDEN, A.B., J.D.  
 DAVID M. GONZALEZ, B.A., J.D.  
 DAVID HALPERN, B.A., J.D.  
 ELIZABETH HALUSKA-RAUSCH, B.A., M.A., M.S., Ph.D.  
 CLINT A. HARBOUR, B.A., J.D., LL.M.  
 ROBERT L. HARGETT, B.B.A., J.D.  
 MARY L. HARRELL, B.S., J.D.  
 CHRISTOPHER S. HARRISON, Ph.D., J.D.  
 WILLIAM M. HART, B.A., J.D.  
 JOHN R. HAYS, JR., B.A., J.D.  
 SUSAN J. HIGHTOWER, B.A., M.A., J.D.  
 KENNETH E. HOUP, JR., J.D.  
 RANDY R. HOWRY, B.J., J.D.  
 MONTY G. HUMBLE, B.A., J.D.  
 DIRK M. JORDAN, B.A., J.D.  
 JEFFREY R. JURY, B.A., J.D.  
 PATRICK O. KEEL, B.A., J.D.  
 DOUGLAS L. KEENE, B.A., M.Ed., Ph.D.  
 CHARI L. KELLY, B.A., J.D.  
 ROBERT N. KEPPEL, B.A., J.D.  
 MARK L. KINCAID, B.B.A., J.D.  
 ALICE L. KING, B.A., J.D.  
 MICHAEL R. KRAWZSENEK, B.S., J.D.  
 AMI L. LARSON, B.A., J.D.  
 LARRY LAUDAN, B.A., M.A., Ph.D.  
 JODI R. LAZAR, B.A., J.D.  
 KEVIN L. LEAHY, B.A., J.D.  
 DAVID P. LEIN, B.A., M.P.A., J.D.  
 ANDRÉS J. LINETZKY, LL.M.  
 JAMES-LLOYD LOFTIS, B.B.A., J.D.  
 ANDREW F. MACRAE, B.J., J.D.  
 HARRY S. MARTIN, A.B., M.L.S., J.D.  
 FRANCES L. MARTINEZ, B.A., J.D.

MARGARET K. REIN, B.A., J.D.  
 BRIAN C. RIDER, B.A., J.D.  
 ROBERT M. ROACH, JR., B.A., J.D.  
 BRIAN J. ROARK, B.A., J.D.  
 BETTY E. RODRIGUEZ, B.S.W., J.D.  
 JAMES D. ROWE, B.A., J.D.  
 MATTHEW C. RYAN, B.A., J.D.  
 KAREN R. SAGE, B.A., J.D.  
 MARK A. SANTOS, B.A., J.D.  
 JAMES J. SCHESKE, B.A., J.D.  
 MICHAEL J. SCHLESS, B.A., J.D.  
 SUSAN SCHULTZ, B.S., J.D.  
 AMY J. SCHUMACHER, B.A., J.D.  
 SUZANNE SCHWARTZ, B.J., J.D.  
 RICHARD J. SEGURA, JR., B.A., J.D.  
 DAVID A. SHEPPARD, B.A., J.D.  
 ERIC M. SHEPPERD, B.A., J.D.  
 ARTHUR H. SHERMAN, B.B.A., J.D.  
 RONALD J. SIEVERT, B.A., J.D.  
 AMBROSIO A. SILVA, B.S., J.D.  
 STUART R. SINGER, A.B., J.D.  
 BEA ANN SMITH, B.A., M.A., J.D.  
 STEPHEN T. SMITH, B.A., M.S.  
 LYDIA N. SOLIZ, B.B.A., J.D.  
 STEPHEN M. SONNENBERG, A.B., M.D.  
 JAMES M. SPELLINGS, JR., B.S., J.D.  
 KACIE L. STARR, B.A., J.D.  
 MATTHEW R. STENKE, B.A., M.L.I.S., J.D.  
 WILLIAM F. STUTTS, B.A., J.D.  
 MATTHEW J. SULLIVAN, B.S., J.D.  
 GRETCHEN S. SWEEN, B.A., M.A., Ph.D., J.D.  
 JEREMY S. SYLESTINE, B.A., J.D.  
 BRADLEY P. TEMPLE, B.A., J.D.  
 SHERINE E. THOMAS, B.A., J.D.  
 MICHAEL J. TOMSU, B.A., M.B.A., J.D.  
 TERRY O. TOTTENHAM, B.S., LL.M., J.D.  
 MICHAEL S. TRUESDALE, B.A., M.A., J.D.  
 TIMOTHY J. TYLER, B.A., J.D.  
 SUSAN S. VANCE, B.B.A., J.D.  
 LANA K. VARNEY, B.J., J.D.  
 DEBORAH M. WAGNER, B.A., M.A., J.D.  
 CLARK C. WATTS, B.A., M.D., M.A., M.S., J.D.  
 WARE V. WENDELL, A.B., J.D.  
 RODERICK E. WETSEL, B.A., J.D.  
 THEA WHALEN, B.A., J.D.  
 DARAJ. WHITEHEAD, B.A., M.S.  
 BENJAMIN B. WHITTENBURG, M.P.A., B.B.A., J.D.  
 RANDALL B. WILHITE, B.B.A., J.D.  
 TIMOTHY A. WILKINS, B.A., M.P.P., J.D.  
 DAVID G. WILLE, B.S.E.E., M.S.E.E., J.D.  
 ANDREW M. WILLIAMS, B.A., J.D.  
 MARK B. WILSON, B.A., M.A., J.D.  
 CHRISTINA T. WISDOM, B.A., J.D.  
 STEPHEN M. WOLFSON, B.A., M.S., J.D.  
 PAUL L. WOMACK, B.S., J.D.  
 LUCILLE D. WOOD, B.A., J.D.  
 DENNEY L. WRIGHT, B.B.A., J.D., LL.M.  
 DANIEL J. YOUNG, B.A., J.D.

## VISITING PROFESSORS

OWEN L. ANDERSON, B.A., J.D.  
 ANTONIO H. BENJAMIN, LL.B., LL.M.  
 VICTOR FERRERES, J.D., LL.M., J.S.D.

ANDREW KULL, B.A., B.A., M.A., J.D.  
 GRAHAM B. STRONG, B.A., J.D., LL.M.

## MISSION STATEMENT

The *Texas Review of Entertainment & Sports Law* (TRESL) is committed to publication of legal scholarship of the highest caliber. TRESL's goal is to chronicle, comment on, and influence the shape of the law that affects the entertainment and sports industries, throughout the United States and the world.

## COPYRIGHT

The *Texas Review of Entertainment & Sports Law* is published annually by The University of Texas School of Law Publications, 727 East Dean Keeton Street, Austin, Texas, 78705.

Copyright © 2014 (U.S. ISSN 1533-1903)

Cite as: TEX. REV. ENT. & SPORTS L.

Except as otherwise expressly provided, the authors of each article have granted permission for copies of their articles to be made available for educational use in a U.S. or foreign accredited law school or nonprofit institution of higher learning, provided that (i) copies are distributed at or below cost; (ii) author and the journal are identified; (iii) proper notice of copyright is affixed to each copy; (iv) TRESL is notified of use.

## SUBSCRIPTIONS

Beginning with Volume 6 (2004–2005), annual subscriptions to the *Texas Review of Entertainment & Sports Law* are available at the following rates:

\$40.00 for domestic institutions \*  
\$45.00 for foreign institutions  
\$30.00 for domestic individuals \*  
\$35.00 for foreign individuals

To subscribe to the *Texas Review of Entertainment & Sports Law*, or to indicate a change of address, please write to:

The University of Texas  
School of Law Publications  
P.O. Box 8670  
Austin, TX 78713

[www.texaslawpublications.com](http://www.texaslawpublications.com)

E-mail: [publications@law.utexas.edu](mailto:publications@law.utexas.edu)

For any questions or problems concerning a subscription, please contact our **Business Manager, Paul Goldman**, at (512) 232-1149. Subscriptions are renewed automatically unless timely notice of termination is received.



# Texas Review of Entertainment & Sports Law

*Volume 15  
Issue 2  
Spring 2014*

---

## VOLUME 15 EDITORIAL BOARD & STAFF EDITORS

**Christopher Walton\***  
*Editor in Chief*

**Molly Bentley\***  
*Managing Editor*

**Tristan Griffin\***  
*Associate Editor*

**Marissa Cohn**  
*Symposium Editor*

**Alex McLean**  
*Executive Editor*

**Varun Gadiraju**  
*Articles & Notes Editor*

### *Senior Staff Editors*

**Nicholas Bailey\***  
**Jamil Bata**  
**Mark Feller\***

**Brooke Ginsburg\***  
**Megan Grossman**  
**Hayden Harms\***

**Tara Moriarty\***  
**Alex Rodriguez**  
**Hannah Rosenfeld\***

### *Staff Editors*

**Brett Batchelor**  
**Daryoush Behbood**  
**Lauren Davis**  
**Kelli Fuqua**  
**Aaron Gregg**  
**Casey Hicks**  
**Emily Kirby**

**Kayla Kirk**  
**Danny Little**  
**Alex Moon**  
**Patrick Plassio**  
**Jessica Prado**  
**Brian Smith**  
**Cindy Troy**

(\* Denotes Third-Year Law Students)

Texas Review of  
Entertainment  
& Sports Law

*Volume 15*  
*Issue 2*  
*Spring 2014*

---

**EDITORIAL ADVISORY BOARD**

**William M. Henry**

*Esquire*

*Thompson Hine LLP, Cleveland, Ohio*

**L.A. (Scot) Powe**

*Anne Green Regents Chair in Law*

*& Professor of Government*

*The University of Texas School of Law, Austin, Texas*

**Wayne C. Schiess**

*Senior Lecturer*

*The University of Texas School of Law, Austin, Texas*

**David S. Sokolow**

*Distinguished Senior Lecturer*

*The University of Texas School of Law, Austin, Texas*

## SUBMISSIONS

The *Texas Review of Entertainment & Sports Law* publishes two issues a year. The *Review* welcomes the submission of articles, book reviews, and notes via standard or electronic mail. All submissions should be accompanied by a cover letter and either a curriculum vitae or a resume. The editorial board and The University of Texas are not in any way responsible for the views expressed by contributors.

Citations should conform with *The Bluebook: A Uniform System of Citations* (18th ed. 2005), published by the Harvard Law Review Association. Note that the *Review* follows the guidelines set forth in *The Chicago Manual of Style* (15th ed. 2003). An additional recommended source to consult before submitting an article for review is Brian Garner's *A Dictionary of Modern Legal Usage* (2d ed. 1995). We strongly encourage (but do not give preference to) electronic submissions.

All submissions, inquiries, and requests for review should be addressed to:

*Texas Review of Entertainment & Sports Law*  
The University of Texas School of Law  
727 East Dean Keeton Street  
Austin, TX 78705-3299

E-Mail: [tresl@law.utexas.edu](mailto:tresl@law.utexas.edu)

Website: <http://www.tresl.net>

## REPRINTS & BACK ISSUES

William S. Hein & Co. has purchased the back stock and reprints rights to the *Texas Review of Entertainment & Sports Law*. Please direct reprint requests by written inquiry to:

William S. Hein & Co., Inc.  
Hein Building  
1285 Main Street  
Buffalo, NY 14209

Website: [www.wshein.com](http://www.wshein.com)

Tel: 1-800-828-7571 / Fax: 1-716-883-8100

\* \* \* \* \*

If you would like to support the *Review*, please contact:

Development Editor  
*Texas Review of Entertainment & Sports Law*  
The University of Texas School of Law  
727 East Dean Keeton Street  
Austin, Texas 78705-3299

E-Mail: [developmenteditor.tresl@gmail.com](mailto:developmenteditor.tresl@gmail.com)

Website: <http://www.tresl.net>

# When the Clock Starts for Pursuing Past Doping Violations

Stuart C. Gillespie\*

## INTRODUCTION

Pursuing doping violations is literally a race against the clock for anti-doping agencies. The World Anti-Doping Code (the Code) imposes an eight-year statute of limitations for any doping violation.<sup>1</sup> As a result, anti-doping agencies only have a finite amount of time to commence an enforcement action against those athletes who chose to cheat. Identifying and building a case against such athletes is, however, a time-consuming process. The clock can run out quickly, even when it is measured in years.

Athletes have used the statute of limitations as a defense to past doping violations.<sup>2</sup> This happened to the U.S. Anti-Doping Agency (USADA) in a recent case involving Eddy Hellebuyck, a marathon runner.<sup>3</sup> In 2010, Hellebuyck confessed to taking erythropoietin (EPO) from 2001 to 2004.<sup>4</sup> When USADA commenced an action to strip him of any competitive results obtained during that timeframe, Hellebuyck boldly argued that the statute of limitations barred USADA from bringing the charges.<sup>5</sup> Ryder Hesjedal, an elite cyclist, employed a different, albeit even more cunning tactic, waiting almost a decade before admitting to taking EPO in August of 2003 to prepare for the Olympics.<sup>6</sup> While USADA was able to sanction Hellebuyck, Hesjedal has not suffered any repercussions despite also doping with EPO.<sup>7</sup> He has not been stripped of any results; he has not received any sanctions; he has not been barred from competition; but he has robbed other athletes, who chose not to dope, of their dreams.

These two examples demonstrate that athletes are literally running out the clock on past doping violations. In response, this Article provides USADA with an additional basis

---

\* The author is a trial attorney for the Department of Justice. The views expressed here are those of Gillespie and do not necessarily reflect the views of the U.S. Department of Justice or the United States. Prior to attending law school, Gillespie raced as a cyclist for Team Slipstream Professional Cycling Team (now Team Garmin-Sharp Pro Cycling Team) and for the United States Under-23 National Team. The author wishes to thank Jerry Ellington and Elias Quinn for their thoughtful comments and edits.

1. World Anti-Doping Code § 17 [hereinafter WADA Code] available at [http://www.wada-ama.org/Documents/World\\_Anti-Doping\\_Program/WADP-The-Code/WADA\\_Anti-oping\\_CODE\\_2009\\_EN.pdf/](http://www.wada-ama.org/Documents/World_Anti-Doping_Program/WADP-The-Code/WADA_Anti-oping_CODE_2009_EN.pdf/).

2. *Legal Opinion: Armstrong's Arguments against USADA*, CYCLING NEWS, <http://www.cyclingnews.com/news/legal-opinion-armstrongs-arguments-against-usada> (last updated July 4, 2012).

3. U.S. Anti-Doping Agency v. Hellebuyck, No. 77 190 168 11 (Am. Arbitration Ass'n Jan. 30, 2012) available at <https://www.usada.org/uploads/hellebuyckaaaruling.pdf>.

4. *Id.* at ¶ 5.9.

5. *Id.* at ¶ 6.8.

6. *Statement from USADA CEO, Travis T. Tygart, Regarding Ryder Hesjedal*, USADA (Oct. 30, 2013), <http://www.usada.org/media/statement-hesjedal103013> (last visited Mar. 7, 2014).

7. Andrew Hood, *Canadians confirm Ryder Hesjedal faces no sanction*, VELONEWS (Nov. 2, 2013), [http://velonews.competitor.com/2013/11/news/canadians-confirm-ryder-hesjedal-faces-no-sanction\\_306818](http://velonews.competitor.com/2013/11/news/canadians-confirm-ryder-hesjedal-faces-no-sanction_306818).

for pursuing past violations: the doctrine of continuing violations. According to the doctrine, an enforcement action is not barred by the statute of limitations where the defendant's alleged violations are continuing, even if they began outside of the limitations period.<sup>8</sup> The doctrine has been applied in a variety of contexts, including in environmental and civil rights claims.<sup>9</sup> These cases provide a general framework for determining whether an act is a continuing violation and address arguments that are relevant to the anti-doping context. The key lesson from these cases is that the continuing-violations doctrine turns on a careful review of the statutory language defining the violation at issue.

In the anti-doping context, the crux of the statute-of-limitations issue is whether doping constitutes a discrete or continuing act under the Code. It is both. The Code defines doping to encompass the "[u]se or attempted use of a prohibited substance."<sup>10</sup> By definition, the use of a prohibited substance or method includes not just the taking of a prohibited substance (a discrete act), but also the utilization of that prohibited substance to gain a competitive advantage (a continuing act). Because using a prohibited substance or method is a continuing violation, it can be established with long-term evidence of performance-enhancing benefits.

Viewing the use of a prohibited substance or method as a continuing act is in line with the underlying principals of the code. The purpose of the Code is to punish unfair competition, not simply the taking of prohibited substances or methods.<sup>11</sup> Numerous provisions in the Code confirm this point. For example, substances and methods are prohibited based on the length of their performance enhancing effect.<sup>12</sup> Sanctions for the use of a prohibited substance or method are tied to the length of the performance enhancing effect.<sup>13</sup> The Code thus compels the conclusion that the use of a prohibited substance or method is a continuing violation so long as there is evidence of a performance enhancing benefiting.

This has crucial implications for the fight against doping. The question is not simply whether an athlete took a prohibited substance, but rather how long did the athlete benefit from using that substance. Scientific studies already demonstrate that certain banned substances provide athletes with long-term performance-enhancing benefits, which may last from a few weeks to a few months.<sup>14</sup> New doping methods, such as gene doping, present the possibility of long-term, if not permanent, benefits.<sup>15</sup> Circumstantial evidence further confirms the long-term benefits of performance-enhancing drugs.<sup>16</sup> Athletes are not simply using drugs on the day of a competition; they are using drugs as part of a training regime that provides them with an advantage in competitive events that are weeks, if not months, in

---

8. See *Havens Realty Corp. v. Coleman*, 455 U.S. 363, 380 (1982); *Moseke v. Miller and Smith, Inc.*, 202 F. Supp. 2d 492, 504 (E.D. Va. 2002) (discussing the application of the continuing violation doctrine).

9. *Moseke*, 202 F. Supp. 2d at 504.

10. WADA Code, *supra* note 1, § 2.2.

11. *Id.* at Introduction.

12. *Id.* § 4.2-4.3.

13. See *id.* § 10.6 (imposing sanctions for multiple violations).

14. See Matt McGrath, *Steroids can benefit athletes for a decade after use*, BBC NEWS (Oct. 29, 2013), <http://www.bbc.com/news/science-environment-24730151>; Adam Hadhazy, *Do anabolic steroids make you a better athlete?*, SCIENTIFIC AMERICAN (Feb. 11, 2009), available at <http://www.scientificamerican.com/article/a-rod-steroids-better-athlete/> ("The key benefit with anabolic steroids is that they can help you be consistent over an entire baseball season.").

15. See R. J. Trent & I. E. Alexander, *Gene therapy in sport*, 40(1) BRITISH J. SPORTS MED. 4, 4-5 (2006), available at <http://www.ncbi.nlm.nih.gov/pmc/articles/PMC2491914/>.

16. WADA Code, *supra* note 1, § 4.2-4.3.

the future.<sup>17</sup> It is reasonable to infer that these drugs provide the athletes with long-term benefits, the continued use of which violates the Code.

In light of this evidence, USADA should be relying on the continuing-violations doctrine to toll the statute of limitations for a few weeks if not a few years in certain cases. Indeed, there was ample evidence to invoke the doctrine in the recent enforcement action against Lance Armstrong.<sup>18</sup> While USADA has yet to rely on the continuing-violations doctrine to pursue past doping violations, the agency has no reason not to do so in future enforcement actions. The doctrine could be used to uphold USADA's commitment to safeguard true sport and protect clean athletes.<sup>19</sup>

This article forcefully argues that doping is a continuing violation of the Code that tolls the statute-of-limitations. Part I discusses the Code, the eight-year statute-of-limitations, and how USADA has interpreted the Code in two recent cases where it invoked the fraudulent-concealment doctrine. Part II demonstrates that USADA has ample scientific and circumstantial evidence to assert the doctrine, and could have done so in the enforcement action against Armstrong. USADA should assert the doctrine and reinforce its message that it fiercely stands with those athletes who desire nothing more than to compete in their sports on a clean and level playing field, free from the pressures and dangers of performance-enhancing drugs.

## I. THE WORLD ANTI-DOPING CODE

The Code charges anti-doping agencies with the obligation to safeguard the spirit of sport and provides them the tools to pursue past doping violations, including a broad definition of doping.<sup>20</sup> While the Code imposes an eight-year statute of limitations for any violation, it directs anti-doping agencies to rely on the law in their jurisdictions to determine when the statute of limitations starts, stops, and should be extended.<sup>21</sup> In the United States, there is an extensive body of law for tolling the statute of limitations, which applies to the Code's limitation period. In two recent enforcement actions, USADA successfully relied on the doctrine of fraudulent concealment to toll the limitations period, but has yet to invoke the continuing-violations doctrine.<sup>22</sup>

### A. THE SPIRIT OF TRUE SPORT

The Code is the fundamental and universal document upon which the World Anti-Doping Program is based.<sup>23</sup> The Code is often referred to as the gold standard in the athletic

17. *Id.*; Hadhazy, *supra* note 12.

18. See Joe Lindsey, *You, the Jury*, BICYCLING, <http://www.bicycling.com/news/pro-cycling/you-jury> (last visited Mar. 7, 2014) (summarizing the allegations and evidence against Lance Armstrong).

19. *Mission/Vision*, USADA, <http://www.usada.org/mission-vision> (last visited Mar. 7, 2014).

20. WADA Code, *supra* note 1, at *International Standards* §§ 1; 2.1-2.18.

21. *Id.* § 24.3.

22. *U.S. Anti-Doping Agency v. Hellebuyck*, at 16-17, No. 77 190 168 11 (Am. Arbitration Ass'n Jan. 30, 2012) available at <https://www.usada.org/uploads/hellebuyckaaaruling.pdf>; *U.S. Anti-Doping Agency v. Armstrong*, (Oct. 10, 2012) available at <http://d3epuodzu3wuis.cloudfront.net/ReasonedDecision.pdf> [hereinafter *Reasoned Decision*].

23. See WADA Code, *supra* note 1, at Introduction.

anti-doping movement<sup>24</sup> and sets out a bold vision to preserve “the spirit of sport,” that is the “celebration of the human spirit, body and mind.”<sup>25</sup> Doping is denounced as fundamentally contrary to true sport.<sup>26</sup>

The Code applies to all athletes competing at the international level, the national level, or in any sport accepting the Code.<sup>27</sup> The United States Olympic Committee (USOC) has adopted provisions of the Code verbatim, including the definitions of doping, the applicable sanctions, and the eight-year limitations period.<sup>28</sup> As a result, any U.S. athlete involved in the Olympic movement must comply with the core provisions of the Code.<sup>29</sup>

USADA is responsible for implementing and enforcing the Code in the United States.<sup>30</sup> USADA is an independent, non-governmental anti-doping agency that began testing athletes in 2000.<sup>31</sup> The USOC has delegated full authority to USADA to implement anti-doping programs, testing, and adjudication for United States athletes competing in Olympic and international sports.<sup>32</sup> In that capacity, USADA has authority to test any athlete who is a member of a National Governing Body (NGB), any athlete competing at an event sanctioned by the USOC or a NGB, and any international athlete who is present in the United States.<sup>33</sup>

Consistent with the Code, USADA has adopted an ambitious vision for its anti-doping program. On behalf of the public trust, USADA has aimed to “preserve the integrity of competition”, to “inspire true sport,” and to “protect the rights of U.S. Athletes.”<sup>34</sup> Athletic performances are only inspiring to the extent they are achieved within the rules of the game; winners can only be celebrated if they competed clean. Doping, by contrast, “eats away at the immeasurable attributes sport offers and compromises everything valuable about it.”<sup>35</sup> Recognizing these points, USADA’s “longstanding approach to achieving justice for clean athletes has been to pursue the truth” and, where appropriate, “expose and discipline those who have cheated to win.”<sup>36</sup>

24. *About USADA’s Anti-Doping Program*, USADA, <http://www.usada.org/program/> (last visited Mar. 7, 2014).

25. WADA Code, *supra* note 1, at 2

26. *Id.*

27. *Id.* at 72 (comment to definition of “Athlete”).

28. *United States Olympic Committee National Anti-Doping Policies* at 6, USADA <http://www.usada.org/files/pdfs/usoc-policies.pdf> (last visited Mar. 7, 2014).

29. *Protocol for Olympic and Paralympic Movement Testing* ¶ 1-2, USADA (2009) [hereinafter USADA Protocol] available at [www.usada.org/files/pdfs/usada-protocol.pdf](http://www.usada.org/files/pdfs/usada-protocol.pdf). It is, however, unclear whether the Code applies to U.S. Professional athletes. See Michael Straubel, *The International Convention Against Doping in Sport: Is It the Missing Link to Usada Being A State Actor and Wadc Coverage of U.S. Pro Athletes?*, 19 MARQ. SPORTS L. REV. 63, 75 (2008).

30. See *About USADA’s Anti-Doping Program*, *supra* note 21; WADA Code, USADA, <http://www.usada.org/resources/wada-code.aspx> (last visited Mar. 7, 2014).

31. U.S. Anti-Doping Agency, *FAQs*, USADA, <http://www.usada.org/faq> (last visited Mar. 14, 2014).

32. USADA Protocol, *supra* note 29 ¶ 2; See U.S. Anti-Doping Agency, *FAQs*, USADA, <http://www.usada.org/faq> (last visited Mar. 14, 2014).

33. USADA Protocol, *supra* note 29 ¶ 2

34. *About USADA*, USADA, <http://www.usada.org/about> (last visited Mar. 7, 2014).

35. USADA 2012 Annual Report at 28, USADA (available at <https://www.usada.org/uploads/annualreport2012.pdf>) (last visited Mar. 3, 2014) [hereinafter USADA 2012 Report].

36. *Id.*



Exposing those who have cheated requires USADA to develop newer and better tests to detect doping.<sup>37</sup> Testing athletes can be analogized to an arms race. Because some athletes are experimenting with new substances and methods for cheating, anti-doping agencies are often a step behind in developing new tests for detecting those substances and methods.<sup>38</sup> To keep pace, USADA has made scientific research a pillar of its anti-doping program, budgeting almost \$2 million per year to support research.<sup>39</sup>

Exposing those who have cheated can be a time-consuming process. Athletes can and do evade detection despite USADA's rigorous testing program.<sup>40</sup> Recognizing this, USADA has undertaken investigations to uncover other evidence of doping, such as the testimony of teammates.<sup>41</sup> That too can be difficult to obtain due to the code of silence that can pervade sports and inhibit teammates from confessing to another athlete's violations.<sup>42</sup> As a result, exposing those who cheat sometimes requires investigations that span months, if not years.<sup>43</sup> Such drawn-out investigations, in turn, delay USADA's ability to bring timely enforcement actions within the limitations period.

Once USADA identifies and builds a case against an athlete who cheated, it must bring an enforcement action under the Code.<sup>44</sup> As athletes present new arguments for avoiding liability, such as the statute of limitations, USADA must develop new theories for ensuring that those who cheated are disciplined consistent with the Code. In this sense, new legal theories, just like new tests, are a crucial part of the fight to safeguard true sport and protect clean athletes. Together, better tests and better legal arguments will help protect the "right of U.S. Olympic and Paralympic athletes to compete healthy and clean – to achieve their own personal victories as a result of unwavering commitment and hard work – to be celebrated as true heroes."<sup>45</sup>

## B. THE CODE'S DEFINITIONS OF ANTI-DOPING RULE VIOLATIONS

Anti-doping rules are govern the conditions under which sport is played. The purpose of the Code is to provide a uniform set of rules worldwide.<sup>46</sup> The Code sets forth criteria for prohibited substances and prohibited methods, which are identified each year on the Prohibited List.<sup>47</sup> The Code then defines a doping violation in eight ways,<sup>48</sup> including two

37. Jacob Beck, *The Only Good Reason to Ban Steroids in Baseball: To Prevent an Arms Race*, THE ATLANTIC (Jan. 17, 2013), available at <http://www.theatlantic.com/entertainment/archive/2013/06/the-only-good-reason-to-ban-steroids-in-baseball-to-prevent-an-arms-race/276932/>.

38. See *Olympic Drug Testers Try to Stay Ahead of Game*, NPR (July 10, 2008), <http://www.npr.org/templates/story/story.php?storyId=92398537>.

39. *Summary of Research done in USADA's Science Program*, USADA, <http://www.usada.org/program/> (last visited Mar. 7, 2014).

40. For example, Armstrong never tested positive for a prohibited substance despite allegations of doping. *Reasoned Decision*, *supra* note 22.

41. *Id.* at 16.

42. "Omerta," the code of silence in cycling, allowed Armstrong to evade detection for years. *Id.* at 4. Ultimately, USADA broke that code of silence and obtained confessions from seven of Armstrong's teammates on the U.S. Postal Service Professional Cycling Team. *Id.* at 16.

43. The investigation into Armstrong's doping violations spanned from January 2009 through June of 2012, when USADA formally commenced an action. *Id.* at 9-12.

44. USADA Protocol, *supra* note 29 ¶ 12.

45. *Mission/Vision*, *supra* note 19.

46. WADA Code, *supra* note 1, at Introduction.

47. *Id.* § 4.1.

particularly relevant definitions: the presence of a prohibited substance in an athlete's sample or the use or attempted use of a prohibited substance or method.<sup>49</sup>

## 1. THE PROHIBITED LIST

Each year, the World Anti-Doping Agency (WADA) publishes a comprehensive document listing all of the substances and methods prohibited by sport.<sup>50</sup> The premise of the Prohibited List is that there are certain basic doping agents and methods which anyone who chooses to call him or herself an athlete cannot take.<sup>51</sup> To be included on this list, a substance or method must meet any two of the following three criteria: (1) it enhances or has the potential to enhance sports performance; (2) it represents an actual or potential health risk to the athlete; or (3) it violates the spirit of sport.<sup>52</sup>

If a substance or method meets two of the three criteria, it is included on the Prohibited List and then categorized based on the type of substance.<sup>53</sup> The Prohibited List bans at all times (both in-competition and out-of-competition) those substances or methods that have the potential to enhance performance in future competitions or the equivalent masking potential.<sup>54</sup> The list also identifies those substances and methods, which are prohibited in competition only.<sup>55</sup>

## 2. THE PRESENCE OF A PROHIBITED SUBSTANCE

An anti-doping violation occurs whenever a prohibited substance is present in an athlete's sample.<sup>56</sup> This is a strict-liability offense: an athlete is liable for an anti-doping violation regardless of whether the athlete intentionally, unintentionally, or negligently took the prohibited substance.<sup>57</sup> Moreover, an athlete cannot challenge whether the prohibited substance in fact provided a performance-enhancing effect.<sup>58</sup> Athletes have been disqualified based on the mere presence of a prohibited substance regardless of whether the substance even conferred a performance-enhancing benefit.<sup>59</sup>

---

48. *Id.* §§ 2.1–2.8.

49. *Id.* §§ 2.1–2.2.

50. WADA Code, *supra* note 1, § 4.1. The 2014 Prohibited List is available at [http://www.wada-ama.org/Documents/World\\_Anti-Doping\\_Program/WADP-Prohibited-list/2014/WADA-prohibited-list-2014-EN.pdf](http://www.wada-ama.org/Documents/World_Anti-Doping_Program/WADP-Prohibited-list/2014/WADA-prohibited-list-2014-EN.pdf) (last visited Mar. 7, 2014) [hereinafter 2014 Prohibited List].

51. *Id.* § 4.2.1 cmt.

52. *Id.* § 4.3.1.

53. *See generally*, 2014 Prohibited List.

54. WADA Code, *supra* note 1, § 4.2.1 cmt. *See also* 2014 Prohibited List at 2–10.

55. *Id.*

56. *See id.* § 2.1.1.

57. *Id.* Commentators have recognized that this strict liability standard may be justified by the worldwide nature of the fight against doping. *See, e.g.*, Dionne L. Koller, *How the United States Government Sacrifices Athletes' Constitutional Rights in the Pursuit of National Prestige*, 2008 B.Y.U. L. REV. 1465, 1523–24 (2008). At the same time, though, commentators have raised concerns that the standard, coupled with other presumptions in the Code, may unduly risk an unjust result. *Id.*

58. WADA Code, *supra* note 1, § 4.3.3 cmt.

59. *Baxter v. Int'l Olympic Comm.*, Court of Arbitration for Sport, CAS 2002/A/376, at ¶ 32 (Oct. 15, 2002) (explaining that CAS panels have routinely disqualified athletes for the presence of a prohibited substance “whether or not the substance in fact had any competitive effect”).

To charge an athlete with this strict-liability offense, anti-doping agencies must have evidence of a positive sample.<sup>60</sup> In fact, pursuant to the Code, two positive samples are required to establish the presence of a prohibited substance: a positive A sample followed by a positive B sample (unless the athlete waives testing of the B sample).<sup>61</sup> This heavy evidentiary requirement ensures the integrity of the testing process, and limits the number of cases where anti-doping agencies can rely on this provision of the Code to pursue doping violations.<sup>62</sup>

### 3. THE USE OF A PROHIBITED SUBSTANCE OR A PROHIBITED METHOD

The Code also defines doping to include the “use or attempted use” of a prohibited substance or a prohibited method.<sup>63</sup> The Code broadly defines the term “use” as the “utilization, application, ingestion, injection or consumption by any means whatsoever of any Prohibited Substance or Prohibited Method.”<sup>64</sup> This definition encompasses not just the taking of a prohibited substance or method (i.e., the ingestion, injection, or consumption of a substance), but also the utilization of that prohibited substance or prohibited method.<sup>65</sup>

Anti-doping agencies can rely on a broad range of reliable evidence to prove this doping violation. The Code defines “reliable evidence” to include not just positive samples, but also admissions by the athlete, witness statements, documentary evidence, conclusions drawn from longitudinal profiling, or other analytical evidence.<sup>66</sup> In this way, the agency is not limited to two positive samples as is required to charge an athlete for the presence of a prohibited substance. It must assemble enough reliable evidence to prove the doping violation to the “comfortable satisfaction” of the arbitration panel hearing the case.<sup>67</sup>

### C. THE EIGHT-YEAR STATUTE OF LIMITATIONS

Article 17 imposes an eight-year statute of limitations for any violation of the Code, including both the use and presence of a prohibited substance.<sup>68</sup> Article 17 provides: “[n]o action may be commenced against an *Athlete* or other *Person* for an anti-doping rule violation contained in the Code unless such action is commenced within eight (8) years from the date the violation is asserted to have occurred.”<sup>69</sup> While the Code clearly specifies the length of the statutory period, it provides no guidance as to when that statutory period

60. WADA Code, *supra* note 1, § 2.1.2.

61. *Id.*

62. Less than two percent of doping tests result in a positive finding. Tim Rohan, *Antidoping Agency Delays Publication of Report*, N.Y. TIMES (Aug. 23, 2013), available at <http://www.nytimes.com/2013/08/23/sports/research-finds-wide-doping-study-withheld.html>.

63. WADA Code, *supra* note 1, § 2.2.

64. *Id.* at 135.

65. *Id.*

66. *Id.* § 2.2 cmt.

67. *Id.* § 3.1.

68. *Id.* § 17.

69. *Id.* Currently, WADA is contemplating increasing the statute of limitations to ten years and released a Final Draft 2015 Code adopting such a change. *World Anti-Doping Code 2015 Draft*, version 3, available at [http://www.wada-ama.org/Documents/World\\_Anti-Doping\\_Program/WADP-The-Code/Code\\_Review/Code%20Review%202015/WADC-2015-draft-version-3.0-Overview.pdf](http://www.wada-ama.org/Documents/World_Anti-Doping_Program/WADP-The-Code/Code_Review/Code%20Review%202015/WADC-2015-draft-version-3.0-Overview.pdf).

commences (“the date the violation is asserted to have occurred”), ends (the date an “action is commenced”) or whether it should be extended.

To answer these crucial questions, anti-doping agencies must rely on the case law in their jurisdiction regarding the application of the statute of limitations. The Court of Arbitration Sports has stated that the “‘interruption, suspension, expiry or extension’ of the statute of limitations are to be decided through application of “‘principles of private law of the country where the interested sports authority is domiciled.’”<sup>70</sup>

In the United States, where USADA is domiciled, there is an extensive body of law for measuring the statute of limitations.<sup>71</sup> In a variety of contexts, federal courts have developed and relied upon the continuing-violations doctrine to extend the limitations period.<sup>72</sup> The doctrine of fraudulent concealment is another way of tolling the statute and applies where a plaintiff remains ignorant of his or her claim due to fraud.<sup>73</sup> These doctrines apply to the Code and inform the length of the limitations period. To the extent there is any doubt about the application of these principles, USADA must start the enforcement action and leave it up to the adjudicating body to determine whether the action can be resolved on the merits or not.<sup>74</sup>

#### D. USADA’S INTERPRETATION OF THE STATUTE OF LIMITATIONS

USADA was confronted with the eight-year statute of limitations in the two recent cases involving Hellebuyck and Armstrong.<sup>75</sup> USADA did not rely on the continuing violations theory to extend the limitations period in either case.<sup>76</sup> Instead, the agency relied solely on the doctrine of fraudulent concealment to toll the running of the statute and strip both athletes of past results.<sup>77</sup>

USADA sought to strip Hellebuyck of any competitive results obtained after August 1, 2001 on the grounds that Hellebuyck had admitted to using EPO, a prohibited blood-booster.<sup>78</sup> As a threshold matter, the American Arbitration Association Panel (AAA Panel) had to determine whether it had jurisdiction over those results given the Code’s eight-year statute of limitations.<sup>79</sup> The AAA Panel first determined that the action was commenced when USADA sent Hellebuyck a charging letter identifying the alleged anti-doping violation, proposing sanctions, and notifying Hellebuyck that he had a right to request a

70. U.S. Anti-Doping Agency v. Hellebuyck ¶ 8.13, No. 77 190 168 11 (Am. Arbitration Ass’n Jan. 30, 2012) available at <https://www.usada.org/uploads/hellebuyckaaaruling.pdf>. (citing Comitato Olimpico Nazionale Italiano, Advisory Opinion ¶ 78, CAS 2005/C/841 (April 26, 2005) available at <http://www.rdes.it/TASopinion.pdf>).

71. See generally *Developments in the Law Statutes of Limitations*, 63 Harv. L. Rev. 1177 (1950) (following the history of statutes of limitations from Roman law to the 1950s).

72. See *Havens Realty Corp. v. Coleman*, 455 U.S. 363, 380 (1982); *Moseke v. Miller and Smith, Inc.*, 202 F. Supp. 2d 492, 504 (E.D. Va. 2002) (discussing the application of the continuing violation doctrine).

73. *Klehr v. A.O. Smith Corp.*, 521 U.S. 179, 194 (1997); see *Holmberg v. Armbrrecht*, 327 U.S. 392, 397 (1946) (“This equitable doctrine is read into every federal statute of limitation.”).

74. Comitato Olimpico Nazionale Italiano, Advisory Opinion ¶ 79, CAS 2005/C/841 (April 26, 2005) available at <http://www.rdes.it/TASopinion.pdf> [hereinafter CONI].

75. U.S. Anti-Doping Agency v. Hellebuyck, at 18-22, No. 77 190 168 11 (Am. Arbitration Ass’n Jan. 30, 2012) available at <https://www.usada.org/uploads/hellebuyckaaaruling.pdf>; *Reasoned Decision*, *supra* note 22.

76. See *Hellebuyck*, at 18-22; *Reasoned Decision* at 154-55.

77. See *id.*

78. *Hellebuyck* ¶ 6.2.

79. *Id.* ¶ 7.5.

hearing.<sup>80</sup> The date of that letter was April 13, 2011, meaning the panel only had jurisdiction over violations USADA “asserted to have occurred” after April 13, 2003.

Hellebuyck had admitted to taking EPO on at least six occasions and so the question was whether those instances occurred within the limitations period.<sup>81</sup> USADA appeared to assume that the alleged violations – the use of a prohibited substance in violation of Article 2.2 – were discrete violations that occurred on the days Hellebuyck admitted to taking EPO.<sup>82</sup> At least three of those instances, however, occurred prior to April 13, 2003 – that is, outside of the limitations period.<sup>83</sup> USADA lacked jurisdiction to strip Hellebuyck of almost two years of results he had obtained despite admittedly having taken EPO.<sup>84</sup>

To toll the statute of limitations, USADA asserted the doctrine of fraudulent concealment.<sup>85</sup> This doctrine requires proof of the following elements: fraudulent conduct by the defendant resulting in concealment of the operative facts, failure of the plaintiff to discover the operative facts that are the basis of its cause of action within the limitations period, and due diligence by the plaintiff until discovery of those facts.<sup>86</sup> The Panel found that all of the elements had been met due to Hellebuyck’s perjury at a 2004 hearing where he testified (falsely) that he had not used EPO.<sup>87</sup> Because this fraudulent concealment tolled the statute, the AAA Panel had jurisdiction to strip Hellebuyck of competitive results from October 1, 2001 onwards, and did so.<sup>88</sup>

USADA again relied on the doctrine of fraudulent concealment in the case against Armstrong.<sup>89</sup> There, USADA undertook an extensive investigation into Armstrong and the systematic doping practices on the U.S. Postal Service Professional Cycling Team.<sup>90</sup> The agency did not have a positive drug test for Armstrong,<sup>91</sup> and thus was forced to uncover other evidence of Armstrong’s doping practices. The agency was able to crack the code of silence that pervaded professional cycling, and obtain testimony from many of Armstrong’s prior teammates about his past doping violations.<sup>92</sup> This crucial testimony, which took many months to uncover,<sup>93</sup> established multiple instances where Armstrong used prohibited substances (including EPO, testosterone, human growth hormone and cortisone) and engaged in prohibited methods (including blood doping and masking).<sup>94</sup> Based on this

80. *Id.* ¶ 7.7.

81. *See id.* ¶ 5.10 (identifying six “occasions” where Hellebuyck “used” EPO).

82. *Id.*

83. Hellebuyck admitted to doping on six occasions: October 2001, March 2002, May 2002, June 2003, December 2003, and Winter 2004. *Id.*

84. USADA recognized that only Hellebuyck’s competitive results from 2003 and later fell within the eight-year statute of limitations. *Id.* at ¶ 6.13.

85. *Id.* ¶ 6.12.

86. *Fed. Election Com’n v. Williams*, 104 F.3d 237, 240-41 (9th Cir. 1996).

87. *Hellebuyck* ¶ 8.7-8.17.

88. *Id.* ¶ 9.2.

89. *Reasoned Decision*, *supra* note 22, at 154-55.

90. *See id.* at 4.

91. *Id.* at 15-16. Prior samples did, however, corroborate the other evidence establishing Armstrong’s doping violations. *Id.*

92. *See id.* at 2 (summarizing sworn statements of riders and staff).

93. USADA commenced its investigation in January of 2009. *Id.* at 9. It took almost three-years before USADA has assembled enough evidence to commence an action against Armstrong in June of 2012. *Id.* at 9-12. The length of this investigation demonstrates that the eight-year statute of limitations in the Code can indeed run out quickly.

94. *Id.* at 15-86. The decision itself is 164 pages long, includes two addendums totaling 38 pages, and is

evidence, USADA charged Armstrong with a score of violations, including the use or attempted use of a prohibited substance.<sup>95</sup> USADA sought to strip Armstrong of competitive results achieved since August 1, 1998.<sup>96</sup>

The statute-of-limitations posed a serious barrier to USADA's enforcement action. USADA commenced its action when it sent Armstrong a charging letter on June 28, 2012.<sup>97</sup> Therefore, the eight-year statute-of-limitations would have barred an arbitration panel from considering any violations that occurred before June 28, 2004. USADA thus had to establish a reason for extending the limitations period. Again, however, it forewent any reliance on the continuing-violations doctrine. The agency did not argue that certain violations, although they may have started outside of the statutory period (i.e. prior to June 28, 2004), actually continued into the statutory period.<sup>98</sup> Instead, USADA presented extensive evidence of fraudulent concealment, including evidence that Armstrong had committed perjury, intimidated witnesses and even covered up the results of prior doping tests.<sup>99</sup> USADA did not hesitate to conclude that the statute of limitations had been tolled by the doctrine of fraudulent concealment, providing any arbitration panel with jurisdiction to strip Armstrong of competitive results as far back as 1998.<sup>100</sup>

These two cases demonstrate that the fraudulent concealment doctrine is an effective tool that USADA has used to pursue past violations, especially where there is evidence of perjury on the part of an athlete. However, the doctrine imposes a heavy evidentiary burden on the agency and does not apply in every case. USADA appears to have confronted this problem in its recent efforts to pursue Hesjedal, a cyclist who admitted to using EPO in preparation for the 2004 Olympics.<sup>101</sup> Hesjedal belatedly admitted these violations – that is, sometime in 2012 over eight years after the act of taking EPO.<sup>102</sup> During the intervening eight years, Hesjedal apparently did not lie to USADA or otherwise fraudulently conceal his doping practices. As a result, USADA lacked sufficient evidence to assert fraudulent concealment and conceded that it lacked jurisdiction over any violations within the statute

---

contains evidence and allegations of doping violations.

95. *Id.* at 7-8.

96. *Id.* at 1.

97. *Id.* at 12. While USADA notified Armstrong via formal letter that it was opening an enforcement action against him on June 12, 2012, that notification did not commence an action against Armstrong within the meaning of the Code. *Id.* at 12; *See* U.S. Anti-Doping Agency v. Hellebuyck, at ¶ 7.7, No. 77 190 168 11 Am. Arbitration Ass'n Jan. 30, 2012) (determining that the action was commenced when USADA sent Hellebuyck a charging letter identifying the alleged anti-doping violation and indicating that "at this time" an action has been commenced).

98. *Reasoned Decision, supra* note 22, at 146-53.

99. *Id.*

100. *See id.* at 154-55.

101. *Statement from USADA CEO, Travis T. Tygart, Regarding Ryder Hesjedal*, USADA (Oct. 30, 2013), <http://www.usada.org/media/statement-hesjedal103013> (last visited Mar. 7, 2014).

102. It is unclear precisely when Hesjedal admitted to using EPO. It appears that he met with both USADA and the Canadian Center for Sports Ethics in the Spring of 2013. *See id.*; *see also* *Canadian Center for Ethics in Sport Statement on Ryder Hesjedal*, CANADIAN CENTRE FOR ETHICS (Oct. 30, 2012), <http://cces.ca/en/news-247-cces-statement-on-ryder-hejesdal-s-previous> (last visited Mar. 7, 2014). More recently though, the Canadian Center backtracked and confirmed that it interviewed Hesjedal sometime in 2012. *Anti-Doping Official Defends Silence on Ryder Hesjedal*, CBC NEWS (Nov. 6, 2013), <http://www.cbc.ca/news/canada/british-columbia/anti-doping-official-defends-silence-on-ryder-hesjedal-1.2416712>. These dates become crucial because these agencies knew about Hesjedal's prior doping and possibly could have commenced an action within the statute of limitations.

of limitations.<sup>103</sup> Hesjedal has not suffered any repercussions despite benefiting from EPO.<sup>104</sup>

Given the difficulties of proving fraudulent concealment, USADA should be considering additional legal doctrines for extending the limitations period. More specifically, USADA must start to rely on the doctrine of continuing violations to pursue past doping violations, even if they occurred outside of the statute of limitations period. While this approach may require USADA to rethink how it views and pursues anti-doping violations, it is an approach that is entirely consistent with the Code and the case law as will be demonstrated.

## II. THE CONTINUING VIOLATIONS DOCTRINE APPLIES IN CASES WHERE ATHLETES UTILIZE THE LONG-TERM BENEFITS OF PROHIBITED SUBSTANCES AND METHODS.

The continuing-violations doctrine allows courts to impose liability for the entire duration of a violation without regard to the fact that it began outside the statute of limitations.<sup>105</sup> To determine whether this doctrine applies, courts carefully examine the nature of the specific conduct prohibited by the statute at issue.<sup>106</sup> Courts then proceed to address policy considerations and potential problems involved with the application of the doctrine.<sup>107</sup> Three cases arising under three different federal statutes demonstrate when the doctrine does apply and when it does not apply.<sup>108</sup> Many of the issues and arguments raised in these cases are relevant to the Code. There, a careful analysis of the definition of a doping violation leads to the conclusion that using a prohibited substance or method is a continuing act so long as the athlete continues to benefit from the performance-enhancing effect of the substance or method used.

### A. AN OVERVIEW OF THE CONTINUING-VIOLATIONS DOCTRINE AND ITS APPLICATION

Statutes of limitation are designed to constrain the government's enforcement authority, and to promote finality, repose, and the efficient and prompt administration of justice.<sup>109</sup> On the one hand, statutes of limitations tell citizens and businesses when they no longer have to fear government enforcement,<sup>110</sup> and on the other hand they encourage

103. See Andrew Hood, *Canadians confirm Ryder Hesjedal faces no sanction*, VELONEWS (Nov. 2, 2013), [http://velonews.competitor.com/2013/11/news/canadians-confirm-ryder-hesjedal-faces-no-sanction\\_306818](http://velonews.competitor.com/2013/11/news/canadians-confirm-ryder-hesjedal-faces-no-sanction_306818).

104. *Id.*

105. See *Knights v. Columbus, Ga.*, 19 F.3d 579, 582 (11th Cir. 1994).

106. See *AKM LLC v. U.S. Dept. of Labor*, 675 F.3d 752, 757 (D.C. Cir. 2012) (analyzing doctrine in the context of Occupational Safety and Health Act); *Garcia v. Brockway*, 526 F.3d 456, 461-62 (9th Cir. 2008) (en banc) (analyzing doctrine in the context of Federal Housing Act); *U.S. v. Rutherford Oil*, 756 F. Supp. 2d 782, 790 (S.D. Tex. 2010) (analyzing doctrine in context of Clean Water Act).

107. *AKM LLC*, 675 F.3d at 765; *Garcia*, 526 F.3d at 471.

108. See generally *AKM LLC*, 675 F.3d 752 (D.C. Cir. 2012); *Garcia*, 526 F.3d 456; *Rutherford Oil*, 756 F. Supp. 2d 782.

109. *John R. Sand & Gravel Co. v. U.S.*, 552 U.S. 130, 133 (2008) ("Some statutes of limitations . . . seek not so much to protect a defendant's case-specific interest in timelines as to achieve a broader system-related goal, such as facilitating the administration of claims, . . . limiting the scope of a governmental waiver of sovereign immunity, . . . or promoting judicial efficiency . . .").

110. *Reading Co. v. Koons*, 271 U.S. 58, 65 (1926).

government to act swiftly to enforce order and punish offenders before evidence becomes stale.<sup>111</sup> “It goes without saying that statutes of limitations often make it impossible to enforce what were otherwise perfectly valid claims.”<sup>112</sup>

When it comes to analyzing a statute of limitation, the Supreme Court has treated continuing violations differently from discrete acts. In *Havens Realty Corporation v. Coleman*, the Court held that a complaint was timely where it alleged an “unlawful practice” of discrimination, as opposed to just one incident of violation.<sup>113</sup> The Court explained that “[s]tatutes of limitation . . . are intended to keep stale claims out of courts.”<sup>114</sup> Where, however, the challenged violation is a continuing one, “the staleness concern disappears.”<sup>115</sup> Accordingly, the Court imposed liability on a defendant for conduct that began outside of the limitations period.<sup>116</sup>

Courts have extended the continuing-violations doctrine to a variety of contexts, including environmental and workplace safety.<sup>117</sup> Although the doctrine appears straightforward, courts’ interpretation and application of the doctrine varies widely.<sup>118</sup> Three cases arising under the Clean Water Act, the Occupational Safety and Health Act, and the Clean Air Act, respectively, demonstrate the complexities of applying the doctrine.<sup>119</sup>

The court in *United States v. Rutherford Oil* refused to apply the doctrine to impose liability on an operator who had engaged in prop-washing activities in violation of the Clean Water Act.<sup>120</sup> The defendant moved to dismiss the United States’ claim for civil penalties because the alleged violation occurred outside of the five-year federal statute of limitation.<sup>121</sup> The Court agreed based on a narrow interpretation of the violation at issue, namely the “discharge of any pollutant by any person.”<sup>122</sup> The statute equated the “discharge of a pollutant” with the “addition of any pollutant.”<sup>123</sup> In turn, Webster’s Dictionary defined “addition” as “the act or process of adding.”<sup>124</sup> The Court thus read the statute to prohibit the discrete act of adding a pollutant by any person; that is, the prop-washing activities committed by the defendant.<sup>125</sup> Because these acts had occurred outside of the limitations period, the United States could not seek civil penalties for these violations

111. *Havens Realty Corp. v. Coleman*, 455 U.S. 363, 380 (1982).

112. *U.S. v. Kubrick*, 444 U.S. 111, 125 (1979).

113. *Havens Realty*, 455 U.S. at 380.

114. *Id.*

115. *Id.*

116. *Id.* at 381 (imposing liability for a “number of incidents – including at least one . . . that is asserted to have occurred within the [statute of limitations] period”).

117. See *AKM LLC v. U.S. Dept. of Labor*, 675 F.3d 752, 757 (D.C. Cir. 2012) (analyzing doctrine in the context of Occupational Safety and Health Act); *Garcia v. Brockway*, 526 F.3d 456, 461-62 (9th Cir. 2008) (en banc) (analyzing doctrine in the context of Federal Housing Act); *U.S. v. Rutherford Oil*, 756 F. Supp. 2d 782, 790 (S.D. Tex. 2010) (analyzing doctrine in context of Clean Water Act).

118. *Moseke v. Miller and Smith, Inc.*, 202 F. Supp. 2d 492, 507 (E.D. Va. 2002).

119. See generally *AKM LLC*, 675 F.3d 752 (D.C. Cir. 2012); *Garcia*, 526 F.3d 456; *Rutherford Oil*, 756 F. Supp. 2d 782.

120. *Rutherford Oil*, 756 F. Supp. 2d at 785, 793.

121. *Id.* at 790.

122. *Id.* The section of the Clean Water Act at issue read in full, “Except as in compliance with this section and sections 1312, 1316, 1317, 1328, 1342, and 1344 of this title, the discharge of any pollutant by any person shall be unlawful.” 33 U.S.C. § 1311(a).

123. *Rutherford Oil*, 756 F. Supp. 2d at 791 (quoting 33 U.S.C. § 1362(12)(A) (defining “discharge of a pollutant” as “any addition of any pollutant to navigable waters from any point source.”)).

124. *Id.*

125. *Id.*



according to the Court.<sup>126</sup> The court confirmed this conclusion despite the fact that the prop washing resulted in lasting environmental degradation that continued unremediated.<sup>127</sup>

Likewise, in *AKM LLC v. Secretary of Labor*, the court refused to rely on the continuing-violations doctrine to extend the limitations period for a violation of the Occupational Safety and Health Act.<sup>128</sup> There, the Secretary cited *Volks Constructors* for failing to properly maintain a workplace log between 2002 and April 2006.<sup>129</sup> The Secretary, however, failed to bring an enforcement action against *Volks Constructors* for the violations within the six-month statutory time-period. To remedy this jurisdictional defect, the Secretary argued that the continuing-violations doctrine extended the limitations period for commencing the action.<sup>130</sup> The court disagreed, holding that the failure to save the record was a discrete incident.<sup>131</sup> Moreover, there was no continuing affirmative duty to correct that past wrong (i.e. the failure to save the record in the first place).<sup>132</sup> Hence, the continuing-violations doctrine did not apply.<sup>133</sup> Notably, however, the court explained that the continuing-violations doctrine might apply in a scenario where a company continues to subject its employees to unsafe machines.<sup>134</sup> In such a scenario, the dangers created by the violation persist, thereby creating a continuing violation of the statute.<sup>135</sup>

Finally, in *Club v. Dairyland Power Co-Op*, the court applied the continuing-violations doctrine in a case involving a power plant's failure to obtain a preconstruction permit in violation of the Clean Air Act.<sup>136</sup> The defendant *Dairyland Power* moved to dismiss the government's claim for civil penalties on the grounds that the Clean Air Act's pre-construction provisions were precisely that – "preconstruction" requirements that only applied before construction.<sup>137</sup> Therefore, any violation of those provisions ceased on the date the construction was completed, which was outside the limitations period.<sup>138</sup> The court recognized the intuitive appeal of this argument, but disagreed based on a thorough statutory analysis of the Clean Air Act.<sup>139</sup>

126. *Id.*

127. The *Rutherford Oil* Court rejected the United States' argument that the Clean Water Act prohibits the result of adding a pollutant, which the government argued was a continuing violation until the harm was remedied. *Id.* at 793. This alternate position was, however, adopted by the Court in *North Carolina Wildlife Federation v. Woodbury*, 1989 WL 106517, Civ. 87-584-5, at \*2 (E.D.N.C. April 25, 1989). The *Rutherford Oil* Court did explain that its holding was consistent with the Clean Water Act because the statute of limitations did not bar any injunctive relief sought by the United States. *Rutherford Oil*, 756 F. Supp. 2d. at 793.

128. *AKM LLC v. U.S. Dept. of Labor*, 675 F.3d 752, 757 (D.C. Cir. 2012).

129. *Id.* at 753.

130. *Id.* The OSHA statute of limitations reads: "No citation may be issued . . . after the expiration of six months following the occurrence of any violation . . ." 29 U.S.C. § 658(c).

131. *AKM LLC*, 675 F.3d at 755.

132. *Id.* at 757.

133. *Id.*

134. *Id.* at 758.

135. *Id.*

136. *Club v. Dairyland Power Co-op.*, 10-CV-303-BBC, 2010 WL 4294622, at \*4 (W.D. Wis. Oct. 22, 2010). *Sierra Club* also contended that *Dairyland Power* violated the Clean Air Act by failing to comply with the best available control technology and demonstrate that emissions comply with applicable air quality standards prior to the construction. *Id.*

137. *Id.* at \*9.

138. *Id.*

139. *Id.* at \*12 (recognizing that the requirements at issue were labeled as "preconstruction" requirements, immediately suggesting that any violation occurred at the time *Dairyland Power* built the plant (i.e. made the modifications)).

The *Dairyland Power* court identified several ongoing requirements within the Clean Air Act's Prevention of Significant Deterioration (PSD) section that proved the continuing nature of the violation.<sup>140</sup> For example, there were provisions related to the operation of a facility,<sup>141</sup> the requirement to install best available control technology,<sup>142</sup> and emission limitations.<sup>143</sup> These provisions illuminated the fact that the PSD program, while a preconstruction program by name, is not merely a one-time program to obtain a construction permit, but rather a program that attaches ongoing obligations affecting the operation of a source.<sup>144</sup> Based on this careful analysis, the court ruled that the continuing-violations doctrine applied, meaning the defendant was liable for its failure to obtain a preconstruction permit, even though that failure began outside of the statutory period when the defendant made the modifications.<sup>145</sup>

*Rutherford Oil*, *Volks Constructors*, and *Dairyland Power* are not directly applicable to the Code. They involve distinct statutes with distinct statutory violations. They do, however, supply the analytical framework employed by courts to determine whether a violation is a discrete or continuing act. A few fundamental points reoccur across the cases and provide a general framework for the analysis of the Code.

First, the application of the continuing-violations doctrine should be the exception, rather than the rule.<sup>146</sup> Accordingly, courts have narrowly applied the doctrine.<sup>147</sup>

Second, the analysis is fundamentally an exercise in statutory construction.<sup>148</sup> Whether a violation is continuing depends on the nature of the violating act. Courts begin their analysis with a careful review of the specific conduct prohibited by the statute at issue to determine whether it is a discrete act or a continuing act.<sup>149</sup> This analysis can focus with exacting precision on the terms defining the violation.<sup>150</sup> Courts also consider other provisions in the statute and how they inform the violation at issue.<sup>151</sup>

As part of the statutory analysis, courts can and do look to policy considerations.<sup>152</sup> Although courts may not use policy considerations to reach a conclusion inconsistent with the statutory language,<sup>153</sup> they may use policy considerations to inform their determination

140. *Id.* at \*12-13.

141. *Id.* at \*12 (citing 42 U.S.C. § 7411(a)(4)).

142. *Id.* at \*13 (citing 42 U.S.C. § 7479(3)).

143. *Id.* (citing 42 U.S.C. § 7602(k)).

144. *Id.* at \*12 (recognizing that the PSD “program that attaches ongoing obligations affecting operation of a pollution source when that source undergoes modification.”).

145. *Id.* at \*15.

146. *Cherosky v. Henderson*, 330 F.3d 1243, 1248 (9th Cir. 2003)

147. *AKM v. Sec’y of Labor*, 675 F. Supp. 3d 752, 757 (D.C. Cir. 2012); *Moseke v. Miller and Smith, Inc.*, 202 F. Supp. 2d 492, 504 (E.D. Va. 2002).

148. *Id.*

149. *Moseke*, 202 F. Supp. 2d at 502; *AKM LLC v. U.S. Dept. of Labor*, 675 F.3d 752, 757 (D.C. Cir. 2012); *U.S. v. Rutherford Oil*, 756 F. Supp. 2d 782, 790 (S.D. Tex. 2010); *Dairyland Power*, 2010 WL 4294622, at \*11.

150. *See, e.g., Rutherford Oil*, 756 F. Supp. 2d at 790-91.

151. *See, e.g., Dairyland Power*, 2010 WL 4294622, at \*12-13.

152. *Id.*

153. *Rutherford Oil*, 756 F. Supp. 2d at 792 (“[A] court cannot use policy considerations to reach a result inconsistent with statutory language”).

that the continuing-violations doctrine does or does not apply.<sup>154</sup> Foremost among these considerations is whether the statute is designed to remedy a continuing violation.<sup>155</sup>

Third, courts firmly distinguish between the lingering effects of an unlawful act and a continuing unlawful act itself.<sup>156</sup> As the Ninth Circuit has emphasized, “[a] continuing violation is occasioned by continuing unlawful acts, not by continual ill effects from an original violation.”<sup>157</sup> An exception to this rule arises when the violation is itself defined in terms of its ill effects.<sup>158</sup>

Finally, a sensible interpretation of the continuing-violation doctrine does not eliminate the statute of limitations but merely extends it for a finite time period.<sup>159</sup> Indeed, courts have refused to apply the doctrine where it would render superfluous a statute of limitations.<sup>160</sup>

This general framework applies to the Code and demonstrates that doping is a continuing violation.

#### B. USING A PROHIBITED SUBSTANCE OR METHOD IS A CONTINUING VIOLATION

The crux of the statute of limitations issue is whether doping is defined as a discrete or continuing act. The Code defines doping as the “use or attempted use by an athlete of a prohibited substance or a prohibited method.”<sup>161</sup> In turn, “use” is defined as the “utilization, application, ingestion, injection, or consumption by any means whatsoever of any prohibited substance or prohibited method.”<sup>162</sup> Based on a cursory review, the Code appears to equate the use of a prohibited substance or method with a discrete act that is complete when an athlete takes (i.e., applies, ingests, injects, or consumes) such a substance or method.

A careful review of the Code, however, reveals that the use of a prohibited substance or method includes, but is not limited to, such discrete acts. To begin, the violation in question is not the “taking,” but rather the “use” of a prohibited substance or method. This is a distinction with a difference. If the drafters of the Code wanted to limit doping to a discrete act, they could have employed the term “take,” which means, “to receive into one’s body (as by swallowing, drinking, or inhaling).”<sup>163</sup> The Code does not use that term, instead employing the broader term “use.”

154. *Dairyland Power*, 2010 WL 4294622, at \*14 (“The broad purpose of the PSD program and the Clean Air Act also support the maintenance of a citizen suit for a major source’s failure to obtain a PSD permit and fulfill other PSD obligations.”).

155. See *Havens Realty Corp. v. Coleman*, 455 U.S. 363, 380 (1982) (looking to the “broad remedial intent of Congress embodied in the [Fair Housing Act].”).

156. *Garcia v. Brockway*, 526 F.3d 456, 461-62 (9th Cir. 2008); *Moseke v. Miller and Smith, Inc.*, 202 F. Supp. 2d 492, 504 (E.D. Va. 2002); *Rutherford Oil*, 756 F. Supp. 2d at 791.

157. *Garcia*, 526 F.3d at 462.

158. *AKM LLC v. U.S. Dept. of Labor*, 675 F.3d 752, 757 (D.C. Cir. 2012) (recognizing that the dangerous effects of an act could be a continuing violations); *Rutherford Oil*, 756 F. Supp. 2d at 791 (recognizing that effects of adding a pollutant could be a continuing violation).

159. *Dairyland Power*, 2010 WL 4294622, at \* 15.

160. *AKM LLC*, 675 F.3d at 758.

161. WADA Code, *supra* note 1, § 2.1.2.

162. *Id.* at 135.

163. *Take*, MERRIAM-WEBSTER, <http://www.merriam-webster.com/dictionary/take>.

Moreover, the Code defines the term “use” to include the “utilization” of a prohibited substance or method. The term “utilization” cannot be read out of the Code<sup>164</sup> and must be given its plain meaning. Black’s Law Dictionary defines “utilization,” which is a synonym for “use,” as the “application or employment of something; especially, a long-continued possession or employment of a thing for the purposes for which it is adapted.”<sup>165</sup> Here, the “something” being utilized is a “prohibited substance or a prohibited method,” which is banned by the Code because its purpose is to unfairly enhance sports performance.<sup>166</sup> The utilization of a prohibited substance or method is therefore a “long-continued” act commensurate with the purpose for which the substance or method is adapted – that is, the performance-enhancing effect of the prohibited substance or method.

To be clear, the utilization of a prohibited substance or method is not a discrete act. Black’s Law Dictionary states that “utilization,” should be “distinguished from a possession and employment that is merely temporary or occasional.”<sup>167</sup> Equating the utilization of something with a discrete act runs contrary to this definition and would impermissibly replace the Code’s choice of the term “use” with the term “take.” While the Code’s definition of “use” groups the term “utilization” with acts of taking a substance (“application, ingestion, injection or consumption”), “utilization” cannot be subscribed the same meaning as those words.<sup>168</sup> The more natural reading is to give independent effect to the Code’s choice of terms, confirming that the doping violation is not just a temporary act of applying, ingesting, injecting or consuming a prohibited substance or method, but also a “long-continued” act of utilizing a prohibited substance or method.<sup>169</sup>

This reading makes sense given the Code’s ban on the use of certain prohibited methods. The 2013 WADA Prohibited List identifies a number of Prohibited Methods, including the manipulation of blood or blood components by “any physical or chemical means” and “the use of normal or genetically modified cells.”<sup>170</sup> These methods are not taken like a substance; rather, they are utilized for a continuing period of time, confirming the continuing nature of the violation.<sup>171</sup>

Because the use of a prohibited substance or method is a continuing act, the violation can be established with long-term evidence of a performance-enhancing benefit. The Code lists a number of forms of reliable evidence that can prove the use of a prohibited substance or method.<sup>172</sup> Expressly identified are “conclusions drawn from longitudinal profiling”<sup>173</sup>

164. A court’s role in statutory construction is to “give effect, if possible, to every clause and word of a statute,” *U. S. v. Menasche*, 348 U.S. 528, 538–539, 75 S.Ct. 513, 99 L.Ed. 615 (1955) (quoting *Montclair v. Ramsdell*, 107 U.S. 147, 152, 2 S.Ct. 391, 27 L.Ed. 431 (1883)).

165. Black’s Law Dictionary 1330 (9th ed. 2009).

166. WADA Code, *supra* note 1, § 4.3.1. There may be some substances that do not enhance performance, but meet the other two criteria for listing as they represent an actual or potential health risk to the athlete and violate the spirit of sport. *Id.* Violating the spirit of sport necessarily contemplates competing with an unfair advantage. And so, even for these substances, the analysis holds true.

167. Black’s Law Dictionary 1330 (9th ed. 2009).

168. *See Gutierrez v. Ada*, 528 U.S. 250, 255, 120 S.Ct. 740, 145 L.Ed.2d 747 (2000) (“[T]he maxim *noscitur a sociis*, . . . while not an inescapable rule, is often wisely applied where a word is capable of many meanings in order to avoid the giving of unintended breadth to the Acts of Congress.”) (quoting *Jarecki v. G.D. Searle & Co.*, 367 U.S. 303, 307, 81 S.Ct. 1579, 6 L.Ed.2d 859 (1961)).

169. *Id.*

170. 2014 Prohibited List, *supra* note 50, at 6.

171. *Id.*

172. WADA Code, *supra* note 1, § 2.2 cmt.

173. *Id.* Longitudinal profiling is not defined in the Code, but includes the Athlete Biological Passport, which WADA encourages anti-doping agencies to use to detect violations of Rule 2.2. *See Athlete Biological Passport*, WADA, <http://www.wada-ama.org/en/Science-Medicine/Athlete-Biological-Passport> (last visited Jan. 3, 2014).

that is, long-term evidence which is tied to the effect of using a performance-enhancing substance or method over time. The Code thus recognizes that the use of a substance or method is a continuing violation whose character as a violation is not necessarily clear upon the taking of the substance, but rather becomes clearer as the athlete competes with a performance-enhancing benefit. Put another way, it is the cumulative, long-term impact of the conduct that reveals its illegality. This is just the type of conduct courts often treat as a continuing violation.<sup>174</sup>

By contrast, the presence of a prohibited substance or method in an athlete's sample is not a continuing violation.<sup>175</sup> This violation can only be proved with a specific type of evidence: two positive samples.<sup>176</sup> When a drug test confirms that a prohibited substance was present in an athlete's sample – a strict liability offense under the Code – the statute-of-limitations starts to run on the date of the positive test.<sup>177</sup> This makes sense because the violation is immediately apparent the moment the samples are tested,<sup>178</sup> a fact that lies in contrast to the use of a prohibited substance, a violation which may reveal itself over time.

Other provisions of the Code confirm that the utilization of a substance or method is not confined to the taking of that substance or method.<sup>179</sup> The Code classifies prohibited substances and methods based on the length of their performance-enhancing effect.<sup>180</sup> Substances, such as anabolic steroids, are prohibited at all times because they may have long-term performance-enhancing effects.<sup>181</sup> It follows that the use of such a prohibited substance encompasses the duration of that effect (which is the reason why it was taken). By contrast, other substances may only have temporary effects, and thus are only prohibited when taken in competition.<sup>182</sup> In other words, the use of such drugs could be temporary, even contemporaneous with the act of taking that drug (especially if the drug only provides benefits for the duration of the competition itself).

Tying the use of a prohibited substance or method to the length of the beneficial effect is not a novel idea, but one already found within the Code itself.<sup>183</sup> In assessing the length of a sanction, the Code notes that aggravating circumstances are present where “a normal individual would be likely to enjoy the performance-enhancing effects of the anti-doping rule violation(s) beyond the otherwise applicable period of Ineligibility.”<sup>184</sup> This example demonstrates that the Code penalizes athletes not simply for taking a substance, but also for benefiting from the effects of the substance or method used.

---

The Biological Passport is based on the monitoring of selected biological parameters over time that indirectly reveal the effects of doping. *Id.*

174. See (“continuing violations are those whose character as a violation did not become clear until [they] [were] repeated during the limitations period, typically because it is only the cumulative impact . . . that reveals [their] illegality.”) (quoting *Taylor v. FDIC*, 132 F.3d 753, 765 (D.C. Cir. 1997)).

175. WADA Code, *supra* note 1, § 2.1.

176. *Id.* § 2.1.2.

177. *Id.*

178. See *AKM LLC*, 675 F.3d at 756 (holding that the failure to record workplace injuries was not a continuing violation in part because the illegality of the conduct would be immediately apparent to an OSHA investigator).

179. WADA Code, *supra* note 1, § 2.2.

180. *Id.* § 4.2.1 cmt.

181. *Id.* § 4.2.1 cmt.

182. *Id.*

183. *Id.* § 10.4 cmt.

184. *Id.* § 10.6 cmt.

The policy considerations underlying the Code further support the view that the use of a prohibited substance or method is a continuing act. The Code sets out to create a level playing field so that athletes can “play true.”<sup>185</sup> Athletes are under a continuing obligation to compete clean and play by the rules. It only makes sense that the Code would prohibit not just the taking of a prohibited substance, but also and more importantly any long-term use of the benefits of that substance or method in competition. Competing with the benefits of a prohibited substance or method is precisely what creates an unfair playing field and is “fundamentally contrary to spirit of sport.”<sup>186</sup>

Limiting violations to the discrete act of taking a prohibited substance would lead to surely unintended consequences. For example, if the use of a prohibited substance was treated as a discrete act, athletes would have an incentive to take the highest dose possible of a substance with the longest-lasting effect.<sup>187</sup> Such an approach would minimize the athlete’s long-term liability (the statute-of-limitations would run eight years after the act of taking the substance) but likely maximize the adverse health effects. The Code cannot be construed reasonably to countenance such extreme doping practices, especially given that the Code strives to protect the health of athletes.<sup>188</sup>

Applying the continuing-violations doctrine does not implicate the distinction between continued unlawful acts and the continued ill effects of an original violation.<sup>189</sup> As the Ninth Circuit has emphasized, “[a] continuing violation is occasioned by continuing unlawful acts, not by continual ill effects from an original violation.”<sup>190</sup> No such distinction exists under the Code. The continued effects of using a prohibited substance or method are long-term and precisely what constitutes the violation. The statute of limitations is therefore tolled so long as the effects (and the violation) persist.<sup>191</sup>

Finally, the continuing-violations doctrine does not allow anti-doping agencies to pursue past violations ad infinitum. Courts have routinely refused to apply the continuing violations doctrine when the result would be to eliminate a statute-of-limitations.<sup>192</sup> This is not a concern. The use of a prohibited substance or method only tolls the statute-of-limitations so long as there is evidence that an athlete continued to benefit from a performance-enhancing drug. This sensible result confirms the fact that the use of a prohibited substance or method is a continuing violation.<sup>193</sup>

---

185. *Id.* at 14.

186. *Id.*

187. Gene doping would be a prime candidate as it only has to be taken once but provides long-term, if not permanent, benefits. *See infra* Section III.A.

188. WADA Code, *supra* note 1, at 14.

189. *See, e.g.*, *U.S. v. Rutherford Oil*, 756 F. Supp. 2d 782, 791 (S.D. Tex. 2010); *Moseke v. Miller and Smith, Inc.*, 202 F. Supp. 2d 492, 507 (E.D. Va. 2002).

190. *Garcia v. Brockway*, 526 F.3d 456, 462 (9th Cir. 2008).

191. The persistent nature of the violation is just like the type of continuing violation created by a dangerous workplace. *See AKM LLC v. U.S. Dept. of Labor*, 675 F.3d 752, 758 (D.C. Cir. 2012) (“Of course, where, for example, a company continues to subject its employees to unsafe machines or continues to send its employees into dangerous situations, [the Occupational Safety and Health Administration] may be able to toll the statute of limitations on a continuing violations theory since the dangers created by the violations persist.”).

192. *Rutherford Oil*, 756 F. Supp. 2d at 785, 793.

193. *Club v. Dairyland Power Co-op.*, 10-CV-303-BBC, 2010 WL 4294622, at \*15 (W.D. Wis. Oct. 22, 2010).

## III. USADA SHOULD UTILIZE THE CONTINUING-VIOLATIONS DOCTRINE

There is a strong legal argument for asserting the continuing-violations doctrine. There is also mounting evidence for asserting the doctrine. Scientific studies and circumstantial evidence already establish the long-term effects of utilizing a prohibited substance or method.<sup>194</sup> Indeed, USADA could have asserted the continuing-violations doctrine in the enforcement action against Armstrong and had no reason not to. While USADA has yet to rely on the doctrine, it should do so as part of its commitment to true sports and clean athletes.

## A. SCIENTIFIC STUDIES AND CIRCUMSTANTIAL EVIDENCE

Based on scientific studies and circumstantial evidence, USADA can establish that the long-term benefits associated with utilizing prohibited substances and methods continue for weeks if not months.<sup>195</sup>

To prove a continuing violation, USADA need only demonstrate the smallest advantage “to the comfortable satisfaction of the hearing panel bearing in mind the seriousness of allegation which is made.”<sup>196</sup> In many competitive events, the difference between first and second place is only fractions of a second.<sup>197</sup> In this context, an athlete has a prohibited advantage unless the playing field is perfectly level. This point is reflected in the Code, which prohibits the presence of *any* quantity of a prohibited substance or its metabolites or markers (excluding those substances for which a quantitative threshold is specifically identified).<sup>198</sup> By analogy, any performance-enhancing benefit is a violation of the Code that tolls the statute of limitations, and USADA need only prove such an effect to the comfortable satisfaction of a hearing panel.

Various prohibited substances and methods provide a performance-enhancing effect that continues for weeks if not months.<sup>199</sup> In aerobic sport disciplines, such as long-distance running, cycling, or cross-country skiing, the main factors determining performance are a high delivery of oxygen to the exercising skeletal muscles and the use of that oxygen.<sup>200</sup> EPO, a prohibited substance under the Code, increases the uptake of oxygen by artificially stimulating hemoglobin production (erythropoiesis).<sup>201</sup> Further, subcutaneous administration of EPO increases maximal oxygen uptake and time to exhaustion substantially.<sup>202</sup> Even when EPO administration is discontinued in healthy volunteers,

194. WADA Code, *supra* note 1, § 4.2.1 cmt.

195. *Id.*

196. *Id.* § 3.1 (“This standard of proof is greater than a mere balance of probability, but less than beyond a reasonable doubt.”)

197. OFFICIAL WEBSITE OF THE OLYMPIC MOVEMENT: OLYMPIC GAMES, LONDON 2012 (2012), <http://www.olympic.org/olympic-results/london-2012/athletics/100m-m>.

198. WADA Code, *supra* note 1, § 2.1.3.

199. *Id.* § 4.2.1 cmt.

200. Wolfgang Jelkmann and Carsten Lundby, *Blood doping and its detection*, BLOOD, Volume 118, Number 9, at 2395 (September 1, 2011), available at <http://bloodjournal.hematologylibrary.org/content/118/9/2395.long#ref-14%202011> (last visited Jan. 3, 2014) [hereinafter Jelkmann].

201. See The 2014 Prohibited List, *supra* note 50, at 4 (prohibiting erythropoietin).

202. Jelkmann, at 2397.

maximal oxygen uptake “remains elevated for three weeks.”<sup>203</sup> Another study identified a 3.1% performance benefit for recreational athletes at submaximal intensities four weeks after an eight-week course of EPO treatments.<sup>204</sup> EPO thus may provide a substantial performance enhancing effect for a period after use is discontinued. Given that any performance-enhancing effect is prohibited, it follows that the use of EPO provides a performance-enhancing effect that violates the Code for a period after an athlete stops taking the substance.

Human Growth Hormone (hGH) is another substance with substantial performance-enhancing effects that remain elevated for weeks if not months.<sup>205</sup> One randomized trial comprised an eight-week treatment period with hGH, followed by a six week “washout.”<sup>206</sup> The study focused on sprint capacity by assessing workload during a thirty-second maximal effort on a stationary bike, a Wingate test.<sup>207</sup> At week eight, Wingate values were 3.9% higher than baseline—a significant increase at a 95% confidence level.<sup>208</sup> While sprint values were still 3.1% higher at week 14 (six weeks after treatment), this change was no longer statistically significant at a 95% confidence level, leading the authors to conclude that “statistically significant improvements in sprint capacity . . . were not maintained after 6 weeks . . .”<sup>209</sup> The standard for proving a violation of the Code is not however a 95% confidence level – it is something significantly less.<sup>210</sup> The study could therefore be used to prove, to the comfortable satisfaction of a hearing panel, that the use of hGH provides a prohibited performance-enhancing effect.

To the extent USADA believes it needs more scientific evidence, it can fund additional research on the duration of performance enhancing effects attributable to prohibited substances on the WADA list.<sup>211</sup> A worthwhile starting place may be steroid use, another commonly used prohibited substance. A recent study on mice found that three months after steroids had been withdrawn, the mice’s muscles grew by thirty percent after six days of overload training.<sup>212</sup> This remarkable result suggested that the steroids had altered the muscle structure of the mice for at least three months, such that when the mice trained again they benefited from their prior use of steroids.<sup>213</sup> While the results have yet to be published, or confirmed in athletes, they suggest that the use of a prohibited substance could have enduring benefits, extending the statute of limitations during the period of

203. *Id.*

204. Russell G, et al., *Effects of prolonged low doses of recombinant human erythropoietin during submaximal and maximal exercise*. EUR. J. APPL. PHYSIOL. 86(5):442-9 (March 2002) [hereinafter Russell].

205. U. Meinhardt, et al. *The Effects of Growth Hormone on Body Composition and Physical Performance in Recreational Athletes. A Randomized Trial*. ANNALS OF INTERNAL MEDICINE, May 4, 2010. Vol. 152, 568-577, at 569 [hereinafter Meinhardt].

206. *Id.*

207. *Id.* at 571.

208. *Id.* at 572.

209. *Id.* at 575.

210. WADA Code, *supra* note 1, § 3.1 (“This standard of proof is greater than a mere balance of probability, but less than beyond a reasonable doubt.”).

211. USADA has a research program and budgets \$2 million per year to scientific research. *See Research*, USADA.ORG, <http://www.usada.org/usada-research> (last visited Jan. 4, 2014). WADA also has a Research Grant Program, which could study the length of performance enhancing effects. *See Research*, WORLD ANTI-DOPING AGENCY, <http://www.wada-ama.org/en/Science-Medicine/Research> (last visited Jan. 3, 2014).

212. Ingrid M. Egner, et. al., *Abstract: A cellular memory mechanism aids overload hypertrophy in muscle long after an episodic exposure to anabolic steroids*, THE JOURNAL OF PHYSIOLOGY (2013), DOI: 10.1113/jphysiol.2013.264457, available at <http://onlinelibrary.wiley.com/doi/10.1113/jphysiol.2013.264457/abstract>.

213. *Id.*



benefit. Further studies could be developed to help establish the length of the continuing benefit associated with steroids.

USADA will also have to study the duration of emerging drugs, such as gene doping, which presents a prime case for the continuing violations doctrine.<sup>214</sup> Although gene doping is still in early clinical trials, it is already listed as a prohibited method.<sup>215</sup> A troubling aspect of gene doping is the fact that it could provide a permanent benefit by consistently elevating hemoglobin production, a result that cannot be achieved with EPO injections, which only provide a short-term boost.<sup>216</sup> To obtain such a benefit, an athlete would only have to undergo gene doping once, reducing significantly the possibility of detection.<sup>217</sup> The athlete would then be able to reap the benefits of utilizing that prohibited substance or method, maybe permanently.<sup>218</sup> This is precisely the type of continuing violation that the Code is designed to prohibit, and one that USADA should be prepared to pursue under the continuing-violations doctrine.

USADA can also rely on circumstantial evidence to demonstrate, to the comfortable satisfaction of a hearing panel, that an athlete obtained a long-term performance-enhancing benefit from utilizing a prohibited substance or method. Armstrong revolutionized training by dedicating his entire season (and off-season) to training for the Tour de France.<sup>219</sup> Testimony of teammates also indicates he incorporated doping into that training regime, taking prohibited substances so as to maximize his training load, which led to greater physical adaptations and an enhanced performance at the Tour de France.<sup>220</sup> Armstrong's training regime—a regime that most professional cyclists could not sustain—thus serves as circumstantial evidence that he was using prohibited substances or methods to obtain a beneficial effect that extended until the Tour de France.

In sum, scientific studies and circumstantial evidence demonstrate the long-term effects of various substances and methods. With this evidence, USADA can meet its burden of proving a performance enhancing effect to the comfortable satisfaction of a hearing panel.

## B. LANCE ARMSTRONG'S CONTINUING VIOLATIONS

USADA commenced an action against Armstrong on June 28, 2012,<sup>221</sup> meaning that the eight-year statute of limitations barred the agency from charging Armstrong with any violations that occurred before June 28, 2004. There was, however, eyewitness testimony that Armstrong applied a transdermal testosterone patch – a prohibited substance – in June

214. WADA has already identified gene doping as an emerging threat that demands additional scientific research. See *Research*, WORLD ANTI-DOPING AGENCY, <http://www.wada-ama.org/en/science-medicine/research> (last visited Jan. 4, 2014).

215. 2014 Prohibited List, *supra* note 50, at 6.

216. Anna Baoutina, Ian E. Alexander, John EJ Rasko, and Kerry R. Emslie, *Potential Use of Gene Transfer in Athletic Performance Enhancement*, MOLECULAR THERAPY, 1751-1766 (2007), available at <http://www.nature.com/mt/journal/v15/n10/full/6300278a.html>.

217. See *id.*

218. See *id.*

219. *Reasoned Decision*, *supra* note 22, at 22 (quoting *We Might as Well Win*, Johan Bruyneel, (2008), 34.)

220. *Id.*

221. *Reasoned Decision*, *supra* note 22, at 1, 12.

of 2004.<sup>222</sup> While the discrete act of applying the patch occurred outside the limitations period, the crucial question was whether Armstrong utilized the benefits obtained from the patch during the limitations period.

Circumstantial evidence establishes the fact that Armstrong utilized the testosterone patch to obtain a benefit at the Tour de France in July of 2004, a competition comfortably within the limitations period.<sup>223</sup> As set forth in the Reasoned Decision, Armstrong's whole season was dedicated to preparing for the Tour de France in July of each year.<sup>224</sup> This included pre-season training camps and a race schedule designed to enable Armstrong to achieve peak fitness at the Tour in July.<sup>225</sup> As part of his build-up for the 2004 Tour, Armstrong held a training camp in Puigcerda, Spain in June with the express purpose of training for the Tour de France.<sup>226</sup> Floyd Landis, a teammate at the time, personally witnessed Armstrong lying on a massage table wearing a transdermal testosterone patch, evidence of a doping violation.<sup>227</sup>

Given the circumstances, it is reasonable to infer that the purpose of using the patch was to increase Armstrong's training load in preparation for the 2004 Tour in July. That is, the testosterone patch enabled Armstrong to increase his training load and obtain a benefit a month later at the Tour. The benefits of using the patch thus continued into the limitations period.

At the same training camp, Armstrong also allegedly took EPO.<sup>228</sup> Team doctors prescribed and administered EPO "to ensure the team was ready for the Tour de France."<sup>229</sup> It can thus be inferred that the EPO provided Armstrong with a benefit that lasted until the Tour the next month. The length of this benefit is consistent with scientific studies, which confirm that EPO provides a performance-enhancing benefit that lasts for at least four weeks.<sup>230</sup> There was enough evidence, to prove to the comfortable satisfaction of an arbitration panel, that Armstrong's use of EPO at the June training camp provided him with a benefit that continued until the Tour in July of 2004, a competition within the limitations period.<sup>231</sup>

In this light, there was no reason not to invoke the continuing-violations doctrine against Armstrong. USADA had eyewitness testimony of a doping violation and circumstantial evidence that this violation continued into the limitations period. The agency had testimony that Armstrong took testosterone and EPO, both of which were prescribed by doctors to ensure that Armstrong was ready for the Tour. Scientific studies confirm that both substances provided physical benefits that presumably would assist Armstrong during the race. Moreover, the agency had already dedicated significant resources, time, and effort to pursuing Armstrong for every violation of the Code.

---

222. *Id.* at 42.

223. *Id.* at 69.

224. *Id.* at 42.

225. *Id.* at 22 (quoting *We Might as Well Win*, Johan Bruyneel, (2008), 34.)

226. *Id.* at 47 n. 217; Affidavit of Floyd Landis, September 26, 2012, ¶ 39 (available at <http://d3epuodzu3wuis.cloudfront.net/FL+Landis%2c+Floyd+Affidavit.pdf>) (referencing Doctor Michele Ferrari's presence at pre-Tour team training camp in Puigcerdà, Spain in June 2004).

227. *Id.* at 42.

228. *Id.* at 70.

229. Landis Affidavit, ¶ 39.

230. Jelkmann, *supra* note 200, at 2397; Russell, *supra* note 204, at 442; *See also infra* discussion at notes 147-151.

231. *Reasoned Decision*, *supra* note 22, at 70.

Yet, USADA did not invoke the continuing-violations doctrine, relying solely on the doctrine of fraudulent concealment to pursue Armstrong's past violations.<sup>232</sup> In retrospect, this choice had no effect on the enforcement action: Armstrong never contested an arbitration panel's jurisdiction to strip him of results going all the way back to 1998.<sup>233</sup> Nonetheless, *ex ante*, the agency probably should have and could have invoked the continuing-violations doctrine to pursue the June 2004 incident with the testosterone patch and the use of EPO at the same training camp – violations of the Code that continued into the limitations period.

### C. USADA'S COMMITMENT TO TRUE SPORT AND CLEAN ATHLETES

The continuing-violations doctrine informs every aspect of USADA's mission to protect true sport and clean athletes.

The continuing-violations doctrine allows USADA to pursue past violations to the maximum extent permitted under the Code, a pillar of its commitment to true sport and clean athletes. Athletes are given a special opportunity to compete and to inspire. At the end of the day, the only thing that gives their performances any meaning is the rules. The rules in sports are absolutely everything, so the rules must be enforced to protect true sport. Moreover, the rules must be enforced to support and protect those who play by the rules – clean athletes. Recognizing this point, Travis Tygart, CEO of USADA, stated that the results of a “doper deserve to be disqualified because that's what clean athletes expect.”<sup>234</sup> To fulfill this expectation and disqualify prior results obtained through cheating, USADA must enforce the Code for all past violations that fall within the limitations period, including continuing violations, and disqualify any past events achieved through such doping.

The continuing-violations doctrine is also consistent with USADA's reliance on the doctrine of fraudulent concealment to pursue past violations. In recent cases, the agency has successfully relied on the fraudulent concealment doctrine to pursue athletes who not only doped, but also defrauded the agency.<sup>235</sup> In these scenarios, USADA did not hesitate to toll the statute of limitations.<sup>236</sup> Nor should USADA hesitate to rely on the continuing violations doctrine. In those cases where there is evidence that an athlete utilized a prohibited substance to obtain a long-term benefit, the gravity of the violation increases in proportion to the benefit obtained. The doctrine of continuing violations extends the limitations period so that the agency can pursue such long-term violations, even if they began outside of the statute of limitations. In future enforcement actions, when the facts arise, USADA should rely on both legal doctrines to pursue past doping practices.

The continuing-violations doctrine further supports USADA's efforts to provide athletes with an incentive to come forward and disclose evidence about past doping practices. USADA has recognized that admissions from athletes about past doping practices can help a sport break free from a history of doping.<sup>237</sup> Such admissions can also provide anti-doping agencies with evidence to pursue other athletes who facilitated or even

---

232. *Reasoned Decision*, *supra* note 22, at 154-55.

233. *Id.* at 13-14.

234. Hellebuyck, ¶ 8.16.

235. *Reasoned Decision*, *supra* note 22, at 154-55; Hellebuyck, ¶6.12.

236. *Id.*

237. USADA 2012 Report, *supra* note 35, at 28.

masterminded the doping of an entire team.<sup>238</sup> Such admissions will not, however, be forthcoming if athletes believe they can run out the clock on past doping violations, as was apparently the case with Hesjedal. Asserting the continuing-violations doctrine is a way for USADA to send a message to athletes that it will not allow the clock to run out on past violations; instead, it will vigorously pursue these past violations unless and until athletes come forward and admit to their past violations.

Finally, the continuing-violations doctrine must inform any decision to grant athletes leniency for past doping violations. USADA is contemplating a Truth and Reconciliation Commission that would grant cyclists leniency, if not amnesty, for providing evidence about past doping.<sup>239</sup> For this process to be fair and transparent, USADA must know which doping violations it could have brought against those athletes who ultimately seek truth and reconciliation. USADA will have to identify which claims are barred by the statute of limitations and which are continuing violations within the jurisdiction of an arbitration panel. Only then, after identifying the claims that could have been brought against an athlete, can the agency make an informed leniency determination based on the evidence it receives from the athlete.

In this light, the continuing-violations doctrine informs and supports all the aspects of USADA's mission to protect true sport and clean athletes. Asserting the doctrine will send "a strong message to both the current and future generations of competitors that USADA [will] fiercely stand with those athletes who desire nothing more than to compete in their sports on a clean and level playing field, free from the pressures and dangers of performance-enhancing drugs."<sup>240</sup>

## CONCLUSION

In future enforcement actions, USADA should not hesitate to rely on the continuing-violations doctrine. The Code defines the use of a prohibited substance or method as a violation that continues so long as the athlete benefits from the prohibited substance or method. If the benefit continues into the limitations period, USADA can and must pursue the violation. It has the evidence to do so and should do so to uphold the spirit of the sport. Athletes that benefited from the long-term effects of doping products must be disqualified and stripped of their past results, not only because that is what clean athletes expect, but also because that is what the Code contemplates and what true sport requires.

---

238. This is exactly the approach USADA employed to build a case against Armstrong. *See id.* at 30.

239. *Statement From USADA CEO Travis T. Tygart Regarding The U.S. Postal Service Pro Cycling Team Doping Conspiracy*, USADA (Oct. 10, 2012), <http://cyclinginvestigation.usada.org/> ("call[ing] on the [Union Cycliste Internationale] to act on its own recent suggestion for a meaningful Truth and Reconciliation program.").

240. USADA 2012 Report, *supra* note 35, at 28.

# Pirates, Blackmailers and Rule 20

Adam Ackerman\*

## INTRODUCTION

As it has become more advanced, digital technology has changed the balance of power between copyright holders and users who want access to the content without paying royalties. The resulting war involves movies, music, and multiple other media. One skirmish in this war is being fought between pirates—those who download copyrighted material from “adult content” media—and blackmailers<sup>1</sup>—the copyright holders who use the fear of public exposure of these would-be users to coerce settlements on terms unrelated to the merits. At stake are the reputations of hundreds of thousands of people and millions of dollars.<sup>2</sup> This battle is fought out over the application of Rule 20 of the Federal Rules of Civil Procedure,<sup>3</sup> not typically the habitat either of pirates or blackmailers. Judges hearing these suits must decide, in effect, whether they like pirates less than blackmailers, expressing the outcome of their deliberation in the dry language of “same transaction or occurrence” and “question of law or fact common to all defendants.”<sup>4</sup>

This note describes how the skirmish arose, the tactics of the pirates and the blackmailers, and the nearly impossible task facing courts asked to choose between them. Parts I and II introduce the cases pitting pirates against blackmailers. Part I surveys the split in the courts over how to handle this choice. Part II delves into why some copyright holders choose to sue and others do not. Part III explores the unique litigation dynamics in this corner of the intellectual property battle. Part IV shows why the legal framework in which the battle is being fought—namely, under a Rule 20 rubric—is both inadequate and irrelevant to the reality of the fight. Part V takes a broader approach to thinking about blackmailers suing pirates by considering both the goals of our adversary and intellectual property systems and our concerns about abuse of the litigation process. It concludes by

---

\* J.D., UCLA School of Law. I would like to thank my advisor Stephen C. Yeazell for his invaluable insight and guidance on this note. Thank you also to my family for their endless support and encouragement.

1. See 2 B.E. WITKIN ET AL., CALIFORNIA CRIMINAL LAW § 119 (4th ed. 2012) (“The statutory crime of extortion, popularly known as ‘blackmail,’ consists of obtaining property from another, with that person’s consent . . . [and] induced by a wrongful use of force or fear . . .”).

2. Cf. *Student FAQ*, RIAA, [http://www.riaa.com/toolsforparents.php?content\\_selector=resources-for-students](http://www.riaa.com/toolsforparents.php?content_selector=resources-for-students) (last visited Mar. 3, 2014) (“One credible analysis by the Institute for Policy Innovation concludes that global music piracy causes \$12.5 billion of economic losses every year, 71,060 U.S. jobs lost, a loss of \$2.7 billion in workers’ earnings, and a loss of \$422 million in tax revenues . . .”).

3. Rule 20 states, in relevant part:

Persons . . . may be joined in one action as defendants if:

- (A) any right to relief is asserted against them jointly, severally, or in the alternative with respect to or arising out of the same transaction, occurrence, or series of transactions or occurrences; and
- (B) any question of law or fact common to all defendants will arise in the action.

FED. R. CIV. P. 20(a)(2).

4. See *id.*

suggesting that by considering the actual litigation tactics and dynamics—rather than technical questions about joinder—courts and policymakers will be in a better position to equitably address the merits of these claims.

## I. BACKGROUND: THE CASES

Plaintiffs have filed lawsuits across the country to address the illegal downloading of copyrighted digital media. Most of these suits are a losing economic proposition if filed against individual downloaders. Even with statutory damages and attorney fees provisions of the copyright statute,<sup>5</sup> the likelihood that a successful plaintiff could collect such a judgment is very low.<sup>6</sup> As a consequence, many such suits are brought only to make an example of the defendants and thus discourage other users from pirating copyrighted material.<sup>7</sup> But those dynamics do not prevail for a small subset of prospective defendants—the subjects of this note. That subset consists of those who download pornography or similar “adult” content. As to these downloaders, different dynamics prevail. First, some of them likely have the economic capacity to pay for content but are engaged in unlawful downloading so that their use of these explicit materials does not appear on credit card statements. Second, the same desire for secrecy makes them potentially willing to pay substantial damages to avoid exposure within the context of a lawsuit.<sup>8</sup>

In this particular corner of the war against digital piracy, blackmailers (the content producers who hold the rights to the work) are attacking pirates (those who upload and download the protected content) who use BitTorrent technology<sup>9</sup> to share copyrighted adult films. The lawsuits begin when a content producer—or one of its proxies<sup>10</sup>—logs on to BitTorrent and downloads its own movie. This behavior—anomalous in ordinary copyright contexts where the copyright owners try to avoid, not facilitate, piracy—marks the first

5. 17 U.S.C. §§ 504-505 (2012).

6. See Christopher M. Swartout, Comment, *Toward a Regulatory Model of Internet Intermediary Liability: File-Sharing and Copyright Enforcement*, 31 NW. J. INT'L L. & BUS. 499, 508-09 (2011) (“[T]he recording industry has chosen not to pursue further litigation [in file sharing cases] . . . because bringing suits against individual file-sharers is expensive [and] . . . even large judgments awarded to rightsholders are likely to generate little value that can actually be recovered . . .”). But see Milton Valencia, *Judge Refuses to Alter \$675,000 Judgment Against BU Graduate for Illegally Downloading Music*, BOSTON.COM, Aug. 23, 2012, <http://www.boston.com/metrodesk/2012/08/23/judge-refuses-alter-judgment-against-graduate-for-illegally-downloading-music/kPIrtbQOfGaFBpJJ9Ri5VK/story.html>.

7. *Id.*

9. Swartout, *supra* note 6.

9. In this note, I use BitTorrent as a generic term that describes one of the latest iterations in peer-to-peer (P2P) file-sharing programs. Some specific BitTorrent clients include BitTyrant, Limewire, and µTorrent. In the most basic formulation of a P2P protocol, one user uploads a file, which a subsequent user then downloads. Previous generations of this simple P2P protocol included applications such as Napster and Kazaa. The BitTorrent protocol, however, is a “cheaper, faster and more efficient” way to distribute files than those older P2P technologies. *A Beginner’s Guide to BitTorrent*, BITTORRENT, <http://www.bittorrent.com/help/guides/beginners-guide> (last visited Mar. 3, 2014). In a BitTorrent transaction, one person shares a file. That file is divided into hundreds or thousands of smaller pieces. Aggregating all of those pieces creates the full, original file. A user downloads those small pieces simultaneously from multiple other users, who are distributing the file as part of a “swarm” for the full file. While downloading pieces from others, a user is also distributing the pieces that he already has to others. See generally Tom Chothia et al., *The Unbearable Lightness of Monitoring: Direct Monitoring in BitTorrent*, 106 SEC. & PRIV. COMM. NETWORKS 185 5 (2013); Michael Piatek et al., *Building BitTyrant: A (More) Strategic BitTorrent Client*, 32 LOGIN 8, 9 (2007); *The Basics of BitTorrent*, BITTORRENT, <http://www.bittorrent.com/help/manual/chapter0201> (last visited Mar. 3, 2014). In this way, any person involved in a swarm both uploads and downloads parts of that file. Chothia, *supra* at 6.

10. See *infra* Part III.

oddity in this strange dance. By becoming part of the downloading swarm for a particular movie, the content producer is able to gather the Internet Protocol (IP) addresses of others who are part of the swarm.<sup>11</sup>

The content producer then files a single lawsuit against those users, sometimes including hundreds or thousands of anonymous defendants, who are identified only by their IP address.<sup>12</sup> The complaints in these mass litigation cases accuse the anonymous defendants of using BitTorrent to download and distribute pirated content.<sup>13</sup> The cases, however, are not decided on the merits.<sup>14</sup> Instead, the battles are fought within an early discovery procedural framework concerning joinder of putative defendants.<sup>15</sup> The plaintiffs issue subpoenas to the Internet Service Providers (ISPs).<sup>16</sup> During this process the plaintiffs request identifying information associated with the IP addresses, including the subscriber's name, address, and telephone number.<sup>17</sup> The ISPs, reluctant to provide the personal information of their subscribers, may file a motion to quash the subpoena.<sup>18</sup> Alternatively, a defendant who is aware of the allegations may file a motion to sever for improper joinder of parties.<sup>19</sup>

The defendants remain anonymous while these motions are before the court.<sup>20</sup> Indeed, many of the anonymous defendants do not even realize that they are being sued until their ISP forwards them a letter from the plaintiff.<sup>21</sup> The letter explains that their identities have been requested in relation to a copyright infringement lawsuit and that they have the option of paying a quick settlement fee or face potential liability of up to \$150,000.<sup>22</sup> Faced with these motions, courts must decide whether to permit early discovery to proceed or to sever the claims against all but one defendant.<sup>23</sup> This decision usually begins with an inquiry into permissive joinder under Rule 20.<sup>24</sup> In accordance with that Rule, courts evaluate joinder of defendants by exploring whether users in a BitTorrent swarm have engaged in the "same transaction or occurrence."<sup>25</sup>

If the court permits joinder, the plaintiff will be able to discover the defendants' identifying information. The lawsuit will then proceed, although the defendants may again

11. Jason Koebler, *Porn Companies File Mass Piracy Lawsuits: Are You at Risk?*, U.S. NEWS & WORLD REPORT (Feb. 2, 2012), <http://www.usnews.com/news/articles/2012/02/02/porn-companies-file-mass-piracy-lawsuits-are-you-at-risk> (describing how content producers mine for others' IP addresses).

12. *Id.*

13. *Id.*

14. See Kashmir Hill, *How Porn Copyright Lawyer John Steele Has Made a 'Few Million Dollars' Pursuing (Sometimes Innocent) 'Porn Pirates'*, FORBES (Oct. 15, 2012, 2:09 PM), <http://www.forbes.com/sites/kashmirhill/2012/10/15/how-porn-copyright-lawyer-john-steele-justifies-his-pursuit-of-sometimes-innocent-porn-pirates/> (explaining that plaintiffs identify IP addresses as defendants, then judges force the ISP to reveal the individual customers behind the IP addresses).

15. *Id.*

16. Koebler, *supra* note 12.

17. Hill, *supra* note 15.

18. *Id.*

19. FED. R. CIV. P. 21 ("Misjoinder of parties is not a ground for dismissing an action. On motion or on its own, the court may at any time, on just terms, add or drop a party. The court may also sever any claim against a party.")

20. See, e.g., *Donkeyball Movie, LLC v. Does 1-171*, 810 F. Supp. 2d 20, 22 (D.D.C. 2011).

21. Koebler, *supra* note 12.

22. *Id.* A plaintiff may recover actual damages or up to \$150,000 in statutory damages if the court finds willful infringement. 17 U.S.C. § 504(c)(2) (2006).

23. *Id.*

24. Rule 20 is reproduced in *supra* note 3.

25. FED. R. CIV. P. 20.

raise the issues of severance and joinder later.<sup>26</sup> The joinder decision at this stage concerns only joinder for the purpose of identifying the anonymous defendants.<sup>27</sup> If a court finds joinder improper, typically all but one defendant are dismissed without prejudice from the case.<sup>28</sup> For all intents and purposes, the case is then over.<sup>29</sup> As to any given individual defendant, the plaintiff does not know whether that defendant will be able to pay damages or respond with a significant settlement offer. That question becomes irrelevant if joinder is possible, because enough solvent defendants will be brought into the suit to make settlement collection profitable for the plaintiff. But if joinder is denied, the cost of filing individual lawsuits against each defendant outweighs the expected settlement revenue. Accordingly, the plaintiff abandons the litigation.

Federal district courts throughout the country are divided over whether to allow a plaintiff in this type of mass BitTorrent litigation to proceed with early discovery against anonymous defendants.<sup>30</sup> This division has significant consequences because use of BitTorrent, and piracy of content using BitTorrent, is ubiquitous. Some industry insiders estimate that twenty percent of Internet bandwidth usage is taken up by BitTorrent, with one BitTorrent client, BitTorrent, Inc., counting 150 million active monthly users in 2011.<sup>31</sup> One study estimates that adult content comprises more than five percent of BitTorrent data and that the majority of all distributed content is copyrighted material.<sup>32</sup> Litigation associated with BitTorrent technology is equally widespread.<sup>33</sup> Estimates put the number of BitTorrent users accused of illegally downloading movies at greater than 250,000 since 2010.<sup>34</sup> Many of those lawsuits involve the downloading and sharing of adult movies.<sup>35</sup> In litigating these cases, one lawyer estimates that he alone has settled with five thousand defendants for a total of several million dollars.<sup>36</sup> Yet judges have failed to reach a consensus on joinder and severance, creating a split in authority both within and across circuits.<sup>37</sup> That split centers

---

26. See *Next Phase Distribution, Inc. v. John Does 1-27*, 284 F.R.D. 165, 166 (S.D.N.Y. 2012)

27. See *id.*

28. See *id.*

29. Theoretically, the plaintiff has the option of re-filing against any or all of the other defendants individually. But in reality, plaintiffs do not pursue this option. See, e.g., Notice of Voluntary Dismissal, *Next Phase Distribution, Inc. v. John Does 1-27*, 284 F.R.D. 165 (S.D.N.Y. 2012) (No. 12-3755) (dismissing the lawsuit after all but one defendant was severed); Notice of Voluntary Dismissal of Action, *Hard Drive Prods. v. Does 1-188*, 809 F. Supp. 2d 1150 (N.D. Cal. 2011) (No. 11-1566) (dismissing the case after a majority of the defendants were severed).

30. Compare *Next Phase Distribution, Inc. v. John Does 1-27*, 284 F.R.D. 165, 171-72 (S.D.N.Y. 2012) (allowing expedited discovery for the holder of the copyright), with *Safety Point Prods., LLC v. Does 1-197*, No. 1:12-CV-02812, 2013 WL 1367078, at \*4 (N.D. Ohio Apr. 4, 2013) (denying expedited discovery).

31. Jon Brodtkin, *In World of Copyright Crazy, BitTorrent, Inc. Soars to New Heights*, ARS TECHNICA (Feb. 9, 2012, 9:06 AM CST), <http://arstechnica.com/gadgets/2012/02/in-world-of-copyright-craziness-bittorrent-inc-soars-to-new-heights/> (noting that the number of users had increased by 50% during that year). Companies are unable to determine, however, how much of that usage involves pirated content. *Id.*

32. See Alexandre M. Mateus & Jon M. Peha, *Quantifying Global Transfers of Copyrighted Content Using BitTorrent*, 39 TELECOMMUNICATIONS POLICY RESEARCH CONFERENCE 16, 36 (2011).

33. See Koebler, *supra* note 11 (estimating more than 220,000 people sued between mid-2010 and February 2012); Bill Torpy, *BitTorrent's Popularity Leads to Mass Copyright Litigation*, PHYS.ORG (July 14, 2012), <http://phys.org/news/2012-07-bittorrent-popularity-mass-copyright-litigation.html> (estimating more than 250,000 people sued between 2010 and July 2012).

34. *Id.*

35. Koebler, *supra* note 11.

36. See Hill, *supra* note 14 (referring to an attorney, Michael Steele, and estimating that he may have made as much as \$15 million from these lawsuits).

37. District courts in Massachusetts, New York, and California have reached contrary decisions on issues such as joinder under Rule 20 and severance under Rule 21. Compare *Hard Drive Prods. v. Does 1-188*, 809 F. Supp. 2d 1150, 1165 (N.D. Cal. 2011) (finding joinder inappropriate and severing defendants), and *Next Phase*



around differing emphases on how and when users in a given swarm interact with the pirated file and with each other.<sup>38</sup>

Courts that do not permit joinder tend to focus on the amount of time over which a given swarm is operational. A BitTorrent movie file, like an ordinary movie file, may continue to be open and re-seeded as long as the file remains in demand.<sup>39</sup> Every user who downloads that file during the time period might be seen as part of a single swarm. But many courts denying joinder use conclusory language that when a swarm is active for a long period of time, the activities of the users are not part of the “same series of transactions.”<sup>40</sup> Still others focus on snapshots in time, reasoning that users who were not part of the swarm “at the same time” could not be acting in concert.<sup>41</sup> Under that theory, only users who upload and download the file simultaneously may be properly joined as defendants.<sup>42</sup>

In contrast, courts that allow joinder at early stages of these lawsuits tend to focus on the nature of the technology itself and reject a temporal analysis.<sup>43</sup> By definition, BitTorrent users are both uploaders and downloaders of every piece of the file that they use.<sup>44</sup> Accordingly, some courts interpret BitTorrent file-sharing as an ongoing process in which early members of a swarm are indirectly connected (by uploading a file) to later members (who download that file) and therefore may be properly joined as defendants.<sup>45</sup>

## II. “ORDINARY” PIRACY: SUING COPYRIGHT INFRINGERS IN OTHER CONTEXTS

Digital media piracy is rampant, yet only a small fraction of pirates are targeted in litigation.<sup>46</sup> Music, box-office movie hits, and small independent films are widely pirated

Distribution, Inc. v. John Does 1–27, 284 F.R.D. 165, 172 (S.D.N.Y. 2012) (same), with *Boy Racer v. John Does 2–52*, No. 11-2834, 2011 U.S. Dist. LEXIS 86746 (N.D. Cal. Aug. 5, 2011) (permitting joinder), and *Digital Sin, Inc. v. Does 1–176*, 279 F.R.D. 239 (S.D.N.Y. 2012) (same).

38. *Id.*

39. *A Beginner’s Guide to BitTorrent*, *supra* note 9.

40. See, e.g., *In re BitTorrent Adult Film Copyright Infringement Cases*, No. 11-3995, 2012 WL 1570765, at \*12 (E.D.N.Y. May 1, 2012) (finding joinder impermissible when “the dates of downloading . . . are often weeks or months apart”); *Raw Films, Inc. v. Does 1–32*, No. 11-2939, 2011 WL 6840590, at \*2 (N.D. Ga. Dec. 29, 2011) (“Downloading a work as part of a swarm does not constitute ‘acting in concert’ with one another, particularly when the transactions happen over a long period.”). *But cf.* *Digital Sin, Inc. v. Does 1–176*, 279 F.R.D. 239, 243 (S.D.N.Y. 2012) (reasoning that users who downloaded the same file over a six week period as part of the same swarm could be joined).

41. See, e.g., *Hard Drive*, 809 F. Supp. 2d at 1163–65 (reasoning that the presence of users in a swarm at different times on different days creates uncertainty about the relationships among defendants); accord *K-Beech, Inc. v. John Does 1–41*, No. 11-46, 2012 WL 773683, at \*4 (S.D. Tex. Mar. 8, 2012) (denying joinder for lack of allegations about “contemporaneous” participation in the swarm).

42. *Id.*

43. See, e.g., *First Time Videos, LLC v. Does 1–500*, 276 F.R.D. 241, 252 (N.D. Ill. 2011) (permitting joinder and reasoning that any user that distributed the file at issue was engaged in the same series of transactions).

44. Clive Thompson, *The BitTorrent Effect*, WIRE MAG., Jan. 2005, <http://www.wired.com/wired/archive/13.01/bittorrent.html>.

45. See, e.g., *Third Degree Films v. John Does 1–36*, No. 11-15200, 2012 WL 2522151, at \*9 (D. Mich. May 29, 2012) (finding that since BitTorrent users “indirectly upload[] pieces of the work” to other defendants who join the swarm later, those transactions “share an aggregate of operative facts” in accord with the Federal Circuit’s permissive joinder test in patent infringement cases); *Donkeyball Movie, LLC v. Does 1–171*, 810 F. Supp. 2d 20, 24 (D.D.C. 2011) (distinguishing BitTorrent from other P2P technologies as involving “simultaneous[] or sequential[]” file-sharing).

46. Brodtkin, *supra* note 31.

through peer-to-peer (P2P) applications.<sup>47</sup> But the overwhelming majority of today's lawsuits concern only adult content. Parts II and III explore why this discrepancy exists.<sup>48</sup>

It is neither new nor revolutionary to suggest that financial incentives contribute to the discrepancy in the amount of litigation generated across the different media, just as financial incentives contribute to most decisions involving litigation. After all, plaintiffs will likely not file a lawsuit, especially on a large scale, unless they think that they will reap the financial rewards of doing so.<sup>49</sup> With pornography, different dynamics come into play because in many circles there is a social stigma attached to viewing pornographic material.<sup>50</sup> That stigma does not exist with regard to music and mainstream movies.<sup>51</sup> What is most surprising in this story, however, is the way in which rightsholders take advantage of that distinction in ways that reshape ordinary litigation dynamics.<sup>52</sup> To understand the litigation dynamics in this odd corner of copyright litigation, it is helpful to look briefly at other, "ordinary" piracy litigation, as well as past anti-piracy campaigns that have failed. This ordinary-piracy litigation will help us understand why the mass litigation model for adult content has been at least temporarily successful for content producers.

In 2003, the Recording Industry Association of America (RIAA) began a campaign against individuals for illegally sharing music over P2P networks.<sup>53</sup> Between 2003 and 2008, the RIAA sued approximately 35,000 people.<sup>54</sup> Many of those defendants settled for a few thousand dollars,<sup>55</sup> suggesting that the campaign was a success for the RIAA. In winding down its litigation strategy, the RIAA claimed that it had accomplished its public relations goal of increasing awareness about the illegality of music piracy.<sup>56</sup> However, some commentators viewed the litigation campaign as a failure for three reasons. First, public sentiment turned against the RIAA for suing so many individuals, many of whom might have only downloaded a few dozen songs.<sup>57</sup> Second, although the goal of deterring users from using P2P networks to share copyrighted content may have had temporary success, digital media piracy has continued to increase over the long run.<sup>58</sup> Third, the lawsuits were probably not financially sustainable and may well have resulted in a net financial loss for the RIAA.<sup>59</sup> The revenues from settlements did not offset the costs associated with filing

47. See Assaf Jacob & Zoe Argento, *To Cache or not to Cache—That Is the Question; P2P “System Caching”—The Copyright Dilemma*, 31 WHITTIER L. REV. 421, 424 (2010) (citing *In re Charter Communs., Inc.*, 393 F.3d 771, 773 (8th Cir. 2005)).

48. See Koebler, *supra* note 11.

49. Suits brought primarily for their *in terrorem* effects constitute an exception, but even a well-heeled plaintiff can bring only a limited number of these.

50. See Koebler, *supra* note 12.

51. Eric D. Block, Comment, *The Seedy Underbelly of Joinder and Reverse Class Actions: The Porn Industry's Crusade Against Digital Piracy and Its Interplay with Rule 11 Sanctions*, 37 S. ILL. U. L. J. 419 (2013).

52. Hill, *supra* note 15.

53. Swartout, *supra* note 6.

54. Block, *supra* note 51.

55. *Id.*

56. *Id.* But see David Kravets, *File Sharing Lawsuits at a Crossroads, After 5 Years of RIAA Litigation*, WIRED (Sep. 4, 2008), <http://www.wired.com/threatlevel/2008/09/proving-file-sh/> (“It costs more to hire a lawyer to defend these cases than take the settlement . . .”).

57. See Swartout, *supra* note 6, at 509.

58. *Id.* at 506.

59. *Id.* (“[Some commentators] have suggested, and record label executives have occasionally admitted, that the suits were a giant money pit for the RIAA, primarily in the form of legal fees.”).

and pursuing a lawsuit, and courts often refused to enforce large jury verdicts.<sup>60</sup> Ultimately, the RIAA's litigation strategy against music pirates ended in 2008.<sup>61</sup>

As BitTorrent became more prevalent, movie studios began initiating lawsuits against pirates.<sup>62</sup> Unlike the RIAA in the mid-2000s, these new plaintiffs switched tactics to a mass litigation model, suing groups rather than individuals.<sup>63</sup> These plaintiffs hoped that pirates would pay settlements before they were forced to incur high litigation costs.<sup>64</sup> The mass litigation model allows for the possibility of many settlements without an equal and offsetting legal expense.<sup>65</sup> If the dispute ends in a settlement, plaintiffs need only pay a one-time filing fee of \$350, regardless of how many putative defendants were joined, as well as the legal fees associated with subpoenas and settlement collection.<sup>66</sup> To pirates, settlement demands are often low enough that the cost of hiring counsel to defend the lawsuit is higher than paying a settlement.<sup>67</sup> Moreover, pirates face crushing potential liability in the form of statutory damages, further incentivizing them to pay the plaintiffs to make the case go away.<sup>68</sup>

Some large movie studios sought to take advantage of that economic incentive structure, suing over infringement of popular films such as *The Expendables*<sup>69</sup> and *The Hurt Locker*.<sup>70</sup> In the *Expendables* lawsuit, the court denied the plaintiff's motion for leave to take expedited discovery.<sup>71</sup> The lawsuit did not go anywhere, and the case has been closed.<sup>72</sup> In the *Hurt Locker* lawsuit, however, the court denied the defendants' motion to dismiss for improper joinder.<sup>73</sup> The ISPs began turning over the defendants' identifying information, but the process of tracking down and negotiating settlements with large numbers of defendants proceeded slowly.<sup>74</sup> The judge in that case eventually refused to grant further trial extensions, effectively shutting down the case.<sup>75</sup> These cases are indicative of a larger trend. Today, even as BitTorrent litigation has become more prevalent,

60. *Id.* at 508–09.

61. David Kravets, *Copyright Lawsuits Plummet in Aftermath of RIAA Campaign*, WIRED (May. 18, 2010), <http://www.wired.com/threatlevel/2010/05/riaa-bump/>.

62. *See Pac. Century Int'l, Ltd. v. Does 1-37*, 282 F.R.D. 189, 193 (N.D. Ill. 2012) (“More recently, various movie studios have adopted the [recording industry’s abandoned] tactic in an effort to identify copyright infringers.”).

63. *See Third Degree Films v. Does 1-47*, 286 F.R.D. 188, 189–90 (D. Mass. 2012) (“Judges, scholars, and journalists alike have noted the recent trend—indeed, new business mode—whereby adult film companies file mass lawsuits against anonymous Doe defendants . . .”).

64. *Id.*

65. *See SBO Pictures, Inc. v. Does 1–3036*, No. 11–4220, 2011 WL 6002620, at \*4 (N.D. Cal. Nov. 30, 2011) (“It therefore appears that Plaintiff’s motive in joining over three thousand defendants in one action is to keep its own litigation costs down in hopes that defendants will quickly agree to a settlement.”).

66. *See id.*

67. *See id.* at \*3 (severing defendants over concerns that innocent defendants will be faced with the choice of paying for legal assistance to fight the claims or settling to avoid the lawsuit).

68. James DeBriyn, *Shedding Light on Copyright Trolls: An Analysis of Mass Copyright Litigation in the Age of Statutory Damages*, 19 UCLA ENT. L. REV. 79, 81 (2012).

69. *Nu Image, Inc. v. Does 1–23,322*, 799 F. Supp. 2d 34, 42 (D.D.C. 2011).

70. *Voltage Pictures, LLC v. Does 1–5,000*, 818 F. Supp. 2d 28, 43 (D.D.C. 2011).

71. *Nu Image*, 799 F. Supp. 2d at 42.

72. *Id.*

73. *Voltage Pictures*, 818 F. Supp. 2d at 43.

74. *Id.*

75. *See Jolie O’Dell, Judge Kills Lawsuit against Hurt Locker Pirates, Matey*, VENTURE BEAT (Dec. 23, 2011), <http://venturebeat.com/2011/12/23/yo-ho-ho-ernesto-hurt-locker-bittorrent-lawsuit-dies-but-not-without-controversy>; Ernesto, *Hurt Locker BitTorrent Lawsuit Dies, But Not Without Controversy*, TORRENTFREAK (Dec. 22, 2011), <http://torrentfreak.com/hurt-locker-bitorrent-lawsuit-dies-but-not-without-controversy-111222/>.

large film studios are noticeably absent.<sup>76</sup> This trend may be explained by the incentive structure: in an “ordinary” piracy case, the defendants’ incentives to settle are substantially weaker than in the piracy-blackmail litigation described below.

Similarly, smaller independent filmmakers tested the mass litigation model. Content producers filed lawsuits against thousands of BitTorrent pirates for sharing movies such as *Steam Experiment*, *Far Cry*, and *Call of the Wild 3D*.<sup>77</sup> However, Indie film lawsuits are more of the exception than the rule. Also, like lawsuits involving blockbuster hits, Indie lawsuits have met with relatively little success.<sup>78</sup> Judges in multiple cases have dropped thousands of putative defendants on personal jurisdiction and joinder grounds.<sup>79</sup> Even a successful suit is unlikely to produce a collectible damage judgment. A solvent would-be user is likely to pay the fee associated with obtaining the movie through lawful distribution channels—Netflix, for example. Pirates are those for whom such lawful means constitute an economic burden and are therefore likely to be judgment proof. Moreover, even solvent defendants may attempt to fight the lawsuit, increasing the litigation costs for plaintiffs. Accordingly, most mass BitTorrent litigation today involves adult content, not mainstream films.<sup>80</sup>

At first glance, this result seems unexpected. Whether being sued for pirating a box office hit, an Indie picture, or an adult film, putative defendants face the same legal incentives with regard to settling or challenging the lawsuit. Since the costs of filing a suit and serving subpoenas are consistent regardless of the type of content being infringed, we might expect to see substantial numbers of content producers from across these genres and media bringing lawsuits. Instead, most of the lawsuits involve adult entertainment.<sup>81</sup> In the next section, I argue that the mass litigation model is more viable in the adult entertainment context than in mainstream ones because of the litigation dynamics. Specifically, viability turns on the social pressures from exposure of would-be users and the ways in which rightsholders take advantage of those pressures.

### III. PIRATES AND BLACKMAILERS: THE LITIGATION DYNAMICS

In any lawsuit, pirates and blackmailers alike will weigh financial considerations to determine whether to proceed to trial or to settle. In ordinary litigation the expense can make settlement the more attractive option for both sides.<sup>82</sup> However, something different is happening in the pornography downloading cases. These lawsuits are distinguished from other infringement cases by the *social* incentives and disincentives facing pirates. With

76. See generally Art Neill, *Does a New Wave of Filesharing Lawsuits Represent a New Business Model for Copyright Owners?*, 14 J. INTERNET L. 1, 8 (2008).

77. See David Kravets, *Indie Filmmakers Sue Thousands of BitTorrent Users*, WIRED (Mar. 31, 2010), <http://www.wired.com/threatlevel/2010/03/bittorrent-legal-attack/>.

78. *Id.*

79. See Christopher Siebens, Note, *Divergent Approaches to File-Sharing Enforcement in the United States and Japan*, 52 VA. J. INT’L L. 155, 172 (2011) (noting that 4,000 defendants in the *Far Cry* lawsuit and 925 defendants in the *Steam Experiment* lawsuit were dismissed, “mark[ing] the beginning of a line of cases involving judges dropping defendants”).

80. Koebler, *supra* note 11.

81. “[T]o most men the idea of losing their fame and reputation is equally, if not more terrific than the dread of personal injury.” H.J. Lethbridge, *Blackmail, Reputation, and Respectability*, 9 HONG KONG L.J. 214, 214 (1979) (quoting Judge William Henry Ashhurst).

82. This dynamic also applies in plaintiff class actions, where class members only rarely object to and opt out of settlements. See Jade Brewster, Comment, *A Kick in the Class: Giving Class Members a Voice in Class Action Settlements*, 41 W. ST. U. L. REV. 1, 25 (“[C]lass members incur high costs in order to object to a settlement.”).

many different options for adult material on the internet, some of these pirates could afford to pay for the content. Instead, they have resorted to piracy for social reasons rather than economic ones; they do not want such items to appear on their credit card bill.<sup>83</sup>

When a suit is allowed to proceed to the discovery phase, pirates face the threat of losing their anonymity. An individual whose name appears in connection with a lawsuit over illicit file-sharing of pornographic content confronts the possibility of shame and embarrassment from being exposed to those around him.<sup>84</sup> In order to avoid perceived social reprobation, pirates may feel compelled to reach a settlement.<sup>85</sup> Many of them—enough to incentivize blackmailers to keep filing lawsuits—do settle before their names are made public.<sup>86</sup> Those same social pressures are not nearly as prevalent in litigation involving media other than adult content.<sup>87</sup> While there may be nominal shame in getting caught engaging in illicit file-sharing, piracy generally is widespread and not the target of great social opprobrium.<sup>88</sup> Sometimes pirates even garner sympathy. Public sentiment turned against the RIAA campaign because many viewed pirates as victims of an attack by big industry.<sup>89</sup> The perceived lack of similar sympathy for pirates of adult content, however, creates litigation space for blackmailers.<sup>90</sup>

These incentives are the same for innocent defendants, who similarly may be coerced into paying settlements to avoid the expense of litigation and to maintain anonymity and confidentiality.<sup>91</sup> Some anonymous defendants will not have infringed upon the work or even used BitTorrent in the first place.<sup>92</sup> A defendant might be a parent whose minor child used BitTorrent or a college student whose roommate engaged in movie piracy.<sup>93</sup> A defendant may be the victim of a hacked Wi-Fi network or someone who merely had an

83. Lethbridge, *supra* note 81.

84. See *Sunlust Pictures LLC v. Does 1–75*, No. 12-1546, 2012 WL 3717768, at \*5 (N.D. Ill. Aug. 27, 2012) (reasoning that an allegation of downloading and viewing adult movies constitutes a “sensitive and highly personal” matter); *In re BitTorrent Adult Film Copyright Infringement Cases*, No. 11-3995, 2012 WL 1570765, at \*10 (E.D.N.Y. May 1, 2012) (noting defendants’ concerns about embarrassment and harm to their reputation over being associated with the illicit downloading of pornographic material); Robert G. Larson & Paul A. Godfread, *Bringing John Doe to Court: Procedural Issues in Unmasking Anonymous Internet Defendants*, 38 WM. MITCHELL L. REV. 328, 345–46 (2011).

85. Larson & Godfread, *supra* note 8484, at 346 (arguing that defendants may settle primarily “in order to retain anonymity”).

86. See Torpy, *supra* note 33 (interviewing an attorney who has filed hundreds of these types of cases); *SBO Pictures, Inc. v. Does 1–3036*, No. 11-4220, 2011 WL 6002620, at \*4 (N.D. Cal. Nov. 30, 2011) (“The vast majority of these mass copyright infringement suits are resolved through settlement once the plaintiff secures the information identifying the Does.”).

87. Koebler, *supra* note 12.

88. *Id.*

89. See Michael Hiltzik, *A Federal Judge Takes on “Copyright Trolls,”* L.A. TIMES (Apr. 9, 2013, 7:47 PM), <http://www.latimes.com/business/la-fi-hiltzik-20130410,0,1341753,full.column>.

90. Moreover, the RIAA was worried about protecting its reputation in the public sphere. Pornography producers, on the other hand, do not face those same concerns. See *id.* (“The RIAA stopped because suing their own customers was ruining their reputation . . . [b]ut the legal ground they established was picked up by people without reputations to protect.” (quoting Mitch Stoltz, a lawyer who fights copyright trolling lawsuits)).

91. Rightsholders “rely on an important reality for most file-sharing defendants: whether guilty or not, it is almost always less expensive to settle a suit for a few thousand dollars than to litigate.” Swartout, *supra* note 6, at 509.

92. See *Digital Sin, Inc. v. Does 1–176*, 279 F.R.D. 239, 242 (S.D.N.Y. 2012) (estimating that as many as “30% of the names turned over by ISPs are not those of individuals who actually downloaded or shared copyrighted material”).

93. *Third Degree Films v. Does 1–3577*, No. 11-1956, 2011 WL 5374569, at \*4 (N.D. Cal. Nov. 4, 2011).

unsecured wireless router.<sup>94</sup> Or a defendant might have been at work at the time of the alleged downloading or even an octogenarian without the means to access or any interest in the material.<sup>95</sup> The same desire to conceal one's identity that leads to piracy in the first place may very well cause a downloader to try to use another's account. Determining who actually pirated the content may be impossible without an admission of guilt by the user.<sup>96</sup> Accordingly, a large percentage of this very diverse group of anonymous defendants will likely never be adjudged liable, either rightly or wrongly. Instead, all putative defendants are faced with the same set of financial and social incentives to settle, regardless of actual guilt or innocence.

The incidental exploitation of social pressures in pursuit of legitimate ends in litigation is not necessarily wrong or unlawful.<sup>97</sup> However, the conduct of blackmailers in the broader dynamics of these specific cases turns that exploitation into a much more serious public policy issue.<sup>98</sup> As discussed below in Part V, some courts have permitted causes of action in tort against defendants engaged in conduct similar to that of blackmailers explained here.<sup>99</sup> They do so because the financial and social disincentives for pirates create a "risk of inappropriate settlement leverage."<sup>100</sup> Blackmailers take advantage of that leverage over both innocent and guilty defendants by employing bad faith litigation tactics.<sup>101</sup> Some have engaged in calling and harassing defendants to coerce settlements.<sup>102</sup> At least one

94. More than sixty-one percent of U.S. homes now have wireless access. Frederic Lardinois, *Study: 61% of Households Now Have WiFi*, TECH CRUNCH (Apr. 5, 2012), <http://techcrunch.com/2012/04/05/study-61-of-u-s-households-now-have-wifi/>. In a 2011 poll of adults in the United States, thirty-two percent admitted to trying to access someone else's Wi-Fi network. Carolyn Thompson, *NY Child Pornography Case Underscore Wi-Fi Privacy Dangers*, AOL NEWS (Apr. 24, 2011, 11:11 AM), <http://www.aolnews.com/2011/04/24/ny-child-pornography-case-underscores-wi-fi-privacy-dangers/>. Given the prevalence of wireless networks and the possibility of security breaches, anyone with a wireless Internet connection is vulnerable to being joined as a defendant in mass copyright litigation. See Koebler, *supra* note 11.

95. See *In re BitTorrent Adult Film Copyright Infringement Cases*, No. 11-3995, 2012 WL 1570765, at \*3 (E.D.N.Y. May 1, 2012).

96. Timothy B. Lee, *This Week's Local News Scare: Porn Trolls Are Coming for You*, ARS TECHNICA (July 30, 2012, 1:55 PM), <http://arstechnica.com/tech-policy/2012/07/this-weeks-local-news-scare-porn-trolls-are-coming-for-you/> (describing this task as "nearly impossible"). Given that wireless networks are so ubiquitous, courts reason that plaintiffs cannot be sure that the ISP subscriber and the BitTorrent user are actually the same person. See *SBO Pictures, Inc. v. Does 1-3036*, No. 11-4220, 2011 WL 6002620, at \*3 (N.D. Cal. Nov. 30, 2011) ("[T]he ISP subscriber to whom a certain IP address was assigned may not be the same person who used the Internet connection for illicit purposes."); accord *Hard Drive Prods. v. Does 1-188*, 809 F. Supp. 2d 1150, 1153 (N.D. Cal. 2011) ("[S]ome home networks are not secure and . . . even within the household . . . it is impossible to determine which approved user is responsible for a particular download."). Indeed, some have estimated that the false positive rate may be as high as thirty percent. See *In re BitTorrent Adult Film*, 2012 WL 1570765, at \*5 ("While the ISPs will provide the name of its subscriber, the alleged infringer could be the subscriber, a member of his or her family, an employee, invitee, neighbor or interloper."); Digital Sin, 279 F.R.D. at 242 (noting the "risk of false positives").

97. In fact, it may even be permissible to conduct litigation when spite is an incidental motivation to the exploitation. BARRY LINDAHL LEE, 4 MODERN TORT LAW: LIABILITY & LITIGATION § 40.25 (2d ed. 2012) ("[T]here is no [abuse of process] action when the process is used for the purpose for which it was intended but there is an incidental motive of spite . . ."). Even bringing a lawsuit that "inconveniences a defendant" or is brought with the "expectation of settlement" is not necessarily unlawful. *Int'l Motor Contest Ass'n, Inc. v. Staley*, 434 F. Supp. 2d 650, 676 (N.D. Iowa 2006) (quoting *Wilson v. Hayes*, 464 N.W.2d 250, 267 (Iowa 1990)).

98. Swartout, *supra* note 6, at 513 ("The practice has been referred to by one British Lord as 'straightforward legal blackmail.'").

99. See *infra* notes 143-146 and accompanying text.

100. *Raw Films, Inc. v. Does 1-32*, No. 11-2939, 2011 WL 6840590, at \*2 n.5 (N.D. Ga. Dec. 29, 2011).

101. See *In re BitTorrent Adult Film*, 2012 WL 1570765, at \*9.

102. See *id.* ("[A]busive litigation tactics to extract settlements from John Doe defendants . . . may be the principal purpose of these actions . . ."); see also Greg Piper, *Brooklyn Federal Court Faults 'Abusive Litigation*

blackmailer has even been explicit about the coercive nature of its campaign, including in its settlement letter: “THE MORE EFFORT WE EXPEND, INCLUDING NAMING YOU INDIVIDUALLY IN A LAWSUIT, THE MORE WE MUST RECOVER TO MAKE OUR CLIENT WHOLE.”<sup>103</sup>

Inherent in such statements are two threats: (1) the threat of a greater damages recovery for failure to cooperate with settlement demands; and (2) the threat of disclosure of the putative defendant’s name. The financial threat is tied not to the extent of the commercial injury but rather as a punitive measure aimed at punishing noncooperation.<sup>104</sup> The disclosure threat is similarly a tool designed to exploit the putative defendants’ fears of continuing to challenge the lawsuit. These threats—whether stated explicitly in a settlement demand letter or implicitly in the mere filing of the lawsuit—embody the financial and social disincentives that have allowed the mass litigation model to succeed.<sup>105</sup> Faced with such threats, many putative defendants capitulate and settle with blackmailers.<sup>106</sup>

Bad litigation tactics are not solely the purview of the copyright holders. Blackmailers sometimes recruit copyright trolls to assist in the process. Broadly defined, copyright trolls are third party individuals or entities that purchase copyrights or represent copyright holders.<sup>107</sup> They search for copyright violations and then file lawsuits against alleged infringers in mass tort litigation.<sup>108</sup> Courts and the media have noted that a niche group of attorneys have begun to make a living out of these types of BitTorrent lawsuits.<sup>109</sup> Those firms sometimes even outsource investigatory functions to other trolls, which specialize in

*Tactics’ in Porn Copyright Suits, Bans ‘Swarm Joinder’,* 13 WARREN’S WASH. INTERNET DAILY 90 (May 9, 2012) (describing a defendant whose offer of computer access for discovery to plaintiff’s “negotiator” was denied in favor of a settlement offer).

103. Nate Anderson, *A New Record: 9,729 P2P Porn Pushers Sued at Once*, ARS TECHNICA (Nov. 8, 2010), <http://arstechnica.com/tech-policy/2010/11/a-new-record-9729-p2p-porn-pushers-sued-at-once/> (emphasis in original).

104. *Id.*

105. See Alan Lawrence, Comment, *The Value of Copyright Law as a Deterrent to Discovery Abuse*, 130 U. PA. L. REV. 549, 560–61 (1989) (“The plaintiff can use the threat of disclosure to pressure the defendant into a favorable settlement. The defendant’s desire to avoid disclosure of certain information may be sufficiently strong that the plaintiff can effectively blackmail the defendant into a settlement agreement . . .”). Statutory damages add another wrinkle to this scheme. In an ordinary piracy or trade secret suit, the defendant can ask for a protective order barring disclosure of his identity until such time as the plaintiff has proved actual economic damages. But proving actual damages is likely impossible for a number of these films. Instead, statutory damages take the place of actual damages. By seeking statutory damages, the plaintiff does not have to prove that his copyright is actually worth anything outside of litigation. Accordingly, with the possibility of statutory damages, courts are likely to deny defendants a protective order. See, e.g., *Donkeyball Movie, LLC v. Does 1–171*, 810 F. Supp. 2d 20, 26 (D.D.C. 2011) (denying a protective order). *But cf.* *Digital Sin, Inc. v. Does 1–176*, 279 F.R.D. 239, 244 (S.D.N.Y. 2012) (granting a protective order for only sixty days to allow the putative defendants or the ISP to contest a subpoena). It is this combination of statutory damages and potential social embarrassment that makes these lawsuits possible.

106. *Id.*

107. Jason R. LaFond, *Personal Jurisdiction and Joinder in Mass Copyright Troll Litigation*, 71 MD. L. REV. ENDNOTES 51, 51–52 (2012) (describing a process by which copyright trolls operate solely for the purpose of suing and obtaining settlements from alleged infringers); accord *About: Who Are Copyright Trolls*, FIGHT COPYRIGHT TROLLS, <http://fightcopyrighttrolls.com/about/> (last visited Apr. 5, 2013).

108. *Id.*

109. See *SBO Pictures, Inc. v. Does 1–3036*, No. 11-4220, 2011 WL 6002620, at \*4 (N.D. Cal. Nov. 30, 2011) (noting that the plaintiff’s attorney had filed at least eleven mass copyright actions involving anonymous defendants); Torpy, *supra* note 33 (identifying a Chicago attorney who has filed lawsuits against 30,000 people).

finding copyright infringement.<sup>110</sup> Trolls are often responsible for settlement collection as well.<sup>111</sup>

Trolls are able to take advantage of the same financial incentives derived from mass litigation. If a settlement is reached with an individual defendant, profits from that settlement are usually split between the copyright holder and the copyright troll.<sup>112</sup> Law firms engaging in this practice often utilize contingency fee structures and may retain up to seventy percent of settlement payments.<sup>113</sup> Although blackmailers' professed motivation may be to deter file-sharing and to be compensated for lost revenues and profits, the powerful incentives and conduct of blackmailers to take advantage of those incentives suggest that the true purpose of mass BitTorrent litigation may be something else entirely. Some scholars believe that these lawsuits are merely monetization schemes designed to coerce defendants into quick settlements,<sup>114</sup> creating a self-sustaining revenue stream for both rightsholders and their trolls.<sup>115</sup> Some courts have suggested that blackmailers may be creating works solely for the purpose of generating litigation.<sup>116</sup> Blackmailers employ this

110. *About Us*, CEG TEK INTERNATIONAL, <http://www.ceg-intl.com/about.html> (last visited Apr. 5, 2013).

111. *Id.* Two of these third party trolls are Copyright Enforcement Group (CEG) and the U.S. Copyright Group (an entity of the law firm Dunlap, Grubb & Weaver). CEG describes itself as a company "offering in-depth business intelligence and comprehensive anti-piracy solutions to rights & content owners worldwide" as part of a "monetization" strategy. It offers settlement plans promising confidentiality and a release from liability for a one-time settlement payment, along with the option to purchase the title of the infringed-upon work for an additional fee. *Frequently Asked Questions*, COPYRIGHT SETTLEMENTS, <https://www.copyrightsettlements.com/faq.html> (last visited Apr. 5, 2013). Moreover, CEG claims that even if a different person actually committed the infringement, the "account holder is/or may be legally responsible for the infringement(s) and settlement(s)." *Id.* The U.S. Copyright Group employs similar tactics. *See FAQ*, <https://dlegal.secure.force.com/SiteLogindglegal/FAQ> (last visited Apr. 5, 2013). Its business model has been described by one of its members as "creating a revenue stream and monetizing the equivalent of an alternative distribution channel." Mark Gibbs, *Fighting Piracy With Coercion*, NETWORK WORLD, Apr. 19, 2010, at 34. However, it is not only plaintiff-side law firms that are getting in on the action. Some law firms have advertised to help negotiate on behalf of defendants. One firm, White Berberian PLC, charges \$500 as a negotiation fee, promising "a settlement better than what Plaintiff offered, [or] we will refund your money." *Know Your Options: The Copyright Infringement Lawsuit Regarding 'Far Cry' 'The Hurt Locker' and Other Movies*, WHITE BERBERIAN PLC, <http://www.wbnegotiations.com/> (last visited Apr. 5, 2013).

112. *See About: Who Are Copyright Trolls*, *supra* note 110 ("Profit is split amongst trolls, rights-holders and companies that detected [the defendants' IP addresses].").

113. DeBriyn, *supra* note 68, at 91. When defendants pay settlements of a few thousand dollars each, copyright owners actually see positive revenues from piracy. *Id.*

114. *See, e.g., id.* at 81 (arguing that the lawsuits "are not intended as a scare tactic to deter file sharing, but are used to encourage quick settlements"). Some victims of this practice are pushing back and have filed a class action lawsuit against five purveyors of pornographic content. *See* First Amended Complaint at 8, *Barker v. Patrick Collins, Inc.*, No. 3:12-cv-372-crs, 2014 WL 201755, (W.D. Ky. Jan. 17, 2014) (accusing the pornography producers of "conspir[ing] by joining together to use improper litigation tactics and by hiring an entity to 'negotiate settlements' on their behalf to the lawsuits"); David Kravets, *Porn Studios Accused of Screwing Their Fans in BitTorrent Lawsuits*, WIRED.COM (July 9, 2012, 3:30 PM), available at <http://www.wired.com/threatlevel/2012/07/porn-studios-screwfans/> (detailing the *Barker* lawsuit in which "pornography producers are being accused of racketeering, fraud, defamation and other charges in connection to their BitTorrent online litigation trolling strategies"). The class action describes a "new business model" in which the threat of embarrassment from being associated with a pornography lawsuit incentivizes innocent defendants to settle, especially since the settlement demands are often less than the cost of defending the lawsuit. Iulia Filip, *Class Claims Porn Distributors Extort People Over the Internet*, COURTHOUSE NEWS SERVICE (July 9, 2012), <http://www.courthousenews.com/2012/07/09/48170.htm>. Although the district court dismissed the lawsuit for lack of personal jurisdiction, *Barker*, 2014 WL 201755, the mere filing of the case may signal the start of a grassroots movement to address the inequities of this type of mass litigation.

115. *See* *Third Degree Films v. Does 1-47*, 286 F.R.D. 188, 197 (D. Mass. 2012) (noting the court's concern that "the joinder mechanism is being manipulated to facilitate a low-cost, low-risk revenue model for the adult film companies").

116. *See* *On the Cheap, LLC v. Does 1-5011*, 280 F.R.D. 500, 504 n.6 (N.D. Cal. 2011) ("[I]t raises



tactic because settlements are sometimes more profitable than eradicating piracy altogether.<sup>117</sup> If the monetization of the litigation process generates greater revenues than do legal sales of content, then blackmailers may actually benefit overall from illegal downloading.<sup>118</sup> If we take seriously these economic incentives in the mass BitTorrent model, there is great concern that such litigation is merely a revenue-raising activity rather than a means of protecting investments in intellectual property.<sup>119</sup>

In this context the mass litigation model creates incentives for blackmailers to create works solely for the purpose of filing mass lawsuits and for pirates to settle them. Blackmailers can thereby generate revenues by monetizing the litigation process through settlement collection.<sup>120</sup> In return, pirates avoid both public disclosure of their names and litigation expenses in defense of the lawsuit.<sup>121</sup>

#### IV. LEGAL ISSUES AND THEIR REAL WORLD IRRELEVANCE

Apart from the legal and economic strategies of blackmailers, what makes this battle between blackmailers and pirates unique is the legal framework in which it is being fought. Early discovery—both in the sense of discovery as an expensive procedural tool for uncovering information during the course of litigation *and* in the sense of having one's

---

questions of whether this film was produced for commercial purposes or for purposes of generating litigation and settlements.”); *see also* Raw Films, Inc. v. Does 1–32, No. 11-2939, 2011 WL 6840590, at \*2 n.5 (N.D. Ga. Dec. 29, 2011) (worrying that allowing plaintiffs to coerce settlements might encourage the creation of works for the purpose of initiating lawsuits). This practice is not as worrisome with “ordinary” content producers. With even a very unsuccessful movie, no one thinks that it was made primarily for the purpose of being able to sue those who download it.

117. In the illegal music-downloading context, extracting settlements in infringement lawsuits may net more money than legal sales of that same music. *See* Ernesto, *Illegal Downloads 150x More Profitable Than Legal Sales*, TORRENTFREAK (Oct. 9, 2009), <http://torrentfreak.com/illegal-downloads-150x-more-profitable-than-legal-sales-091009/> (under one model, a German research company estimated that German anti-piracy receipts from settlement demand letters generate 150 times more revenue than legal downloads of music files); *see also* Justin Hughes, *On the Logic of Suing One's Customers and the Dilemma of Infringement-Based Business Models*, 22 CARDOZO ARTS & ENT. L.J. 725, 750 (2005) (“[L]itigation could eventually become a profit source for the RIAA.”).

In order for litigation to be self-sustaining, the settlement amounts must exceed the costs associated with litigation. *Id.* at 749. Those costs include gathering IP address information, filing subpoenas on the ISPs, sending letters to the defendants, engaging in settlement negotiations, paying the \$350 cost of filing a lawsuit in federal court, and paying the attorneys' fees. If defendants must be sued individually, however, then the \$350 filing fee is multiplied by the number of defendants, drastically increasing the cost of litigation and defeating the viability of litigation as a tactic in this battle. But by joining multiple defendants in one suit, plaintiffs need only pay one filing fee. This practice greatly increases the sustainability of mass copyright litigation lawsuits. *Id.*

118. *Id.*

119. It is not clear how much revenue is lost to piracy. When aggregated on an industry-wide basis, the total revenues lost may be substantial, although industry insiders do not know the precise figures. *See* Steve Schmadeke, *Rough Seas Ahead for the Pirates of Pornography*, WASHINGTON POST, Jan. 2, 2011, at A07 (“[A] porn studio owner . . . said most attribute an estimated 30 percent of their revenue declines to illegal sharing.”); Ronald Grover, *The Pornographers vs. the Pirates*, BUSINESS WEEK, June 19, 2006, at 68 (quoting a CEO of a pornography production company: “We lose hundreds of thousands of dollars, maybe millions, a year to pirates. We just don't know.”). One study estimates that piracy has a “significant effect” on revenues. Mateus & Peha, *supra* note 32, at 27. That study found that illegal BitTorrent transfers of movies and songs outnumber legal sales; however, those findings are limited to the most popular movie and song titles. *Id.* at 36–37. Accordingly, the study's explanatory power over the effects on adult content may not be as significant.

120. *See supra id.*

121. *See* Kravets, *supra* note 114.

name associated with piracy of adult content—is a very powerful and potentially destructive weapon. This weapon is driving the tactics and decisions of both pirates and blackmailers. Blackmailers threaten disclosure of pirates' identities in order to take advantage of the social stigma associated with adult content.<sup>122</sup> Faced with such discovery, pirates are often willing to agree to settlement demands in order to maintain anonymity.<sup>123</sup> Blackmailers want those settlements to occur as early and often—before much discovery and other litigation expenses accrue—in order to see positive financial returns from the creation of content as a litigation tool.<sup>124</sup>

But the courts, for the most part, are not addressing the battle at this basic level. Instead, given the procedural posture of the motions involved in these cases, courts are forced—or perhaps choose—to analyze the conflict as a technical joinder problem. That analysis focuses on BitTorrent technology itself rather than the litigation dynamics.<sup>125</sup> Such a focus creates a fundamental problem in the cases because it engages moral and social questions without the proper framework to answer the questions. In effect, judges are confronted with a substantive choice between pirates and blackmailers. They are forced to ask themselves whom they like better—or perhaps whom they dislike less. And although the answer has far-reaching consequences as to who prevails in the lawsuit, judges tend to frame their orders as allowing for open-ended and future correction.<sup>126</sup> Such framing discounts the power and importance of that choice. The Rule 20 analysis, as applied in this context, allows the courts to abdicate responsibility for the substance of the decision without getting to the true reasoning underlying their decisions.

Innocent defendants aside, what makes this situation especially interesting is that neither group is very sympathetic. Perhaps it is this dislike of both sides that makes a Rule 20 analysis particularly attractive. Rather than make a nearly impossible choice between pirates and blackmailers, judges are able to mask the decision behind Rule 20. But in the real world—where plaintiffs are blackmailers and defendants are pirates—a “same transaction or occurrence” framework does not begin to address the dynamic.<sup>127</sup> Moreover, the large divide in the judiciary on the issue of joinder suggests how ill-equipped Rule 20 is to answer this inquiry and further highlights the need for an analysis more grounded in the reality of the party dynamics.

Not all judges, however, ignore the real issues in favor of making a structural argument about BitTorrent technology as it relates to Rule 20. Some improperly try to fit the actual litigation dynamics into the misjoinder analysis.<sup>128</sup> These judges explicitly note the potential for coercive and improper settlement tactics to be used on innocent

122. See Kravets, *supra* note 114.

123. *Id.*

124. *Id.*

125. See *supra* Part I.

126. Compare *Hard Drive Prods. v. Does 1–188*, 809 F. Supp. 2d 1150, 1165 (N.D. Cal. 2011) (“[S]everance does not preclude Plaintiff from filing individual copyright infringement actions against each Doe Defendant.”), and *Next Phase Distrib., Inc. v. John Does 1–27*, 284 F.R.D. 165, 171 (S.D.N.Y. 2012) (“If [Plaintiff] is able to produce new evidence that overcomes the difficulties of joining John Does . . . in this case, [Plaintiff] may make a motion to join the defendants at that time.”), with *Donkeyball Movie, LLC v. Does 1–171*, 810 F. Supp. 2d 20, 31 (D.D.C. 2011) (allowing a defendant to re-raise the issue of improper joinder later, but noting that “[s]everance prior to [being named as a defendant] . . . is premature”), and *First Time Videos, LLC v. Does 1–500*, 276 F.R.D. 241, 253 (N.D. Ill. 2011) (“[F]uture named defendants will retain the right to raise their arguments in favor of severance at a later time.”). *But cf. supra* note 29 and accompanying text.

127. Rule 20 is re-produced at *supra* note 3.

128. See *In re BitTorrent Adult Film Copyright Infringement Cases*, No. 11-3995, 2012 WL 1570765, at \*12 (E.D.N.Y. May 1, 2012); see also *Media Prods., Inc. v. Does 1–26*, No. 12-3719, 2012 WL 3866492, at \*2 (S.D.N.Y. Sep. 4, 2012).

defendants.<sup>129</sup> But whether a defendant has a defense to an infringement claim goes to the merits and is not a question of joinder. Yet judges have explicitly considered the over-inclusion of innocent defendants as a rationale for severing defendants, given that the initial decision on joinder often determines whether blackmailers get their desired relief.<sup>130</sup> However, this reasoning is only persuasive as to innocent defendants. From a moral perspective, the argument is easy to digest: obviously, judges prefer perceived innocent defendants to blackmailers. But the reasoning ignores the question as to actual pirates. Accordingly, the argument does not squarely address the question of whether to allow lawsuits against actual pirates to proceed.

Despite the apparent wisdom from a policy perspective of considering the real world issues, Rule 20 is ill-equipped to allow for such a line of reasoning. Yet courts continue to use Rule 20 as a mechanism to either dispose of or permit blackmailers' claims against pirates. That reliance is not necessarily the judges' fault. Lawyers have generally presented their arguments as technical Rule 20 issues.<sup>131</sup> One possible reason for the reluctance of the defendants' lawyers to file a motion indicating improper conduct may be those same pressures that coerce many defendants to settle. Just as the client fears being named as a defendant to a suit involving pornography, so too might that client want to keep his name out of a defense alleging blackmail regarding that same content. The lawyer may then face the curious dilemma of having a potentially good defense that his client does not want him to present.<sup>132</sup> Whether due to the judge's choices or the lawyer's framing, the result of the technical Rule 20 approach is a divided judiciary. That division has allowed blackmailers to take advantage of arbitrage opportunities by filing mass lawsuits in jurisdictions more sympathetic to them on the joinder question.

---

129. *Next Phase Distrib.*, 284 F.R.D. at 170; *Digital Sin, Inc. v. Does 1-176*, 279 F.R.D. 239, 242 (S.D.N.Y. 2012).

130. Some scholars have argued that in the case of anonymous speech, the decision whether to permit identification of defendants is "often outcome-determinative" and "may even be the sole relief the plaintiff really desires." Michael S. Vogel, *Unmasking 'John Doe' Defendants: The Case Against Excessive Hand-Wringing Over Legal Standards*, 83 OR. L. REV. 795, 799 (2004). The same principle applies in the file-sharing setting. Once blackmailers are able to obtain the identifying information of pirates, they are able to leverage that information into obtaining settlements. See Larson & Godfread, *supra* note 84, at 343 ("Under our justice system, anonymous Internet defendants are particularly vulnerable because their desire to retain their anonymity often compels them to strike unbalanced settlement agreements."). Their ability to recover on the merits does not matter, because they can raise revenue from the settlements themselves. But if the judge severs all of the defendants, it no longer makes financial sense for blackmailers to file lawsuits. The perpetual motion machine—create and copyright content, sue large numbers of pirates, obtain settlements, and repeat—is shut down.

131. See, e.g., *Opposition to Motion to Sever and Vacate Subpoena, Digital Sin, Inc. v. Does 1-176*, No. 12-126, (S.D.N.Y. Apr. 6, 2012), ECF No. 8; *Motion to Dismiss, Voltage Pictures, LLC v. Does 1-5,000*, No. 10-0873(BAH), (D.D.C. Apr. 19, 2011), ECF No. 136.

132. According to one federal judge, this situation arises from a strange "nexus of antiquated copyright laws, paralyzing social stigma, and unaffordable defense costs." Order Issuing Sanctions at 1, *Ingenuity 13 LLC v. Doe*, No. 12-8333 (C.D. Cal. May 6, 2013). A possible solution to this problem could be to enact legislation similar to that of California's Anti-SLAPP law, CAL. CIV. PROC. CODE §§ 425.16 *et seq.* (West, Westlaw through 2012 legislation), which creates a special motion to strike in lawsuits brought primarily to chill freedom of speech. As the motion to strike is filed immediately after the plaintiff files a complaint, presumably the anonymous defendants would not yet be named in the lawsuit. Based on the pleadings and affidavits provided by the parties, the court reaches a decision on the merits. If the defendants prevail on the motion to strike, they are entitled to attorney's fees and costs. CIV. PROC. § 425.16(c)(1).

## V. ALTERNATIVES TO THINKING ABOUT BLACKMAILERS SUING PIRATES

One approach to thinking about these lawsuits is that pirates ought to be punished. From that perspective, the lawsuits should be allowed to proceed to discovery. Otherwise, if a court finds joinder improper, the dismissed defendants are off the hook.<sup>133</sup> The large cost of filing individual lawsuits against each pirate leaves content producers without a remedy and illicit file-sharing goes unpunished.<sup>134</sup> Accordingly, allowing these lawsuits to go forward would be morally correct under this approach.

Another approach is to think about these lawsuits in light of the goals of our intellectual property regime. From a copyright perspective, the mass litigation model may have some utility, as the practice might actually amplify the deterrence effect on illicit behavior. Historically, copyright law has been used to protect the investments of content producers.<sup>135</sup> Intellectual property protection is designed “to incentivize the creation of useful arts by providing a statutory right and a means of enforcement that would reward authors for their labors.”<sup>136</sup> Illegal downloading, however, may discourage creativity and investment in content production.<sup>137</sup> As long as would-be infringers know about the repercussions of online piracy, the possibility of liability may deter that behavior. In this sense, blackmailers may argue that their ability to sue pirates en masse might ultimately result in a more stable intellectual property rights regime.<sup>138</sup> Such stability is a social good that would otherwise be at risk without an adequate protection mechanism.<sup>139</sup>

Nonetheless, these copyright law arguments, grounded in high-minded language about noble creative pursuits, ultimately face the same reality of the battles being discussed in this note. What these suits have in common is that they involve copyright plaintiffs who have found a way to take advantage of copyright law to turn a profit. While it is unclear how the practice of mass file-sharing suits will ultimately play out procedurally, it may not matter much to the plaintiffs.<sup>140</sup>

Blackmailers are able to create content, not for its intrinsic artistic or commercial value, but merely as a tool to generate coerced settlement revenue.<sup>141</sup> Whether or not they

133. See Siebens *supra* note 79, at 172.

134. See *Arista Records LLC v. Does 1–27*, 548 F. Supp. 2d 240, 252 (D. Me. 2008) (reasoning that without the availability of the mass litigation model, unlawful activity would be allowed to remain hidden). *But cf.* *K-Beech, Inc. v. John Does 1–41*, No. 11-46, 2012 WL 773683, at \*5 (S.D. Tex. Mar. 8, 2012) (severing because “the potential for coercing unjust settlements from innocent defendants trumps [the plaintiff’s] interest in maintaining low litigation costs”).

135. Kathy Bowrey & Matthew Rimmer, *Rip, Mix Burn: The Politics of Peer to Peer and Copyright Law*, 7 FIRST MONDAY, at \*8 (2002).

136. *Media Prods., Inc. v. Does 1–26*, No. 12-3719, 2012 WL 3866492, at \*2 (S.D.N.Y. Sep. 4, 2012). This premise is embodied in the Constitution. See U.S. CONST. art. I, § 8, cl. 8 (“The Congress shall have the power . . . to promote the progress of science and the useful arts, by securing for limited time to authors and inventors the exclusive right to their respective writings and discoveries.”).

137. See Bowrey & Rimmer, *supra* note 135, at \*8 (applying this principle in the context of music production).

138. *Cf. Media Prods.*, 2012 WL 3866492, at \*2 (“Severing the Doe defendants does not destroy the incentive to prosecute infringers who use peer-to-peer protocols; it merely restores the balance that Congress intended . . .”).

139. See Julie E. Cohen, *Pervasively Distributed Copyright Enforcement*, 95 GEO. L.J. 1, 39 (2006) (“[S]ociety as a whole derives important benefits from a stable system of intellectual property protection. Within both markets and firms, intellectual property rights facilitate the productive organization of economic activity, with a variety of attendant welfare gains.”).

140. Swartout, *supra* note 6, at 513.

141. See *id.*

may ultimately prevail on the merits through litigation is inconsequential, since these cases never actually go to trial. Therein lies the problem. Given the financial incentives that come from the ability to obtain settlements from large numbers of people without significant offsetting cost, blackmailers are able to create a perpetual motion machine for revenue-raising. That machine operates regardless of the creativity incentive.<sup>142</sup> This revenue-raising scheme—as well as the tactics that blackmailers use to keep the machinery running—may constitute an abuse of our litigation process.

The Restatement (Second) of Torts describes abuse of process as the use of “a legal process . . . against another primarily to accomplish a purpose for which it is not designed.”<sup>143</sup> Some state courts have allowed a claim for abuse of process when a party uses discovery “for the improper purpose of imposing an added burden and expense on the opposing party in an effort to conclude the litigation on favorable terms,”<sup>144</sup> “to harass the opponent or weaken the opponent’s resolve to pursue the case, or to put information in the public domain that would damage the opponent’s reputation.”<sup>145</sup> Other courts have contemplated an abuse of process claim “if a party prosecutes an ‘entire lawsuit’ for collateral purposes.”<sup>146</sup>

Blackmail litigation tactics were around long before modern technological developments. Laws against analogous types of blackmail date back to at least eighteenth century England.<sup>147</sup> In that era, young men would follow wealthy patrons outside of London theaters and threaten to accuse them of sodomy (which was a capital crime) unless they were paid off.<sup>148</sup> Presumably to avoid both the negative publicity from being associated with such a crime and the possibility of a guilty conviction, those patrons would pay off the blackmailers.<sup>149</sup> To address this problem, Parliament extended the definition of “robbery” to include “obtaining money by threatening to accuse an individual of an ‘unnatural crime.’”<sup>150</sup> An abuse of process counterclaim could operate in much the same way.

142. See *supra* notes 113-119 and accompanying text.

143. RESTATEMENT (SECOND) OF TORTS § 682 (1977).

144. *Givens v. Mullkin ex rel. Estate of McElawney*, 75 S.W.3d 383, 402 (Tenn. 2002) (quoting *Vallance v. Brewbaker*, 411 N.W.2d 808, 810 (Mich. Ct. App. 1987)).

145. Matthew Spohn, *Combating Bad-Faith Litigation Tactics With Claims for Abuse of Process*, 38 COLO. LAW. 31, 33 (2009); see also *Givens*, 75 S.W.3d at 402 (“When the civil discovery procedures are used with the specific and malicious intent to weaken the resolve of the other party, then one may rightfully claim that the procedures are being used to accomplish some end which is without the regular purview of the process.” (internal quotations omitted)); *Bd. of Educ. of Farmingdale Union Free School Dist. v. Farmingdale Classroom Teachers Ass’n*, 343 N.E.2d 278, 283 (N.Y. 1975) (“Where process is manipulated to achieve some collateral advantage, whether it be denominated extortion, blackmail or retribution, the tort of abuse of process will be available to the injured party.”).

146. *Food Lion, Inc. v. United Food & Commercial Workers Int’l Union*, 567 S.E.2d 251, 255 (S.C. Ct. App. 2002) (citing 1 AM. JUR. 2D *Abuse of Process* § 11 (1994) (“[I]f the suit is brought not to recover on the cause of action stated in the complaint, but to accomplish a purpose for which the process was not designed, there is an abuse of process.”)).

147. Intellectual Property Office, *History of Copyright*, DEPARTMENT FOR BUSINESS, INNOVATION & SKILLS, 2013, <http://www.ipo.gov.uk/types/copy/c-about/c-history.htm>.

148. Lethbridge, *supra* note 81, at 218–19.

149. When the same patrons were targeted multiple times, they began to report what had occurred to the authorities. Two such instances were *R. v. Jones* (1776), 1 Leach 139, in which the victim accidentally brushed against the blackmailer in a crowded theater and paid him so as not to be charged with sodomy, and *R. v. Donnally* (1779), 1 Leach 193, in which the victim was accosted in the street and paid the blackmailer’s demand. Lethbridge, *supra* note 81, at 218–19.

150. Lethbridge, *supra* note 81, at 214.

Much like the English blackmailers in the eighteenth century, modern-day blackmailers are employing two strategies to coerce settlements from the Internet pirates: (1) asking for settlements that are less than the cost of defending against (and potentially losing) the lawsuit; and (2) increasing the threat of disclosure of the pirate's name.<sup>151</sup> Alone, there may not be anything inherently wrong with these strategies. Indeed, settlements are often the attractive option *because* parties are able to avoid the expense of prolonged and public litigation. But when combined with our fear that blackmailers are creating content or obtaining copyrights merely as a litigation tool, this behavior begins to look like abuse of process.<sup>152</sup>

Judges and policymakers are in a position to stop these tactics that pervert the goals of our adversary system.<sup>153</sup> Rather than ask them to choose whom they prefer between pirates and blackmailers, policymakers might direct judges to address improper and bad faith litigation tactics; judges could even task the defendants' lawyers with making these arguments instead of Rule 20 ones.

Presenting an abuse of process argument entails showing that the blackmailers willfully used the legal process in a wrongful manner with an ulterior purpose or motive.<sup>154</sup> That argument may be raised as a counterclaim.<sup>155</sup> To make such a showing, pirate-counterclaimants may offer:

any facts or circumstances tending to show the willfulness of the defendant's acts; the relationship between the parties prior to, during, and after the process was allegedly abused; any communications with the defendant or others pertaining to such relationship; [and] any other facts or circumstances pertaining to the defendant's ulterior purpose for using the process allegedly abused.<sup>156</sup>

The pirate-counterclaimants can show the blackmailers' willfulness by demonstrating how blackmailers troll BitTorrent, file lawsuits, harass putative defendants with emails and sometimes phone calls, and demand quick settlements under the threat of greater damages and identity disclosure. Pirate-counterclaimants may buttress that evidence with examples of misrepresentations in settlement demand letters as well as the repeated demands for settlement. They will also need to allege that the lawsuits are being brought as a revenue-raising settlement scheme to demonstrate an ulterior purpose or motive. The fact that

---

151. The analogy to the eighteenth century British legal landscape is especially appropriate given these tactics. First, the cost of settlement there was certainly less than the possible cost of the lawsuit (which could have resulted in death). Second, the privacy incentives were quite similar in the relative social climates, given the stigma that surrounded homosexuality then and pornography today. Third, many of the threats probably concerned false exposure of innocent putative defendants.

152. Abusive discovery tactics may include "coercing a settlement by . . . compelling an opponent to produce confidential, proprietary, or embarrassing information." John H. Beisner, *Discovering a Better Way: The Need for Effective Civil Litigation Reform*, 60 DUKE L.J. 547, 551–52 (2010).

153. The Seventh Circuit has noted "[d]iscovery of sensitive documents is sometimes sought not in a sincere effort to gather evidence for use in a lawsuit but in an effort to coerce the adverse party, regardless of the merits of the suit, to settle it in order not to have to disclose sensitive materials. The use of the liberal discovery provisions of the Federal Rules of Civil Procedure to harass opponents is common, and requires the vigilance of the district judges to prevent." *Marrese v. Am. Acad. of Orthopaedic Surgeons*, 706 F.2d 1488, 1495 (7th Cir. 1983). Although here the discovery is not of documents but rather of names, the sensitivity of the information in this context and the objectives of coercion and harassment are equally applicable.

154. Howard Friedman & Charles J. DiMare, 4 LITIGATING TORT CASES § 50.39 (2012).

155. Beth Bates Holliday, 33 CAUSES OF ACTION 2D 465 § 30 (2007) (citing *Ashley Creek Phosphate Co. v. Chevron USA, Inc.*, 315 F.3d 1245 (10th Cir. 2003)). At least for the initial purpose of raising a counterclaim, the defendants will likely be able to proceed anonymously. *See Lenox Hotel Co. v. Charter Builders, Inc.*, 717 F. Supp. 1558 (N.D. Ga. 1989) (addressing counterclaims filed by both named and anonymous defendants).

156. Holliday, *supra* note 155, at § 32.

blackmailers sue thousands of putative defendants, with the knowledge that a substantial percentage of them are not pirates at all, supports this claim. The lack of any reasonable investigation into whether the purported user being sued is actually the person who pirated copyrighted content supports this claim as well. Evidence that the movies generate little to no revenue from any sales of content would likewise show the litigation motive. Inferences may also be drawn from the fact that the same blackmailers file lawsuits in jurisdictions all over the country regarding the same copyright and multiple lawsuits in a given jurisdiction over other copyrights.<sup>157</sup> They use lawyers that have at times been admonished by the courts for their improper tactics during the course of BitTorrent litigation.<sup>158</sup> Those lawyers make repeated demands for settlement, often refusing to cooperate with putative defendants in any other way.<sup>159</sup> Finally, if pirate-counterclaimants can obtain evidence comparing large settlement revenues to lower actual damages (based on expert testimony) from other copyrights, such evidence could be particularly damaging to the blackmailers' defense.

An abuse of process claim is not easy to prove. But putting forth the allegations brings the issue into the spotlight and may make bad faith rightsholders think twice before initiating lawsuits. Realistically, pirate-counterclaimants may need to only survive a motion to dismiss to deter improper behavior. If the counterclaim survives a motion to dismiss and the parties maintain the litigation, pirate-counterclaimants may then deploy discovery themselves to show that the bad faith plaintiffs' real business is litigation, not movie-making. If they prevail on their abuse of process claim, pirate-counterclaimants may even be able to recover attorney's fees<sup>160</sup> and punitive damages,<sup>161</sup> providing further disincentives for blackmailers to sue in the first place. Moreover, if the court finds after discovery that the plaintiffs were indeed acting in bad faith, blackmailers could be collaterally estopped from bringing future lawsuits of this type.<sup>162</sup> It is possible to imagine that blackmailers might cave very quickly under such circumstances.

If courts and policymakers are willing to consider this type of mass litigation as potential abuse of process, they may begin to consider alternatives that provide relief for good faith rightsholders.<sup>163</sup> We may then begin to see a more equitable distribution of the

---

157. See, e.g., *In re BitTorrent Adult Film Copyright Infringement Cases*, No. 11-3995, 2012 WL 1570765, at \*2 (E.D.N.Y. May 1, 2012) (noting that the same plaintiffs had filed 20 lawsuits in that jurisdiction).

158. See Kashmir Hill, *Porn Copyright Lawyer John Steele, Who Has Sued More Than 20,000 People, Is Now the One in Legal Trouble*, FORBES (Apr. 2, 2013), <http://www.forbes.com/sites/kashmirhill/2013/04/02/trouble-for-porn-copyright-lawyer-john-steele/#abovethelaw> ("It should be clear by now that this court's focus has shifted from protecting intellectual property rights to attorney misconduct." (quoting U.S. District Judge Otis Wright)). When the firm Prenda Law brought a lawsuit in Judge Wright's Los Angeles courtroom, evidence emerged that two of the production companies represented by Prenda—Ingenuity 13 and AF Holdings—were actually shell companies set up by Prenda lawyers. When Judge Wright asked for an explanation of the lawyers' litigation strategy, the lawyers pleaded the Fifth Amendment. Hiltzik, *supra* note 89. In a subsequent court order, Judge Wright cited evidence of the type of conduct referred to in this note to assess sanctions under the court's inherent authority on the plaintiffs and their lawyers. The court awarded attorney's fees in the amount of \$81,320 and referred the matter to the U.S. Attorney's Office for investigation. Order Issuing Sanctions, *Ingenuity 13 LLC v. Doe*, No. 12-8333 (C.D. Cal. May 6, 2013).

159. See, e.g., *In re BitTorrent Adult Film*, 2012 WL 1570765, at \*9 (noting how instead of taking up the offer of a Doe defendant to look through his computer and employment records as proof of innocence, the plaintiffs instead kept pressuring a settlement).

160. See Holliday, *supra* note 155, at § 11.

161. See *id.* at § 35.

162. *Id.*

163. For some alternatives to the mass litigation model as it currently exists, see *id.* (removal of statutory damages); Annemarie Bridy, *Is Online Copyright Enforcement Scalable?*, 13 VAND. J. ENT. & TECH. L. 695, 726 (2011) (voluntary "notice-forwarding" agreements between rightsholders and ISPs); Larson & Godfreed, *supra*

relative bargaining power between the parties and a more level playing field between pirates and blackmailers.

## CONCLUSION

Mass BitTorrent litigation over adult content highlights the power of procedural mechanisms to affect the outcome of a case. Sometimes, however, reliance on those mechanisms is inappropriate. When the procedural mechanisms do not provide an adequate framework to account for the underlying litigation dynamics, we see inequitable and inconsistent results in the courts' treatment of the cases. Reliance on a Rule 20 analysis has led courts to frame the issue here as one about the mechanics of file-sharing technology. But these cases are not really about technology. They are about people, money, litigation dynamics, and the incentives that guide conduct and decision-making.

The war between pirates and blackmailers has endured and will continue to endure into the future. The technological platform on which these adversaries fight will continue to change. Regardless of the choice of battlefield, courts must choose between two unsympathetic groups, both of whom are engaged in or accused of morally suspect behavior. A "same transaction or occurrence" analysis is ill-equipped to make sense out of this choice.

By questioning bad faith litigation tactics, lawyers, courts, and policymakers can use an abuse of process framework to address blackmailers' conduct before irreparable harm has been done. Exposure of those tactics might be the impetus necessary both to discourage bad faith plaintiffs from continuing this course of action and to encourage good faith plaintiffs to pursue other non-litigation avenues for relief. In this way, true intellectual property may be protected, and bad faith plaintiffs will not receive a windfall at the expense of less powerful individuals.

---

note 84, at 349–51 (heightened pleading requirements); Joe Cox et al., *Seeders, Leechers, and Social Norms: Evidence From the Market for Illicit Digital Downloading*, 22 *ECONOMICS & POLICY* 299, 305 (2010) (campaigns highlighting the moral implications of piracy); Sonia K. Katyal, *Privacy v. Piracy*, 7 *YALE J. L. & TECH.* 222, 277–78 (2005) (direct ISP enforcement through "notice and takedown" provisions); Lior Jacob Strahilevitz, *Charismatic Code, Social Norms, and the Emergence of Cooperation on the File-Swapping Networks*, 89 *VA. L. REV.* 505, 588–90 (2003) (legislation mandating an "incremental charging scheme" on residential uploading).



# Defining the Modern Right of Publicity

Alex Wyman\*

## INTRODUCTION

Thanks to the modern right of publicity, a person's identity has become a valuable commodity. Originally derivative of the privacy right of appropriation,<sup>1</sup> the right of publicity now protects the use of one's "name, likeness, or other indicia of identity for purposes of trade."<sup>2</sup> The right as currently construed was developed in 1953 by the Second Circuit in a case involving the right of baseball players to license their names and images for use in baseball cards.<sup>3</sup> Today, it is recognized in almost every state,<sup>4</sup> and it is asserted primarily to allow celebrities to "profit from the full commercial value of their identities."<sup>5</sup> Moreover, with the growth of the entertainment industry and the addition of new forms in which to exploit the likenesses of celebrities,<sup>6</sup> the right of publicity has expanded significantly in recent years.

Putting aside the merits of even recognizing a right of publicity,<sup>7</sup> the framework for litigating this right has become impossibly muddled. This environment should be surprising to no one, as a plaintiff's right of publicity—a right with national and even international implications depending on the marketability of the plaintiff's personality—may be litigated in fifty different ways depending on which state's law is applied. The consequences of this confusion are far-reaching and have become more troubling as the right of publicity has expanded. In many cases, courts and parties alike are unsure which state's law applies or even whether a plaintiff's right of publicity is covered by whichever statute is applied.<sup>8</sup>

---

\* Law Clerk to the Honorable Beverly Reid O'Connell, United States District Court for the Central District of California; J.D., University of Virginia School of Law; A.B., Princeton University. The views expressed are those of the author only and do not reflect the views of Judge Reid O'Connell or the Central District of California.

1. See J. THOMAS MCCARTHY, *THE RIGHTS OF PUBLICITY AND PRIVACY* § 1:23 (2d ed. 2013).

2. RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 46 (1995).

3. See *Haelan Labs., Inc. v. Topps Chewing Gum, Inc.*, 202 F.2d 866, 868 (2d Cir. 1953). See generally J. Gordon Hylton, *Baseball Cards and the Birth of the Right of Publicity: The Curious Case of Haelan Laboratories v. Topps Chewing Gum*, 12 MARQ. SPORTS L. REV. 273 (2001) (discussing the history and implications of the case).

4. See, e.g., CAL. CIV. CODE § 3344 (West 2012); IND. CODE ANN. § 32-36-1-8 (West 2013); TENN. CODE ANN. § 47-25-1104 (West 2013). Some states recognize the right as a common law right of action, and other states recognize only a form of the right of publicity in the privacy right appropriation. See MCCARTHY, *supra* note 1, § 6:1.

5. *Cardtoons L.C. v. Major League Baseball Players Ass'n*, 95 F.3d 959, 968 (11th Cir. 1996).

6. Two recent cases, for instance, deal with the use of avatars in videogames. See *In re NCAA Student-Athlete Name & Likeness Licensing Litig.*, 724 F.3d 1268 (9th Cir. 2013); *Hart v. Elec. Arts, Inc.*, 717 F.3d 141 (3d Cir. 2013).

7. A number of scholars have opposed the right of publicity altogether, particularly when it is applied outside the realm of commercial advertising. See, e.g., Stacey L. Dogan & Mark A. Lemley, *What the Right of Publicity Can Learn from Trademark Law*, 58 STAN. L. REV. 1161, 1188 (2006); Michael Madow, *Private Ownership of Public Image: Popular Culture and Publicity Rights*, 81 CALIF. L. REV. 127, 238 (1993); Eugene Volokh, *Freedom of Speech and the Right of Publicity*, 40 HOUS. L. REV. 903, 911 (2003).

8. See J. Eugene Salomon, Jr., Note, *The Right of Publicity Run Riot: The Case for a Federal Statute*, 60 S. CAL. L. REV. 1179, 1180–84 (1987) (discussing several cases where choice of law was an issue).

Perhaps the most significant consequence, however, is the chilling effect this expansive yet varied treatment of the right of publicity could have on First Amendment rights.

This article explores these results and argues that the time has come for a federal right of publicity. Part I examines the state of right of publicity law and discusses the current problems resulting from the lack of uniformity in how it is applied. Part II explains why existing federal law is inadequate in addressing right of publicity concerns. Finally, Part III analyzes the emerging implications of the right of publicity's encroachment onto First Amendment rights and argues that any federal right of publicity must be narrowly drawn in order to avoid chilling free speech.

## I. THE CURRENT STATE OF THE RIGHT OF PUBLICITY

Although the right of publicity is still a relatively new cause of action,<sup>9</sup> this area of the law already faces a number of problems. Primarily, these problems result from the varied approaches taken by both state and federal courts in addressing right of publicity claims. This lack of uniformity across court systems prevents parties from knowing when liability from the right of publicity attaches and, of equal importance, when it ends.

### A. THE VARYING APPROACHES ACROSS JURISDICTIONS

First and foremost, the right of publicity is inconsistently applied because its regulation has been delegated to the states.<sup>10</sup> Ordinarily, state control over a property interest<sup>11</sup> such as the right of publicity would be appropriate. Like copyright, however, the right of publicity carries implications that far exceed the boundaries of any given state.<sup>12</sup> It therefore matters to parties in California what the right of publicity laws of New Jersey are.<sup>13</sup> This system would be workable if the laws across states were roughly parallel, but unfortunately that is not the case. Instead, state laws governing the right of publicity are decidedly varied. Some states have codified the Restatement approach to appropriation, which recognizes a right of action "when the defendant makes use of the plaintiff's name or likeness for his own purposes and benefit, even though the use is not a commercial one, and even though the benefit sought to be obtained is not a pecuniary one."<sup>14</sup> Other states have enacted a narrower statute that proscribes only the use of one's name or likeness in

---

9. See *Haelan Labs., Inc. v. Topps Chewing Gum, Inc.*, 202 F.2d 866, 868 (2d Cir. 1953) (recognizing the right of publicity for the first time).

10. See *ETW Corp. v. Jireh Publ'g, Inc.*, 332 F.3d 915, 928 (6th Cir. 2003); see also MCCARTHY, *supra* note 1, § 6:1 (introducing the law of the states).

11. The right of publicity has largely been viewed as a property interest since the Second Circuit's holding in *Haelan Laboratories*. Courts across the country have treated it as such. See, e.g., *Almeida v. Amazon.com, Inc.*, 456 F.3d 1316, 1323–24 (11th Cir. 2006) (applying Florida law); *Herman Miller, Inc. v. Palazzetti Imps. & Exps., Inc.*, 270 F.3d 298, 325 (6th Cir. 2001) (applying Michigan law); *Midler v. Ford Motor Co.*, 849 F.2d 460, 463 (9th Cir. 1988) (applying California law); *Prima v. Darden Rests., Inc.*, 78 F. Supp. 2d 337, 345 (D.N.J. 2000) (applying New Jersey law); *State ex rel. Elvis Presley Int'l Mem'l Found. v. Crowell*, 733 S.W.2d 89, 97 (Tenn. Ct. App. 1987) (applying Tennessee law); see also MCCARTHY, *supra* note 1, § 10:7.

12. See Salomon, *supra* note 8, at 1193 (discussing the "national effect of the right of publicity").

13. See *Hebrew Univ. of Jerusalem v. Gen. Motors LLC*, 878 F. Supp. 2d 1021, 1027 (C.D. Cal. 2012) (applying New Jersey law).

14. RESTATEMENT (SECOND) OF TORTS § 652C, cmt. b (1977).

advertising.<sup>15</sup> The outcome of any particular case may therefore vary greatly depending on which state's law is applied.

Similarly, courts interpreting this right of action have disagreed on how best to determine liability. Recently, the Third and Ninth Circuits adopted a test for determining liability that asks "whether the work sufficiently transforms the celebrity's identity or likeness."<sup>16</sup> This test, which was adopted from the California Supreme Court's opinion in *Comedy III Products v. Gary Saderup*,<sup>17</sup> draws from the "fair use" defense in copyright law and is known as the "transformative use" test.<sup>18</sup> By contrast, the Second and Sixth Circuits have applied what is known as the *Rogers* test, which asks whether the use of a celebrity's name or likeness was "wholly unrelated to the [defendant's work] or was simply a disguised commercial advertisement for the sale of goods or services."<sup>19</sup> Finally, the Eighth and Tenth Circuits have employed a balancing approach that weighs the celebrity's interest in his or her publicity against the public's interest in freedom of expression.<sup>20</sup> The inconsistencies in both the laws and the application of these laws have consequently led to a number of problems in the right of publicity context.

## B. CURRENT PROBLEMS RESULTING FROM INCONSISTENT APPLICATION OF THE RIGHT OF PUBLICITY

Although the most significant consequence of this inconsistent application concerns the right of publicity's encroachment on First Amendment rights,<sup>21</sup> it has also caused troublesome complications in two other realms. The first of these concerns what is known as the "descendible right of publicity."<sup>22</sup> In many states, the right of publicity survives death,<sup>23</sup> so parties can assert a right of publicity claim based on an inherited property interest in another's name or likeness.<sup>24</sup> As a result, these laws have spawned a market for the rights of publicity for celebrities around the country. Due to the lack of uniformity of right of publicity laws across states, many of which have yet to address the contours of a postmortem right of publicity, this market lacks any guidelines under which to operate.

The recent case of *Hebrew University of Jerusalem v. General Motors* provides an illustrative example.<sup>25</sup> There, General Motors ("GM") used an image of Albert Einstein's face in a magazine advertisement for one of GM's new cars.<sup>26</sup> Because the Hebrew

15. See *Gauck v. Karamian*, 805 F. Supp. 2d 495, 501 (W.D. Tenn. 2011) (discussing Tennessee's statute).

16. *Hart v. Elec. Arts, Inc.*, 717 F.3d 141, 163 (3d Cir. 2013); *accord In re NCAA Student-Athlete Name & Likeness Licensing Litig.*, 724 F.3d 1268, 1276 (9th Cir. 2013).

17. *Comedy III Prods., Inc. v. Gary Saderup, Inc.*, 21 P.3d 797, 804–08 (Cal. 2001).

18. See *Hart*, 717 F.3d at 158.

19. *Rogers v. Grimaldi*, 875 F.2d 994, 1004 (2d Cir. 1989); *Parks v. LaFace Records*, 329 F.3d 437, 461 (6th Cir. 2003) (internal quotation marks omitted).

20. *C.B.C. Distrib. & Mktg., Inc. v. Major League Baseball Advanced Media, L.P.*, 505 F.3d 818, 823 (8th Cir. 2007); *Cardtoons, L.C. v. Major League Baseball Players Ass'n*, 95 F.3d 959, 970–72 (10th Cir. 1996).

21. See *infra* Part III.

22. See generally J. Steven Bingman, Comment, *A Descendible Right of Publicity: Has the Time Finally Come for a National Standard?*, 17 PEPP. L. REV. 933 (1990).

23. This is in contrast to reputational protections such as defamation, which are extinguished upon death. RESTATEMENT (SECOND) OF TORTS § 560 (1977).

24. See, e.g., CAL. CIV. CODE § 3344.1 (West 2013).

25. *Hebrew Univ. of Jerusalem v. Gen. Motors LLC*, 903 F. Supp. 2d 932 (C.D. Cal. 2012).

26. *Id.* at 932.

University of Jerusalem claimed to have inherited Einstein's right of publicity, it argued that GM had violated its descendible postmortem right of publicity.<sup>27</sup> Although both parties agreed that New Jersey law was controlling, New Jersey law did not provide any guidelines for the duration of a postmortem right of publicity.<sup>28</sup> Without any guidance as to what duration the New Jersey Supreme Court would apply, the court considered public policy, copyright provisions, and, most importantly, the postmortem durations from other states in determining that the time period should be no more than fifty years after a celebrity's death.<sup>29</sup> A fifty-year duration, the court reasoned, "appropriately reflects the balance between meaningful enforcement of the right of publicity after a famous individual's death and the public's interest in free expression," and "aligns with the majority of current state statutes limiting the right's postmortem duration."<sup>30</sup>

*Hebrew University* demonstrates the problem underlying right of publicity law today. Without clear guidance from the Supreme Court or Congress on how to adjudicate right of publicity claims, courts are forced to resort to guesswork and compromise, thus creating a muddled, incomprehensible, and eventually unworkable legal framework. Furthermore, for every question that a right of publicity case addresses, it leaves many more unanswered. For instance, while *Hebrew University* addressed the duration of a descendible right of publicity, it failed to address arguably more troubling issues involving a postmortem application of the right, including: If such a property interest is descendible, then it must be subject to estate taxes. If the answer is yes, does this mean that the heirs of every celebrity are automatically subject to inheritance taxes for the decedent's right of publicity? Additionally, how should such taxes be calculated? And perhaps the question of most concern—how might one prohibit one's name or likeness from being exploited after death? A general tenet of estate law prohibits a testator from destroying a property interest by will.<sup>31</sup> So if one's right of publicity is a property interest, and if it is a descendible property interest, then celebrities cannot prevent their heirs from exploiting their names and likenesses, or from transferring the right to do so after their death.<sup>32</sup> No court has addressed these questions.

Another issue exacerbated by the confusion among states and courts is exactly who may assert the right of publicity. Specifically, there is no consensus on whether the right of publicity is reserved for celebrities or whether all individuals have such a right. The implications of this question are enormous, yet statutes are silent on this issue, and judges continue to differ in their interpretation of the law. Some courts, for instance, have found the right of publicity to "reserve to a *celebrity* the personal right to exploit the commercial value of his own identity."<sup>33</sup> Other courts allow a private right of action where the plaintiff can show that his likeness had "commercial value" and that he intended to profit from that value.<sup>34</sup> Moreover, while it may seem obvious to a casual observer that a celebrity would

27. *Id.* at 932–33.

28. *Id.* at 933.

29. *Id.* at 936–42.

30. *Id.* at 942.

31. See, e.g., Lior Jacob Strahilevitz, *The Right to Destroy*, 114 YALE L.J. 781, 838 (2005) ("As a general matter, the law recoils at the idea of allowing the dead hand to destroy property.")

32. This issue is particularly problematic because it undermines one of the most important policy reasons behind having a right of publicity in the first place: the right to autonomous self-definition. See generally Mark P. McKenna, *The Right of Publicity and Autonomous Self-Definition*, 67 U. PITT. L. REV. 225, 231 (2005) (exploring the ability to define one's own identity as one of the primary purposes of the right of publicity).

33. *Stanford v. Caesars Entm't, Inc.*, 430 F. Supp. 2d 749, 756 (W.D. Tenn. 2006) (emphasis added) (quoting *Landham v. Lewis Galoob Toys, Inc.*, 227 F.3d 619, 624 (6th Cir. 2000)).

34. See *Cheatham v. Paisano Publ'ns, Inc.*, 891 F. Supp. 381, 386–87 (W.D. Ky. 1995).

have “commercial value” in his or her likeness, a Third Circuit judge recently identified gray areas even in this distinction. In *Hart v. Electronic Arts*—in which the court found that college athletes have a cognizable right of publicity claim against Electronic Arts for its use of the players’ avatars in their video game—Judge Ambro in dissent raised the important point that the plaintiffs were amateur football players who, “unlike their active professional counterparts, . . . are not compensated for EA’s use of their likenesses in its video games.”<sup>35</sup> So famous college football players can both be celebrities and personally have no “commercial value” in their likeness. How courts should deal with such situations and how parties can insulate themselves against liability when using another’s name or likeness are questions that remain unanswered by the current patchwork of right of publicity state laws.

## II. OVERLAP OF THE RIGHT OF PUBLICITY WITH FEDERAL LAW

In addition to the confusion resulting from conflicting state approaches on the issue, some courts and commentators have considered it appropriate to apply various existing federal laws to situations involving the right of publicity.<sup>36</sup> Regardless of whether they believed that federal law applied because it provided a federal analog to the right of publicity or because they believed it preempted the state right of publicity, application of federal law in this field has only muddied the water further.

The first area in which this issue has arisen regards the Lanham Act.<sup>37</sup> Perhaps in search of a means to avoid navigating the labyrinth of state laws on the matter, some courts have reasoned that “a Lanham Act false endorsement claim is the federal equivalent of the right of publicity.”<sup>38</sup> Section 43(a) of the Lanham Act, which applies to trademarks, prohibits false designation of origin and false advertising.<sup>39</sup> But it also has been extended to allow celebrities to assert claims for the unauthorized use of their names or likenesses on the basis that “they possess an economic interest in their identities akin to that of a traditional trademark holder.”<sup>40</sup> Due to the similarity in analysis, some courts have conflated the two doctrines by applying a test ordinarily reserved for Lanham Act false endorsement claims—a test taken from the Second Circuit case of *Rogers v. Grimaldi*<sup>41</sup>—to right of publicity actions.<sup>42</sup>

Transplanting the Lanham Act framework to the right of publicity context provides an inadequate federal approach for two primary reasons. First, multiple circuit courts have decided that the Lanham Act analysis is inadequate in this context. Recently, both the Third and Ninth Circuits rejected the *Rogers* test in the context of a right of publicity claim, finding Lanham Act and right of publicity claims to be sufficiently dissimilar to warrant

35. *Hart v. Elec. Arts, Inc.*, 717 F.3d 141, 171 (3d Cir. 2013) (Ambro, J., dissenting).

36. *See, e.g., Landham*, 227 F.3d 619 (6th Cir. 2000).

37. Lanham Act, 15 U.S.C. § 1051 *et seq.* (2012).

38. *ETW Corp. v. Jireh Publ’g, Inc.*, 332 F.3d 915, 924 (6th Cir. 2003).

39. 15 U.S.C. § 1125(a).

40. *Parks v. LaFace Records*, 329 F.3d 437, 445 (6th Cir. 2003); *accord ETW Corp.*, 332 F.3d at 924; *Romantics v. Activision Publ’g, Inc.*, 574 F. Supp. 2d 758, 768 (E.D. Mich. 2008); *Rogers*, 875 F.2d at 1004–05; *O’Grady v. Twentieth Century Fox Film Corp.*, No. 5:02 CV 173, 2003 WL 24174616 (E.D. Tex. Dec. 19, 2003).

41. *Rogers*, 875 F.2d 994. Under the *Rogers* test, the right of publicity does not “bar the use of a celebrity’s name in a movie title unless the title was wholly unrelated to the movie or was simply a disguised commercial advertisement for the sale of goods or services.” *Id.* at 1004.

42. *Parks*, 429 F.3d at 461.

separate analyses.<sup>43</sup> Even the Sixth Circuit, which initially adopted the *Rogers* test in a right of publicity context in *Parks v. LaFace Records*, decided a right of publicity action under a different analysis less than a month later in *ETW Corp. v. Jireh Publishing*.<sup>44</sup>

Second, and more importantly, treating the right of publicity as equivalent to the Lanham Act is inappropriate because the two doctrines address very distinct problems. Specifically, the Lanham Act's analysis focuses on "protect[ing] consumers from the risk of consumer confusion—the hallmark element of a Lanham Act claim."<sup>45</sup> By contrast, the right of publicity grants protection over the use of one's name or likeness irrespective of the possibility of consumer confusion.<sup>46</sup> "Indeed, therein lies the weakness of comparing the right of publicity to trademark protections: the right of publicity is broader and, by extension, protects a greater swath of property interests."<sup>47</sup> Thus, to the extent that we may rely on federal law to adjudicate right of publicity claims, we must look further than the Lanham Act.

The other field of federal law commonly applied by courts in this context is copyright law. The application of copyright law in right of publicity claims is often advocated by defendants who (usually unsuccessfully) argue that the right of publicity cause of action is preempted by copyright law.<sup>48</sup> Section 301 of the Copyright Act mandates that all state causes of action protecting rights that are "equivalent to" the rights protected under the Act are preempted by copyright law.<sup>49</sup> In determining whether a state law claim is preempted, a court will engage in a two-part inquiry. First, the court asks whether the "subject matter" of the state cause of action "falls within the ambit of copyright protection."<sup>50</sup> If it does, the court then asks whether the rights being asserted are "equivalent to" those afforded by Section 106 of the Copyright Act.<sup>51</sup> While certain right of publicity claims should be re-characterized as copyright claims, the majority of courts presented with this argument have properly held the inquiries to be distinct: "The subject matter of [plaintiffs'] statutory and common law right of publicity claims is their names and likenesses. A person's name or likeness is not a work of authorship within the meaning of 17 U.S.C. § 102."<sup>52</sup>

Nevertheless, although courts have generally rejected copyright law's dominion over right of publicity claims, many have incorporated copyright principles into the right of publicity as if the two inquiries were the same. For instance, most of the courts that have rejected application of the *Rogers* test have instead adopted what is known as the "transformative use" test, which was taken from the California Supreme Court case *Comedy*

43. See *Hart v. Elec. Arts, Inc.*, 717 F.3d 141, 163 (3d Cir. 2013); *In re NCAA Student-Athlete Name & Likeness Licensing Litig.*, 724 F.3d 1268, 1276 (9th Cir. 2013).

44. *ETW Corp.*, 332 F.3d at 937.

45. *NCAA Student-Athlete*, 724 F.3d at 1280.

46. See *Rogers*, 875 F.2d at 1004.

47. *Hart*, 717 F.3d at 158.

48. See MCCARTHY, *supra* note 1, § 11:50.

49. 17 U.S.C. § 301(a) (2012).

50. *Nat'l Basketball Ass'n v. Motorola, Inc.*, 105 F.3d 841, 848 (2d Cir. 1997) (quoting *Harper & Row, Inc. v. Nation Enters.*, 723 F.2d 195, 200 (2d Cir. 1983), *rev'd on other grounds*, 471 U.S. 539 (1985)). Subject matter falls within the range of copyright protection if it is covered under Sections 102 or 103 of the Copyright Code, meaning that it is either one of the eight enumerated categories in Section 102 or a compilation of elements satisfying the requirements of Section 103. See *Nat'l Basketball Ass'n*, 105 F.3d at 850 (discussing 17 U.S.C. §§ 102, 103).

51. See *Jules Jordan Video, Inc. v. 144942 Canada Inc.*, 617 F.3d 1146, 1153 (9th Cir. 2010); *Laws v. Sony Music Entm't, Inc.*, 448 F.3d 1134, 1137–38 (9th Cir. 2006). Section 106 of the Copyright Act grants a copyright holder several exclusive rights over the copyrighted work. 17 U.S.C. § 106.

52. *Downing v. Abercrombie & Fitch*, 265 F.3d 994, 1004–05 (9th Cir. 2001) (citation omitted).

*III Products v. Gary Saderup*.<sup>53</sup> In *Comedy III*, the court applied a modified version of copyright law's "fair use" analysis to determine whether the right of publicity has been infringed.<sup>54</sup> Specifically, the court decided to apply only the first factor of the fair use analysis, which asks "whether the new work merely 'supersede[s] the objects' of the original creation, or instead adds something new, with a furthered purpose or different character, altering the first with new expression, meaning, or message; it asks, in other words, whether and to what extent the new work is 'transformative.'"<sup>55</sup> A number of courts have adopted this test in right-of-publicity actions, including the two recent Third and Ninth Circuit opinions that rejected the *Rogers* test.<sup>56</sup> While this approach at least affords courts more flexibility in balancing the right-of-publicity claims,<sup>57</sup> it nevertheless suffers from the same problem as the *Rogers* test. Just as the Lanham Act seeks to protect consumers against consumer confusion, the Copyright Act seeks to protect expression against infringement.<sup>58</sup> Neither of these statutes is intended to protect the subject matter of the right of publicity, which is a person's identity.

Because neither the Lanham Act nor the Copyright Act addresses the protectable rights inherent in the right of publicity, neither act can adequately protect them. Similarities in subject matter are insufficient to justify lumping an entirely distinct right of action with a constitutional or statutory-based law that serves a different purpose. As the entertainment industry continues to grow, technology continues to expand the ability to exploit celebrities' likenesses in new ways, and social media takes our focus far beyond the state level, the need for consistent federal treatment of this right of action is more urgent than ever before.

### III. FIRST AMENDMENT CONCERNS AND THE NEED FOR A NARROW RIGHT OF PUBLICITY

While all of the problems identified in Part I are worrisome, perhaps the most significant issue raised by the expansion of the right of publicity is the restriction of the First Amendment right to free speech. This is by no means a new concern, but as the scope of this right of action continues to grow, it infringes upon First Amendment rights to an increasingly alarming degree. It is this problem, more than anything else, which demands a federal right of publicity to delineate clearly the contours of this cause of action. It is this problem that demands that the right be narrowly drawn.

Practically, the right of publicity gives rise to a cause of action to only a small subset of the population, since only celebrities typically bring right of publicity claims.<sup>59</sup> Celebrities, however, "are an important element of the shared communicative resources for our cultural domain," and "[r]estricting the use of celebrity identities restricts the

---

53. *Comedy III Products v. Gary Saderup*, 21 P.3d 797, 804–08 (Cal. 2001).

54. *Id.* at 808.

55. *Id.* (citing *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 579 (1994)).

56. See *Hart v. Elec. Arts, Inc.*, 717 F.3d 141, 165 (3d Cir. 2013); *In re NCAA Student-Athlete Name & Likeness Licensing Litig.*, 724 F.3d 1268, 1273–74 (9th Cir. 2013).

57. *Hart*, 717 F.3d at 163.

58. See generally 17 U.S.C. § 102 (2012) (enumerating the forms of expression that the Copyright Act protects).

59. While it is unclear whether non-celebrities can bring a right of publicity action, see *supra* notes 33–35 & accompanying text, the practical result of the protected subject matter is that the vast majority of these cases involve celebrity plaintiffs.

communication of ideas.”<sup>60</sup> Many of our recent creative developments depict the images or personalities of celebrities, whether it is an Andy Warhol-style painting or a movie such as *The Social Network*. Most would agree that these are works that the First Amendment should protect. In contrast, there are other uses of celebrity personalities such as commercial advertising that most would agree fall outside the ambit of the First Amendment. Then there are all the works that fall in the middle, and it is these works that are increasingly the subject of controversy in right of publicity cases. While many courts may attempt to draw distinctions between these works to justify the First Amendment’s coverage of some but not others, it is an incredibly difficult task with which to charge artists or even companies who intend to use a celebrity’s likeness, particularly without any meaningful guidance from the Supreme Court or Congress.<sup>61</sup>

Thus, while the results from cases like *Hart* and *NCAA Student-Athlete*—where the Third and Ninth Circuits expanded the right of publicity to protect the use of student-athletes’ likenesses in videogames—may seem justified by the inherent inequity of college players not getting paid for the commercial use of their likenesses, such rulings also facilitate the right of publicity’s continued infringement into the First Amendment domain. They do so by making it much more likely that expressive works depicting real people can be subject to right of publicity lawsuits and even liability.<sup>62</sup> Though the videogames in these cases depicting football players obviously financially benefit the games’ creators, so too do movies, artwork, novels, and other expressive works that we commonly regard as centerpieces of First Amendment protection. Extending liability for a lifelike portrayal of a football player in a videogame, for instance, makes it much more likely that a court could find liability for a lifelike portrayal of an individual in a movie, such as *The Social Network* or *A Beautiful Mind*. In short, these cases exponentially increase the chances that filmmakers, videogame creators, biographers, journalists, and others will choose to censor themselves rather than risk liability arising from the nebulous right of publicity laws. It is this self-censorship that is causing the right of publicity to infringe on First Amendment rights.

Whether this infringement remains at a degree we may deem “acceptable” is entirely unclear. The “transformative use” test that these cases favor is both vague and unpredictable, as it depends wholly on whether the judge deems a work of art to have a sufficient “creative contribution.”<sup>63</sup> Indeed, the test creates liability anytime the artist’s “undeniable skill is manifestly subordinated to the overall goal of creating literal, conventional depictions of [a celebrity] so as to exploit [the celebrity’s] fame.”<sup>64</sup> Yet it gives no guidance for determining when skill is “subordinated” in such a way, and by its own terms it discounts the creativity inherent in works like impersonation or imitation.

---

60. *Cardtoons, L.C. v. Major League Baseball Players Ass’n*, 95 F.3d 959, 972 (10th Cir. 1996); see also Volokh, *supra* note 7, at 908 (“Real people, dead or alive, are important subjects of discussion, in fiction as well as in news reporting.”).

61. The Supreme Court’s sole contribution to this field of law came in 1977 in the case of *Zacchini v. Scripps-Howard Broadcasting Co.*, 433 U.S. 562, 574–75 (1977), in which the Court declared that a television network’s broadcasting of a performer’s entire act was not covered by the First Amendment. In making this ruling, however, the Court was careful not to delineate the boundaries of the First Amendment’s coverage on this issue. See *id.* (“Wherever the line in particular situations is to be drawn between media reports that are protected and those that are not, we are quite sure that the First and Fourteenth Amendments do not immunize the media when they broadcast a performer’s entire act without his consent.”).

62. See Adam Liptak, *When It May Not Pay to Be Famous*, N.Y. TIMES, June 1, 2013, at SR4 (quoting Jake Schatz, a lawyer for Electronic Arts in the *Hart* case).

63. *Comedy III*, 21 P.3d at 811.

64. *Id.*



Moreover, while such subjective determinations are sometimes acceptable for narrow determinations in the copyright context, they are dangerously variable for a field of law that requires “well-defined and narrowly limited” contours.<sup>65</sup> Thus, instead of helping define the First Amendment’s boundaries, this recent and increasing application of the transformative use test only blurs the lines.

This trend away from First Amendment certainty is unacceptable. While the celebrity’s protectable right of publicity is on the rise, so too, with recent advances in technology and the access of celebrities in social media, is our ability to create expressive works featuring them. It is thus true, now more than ever, that “[t]he right of publicity . . . diminishes the range of artistic expression that people can view, as well as the range that they can create.”<sup>66</sup> As a result, we need a federal right of publicity not just to clarify the mess of laws on the subject, but also to restrain the right to prevent it from impinging on our constitutional rights any further.

## CONCLUSION

A person’s identity is certainly important to that individual. When the individual has become famous or successful enough such that the person’s identity or personality is marketable, the law rightfully protects the financial benefit derived from that marketability. But with no clear framework for determining whether this right of publicity has been violated, and with an increasing number of opportunities to exploit celebrity personalities, we run the risk of allowing this protection to eclipse more fundamental rights. As courts continue to expand the right of publicity cause of action, this risk is broadened, and the right of publicity inches closer to extending well beyond its justifiable reach. To curtail this danger and provide certainty to courts and parties alike, we need input from a higher authority. Until the Supreme Court takes up a right of publicity case addressing the significant gray areas in this field of law, or until Congress finally passes legislation on this rapidly expanding right, we will be unable to determine its scope. In short, we need one right of publicity—not fifty.

---

65. *United States v. Stevens*, 559 U.S. 460, 468 (2010) (quoting *Chaplinsky v. New Hampshire*, 315 U.S. 568, 571–72 (1942)); *accord* *Bleistein v. Donaldson Lithographing Co.*, 188 U.S. 239, 251 (1903) (“It would be a dangerous undertaking for persons trained only to the law to constitute themselves final judges of the worth of pictorial illustrations, outside of the narrowest and most obvious limits.”).

66. Volokh, *supra* note 7, at 924.



# Mark My Word: Trademark Your Band Name

Tristan Griffin

## INTRODUCTION

The Doors, The Eagles, Lynyrd Skynyrd, Fleetwood Mac, Boston, Deep Purple, Guns N' Roses, Pink Floyd, Twisted Sister, Steppenwolf, J. Geils Band, Black Flag, Great White, The Beach Boys, Rare Earth, The Kingsmen, Supernova, The Clovers, and Exposé. No, this list of bands is not an excerpt from this year's line up at Coachella. This is a non-exhaustive list of bands that have been involved in a trademark dispute regarding their band name over the past half-century. Trademark usage and infringement in the music industry is not a novel concept.<sup>1</sup> Disputes over the rights to band names have been around for several years and are fairly common in the music industry. This paper will delve into how trademark usage and infringement affects those in the music industry and in particular, those seeking to protect their band name, but first, it will outline the basics of trademark law.

## I. TRADEMARK BASICS

A trademark is a word, phrase, symbol, and/or design that identifies and distinguishes the source of the goods of one party from others.<sup>2</sup> For example, both “McDonald’s” and the well known golden arches symbol are trademarked by The McDonald’s Corporation and serve to distinguish their products from the products of their competitors.<sup>3</sup> Additionally, the term “trademark” is often used to refer to both trademarks and service marks.<sup>4</sup> “A service mark is a word, phrase, symbol or design, or a combination thereof that identifies and distinguishes the source of a service rather than goods.”<sup>5</sup> With respect to the music industry, a band name may function as a service mark for “entertainment services in the nature of performances by a musical group” if it is used to identify live performances, but it may also serve as a trademark if it is used to identify goods in the form of CDs or other merchandise.<sup>6</sup> For purposes of this paper, “trademark” or “mark” will be the term used to identify both trademarks and service marks.

---

1. See *Messer v. The Fadettes*, 168 Mass. 140 (1897).

2. U.S. PATENT AND TRADEMARK OFFICE (USPTO), *Trademark, Patent, or Copyright?* DEP'T OF COMMERCE, <http://www.uspto.gov/trademarks/basics/definitions.jsp> (last updated Jan. 18, 2013, 10:07PM).

3. David N. Sharifi, *What's in a name? Trademarks & Branding in the Digital Age*, L.A. TECH AND MEDIA LAW (Feb. 26, 2013), <http://latml.com/trademark-company-name-digital-branding/screen-shot-2013-02-21-at-1-34-29-am/>.

4. USPTO, *Trademark FAQs*, DEP'T OF COMMERCE, <http://www.uspto.gov/faq/trademarks.jsp#> (last updated Apr. 23, 2013, 10:26 AM).

5. *Id.*

6. *Id.*

State common law was the original source of protection for trademarks.<sup>7</sup> Congress then enacted the first federal trademark law in the late-1800s.<sup>8</sup> Over time, federal trademark law has overtaken much of the ground initially covered by state common law, and the Lanham Act is now the main source of federal trademark law.<sup>9</sup>

A trademark can be protected in a number of ways including usage sufficient to trigger common law protection, registration with a particular state, registration with the United States Patent and Trademark Office (USPTO), or any combination of the previous three options.<sup>10</sup> A person may want to protect his or her trademark for a variety of reasons. A common reason for protection is to prevent others from profiting off of or stealing a mark closely associated with one's goods or services.<sup>11</sup>

As indicated above, a person may establish common law rights in a trademark without registering the mark with a state trademark office or the USPTO.<sup>12</sup> Under common law, a trademark user accrues trademark rights in the geographic area in which he or she actually uses the mark in connection with particular goods or services.<sup>13</sup> The determinative consideration in deciding whether common law rights or federally registered rights triumph comes down to which rights were established first.<sup>14</sup> If common law rights in a trademark were established prior to the federal registration of that trademark, then the common law rights will trump the federally registered rights within the geographic area of actual usage.<sup>15</sup> If federally registered rights in a trademark were established prior to the common law rights, then the federally registered rights will trump the common law rights throughout the United States.<sup>16</sup> Thus, the common law geographic restriction is often a consideration when deciding whether to apply for federal registration of a trademark.

For example, a person who has used the mark "BlackTie" in connection with the sale of business suits in central Texas since 2000 would have common law rights in that mark in central Texas. These common law rights would be superior to trademark rights subsequently obtained through federal registration only within the geographic area of central Texas. Thus, everywhere else in the United States, the federally registered trademark rights would be superior to the common law rights. Therefore, the common-law owner of a trademark might find himself in a tight situation if a different owner registers the same mark federally. Similarly, state protection of trademarks is limited to the bounds of the state in which registration is granted.<sup>17</sup>

As stated, one has the option of establishing common law rights in a mark or registering the mark with a state, but he or she may prefer to register the mark federally with the USPTO. Although preferable in most situations, federal registration of a trademark can be a tedious task. Prior to seeking registration for a band name, a band should investigate the availability of the name they would like to register.<sup>18</sup> Once it has been determined that

---

7. BERKMAN CENTER FOR INTERNET & SOCIETY AT HARVARD UNIVERSITY, *Overview of Trademark Law*, <http://cyber.law.harvard.edu/metaschool/fisher/domain/tm.htm> (last visited May 22, 2014).

8. *Id.*

9. *Id.*

10. USPTO, *supra* note 4.

11. *Id.*

12. *Id.*

13. *Allard Enters., Inc. v. Advanced Programming Res., Inc.*, 249 F.3d 564, 572 (6th Cir. 2001).

14. *Id.*

15. *See id.*

16. *See id.*

17. *See* BERKMAN CENTER, *supra* note 7.

18. USPTO, *supra* note 4 ("It is advisable to conduct a search before filing your [trademark] application.").

the desired name is available, the band must fill out the requisite application forms and submit them to the USPTO for approval.<sup>19</sup> The band will be required to designate the goods or services that the name will be used to identify on the application forms.<sup>20</sup> As stated above, band names are generally submitted as a service mark for “entertainment services in the nature of performances by a musical group” if used to identify live performances, and they are submitted as a trademark if used to identify merchandise, compact disks, and the like.<sup>21</sup> Once submitted, the USPTO will conduct its own search to see if the name is available while also considering some of the factors that often result in rejection of an application, including whether the desired name: (1) is likely to cause confusion with another registered mark; (2) is descriptive of the goods and services (i.e. too generic to be trademarked); (3) is ornamental as applied to the goods, or (4) includes a geographic term or surname.<sup>22</sup> After a lengthy process, which could range from nearly a year to multiple years, if the USPTO decides that the desired mark passes muster, the band will receive notification that its band name has received federal protection.<sup>23</sup>

When seeking federal trademark registration, the distinctiveness of a mark is an important factor.<sup>24</sup> A trademark identifies the source of particular goods or services.<sup>25</sup> The more distinctive the mark, the better indication consumers receive regarding the particular source that produced the goods or services that they desire. Courts and the USPTO have recognized that the level of distinctiveness of a mark directly relates to consumer confusion, and for this reason, marks are divided into four categories: (1) arbitrary or fanciful; (2) suggestive; (3) descriptive; or (4) generic.<sup>26</sup> The four categories receive different levels of protection, with arbitrary or fanciful trademarks carrying the most protection and generic trademarks receiving no trademark protection at all.<sup>27</sup>

An arbitrary or fanciful mark does not suggest or describe the type of good or service produced.<sup>28</sup> For example, the trademark “Apple” does not describe the underlying product offered by Apple, Inc. A suggestive mark such as “Angel Soft,” which is less distinct than an arbitrary or fanciful mark, suggests the nature of the product offered.<sup>29</sup> Descriptive marks describe a characteristic or quality of the product in question.<sup>30</sup> “Pizza Hut” is likely a descriptive mark because it describes one of the products offered by Pizza Hut, Inc.<sup>31</sup>

19. *Id.*

20. *Id.*

21. *See id.* (“A service mark is a word, symbol or design . . . that identifies and distinguishes the source of a service rather than goods. The term ‘trademark’ is often used to refer to both trademarks and service marks”); *see also* Alan Korn, *Band Names and Trademark Law - An Overview*, [http://www.alankorn.com/articles/band\\_trademark.html](http://www.alankorn.com/articles/band_trademark.html) (last visited Feb. 26, 2014) (“[A] band may also register its name as a trademark if it is associated with specific merchandise, such as record albums, t-shirts or school lunch boxes”).

22. *See id.* (explaining the most common reasons for refusing registration of a mark).

23. *Id.*

24. Barbara Singer, *A Rose by Any Other Name: Trademark Protection of the Names of Popular Music Groups*, 14 HASTINGS COMM. & ENT. L.J. 331, 339 (1992).

25. *Id.*

26. *McGregor-Doniger Inc. v. Drizzle Inc.*, 599 F.2d 1126, 1131 (2d Cir.1979), *superseded by rule*, Fed. R. Civ. P. 52(a), *as recognized in* *Bristol-Myers Squibb Co. v. McNeil-P.P.C., Inc.*, 973 F.2d 1033, 1044 (2d Cir. 1992).

27. *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 9 (2d Cir. 1976).

28. *Union Nat’l Bank v. Union Nat’l Bank*, 909 F.2d 839, 845 (5th Cir.1990).

29. *See id.* (Here, “Angel Soft” describes a brand of soft toilet paper).

30. *Id.*

31. *See id.*

Finally, generic terms such as “fish,” which receive no trademark protection, identify a “genus or class of goods or services, of which a particular item in question is a member.”<sup>32</sup> Generic terms receive no trademark protection to prevent one competitor in a market from monopolizing a word that might be used to describe several products belonging to several competitors within the same or a similar market.<sup>33</sup>

The significance of assigning a mark to one of these categories is that the assignment determines whether or not, or in what circumstances, the word or phrase is eligible for trademark protection.<sup>34</sup> Generic terms are never eligible for trademark protection.<sup>35</sup> Descriptive terms may only be protected after proof of secondary meaning, while suggestive, arbitrary or fanciful terms require no showing of secondary meaning.<sup>36</sup>

Despite the tedious considerations and requirements involved in federal registration of a trademark, it is the recommended method of protection. Federal registration of a trademark provides several benefits above and beyond those provided by common law including: (1) public notice of one’s claim of ownership of the mark; (2) a legal presumption of one’s ownership of the mark and one’s exclusive right to use the mark nationwide in connection with the goods or services listed in the registration; (3) the ability to bring an action concerning the mark in federal court; (4) the use of the U.S. registration as a basis to obtain registration in foreign countries; (5) the ability to record the U.S. registration with the U.S. Customs and Border Protection Service to prevent importation of infringing foreign goods; (6) the right to use the federal registration symbol ®; and (7) listing in the United States Patent and Trademark Office’s online databases.<sup>37</sup>

## II. TRADEMARK INFRINGEMENT

As a trademark owner, one has the ability to bring suit against those infringing upon his or her mark. One may challenge another’s use of his or her trademark in several ways.<sup>38</sup> Most notably are allegations that the alleged infringer violated the protections afforded to the rightful trademark owner under section 43(a) of the Lanham Act, which reads:

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

---

32. *Id.*

33. See Pliam Law Group, PA, *Legal Strength of Trademarks*, MARKLAW.com, <http://marklaw.com/trademark-FAQ/strength.htm> (last visited Feb. 26, 2014) (explaining that “shredded wheat” is a generic term that refers to a category of breakfast cereal that may be manufactured by Kellogg’s, Post, or others).

34. *Union*, 909 F.2d at 845.

35. *Id.*

36. *Id.* at 844-45.

37. USPTO, *supra* note 4.

38. *Id.*

in a civil action by any person who believes that he or she is or is likely to be damaged by such act.<sup>39</sup>

Remedies available to a prevailing plaintiff under the Lanham Act include injunctive relief, destruction of items in the defendant's possession that display the mark, recovery of the profits made by the defendant in using the trademark, recovery of any damages sustained by the plaintiff, and recovery of the costs of litigation.<sup>40</sup> In addition, damages may be trebled upon a showing of willful infringement.<sup>41</sup>

As one might infer from the Lanham Act, the main goal of trademark law is to prevent consumer confusion.<sup>42</sup> Proof of a trademark infringement claim requires "a showing that the defendant's actual practice is likely to produce confusion in the minds of consumers about the origin of the goods or services in question," even when the plaintiff relies on an incontestable registration.<sup>43</sup> Courts use a reasonably prudent consumer standard to determine whether consumer confusion would occur from one person's use of another's trademark.<sup>44</sup> The relevant question for purposes of this standard is whether a reasonably prudent consumer is likely to be confused as to the origins of the goods or services in question.<sup>45</sup> In determining whether consumer confusion is likely to occur, the factors on which courts focus their attention include, but are not limited to: (1) the strength of the prior owner's mark, (2) the degree of similarity between the two marks, (3) the proximity of the products, (4) the likelihood that the prior owner will bridge the gap, (5) actual confusion, (6) the reciprocal of defendant's good faith in adopting its own mark, (7) the quality of defendant's product, and (8) the sophistication of the buyers.<sup>46</sup>

The following trademark infringement case regarding the band name "Exposé" exemplifies the courts' focus upon consumer confusion as a determinative factor. In *Crystal Entertainment v. Jurado*, a management company claimed to be the assignee of trademark rights previously owned by a corporation that created the band named Exposé, and sued the current members of the band for infringement upon those rights under section 43(a) of the Lanham Act.<sup>47</sup> The management company brought suit claiming that the current members of the band continued to perform under the band name without paying royalties owed to the management company.<sup>48</sup> Despite some evidence that the three members signed contracts acknowledging that they were not the owners of the Exposé mark, the court of appeals affirmed the district court's determination that, although the band was made up of many different members over a period of nearly four decades, three members of the band, in particular, were the common-law owners of the Exposé trademark.<sup>49</sup> The district court's

---

39. 15 U.S.C.A. § 1125 (West 2012).

40. *Id.* §§ 1117-18.

41. *Id.* § 1117.

42. *See id.* § 1125.

43. *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 543 U.S. 111, 117 (2004).

44. *See, e.g., Brookfield Commc'ns, Inc. v. W. Coast Entm't Corp.*, 174 F.3d 1036, 1060 (9th Cir. 1999) (citing *Dreamwerks Prod. Grp., Inc. v. SKG Studio*, 142 F.3d 1127, 1129 (9th Cir. 1998)); *Worthington Foods, Inc. v. Kellogg Co.*, 732 F. Supp. 1417, 1448 (S.D. Ohio 1990).

45. *See Brookfield*, 174 F.3d at 1060.

46. *See Polaroid Corp. v. Polarad Elects. Corp.*, 287 F.2d 492, 495 (2d Cir. 1961); *AMF Inc. v. Sleekcraft Boats*, 599 F. 2d 341, 348-49 (9th Cir. 1979), *abrogated by Mattel, Inc. v. Walking Mountain Prods.*, 353 F.3d 792 (9th Cir. 2003).

47. *Crystal Entm't & Filmworks, Inc. v. Jurado*, 643 F.3d 1313, 1315 (11th Cir. 2011).

48. *Id.* at 1315-17.

49. *Id.* at 1324.

determination was based upon the public's recognition of these three members as the band, Exposé.<sup>50</sup> Quoting the district court, the appellate court stated:

[These three members] are the product that is denoted by the mark Exposé; a member of the public who purchased a ticket to an Exposé concert would expect to see [these three members] . . . the public's interest [is] best served by exclusively awarding the [rights to the mark] to [these three members] and to do otherwise would leave the name available to anyone who wanted to perform under the name Exposé, and cause unnecessary consumer confusion.<sup>51</sup>

Additionally, the court found that the three members held the power to add or substitute new members in the band, all but one of the Exposé albums contained photographs of the three band members, and the three members created the goodwill associated with the Exposé mark.<sup>52</sup> Further, the court found that the entertainment company failed to prove (1) that it had exercised control over the band, (2) that it had taken an active role in scheduling, promoting, and advertising the band's most recent tour, or (3) that the use of the Exposé mark by the three members would cause public confusion.<sup>53</sup>

While illustrating the court's focus on consumer confusion, *Jurado* also illustrates the nature and transferability of band names.<sup>54</sup> Band names are considered a form of property that can be owned by one person or entity and transferred from that person or entity to another person or entity.<sup>55</sup> Entities or people claiming ownership in the name of the band may be outside of the membership of the band such as a record label or manager.<sup>56</sup> In fact, many trademark disputes arise when an outside entity and members of a band both claim an ownership interest in the band name.<sup>57</sup>

### III. TRADEMARK TRANSFER & LICENSING

A trademark owner can either transfer ownership of his mark or he can permit another person or entity to use his mark in commerce through a license agreement.<sup>58</sup> Trademark licenses are often used to expand a trademark owner's brand by placing the brand in markets where it was not previously located.<sup>59</sup> For example, universities frequently license the use of their logo to t-shirt, trading card, and video game manufacturers. By licensing the rights to use a trademark rather than selling his or her mark, a trademark licensor can

---

50. *Id.* at 1318-19.

51. *Id.*

52. *Id.* at 1318.

53. *Id.* at 1319.

54. *See generally* *Jurado*, 643 F.3d 1313 (affirming the district court's finding that the plaintiffs had failed to prove they had publicly appropriated the mark sufficiently to distinguish the band name in an appropriate segment of the public mind).

55. *See* Korn, *supra* note 21; 15 U.S.C.A. § 1060 (West 2006).

56. *See generally* *Rick v. Buchansky*, 609 F. Supp. 1522 (S.D.N.Y. 1985) (finding that the manager of a musical group with continuously changing personnel to be the owner of the registered band name).

57. *See generally* *Jurado*, 643 F.3d 1313.

58. *See* 15 U.S.C.A. § 1060 (West 2006).

59. R. Charles Henn, Jr., Alicia Grahn Jones, Lauren Sullins Ralls & Lauren A. Linder, *Intellectual Property Desk Reference: Trademark Licensing Basics* 69 (6th ed. 2009), Kilpatrick Stockton Intellectual Property Department, available at <https://clients.kilpatricktownsend.com/IPDeskReference/Documents/Trademark%20Licensing%20Basics.pdf>.



protect his or her brand by limiting the ways in which the licensee may use the mark. Examples of common limitations on the use of a trademark include: geographic limitations, limitations on sublicensing, type and quality standards, and licensor review of the marked good or service prior to its use in commerce.<sup>60</sup>

Upon transfer or assignment of a trademark the previous owner generally loses all interest in the mark and the goodwill or business associated with that mark.<sup>61</sup> In fact, a transfer that does not include goodwill is considered invalid to prevent fraud on the consuming public.<sup>62</sup> It is for this reason that, if the name and goodwill of the group is personal and unique to its members, the transferability of the band name may be limited.<sup>63</sup> In this situation, it may not be possible to transfer a band name from one band to another.<sup>64</sup>

Trademark law allows simultaneous use of the same trademark by two separate owners so long as the goods or services identified by the mark are distinct from each other.<sup>65</sup> Although simultaneous use of the same trademark is a possibility, it is fairly uncommon and is not generally recommended unless the mark owner enjoys expensive litigation. One example of simultaneous use of a similar trademark and the ensuing legal battles that such use may spawn involves one of the most popular marks of the past two decades, the Apple mark.<sup>66</sup>

In 1981, Apple Corps Limited (“Corps”), the Beatles holding company and owner of their record label, and Apple Computer, Inc. (“Computer”) entered into a settlement agreement in which Corps agreed not to enter into the computer business and Computer agreed not to enter into the music business.<sup>67</sup> As the technology industry progressed and computers began to feature music-playing technology, Computer made attempts to include this type of technology in its products.<sup>68</sup> As might be predicted, Corps brought a lawsuit claiming breach of the previous settlement agreement.<sup>69</sup> During the early stages of litigation, Corps obtained a preliminary injunction that prevented Computer from including music playing software in its products.<sup>70</sup> This ruling led to another settlement agreement that allowed Computer’s use of music playing software in its products, but prohibited Computer from selling music.<sup>71</sup> Of course, technology progressed once more and the iTunes era began. Computer’s use of the iTunes software in commerce led to the final bout of litigation between the two parties in which Computer successfully defended itself in district

60. *Id.* at 71-74

61. See 37 C.F.R. § 3.1 (2013) (“Assignment means a transfer by a party of all or part of its right, title and interest in a . . . registered mark or a mark for which an application to register has been filed”).

62. See *Marshak v. Green*, 746 F.2d 927, 929 (2d Cir. 1984) (“Use of the mark by the assignee in connection with a different goodwill and different product would result in a fraud on the purchasing public”).

63. See *Korn*, *supra* note 21.

64. *Id.*

65. Cooley LLP, *Trademark FAQ*, [http://www.cooley.com/Trademark\\_FAQ](http://www.cooley.com/Trademark_FAQ) (last visited Feb. 26, 2014) (“[C]ompanies that are in very different businesses generally may use the same trademark simultaneously. For example, many different companies own trademark registrations for the mark United, for such different products as air transportation services, pumps, cash registers, knives, animal vaccines and real estate brokerage services.”).

66. See *Apple Corps Ltd. v. Apple Computer, Inc.*, [2006] EWCH 996 (Ch), available at <http://www.bailii.org/ew/cases/EWHC/Ch/2006/996.html>.

67. *Id.*

68. *Id.*

69. *Id.*

70. *Id.*

71. *Id.*

court against Corps' claim for breach of the second settlement agreement.<sup>72</sup> However, prior to appeal, Computer bought out Corps' trademark rights in the Apple mark and likely ended the dispute over the highly recognized and coveted mark.<sup>73</sup>

#### IV. TRADEMARK DILUTION

Although trademark law allows simultaneous use of the same trademark by two separate owners so long as the goods or services identified by the mark are distinct from each other, similar marks may not be allowed to coexist where one of the marks becomes sufficiently "famous."<sup>74</sup> When a mark becomes "famous," trademark owners are afforded an additional protection separate from a claim for trademark infringement.<sup>75</sup> This protection is called trademark dilution.<sup>76</sup> Section 43(c) of the Lanham Act creates this cause of action and states:

Subject to the principles of equity, the owner of a famous mark that is distinctive, inherently or through acquired distinctiveness, shall be entitled to an injunction against another person who, at any time after the owner's mark has become famous, commences use of a mark or trade name in commerce that is likely to cause dilution by blurring or dilution by tarnishment of the famous mark, regardless of the presence or absence of actual or likely confusion, of competition, or of actual economic injury.<sup>77</sup>

The Lanham Act also states, "a mark is famous if it is widely recognized by the general consuming public of the United States as a designation of source of the goods or services of the mark's owner."<sup>78</sup> Factors a court may consider in determining whether a mark possesses the requisite degree of recognition include the following:

- (i) the duration, extent, and geographic reach of advertising and publicity of the mark, whether advertised or publicized by the owner or third parties;
- (ii) the amount, volume, and geographic extent of sales of goods or services offered under the mark;
- (iii) the extent of actual recognition of the mark; and
- (iv) whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register.<sup>79</sup>

There are two types of "dilution" that may occur under section 43(c) of the Lanham Act: (1) dilution by blurring and (2) dilution by tarnishment.<sup>80</sup> "Dilution by blurring" is

---

72. *Id.*

73. *See id.*; *see also* Apple Press Info, *Apple Inc. and The Beatles' Apple Corps Ltd. Enter Into New Agreement*, APPLE, <http://www.apple.com/pr/library/2007/02/05Apple-Inc-and-The-Beatles-Apple-Corps-Ltd-Enter-into-New-Agreement.html> (last visited May 22, 2014).

74. *See* 15 U.S.C.A. § 1125 (West 2014).

75. *Id.*

76. *Id.*

77. *Id.*

78. *Id.*

79. *Id.*

80. *Id.*

association arising from the similarity between a mark or trade name and a famous mark that impairs the distinctiveness of the famous mark while “dilution by tarnishment” is association arising from the similarity between a mark or trade name and a famous mark that harms the reputation of the famous mark.<sup>81</sup> Unlike a claim for trademark infringement, the likelihood of consumer confusion is not a necessary factor in determining trademark dilution.<sup>82</sup>

For example, if an entrepreneur started a rock hauling business and named it “The Rolling Stones,” he or she may subject himself to a lawsuit for trademark dilution. Although this is a different product from that sold by the band, it is likely that the original trademark is sufficiently famous to warrant the protection of section 43(c) of the Lanham Act.

## V. THE FAIR USE DEFENSE

The Lanham Act also provides affirmative defenses that justify one party’s use of another’s trademark.<sup>83</sup> The commonly asserted fair-use defense allows an alleged infringer to escape liability if he or she can prove:

that the use of the name, term, or device charged to be an infringement is a use, otherwise than as a mark, of the party’s individual name in his own business, or of the individual name of anyone in privity with such party, or of a term or device which is descriptive of and used fairly and in good faith only to describe the goods or services of such party, or their geographic origin.<sup>84</sup>

In other words, the fair-use defense allows one person to refer to another’s trademark in order to describe the goods or services of the trademark holder as well as their geographic location. In addition, courts have decided that consumer confusion is merely a factor in determining fair use, not a complete bar to the defense.<sup>85</sup> Further, Congress and the courts have recognized that many trademarks derive from common words or symbols, and that usage of those trademarks in common parlance should not be considered trademark infringement.<sup>86</sup>

The fair-use exception, along with the distinctiveness categories discussed above, affords uncommon trademarks more protection than common trademarks. For example, the trademark “SunShades” may fall under the fair-use exception more easily than the trademark “Oakley.” Additionally, trademarks that are often used by the public to refer to their underlying product, such as the mark “Thermos,” may become so commonly used that they are deemed generic causing the United States Patent and Trademark Office to no longer protect that mark.<sup>87</sup>

81. *Id.*

82. *See* 15 U.S.C.A. § 1125 (West 2014).

83. *Id.*

84. *Id.*

85. *KP Permanent*, 543 U.S. at 123.

86. *See generally id.*; *see also* *New Kids on the Block v. News Am. Pub., Inc.*, 971 F.2d 302 (9th Cir. 1992).

87. *See* *BERKMAN CENTER*, *supra* note 7.

## VI. TRADEMARKS AND BAND NAMES

As stated above, trademark disputes over band names are fairly common. The following cases show that compliance with trademark law as well as registration of a band name with the United States Patent and Trademark Office can save a band a lot of time, money, and effort.

Trademark disputes over band names can arise in a variety of ways. Occasionally, trademark disputes over band names arise when two separate bands claim ownership of the same band name.<sup>88</sup> These disputes are often resolved when one band, usually the band that started using the name later in time, is forced to stop using the name or gives up pursuit of the name in the face of an expensive and time consuming legal battle.<sup>89</sup> For example, the English alternative rock band, Suede, was forced to change its name to The London Suede in the United States market due to a dispute with an American lounge singer that also went by the name, Suede.<sup>90</sup> Other bands that were forced to change their names include The New Yardbirds (Led Zeppelin), Chicago Transit Authority (Chicago), and Mookie Blaylock (Pearl Jam).<sup>91</sup> Disputes of this variety tend to be settled prior to litigation for two reasons: (1) consumer confusion is likely when two bands are using the same name, and (2) it is well settled by the courts that the senior user, the user who has been using the mark for a longer period of time, has a superior claim to the junior user, the user that has been using the mark for a shorter period of time.<sup>92</sup>

A recent decision illustrates the nature of legal battles between two bands over one band name and the uphill battle that a junior user faces. In *Supernova v. Mark Burnett Productions, Inc.*, a California pop-punk band named Supernova sued a television-show production company and others for an alleged infringement upon their common law trademark caused by the production company's use of the Supernova mark to name a band created on the reality television show, Rock Star: Supernova.<sup>93</sup> The production company, which was the junior user, argued that consumer confusion would not be likely because the two bands played different styles of music, had different stage appearances, and played in different venues.<sup>94</sup> Not surprisingly, the court rejected the junior user's arguments and granted the senior users' motion for preliminary injunction showing their belief that the flimsy distinctions made by the junior user were not enough to prevent consumer confusion.<sup>95</sup>

In other cases, a band might sue a third party for infringing upon their trademarked band name. In *Sullivan v. CBS Corp.*, the plaintiff, founding member of the American rock band, Survivor, brought an action for trademark infringement against the defendant, CBS, for its use of the Survivor mark on compact discs and merchandise associated with the defendant's popular television show entitled "Survivor."<sup>96</sup> Although the plaintiff had

---

88. *Bands Forced to Change Their Names*, SHORT LIST, <http://www.shortlist.com/entertainment/bands-forced-to-change-their-names> (last visited May 22, 2014).

89. *Id.*

90. *Id.*

91. *Id.*

92. *Supernova v. Mark Burnett Productions, Inc.*, No. 06CV1334 JAH (RBB) (S.D. Cal. 2006), <http://www.iptablog.org/images/supernovavmbp-preliminjunction.pdf>.

93. *Id.*

94. *Id.*

95. *Id.*

96. *Sullivan v. CBS Corp.*, 385 F.3d 772, 774 (7th Cir. 2004). Survivor performed the popular hit, "Eye of the Tiger."

previously registered the mark in connection with his band in 1994, the court ruled in favor of the defendant and determined that consumer confusion was not likely because the marks were quite different when viewed in their entirety and CBS took additional steps to associate its compact discs with the television show by labeling them prominently with the television show slogan “Outplay, Outlast, Outwit.”<sup>97</sup> *Supernova* and *Sullivan* illustrate that under trademark law, it is unlikely for two bands to use the same trademarked name while a band and a TV show using the same name may be acceptable under certain circumstances.<sup>98</sup>

Another unsuccessful example of a band suing a third party for an alleged infringement upon their band name occurred in 1998 when the iconic American rock band the Eagles sued a non-profit, the American Eagle Foundation, for the Foundation’s use of a “American Eagle Records” mark, a 800-2EAGLES phone number, and a [www.eagles.org](http://www.eagles.org) website address.<sup>99</sup> Due to claimed scheduling conflicts, the Eagles eventually moved for voluntary dismissal of the case, and the District Court granted their dismissal with prejudice.<sup>100</sup>

In other cases, disputes over possession of a band name can also arise between members of the same band. In *Sister Sledge, LLC v. Kathy Sledge Lightfoot*, three members of the band Sister Sledge popular for the 1979 hit song “We Are Family,” are currently suing former band member, Kathy Sledge, for trademark infringement.<sup>101</sup> Kathy Sledge has been touring in Australia under the name “Sister Sledge featuring Kathy Sledge” while the other three members of the band continue to perform in Europe and the United States under the name “Sister Sledge.”<sup>102</sup> It can take many years for trademark disputes to reach a conclusion, and this suit, filed in July 2013, likely has a long way to go prior to being resolved. However, some past case law may provide a look at how the court will analyze this issue.

In *Robi v. Reed*, the defendant founded the band known as The Platters in 1953 and acted as the band’s manager throughout the life of the band.<sup>103</sup> Approximately one year after the band was formed, the plaintiff joined the band and performed with the band for around fifteen years until he was thrown in prison for narcotics possession.<sup>104</sup> The plaintiff did not return to the group after his release from prison.<sup>105</sup> Subsequently, the plaintiff assigned all of his interest in The Platters to his wife who began managing a group also known as The Platters but did not include any of the original members of the band.<sup>106</sup> Eventually, the plaintiff’s wife filed suit against the remaining members of the band for an alleged infringement upon her interest in The Platters mark.<sup>107</sup> The court held (1) that the plaintiff took no interest in The Platters mark when he left the band, and, for this reason, he had no interest to convey to his wife, and (2) that the mark remained with the original group upon

---

97. *Id.* at 777-79.

98. *See Supernova*, No. 06CV1334 JAH (RBB) (S.D. Cal. 2006); *see also Sullivan*, 385 F.3d at 774.

99. *Eagles, Ltd. v. American Eagle Found.*, 356 F.3d 724 (6th Cir. 2004).

100. *Id.*

101. *Sister Sledge, LLC v. Kathy Sledge Lightfoot*, 13 Civ. 1327 (D. Ariz. 2013), *available at* <http://www.jdsupra.com/legalnews/sister-sledge-trademark-lawsuit-sister-s-66097/>.

102. *Id.*

103. *Robi v. Reed*, 173 F.3d 736, 738 (9th Cir. 1999).

104. *Id.*

105. *Id.*

106. *Id.*

107. *Id.*

the plaintiff's departure.<sup>108</sup> Therefore, as the sole remaining member of the original group that was included at inception, the defendant retained the right to use the mark to the exclusion of the plaintiff and the plaintiff's wife.<sup>109</sup> This case, along with several others, stands for the proposition that any rights to a band name that exist at the time of the exclusion of one band member remain with the original members of the band without some proof of agreement to the contrary.<sup>110</sup>

Additional trademark disputes arise when the band and the band's manager, or another interested third-party, both claim possession of the band name. This often takes place when the interested third-party has played a more than minimal role in creating and managing the band.<sup>111</sup>

In contrast to *Jurado*, in which the court determined that the interested third-party did not possess any trademark rights in the band name, the court in *Rick v. Buchansky* held that the interested third-party was in sole possession of the trademark rights in the band name, Vito and the Salutations.<sup>112</sup> In *Rick*, a trademark dispute arose regarding possession of the band name between the defendant, a former member of the band after whom the band was named, and the plaintiff, the manager of the band and came up with the band name.<sup>113</sup> The band, which had performed over two decades, had seen twenty-two lineup changes including the departure of the defendant.<sup>114</sup> Both parties conceded that consumer confusion would occur if both parties were allowed to use the band name, and the court found it determinative that throughout the existence of the band the manager had booked and promoted all of the band's performances, exercised almost complete control over the group's finances, personnel decisions, and the style and substance of the group's act, and had continuously used the mark in commerce.<sup>115</sup>

*Bell v. Streetwise Records Ltd.* is on the other end of the third-party ownership spectrum. In *Bell*, the court determined ownership by analyzing the amount of control that the third party contractually exercised over the band.<sup>116</sup> Plaintiffs, members of the band known as New Edition, had performed for many years prior to their discovery by the defendant, their music producer.<sup>117</sup> After recording and performing for a year under their contractual agreements with the defendants, the plaintiffs attempted to disaffirm their contracts with the defendants and assert their ownership of the band name.<sup>118</sup> To determine ownership of the mark, the court identified the quality or characteristic for which the group was known by the public in the phonorecord market as well as local markets, and then determined who controlled that quality or characteristic.<sup>119</sup> The court found that the original band members controlled the group's style, selected the group name, and performed under that name before meeting the music producer.<sup>120</sup> Therefore, the court held that the original

---

<sup>108.</sup> *Id.* at 740.

<sup>109.</sup> *Id.*

<sup>110.</sup> *See generally* *Robi*, 173 F.3d 736; *see also* *HEC Enterprises Ltd. v. Deep Purple Inc.*, 213 U.S.P.Q. 991 (C.D. Cal. 1980).

<sup>111.</sup> *See generally* *Jurado*, 643 F.3d 1313.

<sup>112.</sup> *See* *Jurado*, 643 F.3d at 1315; *see also* *Rick*, 609 F. Supp. at 1545-46.

<sup>113.</sup> *Rick*, 609 F. Supp. at 1525.

<sup>114.</sup> *Id.*

<sup>115.</sup> *Id.* at 1526-29.

<sup>116.</sup> *Bell v. Streetwise Records, Ltd.*, 761 F.2d 67, 72-73 (1st Cir. 1985).

<sup>117.</sup> *Id.* at 69.

<sup>118.</sup> *Id.* at 69-70.

<sup>119.</sup> *Id.* at 72.

<sup>120.</sup> *Id.* at 74-75.

band members possessed the trademark rights to the band's name in the local Massachusetts market and live entertainment market, but not the phonorecord market.<sup>121</sup> Additionally, the court, in dicta, found it relevant that the group was not made up of a revolving door of band members over which the music producer *exercised* control.<sup>122</sup>

## VII. TRADEMARKS AND TRIBUTE BANDS

Tribute bands present a unique question under trademark law because at least part of their success comes from the goodwill associated with the trademarks of the original band. Some tribute bands go as far as to include the original band name and symbols associated with the original band in their marketing materials.<sup>123</sup> For example, the tribute band, Kiss Army, uses the KISS logo in their promotional material and consistently throughout live performances.<sup>124</sup> Other tribute bands such as The Machine, a popular Pink Floyd tribute band, have named their band after a popular song performed by the original band.<sup>125</sup> As stated above section 43(a) of the Lanham Act states:

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 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. . . 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.<sup>126</sup>

The question for dispute is whether the use of goodwill created through the trademarks of original bands by tribute bands is likely (1) to deceive as to the affiliation, connection, or association of the tribute band with the original band or (2) to deceive as to the origin, sponsorship, or approval of the tribute band's goods, services, or commercial activities by the original band.

In *Herb Reed Enterprises, LLC v. Florida Entertainment Management, Inc.*, the United States District Court for the District of Nevada suggested that consumer confusion would be prevented in the case of a tribute band so long as the band included the words "A Tribute to. . ." or "A Salute to. . ." prior to any suggestion of the original band.<sup>127</sup> For

---

121. *Id.*

122. *Id.* This is in contrast to the manager in *Rick* who exercised complete control over the selection of the many different members of the Vito and the Salutations.

123. Brent Giles Davis, *Identity Theft: Tribute Bands, Grand Rights, and Dramatico-Musical Performances*, 24 CARDOZO ARTS & ENT. L.J. 845, 861 (2006).

124. *Id.*

125. See *The Machine*, available at <http://www.themachinelive.com> (last visited May 22, 2014) ("Welcome to the Machine" is the second song on Pink Floyd's 1975 album *Wish You Were Here*).

126. 15 U.S.C.A. § 1125(a)(1) (West 2012).

127. *Herb Reed Enterprises, LLC v. Florida Entm't. Mgmt., Inc.*, 12 Civ. 0560 (D. Nev. 2012), available at <http://law.justia.com/cases/federal/district-courts/nevada/nvdce/2:2012cv00560/86827/43>.

example, a band named “A Tribute to the Beatles” may more easily avoid consumer confusion, and thus trademark infringement, than a band named “The Fab Beatles.”<sup>128</sup>

In addition to trademark infringement, tribute bands may be open to trademark dilution by blurring or tarnishment. Trademark dilution by blurring occurs when the capacity of a famous mark to distinguish particular goods or services is diminished, and trademark tarnishment occurs when one uses another’s mark in association with inferior or unwholesome goods or services.<sup>129</sup> One tribute band may “blur” the original band’s trademark by causing the original band’s mark to become less distinctive, and multiple tribute bands covering the songs of the same original band are even more likely to “blur” the original band’s mark. Additionally, “tarnishment” seems likely in most cases because many, if not all, tribute bands would have a hard time arguing that their product is not inferior to that of the original band.

The fair use defense discussed above may provide a defense to trademark infringement or dilution for tribute bands. The court, in *New Kids on the Block v. News America Pub., Inc.*, devised a three part test for “nominative fair use,” which states:

- (1) the product or service in question must be one not readily identifiable without use of the trademark;
- (2) only so much of the mark or marks may be used as is reasonably necessary to identify the product or service; and
- (3) the user must do nothing that would, in conjunction with the mark, suggest sponsorship or endorsement by the trademark holder.<sup>130</sup>

Although the *New Kids* test was devised and applied in relation to a newspaper’s display of a band name, an analogous evaluation suggests that the test would also apply to tribute bands. Thus, a tribute band following these requirements would likely fall under fair use and escape liability for trademark infringement. However, a tribute band like Kiss Army, which displays the original KISS logo eight times on its website and constantly throughout its onstage performances, would likely have a difficult time satisfying the requirements of the nominative fair use test, specifically the second requirement.

## VIII. ABANDONING A TRADEMARK

An additional concern for all bands is the possibility of abandonment of their trademark. In *Kingsmen v. K-Tel International Ltd.*, plaintiffs, original members of the band known as the Kingsmen, brought an action to restrain the sale of an album containing another person’s re-recording identified as “Louie, Louie \*\*\* The Kingsmen.”<sup>131</sup> The defendant argued that the original band members abandoned their interest in the band name under section 45 of the Lanham Act, which, at that time, stated:

---

128. See *The Fab Beatles*, [www.fabbeatles.com](http://www.fabbeatles.com) (last visited May 22, 2014).

129. See 15 U.S.C.A. § 1127; *McNeil Consumer Brands v. United States Dentek Corp.*, 116 F. Supp. 2d 604, 607 (E. D. Pa. 2000) (outlining the elements of trademark dilution through blurring); *Hormel Foods Corp. v. Jim Henson Prods.*, 73 F.3d 497, 507 (2d Cir. 1996) (outlining elements of trademark dilution through tarnishment).

130. *New Kids*, 971 F.2d at 308.

131. *Kingsmen v. K-Tel Int’l Ltd.*, 557 F. Supp. 178, 179 (S.D.N.Y. 1983) (noting the original song entitled “Louie, Louie” was performed by the Kingsmen in 1963).



“A mark shall be ‘abandoned’ when its use has been discontinued with intent not to resume. Intent not to resume may be inferred from circumstances. Nonuse for two consecutive years shall be prima facie abandonment.”<sup>132</sup>

In response to the defendant’s argument, the court stated that the two-year non-use period is merely a rebuttable presumption of abandonment. The court held in favor of the plaintiffs because although the plaintiffs disbanded their group sixteen years prior to this dispute, there was no evidence that the plaintiffs failed to use the name Kingsmen during the period from 1967 to present to promote their previously recorded albums.<sup>133</sup> Additionally, the court found that the plaintiffs continued receipt of royalties for Kingsmen recordings was a clear indication that they did not intend to abandon their rights in the mark.<sup>134</sup> Thus, *Kingsmen* shows that a band that does not desire to abandon its name should continue promoting previous works under their band name and continue to receive royalties from works created under that band name even after the decision to disband has been made.<sup>135</sup>

## CONCLUSION

Band names are an important asset for any band. Band members tend to be fairly litigious when it comes to protecting their band name, and it seems that they have good reason to protect this asset. Although attaching a precise value to a band name can be difficult, there is no doubt that band names are tremendously valuable. They serve the purpose of allowing consumers to identify the goods and services of the particular artist or artists in which he or she is interested. Additionally, those that end up with possession of the band name also end up with the profits derived from the sale of goods and services associated with that band name. Brainstorming an original band name, checking to see if that name is taken, and then seeking federal registration of the band name as a trademark is likely the best course of action for any prospective band. In addition, the band members should enter a band partnership agreement, preferably during a time when all members are getting along, that clearly states what will happen to possession of the band name in the case of dissolution of the band or if one or more members decide to quit the band.

---

132. *Id.* at 183 (citation omitted).

133. *Kingsmen*, 557 F. Supp. at 183.

134. *Id.*

135. *See id.* (finding the facts of continued use of the name in promotion of previously recorded materials and collection of royalties defeated the presumption of abandonment through nonuse and intent to abandon).



# I Want My DVD: Considering A Modern Approach to Obtaining Synchronization Licenses

Molly K. Bentley

## INTRODUCTION

Television shows and movies alike have long incorporated music as a way to influence the overall experience of the viewer and help tell a story. Often forgotten are the lengths to which the creators of these works must go in order to license any non-original music, especially if this music is already popular. Following such licensing, if it is even successful, show creators then have to seek additional licenses for release of the television show on DVD and perhaps even for release on Netflix or other online services. This has frustrated the attempts of many television show creators to release their shows on DVD, particularly with the originally included music intact. Many artists refuse to license their music for use with a television show or for its inclusion on DVD sets of the show. In place of outright refusal, some will instead require an exorbitant fee in exchange for a license. Given the goal of copyright law to encourage creation of expressive works, why should musicians have such unrestrained power over the use of their music? Why allow them such power when the use contributes to the creative expression of other works like television shows; and many musicians actually benefit from a dramatic increase in popularity due to the increased exposure of their songs to new audiences like TV viewers?

Based on the transformative nature of TV show creators' use of music and the lack of harmful effect on the market, I will argue for expansion of the fair use defense to copyright infringement to music in television. However, acknowledging that the musicians should be compensated for this use, I propose a compromise of a compulsory license with statutorily imposed maximum fees for synchronization licenses in consideration of what should arguably qualify for a fair use defense.

## I. SYNCHRONIZATION LICENSES AND THE MODERN REALITIES OF MUSIC USED ON TELEVISION PROGRAMS

If a musical recording is to be synchronized with a visual portion of an audiovisual work (for example, a music video, television program, or motion picture), a synchronization license is required.<sup>1</sup> In actuality, to make and distribute a motion picture or, presumably, a television show on DVD, the producer must obtain licenses for two rights: the performance right and a separate agreement with music publishers for the right to include the copyrighted music in the audiovisual work, or a synchronization license in exchange for a fee.<sup>2</sup> While the synchronization right, unlike the performance right, is not explicitly mentioned in the

---

1. James A. Johnson, *Thou Shalt Not Steal: A Primer on Music Licensing*, N.Y. ST. B.J., June 2008, at 23-24.

2. Lewis Rinaudo Cohen, Note, *The Synchronization Right: Business Practices and Legal Realities*, 7 Cardozo L. Rev. 787, 791-92 (1986).

Copyright Act or its predecessor, courts and commentators generally agree that this is a statutorily protected right.<sup>3</sup> The performance right retained by the copyright holder is not only more explicit, but has also been touched upon in more discussion and litigation, while the synchronization right has received considerably less attention from the courts, Congress, and commentators.<sup>4</sup> This is perhaps caused by it not being an explicit right and instead one read into the bundle of rights retained by copyright holders.<sup>5</sup>

However, this second fee and the re-use fees regularly imposed for eventual release on DVD or on syndicated television are unsupported. Those actions do not make an additional use of the publisher's synchronization right since the music is not re-synched to the visual work.<sup>6</sup> Herein lies the problem: a misunderstanding leads not only to fees that must be agreed upon by the producer and the publisher in the first instance, but then again and again without any real basis. This has had debilitating effects on many producers' efforts to get their shows released on DVD to fans even as television plays an influential part in increasing musicians' popularity and facilitating their discovery by others.

#### A. RESTRAINTS IMPOSED UPON TELEVISION SHOW CREATORS BY SYNCHRONIZATION LICENSE REQUIREMENTS

There are several examples of shows that have been impacted negatively by attempts to obtain synchronization licenses, both in efforts to get music on the show and then to include it on the DVD release. The producers of such shows usually have gone to great lengths to select the music either to portray a certain time period or to evoke certain feelings. For example, the show *Freaks and Geeks* detailed the lives of high school students in the years 1980-81 and included music by the likes of Styx, Van Halen, The Who, The Allman Brothers Band, and numerous others.<sup>7</sup> According to show creator Judd Apatow, these efforts cost the producer "over a million dollars in licensing for the music."<sup>8</sup> Although there was incredible response from fans, who desperately wanted to see the short-lived show on DVD, the producers were not willing to sacrifice the music they had chosen by instead replacing it with generic songs.<sup>9</sup> To the fans' excitement, eventually these aspirations were realized, and *Freaks and Geeks* came to DVD with original music intact.<sup>10</sup>

*Freaks and Geeks* is more of an exception than a rule; there are many other shows that have faced the same issue, but have failed in attempts to include the original music.<sup>11</sup> While

---

3. *Id.* at 793-94.

4. *Id.* at 788.

5. See 17 U.S.C. § 106 (enumerating the copyright holder's exclusive rights).

6. Cohen, *supra* note 2, at 814.

7. FAQ for "*Freaks and Geeks*," IMDB, <http://www.imdb.com/title/tt0193676/faq> (last visited Feb. 27, 2014) (listing the songs played in *Freaks and Geeks*).

8. David Lambert, *Freaks and Geeks – Official Press Release: April 6 is the day!*, TVSHOWSONDVD, (Jan. 15, 2004), <http://www.tvshowsondvd.com/news/Freaks-Geeks/976>.

9. *Id.* (attesting to the existence of an online petition signed by nearly 40,000 fans pledging to buy a future release of the DVD; these fans were thanked for their efforts with early access to buy the DVD set when it was eventually released).

10. *Id.*

11. Katie Dean, *Copyrights Keep TV Shows off DVD*, WIRED (March 1, 2005), available at <http://archive.wired.com/entertainment/music/news/2005/03/66696?currentPage=all> (providing examples such as *Married... With Children*, whose theme song was replaced on the third-season DVD, *Wiseguy*, which was missing the Moody Blues song "Nights in White Satin" during a critical scene, as well as *Quantum Leap* and *Northern Exposure*, both containing noticeable music replacements).

some producers will replace music for DVD releases, the DVD distributors rarely disclose that original music is not included.<sup>12</sup> Jonathan Prince, the creator of *American Dreams*, a show about teenagers in the 1960s on *American Bandstand*, refused to replace music he deemed critical to particular scenes.<sup>13</sup> Like *Freaks and Geeks*, the music for *American Dreams* is central to the viewing experience given efforts to evoke the time period, but producers were only able to keep roughly eighty percent of the originally included music on the DVD version.<sup>14</sup> *WKRP in Cincinnati*, a show about a novice radio station including music from artists like Ted Nugent, Foreigner, Elton John, and the Eagles, was one of the most popular television shows of the late 1970s and early 1980s.<sup>15</sup> *WKRP* likely experienced years of frustration in attempting to acquire licenses for the DVDs, since the first season was not released on DVD until 2007, which was more than 20 years after the television series finale.<sup>16</sup> Music can play a huge part in the overall experience of a television show by helping to garner a wider fan base, yet these fans are then often deprived of what they so loved in the show because of the frustrating world of synchronization licenses.

#### B. THE “GLEE EFFECT” AND THE ROLE OF TELEVISION AS A MEDIUM TO POPULARIZE (OR RE-POPULARIZE) EMERGING AND WELL-KNOWN ARTISTS

Given the struggles television producers and creators have to go through to get their shows to DVD with original music intact, one would think that the use of an artist’s song on television decreased sales or hindered their popularity. This is certainly not the case. Despite our current world with a failing music industry due to people not buying music, they do buy the music they hear on television shows, and the networks themselves are promoting the artists featured.<sup>17</sup>

An illustrative example is the “Glee Effect,” brought about by the popularization of new songs and the re-popularization of more classic songs occurring through their use on the show *Glee*.<sup>18</sup> The first single to chart from *Glee* was the Journey song “Don’t Stop Believin’.”<sup>19</sup> The *Glee* cast’s version charted at #5 in the United Kingdom, with the original reemerging on to the charts at #6.<sup>20</sup> *Glee* now has over one hundred songs that have charted,

12. See *id.*

13. *Id.*

14. *Id.*

15. *Id.*

16. Gord Lacey, *WKRP in Cincinnati-Exclusive*, TVSHOWSONDVD, (Apr. 23, 2007), <http://www.tvshowsondvd.com/news/WKRP-Cincinnati/7212>. One must consider, of course, that DVD box sets were not possible and not popular until long after *WKRP* was off the air.

17. See, e.g., *Glee’s Original Tracks Dominate iTunes Chart at #1 and #2*, GLEETHEMUSIC, (Mar. 16, 2011), <http://www.gleethemusic.com/us/news/glee%E2%80%99s-original-tracks-dominate-itunes-chart-1-and-2-glee-music-volume-5-3-best-selling-album-w> (explaining that two original songs from episodes of *Glee* were the two most popular song downloads of the week while a *Glee* Album was the third most downloaded album).

18. *Glee* is a show about a high school show choir including cover versions of old and new songs accompanied by a dramatic plot line. *About the Show*, FOX.com, <http://www.fox.com/glee/> (last visited Feb. 27, 2014).

19. *Glee Cover of Don’t Stop Believin’ rises 94 places to No. 5 in Singles Chart*, DAILY MAIL ONLINE (Feb. 26, 2010), <http://www.dailymail.co.uk/tvshowbiz/article-1244233/Glee-cover-Dont-Stop-Believin-rises-94-places-No-5-singles-chart.html>; Gary Trust, *Chart Analysis: With ‘Glee,’ Cory Monteith Made History on the Hot 100*, BILLBOARD (July 14, 2013) <http://www.billboard.com/articles/news/1621725/chart-analysis-with-glee-cory-monteith-made-history-on-the-hot-100>.

20. *Id.*

which are typically joined by a rise in the original song's popularity.<sup>21</sup> How many teenagers had heard The Pretenders' "I'll Stand By You" before its performance on *Glee*? The answer is likely far fewer than have now.

Furthermore, networks are now more commonly promoting songs used during the show either in real time or at the show's end. MTV displays the artist and title of the song playing at the bottom of the screen during shows such as *Jersey Shore* and *Teen Mom*.<sup>22</sup> Licensing music for use on television shows and their subsequent release on DVD should be welcomed by musicians as a way to jumpstart their popularity or even to reinvigorate their success after dormant periods. Perhaps then, we should make it easier for producers and creators of television shows to feature this music on the desired broad platforms. Instead, shows like *Freaks and Geeks* typically have to spend millions of dollars in licensing and several years of negotiation efforts to get their shows released to fans.<sup>23</sup> Sometimes these licenses are even withheld.<sup>24</sup> This is the case even where the music is not actually being re-synched and should not require a reuse fee for putting the show in DVD format.<sup>25</sup> Consider the predicament of producers who are unable to successfully negotiate a license and were unable to use certain music on their show in the first place or for their DVDs. This may serve to dis-incentivize the use of popular or relevant music, and may deter the creation of shows that incorporate accurate music for the time period, which is undoubtedly contrary to copyright policy goals.<sup>26</sup>

## II. RECONSIDERATION OF THE FAIR USE DEFENSE FOR MUSIC USED ON TELEVISION

### A. THE COPYRIGHT ACT

Rights of music publishers are enumerated by federal statute in the Copyright Act.<sup>27</sup> The owner of the copyright in a musical composition has the right (1) to reproduce the work; (2) to prepare derivative works based on the copyrighted work; (3) to distribute copies of the work; (4) to perform the copyrighted work publicly; and (5) to display the copyrighted work publicly.<sup>28</sup> Sound recording rights are not involved because the television show is not re-creating the sound recording or publicly performing the work by digital audio transmission.<sup>29</sup> Again, the synchronization right is not specifically mentioned, but it is a non-exclusive license granted by the music publisher to fix the musical composition as part of the completed work, and make copies of the completed work that are recognized by courts and commentators.<sup>30</sup>

---

21. Trust, *supra* note 19.

22. See Ed Christman, *MTV Partners with Sony/ATV's Extreme Music to Promote Unsigned Artists*, BILLBOARD (March 1, 2013), <http://www.billboard.com/biz/articles/news/tv-film/1179061/mtv-partners-with-sonyatvs-extreme-music-to-promote-unsigned>.

23. Lambert, *supra* note 8.

24. Lacey, *supra* note 16.

25. See Cohen, *supra* note 2, at 814 ("[T]he release of a motion picture in a new medium of distribution does not make additional use of a publisher's synchronization right.")

26. See Video Pipeline, Inc. v. Buena Vista Home Entm't, Inc., 342 F.3d 191, 206 (3d Cir. 2003) (highlighting "copyright's policy goal to encourage the creation and dissemination to the public of creative activity.")

27. 17 U.S.C § 106 (2012).

28. *Id.*

29. *Id.* at § 106(6).

30. Cohen, *supra* note 2, at 814-15.

These exclusive rights are tempered by the statutory fair use defense.<sup>31</sup> The Copyright Act in § 107 specifies that fair use of a copyrighted work includes use by reproduction or other means specified in § 106 “for purposes *such as* criticism, comment, news reporting, teaching, . . . scholarship, or research.”<sup>32</sup> The use of the term “such as” indicates that these purposes are “illustrative and not limitative” examples and as such provide only general guidance about the sorts of copying most commonly found to be non-infringing fair uses.<sup>33</sup> To determine whether a use is fair, the court considers certain factors, which include: “(1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit purposes; (2) the nature of the copyrighted work; (3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and (4) the effect of the use upon the potential market for or value of the copyrighted work.”<sup>34</sup>

Congress explained in codifying fair use in §107 that “the endless variety of situations and combinations that can rise [sic] in particular cases precludes the formulation of exact rules in the statute.”<sup>35</sup> These factors are not to be treated in isolation from each other and are instead to be each weighed together, in light of the purposes of copyright.<sup>36</sup> No one factor is to be conclusive, there is instead a “sensitive balancing of interests” as opposed to a “rigid, bright-line approach” that would be contrary to legislative intent as apparent in the drafting.<sup>37</sup> Overall, the purposes of copyright are considered to determine “whether the public interest in free flow of information outweighs the copyright holder’s interest in exclusive control over the work.”<sup>38</sup>

The first factor, the purpose and character of the use, relates to “the nature and objects of the selections made” according to Justice Story.<sup>39</sup> The analysis in this factor is guided by those examples given in the preamble of § 107, such as criticism or comment, and the purpose is to see “whether the new work merely ‘supersede[s] the objects’ of the original creation” or whether it is “transformative.”<sup>40</sup> The second factor, the nature of the copyrighted work, looks to the “value of the materials used.”<sup>41</sup> This requires the courts to recognize “that some works are closer to the core of intended copyright protection than others.”<sup>42</sup> To do so, courts must look at whether the work is more expressive or creative as opposed to more factual and also whether the work is published or unpublished, with greater leeway toward a claim of fair use when the original work is factual and published.<sup>43</sup> The third factor, the amount and substantiality of the portion used, asks whether the portion used in relation to the copyrighted work as a whole was reasonable in relation to the purpose of the copying.<sup>44</sup> Finally, the fourth factor in the fair use inquiry, the effect on the

31. 17 U.S.C. § 107 (2012).

32. *Id.* (emphasis added).

33. *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 577-78 (1994) (citing 17 U.S.C. § 101).

34. 17 U.S.C. § 107.

35. H.R. REP. NO. 94-1476 at 66 (1976), *reprinted in* 1976 U.S.C.C.A.N. 5659, 1976 WL 14045.

36. *Campbell*, 510 U.S. at 578.

37. *Id.* at 584-85 (quoting *Sony Corp. of America v. Universal City Studios, Inc.*, 464 U.S. 417, 454 (1984)).

38. *Lamb v. Starks*, 949 F. Supp. 753, 757 (N.D. Cal. 1996) (quoting *Hustler Magazine, Inc. v. Moral Majority, Inc.*, 796 F.2d 1148, 1151 (9th Cir. 1986)).

39. *Campbell*, 510 U.S. at 578 (quoting *Folsom v. Marsh*, 9 F.Cas. 342, 348 (No. 4,901) (CCD Mass. 1841)).

40. *Id.* at 578-579 (quoting *Folsom*, F.Cas. at 348).

41. *Id.* at 586 (quoting *Folsom*, F.Cas. at 348).

42. *United States v. Am. Soc. Of Composers, Authors & Publishers* 599 F. Supp. 2d 415, 429 (S.D.N.Y. 2009) (quoting *Campbell*, 510 U.S. at 586) [hereinafter *ASCAP*].

43. *Id.*

44. *Campbell*, 510 U.S. at 586.

market, requires courts to determine “whether the secondary use usurps the market of the original work.”<sup>45</sup>

In analyzing and applying fair use, it is important to remember that it is considered one of “the most troublesome [issues] in the whole law of copyright.”<sup>46</sup> Codification took the defense beyond merely a statement that “fair use is not infringement,” and instead delineated rules that originally developed through common law.<sup>47</sup> Upon this change, courts began to misinterpret Congressional intent by isolating and emphasizing certain words and phrases.<sup>48</sup> In fact, during the revision process, codification of fair use had many opponents including studios, music publishers, and other entertainment-related groups who were apprehensive that the fair use defense would lose its essential character as evolving, judge-made law.<sup>49</sup> Acknowledging this controversy over whether the fair use defense should even be codified, I now apply the factors to the use of music in television programs to demonstrate that there is a strong argument supporting the applicability of this defense in the place of obtaining synchronization licenses.

## B. FAIR USE APPLIED

The copyrighted work at issue is the musical composition used secondarily on television shows and especially upon DVD release, which usually requires a synchronization license. Emphasizing, however, the transformative nature of the television show as a whole in addition to the beneficial rather than detrimental effect its use has on the market for the original work, the fair use defense seems applicable to the use of music on television. While synchronization of a musical composition with a television program is not one of the uses listed in the preamble to §107 as an example of fair uses, it is established that this list is not exhaustive and that it is instead a balancing of the four factors that is determinative.<sup>50</sup>

### 1. NATURE AND PURPOSE OF USE

The first factor of the fair use inquiry asks about the “purpose and character of the use, including whether such use is of a commercial nature.”<sup>51</sup> This factor alone was one of the main misinterpretations that occurred as a result of judges placing emphasis on certain words and phrases in the statute.<sup>52</sup> In *Campbell*, the Sixth Circuit Court of Appeals held that rap group 2 Live Crew’s rap parody version of the song “Pretty Woman” was an infringement of the copyrighted original song and did not constitute fair use.<sup>53</sup> In

---

45. *Blanch v. Koons*, 467 F.3d 244, 258 (2d Cir. 2006).

46. *Dellar v. Samuel Goldwyn Inc.*, 104 F.2d 661, 662 (2d Cir. 1939) (per curiam).

47. William F. Patry & Shira Perlmutter, *Fair Use Misconstrued: Profit Presumptions and Parody*, 11 CARDOZO ARTS & ENT. L.J. 667, 669-70 (1993).

48. *Id.*

49. *Id.* at 669 n.17.

50. *See, e.g., Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 577 (1994) (“The text employs the terms ‘including’ and ‘such as’ in the preamble paragraph to indicate the ‘illustrative and not limitative’ function of the examples given.”).

51. 17 U.S.C. § 107(1).

52. *See Patry, supra note 47.*

53. *Acuff-Rose Music, Inc. v. Campbell*, 972 F.2d 1429, 1439 (6th Cir. 1992) rev’d, 510 U.S. 569 (1994).



considering that 2 Live Crew's song was included on a "commercially distributed album sold for the purpose of making a profit," the court focused on the commercial use portion of the first factor.<sup>54</sup> In analyzing this factor, the court discussed "the presumptively unfair nature of a commercial purpose," which requires a sufficient emphasis in a fair use analysis.<sup>55</sup> This reasoning was based on the Court's statement in *Sony Corp. of America v. Universal City Studios, Inc.*, that "every commercial use of copyrighted material is presumptively an unfair exploitation of the monopoly privilege that belongs to the owner of the copyright."<sup>56</sup> The Sixth Circuit then explained that this presumption required them to "start from the position that the use is unfair."<sup>57</sup>

This misunderstanding required the Supreme Court to provide guidance upon appeal of the lower court's decision in *Campbell*.<sup>58</sup> The Court explained that the court of appeals relied on a misinterpretation of *Sony* in holding that "every commercial use of copyrighted material is presumptively . . . unfair . . ."<sup>59</sup> Instead, the court directed, "the statute makes clear that a work's commercial nature is only one element of the first factor inquiry into its purpose and character" and there is "no hard evidentiary presumption."<sup>60</sup>

The use of a song in a television show is not one of the uses enumerated in the preamble of the statute codifying fair use, but it also is not necessarily commercial during this first use.<sup>61</sup> When the show is then put on DVD or released on Netflix, there is a stronger argument that the use is commercial as the DVDs are being sold. As the Court has indicated, commercial use is not dispositive.<sup>62</sup> The distinction between commercial and nonprofit use does not ask whether the sole motive of the use is monetary gain, but instead asks "whether the user stands to profit from exploitation of the copyrighted material without paying the customary price."<sup>63</sup> While there is a licensing scheme for this kind of use and therefore a customary price, if we hypothetically considered that no such scheme existed,<sup>64</sup> then the producer is not profiting from an exploitation of the copyrighted material and instead is profiting from the work she herself created.

In any case, "the more critical inquiry under the first factor and in fair use analysis generally is . . . whether and to what extent the new work is 'transformative.'"<sup>65</sup> This question requires the court to look into whether the secondary use "'merely supersedes' the original work 'or instead adds something new, with a further purpose or different character, altering the first with new . . . meaning [ ] or message.'"<sup>66</sup> The emphasis on transformation is based on the goal of copyright to promote science and the arts, which courts argue is

54. *Id.* at 1436.

55. *Id.*; *Sony Corp. of America v. Universal City Studios, Inc.*, 464 U.S. 417, 449 (1984).

56. *Campbell*, 972 F.2d at 1437 (quoting *Sony Corp.*, 464 U.S. at 451).

57. *Id.*

58. *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 570 (1994).

59. *Id.* at 570 (quoting *Sony Corp.*, 464 U.S. at 451).

60. *Id.*

61. See 17 U.S.C. § 107.

62. *Campbell*, 510 U.S. 569.

63. *Harper & Row Publishers, Inc. v. Nation Enters*, 471 U.S. 539, 562 (1985) (citing *Roy Export Co. Establishment v. Columbia Broad. Sys., Inc.*, 503 F. Supp. 1137, 1144 (S.D.N.Y. 1980)).

64. Or if we were to adopt Cohen's argument that a synchronization license should not be required for putting a motion picture in a new format as it is not re-synched, the same analysis would follow. Cohen, *supra* note 2, at 792.

65. *Castle Rock Entm't, Inc. v. Carol Pub. Grp., Inc.*, 150 F.3d 132, 142 (2d Cir. 1998) (quoting *Campbell*, 510 U.S. at 579).

66. *Id.* (quoting *Campbell*, 510 U.S. at 579).

generally furthered by the creation of transformative works.<sup>67</sup> If the secondary use “shed[s] light” on an earlier work and by doing so creates a new work, it can provide a social benefit.<sup>68</sup> Most importantly for our analysis, the Supreme Court in *Campbell* indicated that “the more transformative the new work, the less will be the significance of other factors, like commercialism, that may weigh against a finding of fair use.”<sup>69</sup> Using a song in a new format such as a television show can certainly “shed light” on the original song.<sup>70</sup> When *Freaks and Geeks* synchronizes a song from the time period the show is set in with a scene about that time period, it is adding something new and altering the song with new meaning or message, or at least a meaning for those who were not around to experience the song when first released. Television creators and producers are creating a new work along the lines of the parody at issue in *Campbell*, which was held to be fair use that can provide social benefit.<sup>71</sup> Rather than “merely supersed[ing]” the original song, synching it with images can help to make its message clearer by adding new aesthetics that transform the original work.<sup>72</sup>

In *Castle Rock*, the secondary user created a trivia game about the show *Seinfeld* using material drawn directly from episodes.<sup>73</sup> The Second Circuit held that this use did not constitute fair use and the first factor was in favor of the plaintiff because there was no substantial alteration of the copyrighted work. Similarly, in *UMG Recordings, Inc. v. MP3.Com, Inc.*, a company that made MP3 music files and made them available to its subscribers over the Internet was sued by the owners of the copyrights in the musical compositions.<sup>74</sup> This use did not constitute fair use because there were “no new aesthetics, . . . insights, [or] understandings.”<sup>75</sup> While both of these inquiries into the first factor were decided based on the defendant doing nothing to the work, specifically choosing a song to put it to visual images in a television show is certainly doing more than these defendants. Furthermore, the court in *Castle Rock* specified that “a secondary work need not necessarily transform the original work’s expression to have a transformative purpose,” indicating that there are some uses where no change is actually made to the original work that can still satisfy this factor of the fair use inquiry.<sup>76</sup> A producer may not transform the original work’s expression when he includes it in his show, but there is a transformative purpose in adding his own expression to it by providing a visual background and setting for the song. Based on the transformative nature of these actions, synchronization use is arguably a use with a defensible purpose and character.

## 2. THE NATURE OF THE COPYRIGHTED WORK

This second factor looks at “the nature of the copyrighted work”<sup>77</sup> or the “value of the materials used.”<sup>78</sup> Two factors are used in this inquiry: “(1) whether the work is creative or

---

67. *Campbell*, 510 U.S. at 579.

68. *Id.*

69. *Id.*

70. *Id.*

71. *Id.* at 572.

72. *Castle Rock*, 150 F.3d at 142.

73. *Id.* at 143.

74. *UMG Recordings, Inc., v. MP3.com, Inc.*, 92 F. Supp. 2d 349, 350-51 (S.D.N.Y. 2000).

75. *Id.* at 351 (quoting *Castle Rock*, 150 F.3d at 142).

76. *Castle Rock*, 150 F.3d at 143.

77. 17 U.S.C. § 107(2).

78. *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 586 (1994) (quoting *Folsom v. Marsh*, 9 F.Cas. 342,

more factual and informational and (2) whether the work is published or unpublished.”<sup>79</sup> Works that are more expressive or creative and unpublished are closer to the “core of intended copyright protection,” a finding which weighs against a fair use defense.<sup>80</sup> The songs being used in television shows are of a creative nature, although published, and musical compositions are a type of work commonly found to be “within the core of the copyright’s protective purposes.”<sup>81</sup>

Notwithstanding the creative nature of the original work, some types of secondary use rely upon copying of “publicly known, expressive works.”<sup>82</sup> For example, a parody of a song requires the parodist to base the new song off a preexisting musical composition, which is creative in nature. The use of music in a television show is similar to parody in this respect because the use of already existing music is necessarily the use of an expressive work. Of course, the producer could always have an original song created to accompany the show. But in the case of *Freaks and Geeks* and *American Dreams*, the existing song is likely to do a better job of placing the viewer in a certain time period. With this use, as with parody, this factor does not do much to separate “the fair use sheep from the infringing goats” because a producer will invariably be copying or using a “publicly known, expressive work.”<sup>83</sup>

In *U.S. v. ASCAP*, a rate case, the court decided whether the fair use defense applied to 10-30 second long previews of ringtones and “ringback” tones available to AT&T customers for purchase.<sup>84</sup> While AT&T argued that they do not charge for previews or generate any revenue besides the possibility that the song will be selected for purchase, the court concluded that the previews did not constitute a fair use of the original songs used.<sup>85</sup> AT&T attempted to dismiss the importance of this second factor of the fair use inquiry by citing legal authority explaining that this factor “may be of limited usefulness where the creative work of art is being used for a transformative purpose.”<sup>86</sup> The court, however, held that AT&T’s use of the musical compositions was not transformative, so even if true, their earlier proposition was of no help.<sup>87</sup> In its analysis of the second factor, the court determined that the nature of the copyrighted work was indisputably creative, as songs have long been held to be a part of the “core of intended copyright protection.”<sup>88</sup> While the songs featured in the previews were published works, favoring AT&T, the court found the creative nature of the original work to be a more significant factor given that the infringing use was not transformative.<sup>89</sup> Accordingly, the court found the second factor weighed against fair use.<sup>90</sup>

For our purposes, the music used in a television show is, at the very least, more transformative than the song previews used by AT&T in *ASCAP*. There, the use was just

348 (No. 4901) (CCD Mass. 1841)).

79. *S&L Vitamins, Inc. v. Australian Gold, Inc.*, 521 F.Supp.2d 188, 214 (E.D.N.Y. 2007).

80. *Id.*

81. *U.S. v. ASCAP*, 599 F. Supp. 2d 415, 430 (S.D.N.Y. 2009) (quoting *UMG Recordings v. MP3.com, Inc.*, 92 F. Supp. 2d 349, 351 (S.D.N.Y. 2000)).

82. *Campbell*, 510 U.S. at 586.

83. *Id.*

84. *ASCAP*, 599 F. Supp. 2d at 420.

85. *Id.* at 422.

86. *Id.* at 429 (quoting Memorandum supporting AT&T’s Motion for Summary Judgment).

87. *Id.*

88. *Id.* at 430 (quoting *UMG Recordings, Inc., v. MP3.com, Inc.*, 92 F. Supp. 2d 349, 351 (S.D.N.Y. 2000)).

89. *Id.*

90. *Id.*

excerpts unaccompanied by any other efforts at creativity. In shows such as *Freaks & Geeks*, the song is being set to another creative work, adding to the original work. Certainly, the original song is expressive, but like the songs in *ASCAP*, they are also published. For synchronized music, if a court were to agree that this is a transformative use, the published nature of the copyrighted work should not be irrelevant. According to the applicant in *ASCAP*, the factor as a whole may “be of limited usefulness” where the secondary use has a transformative purpose.<sup>91</sup>

Moreover, should a court disagree with the earlier analysis of transformative use, there is always the Second Circuit’s expression that “the second statutory factor, the nature of the copyrighted work . . . is rarely found to be determinative.”<sup>92</sup> This statement from the court and the fact that the type of use involved with synchronization licenses, such as with parody, necessarily draws upon the use of a creative or expressive work are important considerations. Even if this second factor does not weigh in favor of the fair use of music in a television show, it does not likely mean that such use overall constitutes an “infringing goat” rather than a “fair use sheep.”<sup>93</sup>

### 3. AMOUNT AND SUBSTANTIALITY OF THE PORTION USED

Analysis of the third factor, the amount and substantiality of the portion used, generally “recognizes that the more of a copyrighted work that is taken, the less likely the use is to be fair, and that even a less substantial taking may be unfair if it captures the essence of the copyrighted work.”<sup>94</sup> That the inquiry looks to whether the portion taken captured the essence or “essentially the heart of” the copyrighted work<sup>95</sup> has indicated to courts that this factor requires them to consider not only the quantity of the materials used, but also their quality and importance to the work as a whole.<sup>96</sup> This examination of the amount and substantiality of the work used is in reference to the copyrighted work, and not to the allegedly infringing work.<sup>97</sup> Typically, courts favor copyright holders when the portion used by the alleged infringer formed a significant portion of the copyrighted work.<sup>98</sup>

Again, in *ASCAP*, the court concluded that only ten to thirty second previews of songs were enough to capture the “essence of songs.”<sup>99</sup> Apparently, according to the court, the essence of songs is “the most readily identifiable parts of the songs.”<sup>100</sup> Defendants attempted to argue that the previews used for ringtone purchases typically incorporate “repetitive portions of the songs, which are sometimes deemed the most significant.”<sup>101</sup> However, this argument was not successful as the court went on to extrapolate from the fact that defendant “intentionally copie[d] qualitatively substantial portions of [the plaintiff’s]

---

91. *Id.* at 429 (quoting Memorandum supporting AT&T’s Motion for Summary Judgment).

92. *Davis v. Gap, Inc.*, 246 F.3d 152, 175 (2d Cir. 2001).

93. *See Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 586 (1994).

94. *ASCAP*, 599 F. Supp. 2d at 430.

95. *Wright v. Warner Books, Inc.*, 953 F.2d 731, 738 (2d Cir. 1991) (quoting *Harper & Row Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 565 (1985)).

96. *See ASCAP*, 599 F. Supp. 2d at 430.

97. *Wright*, 953 F.2d at 738.

98. *Id.*

99. *ASCAP*, 599 F. Supp. 2d at 430.

100. *Id.*

101. *Id.*

music” to hold that even though these segments might be short, they are of high “quality and importance” and that defendant’s use weighed against fair use.<sup>102</sup>

What seems like a strict standard from this rule and case, though, has been somewhat loosened by the standard that the fair use copier must copy no more than is reasonably necessary, a standard for which courts must allow room in their judgments.<sup>103</sup> This standard is meant to enable a secondary user to pursue an aim that the law recognizes as proper, namely a transformative use.<sup>104</sup>

In *Campbell*, the alleged infringer’s use of the copyrighted material for parody exemplified the need to include a consideration in fair use that certain uses necessarily require more of the copyrighted material to affect their fair use.<sup>105</sup> The Supreme Court recognized that parody’s humor or commentary is derived from its use and imitation of a recognizable work.<sup>106</sup> For parody to be able to take aim at a particular work, it must be able to “conjure up” at least enough of the original work to make “the object of its critical wit recognizable.”<sup>107</sup> Accordingly, 2 Live Crew’s use of some of the more distinctive or memorable features of “Pretty Woman” were not more than was reasonably necessary to conjure up this original work and to attain their aim of parody.<sup>108</sup> The Court was unclear as to how much can be taken beyond what is reasonably necessary to allow the listener to identify the subject of parody.<sup>109</sup> The Court indicated that this would depend upon other factors of the analysis such as the work’s purpose, and character, and whether the parody would serve as a market substitute for the original.<sup>110</sup>

Broadening this factor even further, some courts have held that the copying of an entire work is sometimes necessary for the alleged infringer to make a fair use of the work.<sup>111</sup> However, such use does not favor fair use; it instead is held to neither weigh for nor against a finding of fair use, effectively getting rid of the factor in certain cases.<sup>112</sup> Similar to the rule from *Campbell* that what is reasonably necessary to get the point of the parody across is considered fair use, the aim here is to allow recognition of the secondary author’s purpose or meaning. Courts have found that such use can be consistent with fair use where the entire work may be necessary for fair use or where the reproduced work occurs only in a small part of the challenged work.<sup>113</sup> For example, an advertisement containing a photograph of nearly an entire copyrighted sculpture was deemed not more than necessary to communicate a message that treatment was available for people with rheumatoid arthritis “that allows them to be physically active and produce artwork such as sculptures.”<sup>114</sup>

102. *Id.*

103. *Chicago Bd. of Educ. v. Substance, Inc.*, 354 F.3d 624, 629 (7th Cir. 2003).

104. *See id.* (in this case, the proper aim was “criticizing the copyrighted work effectively,” one of the uses enumerated in the preamble).

105. *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 588 (1994).

106. *Id.*

107. *Id.*

108. *See id.*

109. *Id.*

110. *Id.*

111. *See Bill Graham Archives v. Dorling Kindersley Ltd.*, 448 F.3d 605 (2d Cir. 2006); *Reyes v. Wyeth Pharmaceuticals, Inc.*, 603 F. Supp. 2d 289 (D.P.R. 2009).

112. *See Bill Graham Archives*, 448 F.3d at 613.

113. *Reyes*, 603 F.Supp.2d at 299 (citing *Amsinck v. Columbia Pictures Industries, Inc.*, 862 F. Supp. 1044, 1050 (S.D.N.Y. 1994)).

114. *Id.*

In *Bill Graham Archives v. Dorling Kindersley*, the challenged use was the inclusion of Grateful Dead posters in a biography of the musical group, but the images were reduced in size and intermingled with text and original graphic art.<sup>115</sup> Here, the defendant used the images in their entirety, but the Second Circuit reasoned that the images were historical artifacts that could document the Grateful Dead's concerts and provide a visual context for the original text.<sup>116</sup> Furthermore, they noted that the visual impact of the artistic expression of the copyrighted work was significantly limited because of the reduced size of the images.<sup>117</sup> Overall, the court concluded that the challenged use was "tailored to further its transformative purpose because [defendant's] reproduced size reproductions of [plaintiff's] images in their entirety displayed the minimal image size and quality necessary to ensure the reader's recognition of the images as historical artifacts of Grateful Dead concert events."<sup>118</sup>

Use of copyrighted musical compositions in a television show can be very easily analogized with the use in *Bill Graham Archives*. In television shows like *Freaks & Geeks*, the song is used to provide context for the accompanying visual images and plot lines.<sup>119</sup> When it is just a clip of a song, it could even be considered an amount reasonably necessary to conjure up the song and the point that the producer is trying to get across.<sup>120</sup> It is probably more often than not just a clip, perhaps allowing this factor to be weighed in favor of fair use. But even if it is a more substantial amount of the song, with the relaxed interpretations of this element, the expression of the original work is limited because it accompanies other expression to provide a context and such use should, at the very least, neither weigh for nor against a finding of fair use.<sup>121</sup>

Moreover, like the other relevant factors, this third factor must be considered along with the others, and courts "must take into account that 'the extent of permissible copying varies with the purpose and character of the use.'"<sup>122</sup> Whether use was reasonable under this factor also relies on the likelihood that the challenged use may serve as a market substitute for the original.<sup>123</sup> Accordingly, the other factors weigh heavily on analysis of whether the amount and substantiality of the portion used weighs for, against, or is neutral regarding fair use.

#### 4. EFFECT OF THE USE ON THE MARKET

The fourth factor in the fair use inquiry evaluates the challenged use's effect on the market for the copyrighted work.<sup>124</sup> This inquiry asks not whether the secondary use suppresses or destroys the market for the original work, but whether the secondary use "usurps or substitutes for the market of the original work."<sup>125</sup> The courts must consider whether "unrestricted and widespread conduct of the sort engaged in by the defendant

115. *Bill Graham Archives*, 448 F.3d at 606-07.

116. *Id.* at 613.

117. *Id.*

118. *Id.*

119. *See id.* ("the posters and tickets. . . provide a visual context for the accompanying text.")

120. *See Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 588 (1994).

121. *See Bill Graham Archives*, 448 F.3d at 613; *Reyes*, 603 F.Supp.2d at 299.

122. *Bill Graham Archives*, 448 F.3d at 613 (citing *Campbell*, 510 U.S. at 586-87).

123. *Id.* at 613.

124. *Id.*

125. *Castle Rock Entm't, Inc. v. Carol Pub. Grp., Inc.*, 150 F.3d 132, 145 (2d Cir. 1998).

... would result in a substantially adverse impact on the potential market for the original.”<sup>126</sup> The effect considered is not only on the market for the original work, but also on the market for derivative works, or “those markets that creators of original works would in general develop or license others to develop.”<sup>127</sup> Policy-wise, this factor requires the court to weigh “the benefit the public will derive if the use is permitted against the personal gain the copyright owner will receive if the use is denied.”<sup>128</sup>

Once again, as in the first factor analysis, there should be no presumption applied about the effect of commercial use, as any presumption discussed was an error in interpretation.<sup>129</sup> Even without a presumption, the Supreme Court indicated in *Harper & Row* “this last factor is undoubtedly the single most important element of fair use.”<sup>130</sup> This statement is based on the idea that fair use should only be applied to copying what does not materially impair the marketability of the work being copied.<sup>131</sup> Whether secondary use harms or destroys the market for the original by way of its criticism or as a “lethal parody” does not make the use an infringement, especially when such uses are transformative.<sup>132</sup> In fact, the more transformative the use, the less likely it will substitute for the original and “by the very nature of transformative endeavors, persons other than the copyright holder are undoubtedly better equipped, and more likely to fill these particular markets and intellectual niches.”<sup>133</sup>

The use of songs in a television show does not harm the market for the copyrighted work. Instead, it tends to boost the market for the song, resulting in increased sales of the song and exposure to the artist.<sup>134</sup> Even more established artists can see a rise or re-popularization of their music through its use on television. As stated earlier, this was seen with Journey after *Glee* covered the song “Don’t Stop Believin’.”<sup>135</sup>

Including the song on the DVD set of the television show will not substitute for sales of the music either. Someone who wants to listen to a particular song is not going to find the DVD version of the television show that they know includes the song and fast-forward to that exact place in a certain episode to hear it. Instead, they will likely go to iTunes and download the song or the royalty-producing soundtrack for future listening. In fact, with songs being highlighted at an episode’s end, viewers are told the name of the song as well as how and where to purchase it.<sup>136</sup>

However, this is a market for which licensing is customary, which is another relevant element to analysis of the fourth factor.<sup>137</sup> The markets that courts are instructed to look at

126. *Campbell*, 510 U.S. at 590.

127. *Id.* at 590, 592; *See also* 17 U.S.C.A. § 106 (granting an exclusive right to “prepare derivative works based upon the copyrighted work” to the copyright owner).

128. *Burnett v. Twentieth Century Fox Film Corp.*, 491 F.Supp.2d 962, 971 (C.D. Cal. 2007) (quoting *Dr. Seuss Enterprises, L.P. v. Penguin Books USA, Inc.*, 109 F.3d 1394, 1403 (9th Cir. 1997)).

129. *See Campbell*, 510 U.S. at 591 (citing *Sony Corp. of America v. Universal City Studios, Inc.*, 464 U.S. 417 (1984)).

130. *Harper & Row Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 566 (1985).

131. *Id.* at 566-67.

132. *See Campbell*, 510 U.S. at 591-92; *Castle Rock Entm’t, Inc. v. Carol Pub. Grp., Inc.*, 150 F.3d 132, 145 (2d Cir. 1998).

133. *Castle Rock*, 150 F.3d at 145 (quoting *Castle Rock Entm’t v. Carol Publ. Grp.*, 955 F. Supp. 260, 271 (S.D.N.Y. 1997)).

134. *See Glee Cover of Don’t Stop Believin’ rises 94 places to No. 5 in Singles Chart*, *supra* note 19.

135. *Id.*

136. *See About the Show*, *supra* note 18.

137. *See Campbell*, 510 U.S. at 592 (defining market for derivative works as “those markets that creators of

include derivative markets that the copyright owner “would in general develop or license others to develop.”<sup>138</sup> For example, in *Castle Rock*, the court held that because the Seinfeld trivia game developed by the defendant filled a market niche that the creators of Seinfeld would normally develop, in the absence of any other transformative purpose like criticism or parody, the fourth factor weighed in favor of the copyright owner.<sup>139</sup> Even though the creators had not expressed any interest in exploiting this market, the court explained that it is the creator’s creative and economic choice whether to do so.<sup>140</sup> For synchronization, it is safe to say that the use is more transformative than reducing facts from the show into a trivia game.<sup>141</sup> Unfortunately, the relevance of whether such use tends to improve the market for the original use has been discounted by other courts in markets where licensing is customary.<sup>142</sup>

In *Ringgold v. Black Entertainment Television, Inc.*, the owner of a copyright in a “story quilt” brought a copyright infringement suit against BET for using a poster depicting the quilt as set decoration.<sup>143</sup> The network claimed fair use, arguing that such use would probably not adversely affect poster sales or the copyright owner’s ability to license future use of the poster.<sup>144</sup> The court was not persuaded by these arguments, finding that the first argument was irrelevant when the payment of licensing fees was customary and that the second argument was an issue of specific damages and not part of consideration of the fourth factor.<sup>145</sup> When the network suggested that their unauthorized use of the copyrighted work in the television program might have the effect of increasing poster sales, the court specified that, even so, the owner would not be precluded from her entitlement to a licensing fee.<sup>146</sup> The court here discounted an argument highlighting the fact that the allegedly infringing use would actually serve to improve the market for the copyrighted work when the usual route is to license the work. However, as we argue for the eradication of the need for a license for songs used on television shows released on DVD, for the sake of argument let us assume that there is no set licensing system in place. In that case, seeing that the negative effect on the market comes only from the idea that licensing would be customary, there is no harmful effect on the market for the original work or for derivatives.

While overall fair use seems to be a practical defense for this kind of infringing use, it is also arguable that some kind of fee does seem necessary in these instances for the use of the music. The problem is that these fees quickly grow out of proportion to the secondary use for which they are requested,<sup>147</sup> especially when considering how applicable fair use could be. Given this background, what I suggest is a new compulsory license as a happy medium between the liberal fair use defense and restrictive, exorbitant fees that inhibit secondary uses.

---

original works would in general develop or license others to develop”) (emphasis added).

138. *Castle Rock*, 150 F.3d at 145-46 (quoting *Campbell*, 510 U.S. at 592).

139. *See id.*

140. *Id.*

141. *See id.* (“*Seinfeld* trivia game is not critical of the program, nor does it parody the program; if anything, *SAT* pays homage to *Seinfeld*.”).

142. *See Ringgold v. Black Entm’t Television, Inc.*, 126 F.3d 70 (2d Cir. 1997).

143. *Id.*

144. *Id.* at 81.

145. *Id.*

146. *Id.* (citing *DC Comics, Inc. v. Reel Fantasy, Inc.*, 696 F.2d 24, 28 (2d Cir. 1982) (noting that one benefit of owning a copyright is the right to license its use for a fee)).

147. *See id.* at 81.



### III. A HAPPY MEDIUM – COMPULSORY LICENSING FOR MUSIC USED ON TELEVISION

A compulsory license setting a statutory maximum for synchronization licensing fees is a reasonable solution to the problems presented by the synchronization use, especially for the release of television programs on DVD or on Internet subscription systems such as Netflix. Fair use is arguably an applicable defense for such use besides the fact that there is a licensing scheme in place. Furthermore, the use of songs in television shows has the strong possibility of attracting fans to the song or the artist, but artists are still unreasonably withholding their music from use by producers or demanding an exorbitant fee when they stand to profit otherwise from this secondary use. However, even such transformative use may be considered by many to be a result of the television show producer profiting from use of the song without paying the “customary price” for using a copyrighted work.<sup>148</sup> A compulsory license in such circumstances would be a compromise between the competing issues of (1) the secondary user paying a price for his use, and (2) the artist being reasonable about secondary uses of his copyrighted work.

A compulsory license for synchronization would follow the model of the compulsory license for nondramatic works, codified at 17 U.S.C. § 115.<sup>149</sup> This established compulsory license subjects the exclusive rights to reproduce and distribute phonorecords<sup>150</sup> of nondramatic musical works to compulsory licensing.<sup>151</sup> Any person may obtain a compulsory license to make and distribute phonorecords of nondramatic musical works as long as his or her primary purpose in making the phonorecords is to distribute them to the public for private use, including by means of a digital phonorecord delivery.<sup>152</sup> The phonorecords made must not change the basic melody or fundamental character of the underlying work and are not subject to protection as a derivative work.<sup>153</sup>

By establishing a maximum royalty rate for this use, § 115 compulsory licenses seek to insure the copyright owner a fair return for his work while providing the public with music at a low cost.<sup>154</sup> This consideration is meant to balance and accommodate the interests of both parties: the interests of copyright owners who wish to attain the maximum value for their works and the public interest in accessing music in its different interpretations at reasonable prices.<sup>155</sup> The first compulsory licensing provision in the 1909 Act was adopted amid concerns over monopolies in the mechanical production and recording industries.<sup>156</sup> Its proponents defended it as a means of promoting competition in the market by preventing one firm from obtaining a dominant share, keeping a large number of firms engaged, and preventing the establishment of new barriers to keep firms from entering the industry.<sup>157</sup>

---

148. See *Harper & Row Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 562 (1985) (explaining that the “crux of the profit/nonprofit distinction is . . . whether the user stands to profit from exploitation of the copyrighted material without paying the customary price”).

149. 17 U.S.C.A. § 115 (West 2010).

150. See *id.* at § 106.

151. *Id.* at § 115.

152. *Id.*

153. *Id.*

154. Robert S. Lee, *An Economic Analysis of Compulsory Licensing in Copyright law*, 5 W. NEW ENG. L. REV. 203, 216 (1982), <http://digitalcommons.law.wne.edu/lawreview/vol5/iss2/6>.

155. *Id.*

156. *Id.* at 219.

157. *Id.*

Historically, compulsory licenses are created as a compromise to copyright controversies in two different situations. First, such licenses are used when technological changes allow for new and additional uses for which the creator's rights have not been clearly defined.<sup>158</sup> Secondly, compulsory licenses are offered when technology has made old licensing methods for established rights ponderous or inefficient.<sup>159</sup>

These situations are both relevant for synchronization use. The first situation applies because rights of copyright owners remain unclear when their works are re-released to the Internet, resulting in numerous disputes. The second situation accurately describes the problems being encountered with obtaining synchronization licenses in the face of exorbitant fees that delay release of television shows to DVD and other mediums, "stifling the very creativity which [copyright] law is designed to foster."<sup>160</sup> Additionally, the balance that compulsory licensing tries to attain between insuring the copyright owner a fair return for his work and providing the public with music at a low cost is similar to the interests involved in a statutory maximum fee for synchronization licenses.<sup>161</sup> In synchronization, the holder of the copyright in the musical composition is concerned about getting value for his creative work when others use it. Here, the television producer is the one looking for access to the music at a low cost, but as a result, the public gets it at a low cost as well when DVD prices and subscriptions to Netflix do not unnecessarily skyrocket from outrageous licensing fees. The biggest flaw in a fair use defense is the issue that there is a customary licensing scheme in place, and courts are not persuaded by arguments that such use improves the market for the copyrighted work,<sup>162</sup> a compulsory license seems like a good compromise. While the fair use argument includes harming or substituting for derivative markets such as those for licensing,<sup>163</sup> and considering that analysis of the first factor includes whether the infringing user does not pay the customary price,<sup>164</sup> a compulsory license is an even better fit for synchronization use.

Some argue that compulsory licensing should not be expanded due to its restraint on the copyright holder's artistic choices.<sup>165</sup> Robert S. Lee argues that in the absence of the compulsory license, the owner of a copyrighted work will be able to limit licensing of his works to only those with whom he wants to work, limit the time period for use of his work, and freely negotiate the price charged for such use.<sup>166</sup> Others echo this argument against compulsory licenses, contending that allowing anyone who so desires to make an arrangement of an existing work, record it, and sell it is an unreasonable limit on copyright owners' choice over who should be able to "cover" their work.<sup>167</sup> Because these covers tend

158. *Id.* at 209.

159. *Id.* (citing House Comm. On the Judiciary, Copyright Law Revisions, H.R. Rep. No. 1476, 945th Cong., 2d Sess. 107, 303 (1976)); *See also* Theresa M. Bevilacqua, *Time to Say Good-Bye to Madonna's American Pie: Why Mechanical Compulsory Licensing Should Be Put to Rest*, 19 CARDOZO ARTS & ENT. L. J. 285, 288 (2001).

160. *See* Cohen, *supra* note 2, at 668.

161. *See* Lee, *supra* note 154, at 216 ("[C]ompulsory licensing may insure the copyright owner a fair return for his work and may provide the public with music at low cost.")

162. *See* Ringgold v. Black Entm't Television, Inc., 126 F.3d 70, 81 (2d Cir. 1997) ("Even if the unauthorized use of plaintiff's work in the televised program might increase . . . sales, that would not preclude her entitlement to a licensing fee.")

163. *See* *Campbell*, 510 U.S. at 587.

164. *Harper & Row Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 562 (1985).

165. *See, e.g.,* Lee, *supra* note 154, at 226 ("[C]ontinued adherence to the compulsory licensing scheme should be reexamined."; "Although compulsory licensing already may be a firmly established part of . . . cable television industries, the concept should not be expanded to other areas.")

166. *Id.*

167. Bevilacqua, *supra* note 159, at 285.

to alter the original work rather dramatically, and courts have broadly interpreted the § 115 requirement that covers do not change the basic melody or fundamental character of the original work,<sup>168</sup> these covers are argued to be in opposition to the author's wishes and intellectual property rights.<sup>169</sup> Theresa M. Bevilacqua argues that covers made under the § 115 compulsory license leave the integrity of the work to the mercy of the cover artist.<sup>170</sup> The Artist Formerly Known as Prince agrees, having stated in an interview, "You see, covering the music means your version doesn't exist anymore. . . . There's this thing called compulsory licensing law that allows artists through the record companies to take your music at will without your permission."<sup>171</sup>

However, with a compulsory license for synchronization use, the integrity of the copyrighted work remains intact. It is the same work being used, just synchronized along with a television show. If anything, there is far less alteration involved in use for synchronization than there has been with compulsory licenses to make cover versions of a song. The need for a statutory maximum for the synchronization license fee is even greater when the license is simply for getting a song already approved for use on the show subsequently approved for the DVD version of the television program.<sup>172</sup> Cohen, in his article on synchronization licenses obtained for re-release of a motion picture to video or for syndication on television, put forth the argument that the solution could be a compulsory license.<sup>173</sup> He proposed that in exchange for a per-copy royalty for home video use, publishers would be required to allow any composition, once synchronized to a motion picture, to be used in home video at a rate no higher than that set by the statute.<sup>174</sup> This solution was recommended before the issue became even more apparent with the advent of television shows released on DVD and the emergence of subscription networks like Netflix.

It should be emphasized that this is by no means an argument for compulsory use in advertisements, as the nature of such use differs greatly from use in an expressive work like a television program. Also, there is an issue with a compulsory license for use of songs on television shows where such use would be contrary to the musician's purpose in writing and recording the song. For example, a song that aims to draw attention to the danger of gun possession may be juxtaposed with a scene of a school shooting. It is arguable that this remains a fair use of the song because it is a commentary on that musician's viewpoint. A musician is very likely to object to use like this that goes against her very intention and belief, but with vastly differing viewpoints on such sensitive issues, the defense of fair use is even more applicable here to encourage a free flow of ideas. While the original musician may not be mollified by this argument, preventing a secondary user from an antagonistic use would effectively hinder expression or even censor the opposing viewpoint. Overall, this seems like more of a moral rights argument on the musician's part, but unfortunately

168. 17 U.S.C.A. § 115(2); Compare, for example, Johnny Cash's hit "Ring of Fire" with Blondie, Olivia Newton-John, Social Distortion, or one of more than 70 covers of the same song. See Christopher S. Harrison, *Lecture 2: The Copyright Act*, MUSIC LAW SEMINAR, <http://www.musiclawseminar.com/lectures/>.

169. See Bevilacqua, *supra* note 159, at 286 ("Yet, the compulsory license provision continues to allow such alterations to be made without any deference to the composer's wishes or constitutionally-protected intellectual property rights.").

170. *Id.* at 285.

171. Derrick Bryson Taylor, "Prince Says Life Would Be Better Without Covers," *ESSENCE* (April 20, 2011), <http://www.essence.com/2011/04/30/prince-covering-music-illegal-george-lopez-tonight/>.

172. See Cohen, *supra* note 2, at 814 (arguing that "the release of a motion picture in a new medium of distribution does not make additional use of a publisher's synchronization right").

173. *Id.* at 815.

174. *Id.*

moral rights protecting against acts such as mutilation of the original work are thus far limited to protecting works of visual art.<sup>175</sup>

Not only does the synchronization use not pose as much of a risk of altering the integrity of the copyrighted work, creating a compulsory license for such use would be more efficient and would have administrative advantages as well. Negotiations for licenses would be far more efficient if there was a statutory maximum. The maximum could be set rather high so that popular artists such as Journey could still get a good return on their well-known songs. Emerging artists could be negotiated with for a lower fee, as they would receive the benefit of far-reaching exposure to their music. In the legal system, a compulsory license of this sort would allow for increased administrative efficiency. If the fee is not paid for synchronization use, there is *per se* infringement. This would allow the court to avoid frivolous infringement suits and to address valid infringement suits more easily with summary judgment. Given the conflicting interests of the copyright holder of the original work and the television producer who wants to create the most accurate or engaging atmosphere in his show through use of music, a compulsory license is a reasonable compromise.

#### CONCLUSION

It has now become more of a certainty than a mere expectation that a viewer's favorite show will be released to DVD and possibly made available on Netflix or other similar service providers. Given this reality, there is a strong interest in ensuring that the music highlighted on the show is accurate, of a high quality, and can be included on the DVD version of the television show. Because of the transformative nature of such use and its beneficial effect on the market for the original musician's work, fair use is a fitting defense against the producer obtaining a synchronization license.<sup>176</sup> Weighing musicians' interests in getting a fair return on use of their music for such purposes with the interest in allowing this use, a compulsory license is a good compromise in place of the liberal defense of fair use to further the competing interests of both parties. Especially with the role of television in promoting emerging and already recognized artists, both parties are well served by facilitating the synchronization of music with television shows through the imposition of a statutory maximum fee.

---

175. See 17 U.S.C.A. § 106A.

176. Assuming, of course, that we ignore the customary licensing scheme already in place.

# “Take Me Out to the Ball Game”– The Contractual Implications of Wrigley Field Renovations on the Chicago Cubs’ Contracts with Rooftop Seat Holders

Mary Meghan Balkin

## INTRODUCTION

“What’s with the lights?” “Oh, all the stadiums have them now. Even Wrigley Field”

– Field of Dreams<sup>1</sup>

“[B]aseball has marked the time. This field, this game . . . it’s a part of our past . . .  
. It reminds of us of all that once was good. And it could be again.”

– Field of Dreams<sup>2</sup>

For generations, baseball fans have ventured to the nation’s most iconic baseball fields to relish in one of America’s cherished pastimes.<sup>3</sup> Whether it is Fenway Park, Yankee Stadium, Wrigley Field, Camden Yards, or one of the many others, each stadium holds a unique personality that neighbors and baseball fans have grown to love.<sup>4</sup> Wrigley Field has been a treasure of the city of Chicago since it was built in 1914, and it continues to draw crowds today.<sup>5</sup> Notoriously slow to advance with technological renovations, Wrigley Field was the last Major League Baseball stadium to put in electric lighting in 1988.<sup>6</sup> It is this

---

1. IMDb, *Field of Dreams (1989) Quotes*, IMDB.COM, <http://www.imdb.com/title/tt0097351/quotes> (last visited May 30, 2014).

2. *Id.*

3. See Ashley Strickland, *5 great baseball stadiums for a late-summer game*, CNN TRAVEL (August 12, 2011, 8:07 AM), <http://www.cnn.com/2011/TRAVEL/08/12/favorite.baseball.stadiums/index.html> (ranking Wrigley Field third); Trenton Woodley, *Top Ten Baseball Parks To See Before You Die*, BLEACHER REPORT (July 11, 2008), <http://bleacherreport.com/articles/37023-top-ten-baseball-parks-to-see-before-you-die> (ranking Wrigley Field second to only Yankee Stadium).

4. See generally, Woodley, *supra* note 3 (describing unique characteristics of popular baseball stadiums).

5. *History of Wrigley Field*, MLB.COM <http://chicago.cubs.mlb.com/chc/ballpark/information/index.jsp?content=history> (last visited Mar. 5, 2014).

6. *Id.* See also Jim Caple, *Make the Friendly Confines Friendlier!* ESPN.COM (May 31, 2013), [http://espn.go.com/mlb/story/\\_/id/9327100/wrigley-field-renovations-necessary-complicated](http://espn.go.com/mlb/story/_/id/9327100/wrigley-field-renovations-necessary-complicated) (describing the inability to settle on plans for a new scoreboard as “business as usual”). A great amount of debate existed prior to the installation of the lights. See *Shlensky v. Wrigley*, 237 N.E.2d 776 (Ill. App. Ct. 1968) (stockholders’ derivative suit against the directors and Wrigley corporation for negligence and mismanagement because the team had refused to put in stadium lights, resulting in operating losses).

connection to the past that connects the stadium to its community and adds to the stadium's lasting charm.<sup>7</sup>

The area surrounding Wrigley Field, which is affectionately called "Wrigleyville," receives an added bonus from the Cubs, unlike that in any other MLB city.<sup>8</sup> Specifically, several rooftop businesses surrounding Wrigley Field benefit from an impeccable birds-eye view of the Cubs' home games from their rooftops.<sup>9</sup> The residents of these buildings enjoy the view from some of the most coveted property in Chicago.<sup>10</sup>

In the early 2000s, a conflict arose between the Cubs and the Wrigleyville establishments providing rooftop seating because they had not received permission from the Cubs to do so, and were not compensating the Cubs.<sup>11</sup> After protracted negotiations and a last-minute settlement between most of the parties, the team came to an agreement with thirteen of the rooftop businesses.<sup>12</sup> The agreement permits the businesses to continue allowing spectators to view games from the rooftop seats and to profit from their strategic rooftop locations overlooking Wrigley Field.<sup>13</sup> In return, the Cubs receive about a seventeen percent share of the businesses' revenue from use of these out-of-stadium rooftop seats.<sup>14</sup>

Despite this agreement, set to expire in 2024, the rooftop-business owners of Wrigleyville are once again fighting for their ability to admit spectators for rooftop game-viewing. The Cubs publicly announced plans to renovate the stadium, which, according to the businesses owners, will block the surrounding rooftop views.<sup>15</sup> Based on the terms of

---

7. Don Babwin, *Wrigley Field Renovations: Battle Between Cubs, Rooftops Heating Up*, HUFF POST CHICAGO (Jun. 7, 2013), [http://www.huffingtonpost.com/2013/06/07/wrigley-field-renovations\\_0\\_n\\_3404685.html](http://www.huffingtonpost.com/2013/06/07/wrigley-field-renovations_0_n_3404685.html) (quoting one Chicagoan who calls Wrigley the "darling of Major League Baseball"); Caple, *supra* note 6, ("Just wandering past the merchandise stores and stalls, you see nearly as many shirts and caps with 'Wrigley Field' printed on them as you do with the Cubs' name and logo. The park itself is often as big a draw as the team."). See generally, Carrie Muskat, *Council approved landmark status*, MLB.COM (Jan. 27, 2004, 3:44 PM), [http://chicago.cubs.mlb.com/news/article.jsp?ymd=20040127&content\\_id=631178&vkey=news\\_chc&fext=.jsp&c\\_id=chc](http://chicago.cubs.mlb.com/news/article.jsp?ymd=20040127&content_id=631178&vkey=news_chc&fext=.jsp&c_id=chc) (Chicago City council committee recommended landmark status for the four exterior walls and roofs, marquee sign at Clark and Addison streets, center field scoreboard grandstands and bleachers, and brick wall and ivy surrounding playing field. However, concourses and concessions were not subject to review allowing the Cubs to alter the design in the future).

8. See, e.g., WRIGLEY ROOFTOPS, <http://www.wrigleyrooftops.com/> (last visited Mar. 5, 2014) (establishment which installed seats on its roof with a view into Wrigley Field); MURPHY'S ROOFTOP COMPANY, <http://murphysrooftop.com/> (last visited Mar. 5, 2014) (same).

9. Casey Burko, *Rooftops Called Wrigley Charm*, CHICAGO TRIBUNE (Jan. 8, 2003), [http://articles.chicagotribune.com/2003-01-08/news/0301080081\\_1\\_rooftop-wrigley-field-response](http://articles.chicagotribune.com/2003-01-08/news/0301080081_1_rooftop-wrigley-field-response).

10. Babwin, *supra* note 7 ("Cook County records show the properties' combined market value adds up to more than \$60 million, and they are likely worth more than that.").

11. *The Free Ride is Over: Cubs Sue Owners of Rooftop Bars Overlooking Wrigley*, SI.COM, [HTTP://SPORTSILLUSTRATED.CNN.COM/BASEBALL/NEWS/2002/12/16/WRIGLEY\\_LAWSUIT\\_AP/](http://SPORTSILLUSTRATED.CNN.COM/BASEBALL/NEWS/2002/12/16/WRIGLEY_LAWSUIT_AP/) (last updated Dec. 17, 2002 1:16 AM).

12. See *Rooftop Owner Seeks Trial on View*, CHICAGO TRIBUNE (April 8, 2004), [http://articles.chicagotribune.com/2004-04-08/news/0404090009\\_1\\_skybox-rooftop-waveland](http://articles.chicagotribune.com/2004-04-08/news/0404090009_1_skybox-rooftop-waveland) (explaining twelve rooftop businesses settled with Cubs, while one owner of three businesses held out); *Cubs, Rooftop Owner Settle*, CHICAGO TRIBUNE (Apr. 9, 2004), [http://articles.chicagotribune.com/2004-04-09/news/0404100004\\_1\\_skybox-rooftop-waveland](http://articles.chicagotribune.com/2004-04-09/news/0404100004_1_skybox-rooftop-waveland) (final business owner settled).

13. Gary Washburn, *Rooftop Owners and Cubs OK Deal*, CHICAGO TRIBUNE (Jan. 30, 2004), [http://articles.chicagotribune.com/2004-01-30/news/0401300019\\_1\\_rooftop-owners-wrigley-field-thomas-tunney](http://articles.chicagotribune.com/2004-01-30/news/0401300019_1_rooftop-owners-wrigley-field-thomas-tunney).

14. *Id.*

15. See Babwin, *supra* note 7 (discussing the renovation plans for the field in greater detail including a scoreboard and other signage which will block the rooftop viewpoints); *Cubs want to install 650-square-foot sign at Wrigley that may block view*, N.Y. DAILY NEWS (Jan. 28, 2014), <http://www.nydailynews.com/sports/baseball/cubs-block-rooftop-views-old-ball-game-article-1.1593811> (same).

the contract, the Cubs may be allowed to complete the renovations and block the views of the rooftops without being in violation of the agreement.<sup>16</sup>

This comment will begin with a detailed background on Wrigley Field, including the development of a relationship between the Chicago Cubs and the rooftop business owners of Wrigleyville, and the contract that currently stands between the parties. It will then discuss the possible contractual arguments in support of the rooftop business owners seeking to enforce their rights under the contract and implications if the Cubs move forward with the renovations. Finally, this comment concludes that despite the existence of a contract between sophisticated parties, the rooftop business owners likely have little or no legal remedies available to them, making it in their best interest to resolve this dispute out of court. Additionally, the Cubs have a great deal of leverage in this situation and it may be in their best interest to pursue renovations as planned, but the team should be aware of the reputation, relationships, and character it is risking by moving forward.

## I. BACKGROUND

Wrigley Field is the second oldest Major League ballpark in the United States, standing as an icon of the past.<sup>17</sup> In addition to being iconic, the stadium is also notorious for being late to modernize.<sup>18</sup> While the stadium has a unique charm that fans have grown to love, the Cubs have made it clear that the franchise has outgrown the small stadium.<sup>19</sup> Insufficient seating, a lack in variety of vendors, and too few restrooms at the stadium have contributed to the Cubs management’s decision that the historical site needs a few updates to improve patrons’ experiences.<sup>20</sup>

### A. SOURCE OF THE CONFLICT

In 2000, the Cubs sought to expand Wrigley Field to allow for more seating but met resistance from the surrounding Wrigleyville business owners and patrons.<sup>21</sup> The expansion would not only have interfered with the character of the surrounding area, but possibly obstructed—if not completely blocked—the view from the rooftop seats of the surrounding businesses.<sup>22</sup> The neighbors additionally argued that expansion of the field would detract not only from the stadium’s aesthetics and history as a landmark, but also from the surrounding area.<sup>23</sup> They claimed it would make the area dirty, overcrowded, and less safe.<sup>24</sup> Before moving forward with a renovation plan, the Cubs made numerous attempts to

---

16. Paul Sullivan, *Rooftop Owner: Contract with Cubs ‘Will be enforced,’* CHICAGO TRIBUNE (Apr. 15, 2013), [http://articles.chicagotribune.com/2013-04-15/sports/chi-chicago-cubs-rooftops-20130415\\_1\\_rooftop-owners-rooftop-business-chicago-cubs](http://articles.chicagotribune.com/2013-04-15/sports/chi-chicago-cubs-rooftops-20130415_1_rooftop-owners-rooftop-business-chicago-cubs).

17. *History*, *supra* note 5.

18. Caple, *supra* note 6.

19. *See id.* (comparing the Wrigley Field renovation plans with the renovation of Boston’s Fenway Park, emphasizing the ability to modernize without interfering with the historical charm of the stadium).

20. *Id.*

21. Ronnie Bitman, Note, *Rocking Wrigley: The Chicago Cubs’ Off-Field Struggle to Compete for Ticket Sales with its Rooftop Neighbors*, 56 FED. COMM. L.J. 377, 378 (2004).

22. *See id.* at 378.

23. *Id.* at 379 n.9.

24. *Id.* at 378.

impede the rooftop views, both to protect Cubs property from unwanted rooftop spectators and to make a point to the rooftop-business owners.<sup>25</sup> In 2002, the team filed suit against eleven business owners claiming copyright infringement, licensing violations, and unjust enrichment.<sup>26</sup> The basis of the dispute was the Cubs' right to its own "product," namely baseball games at Wrigley Field.<sup>27</sup> Specifically, the Cubs had taken issue with the business owners selling tickets from their coveted rooftop vantage points.<sup>28</sup> The Cubs brought claims of unlawful enrichment, estimating that the owners of the rooftop establishments grossed between eight and ten million dollars annually selling seats and related services.<sup>29</sup> Meanwhile, the Cubs spent eighty million dollars on salaries as well as millions more to operate and maintain Wrigley Field, expenses to which these businesses made no contribution.<sup>30</sup>

## B. THE LAWSUIT: CHICAGO NATIONAL LEAGUE BALL CLUB, INC. V. SKYBOX ON WAVELAND

### 1. THE CUBS' COMPLAINT, AND THE ROOFTOPS' RESPONSE

The Chicago Cubs named eleven defendants in its complaint.<sup>31</sup> The claim asserted that the listed businesses had unlawfully misappropriated the Cubs' property, infringed upon the team's copyrights, misleadingly associated themselves with the Cubs and Wrigley Field, and were unjustly enriched through their business of selling tickets to Cubs games.<sup>32</sup> The claim of misappropriation of the Cubs' property was based in the fact that most other establishments that take advantage of the Cubs' so-called product (baseball games and the associated trademarks) have licenses allowing them to lawfully do so.<sup>33</sup> The rooftop establishments, however, are "unlawful free riders" that benefit specifically from Cubs home games by providing game-viewing space during the games purely for their own profit.<sup>34</sup> The complaint further indicated that multiple establishments also recorded Cubs games and other telecasts without the proper licensing and thereby infringed the Copyright Act.<sup>35</sup>

25. Whet Moser, *Why Can't the Cubs Just Kick Out the Rooftop Owners?* CHICAGO MAG. (Apr. 5, 2013), <http://www.chicagomag.com/Chicago-Magazine/The-312/April-2013/Why-Cant-the-Cubs-Just-Kick-Out-the-Rooftop-Owners/>.

26. Complaint for Injunction, Damages, and Other Relief [sic], Chicago Nat'l League Ball Club, Inc. v. Skybox on Waveland, LLC., 2004 WL 5492711 (D. Ill Feb. 18, 2004) (No. 02C 9105) 2002 WL 32682094 (copyright claim based in the Copyright Act, 17 U.S.C. §101, et. seq; the Lanham Act, 15 U.S.C. § 1051, et. seq.; and unjust enrichment of themselves for "millions of dollars each year").

27. See Bitman, *supra* note 21, at 379 (explaining further that the Cubs claim "rooftop business owners have been 'piggybacking' on team marketing in direct violation of the Lanham Act, have misappropriated the team's property, and have been unjustly enriched").

28. *The Free Ride is Over*, *supra* note 11.

29. See Washburn, *supra* note 13 (comparing rooftop business' profits with Cubs expenditures annually); see also, Bitman *supra* note 21 (discussing Cubs' claims of unjust enrichment and Lanham Act violations further).

30. Washburn, *supra* note 13.

31. Third Amended Complaint for Injunction, Damages and Other Relief at ¶ 5-15, Chicago Nat'l League Ball Club, Inc. v. Skybox on Waveland, LLC., 2004 WL 5492711 (D. Ill Feb. 18, 2004) (No. 02C 9105) 2003 WL 23818794 [hereinafter "Complaint"].

32. *Id.* at ¶1 (detailing the "Nature of the Action" against the rooftop businesses).

33. *Id.* at ¶ 2.

34. *Id.* at ¶ 24, 27.

35. *Id.* at ¶ 32-41.



The misleading-association claims were based in the fact that the businesses specifically advertised themselves as locations to watch the Cubs play.<sup>36</sup> However, the rooftop establishments were not officially associated with the Cubs, nor were the Cubs profiting from these seats.<sup>37</sup> This caused confusion regarding the affiliation between the Cubs and small businesses, since some could infer that the two parties were affiliated.<sup>38</sup> As such, the Cubs asserted the rooftop establishments were unjustly enriched in that they were profiting from the Cubs’ product without providing any benefit to the Cubs in return.<sup>39</sup>

In their response, the business owners argued that the Cubs took no issue with the rooftop businesses until doing so arbitrarily in 2002.<sup>40</sup> People have watched games from the rooftops surrounding Wrigley Field since the park opened in 1914, and it did not become an issue until eighty-eight years later.<sup>41</sup> Specifically, the businesses argued that “[f]or many years, small businesses have operated the rooftops as venues for watching Cubs baseball games, with the knowledge and acquiescence of the Cubs themselves.”<sup>42</sup> In addition to allowing these businesses to continue uninterrupted for such a long period of time, the Cubs also benefitted from them.<sup>43</sup> That is, the rooftop establishments are an important part of the ambiance at Wrigley Field, evidenced by the fact that additional bleachers built in 1937 were designed to not interfere with the views from these rooftop vantage points.<sup>44</sup> “The Cubs acquiesced in the operation of these rooftop businesses because they recognized that the rooftops benefitted the Cubs by contributing part of the unique character of baseball at Wrigley Field.”<sup>45</sup>

The rooftop business owners cited Cubs general counsel Mark Hainik as saying that the rooftops and Cubs have “peacefully coexisted” due to Wrigley’s “seating capacity limitations,” in addition to the “certain charm and ambience” that the rooftops add to Wrigley.<sup>46</sup> The rooftop businesses response additionally cited to Andy MacPhail, the Cubs president, who explained that the rooftops are “definitely part of the ambience” of Wrigley.<sup>47</sup> Not only have the Cubs benefitted passively from the rooftops, but they have also used the rooftops in advertising.<sup>48</sup> The Cubs’ official website encourages patrons to “[c]ome see why Wrigley Field is considered to be the Mecca of baseball for your very own. The ivy, the hand-operated scoreboard, the rooftops surrounding the ballpark. . . .”<sup>49</sup>

Regarding the revenue issues, the rooftop owners asserted that they were not diverting revenue from the Cubs. Instead, they were targeting people who would not ordinarily go to the Wrigley Field itself, and were not allowed to sell tickets on game day due to city

36. *Id.* at ¶ 25.

37. *Id.*

38. *Id.* at ¶ 44.

39. *Id.* at ¶ 19.

40. *See* Defendants’ Answer to Plaintiff’s Second Amended Complaint for Injunction, Damages and Other Relief at ¶ 1, *Chicago Nat’l League Ball Club, Inc. v. Skybox on Waveland, LLC.*, 2004 WL 5492711 (D. Ill. Feb. 18, 2004) (No. 02C 9105) 2003 WL 23818785 [hereinafter “Answer”].

41. *Id.*

42. *Id.*

43. *See id.* (indicating that the rooftops are part of the ambience of the Wrigley Field experience).

44. *Id.*

45. *Id.*

46. *Id.*

47. *Id.*

48. *See id.* (explaining that the Cubs’ “publicity machine also touted the rooftops as an important part of the experience of a Cubs game.”)

49. *Id.*

ordinances.<sup>50</sup> Effectively, the rooftop businesses argued that while the products offered by the rooftops and the Cubs are compatible and even dependent upon each other, they are different products serving different patrons.<sup>51</sup>

## 2. SETTLEMENT AND TERMS

Throughout the prolonged negotiations, which continued through the 2003 season, the Cubs took numerous steps to prevent the surrounding businesses from, in the team's opinion, unlawfully profiting from the Cubs' home games, including putting up screens to block rooftop views.<sup>52</sup> In April 2004, just before baseball season was to open for the year, the Cubs settled the ongoing dispute with the residents of Wrigleyville.<sup>53</sup> After almost fourteen months, the parties came to an agreement that seemed to benefit all parties involved.<sup>54</sup> Today, there are sixteen such establishments that hold contracts with the Cubs.<sup>55</sup> The final contract between the Cubs and the rooftop business owners is subject to a confidentiality agreement.<sup>56</sup>

Despite the confidentiality agreement, some of the terms have become public. The businesses selling rooftop seats can continue to do so, provided they give the Cubs 17% of their gross revenue from those seats.<sup>57</sup> In 2004, it was estimated that this would cost the rooftop owners more than two million dollars.<sup>58</sup> The contract extends for a term of twenty years, set to expire in 2024.<sup>59</sup> For the first eight years of the contract, the Cubs were required to compensate the rooftop establishments for any interference with their businesses.<sup>60</sup> The contract was executed in 2004, so this eight-year window would have expired in 2012.<sup>61</sup> With these terms, the team benefits from the extra revenue from the rooftop seating without requiring additional seats to be added to the stadium, while many of the businesses selling seats for the games have developed into highly profitable clubs, grossing millions each season.<sup>62</sup>

As a result of the contract, the rooftop businesses and Wrigley Field have been able to coexist and even benefit from each other's business.<sup>63</sup> The Cubs have added revenue,

50. *Id.* at ¶ 29.

51. *Id.*

52. *See Moser, supra* note 25.

53. *Cubs, Rooftop Owner Settle, supra* note 12.

54. *See Cubs, Rooftop Owner Settle, supra* note 12 (citing Andy MacPhail, then Cubs President, as describing the rooftop businesses as a new partner).

55. *Rooftop Owners Balk at Wrigley Plan Report*, ESPNCHICAGO.COM (Apr. 5, 2013 2:50 PM), [http://espn.go.com/blog/chicago/cubs/post/\\_id/15875/rooftop-owners-balk-at-wrigley-plan-report](http://espn.go.com/blog/chicago/cubs/post/_id/15875/rooftop-owners-balk-at-wrigley-plan-report).

56. *See* David Kaplan, *A look inside the Cubs' rooftop contract*, CSN CHICAGO (Jan. 27, 2014), <http://www.csnchicago.com/cubs/exclusive-look-inside-cubs-rooftop-contract> (indicating the contract is subject to confidentiality "because no one has publicly acknowledged what the contract says"); *Cubs, rooftop owner settle, supra* note 12 ("Then the judge banned both sides from discussing the terms of the [2004] compromise.").

57. *Team to Receive Portion of Rooftop Revenue*, ESPN.COM (Jan 12, 2004), <http://sports.espn.go.com/mlb/news/story?id=1706351> (estimating cost to rooftop owners of over two million dollars annually).

58. *Id.*

59. *Id.*

60. *See id.*

61. *Id.*

62. *See id.*; Cagle, *supra* note 6 (describing investments of millions of dollars by rooftop owners to make businesses more profitable).

63. *Compare Team to receive portion of rooftop revenue, supra* note 57 (estimating two million dollars

detrerring the need to add additional seating, while still maintaining the charm of Wrigley Field.<sup>64</sup> Meanwhile, the rooftops are able to officially function as affiliates of the Cubs without issue or the threat of a lawsuit.<sup>65</sup> Some business owners have even taken steps to clarify that they are not stealing a product or infringing on the rights of the Cubs, but rather are affiliated with the Cubs, removing any tarnish to their reputations that this lawsuit had caused.<sup>66</sup>

### C. NEW OWNERS AND A NEW RENOVATION PLAN

#### 1. DESIRED RENOVATIONS

In 2009, five years after the agreement between the Cubs and rooftop business owners was settled, the Ricketts family purchased the Chicago Cubs.<sup>67</sup> In April of 2013, Cubs chairman Tom Ricketts revealed a \$500 million renovation plan for Wrigley Field.<sup>68</sup> The proposed renovations include a Jumbotron and automated scoreboard, extended bleacher seating, improved concessions, and improved player amenities among other enhancements.<sup>69</sup> The renovations were expected to allow for more night games, advertising space, additional parking, and other sources of revenue for the team.<sup>70</sup> The Cubs estimate that the added advertising space would result in an additional ten to twenty million dollars in profit each year.<sup>71</sup> Renovations were estimated to begin as soon as the end of the 2013 season, and continue through the next few seasons.<sup>72</sup> Similar to how the renovations to Fenway Park in Boston, another iconic baseball stadium, were handled, the Cubs management hopes to carefully and seamlessly move forward, modernizing while still preserving the charm of Wrigley Field.<sup>73</sup>

The MLB website published an outline of the renovation plan for Wrigley, which appears to consider the rooftop businesses.<sup>74</sup> The plan provides “discretion [to the team] on all signage inside the ballpark *not impacting rooftops*,” and the Cubs have worked with the

---

annually in additional revenue for Cubs from rooftop businesses), and Caple, *supra* note 6 (noting average of four million dollars in revenues paid by rooftop owners to Cubs in recent years).

64. Caple, *supra* note 6.

65. See *Cubs, Rooftop Owners Settle*, *supra* note 12 (citing Skybox on Waveland’s operator Jonathan Arnold describing feeling “ecstatic about the settlement”).

66. See, e.g., WRIGLEY ROOFTOPS, *supra* note 8 (declaring an official relationship with the Cubs); 3639WRIGLEYVILLEROOFTOP.COM, <http://3639wrigleyrooftop.com/> (last visited Mar. 5, 2014) (same).

67. Babwin, *supra* note 7.

68. See Muskat, *supra* note 7 (detailing renovation plans for Wrigley Field).

69. *Id.*

70. Caple, *supra* note 6; *The Battle of Wrigley Field*, CHICAGO TRIBUNE (Feb. 3, 2013), [http://articles.chicagotribune.com/2013-02-03/opinion/ct-edit-wrigley-0203-jm-20130203\\_1\\_rooftop-owners-rooftop-businesses-rooftop-clubs](http://articles.chicagotribune.com/2013-02-03/opinion/ct-edit-wrigley-0203-jm-20130203_1_rooftop-owners-rooftop-businesses-rooftop-clubs).

71. *The Battle of Wrigley Field*, *supra* note 70.

72. *Id.*

73. Caple, *supra* note 6.

74. See Carrie Muskat, *Details of Wrigley renovation plan outlined*, MLB.com (Apr. 15, 2013), [http://chicago.cubs.mlb.com/news/print.jsp?ymd=20130415&content\\_id=44849242&c\\_id=chc](http://chicago.cubs.mlb.com/news/print.jsp?ymd=20130415&content_id=44849242&c_id=chc) (explaining the plan incorporates parts of Sheffield Avenue into the park to “allow the left-field video board to be moved further north, thus minimizing the sight-line impact on the rooftops”).

city to expand the park onto Sheffield Avenue, a street adjacent to Wrigley Field.<sup>75</sup> This allows the Cubs to place the left-field video board in such a way as to minimize the impact on the rooftop establishments.<sup>76</sup> Further, the city intends to maintain and enforce current rooftop capacity limits, current rooftop height limitations, and the current advertising ban in the rooftop district.<sup>77</sup>

## 2. SAME COMPLAINT; DIFFERENT ISSUE

In order to renovate, the Cubs have faced numerous obstacles. First, the Cubs needed to secure the appropriate funding to remodel the stadium.<sup>78</sup> The Ricketts family originally sought tax funding for the renovations.<sup>79</sup> The family was unable to secure tax funding, and is now funding the renovations itself and building additional facilities around the stadium to increase revenue, including a hotel and office building with retail space.<sup>80</sup> Second, the team required zoning approval from the city.<sup>81</sup> Now, the Cubs must take care of the existing contracts with neighboring rooftop businesses.<sup>82</sup>

Terms of the contract between the rooftop business owners and the Cubs indicate that the rooftops will be able to continue with business as usual, but the business owners have made it clear that they feel otherwise.<sup>83</sup> Cubs Chairman Tom Ricketts has responded that work on the field will not start until any issues with the rooftop businesses are resolved, admitting to a potential issue with obstructing the rooftop views while also maintaining that renovations will move forward.<sup>84</sup> While there are numerous issues between the Cubs and the rooftop businesses due to the desired renovations to Wrigley Field, the centerpiece of the contractual dispute is the Cubs' proposed 6,000-square-foot scoreboard and additional advertising-signage.<sup>85</sup> The only possible location for the proposed scoreboard would block most of the rooftop views surrounding the stadium, including those that the Cubs have permitted by contract.<sup>86</sup>

According to a representative of the rooftop businesses, none of the businesses were included in the planning or initial negotiations for the renovations.<sup>87</sup> The rooftop owners have stepped in and offered to advertise on their own buildings without charging the Cubs in order to avoid the obstruction of their views; however, the Cubs believe that in-stadium

---

75. *Id.* (emphasis added).

76. *Id.*

77. *Id.*

78. See Don Babwin, *Rooftop owners say 500M Wrigley Field facelift can't block views*, MSN.COM (Jun. 8, 2013), <http://news.msn.com/pop-culture/rooftop-owners-say-dollar500m-wrigley-field-facelift-cant-block-views> (describing funding options for the renovation plan).

79. *Id.*

80. *Id.*

81. *Zoning Committee OKs Wrigley Renovation Plan*, NBCCHICAGO.COM (Jul. 23, 2013), <http://www.nbcchicago.com/news/sports/Wrigley-Renovations-Vote-Chicago-216576561.html>.

82. See *Rooftop Owners Balk*, *supra* note 55.

83. *Id.*

84. Hal Dardick, *Emanuel proposes more changes to Wrigley Field plan*, CHICAGO TRIBUNE (Oct. 17, 2013), [http://articles.chicagotribune.com/2013-10-17/news/chi-emanuel-proposes-more-changes-to-wrigley-field-plan-20131016\\_1\\_rooftop-club-owners-cubs-spokesman-julian-green-night-games](http://articles.chicagotribune.com/2013-10-17/news/chi-emanuel-proposes-more-changes-to-wrigley-field-plan-20131016_1_rooftop-club-owners-cubs-spokesman-julian-green-night-games).

85. Sullivan, *supra* note 16.

86. *Id.*

87. *Rooftop Owners Balk*, *supra* note 55 (citing expression of discontent from rooftop business owners about exclusion from discussions).

advertising would yield more revenue.<sup>88</sup> The rooftop-business owners adamantly assert that their contractual rights should be honored, although the contract itself may indicate otherwise.<sup>89</sup> One of the contract terms required the Cubs to compensate the rooftop business owners for any obstruction of their view through the first eight years of the contract, a period that ended in 2012.<sup>90</sup> Presumably, since the payment period elapsed, the Cubs may renovate without concern of possible damages owed to the Wrigleyville businesses, despite the business owners' protests.<sup>91</sup>

## II. ANALYSIS

The Chicago Cubs are faced with a challenge in dealing with the rooftop business owners for both legal and financial reasons. The Cubs should proceed with caution, considering what the terms of contract provide, and additionally what is most financially responsible in dealing with the rooftop businesses.<sup>92</sup> Ricketts has made it clear that the Cubs want to avoid a lawsuit, and that renovations will not go forward until an agreement has been made.<sup>93</sup> However, the Cubs likely have tenable legal arguments, which should provide additional leverage in any upcoming negotiations.<sup>94</sup>

Assuming there is a breach of contract by the Cubs, the eight-year limitation on the need to compensate the rooftop business owners indicates a limitation on damages that would be owed by the Cubs. While on its face this type of a contract term may seem unfair or even unconscionable, Illinois law likely permits such contract provisions.<sup>95</sup> In light of these facts, the Cubs will likely be able to settle the dispute easily, even if that entails breaching the contract.<sup>96</sup>

### A. CONTRACT ELEMENTS AND BREACHES

The elements of a valid contract are: an offer, acceptance, and consideration.<sup>97</sup> While the majority of the specific details regarding the offer and acceptance in this case are confidential between the Cubs and the rooftop business owners, the parties do not dispute

88. Jesse Rogers, *Rooftop Owners Offer Sign Plan*, ESPN CHICAGO (Jan. 25, 2013), [http://espn.go.com/chicago/mlb/story/\\_/id/8881512/wrigleyville-rooftop-owners-offer-plan-keep-wrigley-field-view](http://espn.go.com/chicago/mlb/story/_/id/8881512/wrigleyville-rooftop-owners-offer-plan-keep-wrigley-field-view).

89. See, e.g., Sullivan, *supra* note 16 (Beth Murphy of Murphy's rooftops explains intent to enforce contract).

90. *Team to Receive Portion of Rooftop Revenue*, *supra* note 64; See Washburn, *supra* note 13 (pointing out limitation on compensation requirement).

91. *Team to Receive Portion of Rooftop Revenue*, *supra* note 64; See Washburn, *supra* note 13.

92. See Dardick, *supra* note 54 (citing Cubs Chairman Tom Ricketts explaining importance of resolving issues with rooftop businesses before moving forward with renovations).

93. See Dardick, *supra* note 54 (Cubs Chairman Tom Ricketts explains Cubs' intentions moving forward); see also Moser, *supra* note 28 (describing loss of good will as a result of first lawsuit filed against rooftop businesses).

94. Sullivan, *supra* note 16 (citing rooftop representative asserting that they will take issue to court to enforce contract if necessary).

95. *Infra*, notes 106-123 (describing Cubs' legal arguments).

96. *Infra*, notes 124-133 (describing likelihood of Cubs' success in court).

97. See generally, Christina L. Kunz & Carol M. Chompsky, *CONTRACTS: A CONTEMPORARY APPROACH* (West 2010) at 199, 252, 286 (for elements of a contract).

the existence of a contract.<sup>98</sup> The rooftop business owners are required to pay the Cubs for the right to sell rooftop seats, thus fulfilling the rooftop business owners' required consideration.<sup>99</sup> It is less clear, however, what the Cubs have provided as consideration for this contract. The Cubs have likely provided the rooftop businesses a license to the Cubs' product. However, the Cubs' consideration may be as simple as a promise not to sue or obstruct the rooftop views for a designated period of time.<sup>100</sup> The Cubs having *some* obligation not to obstruct the rooftop-business owners' views is the most important factor.<sup>101</sup>

Representatives of the rooftop businesses claim that a contract exists and demand that this contract be enforced.<sup>102</sup> However, the specific terms of this contract might not provide the protection that the business owners desire.<sup>103</sup> Under Illinois law, a plaintiff suing for breach of contract must prove four elements.<sup>104</sup> The elements are: (1) existence of a contract; (2) the plaintiff's own performance under the contract; (3) the defendant's breach of the contract; and (4) injury resulting from the breach.<sup>105</sup> As noted above, interviews with the Cubs and the rooftop business owners indicate that there is no dispute as to the existence of a contract.<sup>106</sup> Further, there is no claim or evidence to indicate that the business owners have not paid the Cubs in return for the ability to sell the rooftop seats.<sup>107</sup> The primary resulting injury would be depreciation in value of the rooftop businesses' largest source of revenue: the seats overlooking Wrigley Field.<sup>108</sup> It is the third element, the defendant's breach, that is less clear.<sup>109</sup>

While the contract term is through 2024, the Cubs were only responsible to compensate the rooftop businesses for any interference with their ability to watch games for the first eight years of the contract, through 2012.<sup>110</sup> Therefore, the Cubs have the latitude to develop the property as they please without any financial consequences under the current contract.<sup>111</sup> While the contract may be terminated due to breach, the only possible source of damages would be the rooftop business owners' inability to continue with their respective businesses due to major loss in revenue.<sup>112</sup>

---

98. Telephone Interview with Mike Feldman, General Counsel, Chicago Cubs (Aug. 30, 2013) (confirming existence of a contract, subject to confidentiality clause).

99. *See Cubs, Rooftop Owner Settle supra*, note 12 (discussing contract terms).

100. Telephone Interview with Mike Feldman, General Counsel, Chicago Cubs (Aug. 30, 2013) (due to the confidentiality of the agreement, commitments made by the Cubs are known only to those party to the contracts).

101. *See Kunz & Chompsky, supra* note 97, at 14 (contracts require consideration by both parties).

102. Sullivan, *supra* note 16 (citing rooftop businesses' representative asserting that the issue will be taken to court to enforce if necessary).

103. *See generally* Kunz & Chompsky, *supra* note 97 at 918 (explaining problems with disparate interpretations of contracts between parties).

104. *Burrell v. City of Mattoon*, 378 F.3d 642, 652 (detailing elements of breach of contract regarding termination of employment contract).

105. *Id.* (elements of a claim for breach of contract in Illinois).

106. *Id.*; Caple, *supra* note 6 (both parties discussing contract); Telephone Interview with Mike Feldman, General Counsel, Chicago Cubs (Aug. 30, 2013) (confirming existence of contract).

107. *See* Caple, *supra* note 6 (both parties discussing contract);

108. *See* Caple, *supra* note 6 (discussing high investments made by the rooftop business owners).

109. *See supra*, notes 62-67 (discussing the contract terms which will likely allow the Cubs to move forward with their renovation plans).

110. *See Team to Receive Portion of Rooftop Revenue supra* note 57 (indicating eight year cap on damages).

111. *See Team to Receive Portion of Rooftop Revenue supra* note 57 (indicating eight year cap on damages and freedom to develop property without compensating rooftop businesses thereafter).

112. *See generally* *Team to Receive Portion of Rooftop Revenue supra* note 57 (limitations on damages indicate that there are not additional remedies for rooftop businesses to seek out).

The purpose of the licensing contract was to allow the Cubs to protect their trademarks and copyrights, and to prevent others from being unjustly enriched by their product.<sup>113</sup> Under Illinois law, rights to a trademark are a property right, guaranteeing exclusive use and freedom from unwarranted interference.<sup>114</sup> However, “[a] license is not revocable where the licensee had to spend substantial sums of money that were induced by the affirmative efforts of the licensor; the improvements that the licensee made were at least partly for the benefit of the licensor; and revocation would result in injury that would amount to a great wrong and oppression.”<sup>115</sup> Once the Cubs licensed the use of their product to the rooftop businesses, the Cubs are required to permit such use until the contract expires.<sup>116</sup>

It should further be considered what elements of performance are conditional upon performance by the other party.<sup>117</sup> A dependent contract clause only requires performance if the term upon which it depends is also performed.<sup>118</sup> An independent clause, however, provides that performance on one term is entirely independent of the others.<sup>119</sup> Therefore, if the rooftop owners’ obligation to pay is not contractually dependent upon the Cubs upholding a separate obligation, the owners may still be financially liable to the Cubs, regardless of how many seats they sell.<sup>120</sup> Furthermore, if the obligation to pay is tied to seat sales, the rooftop businesses have the opportunity to re-market the establishments and focus on trying to earn revenue on food and drink rather than ticket sales.<sup>121</sup> If the obligation to pay is not tied to seat sales, however, they may still owe the Cubs money through the end of the contract in 2024.<sup>122</sup>

## B. DAMAGES FOR BREACH OF CONTRACT

While what exactly constitutes a breach by the Cubs depends on the language of the contract, the rooftop business owners believe there is some obligation the Cubs are not

113. See *Complaint supra*, note 31, at ¶1 (Cubs filed suit in 2002 claiming violations of the Lanham Act, Copyright Act, and unjust enrichment).

114. *Future Farmers of America v. Romack*, 114 F. Supp. 796, 799 (E.D. Ill. 1953) (explanatory annotation to Lanham Act, 15 U.S.C. §1051). According to the Cubs website, legal issues arising out of activities which occur at Wrigley field are governed by Illinois State law, while other activities, such as sweepstakes, are governed by New York State Law. Compare *Baby Ruth Ultimate 7<sup>th</sup> Inning Stretch Competition*, MLB.COM [http://chicago.cubs.mlb.com/chc/fan\\_forum/guest\\_conductor\\_form.jsp?loc=ruleshttp://chicago.cubs.mlb.com/chc/ticketing/sth\\_id\\_terms.jsp](http://chicago.cubs.mlb.com/chc/fan_forum/guest_conductor_form.jsp?loc=ruleshttp://chicago.cubs.mlb.com/chc/ticketing/sth_id_terms.jsp) (last visited Oct. 15, 2013) (competition held at the field governed by Illinois Law), with *Official Rules for @MLB Giveaways on Twitter*, MLB.COM [http://chicago.cubs.mlb.com/fan\\_forum/social\\_media/rules/tw\\_giveaway.jsp?c\\_id=chchttp://chicago.cubs.mlb.com/mlb/sweepstakes/y2012/chc/scotts\\_rules.jsp](http://chicago.cubs.mlb.com/fan_forum/social_media/rules/tw_giveaway.jsp?c_id=chchttp://chicago.cubs.mlb.com/mlb/sweepstakes/y2012/chc/scotts_rules.jsp) (last visited Oct. 15, 2013).

115. 25 Ill. Law and Prac. Licenses and Occupation and Privilege Taxes § 59 (explaining rights of the licensor).

116. See *Team to Receive Portion of Rooftop Revenue, supra* note 57 (rights of the rooftop business owners as the licensees).

117. See generally *Encyclopedia Britannica, Inc. v. Guerrero*, 598 F. Supp. 2d 849 (N.D. Ill. 2009) (explaining that interpretation of contract terms requires looking at the contract as a whole).

118. See *Kunz & Chompsky, supra* note 97, at 735 (discussing and analyzing dependent contract clauses).

119. See *Kunz & Chompsky, supra* note 97, at 784 (explaining dependent contract clauses in comparison to independent).

120. See *Kunz & Chompsky, supra* note 97, at 784 (explaining differing impact on parties if breach clauses are dependent upon or independent of remainder of contract).

121. See *Kunz & Chompsky, supra* note 97, at 784 (explaining differing impact on parties if breach clauses are dependent upon or independent of remainder of contract).

122. See *Team to Receive Portion of Rooftop Revenue, supra* note 57 (indicating expiration of contract).

upholding by moving forward with the planned renovations.<sup>123</sup> If there is a breach, the rooftop business owners may not have any recourse because the Cubs' financial obligations to the owners ceased in 2012.<sup>124</sup> In Illinois, a jury determines damages for breach of contract, unless a contract specifies the measure of damages for a breach.<sup>125</sup> "The measure of damages for a breach of contract is the amount that will compensate the injured person for the loss," or the amount that will put the injured party in the position they would have been had the contract been performed.<sup>126</sup>

Compensatory damages, more specifically expectation damages in this case, include losses as a result of the breach of contract, and consist of direct and indirect damages. Indirect damages further include incidental and consequential damages.<sup>127</sup> In this case, direct damages might include money invested in renovating the rooftop bars to improve the quality of services provided.<sup>128</sup> Incidental damages could include the costs of altering the rooftop businesses in a way that permits continued profitability despite the lack of rooftop seats, their main source of revenue.<sup>129</sup>

Consequential damages, likely the largest amount of damages, include lost profits.<sup>130</sup> Here, that amount could be as high as twenty-three-million dollars annually.<sup>131</sup> Where profits can be estimated with reasonable certainty, recovery for those profits may be awarded.<sup>132</sup> If the Cubs have some obligation to perform beyond providing use of their license, failure to complete performance according to the contract terms would result in compensatory damages equal to the reasonable cost of completion.<sup>133</sup>

There is no general limit on economic damages in Illinois.<sup>134</sup> Damages may, however, be limited by contract.<sup>135</sup> Specifically, "consequential damages such as lost profits may be limited or excluded by parties to a contract unless the limitation or exclusion is unconscionable."<sup>136</sup> Therefore, the limitation on the Cubs' need to compensate the rooftop business owners beyond 2012 is enforceable unless it is determined to be unconscionable.<sup>137</sup>

123. See generally Caple, *supra* note 6.

124. See *Team to Receive Portion of Rooftop Revenue*, *supra* note 57 (indicating eight year cap on damages).

125. See *Kemp v. Gannet*, 50 Ill. App. 3d 429, 432 (1977) ("parties to a contract may fix their own damages").

126. 15 Ill. Law and Prac. Damages § 68.

127. See *Kunz & Chompsky*, *supra* note 97 at 920-21 (defining expectation damages and categories of expectation damages). This discussion is limited to compensatory damages, as that is what damages are required by state law and discussed in news reports. See generally *Team to Receive Portion of Rooftop Revenue*, *supra* note 57 (mentioning compensation time limit).

128. See *Kunz & Chompsky*, *supra* note 97 at 920; *Caple*, *supra* note 6 (describing the investments made by rooftop business owners in their businesses).

129. See generally *Kunz & Chompsky*, *supra* note 97 at 920-21 (explaining incidental damages).

130. See generally *id.* (explaining consequential damages).

131. See *Caple*, *supra* note 6 (estimating that 17% of revenues can account for up to four million dollars in annual profits; four million dollars is approximately 17% of twenty three million dollars).

132. See *Meyer v. Buckman*, 7 Ill. App. 2d 385, 404-406 (1955) (describing damages for breach of contract to move a house).

133. See *Brewer v. Custom Builders Corp.*, 42 Ill. App. 3d 668 (1976) (discussing remedies for failure to perform on a contract).

134. See *Cognitest Corp. v. Riverside Pub. Co.* 107 F.3d 493, 497-98 (7<sup>th</sup> Cir. 1997) (appeal of dismissal of breach of contract claim due to contractual preclusion from recovering damages).

135. See *Cognitest*, 107 F.3d at 497-98; UCC § 2-719(1-3) (parties may contract to limit remedies).

136. See *Cognitest*, 107 F.3d at 497-98; 810 Ill. Comp. Stat. 5/2-719(1-3); See also *Faust Printing, Inc. v. Man Capital Corp.* 2007 U.S. Dist. LEXIS 92183 (N.D. Ill 2007).

137. See *Cognitest*, 107 F.3d at 497-98; 810 Ill. Comp. Stat. 5/2-719(1-3); See also *Faust Printing, Inc. v. Man Capital Corp.* 2007 U.S. Dist. LEXIS 92183 (N.D. Ill 2007); See *infra* notes 63-69 (discussing contract



So long as the parties intended this limited remedy to be exclusive, the remedy is exclusive.<sup>138</sup> As such, all of the damages potentially available to the rooftop business owners would be eliminated.<sup>139</sup>

While all of these damages may have been available to the rooftop business owners, the absence of a requirement for the Cubs to compensate them after 2012 indicates otherwise.<sup>140</sup> Damages as determined by the contract overrule statutory damages, leaving the rooftop business owners with little bargaining power and the Cubs with most of the leverage.<sup>141</sup>

### C. UNCONSCIONABILITY

The rooftop businesses could still argue that the limitation on the Cubs' need to compensate the rooftop owners beyond 2012 is unconscionable.<sup>142</sup> A contract may be considered unconscionable when there is “an inequality so strong, gross, and manifest that it must be impossible to state it to a person of common sense without producing an exclamation at the inequality of it.”<sup>143</sup> Specifically, if the rooftop owners choose to file suit against the Cubs, they can argue that the contract provision eliminating damages after 2012 should be void even if the Cubs are allowed to continue with planned renovations, according to the original terms.<sup>144</sup> “In assessing whether a contract provision should be disregarded as unconscionable, Illinois courts look to the circumstances existing at the time of the contract’s formation, including the relative bargaining positions of the parties and whether the provision’s operation would result in unfair surprise.”<sup>145</sup> In this case, the parties also may need to consider that “[a]lthough the U.C.C. permits parties to limit the remedies available in the event of a breach (e.g., by precluding the recovery of consequential damages), it does require that there at least is a minimum adequate remedy for the victim of a breach.”<sup>146</sup>

An important factor in this analysis is the relative power of the parties.<sup>147</sup> It does not appear that there was a significant difference in the power of each party, especially since the rooftop establishments were the last holdouts during the 2004 settlement negotiations, not the Cubs.<sup>148</sup> Furthermore, both parties were represented by counsel and were sophisticated

---

provisions).

138. See *Cognitest*, 107 F.3d at 497-98 (“limited remedy is optional unless the remedy is expressly agreed to be exclusive, in which case it is the sole remedy”) (internal quotations omitted).

139. See *infra* 143-148 (discussing damages in Illinois).

140. See *Cognitest*, 107 F.3d at 497-98, UCC § 2-719(1-3); 810 Ill. Comp. Stat. 5/2-719(1-3) (ability to limit or exclude damages).

141. See *Kemp*, 50 Ill. App. 3d 429 (contractual damages overrule statutory damages).

142. See *Faust Printing*, 2007 U.S. Dist. LEXIS 92183, 20; 810 Ill. Comp. Stat. 5/2-719(3).

143. See *Kunz & Chompsky*, *supra* note 97 at 457 (defining unconscionability, and further explaining that this is an “extreme defense” and not often a winning strategy).

144. See *Faust Printing*, 2007 U.S. Dist. LEXIS 92183, 20 (“Under Illinois law, a contract that is fraudulently induced is voidable by the innocent obligor”).

145. *Cognitest*, 107 F.3d at 499 (explaining holistic contract interpretation in Illinois).

146. *Cognitest*, 107 F.3d at 496 (acknowledging that Illinois law requires a minimum adequate remedy for breach).

147. *Cognitest*, 107 F.3d at 499 (indicating relevance of power disparities in contract negotiations).

148. *Cubs, Rooftop Owner Settle supra* note 12 (Announcing the settlement with three holdout rooftop businesses).

business owners.<sup>149</sup> Where consumers are in a position of powerlessness, in which they cannot understand the contract terms even if they read them, an argument of unconscionability is more likely to be taken seriously by a court.<sup>150</sup>

Here, where several businesses represented by attorneys entered into a contract that was negotiated over an extended period of time, there is no real argument for such powerlessness.<sup>151</sup> In addition, it is not a complex contract term that is at issue.<sup>152</sup> Rather, it is a term that indicates that the Cubs are only required to compensate the rooftop businesses for an obstruction for a term of eight years, while the life of the contract is twenty years.<sup>153</sup> This difference in and of itself is insufficient to create an argument against the Cubs, as duration is an essential contract term and remedy for breach is a standard inclusion.<sup>154</sup> Despite the size and financial might of the Cubs, the rooftop business owners were sufficiently sophisticated to understand this contract term, especially with the advice of the attorneys representing them in the settlement negotiations.<sup>155</sup>

#### D. LOOKING FORWARD

##### 1. THE ROOFTOP BUSINESSES

Assuming a breach by the Cubs that inhibits the ability of the rooftop owners to sell seats to view Cubs games, the question remains as to the rooftop owners' requirement to perform on the contract.<sup>156</sup> The rooftop business owners are absolved of their obligation to pay the Cubs only if that obligation to pay is tied to the Cubs' obligation not to obstruct their view.<sup>157</sup> One must also consider whether the obligation to pay the Cubs is tied to seat revenues specifically or venue revenues as a whole.<sup>158</sup> Based on the concept of clause-dependency, more interpretive guidance based in the actual language of the agreement is necessary.<sup>159</sup>

##### 2. THE CUBS

As the Cubs move forward with their renovation plans, there are numerous considerations to be made beyond the rooftop licensing contracts.<sup>160</sup> If the rooftops

149. *Cubs, Rooftop Owner Settle* *supra* note 12 (attorneys held strong throughout negotiations).

150. *See generally* Melissa T. Lonegrass, *Finding Room for Fairness in Formalism – The Sliding Scale Approach to Unconscionability* 44 Loy. U. Chi. L.J. 1, 3 (for discussion of unconscionability in Illinois).

151. *Id.* (discussing powerlessness as part of an unconscionability argument).

152. *Team to Receive Portion of Rooftop Revenue*, *supra* note 57; *See Washburn*, *supra* note 13 (outlining contract terms).

153. *See Washburn*, *supra* note 13; *Cubs, Rooftop Owner Settle* *supra* note 12 (comparing contract terms).

154. *See Kunz & Chompsky*, *supra* note 97, at 199, 252, 286 (explaining essential contract terms of quantity, price, and time).

155. *Cubs, rooftop owner settle* *supra* note 12 (Reporting sophisticated statements made by each attorney).

156. *See Kunz & Chompsky*, *supra* note 97, at 777-815 (discussing performance requirements).

157. *See Kunz & Chompsky*, *supra* note 97, at 826-832 (describing function of dependent contract clauses).

158. *See Kunz & Chompsky*, *supra* note 97, at 826-832 (describing ability, or lack thereof, to withhold payment in response to contract breach).

159. *See Kunz & Chompsky*, *supra* note 97, at 826-832 (describing function of independent contract clauses).

160. *See infra*, notes 164-167 (discussion of non-legal impacts of the renovations to Wrigley Field).

surrounding Wrigley Field truly are important to the charm and attraction of the field, and in turn its profitability, there could be unexpected revenue consequences to the Cubs from obstructing the rooftop views.<sup>161</sup> Even with the possible \$4 million loss of rooftop revenue, the team expects to earn \$10-20 million from the increased advertising aspect of the renovations—still a drastic increase in revenue.<sup>162</sup> However, the Cubs should keep in mind that the good will of the surrounding community is a large part of Wrigley Field’s success, and helps make it a destination for tourists beyond baseball fans.<sup>163</sup> Part of what makes any historical site attractive to visitors is the quirks which make it unique from other similar venues, an intangible factor which should be accounted for by the Cubs.<sup>164</sup>

## CONCLUSION

Despite the efforts of the rooftop businesses to prevent renovations which will block their views, the public terms of the contract indicate that the Cubs have most of the legal leverage in this situation.<sup>165</sup> It is likely that the Cubs will be able to move forward with their renovation plans.<sup>166</sup> Though the rooftop businesses may file suit, they agreed to a contract allowing the Cubs to renovate as they please without owing damages to the rooftop owners after 2012.<sup>167</sup> An unconscionability argument is unlikely to be persuasive, and efforts by the rooftop owners to deter the Cubs’ renovations plans thus far have been unsuccessful.<sup>168</sup> Despite the unique charm added by the Wrigleyville rooftops, the Cubs will likely be moving into the days of modern stadiums without any legal ties to these establishments holding them back.<sup>169</sup> The actual impact will only be revealed with time.

---

161. See Burko, *supra* note 9 (discussing the charm of Wrigley Field and the rooftops).

162. See *id.* (indicating average revenues paid by rooftop businesses to Cubs annually).

163. See generally Strickland, *supra* note 3 (explaining the rooftops as part of the character of Wrigley Field).

164. See Woodley, *supra* note 3 (describing Wrigley Field as a top ten baseball park); see also Strickland, *supra* note 3 (explaining the rooftops as part of the character of Wrigley Field).

165. *Team to Receive Portion of Rooftop Revenue*, *supra* note 57 (describing contract term limiting damages).

166. The rooftop business owners will likely have to wait until there is an actual harm, or the claim is “ripe” before bringing suit. For further information on ripeness, see Calvin Massey, *AMERICAN CONSTITUTIONAL LAW: POWERS AND LIBERTIES* 106 (Wolters Kluwer, 4<sup>th</sup> ed. 2013).

167. *Team to receive portion of rooftop revenue*, *supra* note 57 (describing contract term limiting damages); see also *supra* notes 118-125 (discussing ability to contractually limit damages).

168. Lonegrass, *supra* note 151 (discussing unconscionability in Illinois); Rogers, *supra* note 88 (discussing the offer by the rooftop owners to advertise on their buildings instead of new stadium signage).

169. *Supra* notes 161-155 (discussing the Cubs’ next steps).









