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Cases of Note — Defamation — Copyright Infringement — Thin Protection for Compilations — Elvis celebrity photos — Pam Anderson Tape

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Defamation — Privileged Publications

Microsoft Corporation v. Yokohama Telecom Corporation, U.S. District Court, C.D. California (Feb. 5, 1998), 1998 WL 49079(C.D.Cal.).

In a media-crazed world, lawyers have not been slow to pursue their fifteen minutes of fame. You can't turn on the TV without seeing a lawyer putting spin on accusations against his client. But the more outrageous acts are in criminal cases where the state is expected to take its lumps. What can you go public with in a civil suit? And what if you — gulp — lose the suit, and now the defendant says your blabbering attorney — acting as your agent — defamed him?

Microsoft sued several defendants for copyright and trademark infringement and published a newspaper announcement of its anti-piracy efforts. It named Yokohama as one of the Defendants in a suit. Yokohama was “alleged to have distributed counterfeit Microsoft products to undercover investigators.”

Yokohama counterclaimed for defamation.

As there was no dispute as to the facts — the newspaper was available for all to see — the defamation issue became purely a question of law — one a judge could determine in a summary adjudication.

California law provides for **privileged publication** of “fair and true reports” to public journals of judicial proceedings. Cal. Civ.Code § 47(d).

To meet the “fair and true” requirement, the publication must “capture the substance” of the judicial proceeding. *Kilgore v. Younger*, 30 Cal.3d 770, 777, 180 Cal.Rptr. 657, 640 P.2d 793 (Cal.1982). There is no obligation to present the defendant’s side of the case. *Rollenhagen v. City of Orange*, 116 Cal.App.3d 414, 427, 172 Cal.Rptr. 49 (1981). Microsoft’s announcement essentially recounted the allegations of the complaint in the lawsuit. “The following companies are alleged to have distributed counterfeit Microsoft products to undercover investigators: ... Yokohama Telecom Corporation, Anaheim.”

A privileged publication or broadcast must be a “report in, or a communication to” a public journal. Microsoft’s announcement was not a communication to a journal. It was a report in a journal because Microsoft had paid for the space. It was communicating with the public via the journal.

Defendant Yokohama asserted that paying

for the ad space put Microsoft outside the privilege statute. The Court held to the contrary: there was no distinction between unpaid news stories and paid announcements, and Microsoft was well within the privilege.

Also of interest, California has a “**common interest exception**.” Cal. Civ.Code § 47(c). See, *Rancho La Costa, Inc. v. Superior Court*, 106 Cal.App.3d 646, 664-65, 165 Cal.Rptr. 347 (1980).

Copyright Infringement — Preexisting Facts

Transwestern Publishing Company v. Multimedia Marketing Associates, 133 F.3d 773 (10th Cir.1998).

Plaintiff **Transwestern Publishing Company** publishes a white and yellow pages telephone directory for a 17-town area called the “Ponca City Area”. Defendant **Multimedia Marketing Associates** published an 8-town directory. Plaintiff claimed the Defendant copied yellow page advertisements from its directory. Given that the Defendant published the ads at no charge to the advertisers, none were party to the suit. This became a key fact because the advertisers had supplied the components of the ads.

A suit for copyright infringement must show (1) ownership of a copyright and (2) “copying of constituent elements of the work that are original.” *Transwestern* at 775, citing *Feist Publications, Inc. v. Rural Telephone Service Co.*, 499 U.S. 340, 361, 111 S.Ct. 1282, 1296. Actual evidence of copying is not required. It is enough to show that the defendant had access to the directory and there are “probative similarities” between the two. *Country Kids 'N City Slicks, Inc. v. Sheen*, 77 F.3d 1280, 1284 (10th Cir.1996).

To be protected, a compilation such as a phone directory must have its preexisting facts arranged as an original work of authorship. 17 U.S.C. § 101; *Feist*, 499 U.S. at 357, 111 S.Ct. at 1293. This originality is created through the selection, arrangement or coordination of the facts. *Id.*, *Feist* at 356, 358, 111 S.Ct. at 1293, 1294.

Nonetheless, copyright protects only the author’s contributions and much of the fac-

tual material may have come from preexisting compilations. This leads to the curious result that minimal creativity wins copyright protection, but the protection is “thin.” *Feist*, 499 U.S. at 349, 111 S.Ct. at 1289; see also *BellSouth*, 999 F.2d at 1439 (preexisting directory).

Substantial similarity is the normal standard for infringement. The similarity must be “**supersubstantial**” when protection is “thin.” 4 Melville B. Nimmer & David Nimmer, *Nimmer on Copyright*, § 13.03[A] at 13-28 (1997); see also *Apple Computer, Inc. v. Microsoft Corp.*, 35 F.3d 1435, 1439 (9th Cir.1994) (“... virtual identity.”), *cert. denied*, 513 U.S. 1184, 115 S.Ct. 1176, 130 L.Ed.2d 1129 (1995); Jane C. Ginsburg, No “Sweat”? *Copyright and Other Protection of Works of Information After Feist v. Rural Telephone*, 92 Colum. L.Rev. 338, 349 (1992) (no infringement unless extensive verbatim copying).

The directories were two different sizes, one with a yellow cover, the other with a green one. Format, layout, and content were different. One was indexed, the other was not. The Court concluded that even if numerous ads had been copied, no one could have confused the two directories. Thus comparing the two compilations “as a whole,” there was no infringement.

The Court further supported its holding by applying the abstraction-filtration-comparison test. This requires filtering or dropping out of the unprotected material and comparing the protected material in the two works. See *Country Kids*, 77 F.3d at 1284-85 (wooden dolls); *Gates Rubber Co. v. Bando Chemical Industries, Ltd.*, 9 F.3d 823, 834 (10th Cir.1993) (computer program); *Autoskill v. National Educational Support Systems, Inc.*, 994 F.2d 1476, 1491-92 (10th Cir.1993) (computer program).

The Plaintiff admitted the advertisers supplied the artwork and logos such as, “We’re committed to earning your business.” Plaintiff’s losing claim hung on it having somehow provided the “block print” of each ad.

Note: This is not part of that issue of copyright protection for typefaces (see Wall Street Journal (July 15, 1998), p. B1). Plaintiff had not created a font.)

Copyright — Originality of Selection

Curtin v. Star Editorial, Inc. ___ F.Supp. ___ (1998 WL 195723 (E.D.Pa.))

continued on page 59

Plaintiff **James Curtin** collects Elvis (the King of Rock n' Roll) memorabilia and published a book *Elvis and the Stars* — 144 pp., 200 pictures of "The King" lounging, shmoozing and hanging with (lesser) celebrities. Defendant **Star Editorial** is the publisher of *Star Magazine*. Star planned a special 40-page supplement to commemorate the 20th anniversary of Elvis' (alleged) death.

Star met with Curtin to discuss using some of his Elvis memorabilia. Curtin provided them with a copy of his book, and they signed a contract under which Star promised not to publish any of the pictures. A liquidated damages clause — *damages agreed by the parties in advance of a breach* — set the sum of \$100,000 should Star publish the pictures.

Star published its *Salute to Elvis* with scores of pictures. Curtin claimed that seven of the photos were from his book and infringed his copyright.

Curtin held no copyright in the actual photos themselves. His book was a **compilation** — a collection of preexisting materials or data — which is protected based on the originality of the selection and organization of photos. 17 U.S.C. § 103 and *Feist*, of course.

Despite knee-jerk criticism of our justice system, judicial procedure does have a mechanism for getting rid of flawed suits like this one. The Plaintiff's case was dismissed under Rule 12(b)(6) of the Federal Rules of Civil Procedure for Failure to State a Cause of Action Upon Which Relief Can Be Granted.

The seven photos were not duplicates of those in Curtin's book. While one particular celebrity might match with one in Curtin's book, the poses were different, and other personalities were present in the pictures. After viewing Curtin's book, Star had sought out another collector to purchase rights to the photos.

Curtin argued that it was his "idea" to publish photos of Elvis with celebrities. Ideas, however, are not protected by copyright, only the expression of them. *Feist*, 499 U.S. at 350.

The case doesn't answer the question what if Star had acquired duplicates of Curtin's photos from a third party source. The Court does note, however, that Curtin's contract could have easily prevented this. It would be purely a matter of contract law and not copyright under any circumstances.

Copyright, Sex, and the Internet

Michaels v. Internet Entertainment Group, Inc., __ F.Supp. __ 46 U.S.P.Q.2d 1892 (1998 WL 211257 (C.D.Cal.))

In October of 1994, Plaintiffs **Bret** (heavily-tattooed rocker) **Michaels** and **Pamela** (pneumatic Baywatch Babe) **Anderson** (soon to be Lee) made a truly trashy sex tape of themselves.

Confused already? How out of the loop can you be? It was in 1995 when Tommy (even more heavily-tattooed rocker) Lee courted Pam (then Anderson) aggressively for four

days and then actually married her. And yes, they have their own tape of their wedding night. But you know about that one. It's \$19.95 over the Internet.

And, of course, you know that Bret was the lead singer in "Poison" and Tommy Lee is the (often shirtless) drummer for "Motley Crüe."

Anyhow, Bret Michaels and Pam were "dating" at the time, and of course Michaels couldn't resist giving a copy of the extremely explicit tape to a "pal/buddy/dude" and then apparently forgot whom he had given it to.

These are rock gods. They don't operate by our rules.

The unnamed dude then sold it to a private eye named **Revilla** who sold it to **Internet Entertainment Group, Inc.** (IEG) for its subscription service "ClubLove."

Revilla refused to identify his "client" but claimed the unnamed client was an "associate" of Michaels and had received the tape as a gift. Revilla acknowledged he did not believe he had any intellectual property rights in the tape and had sold merely the physical tape to IEG.

This case is reported as an action by Michaels/Lee to enjoin IEG from broadcasting the tape until there has been a final trial on the matter. Among the elements of the legal standard for an injunction, Michaels/Lee must show a likelihood to win on the merits at trial. Thus we get a look at the legal issues.

Defendant IEG argues it is not a copyright infringer. It purchased a non-exclusive license from Revilla who got the same from his "client."

A non-exclusive license is just what it sounds like. The "dude" would by contract have been given a license by Michaels to do something with the tape — watch it, show it to friends, make copies of it and sell it, negotiate a sale to some outfit like ClubLove — whatever they agreed upon. It would be non-exclusive because Michaels would retain the right to make similar contracts with others. But — yes, you've already picked up on the problem — what was the dude licensed to do with the tape? The case doesn't say. Presumably because said dude's identity is concealed.

Why was their agreement not in writing? Well, folks are often careless about contractual formalities — especially rock gods who give sex tapes of themselves to people and then forget about it.

The Statute of Frauds is a statute from 16th century England which requires that all significant contracts be in writing. UCC 2-201 contains a writing requirement in the sale of goods, and all states have additional statutes for transactions in real property, long-term service contracts, sureties, pre-nuptial agreements etc.

A statute of frauds is found in the Copyright Act. Transfer of copyright ownership is the sort of significant contract that should be in writing. 17 U.S.C. § 204(a). A narrow exception exists, however, for non-exclusive licenses. These "may be granted orally or may even be implied from conduct." 3 M. Nimmer

& D. Nimmer, *Nimmer on Copyright* § 10.03[A][7], at 10-43 (1997).

In *Effects Associates*, a defendant horror movie producer — unhappy with a product — paid only half the contract price to a special effects company. Nonetheless, the producer used the film footage in a movie. The special effects company sued for copyright infringement, but the Court held that the actions of the parties showed an intent to create an implied license to use the footage. *Effects Associates, Inc. v. Cohen*, 908 F.2d 555 (9th Cir.1990).

IEG argued that the circumstances under which Michaels gave the tape to the dude created an implied license.

The facts, however, showed the contrary. After acquiring the tape, Revilla offered Michaels one million dollars for the rights to publish it and was refused. He then sold it to IEG for \$16,000. The contract read that IEG was buying "all rights (suspected or unsuspected, known or unknown), if any, that Revilla has ... including but not limited to copyright, trademark, and publicity."

The variances in the monetary amount sort of jump out at you. And then there's the tentative language.

IEG claimed that the license passed in a chain of title from Michaels to —>unnamed agent —>Revilla —>IEG. The 9th Circuit has held, however, that a copyright license does not include the right to transfer it to a third party unless the copyright owner explicitly conveys such a right. *Harris v. Emus Records, Corp.*, 734 F.2d 1329 (9th Cir.1984).

The unnamed agent was, of course, unnamed. So there was no evidence that Michaels orally granted him a right of transference.

While awaiting trial on the merits, IEG wanted to publish small portions of the tape, arguing it would constitute fair use.

Is that brazen, or what?

In response, Michaels/Lee only had to show "that if the challenged use 'should become widespread it would adversely affect the potential market for the copyrighted work.'" *Harper & Row, Publishers, Inc. v. Nation Enterprises*, 471 U.S. 539, 568, 105 S.Ct. 2218, 2234 (quoting *Sony*, 464 U.S. at 451, 104 S.Ct. at 793).

The Court held that the easy ability to copy off the Internet would destroy the value of Michaels/Lee's rights in the work. And Michaels had registered the tape with the Register of Copyrights and was busily trying to sell it himself.

What Pam thinks about this (or the Tommy Lee tape) is not recorded even on her (multiple) Internet Web sites.

These are rock gods, remember. Autres moeurs.

Incidentally, Tommy Lee is nothing if not territorial. Soon after his marriage to Pam, he is reported to have punched out a framed photo of Bret Michaels in a Manhattan nightclub.