Over the last twenty years the sports industry has grown exponentially and increased, television contracts have soared to unprecedented levels and dozens of new stadiums have been built. The advent of free agency has helped propel professional sports leagues into multi-billion dollar industries. When contracts expire, players are free to go to whatever team offers them the most money. Long gone are the days of a player staying with one team his entire career, a la Cal Ripken Jr. or Larry Bird. In an attempt to stay ahead of the economic curve, team owners are constantly looking for new revenue streams that will increase their bottom line. This paper will examine one of these methods—new stadium construction. Owners, and politicians alike, promise the citizenry that these new multi-million dollar facilities will have a huge economic impact on the city population that new jobs will be created and the aggregate income of the city will substantially increase. But can these promises be fulfilled? Do these newly constructed stadiums and arenas really have a positive economic impact on the cities? Do new stadiums really help revitalize and rejuvenate downtown areas like politicians and lawmakers claim? And most importantly, how do cities actually attain the land where stadiums are built?

IDEAS, A DIME A DOZEN, OR WORTH PROTECTION?

By: Elliot Axelrod

INTRODUCTION

While many projects, particularly in the entertainment field, begin with a creative idea, ideas by themselves are generally agreed to be a “dime a dozen.” The law is ambivalent about the protection of ideas. Part of this ambivalence stems from the law’s efforts to balance competing interests. While some protection is provided to those who submit ideas to others, and to those who receive idea submissions, the distinction between expression and ideas, and the degree of protection afforded, is often far from clear. This paper explores the reasons for the law’s ambivalence about idea protection and discusses the pragmatic current state of protection afforded to those who conceive ideas.

At one time, the law provided no protection whatsoever against unauthorized dramatizations of copyright protected literary works, let alone against the unauthorized use of mere ideas. When copyright law was amended in 1891 to create a right to dramatize copyright...
protected literary works, Congress made it clear that it was only protecting “expression,” not “ideas.”

This differentiation between ideas and expression has specific efficacy dating back to 1879. It should be noted that copyright can protect embellishments upon ideas in instances. While a single word cannot be copyrighted, the particular manner in which a writer organizes words (i.e. his approach), can be protected. Still, others remain free to create work on the same topic, theme, or idea, as long as they do not copy the particular expression of the first writer. However, since the distinction between expression and ideas is not always clear, we typically encounter the problem of quantifying how much similarity is necessary for copyright infringement. Therefore, since one cannot protect an idea under copyright law, one who “pitches” a story idea to another is clearly vulnerable to theft.

Since the 1950s, courts have been confronted with cases in which ideas were used without authorization, or at least without compensation, under circumstances that seemed unfair, even though no copyrights had been infringed. Some courts, particularly those in California, embarked upon a search for legal doctrines other than copyright that would provide protection for ideas. This search led courts to conclude that ideas could be protected, under certain circumstances, by contract and confidential relationship law.

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7 See Salinger v. Random House, 811 F.2d 90, 98 (2d Cir. 1987).
COPYRIGHT

Inasmuch as copyright law is the place where legal protection for literary and dramatic works is found, this is the first place plaintiffs look for protection when their ideas are used without authorization, especially if those ideas were embedded in a copyright protected book, play, or movie. As noted before, however, copyright law does not protect “naked” ideas. 12 When relying on copyright law, it is necessary for a plaintiff to show that copyright protected “expression” was used by the defendant. While it is essential to any protection of literary property, whether at common law or under statute, that the right cannot be limited to the text, literally, 13 there is a point at which protection must cease. The court in Nicholas v. Universal Pictures Corp., 14 referring to this concept, said that:

Nobody has ever been able to fix that boundary, and nobody ever can. In some cases the question has been treated as though it were analogous to lifting a portion out of the copyrighted work; but the analogy is not a good one, because, though the skeleton is part of the body, it pervades and supports the whole. In such cases we are rather concerned with the line between expression and what is expressed. As respects plays, the controversy chiefly centers upon the characters and sequence of incident, these being the substance. 15

In the Nicholas case, the plaintiff was the author of the play, “Abie’s Irish Rose,” which depicted a Jewish family living in New York where the son became involved with an Irish Catholic girl. The defendant, on the other hand, produced, publicly, the motion picture “The Cohens and the Kellys,” which depicted two families, Jewish and Irish, living side-by-side in New York, where the Jewish daughter and Irish son become involved. The plaintiff contended that the defendant’s movie was taken from the plaintiff’s play. Although the story lines were

12 See 17 U.S.C. § 102(b) (2011) (“In no case does copyright protection for an original work of authorship extend to any idea[,]”).
13 If this were the case, a plagiarist could escape liability by mere immaterial variations.
14 Nichols v. Universal Picture Corp., 45 F.2d 119, 121 (2d Cir. 1930).
15 Id. at 121.
different, common to both was a conflict between a Jewish man and an Irish father, the marriage of their children, the birth of grandchildren, and a reconciliation. In holding for the defendant, the court said, “A comedy based upon conflicts between Irish and Jews, into which the marriage of their children enters, is no more susceptible of copyright than the outline of Romeo and Juliet.”

Although the question of whether two works are substantially similar usually presents a factual issue that generally does not lend itself to summary judgment, courts have recognized the appropriateness of summary judgment in some copyright cases for the purpose of putting a swift end to meritless litigation and to avoid lengthy and costly trials. “[S]ummary judgment is appropriate where…the Court concludes either that any similarity between the works concerns only non-copyrightable elements or that no reasonable jury, properly instructed, could find the works substantially similar.” The test is, “[W]hether an average lay observer would recognize the alleged copy as having been appropriated from the copyrighted work.”

Copyright affords no protection to so-called “scenes a faire” (i.e. characters and settings or events which necessarily follow from the theme or plot situations). In denying plaintiff’s claim for copyright infringement in Zambito v. Paramount Pictures Corp., the court said that the alleged similarity of characters “exist[ed] only at a level of abstraction too basic to permit

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16 Id. at 122 (“[T]here is no monopoly in such a background. Though the plaintiff discovered the vein, she could not keep it to herself; so defined, the theme was too generalized an abstraction from what she wrote. It was only a part of her ‘ideas’[.] The defendant has not taken from [plaintiff] more than [the characters’] prototypes have contained for many decades. If so, obviously so to generalize [plaintiff’s] copyright, would allow her to cover what was not original with her.”).
18 Id.
19 Id.
20 Id. at 1110-11.
21 Id.
any inference that [the] defendant wrongfully appropriated any ‘expression’ of plaintiff’s ideas.”

In *Universal City Studios, Inc. v. Film Ventures International, Inc.*, the opposite result occurred. The plaintiff contended that there was sufficient similarity of expression to find infringement because there was substantial similarity between the basic story points of their copyrighted motion pictures, “Jaws” and “Jaws 2,” and the defendant’s motion picture, “Great White.” The defendants argued, as in *Zambito*, that neither the basic idea nor the scenes a faire in the plaintiff’s motion picture were protected, as they were elements that did not constitute expression of ideas but were merely general ideas. The court rejected the defendant’s “overly expansive” view of the unprotected sphere of general ideas and scenes a faire and succinctly stated that the defendant had captured the “total concept and feel” of plaintiff’s motion picture, “Jaws.”

**Contract and Confidential Relationship**

As mentioned earlier, the alternative method of protection for idea submission is by contract and, under certain circumstances, by confidential relationship law. Idea submission cases involve two types of legal issues. The first concerns the circumstances that must exist in

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22 *Id.* at 1112 (quoting Giangrasso v. CBS, Inc., 534 F. Supp. 472, 478 [E.D.N.Y. 1982]). As examples, the fact that a character is a Nazi, has a sexual encounter or that sunlight is utilized to locate a hidden treasure do not represent infringement. The court said “no character infringement claim can succeed unless plaintiff’s original conception sufficiently developed the character, and defendants have copied this development and not merely the broader outlines.”


24 *Id.*

25 *Id.* at 1141.

26 *Id.* (both “Jaws” [1 and 2] and “Great White” are fictional stories about a great white shark that terrorizes the inhabitants of a coastal town on the Atlantic seaboard).

27 *Id.* (quoting Sid & Marty Krofft Television Prods., Inc. v. McDonald’s Corp., 562 F.2d 1157, 1167 (9th Cir. 1977)).

28 See, e.g., Thurman v. Whitfield, 751 F.2d 90, 92-93 (2d Cir. 1984) (analysis of the relationship between the parties to determine whether a claim may be supported); Larissa Katz, *A Powers-Based Approach to the Protection of Ideas*, 23 CARDOZO ARTS & ENT. L.J. 687, 691-701 (review of the relevant elements of the ideas in submission-of-idea cases).
order for a contract or confidential relationship to exist between the party who submits an idea and the party to whom it is submitted. The second concerns the characteristics an idea must have in order for it to be protected (assuming a contract or confidential relationship is found).

While an idea is usually not regarded as property, ideas may, indeed, be the subject of a contract. In a leading 1950 case, it was said:

The policy that precludes protection of an abstract idea by copyright does not prevent its protection by contract. Even though an idea is not property subject to exclusive ownership, its disclosure may be of substantial benefit to the person to whom it is disclosed. That disclosure may therefore be consideration for a promise to pay...Even though the idea disclosed may be widely known and generally understood, it may be protected by an express contract providing that it will be paid for regardless of its lack of novelty.

Further expression of the theory allows the contract to be either express or implied. Interestingly, notwithstanding the technical subtleties of distinction between an express and implied contract, the court in Desney v. Wilder, the leading California case on this subject, stated that, “If it were not for precedent, we should hesitate to speak of an implied-in-fact contract. If made in fact, contracts may be established by direct evidence or they may be inferred from circumstantial evidence. The only difference is in the method of proof. In either case they would appear to be express contracts.”

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29 See Thurman v. Whitfield, 751 F.2d 90, 92-93 (2d Cir. 1984).
31 Stanley v. Columbia Broad. Sys., 221 P.2d 73, 85 (Cal. 1950) (although the quotation is from Justice Traynor’s dissenting opinion, the view has been widely applied). See also, Kelly Rem, Idea Protection in California: Are Writers Too Readily Compensated for Their Screenplays?, 28 HASTINGS COMM. & ENT. L.J. 333, 340 (Winter 2006).
32 Id. at 85 (Traynor, J., dissenting).
35 Id.
In Desny, the plaintiff had submitted to the defendant a synopsis of a story that, ultimately, as alleged by the plaintiff, was used in a motion pictures produced by the defendant. While the plaintiff conceded that the synopsis was not original or sufficiently unique to be the basis for recovery under the law of plagiarism or copyright infringement, the plaintiff contended that the lower court erred in granting summary judgment to the defendant because it had the effect of denying the plaintiff the right to prove that the plaintiff’s idea or synopsis was the subject of a contract in which the defendant promised to pay the plaintiff for it if the defendant used it. The appellate court agreed.

While the defendant conceded that the act of disclosing an unprotectable idea (if that act is in fact the bargained-for exchange for a promise) may be consideration to support the promise, the defendant contended that once the idea is disclosed without the protection of a contract, anyone is free to use it notwithstanding subsequent promises of payment. The court, however, pointed out that:

[W]here an idea has been conveyed with the expectation by the purveyor that compensation will be paid if the idea is used, there is no reason why the producer who has been the beneficiary of the conveyance of such an idea, and who finds it valuable and is profiting by it, may not then for the first time, although he is not at that time under any legal obligation to do so, promise to pay a reasonable compensation for that idea - that is, for the past service of furnishing it to him- and thus create a valid obligation.

“[A]ssuming legality of the consideration, the idea purveyor cannot prevail in an action to recover compensation…unless (a) before or after disclosure he has obtained an express

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36 Id.
37 Id. at 263 (“It is conceded that plaintiff first obtained the central idea or theme of his story, which involved the entrapment of a man in an underground cave and the national interest promoted by the attempt to rescue him, from the Floyd Collins incident which occurred in the 1920’s.”).
38 Id.
39 See id.
40 Id. at 264.
41 Id. at 269.
promise to pay, or (b) the circumstances preceding and attending disclosure, together with the
conduct of the offeree acting with knowledge of the circumstances, show a promise. 42 Such an
[implied] promise, if it is to be found at all, must be based on circumstances which were known
to the offeree at, and preceding, the time of disclosure of the idea and be voluntarily accepted by
the offeree, knowing the conditions on which it was tendered. 43 Several propositions follow
naturally. The law will not, from demands stated subsequent to an unconditional disclosure of an
idea, imply a promise to pay for the idea, for its use, or for its prior disclosure. Nor will the law
imply a promise to pay from the mere facts that the idea has been conveyed, is valuable and has
been used for profit. This is so even if the conveyance of the idea was made with the conveyor’s
hope or expectation that some obligation would ensue.

It must be stressed again that for recovery based on contract, the plaintiff’s story need not
be capable of copyright. Any synopsis or idea may possess value in someone’s estimation and
therefore may be the subject of a contract. In Desny, 44 the defendant clearly had the right to do
its own research into the subject historical event in the public domain and prepare a story based
on that research and translate it into a script. However, the defendant had no right, assuming all
of the requisite circumstances discussed above were met, to acquire and use the synopsis
prepared by the plaintiff, except by purchase on the terms offered by the plaintiff. 45

42 Id. at 270 (citing Weitzenkom v. Lesser 256 P.2d 947 (Cal. 1953); Elfenbein v. Luckenback Terminals, 166 A. 91,
93-94 (N.J. 1933)).
43 Id.; see generally CAL. CIV. CODE. § 1584 (2012) (“[T]he acceptance of the consideration offered with a proposal,
is an acceptance of the proposal” can have no application unless the offeree has an opportunity to reject the
consideration-the proffered conveyance of the idea before it is conveyed. Usually the offeree has opportunity to
reject, he cannot be said to accept.).
45 Id. at 272-73. It should be noted that both plaintiff’s and defendant’s stories were taken from the same public
domain material and the mere fact that plaintiff submitted and offered to sell plaintiff’s story to the defendant and
that thereafter the defendant used the same public domain material, does not support an inference that the defendant
promised to pay for the idea of using public domain material. On the other hand, the fact that the plaintiff used the
public domain material in writing his story and synopsis would afford no justification for the defendant to
appropriate the plaintiff’s work and use it in the production of a movie without compensating the plaintiff for the
value of his story.
The case of *Mann v. Columbia Pictures, Inc.* presents a good example of the required circumstances for a contract claim and how they are typically incorporated into jury instructions. The plaintiff had written “Women Plus,” a brief description of six characters in a beauty salon with a short narration of a number of scenes and had submitted it to the defendants with the expectation of being paid if her work was used. Four years later, the defendants released the movie “Shampoo” and the plaintiff, recognizing several similarities, brought suit claiming an implied-in-fact contract with the defendant. The trial court’s instructions to the jury were as follows:

In her action against the defendants for breach of an implied contract, plaintiff Bernice Mann has the burden of establishing, by a preponderance of the evidence, all of the facts necessary to prove each of the following issues:

1. That plaintiff submitted her ideas to the defendants and that the defendants received them.

2. That before plaintiff submitted her ideas to the defendants; she clearly conditioned her disclosure upon defendants’ agreement to pay for those ideas of plaintiff which the defendants used, if any.

3. That defendants knew, or should have known, the condition upon which the disclosure was being made before the disclosure was made.

4. That the defendants voluntarily accepted the submission on plaintiff’s terms and thereby impliedly agreed to pay plaintiff for any of her ideas which it might use.

5. That in writing the script for the motion picture ‘Shampoo’, the defendants actually used plaintiff’s ideas, that is, that the defendants based the motion picture ‘Shampoo’ substantially upon plaintiff’s ideas rather than on their own ideas or ideas from other sources.

6. That the ideas of plaintiff which were used, if any, had value.

In order to find for the plaintiff, you must find that she established, by a preponderance of the evidence, each and every one of the

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Over the last twenty years the sports industry has grown exponentially and increased, television contracts have soared to unprecedented levels and dozens of new stadiums have been built. The advent of free agency has helped propel professional sports leagues into multi-billion dollar industries. When contracts expire, players are free to go to whatever team offers them the most money. Long gone are the days of a player staying with one team his entire career, a la Cal Ripken Jr. or Larry Bird. In an attempt to stay ahead of the economic curve, team owners are constantly looking for new revenue streams that will increase their bottom line. This paper will examine one of these methods—new stadium construction. Owners, and politicians alike, promise the citizenry that these new multi-million dollar facilities will have a huge economic impact on the city population that new jobs will be created and the aggregate income of the city will substantially increase. But can these promises be fulfilled? Do these newly constructed stadiums and arenas really have a positive economic impact on the cities? Do new stadiums really help revitalize and rejuvenate downtown areas like politicians and lawmakers claim? And most importantly, how do cities actually attain the land where stadiums are built?


The appellate court held that these instructions were proper and that the trial court was correct in granting judgment n.o.v. to the defendants.

In an earlier case, Blaustein v. Burton, involving major movie personalities, the appellate court had to directly address the question of whether an implied contract may be created from the fact of disclosure and discussion of a story idea. The plaintiff had been in the movie business for over thirty years and had produced close to twenty movies, many of which have been very successful. In 1964, the plaintiff conceived an idea for a movie based on Shakespeare’s play, “The Taming of the Shrew,” which would star two major movie personalities of the modern day, Richard Burton and Elizabeth Taylor, and be directed by Franco Zeffirelli. The idea was presented to Burton’s agent and then to Zeffirelli, both of whom responded enthusiastically. As contract negotiations ensued, the plaintiff learned that his position as producer of the movie was in jeopardy. He was subsequently told, however, by Burton and Taylor’s attorney, that even if another producer was engaged, he would nevertheless be recognized and compensated for his contributions to the project. Thereafter, a movie was produced and released by Columbia

47. Id. at 526. Quasi-contract was a side issue in this case, but the court held that the material allegedly used by the defendant had to also constitute protectable property for the plaintiff to succeed under this theory. The court determined that there was no substantial similarity between “Shampoo” and the plaintiff’s outline as to form and manner of expression; therefore no use of “property” belonging to the plaintiff; see also Weitzenkorn, 256 P.2d at 947.
48. Id. at 535. The trial court held that the jury disregarded the lack of direct evidence to connect the submitted material to the defendants.
50. The successful films included “Broken Arrow,” “Mr. 880,” “Half Angel,” “The Day The Earth Stood Still,” “Desiree,” “Storm Centers,” “Bell, Book and Candle,” and “The Four Horsemen of the Apocalypse.”
51. Blaustein, 88 Cal. Rptr. 3d at 322.
52. Id. at 323.
53. Id. at 325.
54. Id.
Pictures called, “The Taming of the Shrew.” The film, incorporating many of plaintiff’s ideas, starred Burton and Taylor, with Zeffirelli as the director. A key element in the movie was the elimination of the play within a play device found in the original Shakespearean play as well as the enactment of two important scenes that occur off stage in the original work, both of which were plaintiff’s ideas. Plaintiff was given neither credit nor compensation for his contribution to the project. Summary judgment was granted for defendant by the trial judge.

The appeals court found that the plaintiff did have a viable contract claim for disclosure of an idea that, while perhaps not “novel,” was valuable and that there were indeed triable issues of fact. The court said:

We are of the opinion that appellant’s idea of the filming of Shakespeare’s play “The Taming of the Shrew” is one which may be protected by contract. Express or implied contracts both are based upon the intention of the parties and are distinguishable only in the manifestation of assent. The making of an agreement may be inferred by proof of conduct as well as by proof of the use of words. Whether or not the appellant and respondents here, by their oral declarations and conduct, as shown by the depositions and affidavits, entered into a contract whereby respondents agreed to compensate appellant in the event respondents used appellant’s idea, is a question of fact which may not be properly resolved in a summary judgment proceeding, but must be resolved upon a trial of the issue.

It is interesting to note that, in addition to the contract issues raised, another claim was that the defendants breached a duty of confidence owed to the plaintiff. This duty, the plaintiff

55 Id.
56 Id. at 326.
57 Id.
58 Id. at 322.
59 Id. at 326-27. Regarding “novelty,” plaintiff had admitted that there was nothing novel in casting stars to adapt a Shakespearean play to the screen. In fact, about twenty years earlier, a film reason of “The Taming of the Shrew” had been made with two leading stars (Douglas Fairbanks and Mary Pickford) and that version had also eliminated the play within a play device and visually depicted the two scenes that are only described in narrative in the original play.
60 Id. at 334-35.
61 Id. at 328.
Over the last twenty years the sports industry has grown exponentially and television contracts have soared to unprecedented levels and dozens of new stadiums have been built. The advent of free agency has helped propel professional sports leagues into multi-billion dollar industries. When contracts expire, players are free to go to whatever team offers them the most money. Long gone are the days of a player staying with one team his entire career, a la Cal Ripken Jr. or Larry Bird. In an attempt to stay ahead of the economic curve, team owners are constantly looking for new revenue streams that will increase their bottom line. This paper will examine one of these methods—new stadium construction. Owners, and politicians alike, promise the citizenry that these new multi-million dollar facilities will have a huge economic impact on the city population that new jobs will be created and the aggregate income of the city will substantially increase. But can these promises be fulfilled? Do these newly constructed stadiums and arenas really have a positive economic impact on the cities? Do new stadiums really help revitalize and rejuvenate downtown areas like politicians and lawmakers claim? And most importantly, how do cities actually attain the land where stadiums are built?


With further regard to the concept of “novelty,” traditionally, to be protected, an idea has to show both “genuine novelty and invention.” However, courts have not traditionally been clear as to how novelty or originality should be assessed. Some courts elicit distinct meanings for novelty and originality while others use the words “original” and “novel” interchangeably. Essentially, general novelty has ceased to be a requirement for the protection of ideas, and novelty in the context of a contract claim has taken on an evidentiary function, meaning evidence of a valuable consideration rather than a necessary element of a claim. While an idea may not be novel, parties have the right by contract to prevent disclosure of any materials, even though they are not secret or confidential and may even be a matter of public knowledge. A producer may claim that a particular public domain subject is available to him at any time and for whatever reason he thinks of it; however, this may not be a good defense, as pointed out in Chandler v. Roach. The producer and the writer should be free to make any contract they desire to make with reference to the buying of the ideas of the writer; the fact that the producer may later determine, with a little thinking, that he could have had the same ideas and could thereby have saved considerable money for himself, is no defense against

61 Id. at 336.
62 Id. at 336-37.
65 See Nadel v. Play-By-Play Toys & Novelties, Inc., 208 F.3d 368, 374 (2d Cir. 2000).
the claim of the writer. This is so even though the material to be purchased is abstract and unprotected material.\textsuperscript{71}

Independent creation\textsuperscript{72} can be a forceful defense in misappropriated story ideas cases.\textsuperscript{73} Even if the plaintiff convincingly demonstrates similarity between two works, the defendant can introduce evidence of its independent creation of the allegedly misappropriated story idea.\textsuperscript{74} In \textit{Mann v. Columbia Picture, Inc.},\textsuperscript{75} the plaintiff contended that the defendant had misappropriated plaintiff’s idea in its development of the successful movie “Shampoo.” Plaintiff presented evidence of submission of plaintiff’s treatment to a friend who gave it to her neighbor who was a production manager for an independent filmmaker located on defendant’s move lot.\textsuperscript{76} While the court acknowledged that some of defendant’s staff may have had access to plaintiff’s work, it importantly noted that the specific “Shampoo” screenwriters did not actually have access to plaintiff’s scripts.\textsuperscript{77} The court accordingly held, “The ‘independent effort’ of Towne and Beatty [the two screenplay writers] in developing the “Shampoo” script provides Columbia [defendant] with a complete defense against the contractual obligation alleged therein.”\textsuperscript{78}

It is clear from this case that, while proof of substantial similarity gives rise to an inference of both access and copying, the weight to be given the inference as against direct evidence of non-access and non-copying is a question for the trier of fact.\textsuperscript{79} However, evidence of independent creation must be strong enough to satisfy a clear, positive, and unconditional

\textsuperscript{71} Id.
\textsuperscript{72} Also sometimes referred to as “independent effort.” \textit{See} Mann v. Columbia Pictures, Inc., 180 Cal. Rptr. 522, 535 (1982).
\textsuperscript{73} Id.
\textsuperscript{75} Mann, 180 Cal. Rptr. at 524.
\textsuperscript{76} Id. at 527.
\textsuperscript{77} Id. at 527-28. Defendants’ presented uncontradicted evidence that neither screenplay writer had any contact with the production manager or story editor who had actual possession of plaintiff’s materials.
\textsuperscript{78} Id. at 535.
standard used by the courts.\textsuperscript{80} A good example of the application of this standard can be seen in \textit{Donahue v. Ziv Television Programs}.\textsuperscript{81} In this case, the plaintiffs claimed that the defendant and the producer of the television show, “Sea Hunt,” had misappropriated the plaintiff’s ideas and story outlines. The defendants denied the allegation and set forth what the court called “a fairly impressive case to the effect that the idea for ‘Sea Hunt’ was independently created by [the producer].”\textsuperscript{82} Still, the court found that the defendants failed to satisfy the standard of independent creation because the producer’s alleged independent interest was uncorroborated.\textsuperscript{83}

Another avenue to overcoming the independent creation defense is to show that the two works are so strikingly similar as to overcome the evidence of independent creation and then create an inference of actual use. This argument was used by plaintiff in \textit{Kienzle v. Capital Cities/American Broadcasting Co.}\textsuperscript{84} Plaintiff Kienzle alleged that defendant misappropriated his idea for a television series entitled “All Things,” about an inner city Catholic rectory run by a group of priests. In support of his contention, Kienzle focused on several undisputed pertinent facts: (1) the title “Have Faith” and the title of Kienzle’s proposed series, “All Things,” both of which contain two one-syllable words; (2) in promoting their series, both ABC and Kienzle referred to “Barney Miller”; (3) both series have a character who is a Polish priest; (4) Kienzle’s treatment and an ABC’s advance press release describe a priest who is well built; (5) both series accentuate the “interaction of priests and people” rather than the “interplay between priests”; and (6) both series are situation comedies set in an inner-city rectory.\textsuperscript{85}

\textsuperscript{80} See, e.g., Overman v. Loesser, 205 F.2d 521, 523 (9th Cir. 1953).
\textsuperscript{81} 54 Cal. Rptr. 130, 132-33 (Cal. Ct. App. 1996).
\textsuperscript{82} Id. at 132.
\textsuperscript{83} Id. at 133. The court also pointed out that in addition to the uncorroborated interest, some of the evidence which the producer used to prove his interest could have been gathered after he met with the plaintiffs to discuss plaintiff’s story idea.
\textsuperscript{85} Id.
Although plaintiff did not succeed in this case, it is still a viable tactic to overcome a defendants’ declaration of independent creation.

In a cause of action for breach of confidence, copyright protectability of a literary work is not a necessary element of proof. An actionable breach of confidence will arise when an idea, whether or not protectable, is offered to another in confidence, and is voluntarily received by the offeree in confidence with the understanding that it is not to be disclosed to others, and is not to be used by the offeree for purposes beyond the limits of the confidence without the offeror’s permission. The submission by itself of an idea will not automatically create a confidential relationship between the idea purveyor and the party to whom the idea is submitted. “There must exist evidence of the communication of the confidentiality of the submission or evidence from which a confidential relationship can be inferred.”

In Faris, it was contended by defendant that “a literary work has to be protectable under copyright law in order to be the basis for a breach of confidence action.” The court, as noted above, disagreed. Of course, “There must exist evidence of the communication of the confidentiality of the submission or evidence from which a confidential relationship can be inferred.” “Among the factors from which such an inference can be drawn are: proof that the

86 Id. at 437-38. The court noted that many television shows have titles containing only two one-syllable words, and several popular situation comedies feature regular interaction between key characters and the general public. Finally, the court reasoned that it was not an “unearthly” coincidence that two writers “intimately familiar with the priesthood independently thought of the same raw idea for a television series within a seven-year period.”

87 See id.


89 Id.

90 Id.

91 Id.

92 Id. at 711.

93 Id. at 712.

94 Id.
material submitted was protected by reason of sufficient novelty; or proof of a particular relationship such as partners, joint adventurers, principal and agent or buyer and seller[].”

In many cases, for a court to find the existence of a confidential relationship between the idea creator and the recipient, the court would have to find either that the parties are in a recognized fiduciary relationship or that the idea creator reposed trust in the recipient, and that the recipient accepted that trust and purported to act with the creator’s best interests in mind.96 There are clearly “limits as to how far established legal categories can or should be bent to accommodate all situations in which a recipient of an idea comes under a duty not to use or disclose ideas.”97 Applying traditional confidential relationship law to idea submissions cases becomes problematic quickly.98 The courts have therefore gravitated towards more expansive definition of a confidential relationship, such as in Faris,99 which includes circumstances in which the idea submission is confidential even if the relationship is not more generally one of trust and confidence.100 Also, many confidentiality agreements exclude certain types of information from the definition of confidential information. It is very important that the recipient include these exceptions in the confidentiality agreement:

Some commonly employed exceptions are information that the recipient can demonstrate that they had prior to receipt of information from the discloser, information that becomes known to the public through no fault of the recipient, information that becomes known to the recipient from a third party that has a lawful

95 Id.
97 Id. at 714.
98 See Restatement (Second) of Trusts § 2 (1959) (“A confidential relationship exists when one has gained the confidence of the other and purports to act or advise with the others intent in mind…it is particularly likely to exist where there is a family relationship or one of friendship or such other relation of confidence as that which arises between physician and patient or priest and penitent.”). This clearly has little application to the idea purveyor trying to sell his idea for pecuniary advantage.
99 Faris, 158 Cal. Rptr. at 711.
100 Katz, supra note 81, at 715 (“A good account of the source of the duty not to use or disclose another’s novel idea strives for internal coherence, fits with the core criteria of the positive law, and is also consistent with the idea of obligation implicit in other well-established areas of Anglo-American Law.”).
right to disclose the information, information that was public knowledge before the disclosure of the information to the recipient, and information independently created by the recipient.  

Also, standards for dealing with the subject matters of the agreement need to be spelled out with clarity.  

*Montz v. Pilgrim Films and TV, Inc.* is one of the most recent cases to deal with the issue and discuss, in detail, preemption by federal copyright law. In 1981, Larry Montz, a parapsychologist, conceived an idea for a television show that would follow a team of paranormal investigators conducting field investigations. From 1996 to 2003, the plaintiffs presented the ideas to the television studios, producers, and their representatives, including representation of defendants. In meetings and discussions with the defendants, the plaintiffs presented screenplays, videos, and other materials relating to their proposed show. Ultimately, the defendants indicated that they were not interested.

Three years later, defendants produced a television series on the sci-fi channel called “Ghost Hunters,” which the plaintiffs claimed was based on their materials. The plaintiffs brought suit against the defendants alleging copyright infringement, breach of implied contract,
breach of confidence, and several other courses of action. The court concluded that the complaint alleged facts sufficient to state a federal copyright claim, but that federal copyright law preempted plaintiffs’ state law claims. After the parties stipulated to the voluntary dismissal of their amended copyright claim, the district court entered final judgment in favor of defendants, which was subsequently affirmed.

The court, referring back to its application of the so-called “Desny-claim” in its 2005 decision, again held that copyright law does not prevent a contract claim where plaintiff alleges a bilateral expectation of compensation for the use of the idea. The court noted that, for preemption purposes, state law protection for fixed ideas falls within the subject matter of copyright and, thus, satisfies the first prong of the statutory preemption test, despite the exclusion of fixed ideas from the scope of actual federal copyright protection. Therefore, the major focus must be the second prong of the preemption test, namely, whether the asserted state right is equivalent to any of the exclusive rights within the general scope of copyright. To survive preemption, a state cause of action must assert rights that are quantitatively different from the rights protected by copyright. With regard to plaintiffs’ breach of confidence claim, the court held that it also survives copyright preemption noting that the claim protects the duty of trust or

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110 Id.
111 Id.
112 Montz v. Pilgrim Films & Television Inc., 606 F.3d 1153, 1156 (9th Circuit 2011).
113 Id. at 1157-58.
114 Grosso v. Miramax Film Corp., 383 F.3d 965, 968 (9th Cir. 2004), amended 400 F.3d 658 (9th Cir. 2005), cert. denied 546 U.S. 824 (2005) (The court held that an implied contractual claim is not preempted by federal copyright law but that the contractual claim requires that there be an expectation on both sides that use of the ideas requires compensation, and that such bilateral understanding of payment constitutes an additional element that transforms a claim from one asserting a right exclusively protected by copyright law, to a claim that is not preempted by copyright law. But see Del Madera Props. v. Rhodes & Gardner, Inc., 820 F.2d 973, 977 (1987) (The court recognized a claim for unjust enrichment as essentially equivalent to a claim of copyright infringement and therefore preempted).
115 See 17 U.S.C. § 102 (2011) (“In no case does copyright protection for an original work of authorship extend to any idea . . . [or] concept . . . embodied in such work.”).
116 See Grosso, 383 F.3d at 968.
117 Id.
confidential relationship between the parties, an extra element that makes it quantitatively different form a copyright claim.\textsuperscript{118}

\textbf{CONCLUSION}

Idea submission claims continue to be a source of difficult litigation and many of the legal issues involved remain unsettled in a uniform manner.\textsuperscript{119} To state a tenable claim under copyright law, a plaintiff must show that his idea submission moved beyond the realm of an idea and into the domain of expression because copyright law has never protected ideas as such, but rather the original expression of an idea.\textsuperscript{120} Because of the way the entertainment industry operates, this is often an insurmountable hurdle in such a claim. In addition, copyright law affords no protection to so-called “scenes a faire” (i.e. characters and settings or events which necessarily follow from a theme or plot situation).\textsuperscript{121}

Debates continue as to what a plaintiff must show to establish formation of an appropriate common law remedy. Courts are constantly trying to work out protection that does not run afoul of the historical concept that there is no property right in an idea.\textsuperscript{122} This is being done by enforcing express or implied in fact contracts, which provide idea purveyors with the broadest

\textsuperscript{118} Id.; see also Computer Assocs. Int’l Inc. v. Altai, Inc., 982 F.3d 693, 717 (2d Cir. 1992); Fischer v. Viacom Int’l, Inc., 115 F. Supp. 2d 535, 542 (D. Md. 2000) (the dissenting opinion in Monty takes issue with the majorities application of “quantitative difference,” stating that “Monty assets that Pilgrim produced and broadcast a television program derived from Montz’s screenplays, video, and other materials without authorization. These rights are equivalent to the rights of copyright owners under section 106 namely, the exclusive rights to authorize reproduction, distribution, and display of original works, and to authorize preparation of derivative works.”); See Del Madera Props. v. Rhodes on other grounds by Fogerty v. Fantasy, Inc., 510 U.S. 517 (1994) (“[A]n implied promise not to use or copy materials within the subject matter of copyright is equivalent to the protection provided by section 106 of the Copyright Act.”).


\textsuperscript{122} The reason for requirement of a property right in common law copyright was to have a remedy good against the world. The reason for this requirement is missing in an action on a contract. Unlike a copyright, a contract creates no monopoly and is effective only between the contracting parties. See Chandler v. Roach, 156 Cal. App. 2d 435, 441 (1957).
Over the last twenty years the sports industry has grown exponentially and increased, television contracts have soared to unprecedented levels and dozens of new stadiums have been built. When contracts expire, players are free to go to whatever team offers them the most money. Long gone are the days of a player staying with one team his entire career, a la Cal Ripken Jr. or Larry Bird. In an attempt to stay ahead of the economic curve, team owners are constantly looking for new revenue streams that will increase their bottom line. This paper will examine one of these methods—new stadium construction. Owners, and politicians alike, promise the citizenry that these new multi-million dollar facilities will have a huge economic impact on the city population that new jobs will be created and the aggregate income of the city will substantially increase. But can these promises be fulfilled? Do these newly constructed stadiums and arenas really have a positive economic impact on the cities? Do new stadiums really help revitalize and rejuvenate downtown areas like politicians and lawmakers claim? And most importantly, how do cities actually attain the land where stadiums are built?


123 As a matter of practicality for the idea purveyor unable to secure a written bilateral protective contract from the party to whom an idea is being pitched, he should minimally make it clear in words to the other party that he is disclosing the idea with the specific understanding that if it is used by the third party or anyone to whom the third party communicates the idea, that he expects to receive appropriate and reasonable compensation to be negotiated between the parties in good faith. Having a disinterested witness to such conversation is clearly a plus.

124 Generally, any person not a party to the contract is free to use the idea without restriction. See Chandler v. Roach, supra note 59, at 441.
**INTRODUCTION**

On March 14, 2012, Billboard shook up the music industry by announcing it had modified its “Hot 100” formula to account for online, on-demand streaming. It also unveiled its new “On-Demand Songs Chart” for rating a song’s popularity based on the number of times consumers accessed it digitally. These announcements marked a significant milestone in the evolution of online music distribution into a legitimate business. As Bill Wilson, Vice President of Business Development and Digital Strategy at the National Association of Recording Merchandisers, put it: “The last year has seen an explosion of both subscribers and traffic to music subscription services, and the business is now contributing meaningfully to the music industry's growing digital music revenues.” He added, “The new Billboard chart is the definitive endorsement of the importance of the music subscription market . . . its influence can only become more important in the future.”

Many view the music industry’s transition to an online distribution-based business model as having been inevitable since Napster first made consumers aware of the ease with which they...
could access vast amounts of music online. Others insist the average listener’s growing familiarity with online music download services, combined with the recent integration of on-demand interactive streaming services into social networking platforms, resulted in Billboard recognizing the need to amend its coronation process. Regardless of what caused this paradigm shift, two things are clear: online music distribution is here to stay and on-demand streaming audio is the “state of the art.”

In recent years, a plethora of on-demand services began offering users the ability to stream an exhaustive catalog of songs. These services are all vying to become the “celestial jukebox” of choice for the rapidly growing segment of music consumers who prefer listening to unlimited music via on-demand interactive streams, rather than paying for individual records or downloads. This article endeavors to explain how on-demand streaming services are able to navigate the modern music licensing landscape and deliver music to their ever-growing pools of subscribers.

Section I describes the difference between on-demand streaming services and other types of streaming services, then briefly discusses the history of the law pertaining to streaming technology. Section II identifies the specific rights that an on-demand streaming service implicates each time it streams a song to a user’s computer or device. Section III uses a contemporary example to demonstrate exactly how an on-demand interactive service must go about securing the licenses necessary to stream a song without infringing the rights copyright

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7 See, e.g., iTunes.
8 See, e.g., Facebook.
9 Id.
10 See, e.g., Spotify, MOG, Earbits, iHeartRadio, Turntable, and Rhapsody.
11 See Adam Fisher, 50 Best Websites of 2009, TIME MAGAZINE, http://www.time.com/time/specials/packages/article/0,28804,1918031_1918016_1917959,00.html (last visited Nov. 11, 2012) (stating “[t]he holy grail of online music is what's known as a ‘celestial jukebox’: an archive of every album in the world, there just for the listening.”).
holders have to their respective works. Finally, Section IV highlights some obstacles on-demand services face under the modern music licensing regime and suggests methods for simplifying the licensing process.

I. AN INTRODUCTION TO ON-DEMAND INTERACTIVE STREAMING SERVICES

A. On-Demand Interactive Streaming Defined

In simplest terms, streaming is a method of delivering and playing back data over the internet. Prior to the advent of streaming technology, a user who wished to access an audio file online had to download the entire file from a foreign location before it would play on their computer.\(^{12}\) Streaming technology abbreviates this process by linking the user’s computer with a “server” and allowing the user to listen to each piece of the audio file in succession as the server transmits a temporary copy of it to his or her computer.\(^ {13}\) On-demand interactive streaming technology allows a user to listen to a specific audio file by logging on to a website or service, locating the file, and initiating a transmission process that results in the performance of that specific file.\(^ {14}\) By contrast, non-interactive streaming technology allows a user to listen to a pre-programmed series of audio files, giving the user little or no control over the specific audio files a website or service transmits to his or her computer.\(^ {15}\)

Streaming technology took its first major step towards becoming the dominant means of audio file transmission in 1994, when the Rolling Stones partnered with a streaming service named MBone, which allowed users to access a non-interactive stream of live audio and video

\(^{12}\) AL KOHN & BOB KOHN, KOHN ON MUSIC LICENSING 51 (4th ed. 2010) [hereinafter KOHN].
\(^{13}\) See infra Section II.
\(^{15}\) Id.
from one of its Voodoo Lounge Tour concerts. After the success of the MBone/Rolling Stones collaboration, several new streaming services began developing and introducing new versions of streaming software. In the decade and a half that followed, increases in internet connection bandwidth and other advances in compression technology led to the development of technology that made on-demand interactive streaming the preferred method for accessing music online.

B. The Law Governing On-Demand, Interactive Streaming Services

In the mid-1990s, those entities in the record industry that traded in the large-scale creation and distribution of sound recordings faced the proliferation of new digital technologies capable of eroding their ability to control the physical phonorecord distribution market. In an attempt to curb any copyright infringement the new technologies could facilitate, the entities lobbied for Congress to implement law that limited free access to digital audio transmissions and enabled them to offset infringement losses by recovering per-transmission royalties. Congress responded to their concerns by enacting the Digital Performance Right in Sound Recordings Act of 1995 (“DPRA”).

The DPRA created a new limited public performance right in sound recordings. Specifically, it added the right to “perform the copyrighted work publicly by means of a digital
“audio transmission” to the list of exclusive rights already afforded copyright owners under Section 106 of the Copyright Act. The DPRA also distinguished between interactive and non-interactive streaming services and outlined the ways those services could go about obtaining the right to digitally transmit sound recordings from copyright holders. Importantly, the DPRA made it significantly more difficult (and potentially more expensive) for interactive services to obtain digital transmission rights than it did for non-interactive services and non-subscription non-interactive services to do the same.

In the year after Congress enacted the DPRA, digital transmission software designers began introducing service models that blurred the line between the traditional concepts of interactive and non-interactive streaming. As a result, hundreds of new streaming services began operating under the impression that, because they did not explicitly give users the ability to select and stream specific audio files, they could avoid paying the type of royalties copyright holders generally charged interactive services for the right to digitally transmit sound recordings.

Facing a second wave of pressure from copyright owners, Congress used the 1996 implementation of the Digital Millennium Copyright Act (“DMCA”) as an opportunity to clarify

24 17 U.S.C. § 106(6) (1995); see also 17 U.S.C. § 101 (1995) (stating that to transmit a performance is to “communicate it by any device or process whereby images or sounds are received beyond the place from which they are sent” and defining a digital transmission as a “transmission in whole or in part a digital or other non-analog format”).

25 The act required interactive streaming services to negotiate with copyright holders for a license to exploit the digital transmission right, but gave non-interactive services the option to either negotiate with copyright holders for a license to exploit the digital transmission right or pay a statutorily determined royalty rate based on the number of times they digitally transmitted a protected sound recording. See Cardi, supra note 13, at 850-51; see also Skyla Mitchell, Reforming Section 115: Escape from the Byzantine World of Mechanical Licensing, 24 CARDOZO ARTS & ENT. L.J. 1239, 1255-58 (2007).

26 See Cardi, supra note 13, at 850-51; Mitchell, supra note 24, at 1256-58.

27 For example, some services offered archives of pre-recorded programs that users could move backwards and forward through. Other services allowed users to create personalized transmissions by highlighting and rating particular artists. See Steven M. Marks, Entering the Sound Recording Performance Right Labyrinth: Defining Interactive Services and the Broadcast Exemption, 20 LOY. L.A. ENT. L. REV. 309, 309 (2000).

28 See Kohn, supra note 11, at 1468.
the definition of interactive streaming. Under the DMCA, the current definition of interactive streaming service includes both those services that transmit a “specially created” stream of pre-programmed audio files based on a user’s preferences, and those on-demand services that transmit specific audio files (or specific groups of audio files) at a user’s request.

The remainder of this paper focuses on on-demand interactive services and identifies how they have exploited streaming technology in their bid to become modern-day “celestial jukeboxes.”

II. “LICENSE TO KILL” – THE RIGHTS ON-DEMAND INTERACTIVE SERVICES IMPLICATE

Each time a user streams a recorded performance of a song on an on-demand interactive streaming service, the user is accessing the two separately copyrightable components of the song: the sound recording and the underlying musical composition. In order for a streaming service to transmit and play the song on the user’s chosen multimedia device, the service must implicate the performance right and the mechanical rights of both the sound recording and the underlying musical composition.

This section examines the aspects of the recorded performance, the rights the streaming transmission implicates, who owns these rights, and where a streaming service must go to acquire licenses to utilize a recorded performance without infringing them.

29 See Kohn, supra note 11, at 1473 (“The RIAA Pulls a Fast One”).

30 17 U.S.C. § 114(j)(7) (2011): An “interactive service” is one that enables a member of the public to receive a transmission of a program specially created for the recipient, or on request, a transmission of a particular sound recording, whether or not as part of a program, which is selected by or on behalf of the recipient. The ability of individuals to request that particular sound recordings be performed for reception by the public at large, or in the case of a subscription service, by all subscribers of the service, does not make a service interactive, if the programming on each channel of the service does not substantially consist of sound recordings that are performed within 1 hour of the request or at a time designated by either the transmitting entity or the individual making such request. If an entity offers both interactive and noninteractive services (either concurrently or at different times), the noninteractive component shall not be treated as part of an interactive service.

As the above definition indicates, there are exceptions pertaining to both of these categories. See Lydia Pallas Loren, Untangling the Web of Music Copyrights, 53 CASE W. RES. L. REV. 673, 680 (2003) (explaining these exceptions and discussing the types of services that qualify as interactive under this definition).
A. Licensing Basics

There are two basic distinctions that are critical to understanding what rights on-demand, streaming services implicate when they transmit a song. The first is the distinction between a musical composition and a sound recording. The second is the distinction between performance rights and mechanical rights.

1. Musical Compositions vs. Sound Recordings

Every song a user is capable of accessing on an interactive streaming service contains two separate and distinct copyrightable components: a sound recording and an underlying musical composition.32

Musical compositions are the works of songwriters.33 They consist of the music songwriters compose and fix in tangible mediums of expression, including any accompanying lyrics.34 Typically, a songwriter will fix her musical composition by either transcribing a notated copy of the music (e.g. sheet music, lyric sheets, guitar tabs) or embedding it in a phonorecord (e.g. LPs, Audio-Cassette tapes, CDs, or other quasi-tangible digital files).35 Once a musical composition is fixed, the songwriter is generally considered to be its author.36 The U.S. first recognized the songwriters’ right to protect their copyrights in musical compositions in the 1909 Copyright Act.37

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32 See KOHN, supra note 11, at 1465.
33 There are many names for those who create and contribute to musical compositions. For the sake of clarity, the author has decided to use “songwriter” as a generic term for those generally considered the authors of musical compositions.
34 For a musical composition to be eligible for copyright protection, it must be an “original work of authorship fixed in any tangible medium of expression.” 17 U.S.C. § 102(a) (2011).
36 The author says “generally” because a record label or music publishing company can also be considered the author of a sound recording where that sound recording was created for them as a work made for hire. See KOHN, supra note 11, at 136-138.
37 See KOHN, supra note 11, at 7.
Sound recordings are the works of artists. Artists create sound recordings by performing specific renditions of musical compositions, recording those performances, and fixing them within phonorecords. Typically, the author of a sound recording is either the artist who performed a specific rendition of a musical composition intending it be recorded and fixed within a phonorecord or the producer who processed various aspects of the artist’s performance and fixed a master version of the performance within a phonorecord. The U.S. did not recognize the artists’ right to protect digital transmissions of their sound recordings until it enacted the DPRA in 1995.

When an interactive streaming service hosts a song, it is granting its users access to both that song’s sound recording and its underlying musical composition. Thus, each time a user streams a song from a streaming service, the service implicates both the songwriter’s right to control the digital transmission of his musical composition and the artist’s right to control the digital transmission of his sound recording.

2. The Performance Right vs. The Mechanical Rights

Every song a user is capable of accessing on an interactive streaming service also contains two separate and distinct sets of exclusive rights: performance rights and mechanical rights.

In a digital context, a song is publically “performed” whenever it is digitally transmitted to the public “by means of any device or process, whether the members of the public capable of

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38 Again, this is a term the author is using for clarity. There are numerous ways individuals can go about creating sound recordings. Since this paper’s focus is on interactive services that primarily stream songs, the author uses the term “artists” to refer to those who generally play and record songs.
40 Id.
41 See DPRA, supra note 21.
42 Id.
receiving [the song] receive it in the same place or in separate places and at the same time or different times. The performance right attaches to both the sound recording and the underlying musical composition. Thus, any digital performance of a song implicates both the songwriter’s exclusive right to control the public performance of his musical composition and the artist’s exclusive right to control the public performance of his recorded rendition of said composition.

The mechanical rights include the rights to reproduce and distribute a song. Reproduction and distribution occur whenever a copy of a song is made and delivered to a user or listener. Historically, the mechanical rights were implicated when a recording company embedded a sound recording within an LP, CD, or other playable medium and sold it to the public. In the digital context, the rights of reproduction and distribution are implicated whenever a user’s activity causes a copy of a song to be stored on her computer or other multimedia device. Like the public performance right, songwriters and performers have exclusive control over the reproduction and distribution of their respective works. Thus, any reproduction and distribution of a song implicates both the artist’s mechanical rights in the sound recording and the songwriter’s mechanical rights in the underlying musical composition.

B. The Specific Rights On-Demand Interactive Services Implicate

As noted, both the sound recording and the musical composition have their own separate and distinct performance and mechanical rights. In other words, the songwriter who owns the copyright in the musical composition of a song has the exclusive rights to control both the public

45 The performance right, for this paper’s purposes, is the right to perform a song publicly. To perform a song means to recite, render, play, dance, or act it, either directly or by means of any device or process. 17 U.S.C. § 101 (2011).
47 See Kohn, supra note 11, at 7, 720.
48 Id.
49 Id.
50 See Kohn, supra note 11, at 753-64.
performance of his musical composition and the reproduction and distribution of his musical composition; just as the artist who owns the copyright in a sound recording of a specific fixed rendition of a song has the exclusive right to control both the public performance of her sound recording and the reproduction and distribution of her sound recording. To fully realize how on-demand interactive streaming services implicate these rights, it is necessary to understand the basic technical operations of modern streaming technology.

An on-demand interactive streaming service operates by obtaining “source copies” of all the songs it wishes to make available to its users and storing them on a master server. Each time a user requests to stream a particular song from the service, the service accesses the “source copy” of that song and creates a second, “cached copy” of it on its server. The service then divides the “cached copy” into small, separate fragments of information and begins transmitting the fragments directly to the multimedia device the user used to request access to the song. The user’s device collects the fragments, orders them in its temporary memory, and begins reconstructing the song on a “buffer.” Once the device “buffers” the first several seconds of the song, the user is able to play and listen to them on the device. In most cases, after the user plays a particular song fragment, the device erases that fragment from its memory and replaces it in the “buffer” with the next unperformed portion of the song. This process repeats until the user has played or “streamed” the entire song. When the stream ends, the “buffer” is empty and the device’s temporary memory has purged all traces of the song. If the user wishes to replay the song, she must initiate a new stream, in which case this process repeats.

52 Spotify’s subscription service, for example, offers users offline streaming. To do this, the service allows devices to store certain song files in their memories for up to thirty days. If the user does not log on to Spotify and/or renew her subscription before thirty days pass from the date Spotify transmits the songs to her computer, the song files delete themselves. See Offline Mode, Spotify, http://www.spotify.com/us/about/features/offline-mode/ (last visited Apr. 4, 2012).

53 For a more technical explanation of streaming process, see Cardi, supra note 13, at 860-61.
In theory, each time a user streams a song from an on-demand interactive streaming service, that service is technically reproducing a copy of the song, distributing it (via a digital transmission) to the user’s device, and permitting the user to perform it. What this means, in licensing terms, is that in order for an on-demand streaming service to legally stream a song to a user’s device, it must secure licenses to exploit the following four rights: (1) the artist’s right to perform the sound recording; (2) the artist’s right to reproduce and distribute the sound recording; (3) the songwriter’s right to perform the musical composition; and (4) the songwriter’s right to reproduce and distribute the musical composition. The following subsections describe each of these rights and explain how streaming services must go about accessing licenses.

1. The Right to Publicly Perform a Sound Recording

The artist or producer that copyright law considers the author of a sound recording has the exclusive right to perform that specific rendition of a musical composition publicly. As noted, an interactive streaming service implicates this right each time it digitally transmits a song to a user’s device. As a result of the DMCA amendments to the Copyright Act, whenever an interactive service streams a song, any featured artist, non-featured vocalists, and musicians responsible for the specific rendition of that song’s underlying musical composition are entitled to public performance royalties. Accordingly, before an interactive streaming service can

54 Id.
57 Id.
legally allow users to stream a particular rendition of a song from its server, it must obtain a license to perform that song from the appropriate entity or entities.

Unlike with certain non-interactive services, there is no compulsory performance rights license for the types of interactive transmissions on-demand services offer. This means that in order to allow users to stream a specific rendition of a song, the service must negotiate directly with the rights holder.

2. The Rights to Reproduce and Distribute a Sound Recording

The artist or producer that copyright law considers the author of a sound recording also has the exclusive rights to reproduce and distribute that specific rendition of a musical composition. As noted, depending on the nature of the interactive stream a service offers, the service potentially implicates these rights each time that, while in the course of digitally transmitting the sound recording to the user, it reproduces the song and distributes a temporary copy of it to the user’s device.

Like the right to publicly perform a sound recording, a sound recording’s mechanical rights are enjoyed by the artist, record label, or other entity that owns the master copy of that specific recording. On-demand streaming services that wish to allow users with access to a particular sound recording must negotiate directly with the owner of the sound recording for the rights to reproduce and distribute it via a streaming transmission.

59 Non-interactive webcasts (Pandora), simulcast radio, satellite radio (XM, Sirius), digital cable & direct satellite TV (Music Choice, Muzak, DMX/CApsf). can get compulsory licenses if certain specific criteria are met, usually involving limitations on the number of times a particular artist may be streamed or webcasted. A non-profit performance rights organization named SoundExchange collects statutory royalties related to these compulsory licenses and distributes them to rights holders. See Herman, supra note 57, at 2; see also 17 U.S.C. § 114 (2011).

60 See Wang, supra note 34, at 715.

61 17 U.S.C. §§ 106(1), (3) (2011); see also Mitchell, supra note 24, at 1252-53.


3. The Right to Publicly Perform a Musical Composition

The songwriter who owns the copyright in a musical composition has the exclusive right to control the performances of the musical composition. 64 An interactive streaming service implicates this right each time it sends a digital transmission of a song that contains an author’s musical composition to a user’s device. 65 One way an on-demand service can acquire a license to perform a musical composition is by negotiating directly with the songwriter or publisher who owns that composition. 66 The more common way, however, is for the service to utilize a Performance Rights Organization (“PRO”). 67

In most cases, songwriters register their musical compositions with a PRO, and authorize it to issue licenses and collect royalties on their behalf. 68 In the U.S., three major PROs have acquired the authority to administer the performance rights for an overwhelming majority of musical compositions. 69 On-demand streaming services can go to these PROs and negotiate a royalty rate for performing any musical composition the PROs administer. 70 Historically, the PROs have been willing to issue “blanket” licenses, which give services the right to perform all of the works in the PRO’s catalog for a single, all-encompassing fee. 71

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65 See Keesan, supra note 62, at 354.
66 Id.
67 Herman, supra note 57, at 2.
68 The Copyright Act refers to PROs as PRSs (despite their being more commonly known as PROs); see 7 U.S.C. § 101 (2011) (defining PRS); see also 17 U.S.C. § 114 (2011) (listing properties of a PRS).
69 Public Knowledge Report, supra note 54, at 3 (The big three include: The American Society of Composers, Authors, and Publishers (“ASCAP”); Broadcast Music, Inc. (“BMI”); and The Society of European Stage Authors & Composers (“SESAC”).).
70 Herman, supra note 57, at 2.
71 Id.
4. The Rights to Reproduce and Distribute the Musical Composition

The songwriter who owns the copyright in a musical composition also has exclusive control over the reproduction and distribution of the musical composition.72 These are the rights an interactive streaming service implicates when it, in the course of streaming a song, reproduces a digital copy of a rendition of a songwriter’s musical composition and temporarily distributes it on a user’s device.73 Like the performance right in musical compositions, these rights are typically held by songwriters and music publishers.74 Unlike the performance right in musical compositions, which are mostly licensed through PROs, the mechanical rights necessary to stream a musical composition are not centrally administered.75

Under U.S. law, there are three ways on-demand services can obtain a license to exploit a musical composition’s mechanical rights.76 First, as with each of the other rights discussed in this section, the service can negotiate directly with the rights holder for a voluntary license.77 The rights holder, as per the norm, is free to set his own fee.78 Second, the service can apply for a compulsory mechanical rights license.79 According to Section 115 of the Copyright Act, copyright holders are required to issue mechanical rights licenses to any entity who wants to distribute their musical compositions to the public for private use.80 To obtain this type of compulsory license, an on-demand service would have to comply with a series of pre-conditions

72 Kohn, supra note 11, at 753-764.
73 Id. at 729.
75 Public Knowledge Report, supra note 54, at 3.
76 Id.
77 Id.
78 Id. at 8.
79 Id. at 9.
and pay the statutory royalty rate set by an appointed Copyright Royalty Board (“CRB”).

Potential licensees tend to avoid compulsory licenses, due to the cumbersome administrative process and the fact that the ceiling on CRB created rates is significantly higher than most privately negotiated rates. Third, the service can negotiate for a mechanical rights license with the Harry Fox Agency (“HFA”). The National Music Publishers’ Association created the HFA to administer mechanical rights and collect royalties on behalf of songwriters and other musical composition owners. However, despite being the primary licensing organization for the mechanical rights to musical compositions, the HFA’s catalog does not cover the entire musical composition market.

III. “SACRED” – HOW TO OBTAIN THESE RIGHTS IN PRACTICE

The previous section dissected the digital transmission and outlined the various rights implicated whenever an on-demand service endeavors to stream a song. This section demonstrates how complicated the rights licensing process is by taking a contemporary song and tracking exactly how an on-demand service would go about acquiring the rights to stream it.

81 See id. § 115(a) (2010); see also DONALD S. PASSMAN, ALL YOU NEED TO KNOW ABOUT THE MUSIC BUSINESS, 209 (7th ed. 2009) (characterizing the preconditions as follows: (1) that the song is a non-dramatic musical work; (2) that it has been previously recorded; (3) that the previous recording has been distributed publicly in phonorecords; (4) that the new record does not change the fundamental character of the song; (5) that the new recording is used only in phonorecords).
82 PASSMAN, supra note 80, at 213.
84 Public Knowledge report, supra note 54, at 3 (past estimates have put the HFA’s catalog at about sixty-five percent of all available works); see also Section 115 of the Copyright Act: In Need of an Update? Hearing Before the Subcomm. on Courts, the Internet, and Intellectual Property of the H. Comm. on the Judiciary, 108th Cong. 2 (2004) (statement of Jonathan Potter, Executive Director, Digital Media Ass’n), http://judiciary.house.gov/legacy/potter031104.htm (last visited April 6, 2012). However, the various press releases on the HFA website seem to indicate the service is growing. See generally HFA News, THE HARRY FOX AGENCY, http://www.harryfox.com/public/PressArea.jsp (last visited April 6, 2012).
A. Make You Feel My Love

Adele Adkins saved Bob Dylan. On October 27, 2008, the English singer released her now famous cover of Dylan’s classic, Make You Feel My Love. Years later, around the time Adele released her Grammy Award winning album “21,” she was asked to comment on whether or not she had discussed her version of the song with Dylan. She joked, “It’s his second favorite version, after his own. Someone told me the other day that I had killed Bob Dylan with Make You Feel My Love. I actually think I’ve saved him.”

Dylan fans, though generally congenial, are notoriously protective of the self-proclaimed “song and dance man” and his legacy, so it is believable that someone would be foolish enough to suggest that she “killed” Mr. Zimmerman. What is questionable, however, is that Adele actually believed she saved the troubadour. In fact, a follow-up quote from the same interview seemingly clears this up. As Adele explains, “He’s going to get about 1 million [euros] out of that song. He’s going to get a big pay check at the end of the year. I reckon with the amount it’s been played on the radio, it’s worth a lot to him. Maybe he’ll buy me a watch or something.”

The discussion in this paper concerns the latter part of her statement: the fact that Dylan received a “big pay check” as a result of Adele “covering” a song he wrote for his 1997 masterpiece Time Out of Mind. As Section I indicates, songwriters have the right to license their musical compositions. Dylan authored the musical composition of Make You Feel My Love; therefore, each time the sound recording of Adele “covering” the composition is played, performed, downloaded, copied, or streamed, his rights are implicated alongside the rights of

86 Id.
87 I feel qualified to make this statement as I have seen Bob in concert twenty plus times over the past two decades.
88 See Adele ‘Saved’ Bob Dylan?, supra note 85.
those involved in recording and producing the Adele version. The royalties Dylan made from licensing those rights are what earned him his “big pay check.”

B. Acquiring the Rights to Stream Make You Feel My Love

To stream Adele’s version of Make You Feel My Love, an on-demand service must acquire licenses to infringe the following four rights: (1) Adele’s (or the owner of the master copy’s) right to perform the sound recording; (2) Adele’s (or the owner of the master copy’s) right to reproduce and distribute the sound recording; (3) Dylan’s right to perform his musical composition; and (4) Dylan’s right to reproduce and distribute his musical composition.

1. The Rights to the Sound Recording of Adele’s Performance

The two licenses that an interactive service must acquire in order to stream the sound recording of Adele performing Dylan’s composition are the easiest of the four licenses to come by. Adele’s version of Make You Feel My Love appeared on her 2008 album “19.”\(^{89}\) Adele, a pianist, and an arrangement of strings players performed the song, Jim Abbiss produced the master copy on behalf of XL Recordings (a British record label), and XL Recordings distributed the song worldwide.\(^{90}\) As is customary, XL Recordings contracted with Adele and her accompanying musicians for the right to perform, reproduce, and distribute their version of the song.\(^{91}\) Thus, in order to legally stream the sound recording containing the song, an on-demand service will have to contact XL Recordings and negotiate royalty rates for licenses to both perform the song via a digital transmission and to reproduce and distribute the song. Generally,

\(^{90}\) Id.
record labels like XL Recordings make their sound recordings readily available for those who seek to license them.92

2. The Right to Publicly Perform Dylan’s Musical Composition

The first of the two licenses an on-demand service must acquire in order to stream Dylan’s musical composition is a license for the right to perform (via a digital transmission) the composition. This right is also relatively easy to obtain.93 As noted, the rights to the musical work, unlike those of a sound recording, are typically owned by songwriters.94 The songwriters will often assign their rights in a musical composition to a music publisher.95 The music publisher, in turn, hires a PRO and authorizes it to administer said rights.96 The PRO then negotiates royalty rates with those who wish to license the performance right, collects royalties from licensees for all subsequent performances, and pays the royalties to the publisher.97 Finally, the publisher pays the songwriter.98

Regarding Make You Feel My Love, Dylan is credited as the song’s sole writer and composer.99 Dylan, as is his custom, assigned his right to collect royalties for subsequent uses of the song to the publisher, Special Rider Music.100 Special Rider Music has authorized the SESAC to administer the song’s performance rights.101 Thus, in order to obtain a license to

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92 Id.
93 See Keesan, supra note 62, at 354.
94 See supra Section II.B.3.
95 See Keesan, supra note 62, at 354.
96 Id.
97 Id.
98 Id.
101 Id. at http://www.sesac.com/Repertory/SongSearch.aspx (entering the title Make You Feel My Love into the search engine).
perform the song, an on-demand service will have to either negotiate a royalty rate with the SESAC for an individual license or acquire one as part of a blanket deal.

Being one of the three major PROs, the SESAC is easy to locate and their inventory is online and searchable.\textsuperscript{102} Other than pricing, there are no foreseeable bars to obtaining a license to perform this particular musical composition.\textsuperscript{103} In fact, the motto SESAC lists on its licensing page reads: “It’s Our Job To Make Your Job Easier.”\textsuperscript{104}

3. The Rights to Reproduce and Distribute Dylan’s Musical Composition

The second of the two licenses an on-demand service must acquire in order to stream Dylan’s musical composition is a license for the rights to reproduce and distribute the composition. This license is considered by many to be the most difficult to obtain.\textsuperscript{105} As noted, these rights are typically held by songwriters or the music publishers they hire to administer them.\textsuperscript{106} In some cases, songwriters and publishers will hire the HFA to further administer these rights.\textsuperscript{107} However, unlike the performance right, there is no short list of organizations that cover all or nearly all musical compositions. If the HFA does not have a particular song listed in its database, the service seeking to stream that song will have to identify the songwriter or publisher and research exactly how that particular entity manages its mechanical rights.\textsuperscript{108}

Regarding Make You Feel My Love, Dylan has tasked Special Rider Music with administering the right to reproduce and distribute his composition.\textsuperscript{109} Special Rider, however, has not assigned the ability to administer mechanical composition rights to the HFA or any other

\textsuperscript{102} Id. at http://www.sesac.com/Repertory/SongSearch.aspx.
\textsuperscript{103} See id. at http://www.sesac.com/Repertory/PublisherSearch.aspx?affilNum=90703&songNum=535547 (referring awkwardly to Bob Dylan as Robert Dylan).
\textsuperscript{104} Id. at http://www.sesac.com/Licensing/obtainlicense.aspx.
\textsuperscript{105} See Cardi, supra note 13, at 876; see also Public Knowledge Report, supra note 54, at 7.
\textsuperscript{106} See Knobler, supra note 73.
\textsuperscript{107} THE HARRY FOX AGENCY, supra note 82.
\textsuperscript{108} See Cardi, supra note 13, at 876; see also Public Knowledge Report, supra note 54, at 7-8.
Over the last twenty years the sports industry has grown exponentially and increased, television contracts have soared to unprecedented levels and dozens of new stadiums have been built.  The advent of free agency has helped propel professional sports leagues into multi-billion dollar industries. 1 When contracts expire, players are free to go to whatever team offers them the most money.  Long gone are the days of a player staying with one team his entire career, a la Cal Ripken Jr. or Larry Bird.  In an attempt to stay ahead of the economic curve, team owners are constantly looking for new revenue streams that will increase their bottom line.  This paper will examine one of these methods—new stadium construction.  Owners, and politicians alike, promise the citizenry that these new multi-million dollar facilities will have a huge economic impact on the city population that new jobs will be created and the aggregate income of the city will substantially increase. 2 But can these promises be fulfilled?  Do these newly constructed stadiums and arenas really have a positive economic impact on the cities?  Do new stadiums really help revitalize and rejuvenate downtown areas like politicians and lawmakers claim?  And most importantly, how do cities actually attain the land where stadiums are built?


4. The Results

In sum, in order for a streaming service to legally stream Make You Feel My Love, it must negotiate four different licenses (1-4 above), with three different entities (XL Recordings, the SESAC, Special Rider Music), and agree to pay at least two separate royalty rates (a rate or rates for using the sound recording and a rate or rates for using the musical composition) to the various owners of the rights implicated.

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2 See, e.g., Licensing, SESAC, http://www.sesac.com/Licensing/mechanical.aspx (last visited Apr. 6, 2012) (showing that some PROs, like the SESAC, offer to do this service for a fee).
3 See Public Knowledge Report, supra note 54, at 8.
4 Whether or not the compulsory license is an option depends largely on the size of the streaming service and the amount of resources they can dedicate to circumventing red tape; see also Public Knowledge’s comments on the feasibility of the section 115 compulsory license:
   [A]lthough § 115 allows users to proceed without rights-holders’ approval, it still requires licensees to locate copyright owners to serve them advance notice. It also imposes cumbersome accounting burdens on licensees, such as needing to send monthly statements of use and royalty checks. And even though users of the § 115 compulsory mechanical license could file with the Copyright Office if unable to find the names and addresses of copyright owners, they would be required to pay a significant administrative filing fee per composition. For large-scale digital music distribution, paying such fees for every individual work makes compulsory licensing prohibitively expensive.
   Public Knowledge Report, supra note 54, at 9 (internal citations omitted).
IV. “TANGLED UP IN BLUE” – PROBLEMS AND SUGGESTED SOLUTIONS

As the previous section makes clear, on-demand services have the most difficulty acquiring the rights to reproduce and distribute songs. This section highlights two common barriers to obtaining such rights and discusses potential solutions to them.

A. The Problems On-Demand, Interactive Streaming Services Face

Two issues that frequently arise when contemplating the mechanical rights as they relate to on-demand services are: (1) whether, in the technical sense, it is necessary for such services to obtain licenses to reproduce and distribute songs via a streaming transmission; and (2) whether it is good policy to permit copyright holders to “double dip” by requiring dual compensation for what amounts to the single performance of a song. The following sub-sections discuss each issue in turn.

1. The Necessity of Mechanical Rights in Streaming Transmissions

Streaming services and mechanical rights holders disagree over whether or not it is legally necessary for on-demand services to acquire licenses to reproduce and distribute songs via a stream; or, in more technical terms, whether the incidental copies created to facilitate the digital performance of a song qualify as reproductions for licensing purposes.114

As noted, a streaming service facilitates the performance of a song on a user’s device by transmitting fragments of a “cache copy” of that song into the device’s short term memory and permitting the device to play them via a buffering system.115 The cache copy fragments remain

114 See Public Knowledge Report supra note 54.
on the device for variable durations of time, depending on the nature of the service. In most cases, particularly with those services that offer free or non-subscription streaming, the fragments simultaneously delete from the buffer and the memory as the song plays.

The agencies that songwriters and publishers task with administering mechanical rights have attempted to cash in on the lack of clarity in the law governing digital transmissions by demanding reproduction royalties for each time an on-demand service creates a “cache copy” on its server and reproduces fragments of that cache copy within the user’s device’s short term memory. These agencies equate the streaming transmission process with that of the digital download process, which reproduces a full digital copy of a song and delivers it permanently into a device’s memory, as opposed to that of the webcast transmission, which reproduces a transient or ephemeral copy that lasts only as long as it takes the song to finish playing.

Although there is no clear rule as to whether it is necessary for an interactive streaming service to obtain mechanical rights licenses to transmit musical compositions, the copyright office and other leading contributors in the field have put forth two persuasive arguments against such a practice.

First, some argue that the portions of the song transmitted to a device’s short term memory are not fixed for “a period of more than transitory duration” and, therefore, should not

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116 Id.
117 Id.
119 The HFA’s demands for streaming services to pay mechanical royalties are consistent with the demands they make of download services but inconsistent with the demands they make of conventional broadcasts for use of ephemeral copies of songs. See Cardi, supra note 13, at 862; see also KOHN, supra note 11, at 1477 (“The Ephemeral Copy Solved”).
implicate the reproduction right.\footnote{See id.} Thus, as the argument goes, because the cache copies are transient and exist only to enable digital music performances, on-demand streaming services should not be required to compensate songwriters and artists for using them.\footnote{See id.}

Indeed, in her 2005 report to Congress, Marybeth Peters, then Register of Copyrights, emphasized the futility of requiring streaming services to obtain mechanical licenses by explaining how such services derive value from a stream:

The economic value of licensed streaming is in the public performances of the musical work and the sound recording, both of which are paid for. The buffer copies have no independent economic significance. They are made solely to enable the performance of these works. The uncertainty of the present law potentially allows those who administer the reproduction right in musical works to prevent webcasting from taking place - to the detriment of other copyright owners, webcasters and consumers alike - or to extract an additional payment that is not justified by the economic value of the copies at issue. Congressional action is desirable to remove the uncertainty and to allow the activity that Congress sought to encourage through the adoption of the section 114 webcasting compulsory license to take place.\footnote{See U.S. COPYRIGHT OFFICE, DMCA SECTION 104 REPORT 140-41 (2001) [hereinafter DMCA Report]; see also Public Knowledge Report, supra note 54, at 4.}

She later went so far as to recommend Congress remedy this situation as follows:

We recommend that Congress enact legislation amending the Copyright Act to preclude any liability arising from the assertion of a copyright owner’s reproduction right with respect to temporary buffer copies that are incidental to a licensed digital transmission of a public performance of a sound recording and any underlying musical work.\footnote{DMCA Report, supra note 121.}
Unfortunately, Congress’ reluctance to clarify whether the transmission of a temporary “buffer” copy implicates the mechanical rights has left the issue to the courts, which have yet to deliver a clear precedential standard.124

The HFA and other similar organizations have made it clear that they believe streaming transmissions implicate a song’s mechanical rights.125 They have also made it clear that they intend to collect compensation from on-demand interactive services for these rights.126 The lack of a precedent, combined with the on-demand services’ implicit need to acquire large catalogs of songs, puts the services in the weaker position when negotiating with large rights management agencies. As a result, they are often required to pay for the mechanical rights with little consideration given to the fact that the “real product they are offering” is a performance.127

Second, there are arguments that the fair use doctrine supports the notion that streaming services need not secure mechanical licenses prior to transmitting cache copies into a device’s buffers.128 Indeed, an application of the fair use doctrine129 seems to lean in favor of the cache copy transmissions and temporary buffer reproductions being fair, incidental uses required for the transmission of already paid for commodities.130

124 See Public Knowledge Report, supra note 54, at 16; see also MAI Sys. Corp. v. Peak Computer, Inc., 991 F.2d 511, 518–20 (9th Cir. 1993) (holding temporary RAM copies in a computer are reproductions that can infringe a copyright); but see Cartoon Network LP, LLLP v. CSC Holdings, Inc., 536 F.3d 121, 127 (2d Cir. 2008) (holding buffer copies, if sufficiently transient, are not fixed enough to be considered reproductions).

125 “RIAA and the Harry Fox Agency have reached an agreement that buffer copies and server copies made for purposes of or in the course of the streaming of performances are included within the scope of the section 115 compulsory license.” See Licensing Reform Statement, supra note 117.

126 Id.

127 Id.

128 See DMCA Report, supra note 121, at 140-41.


130 The following is an excerpt from Public Knowledge’s thorough application of the fair use doctrine as it applies to the rights to reproduce cache copies and distribute them via a streaming transmission:

"On balance, the four fair use factors—particularly the first—weigh in favor of fair use.96 Buffer copies in a digital performance do not supersede the use of the underlying copyrighted musical work;97 instead they serve a transformative purpose and an entirely different function from the original: buffer copies transform the aesthetic or entertainment aspects of a musical work into temporary bits of data readable only by computers for the purpose of moving that data.98 As buffer copies have no value outside of their ability to enable streaming, they have no effect on the
The flaw in streaming services relying on fair use as a way to avoid compensating artists and musicians for mechanical rights is that the results of cases where entities rely on fair use as a defense tend to vary.\textsuperscript{131} It would be difficult to base a business model on such inconsistency. Additionally, short of a statutory declaration that cache copies are not reproductions, it is not unrealistic to presume that those who hold both the performance and mechanical rights to a song would use their position at the negotiation table to blackball any service that denied them royalties claiming fair use.

\textbf{2. Double Dipping}

“Double dipping” is the phrase proponents of streaming services use to describe the process by which separate entities get paid double, licensing what essentially amounts to the right to digitally transmit a song.\textsuperscript{132} While the “necessity” argument offers the technical framework for why interactive streaming should not implicate the reproduction right, the argument against double dipping contemplates the policy behind why streaming services should not be required to obtain mechanical rights in order to stream a song.

For clarity, consider the example from section III. When an on-demand service streams \textit{Make You Feel My Love}, Bob Dylan (via Special Rider Music) is paid twice for each single transmission of his musical composition. Likewise, XL Recordings is paid twice for the performance and reproduction of its recording of Adele’s singing of the song. Yet neither Dylan nor XL Recordings are offering two products. In a practical sense, they are both offering the user the right to listen a single time to their composition and recording, respectively. When the market for the copyrighted work\textsuperscript{99} Most importantly, such copies provide a significant social benefit by allowing the quick and easy transmission of digital files. (internal citations omitted.).


\textsuperscript{132} DMCA Report, \textit{supra} note 121, at 140.
song ends, there is no trace of a digital file reproduced on the user’s device and no way of replaying the song without initiating an entirely new stream. Nevertheless, under the current music licensing landscape, two separate negotiations and two separate royalty rates had to have been negotiated before the service could legally stream the song.\footnote{133}

It has already been posited that double dipping royalty demands by organizations such as the HFA have held up negotiations with would-be interactive streaming services.\footnote{134} Some speculate that the rights holders’ demands for compensation for the reproduction and performance of musical compositions (in addition to the royalties they pay for the reproduction and performance of sound recordings) make the on-demand streaming business model prohibitively expensive.\footnote{135}

\section*{B. Possible Solutions}

Solutions suggested for simplifying digital rights licensing range from eliminating mechanical rights in digital transmissions to creating a whole new “make available” right for internet based transactions.\footnote{136} This section examines the former Register of Copyright’s call for Congress to create “one-stop rights shopping” via Music Rights Organizations (“MROs”) and advocates for the creation of a central, searchable digital transmission rights database.

\footnote{133}{The Copyright office has commented on and come out against what has been classified as double dipping: When a webcaster transmits a public performance of a sound recording of a musical composition, the webcaster must obtain a license from the copyright owner for the public performance of the musical work, typically obtained from a performing rights organization such as ASCAP, BMI or SESAC. At the same time, webcasters find themselves subject to demands from music publishers or their representatives for separate compensation for the reproductions of the musical work that are made in order to enable the transmission of the performance. See Licensing Reform Statement, supra note 117.}

\footnote{134}{See Cardi, supra note 13, at 866 (suggesting the record labels that own the various rights demands for double compensation stem from their desire to offer their own on-demand streaming services “at a market discount”).}

\footnote{135}{Id.}

1. The Creation of “One-Stop” Digital Rights Licensing Organizations

The Copyright office and several public interest institutes have called for the creation of organizations that would have the sole authority to provide the licenses necessary for downloads, streams, and other digital transmissions.137 According to the Copyright Office, these MROs, would be a “one-stop shopping” venue for on-demand song streaming services.138 MROs would operate, in theory, much like the current PROs, but with an expanded role. In their comprehensive study on modern digital rights licensing, the public interest institute, Public Knowledge, has gone so far as to draft what the legislation might look like should Congress consider authorizing the creation of such organizations.139

Although theoretically possible, it is unlikely the PROs, the HFA, and the other organizations that administer digital transmission rights will cede control of their respective rights markets to allow the services they draw an increasing amount of revenue from to bypass them. Moreover, in the time since the Copyright Office presented its MRO outline to Congress, an ever-increasing number of start-up digital rights management organizations have infiltrated the music industry.140 These agencies have capitalized on the complexity of the current digital transmissions right licensing landscape by contracting with artist and songwriters to collect all of the digital rights related royalties owed to them. Basically, these organizations operate by contacting the PROs, the HFA, and other global collection organizations on behalf of independent artists and songwriters, informing the organizations that those artists and songwriters want the organizations to administer their digital transmission rights, collecting a royalties checks from each of these organizations, and paying the royalties (minus a service

137 See Licensing Reform Statement, supra note 117.
138 Id.
139 See Public Knowledge Report, supra note 54, at 8-9, 21-27.
140 See e.g., TuneCore, The Music Bridge, GreenLight, and Naxos Licensing.
over the last twenty years the sports industry has grown exponentially and increased, television contracts have soared to unprecedented levels and dozens of new stadiums have been built. \textsuperscript{1} The advent of free agency has helped propel professional sports leagues into multi-billion dollar industries. \textsuperscript{1} When contracts expire, players are free to go to whatever team offers them the most money. Long gone are the days of a player staying with one team his entire career, \textit{a la} Cal Ripken Jr. or Larry Bird. In an attempt to stay ahead of the economic curve, team owners are constantly looking for new revenue streams that will increase their bottom line. This paper will examine one of these methods—new stadium construction. Owners, and politicians alike, promise the citizenry that these new multi-million dollar facilities will have a huge economic impact on the city population that new jobs will be created and the aggregate income of the city will substantially increase. \textsuperscript{2} But can these promises be fulfilled? Do these newly constructed stadiums and arenas really have a positive economic impact on the cities? Do new stadiums really help revitalize and rejuvenate downtown areas like politicians and lawmakers claim? And most importantly, how do cities actually attain the land where stadiums are built?


charge) to the artists and songwriters.\textsuperscript{141} These and similar organizations are also likely to resist the creation of MROs.

2. \textit{A Central, Searchable Digital Transmissions Rights Database}

On a micro-scale, one of the hurdles preventing streaming services from obtaining the rights necessary to legally stream songs is the lack of a central distribution agency tasked with administering songwriters’ mechanical rights.\textsuperscript{142} The HFA is the closest to centralized distribution the music industry has come; however, as noted, the agency has yet to achieve total market coverage.\textsuperscript{143} Moreover, even when a mechanical rights organization is authorized to license the rights to a given musical work, the licensing process has been described as onerous and lacking transparency.\textsuperscript{144}

Short of creating a government mandated MRO, perhaps a less cumbersome way to simplify digital rights licensing might be to require all those who wish to have their music digitally transmitted to catalog their compositions in a single database. This database should be

\textsuperscript{141} See \textit{e.g.}, \textit{SONGTRUST}, https://www.songtrust.com/ (last visited Nov. 14, 2012).

\textsuperscript{142} See Public Knowledge Report, \textit{supra} note 54, at 8-9. The burden of clearing music licenses affects both large-scale, —celestial jukebox-like music services as well as individual cover artists working on a relatively small scale. But for a digital music delivery service attempting to license the rights to use as many songs as possible, the transaction costs and administrative burden of tracking down rights on a song-by-song or owner-by-owner basis, and then negotiating separately for each set of rights, is simply cost-prohibitive. (internal citations omitted).

\textsuperscript{143} See Public Knowledge Report, \textit{supra} note 54, at 8. If HFA does not have the rights to a musical work, the licensing process is even more complex. As there are no other organizations that compete with HFA in mechanical rights licensing, licensees must first find and then negotiate with one of the thousands of independent music publishers who may own the rights. And some have noted that about twenty-five percent of copyright owners cannot even be located. (internal citations omitted).

\textsuperscript{144} For example, licensees have complained that these organizations (probably at the request of the songwriters who use them) do not require a standard form license, and instead require any potential licensee to submit an application describing its intended use of the license. There is also no time limit for the process and neither the organizations nor the songwriters need explain why they choose to deny request. See Cardi, \textit{supra} note 13, at 841-45.
centralized and searchable and include a listing indicating precisely where digital transmission services can obtain each of the licenses required to stream a song.

While the HFA has attempted to create a database of this nature, its “Songfile” is neither comprehensive nor entirely accurate. For example, Make You Feel My Love is listed in the “Songfile” and has an HFA assigned “song code.” Unfortunately, the scope of the rights licensing related information the HFA provides is little more than a heading titled “Represented by HFA” marked with a capital “N.”

A consolidated, independently maintained database that indicated who owned each of the digital transmission rights, how to contact the rights holders, and possibly the rates and uses the rights owners generally deem acceptable would make it significantly easier for on-demand services to stream songs. Especially songs composed and recorded by new, independent artists and labels.

V. “Beyond Here Lies Nothing” – Conclusion

On-demand streaming might be the future of the music industry, but the complicated digital transmission rights licensing landscape is making it difficult for these services to enter and compete in the digital marketplace. A clarification of the rights necessary to stream a digital audio file, preferably one that prevents rights holders from double dipping at royalties negotiation tables could result in an increase in the number of on-demand services and, likewise,
an increase in legitimate digital music consumption. Hopefully, the licensing landscape is smoothed before billboard is forced to amend its current process to account for the next wave of would-be celestial jukeboxes.
THE UNCONSCIOUS EROSION OF COPYRIGHT LEGITIMACY BY THE UNCONSCIOUS COPYING DOCTRINE

By: Kimberly Shane

INTRODUCTION

"[O]ur unconscious existence is the real one and our conscious world [is] a kind of illusion, an apparent reality constructed for a specific purpose, like a dream which seems a reality as long as we are in it." Modern copyright law has latched onto this illusionary state, creating the now accepted fiction that individuals are capable of originality, separate from the influences and interactions of society, and then due exclusive rights over these “original” creations. This fallacy has indirectly led to the establishment of the unconscious copying doctrine, a basis for which courts are holding artistic defendants liable for copyright infringement when they have zero awareness that the so-called “copying” has occurred. An artist thinks he is contributing to society and culture with new art, the very accomplishment the Copyright Act incentivizes, merely to be sued later on and ordered to pay millions.

This Note argues that the unconscious copying doctrine is unfairly holding sporadic artists liable for the subconscious workings of their mind, while disregarding the fact that all artists are creating from those same unknown realms. By allowing the unconscious copying doctrine as a basis for infringement, courts are eroding away at the legitimacy of copyright as a

1 Ms. Shane is currently a member of the State Bar of California and is a practicing intellectual property attorney in San Francisco. She received her JD from the University of San Francisco School of Law in 2012 and her BA from the University of Vermont in 2009. The author graduated from law school with an Intellectual Property & Technology Law Certificate with Honors from the J. Thomas McCarthy Institute and was senior survey editor of the Intellectual Property Law Bulletin and president of the USF Intellectual Property and Cyber Law Association.


3 See Fred Fisher, Bright Tunes Music, and Three Boys Music, infra notes 21, 30-40, for examples.

4 U.S. CONST. art. I, § 8 (“The Congress shall have Power . . . To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.”).
whole, punishing some individuals for doing the same exact acts as the rest of society. Some analysts have suggested reform of the doctrine to make it more in sync with copyright law. However, to truly fulfill the purposes and goals of copyright, this Note concludes that the unconscious copying doctrine needs to be completely abandoned.

Part I of this Note overviews the foundations that copyright is built, the requirement of originality and creativity, and the purposes for which copyright protection is granted. Part II gives a summary of the establishment of the unconscious copying doctrine and provides examples of when courts have relied on the doctrine for findings of infringement. Part III explains the arguments against use of the doctrine and suggestions by academia for reform. Finally, Part IV critiques those suggestions. In concluding that the doctrine should be discarded entirely, it is recommended that re-adopting the stricter requirement of actual copying for infringement claims will best fix the eroding foundation of copyright law.

I. THE FOUNDATIONS OF COPYRIGHT LAW: THE ORIGINALITY REQUIREMENT & CREATIVITY

Copyright protection is only granted to “original works of authorship.”\(^5\) This has been understood as requiring a work be an independent creation with some minimal degree of creativity in order to be eligible to receive copyright.\(^6\) For over a century, courts have attempted to define what exactly constitutes an “original” work of art. The bar for the creativity requirement has been set quite low. In\(^\) Alfred Bell & Co. v. Catalda Fine Arts, Inc., the Second Circuit stated that the originality requirement amounted to “little more than a prohibition of actual copying. No matter how poor artistically the ‘author’s’ addition, it is enough if it be his

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\(^5\) Copyright Act, 17 U.S.C. § 102(a) (1976) (“Copyright protection subsists, in accordance with this title, in original works of authorship fixed in any tangible medium of expression[].”).

\(^6\) 1-2 MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT § 2.01[B] (Matthew Bender rev. ed.) (2012).
own. 7 The United States Supreme Court addressed originality in Feist Publications, Inc. v. Rural Telephone Service Co., concluding that a phone book is merely a compilation of facts and, thus, is so devoid of originality that it is not deserving of copyright protection. 8 Even with this low threshold for creativity, the telephone book at issue failed to meet the standard. 9 From these cases, the boundaries of what constitutes original, and thus entitled to copyright protection, have been loosely drawn.

The two main purposes for granting copyright in America are incentivizing creativity 10 and rewarding an author’s labor. 11 Many argue that copyright protection is necessary to make the creative process economically worthwhile. 12 However, the balance between awarding copyright protection and maintaining a rich public domain, in which creative expression can flourish, is crucial. 13 If too many protections are granted to copyright holders, the public domain suffers, stifling rather than incentivizing creativity. 14 The unconscious copying doctrine shows how delicate this balance is and how blurred the line between the creative and copying has gotten.

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7 191 F.2d 99, 103 (2d Cir. 1951).
9 Id. at 362.
10 In the 2003 Supreme Court case Elder v. Ashcroft, the Court specifically acknowledged that a major justification for copyright is to incentivize creators to add to the public good and dissemination of knowledge. 537 U.S. 186, 212 n.18 (“[C]opyright law celebrates the profit motive . . . [and] serves public ends by providing individuals with an incentive to pursue private ones.”). But see Diane Leenheer Zimmerman, Copyright as Incentives: Did We Just Imagine That?, 12 THEORETICAL INQUIRIES IN LAW 29 (2011).
11 In the first main copyright case in 1834, Wheaton v. Peters, the Supreme Court viewed the issue of copyright as an author’s right to enjoy the benefits of his creative labor. 33 U.S. 591, 658 (“[E]very man is entitled to the fruits of his own labour . . . but he can enjoy them only . . . under the rules of property[,]”); see also EDWARD W. PLOMAN & L. CLARK HAMILTON, COPYRIGHT: INTELLECTUAL PROPERTY IN THE INFORMATION AGE 16-17 (1980).
14 Id.
II. THE COURTS & A HISTORY OF UNCONSCIOUS INFRINGEMENT

Copyright infringement requires proof of two basic elements: 1) a valid copyright in the material allegedly copied, and 2) actual copying, in a significant amount. Courts have recognized that copying can be shown in three ways: direct evidence; access to the infringed work, plus substantial similarity in the works; or such a striking similarity between two works that no other explanation is plausible. There is no strict requirement of intent for copyright infringement to occur. Understandably, direct evidence that a work was actually copied is the quickest way to prove copyright infringement, although not often the easiest. The most common method for proving infringement balances the requirements that: 1) the works are similar enough that copying could have occurred, and 2) that the alleged infringer had the ability to copy through access to the protected work. The courts have recognized the “Inverse Ratio Rule” for this method, finding that the more access a defendant had to a work, the lower degree of similarity required to prove infringement, and vice versa.

The last and more rare way a plaintiff may prove infringement is a claim of striking similarity. This presupposes that two complex works are so similar that there is no other explanation than that copying occurred. The doctrine of unconscious copying largely falls somewhere between the second and third methods of proving copying: courts often assume access, based on the popularity of the plaintiff’s material, and rely heavily on the extreme similarity of two works to find infringement. There are three widely cited unconscious copying

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15 See 4-13 Nimmer, supra note 6, at § 13.01.
16 Id. at § 13.02.
17 See Nimmer, supra note 6, at § 13.08 (listing three types of “innocent intent” where infringement liability may still be found).
18 Id. at §13.03[D].
19 Id.
20 Id.
cases, all involving musical compositions,21 and a smattering of other lesser recognized cases, that extend the doctrine to other copyrightable materials.

A. THE ORIGIN OF THE UNCONSCIOUS COPYING DOCTRINE

Judge Learned Hand established the doctrine of unconscious copying in the 1924 case, Fred Fisher, Inc. v. Dillingham.22 The honorable judge stated: “Once it appears that another has in fact used the copyright as the source of his production, he has invaded the author’s rights. It is no excuse that in so doing his memory has played him a trick.”23 Fisher involved the songs “Dardanella” and, the supposed infringer, “Kalua,” which were held to be substantially similar. The court noted that “the composer [of Kalua] swears that he did not use the copyrighted song in any way, so far as he is conscious, but arrived at the accompaniment independently, as an appropriate foil or counterpoise . . . Whether he was unconsciously using the copyrighted accompaniment, with which he was in fact familiar, he does not and cannot say.”24 Although the court found that the plaintiff did not suffer any real injury due to the infringement, Fisher was still victorious in his claim and awarded $250 (the minimum amount per the copyright statute, at that time).25 Beyond the damages, the larger affect of this case is Judge Hand’s creation of a brand new doctrine for copyright holders to bring claims.

The Seventh Circuit recognized the doctrine of unconscious copying two years later in the case, Edwards & Deutsch Lithographing Co. v. Boorman,26 which involved the copyrighted “Heinz Interest and Discount Time Teller” calendar. The court held:

22 298 F. 145 (S.D.N.Y. 1924).
23 Id. at 148.
24 Id. at 146.
25 Id.
26 15 F.2d 35 (7th Cir. 1926).
It is not necessary . . . that [the defendants] consciously followed [the] appellant’s work[,] One may copy from memory . . . [since] [i]mpressions register in our memories[,] If the thing covered by a copyright has become familiar to the mind’s eye, and one produces it from memory and writes it down, he copies just the same, and this may be done without conscious plagiarism.”

Notably in Edwards, the defendants had been longtime sellers of the plaintiff’s calendar, so access was evident. The defendants attempted to mitigate the damage their accessibility had on their defense by arguing that they did not consciously copy the plaintiff’s work. The court then noted the unconscious copying doctrine to hold in favor of the plaintiffs.

B. MODERN CASES OF UNCONSCIOUS COPYING & SETTLED SUITS

It was not until fifty years later, in 1976, that the courts decided another suit based on the unconscious copying doctrine. In Bright Tunes Music Corp. v. Harrisongs Music, Ltd., the Southern District of New York addressed the claimed plagiarism by George Harrison’s song “My Sweet Lord” of the copyrighted work “He’s So Fine.” The court found that while “[i]t [was] apparent . . . that neither Harrison nor Preston [the joint writer of ‘My Sweet Lord’] were conscious of the fact they were utilizing the ‘He’s So Fine’ theme . . . they were.” The district judge further concluded that Harrison’s “subconscious knew it already had worked in a song his conscious mind did not remember.” Based on the extensive success of “He’s So Fine” on the Billboard Charts, the court found that Harrison surely had heard it prior to his writing “My

27 Id. at 37.
28 Id.
29 Id.
30 Id.
32 Id. at 180.
33 Id.
34 Id. at 179 (noting that “He’s So Fine” was No. 1 on the billboard charts for five weeks in the U.S. and No. 12 on the billboard charts in England in the year 1963).
Sweet Lord.” The judge held that, under the law of copyright, infringement “is no less so even though subconsciously accomplished.” The Second Circuit affirmed the Harrison case in *ABKCO Music, Inc. v. Harrisongs Music, Ltd.* fifteen years later, while the damages were still being disputed. The court noted in affirming the decision that “where the similarity was so striking and where access was found, the remoteness of that access provide[ed] no basis for reversal,” meaning that “the mere lapse...of time between the moment of access and the creation” of the infringing work did not preclude copying.

In a more recent unconscious copying case, the Ninth Circuit affirmed copyright infringement in the 1994 suit *Three Boys Music Corp. v. Bolton.* Bolton’s song “Love is a Wonderful Thing” was claimed to be copied from the Isley Brothers’ 1964 song with the same name. The court noted that the finding of Bolton’s infringement “was based on a theory of widespread dissemination and subconscious copying.” Bolton admitted to being a big Isley Brothers fan and to actually have worried he copied the song from Marvin Gaye’s “Some Kind of Wonderful” while writing his 1990s hit. The court found that Bolton’s intuition about having had copied the song was correct; he just had copied someone else. In finding in favor of the plaintiff, $5.4 million was awarded.

There are other modern allegations of unconscious copying that were never decided by a court of law. Renowned guitarist, Joe Satriani, filed suit against Chris Martin of the band

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35 Id.
36 Id. at 181.
37 722 F.2d 988 (2d. Cir. 1983).
38 Id. at 998.
39 4-13 Nimmer, supra note 6, at § 13.02[A] (citing ABKCO, 722 F.2d at 997-98).
40 212 F.3d 477, 489 (9th Cir. 2000).
41 Id.
42 Id. at 483.
43 Id. at 484.
44 Id.
45 Id.
Coldplay whose very successful song “Viva La Vida” was allegedly copied from Satriani’s “If I Could Fly.” 46 Although the original 2008 complaint did not specifically mention unconscious copying, many legal academics quickly cited *Bright Tunes Music* in their projection of the case’s future, since Martin had already denied copying. 47 The parties settled outside of court for an undisclosed sum of money, 48 so the unconscious copying doctrine did not face a new legal evaluation.

In 2006, Kaavya Viswanathan, a Harvard student who wrote the novel “How Opal Mehta Got Kissed, Got Wild, and Got a Life,” claimed the twenty-nine different instances of copying from another author, Megan McCafferty, were “unintentional and unconscious.” 49 Viswanathan admitted to being an avid fan of McCafferty’s books and concluded that she did not realize how much she had truly internalized them. 50 The infringing “author” lost her half million dollar publishing deal and her Dreamworks movie rights deal, 51 but reportedly faced no repercussions from Harvard and never went to court. 52 Whether or not it truly was unconscious copying or just an easy excuse for a plagiarizing student, a court never decided. 53

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46 Complaint for Copyright Infringement, Constructive Trust, and for an Accounting at 4, Satriani v. Martin, No. 08-07987 (C.D. Cal. Dec. 4, 2008).
50 *Id.*
53 Interestingly, Viswanathan graduated law school in 2011.
III. OBJECTIONS TO THE UNCONSCIOUS COPYING DOCTRINE

The unconscious copying doctrine allows for a finding of copyright infringement even when a defendant lacks the intent, knowledge, and awareness of committing such an action.54 The courts have treated unconscious copying the same way as conscious copying and, no matter the intent, findings of infringement have led to hefty damages.55 This all rests on the foundational copyright principle that there is such a thing as originality, disregarding the fact that all human creation stems from some unknown neurological processes. “[C]opyright law is based on the charming notion that authors create something from nothing[..]”56

It is well established that “the present approach to unconscious copying is at odds with psychological realities.”57 Our subconscious mind works in ways we cannot fully understand; all human art is created through the influence from the outside world. Even in Fred Fisher from the 1920s, Judge Hand remarked, “Whether [the defendant] unconsciously copied the figure, he cannot say . . . Everything registers somewhere in our memories, and no one can tell what may evoke it.”58 “The idea that subconscious copying occurs rarely and only at the margin springs from a fancy, term[ed] the ‘romantic model of authorship.’”59 This legal and social acceptance of a fallacy has led to a doctrine that erodes at the law it was created to protect.

A. INSPIRED ARTIST V. LIABLE INFRINGER: THE UNCERTAINTY OF UNCONSCIOUS COPYING

Copyright law has no problem acknowledging that authors and artists get inspiration from other works, but the line between inspiration and copying has become blurry with the

55 See, e.g., Three Boys Music Corp. v. Bolton, 212 F.3d 477, 482-83 (9th Cir. 2000).
56 Litman, supra note 13, at 966.
58 Fred Fisher, Inc. v. Dillingham, 298 F. 147, 147 (S.D.N.Y. 1924).
59 Litman, supra note 13, at 1008.
introduction of the unconscious copying doctrine, especially when involving music. James Boyle explores the inspiration-based music industry in his book The Public Domain: Enclosing the Commons of the Mind.60 Boyle notes that “the image of individual creativity . . . fits very poorly in music where so much creativity is recognizably more collective and additive.”61 Through his sequential following of one song, “George Bush Doesn’t Care About Black People,” whose title was inspired by Kanye West’s famous quote, Boyle shows how music is openly created from other music.

The Hurricane Katrina rap is built on top of Kanye West’s hit song “Gold Digger.”62 However, West’s number one song includes a chorus that is clearly imitative of Ray Charles’s “I Got a Woman,” using an eight-bar loop of the melody. It was in 1955 that Ray Charles released the now-famous song. Interestingly, “I Got a Woman” is extensively recognized as being overtly “inspired” by the Christian hymn “My Jesus Is All the World to Me” and the gospel song “I’ve Got a Savior.”63 Boyle’s “chain of borrowing” review shows the flaws in believing a “romantic, iconoclastic creator” exists with the creativity copyright claims to award and protect. It is not that the recognized authors of these works do not have creative talent – they certainly do – it is that the concept of originality as the law and society has accepted it, is not the reality of how creation works.

Boyle’s solution to copyright law’s failure in understanding the creative process is a new system of extensive licensing.64 If an artist borrows from another artist’s copyrighted work, a flat fee license or a percentage of profits would be paid, but an injunction or huge damages

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61 Id. at 123-24.
62 THE LEGENDARY K.O., GEORGE BUSH DOESN’T CARE ABOUT BLACK PEOPLE (released under the Creative Commons Attribution-NonCommercial-ShareAlike 2.5 License) (Sept. 2005).
63 MICHAEL LYDON, RAY CHARLES: MAN AND MUSIC 419 (2004); MIKE EVANS, RAY CHARLES: THE BIRTH OF SOUL ch. 6 (2009).
64 See Boyle, supra note 60.
would not.⁶⁵ Alternatively, Boyle suggests a second possible reform of changing the current copyright terms and expanding fair use rights.⁶⁶ He acknowledges that neither of these solutions would be easy to implement, but Boyle believes that to best promote creativity, as copyright law aims, such measures need to be taken.⁶⁷

B. ACADEMIC ACKNOWLEDGMENT OF THE FAULTS OF THE UNCONSCIOUS COPYING DOCTRINE

A number of legal academics have specifically reviewed the doctrine of unconscious copying and suggested various types of reform. Robin Feldman, in the Hastings Science & Technology Law Journal, suggested that reformation can be inspired by “[c]onnecting [the] thread throughout the various areas of Intellectual Property law [to] lead to more equitable and effective doctrinal choices.”⁶⁸ Professor Feldman looked at examples from trade secret and patent laws that acknowledge subconscious influence (such as general skills learned in prior work not being trade secrets and the required disclosure of prior art with patent applications) in juxtaposition to copyright law’s liability for infringement by an artist’s subconscious.⁶⁹ Professor Feldman concluded that change is necessary to create a more “equitable and effective” intellectual property system, best completed by balancing moral stance with understanding of how the conscious and subconscious work.⁷⁰

Jessica Litman’s article in the Emory Law Journal about the public domain is read as a recommendation that the unconscious copying doctrine be used as a potential defense to

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⁶⁵ Id.
⁶⁶ Id.
⁶⁷ Id.
⁶⁹ Id. at 2.
⁷⁰ Id. at 24.
Over the last twenty years the sports industry has grown exponentially and increased, television contracts have soared to unprecedented levels and dozens of new stadiums have been built. The advent of free agency has helped propel professional sports leagues into multi-billion dollar industries. When contracts expire, players are free to go to whatever team offers them the most money. Long gone are the days of a player staying with one team his entire career, a la Cal Ripken Jr. or Larry Bird. In an attempt to stay ahead of the economic curve, team owners are constantly looking for new revenue streams that will increase their bottom line. This paper will examine one of these methods—new stadium construction. Owners, and politicians alike, promise the citizenry that these new multi-million dollar facilities will have a huge economic impact on the city population that new jobs will be created and the aggregate income of the city will substantially increase. But can these promises be fulfilled? Do these newly constructed stadiums and arenas really have a positive economic impact on the cities? Do new stadiums really help revitalize and rejuvenate downtown areas like politicians and lawmakers claim? And most importantly, how do cities actually attain the land where stadiums are built?


Professor Litman exclaims that “[w]hether [a work] infringes the copyrights in the prior works depends upon the conscious and subconscious processes within the author’s mind. We cannot verify them; neither can she.” It is with this that Professor Litman finds issue with the doctrine and concludes that “originality is an apparition; [that] does not, and cannot, provide a basis for deciding copyright cases.”

In the article “Does that Sound Familiar?: Creators’ Liability for Unconscious Copyright Infringement” in the Vanderbilt Law Review, Christopher Brett Jaeger also recognizes that use of the unconscious copying as a defense to copyright infringement claims serves the aims of copyright law better than current law. This so-called “rebuttable presumption approach,” which gives a presumption of conscious copying that defendants must rebut by proving subconscious independent creation, is argued to: 1) increase the incentive for creativity, by eliminating the risk of unknowingly copying; 2) be more morally fair to unintentional copiers; and 3) do a better job of recognizing the science behind implicit memory and the subconscious. The burden would be on the defendant to prove unconscious copying, supposedly through evidence of her creative processes and lack of awareness of potential copying.

Lastly, an alternative framework has also been suggested in the Cardozo Law Review that would enhance the access requirement of proving infringement. Carissa Alden suggested in A Proposal to Replace the Subconscious Copying Doctrine that the test for circumstantial copying should have a more narrow definition of what constitutes access, thus creating a more stringent

71 Litman, supra note 13, at 1002-03.
72 Id. at 1008.
73 Id. at 1023.
74 Jaeger, supra note 57, at 1928.
75 Id. at 1929-31.
76 Id.
standard for infringement claims. Even if the courts decline to alter the unconscious copying doctrine, Alden concludes that a change in awardable damages should occur by limiting awards in unconscious copying cases to only minimum statutory damages. Although it has been acknowledged that “[l]iability for unconscious copying creates an inconsistency between copyright law in practice and its theoretical underpinnings,” this Note argues that the recommendation previously set forth would not completely fix the problem and the doctrine of unconscious copying is more than a mere legal inconsistency; it is an incompatible doctrine that is depreciating copyright law and that needs to be discarded completely.

IV. THE ACCELERATING EROSION OF COPYRIGHT LEGITIMACY

By allowing the idea of unconscious copying as a basis for copyright infringement, the courts have created a potentially unstoppable erosion of copyright law. The founding purposes of copyright protection are to incentivize creation and to award those whose labor has culturally benefited society. The Act states, “Copyright protection subsists . . . in original works of authorship,” and the courts have interpreted this clause to require only a minimum degree of creativity. When courts rely on the unconscious copying doctrine in claims of infringement, the court is ultimately punishing some individuals for creating. Neurological science recognizes that the human brain functions with a subconscious working in ways none of us can fully explain. By using the unconscious copying doctrine as a basis for successful infringement claims, the courts are actually punishing artists for creating, while illogically holding a defendant

78 Id. at 1764.
79 Id. at 1762.
80 Jaeger, supra note 57, at 1934.
81 See supra notes 10 & 11 and accompanying text.
liable for the workings of his subconscious and disregarding the plaintiff’s subconscious in the creation of her work. Plus, the courts then proceed to unjustly enrich an artist who reaps the rewards from the defendant’s labor and creativity. These results blatantly go against the intent and purpose of the Copyright Act.

Taking Boyle’s “chain of borrowing” links of the gospel song “I’ve Got a Savior” to the political rap “George Bush Don’t Like Black People,” we can see how art works as inspiration for future art, sometimes consciously and sometimes subconsciously. The goal of the Copyright Act is to encourage this creation, not inhibit it. However, by allowing the unconscious copying doctrine as a basis for infringement claims, the courts are punishing artists for producing new creations – the exact thing the law is encouraging them to do.

It is illogical for courts to punish a random artist here and there for the workings of his subconscious in the creation of art, while acting as if all other artists who are awarded copyright protection have created completely on their own, without any influence or borrowing or subconscious copying of others. In fact, the plaintiff’s certificate of copyright registration acts as prima facie evidence, so even if a defendant attempted to challenge the originality of the plaintiff’s work, based on subconscious copying, the defendant’s argument would become null, lacking direct evidence.84 This myth of a single, original author is referred to as the “Romantic authorship construction.”85 Historically, an author was viewed as a “craftsman applying and perfecting an existing body,”86 not an individual artist producing purely from his own creativity and originality, entitled to protection from others. The idea of the author as a single genius is a

84 Litman, supra note 13, at 1003.
86 Id.
phenomenon of the eighteenth century.\textsuperscript{87} This shift in what constitutes an author or artist stifles creativity, especially in the context of the unconscious copying doctrine, because it establishes a false recognition of one person as the exclusive creator of a work, preventing and discouraging others from fully being able to create. “[E]very new work is in some sense based on the works that preceded it,”\textsuperscript{88} and modern copyright law needs to fully recognize this truth. Courts are “aggressively applying” this ideal of a romantic author, viewing copyright holders as “almighty creators while denying the contributions of external sources and the rights and interests of the general public.”\textsuperscript{89}

Some may argue that copyright law is already established in a way to allow for the freedoms of a public domain, thus not halting creativity. It is well established that facts, ideas, and methods are not copyrightable,\textsuperscript{90} so space exists in the public domain for creation to flourish, along side copyright-lapsed works. Plus, fair use allows for \textit{de minimis} copying,\textsuperscript{91} so artists are already allegedly given the freedom to create from inspiration. However, the unconscious copying doctrine relies on punishing the subconscious, causing artists to be in the position of not knowing where they are creating from – the public domain or protected works. “The law cannot deter truly unconscious copying because it is, by definition, unknown to the copying author.”\textsuperscript{92} With greater restrictions on creations and the slow deterioration of what is up for grabs while creating, the ability for society to culturally expand is lessened and the purpose of the Copyright Act is insulted. Although “Congress assures us that the many increases in copyright protection

\begin{itemize}
\item \textsuperscript{87} Id. at 154.
\item \textsuperscript{88} Litman, supra note 13, at 966.
\item \textsuperscript{89} \textsc{Liior Zemer}, \textsc{The Idea of Authorship in Copyright} 73 (2007).
\item \textsuperscript{90} Copyright Act, 17 U.S.C. § 102(b) (1976) (“In no case does copyright protection for an original work of authorship extend to any idea, procedure, process, system, method of operation, concept, principle, or discovery, regardless of the form in which it is described, explained, illustrated, or embodied in such a work.”); \textit{see also} Feist Publ’ns, Inc. v. Rural Tel. Serv. Co., 499 U.S. 340 (1991) (reaffirming that facts are not protectable by copyright).
\item \textsuperscript{91} See 2-8 \textsc{Nimmer}, supra note 6, at § 8.01[G], for further explanation on \textit{de minimis} copying.
\item \textsuperscript{92} Jaeger, supra note 57, at 1926.
\end{itemize}
have been in the name of encouraging creativity . . . do we really think we are more likely to get a twenty-first-century Ray Charles . . . in the world we have made?"  

English and Canadian courts have both reviewed similar versions of the unconscious copying doctrine and found substantial issues, deciding against adoption. In Francis Day & Hunter, Ltd. v. Bron, a case was brought in the United Kingdom with very similar facts as the United States case Three Boys Music. In his decision, Lord Wilberforce acknowledged a similar doctrine as the American unconscious copying doctrine, but found that proof of a causal connection to establish the defendant reproduced the plaintiff’s work was required, and, ultimately, found the defendant not liable. Even though there was considerable similarity between the two works, just like the songs in Three Boys Music, the court declined to hold the defendant liable because there was insufficient evidence to prove unconscious copying occurred. In Canada, the English Francis Day case was reviewed as part of a 1994 music infringement suit, and the court concluded that “the theory of unconscious copying has inherent practical problems in its application; and that for its application, there will be the requirement of acceptable medical evidence as a foundation for its consideration.” Even with similar copyright systems as the United States, England and Canada are very obviously weary of holding defendants liable for the workings of their unconscious, and rightfully so.

In recent years, American courts have cited the unconscious copying doctrine in awarding millions of dollars in damages against artists of creative works. The courts have far extended the doctrine beyond Judge Learned Hand’s first establishment, in which he awarded...

93 Boyle, supra note 60, at 156.
94 Francis Day & Hunter, Ltd. v. Bron, [1963] Ch. 587 (Eng.).
95 Id. at 602-03.
96 Tayna Aplin, Reflections on Measuring Text Reuse From a Copyright Law Perspective, in COPYRIGHT AND PIRACY: AN INTERDISCIPLINARY CRITIQUE 263 (Lionel Bently et al. eds., Cambridge Univ. Press 2010).
98 See, e.g., Three Boys Music Corp. v. Bolton, 212 F.3d 477, 489 (9th Cir. 2000).
$250 dollars to the infringed plaintiff.\textsuperscript{99} It has been noted that Judge Hand took into account the innocence of the infringement in deciding to award only the minimum statutory requirement, and that the later courts, in awarding substantially higher damages, are where the true problem with the doctrine arise.\textsuperscript{100} However, the suggestion of treating unconscious copying as innocent infringement, with only minimum statutory damages allowed (as Alden suggests), or as a potential mitigating defense (as Litman and Jaeger suggest), do not fully solve the injustice that the unconscious copying doctrine has produced.

A. THE PROBLEMS WITH UNCONSCIOUS COPYING AS A DEFENSE

In attempting to solve the issues of the unconscious copying doctrine, it has been recommended to switch from use of the doctrine as a basis for finding infringement, to allowing the doctrine as a defense from liability and extensive damages.\textsuperscript{101} Although this change would make the doctrine more symmetrical with Copyright Law, it would not fully solve the problems that arise with a court of law relying on an unprovable human subconscious. Allowing the unconscious copying doctrine as a defense would merely switch the side in which the problem of relying on unsustainable claims lies, which, ultimately, does not truly stop the damage to copyright. As Professor Litman succinctly stated, “Originality [and thus creativity] is an apparition” and it should not be used as a basis for deciding a copyright case.\textsuperscript{102}

On the positive, accepting unconscious copying as a defense would realign the doctrine with the copyright law intention of incentivizing creation, rather than inhibiting it. The lone artist would no longer have to worry that his subconscious has caused him to unknowingly create the art from someone else and later face potential litigation. The disincentive that the

\textsuperscript{100} Alden, supra note 77, at 1763.
\textsuperscript{101} See supra notes 13 & 57.
\textsuperscript{102} Litman, supra note 13, at 1023.
unconscious copying doctrine has produced would be eliminated. Unconscious copying as a defense would also make for a more just system in which an artist who has unknowingly and innocently “infringed” another’s work has a defense to mitigate damages and avoid having to pay millions of dollars for an unconscious act.

There are certainly benefits from changing the unconscious copying doctrine from a basis for infringement to a defense from such, but use of the unconscious copying doctrine as a defense would still ignore the neurological realities of human creativity. As the Canadian court noted, use of an unconscious-based legal doctrine requires “acceptable medical evidence as a foundation for its consideration.”¹⁰³ The same issue with use of the unconscious copying doctrine as a basis for infringement exists with the use of the doctrine as a defense: there is no way to actually prove the truth that infringement existed. Unconscious copying as a defense still leaves the court in a position to unjustly enrich the plaintiff for the defendant’s art, while again ignoring the reality that the plaintiff’s work was also created in a way that is unidentifiable by law or science.

Finally, since literally all defendants in copyright infringement claims could blame any similarities between two works on the functions of their subconscious, the doctrine would be so frequently used that it would create a presumption for defendants, and plaintiffs would need to introduce evidence of actual copying to be successful – ultimately rendering the doctrine useless. Defendants may then also turn to the independent creation defense, arguing that their work, although similar to another, was made independently and without copying.¹⁰⁴ This too would ultimately render the unconscious copying defense as useless and unnecessary, since other doctrines would be required for a decision in the case to be rendered.

¹⁰³ Drynan, 59 CPR (3d) 8.
¹⁰⁴ See 4-13 Nimmer, supra note 6, at § 13.01[B], for more explanation on the independent creation defense.
B. RECOMMENDATIONS FOR PROTECTING COPYRIGHT’S LEGITIMACY

In order to keep copyright protection from continuing to erode away while deterring creativity, the unconscious copying doctrine should be completely discarded. Furthermore, infringement claims should be limited to the direct copying of works, as originally established with the Copyright Act of 1790. To best encourage creativity and the proliferation of the arts, artists need to be able to be inspired by the world around them and create freely, without the fear of their subconscious playing tricks on them and huge lawsuits ensuing. The law deciding infringement claims is based on a false belief in originality and creativity, causing the legitimacy of copyright to weaken.

Professor R. Anthony Reese reviews the expansion of copyright protection over the past couple centuries in Innocent Infringement in U.S. Copyright Law: A History, printed in the Columbia Journal of Law & the Arts. He notes that, in the past, the copyright law in America “limit[ed] the risk of innocent infringement, either by providing mechanisms to make it easy to avoid unknowingly committing infringement or by simply limiting some acts of infringement to situations where the defendant knew . . . her conduct was prohibited.” The modern regime of “unmitigated liability for unknowing infringement” is a fairly recent shift in the law. Professor Reese explains that this was partially due to the much more limited scope of copyrightable materials when the first copyright law was instituted in the United States in 1790, which was based off the 1709 Statue of Anne of England. Naturally, with the expansion of the scope of copyright came the expansion of potential infringement, even to the unconscious.

106 Id.
107 Id. at 133.
108 Id. at 136.
“[t]he legal changes were mostly gradual and cumulative, [they were] therefore never really considered as a coherent whole,”\textsuperscript{109} and the affects of the expansion were not fully released with each subsequent alteration.

The Copyright Act of 1790 simply made it illegal to “print, reprint, publish, or import” the copyrighted material of another and to do so “knowing the same to be so printed, [etc.] . . .” without consent of the owner.\textsuperscript{110} The expansion of derivative work rights, the variety of materials, and, of course, protection from unconscious copying, are all aspects of the law that were not established until much later. The 1790 law much better balanced granting protection to authors while leaving others completely free to create, so long as they were not directly copying and distributing a protected work. Reversion back to this limited copyright would better fulfill the 1976 Copyright Act’s purpose to “promote the Progress of Science and useful Arts,”\textsuperscript{111} by encouraging a robust public domain and freedom to create.

As it is quite unlikely that Congress will up and throw away the many provisions that now make up modern copyright law, at the very least, the unconscious copying doctrine should be abandoned. The courts have continued to cite the doctrine in an expansive manner, moving from Judge Hand’s $250 in damages for infringement to the $5.4 million in damages in the \textit{Three Boys Music} case. The dramatic increase in punishment of an artist that unknowingly “copied” while attempting to contribute to the culture of society is extremely unjust. Continuing to allow the courts to use the doctrine in this manner will only further the assault on creativity and hurt the legitimacy of copyright protection. Along with the unconscious copying doctrine,

\textsuperscript{109} \textit{Id.} at 175.  
\textsuperscript{111} U.S. \textsc{Const.} art. I, § 8, cl. 8.
copyright has gone from being a benefit incentive for authors and artists, to an intimidation tool benefiting publishers and record companies.\textsuperscript{112}

\textbf{V. CONCLUSION}

While the unconscious copyright doctrine may immediately protect a single copyrighted work when applied in an infringement suit, it ultimately harms the greater whole of copyright protection as a legal entity. “When individual authors claim that they are entitled to incentives that would impoverish the milieu in which other authors must also work, we must guard against protecting authors at the expense of the enterprise of authorship.”\textsuperscript{113} The unconscious copying doctrine punishes artists for doing the very action copyright law is meant to incentivize: creating. By holding defendants liable for the actions of their subconscious, the courts are ignoring the fact that the plaintiffs created in the same way, drawing from our experiences, influences, and social impressions, all in a way that even neuroscience has yet to understand. The unconscious copying doctrine then unjustly enriches the plaintiffs who bring suits against the innocent creators of like works, thus deterring artists from creating in the future, with fear their artistic subconscious will lead them to lose millions.

Abandonment of the unconscious copying doctrine is the first step in halting the erosion of copyright legitimacy that the modern expansion of copyright law has started. To best encourage the purpose and intent of copyright, a reinstatement of a strict actual copying standard for infringement claims should be considered. “[A]uthors and copyrighted works are socially constructed and historically contingent,”\textsuperscript{114} and the law is failing to recognize this reality. As the

\textsuperscript{112} BOYLE, supra note 60, at 137 (“[W]hatsoever [c]opyrights there were moved quickly away from the actual creators toward the agents, record companies, and distributors. They still do.”).

\textsuperscript{113} Litman, supra note 13, at 969.

\textsuperscript{114} ZEMER, supra note 89, at 229.
courts and Congress continue to expand copyright protection, the freedoms of creativity are
correlatively hindered, and the law begins to erode away at its own foundation. Holding
individuals accountable for the inner workings of their subconscious is detrimental to the
authenticity of copyright law and a realignment of the law with the realities of artistic creation
must occur.
DEUTSCHER TENNIS BUND v. ATP TOUR, INC.: A “QUICK LOOK” AT A POST-AMERICAN NEEDLE WORLD

By: Ryan Keeley

ABSTRACT

In an effort to revitalize its popularity and increase competition with other sports and entertainment events, the Association of Tennis Professionals (“ATP”) reorganized their professional tennis circuit, the ATP Tour, in 2009. Known as the Brave New World Plan (“BNW Plan”), the redesign was intended to attract a greater number of top-tier players to the most prestigious tournaments. As a result of the reorganization, the German Tennis Championships in Hamburg, Germany was downgraded from a Tier I to a Tier II tournament.

Professional tennis players earn ATP points by playing in ATP tournaments. These points determine a player’s world ranking, which in turn “governs entry into, and seeding in, the Grand Slams as well as ATP top-tier tournaments – the most important professional tennis tournaments.” The BNW Plan reorganized the point system so the winner of a Tier I tournament is awarded 1000 points, while a winner of a Tier II tournament only receives 500. The BNW Plan also requires the top 30 players from the ATP rankings to play in all nine Tier I events but requires them to play in only four of the eleven Tier II events.

1 J.D. Candidate, University of Denver Sturm College of Law, Class of 2014.
2 The ATP is a non-profit member corporation consisting of 440 player members and 61 tournament-owner members.
3 Deutscher Tennis Bund v. ATP Tour, Inc., 610 F.3d 820, 825 (3d Cir. 2010).
4 The BNW Plan was created in 2007 and became effective January 1, 2009. Brief of Appellants at 1, Deutscher Tennis Bund v. ATP Tour, Inc., 610 F.3d 820 (3d Cir. 2010) (No. 08-4123), 2009 WL 2946689.
5 Deutscher, at 824.
6 Id.
7 Id. at 825.
8 Id.
9 Id.
Over the last twenty years the sports industry has grown exponentially and increased, television contracts have soared to unprecedented levels and dozens of new stadiums have been built. When contracts expire, players are free to go to whatever team offers them the most money. Long gone are the days of a player staying with one team his entire career, a la Cal Ripken Jr. or Larry Bird. In an attempt to stay ahead of the economic curve, team owners are constantly looking for new revenue streams that will increase their bottom line. This paper will examine one of these methods—new stadium construction. Owners, and politicians alike, promise the citizenry that these new multi-million dollar facilities will have a huge economic impact on the city population that new jobs will be created and the aggregate income of the city will substantially increase. But can these promises be fulfilled? Do these newly constructed stadiums and arenas really have a positive economic impact on the cities? Do new stadiums really help revitalize and rejuvenate downtown areas like politicians and lawmakers claim? And most importantly, how do cities actually attain the land where stadiums are built?


Unhappy with its downgrade to a Tier II tournament, the Hamburg tournament owners (the “Federations”) sued ATP and certain of its officers alleging the BNW Plan violated Sections 1 and 2 of the Sherman Act and that ATP’s directors breached fiduciary duties owed to the Federations. The Section 1 claim alleged the BNW Plan was an unreasonable restraint of competition in which the Tier I tournaments were shielded from competing with other tournaments. The Section 2 claim alleged the BNW Plan was an attempt to monopolize the market of professional men’s tennis player’s services. The Federations also claimed ATP directors breached their fiduciary duties of due care, loyalty, and good faith owed to the Federations.

Deutscher provides insight into the way courts apply the Supreme Court’s decision in American Needle, Inc. v. NFL. In American Needle, the Supreme Court held that National Football League (“NFL”) teams did not constitute a single entity for the purposes of licensing their intellectual property rights. Because Section 1 of the Sherman Act prohibits collusive, anticompetitive behavior, an organization that is considered a single entity is incapable of violating Section 1. While the Third Circuit Court of Appeals did not rule on the issue of whether the ATP constitutes a single entity under antitrust law, its opinion elicits a common view in antitrust circles: that the single entity defense for sports leagues is dead.

This comment examines that proposition. First, it looks at the various methods of antitrust analysis and relevant prior cases. Then, it analyzes each claim and both courts’ respective decisions. Finally, it considers how this case may affect sports leagues in the future.

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11 The Hamburg tournament is owned by the Qatar and German Tennis Federations.
12 Deutscher, at 824.
13 Deutscher, at 827.
14 Id.
15 Id.
16 130 S. Ct. 2201 (2010).
17 Copperweld Corp. v. Independence Tube Corp., 467 U.S. 752, 770-73 (1984); See discussion infra Part I.B.
I. BACKGROUND

A. Methods of Antitrust Analysis

The Supreme Court has established that the Sherman Act prohibits only those practices that “unreasonably” restrain trade.\(^{18}\) Section 1 of the Sherman Act broadly prohibits concerted action that restrains the nation’s domestic or foreign trade.\(^ {19}\) Section 2 of the Sherman Act makes unlawful three practices: (1) monopolization; (2) attempts to monopolize; and (3) combinations or conspiracies to monopolize.\(^ {20}\) Because the Federations did not appeal the Section 2 verdict, this comment will focus on the Section 1 claim.

U.S. courts have established three methods of analysis to examine practices that are alleged to be in violation of Section 1. The first method concerns practices that are viewed as being so inherently anticompetitive that they are considered per se illegal.\(^ {21}\) Examples of such practices include horizontal price fixing (agreements between competitors to set prices), horizontal market allocations (horizontal territorial, customer, output and other market restraints between competitors), and horizontal group boycotts (agreements between two or more competitors with shared market power or control over a scarce resource or facility).\(^ {22}\) For per se violations it is unnecessary to perform any inquiry into actual market impact or possible

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\(^{18}\) Standard Oil Co. of New Jersey v. U.S., 221 U.S. 1, 65 (1911); see also NYNEX Corp. v. Discon, Inc., 525 U.S. 128, 133 (1998) (“As this Court has made clear, the Sherman Act's prohibition of ‘[e]very’ agreement in ‘restraint of trade,’ 26 Stat. 209, as amended, 15 U.S.C. § 1, prohibits only agreements that unreasonably restrain trade.”).


\(^{20}\) See John Bordeau et al., 54 AM. JUR. 2D MONOPOLIES, RESTRAINTS OF TRADE, AND UNFAIR TRADE PRACTICES § 34 (2012).

\(^{21}\) See, e.g., U.S. v. Socony-Vacuum Oil Co., 310 U.S. 150 (1940) (horizontal price-fixing).

procompetitive justifications of the practice; assuming there is standing to assert a claim, one need only prove the practice occurred.24

The second, and more pervasive, standard of analysis of antitrust claims under Section 1 of the Sherman Act is the “rule of reason.”25 Rule of reason analysis involves a general inquiry in to whether, under “all the circumstances,” the challenged practice “impose[es] an unreasonable restraint on competition.”26 Under rule of reason analysis, no single factor is determinative; the fact finder considers all circumstances of a case in determining whether a practice results in an unreasonable restraint on competition. The plaintiff bears the burden of demonstrating that a particular practice or agreement results in anticompetitive effects in the relevant product and geographic markets.27 Plaintiffs can demonstrate anticompetitive effects by showing an actual adverse effect, such as an increase in price or reduction in output.28 Demonstrating a potential adverse effect as evidenced by defendant’s market power may satisfy this burden as well.29

There is also an intermediate standard termed “quick look” analysis, which is essentially an abbreviated version of the rule of reason. Quick look analysis is utilized when *per se* condemnation would be inappropriate, but a full-scale market analysis is unnecessary because the anticompetitive effects can be realized after only a “quick look.” A court may utilize quick look analysis when the alleged anticompetitive effects are so obvious that “an observer with even

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23 See id. at § 9:5-9 (2012) (explaining that a person must have been “injured in his business or property” to sue for treble damages or have suffered “threatened loss or damage” by a violation of the Sherman or Clayton Acts to seek injunctive relief).


26 Id.


28 Id.

29 Id.
a rudimentary understanding of economics could conclude that the arrangements in question would have an anticompetitive effect on customers and markets.\textsuperscript{30}

The \textit{Deutscher} court emphasized that the method for determining which of the above three standards to apply is not as clear-cut as their names may imply.\textsuperscript{31} It stated that these three modes of analysis should be viewed as a part of a single inquiry that, depending on the circumstances, involves varying presumptions.\textsuperscript{32}

**B. Relevant Prior Antitrust Cases**

\textit{Deutscher} was decided just one month after the Supreme Court decided \textit{American Needle, Inc. v. NFL}. Considered the most important case in sports law history,\textsuperscript{33} the plaintiff, American Needle, Inc., challenged the NFL’s grant of an exclusive license agreement to Reebok to manufacture and sell NFL hats, alleging that such an action was a violation of Sections 1 and 2 of the Sherman Act.\textsuperscript{34} The question before the Court was whether the NFL was “capable of engaging in a ‘contract, combination … or conspiracy’ as defined by § 1 of the Sherman Act, 15 U.S.C. § 1, or … whether the alleged activity by the NFL respondents ‘must be viewed as that of a single enterprise for purposes of § 1.’”\textsuperscript{35} Justice Stevens stated:

The key is whether the alleged ‘contract, combination…, or conspiracy’ is concerted action – that is, whether it joins together separate decisionmakers. The relevant inquiry, therefore, is whether there is a ‘contract, combination … or conspiracy’ amongst ‘separate economic actors pursuing separate economic interests,’\textsuperscript{36} such that the agreement ‘deprives the marketplace of independent centers of decisionmaking,’\textsuperscript{37} and therefore of

\begin{footnotesize}
\begin{itemize}
  \item \textsuperscript{30} California Dental Ass’n v. F.T.C., 526 U.S. 756, 770 (1999).
  \item \textsuperscript{31} Deutscher Tennis Bund v. ATP Tour, Inc., 610 F.3d 820, 830 (3d Cir. 2010).
  \item \textsuperscript{32} \textit{Id.}
  \item \textsuperscript{34} American Needle, Inc. v. NFL, 130 S. Ct. 2201, 2207 (2010).
  \item \textsuperscript{35} \textit{Id.} at 2208 (quoting Copperweld Corp. v. Independence Tube Corp., 467 U.S 752, 771 (1984)).
  \item \textsuperscript{36} \textit{Id.} at 2212 (quoting Copperweld, 467 U.S. 752, 769).
  \item \textsuperscript{37} \textit{Id.}
\end{itemize}
\end{footnotesize}
‘diversity of entrepreneurial interests,’ and thus actual or potential competition.\textsuperscript{38}

\textit{American Needle} relied heavily on \textit{Copperweld Corp. v. Independence Tube Corp.},\textsuperscript{40} where the Court held that a parent and its wholly owned subsidiary “are incapable of conspiring with each other for purposes of § 1 of the Sherman Act.”\textsuperscript{41} The \textit{Copperweld} Court explained:

\begin{quote}
[<A>lthough a parent and its wholly owned subsidiary are ‘separate’ for the purposes of incorporation or formal title, they are controlled by a single center of decision making and they control a single aggregation of economic power. Joint conduct by two such entities does not ‘deprive[e] the marketplace of independent centers of decision making,’ and as a result, an agreement between them does not constitute a ‘contract, combination ... or conspiracy’ for the purposes of § 1.\textsuperscript{42}
\end{quote}

The Court analyzed how the different NFL teams interact solely in the intellectual property realm.\textsuperscript{43} The Court noted that while NFL teams must collaborate for scheduling purposes and share an interest in making the entire league successful and profitable, that interest “does not justify treating them as a single entity for § 1 purposes when it comes to the marketing of the teams’ individually owned intellectual property.”\textsuperscript{44} Utilizing \textit{NCAA v. Board of Regents},\textsuperscript{45} the Court stated, “Decisions by NFL teams to license their separately owned trademarks collectively and to only one vendor are decisions that deprive the marketplace of independent centers of decision making, and therefore of actual or potential competition.”\textsuperscript{46} The Court held that the NFL was not a single entity for purposes of licensing its intellectual property and thus was not

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\textsuperscript{38} \textit{Id.} (quoting Fraser v. Major League Soccer, L.L.C., 284 F.3d 47, 57 (C.A. 1 2002) (Boudin, C.J.)).
\textsuperscript{39} \textit{Id.}
\textsuperscript{40} 467 U.S. 752 (1984).
\textsuperscript{41} \textit{Id.} at 777.
\textsuperscript{42} American Needle, Inc. v. NFL, 130 S. Ct. 2201, 2211 (3d Cir. 2010) (quoting in part Copperweld, 467 U.S. 752, at 769).
\textsuperscript{43} \textit{Id.} at 2213.
\textsuperscript{44} \textit{Id.} at 2216-17.
\textsuperscript{45} 468 U.S. 85 (1984).
\textsuperscript{46} Am. Needle, at 2213.
\end{footnotes}
immune from antitrust scrutiny and should be subjected to the more flexible rule of reason analysis on remand.\textsuperscript{47}

In \textit{NCAA v. Board of Regents}, another case \textit{Deutscher} relied on, the Supreme Court held it may be inappropriate to apply a \textit{per se} rule in certain situations.\textsuperscript{48} The NCAA had an established practice of limiting the total amount of televised intercollegiate football games and the number of games that any school could televise so as to limit the adverse affects of televised games on game attendance.\textsuperscript{49} While the Court held that the NCAA’s television plan constituted horizontal price fixing and output limitation in violation of the Sherman Act, they also held that “[i]t would be inappropriate to apply a per se rule in this case where it involves an industry in which horizontal restraints on competition are essential if the product is to be available at all.”\textsuperscript{50} Since \textit{NCAA v. Board of Regents}, courts generally rely on rule of reason analysis when horizontal restraints are necessary for the existence of an industry.\textsuperscript{51}

\section*{II. DISCUSSION}

In \textit{Deutscher}, the Federations sued ATP and certain of its officers and directors alleging that the BNW Plan violated Sections 1 and 2 of the Sherman Act and that ATP’s directors breached fiduciary duties owed to the Federations.\textsuperscript{52} The trial court granted ATP’s motion for judgment as a matter of law, dismissing the personal liability claims against the directors. The jury returned a verdict for ATP on the antitrust claims, finding the Federations failed to prove

\textsuperscript{47} \textit{Id.} at 2217.
\textsuperscript{48} NCAA, 468 U.S. at 99.
\textsuperscript{49} \textit{Id.} at 85.
\textsuperscript{50} \textit{Id.} at 86.
\textsuperscript{51} Law v. NCAA, 134 F.3d 1010, 1019 (10th Cir.1998).
\textsuperscript{52} Deutscher Tennis Bund Bund v. ATP Tour, Inc., 610 F.3d 820, 824 (3d Cir. 2010).
ATP entered into a contract, combination, or conspiracy with any separate entity under Section 1 of the Sherman Act, and that they did not establish a relevant product market under Section 2.53

The Federations did not appeal the Section 2 verdict, but they did appeal the Section 1 claim, asserting the district court erred in instructing the jury on the “single entity” defense and should have instructed on the “quick look” mode of analysis instead of the full rule of reason analysis. The Federations also appealed the dismissal of the antitrust claims against the directors and the breach of duty of loyalty claim against director Charles Pasarell.54

A. ANTITRUST CLAIMS

Under the Section 1 claim, the Federations alleged that the BNW Plan was evidence of a conspiracy “to control the supply of top men’s professional tennis players’ services, establishing a favored class of tournaments in which top-player participation was mandatory, while precluding other tournaments from competing for such player services.”55 The Section 2 claim alleged that the BNW Plan was a conspiracy and an attempt to monopolize the market for men’s professional tennis players’ services.56

At trial, ATP argued it was a single entity and thus immune from antitrust scrutiny.57 It claimed that the member tournaments of the ATP tour do not compete but instead cooperate to form an annual professional tennis tour.58 The Federations argued that ATP operates in the market for top-tier men’s professional tennis players, and individual tournaments compete to

53 Id.
54 Id.
55 Id. at 827.
56 Id.
57 Deutscher, at 835.
58 Id.
attract top players. They claimed the BNW Plan was an agreement unreasonably restraining trade in this market.\footnote{Id.}

The trial court, utilizing rule of reason analysis, found that the Federations did not prove ATP “entered into contract(s), combination(s), or conspiracy(ies) with any separate entity or entities.”\footnote{Id. at 828.} On appeal, the Federations argued that the district court erred by instructing the jury on rule of reason analysis and refusing to instruct on quick look analysis.\footnote{Id.} The Federations did not appeal the finding on the Section 2 claim that the Federations did not establish “the existence of any relevant product market(s) within any geographic market(s).”\footnote{Id. at 829.} By not appealing the Section 2 claim, the Federations were relying on their argument that quick look analysis was proper because, under quick look, an analysis of the anticompetitive effects on the relevant market is not required.

While “inquiries into the scope of competition under § 1 and § 2 are not precisely the same,”\footnote{Deutscher, at 828 (quoting Columbia Metal Culvert Co., Inc. v. Kaiser Aluminum & Chemical Corp., 579 F.2d 20 (3d Cir. 1978)).} in this case the Federations relied on identical market definitions for both their Section 1 and Section 2 claims.\footnote{Id.} Deutscher concluded that, because the Federations provided identical market definitions in their proposed jury instructions for the Section 1 and Section 2 claims, the jury’s conclusion that the Federations failed to prove a relevant market under Section 2 should apply to the Section 1 claim.\footnote{Id. at 829.}
1. Quick Look vs. Rule of Reason

The Federations claimed the BNW Plan was a horizontal restraint in violation of Section 1 because it eliminated the need for Tier I tournaments to compete for players while at the same time making it impossible for other tournaments to compete with the Tier I tournaments in attracting top-tier players.66 It was on the basis of this output-limiting horizontal restraint that the Federations argued for quick look analysis. The Federations favored quick look analysis because, under quick look, “the competitive harm is presumed, and ‘the defendant must promulgate ‘some competitive justification’ for the restraint.”67 If quick look analysis had been performed, the jury’s Section 2 finding that the Federations failed to prove a relevant market would not have affected the Section 1 quick look analysis. “Regardless of the standard used, the purpose of the inquiry is always to assess the effect of the conduct on competition: ‘Whether the ultimate finding is the product of a presumption or actual market analysis, the essential inquiry remains the same – whether or not the challenged restraint enhances competition.’”68 Citing a lengthy history of cases,69 the Deutscher court stated that “for a tennis tour, like other sports leagues, ‘horizontal restraints on competition are essential if the product is to be available at all.’”70

66 Id.
69 See also Broad. Music, Inc. v. Columbia Broad. Sys., Inc., 441 U.S. 1, 23 (1979) (rejecting per se treatment “where the agreement on price is necessary to market the product at all”); Worldwide Basketball & Sport Tours, Inc. v. NCAA, 388 F.3d 955, 959 (6th Cir. 2004) (“Because there is no doubt that horizontal restraints are necessary to make the kind of league competition at issue available, the rule of reason applies.”); Law v. NCAA, 134 F.3d 1010, 1019 (10th Cir. 1998) (“[C]ourts consistently have analyzed challenged conduct under the rule of reason when dealing with an industry in which some horizontal restraints are necessary for the availability of a product[,]”).
70 Deutscher, at 831 (quoting NCAA, 468 U.S. at 101).
As stated above, quick look analysis is only appropriate when the anticompetitive effects on markets and consumers are obvious.\textsuperscript{71} However, in order for the effects on a market to be obvious, the existence of a relevant product and geographic market must be clear. The definition of what constituted the relevant market for top-tier professional tennis players was one of the most contested issues at trial – “so much so that after all the evidence was presented the district court saw the bounds of the relevant market as ‘ambiguous.’”\textsuperscript{72} The court concluded that the “contours of the market” were not sufficiently obvious so as “[t]o permit the court to ascertain without the aid of extensive market analysis whether the challenged practice impairs competition.”\textsuperscript{73} \textit{Deutscher} thus held that the jury was properly instructed to analyze the restraints using the rule of reason.\textsuperscript{74}

\textbf{2. Single Entity Status}

In order to be in violation of Section 1 of the Sherman Act, a plaintiff must establish a “contract, combination...or conspiracy.”\textsuperscript{75} Accordingly, two entities must exist in order for cooperation to exist. The court in \textit{Deutscher} addressed the issue of whether ATP and its members function as a single business entity and would thus be incapable of violating Section 1 of the Sherman Act. The court looked to \textit{Copperweld}, where the Supreme Court set fourth that “in certain cases, distinct legal entities are incapable of concerted action for the purposes of Section 1 and must be viewed as a single entity.”\textsuperscript{76} While \textit{Copperweld} did not establish a

\begin{footnotes}
\item[71] Id. at 832.
\item[72] Id.
\item[73] Id. (quoting Worldwide Basketball & Sport Tours, Inc. v. NCAA, 388 F.3d 955, 961 (6th Cir. 2004)).
\item[74] Id. at 833.
\item[75] Id. at 834.
\item[76] Id.
\end{footnotes}
steadfast rule outside of the parent-subsidiary relationship, it established “substance, not form, should determine whether a[n] … entity is capable of conspiring under § 1.”

In Deutscher, the court did not make a decision whether the single entity jury instruction was given in error because the jury found that the Federations did not prove by a preponderance of the evidence the existence of a relevant product market within a relevant geographic market. While the court was unable to rule on the issue, it did suggest that the BNW Plan might have deprived the marketplace of potential competition.

B. Breach of Fiduciary Duties

The Federations claimed that six of the directors of ATP who voted for the BNW Plan breached their fiduciary duties of loyalty, due care, and good faith. “The district court granted ATP’s motion for judgment as a matter of law on these claims. The Federations appealed the judgment only in relation to the claim of breach of duty of loyalty by Director Charles Pasarell.”

The Federations claimed that Director Pasarell’s vote in favor of the BNW Plan was a breach of duty of loyalty due to his role as the Tournament Director of the Indian Wells Masters Series, in which he held a 24% ownership interest. Under Delaware law, courts will not interfere with the decisions of officers and directors of a company, absent a finding of fraud, illegality, conflict of interest, or waste. Known as the “business judgment rule,” this doctrine “is a presumption that in making a business decision the directors of a corporation acted on an informed basis, in good faith and in the honest belief that the action was taken in the best

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78 Deutscher Tennis Bund, 610 F.3d at 828.
79 Id. at 837.
80 Id. at 838.
81 Id.
82 Id. (Indian Wells is a Tier I ATP tournament in Indian Wells, California. It is now called the BNP Paribas Open.).
interests of the company."84 In this way, the business judgment rule insulates corporate decision makers from liability, assuming they acted in good faith and without a corrupt motive.85

In order to prevail on their breach of fiduciary duty claim, the Federations would have had to rebut the business judgment rule presumption by establishing “that the board was either interested in the outcome of the transaction or lacked the independence to consider objectively whether the transaction was in the best interest of its company and all of its shareholders.”86 The Third Circuit affirmed the trial court’s decision in Deutscher that the Federations failed to do so, stating, “Parasell was not materially self-interested because he did not stand to obtain any unique benefits from the BNW Plan.”87 In order to bypass the protections of the business judgment rule, a material benefit must be alleged that was significant enough “to have made it improbable that the director could perform her fiduciary duties to the … shareholders without being influenced by her overriding personal interest.”88 The Deutscher court determined Pasarell’s interest was not material because he was not in a position to benefit differently than others affected by the reorganization.89 Particularly, the Indian Wells tournament was already one of the most financially successful tournaments before the BNW Plan was adopted.90 The court determined that “the alleged benefit was not ‘significant enough in the context of the director’s economic

84 Id.
86 Deutscher Tennis Bund, 610 F.3d at 838 (quoting Orman v. Cullman, 794 A.2d 5, 22 (Del. Ch. 2002)).
87 Id. See, e.g., Aronson v. Lewis, 573 A.2d 805, 812 (Del. 1984) (“The Delaware Supreme Court has defined ‘interest’ to ‘mean[ ] that directors can neither appear on both sides of a transaction nor expect to derive any personal benefit from it in the sense of self-dealing, as opposed to a benefit which devolves upon the corporation or all stockholders generally.”).
88 Deutscher, at 840 (quoting In re Gen. Motors Class H S’holders Litig., 734 A.2d 611, 617 (Del. Ch. 1999)).
89 Id.
90 Id. at 838.
circumstances’ to interfere with Pasarell’s ability to perform his fiduciary duties ‘without being influenced by [his] overriding personal interest.’”

C. Analysis

The procedure developed in American Needle that will inevitably be applied to future sports league cases is the ability for courts to examine one particular facet of a league in order to determine whether the league functions as a single entity within that limited scope. Due to the necessity for cooperation within certain aspects of sports leagues as acknowledged in NCAA v. Board of Regents, it seems unlikely that many leagues will be considered single entities immune from antitrust scrutiny under Section 1 of the Sherman Act in future litigation.

Because the Federations did not satisfy their burden of proving a relevant market at the trial level, the appellate court did not have the opportunity to actually apply American Needle and decide whether the ATP should be considered a single entity under antitrust law. Even though the court did not make a decision on the single entity element of the case, they did reserve a modest section of the opinion to discuss it, and in so doing, attempted to mirror the Supreme Court’s single entity analysis in American Needle.

Whether a sports league or association should be considered a single entity for antitrust purposes has been a debated issue amongst courts. Ultimately, the classification comes down to the facts. Deutscher recognized this, and in doing so, looked to the Seventh Circuit Court of

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91 Id.

92 See NHL Players Ass’n v. Plymouth Whalers Hockey Club, 419 F.3d 462, 470 (6th Cir. 2005) (holding that the hockey league’s adoption of a players-eligibility rule was “an agreement between multiple actors”); Sullivan v. NFL, 34 F.3d 1091, 1099 (1st Cir. 1994) (refusing to hold as a matter of law that the NFL is a single entity under Copperweld); Seabury Mgmt., Inc. v. PGA of Am., Inc., 878 F. Supp. 771, 778 (D. Md. 1994) (holding that the PGA could not conspire with its regional sections as a matter of law) aff’d in relevant part, 52 F.3d 322 (4th Cir. 1995); Fraser v. Major League Soccer, L.L.C., 284 F.3d 47 (1st Cir. 2002) (holding that MLS was a single entity due to its unique structure).
Appeals’ opinion in Chicago Professional Sports Limited v. NBA\(^3\) (commonly referred to as “Bulls II”). In that case, the court stated that whether the National Basketball Association (“NBA”) “is more like a single firm … or a joint venture … is a tough question” because “it has characteristics of both.”\(^4\) The Bulls II court noted that depending on the perspective, the NBA may look more or less like a single entity.\(^5\) The court made an important point that was adopted by the Supreme Court in American Needle, namely that “[s]ports are sufficiently diverse that it is essential to investigate their organization and ask Copperweld’s functional question one league at a time – and perhaps one facet of a league at a time[.]”\(^6\) This was precisely how the Supreme Court approached the licensing of intellectual property in American Needle.

In the Deutscher court’s analysis of the single entity status issue, it mirrored the main issues touched upon in American Needle as reasons why the NFL should not be considered a single entity for purposes of the licensing of their intellectual property. Just as the Court in American Needle examined whether the NFL was a single entity within a limited context, an analysis of the ATP, or any sports league, would likely be undertaken in a similar manner. As the Supreme Court noted in NCAA v. Board of Regents, a certain amount of cooperation is typically necessary in a sports league in order to preserve “the type of competition that [the league] and its member institutions seek to market.”\(^7\) However, as that court concluded, if that cooperation extends to preventing “member institutions from competing against each other … [they] have created a horizontal restraint – an agreement among competitors on the way in which they will compete with one another.”\(^8\) While some horizontal restraints are necessary in sports

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\(^3\) 95 F.3d 593 (7th Cir. 1996).
\(^4\) Id. at 599.
\(^5\) Id.
\(^6\) Id. at 600.
\(^7\) NCAA, 468 U.S. at 117.
\(^8\) Id. at 99.
leagues, an output limiting horizontal restraint that limits the availability of a product to consumers is typically considered an unreasonable restraint of trade.\(^{99}\) In *NCAA v. Board of Regents*, the horizontal restraint at issue limited the quantity of televised football games available to consumers and was considered an unreasonable restraint of trade.\(^{100}\) In *Deutscher*, the question was whether the BNW Plan created a similarly unreasonable restraint.

While *Deutscher* did not rule on whether the ATP and its members should be considered a single entity, it provided a glimpse of how they would apply *American Needle* if given the chance. After citing to the Supreme Court’s ruling in *American Needle* that NFL teams compete in the market for intellectual property, the *Deutscher* court stated, “[T]he agreement among the ATP’s tournament members in the Brave New World Plan might have deprived the marketplace of potential competition.”\(^{101}\) Referencing *Brown v. Pro Football, Inc.*,\(^{102}\) the court noted, “Professional sports teams or tournaments always have an interest in obtaining the best players possible.”\(^{103}\) Considering this interest, an agreement restricting a tournament’s ability to acquire players would appear to be an unreasonable restraint of trade. Because top-tier men’s professional tennis players only play in around nineteen to twenty-two tournaments on average per year,\(^{104}\) an agreement mandating top players to play in the nine annual Tier I tournaments decreases other tournaments’ ability to land top-tier players, and thus compete with Tier I tournaments for fans, sponsorships and advertising. Furthermore, just like each team in the NFL,
the individual member tournaments of the ATP Tour can be seen as a “substantial, independently owned, and independently managed business.”\textsuperscript{105}

The court continued by stating, “The record in this case indicates that the individual tennis tournaments traditionally compete for player talent. An agreement restricting this competition should not necessarily be immune from § 1 scrutiny merely because the tournaments cooperate in various aspects of producing the ATP Tour.”\textsuperscript{106} This statement directly contradicts ATP’s argument that the tournaments actually cooperate and thus should be considered a single entity under antitrust law. That said, just because a league or an aspect of it is not considered a single entity does not mean that collusion within the league necessarily constitutes an unreasonable restraint of trade.

While \textit{Deutscher} does not add any revolutionary insight into \textit{American Needle} analysis, it provides a glimpse into how courts may apply \textit{American Needle} when considering whether a league constitutes a single entity. In this way, \textit{Deutscher} offers a distinction of the Supreme Court’s definition of the interface between \textit{Copperweld} and \textit{American Needle} through which the lower courts may be guided. By embracing the idea that “[t]he necessity for cooperation does not ‘transform[ ] concerted action into independent action,’”\textsuperscript{107} \textit{Deutscher} encourages the examination of an entity within a limited scope. Focusing on the competition that is necessary within a league, and not just the necessary cooperation, \textit{Deutscher} highlights the shift in focus from \textit{Copperweld} to \textit{American Needle}. In future litigation, if sports leagues are less likely to be awarded single entity status and are therefore no longer immune to antitrust scrutiny under Section 1 of the Sherman Act, they will be subjected to rule of reason analysis. As the Court

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\textsuperscript{105} Am. Needle, at 2212; Brief of Appellants at 1, Deutscher Tennis Bund v. ATP Tour, Inc., 610 F.3d 820 (3d Cir. 2010) (No. 08-4123), 2009 WL 2946689.
\textsuperscript{106} \textit{Id.} at 837.
\textsuperscript{107} \textit{Deutscher}, at 837 (quoting Am. Needle, at 2214).
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stated in *American Needle*, many agreements of this type are likely to survive a rule of reason analysis. Leagues will simply have to argue that the procompetitive benefits of their questioned practice outweigh any anticompetitive effects.

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108 Am. Needle at 2216 (the Court suggested that the NFL’s “agreement is likely to survive the Rule of Reason”).