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Antitrust & the Bowl Championship Series  
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## Political Recoding of the Contemporary Celebrity and the First Amendment

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David Tan\*

### ABSTRACT

If the celebrity semiotic sign is recognized to represent the values of a majoritarian public, then the debate and opposition to these encoded ideals may be expressed by using the same signs in a “recoded” manner, and such counterpublic uses can therefore be categorized as “political speech.” Through an analysis of right of publicity claims, this Article suggests that in order for political speech to be given adequate breathing space, it would be beneficial to understand how the writings of Roland Barthes, Stuart Hall, Richard Dyer, and other cultural scholars can contribute to the articulation of a robust First Amendment defense regarding the uses of celebrity iconography.

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## I. INTRODUCTION

The American flag is infused with symbolic values of nationhood.<sup>1</sup> A burning cross connotes racial hostility emblematic of Ku Klux Klan ideology.<sup>2</sup> The use of an image of a celebrity—like Oprah Winfrey or Tiger Woods—on a t-shirt may also possess sufficient communicative elements to convey “a particularized message . . . [clearly] understood by those who viewed it.”<sup>3</sup> This Article argues that an expressive use of the celebrity persona, depending on its content, form, and context, may be categorized as “political speech” protected by the First Amendment. While links between the contemporary celebrity and political speech have been raised in existing scholarship that draws on cultural studies, this Article presents an original interdisciplinary contribution to First Amendment jurisprudence by utilizing cultural studies differently from most postmodern scholars who argue against the legal recognition of a right of publicity.

Interdisciplinarity has become an influential force in legal studies, and its advantages have been well canvassed.<sup>4</sup> However, some critiques can operate at a level of abstraction that does not allow any meaningful contribution to First Amendment doctrine, while others can commit to one to a reductionism that ignores key aspects of the First Amendment ethos.<sup>5</sup> Rather than resort to interdisciplinarity to argue for greater limits on free speech rights,<sup>6</sup> this Article proposes that free speech interests may be

<sup>1</sup> *E.g.*, *Texas v. Johnson*, 491 U.S. 397, 404–05 (1989); *United States v. Eichman*, 496 U.S. 310, 316–18 (1990).

<sup>2</sup> *E.g.*, *R.A.V. v. City of St. Paul, Minn.*, 505 U.S. 377, 432 (1992); *Virginia v. Black*, 538 U.S. 343, 356–57, 363, 389–91 (2003).

<sup>3</sup> *Spence v. Washington*, 418 U.S. 405, 410–11 (1974).

<sup>4</sup> *E.g.*, MATTHEW D. BUNKER, *CRITIQUING FREE SPEECH: FIRST AMENDMENT THEORY AND THE CHALLENGE OF INTERDISCIPLINARITY* i, xii–xiii (2001).

<sup>5</sup> *Id.* at 184.

<sup>6</sup> Legal scholar Kathleen Sullivan had dubbed these interdisciplinary challenges “free

augmented by a pragmatic understanding of semiotics that seeks to attain a “wide reflective equilibrium [that is] firmly grounded in constitutional reality.”<sup>7</sup>

The right of publicity, broadly defined as the “inherent right of every human being to control the commercial use of his or her identity,”<sup>8</sup> has been well-established in the United States for over fifty years.<sup>9</sup> It protects the burgeoning “associative value” that celebrities bring to products and services.<sup>10</sup> If a plaintiff succeeds in proving that he or she has been identified by the defendant’s use and that the defendant has appropriated the associative value of his or her identity, the plaintiff still may have to face the formidable argument by the defendant that the unauthorized commercial use is nevertheless protected by the First Amendment. In the absence of clear U.S. Supreme Court precedent, circuit and state courts have been struggling to articulate a comprehensive standard to resolve the clash between the right of publicity—widely recognized as a private property right—and free speech values as enshrined in the First Amendment. This has led commentators to propose a number of possible tests to resolve these competing claims,<sup>11</sup> with significant lamentation that the current state of the

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speech wars.” See Kathleen Sullivan, *Free Speech Wars*, 48 S.M.U. L. REV. 203 (1994).

<sup>7</sup> BUNKER, *supra* note 4, at 188.

<sup>8</sup> J. THOMAS MCCARTHY, *THE RIGHTS OF PUBLICITY AND PRIVACY* § 3:1 (2d ed. 2000). The right of publicity is articulated in the *Restatement (Third) of Unfair Competition* as follows: “[o]ne who appropriates the commercial value of a person’s identity by using without consent the person’s name, likeness, or other indicia of identity for purposes of trade is subject to liability.” RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 46 (1995). The right of publicity action is available to all claimants, celebrities and non-celebrities. However, due to the highly lucrative commercial value associated with the celebrity identity, most claims are brought by celebrities like Tiger Woods, Dustin Hoffman, Johnny Carson, Bette Midler, and professional sports league athletes for unauthorized uses of their identities. *E.g.*, *ETW Corp. v. Jireh Publ’g, Inc.*, 332 F.3d 915 (6th Cir. 2003); *Hoffman v. Capital Cities/ABC, Inc.*, 255 F.3d 1180 (9th Cir. 2001); *Midler v. Ford Motor Co.*, 849 F.2d 460 (9th Cir. 1988); *Carson v. Here’s Johnny Portable Toilets, Inc.*, 698 F.2d 831 (6th Cir. 1983); *Doe v. TCI Cablevision*, 110 S.W.3d 363 (Mo. 2003); *Wendt v. Host Int’l, Inc.*, 125 F.3d 806 (9th Cir. 1997); *Cardtoons, L.C. v. Major League Baseball Players Ass’n*, 95 F.3d 959 (10th Cir. 1996).

<sup>9</sup> It was first recognized by the Second Circuit in 1953 that baseball players had a “right of publicity” in their images. *Haelan Laboratories, Inc. v. Topps Chewing Gum, Inc.*, 202 F.2d 866, 868 (2d Cir. 1953). In the only right of publicity case ever to reach the U.S. Supreme Court, the court affirmed the recognition of such an actionable right. *Zacchini v. Scripps-Howard Broad. Co.*, 433 U.S. 562 (1977).

<sup>10</sup> Sheldon W. Halpern, *The Right of Publicity: Maturation of an Independent Right Protecting the Associative Value of Personality*, 46 HASTINGS L.J. 853, 856, 859-60 (1995).

<sup>11</sup> *E.g.*, Gloria Franke, *The Right of Publicity vs the First Amendment: Will One Test Ever Capture the Starring Role?*, 79 S. CALIF. L. REV. 945 (2006); David M. Schlachter, *Adjudicating the Right of Publicity in Three Easy Steps*, 14 J.L. & POL’Y 471 (2006); Jason

First Amendment defense is “a confusing morass of inconsistent, incomplete, or mutually exclusive approaches, tests, and standards.”<sup>12</sup> It is important to recognize that this Article does not purport to resolve all the issues regarding the interaction of the right of publicity with the First Amendment. Its original contribution to First Amendment jurisprudence is to assess how cultural studies can contribute to legal analysis when a celebrity’s persona is appropriated for expressive uses in identity politics. This Article maintains that one can find significant support in cultural studies for an argument that such expressive uses qualify for the highest level of First Amendment protection as political speech.

According to Richard Dyer and many other cultural studies scholars, the celebrity is a semiotic sign that embodies particular meanings for the majoritarian public. Richard Dyer’s extensive work on the movie star has been consistently hailed as being highly influential in the contemporary study of the meaning of celebrities in society. Celebrities can “represent typical ways of behaving, feeling and thinking in contemporary society, ways that have been socially, culturally, historically constructed.”<sup>13</sup> In building on Dyer’s arguments in examining the celebrity as a form of cultural power and its significance in identity formation, David Marshall observes that celebrities function as stable configurations of collective identity formations and act as “icons of democracy and democratic will.”<sup>14</sup> The courts have also noted that celebrities have become “common points of reference for millions of individuals who may never interact with one

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K. Levine, *Can the Right of Publicity Afford Free Speech? A New Right of Publicity Test for First Amendment Cases*, 27 HASTINGS COMM. & ENT. L.J. 171 (2004); W. Mack Webner & Leigh Ann Lindquist, *Transformation: The Bright Line between Commercial Publicity Rights and the First Amendment*, 37 AKRON L. REV. 171 (2004); Eugene Volokh, *Freedom of Speech and the Right of Publicity*, 40 HOUS. L. REV. 903 (2003); Mark S. Lee, *Agents of Chaos: Judicial Confusion in Defining the Right of Publicity-Free Speech Interface*, 23 LOY. L.A. ENT. L. REV. 471 (2003); Roberta Rosenthal Kwall, *The Right of Publicity vs. the First Amendment: A Property and Liability Rule Analysis*, 70 IND. L.J. 47 (1994).

<sup>12</sup> Franke, *id.* at 946. See also Gil Peles, *The Right of Publicity Gone Wild*, 11 UCLA ENT. L. REV. 301, 302 (2004).

<sup>13</sup> RICHARD DYER, HEAVENLY BODIES: FILM STARS AND SOCIETY 15-16 (2d ed. 2004) [hereinafter HEAVENLY BODIES]. See also RICHARD DYER, STARS 3 (1979) [hereinafter STARS] (discussing how Hollywood, through its representation of movie stars, can reproduce the “dominant ideology of Western society”).

<sup>14</sup> P. DAVID MARSHALL, CELEBRITY AND POWER: FAME IN CONTEMPORARY CULTURE 246 (1997). See also Christine Geraghty, *Re-examining Stardom: Questions of Texts, Bodies and Performance*, in STARDOM AND CELEBRITY: A READER 98, 105 (Sean Redmond & Su Holmes eds., 2007).

another, but who share, by virtue of their participation in a mediated culture [as the audience], a common experience and a collective memory.”<sup>15</sup>

As illustrated in Roland Barthes’s work, *Mythologies*,<sup>16</sup> a particularly well-known individual, like Oprah Winfrey (the signifier), may be viewed as a sign that denotes “celebrity” (the signified). The widespread media narratives and other forms of commercial and noncommercial circulation of the celebrity sign also result in a particular celebrity sign garnering certain connotations which make it distinctive vis-à-vis other signs.<sup>17</sup> Thus a celebrity sign like Oprah Winfrey is able to differentiate itself from other celebrity signs with an ascribed set of connotations and “develops into a *metalanguage* and becomes a significant resource for cultural expression and critique.”<sup>18</sup>

Referring to Barthes’s seminal work,<sup>19</sup> Stuart Hall discusses the politics of signification<sup>20</sup> and how ideological discourses of a particular society are classified and framed through semiotic signs within a “pragmatic circle of knowledge.”<sup>21</sup> In Barthesian terms, the celebrity image is seen as a “cultural narrative” or signifier that is synonymous with the dominant culture.<sup>22</sup> Due to the meticulously constructed public personae of many celebrities—particularly the movie stars and sports icons—the semiotic signs of these well-known individuals are usually “decoded” by the audience to represent a defined cluster of meanings. While movie stars are often represented as objects of aspiration, glamour, and desire, the celebrity athlete signifies heroism, human transcendence, and a love for the pure authentic game.

The celebrity, as a widely recognized cultural sign, can impel the public who identify with such attributed ideological values to consume the celebrity itself as a commodity (e.g. by watching the movies of a particular actor) or products associated with the celebrity (e.g. by purchasing celebrity-endorsed products). On the other hand, the celebrity semiotic sign,

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<sup>15</sup> JOHN B. THOMPSON, *IDEOLOGY AND MODERN CULTURE: CRITICAL SOCIAL THEORY IN THE ERA OF MASS COMMUNICATION* 163 (1990). See also citations of Thompson in *ETW Corp., Inc.*, 332 F.3d at 933; *Cardtoons*, 95 F.3d at 972.

<sup>16</sup> ROLAND BARTHES, *MYTHOLOGIES* 110–11 (Annette Lavers trans., 1972). See also Jason Bosland, *The Culture of Trade Marks: An Alternative Cultural Theory Perspective*, 10 *MEDIA & ARTS L. REV.* 99, 106 (2005).

<sup>17</sup> For a similar argument in relation to trademark, see Barton Beebe, *The Semiotic Analysis of Trademark Law*, 51 *UCLA L. REV.* 621 (2004).

<sup>18</sup> Bosland, *supra* note 16, at 107.

<sup>19</sup> BARTHES, *supra* note 16.

<sup>20</sup> Stuart Hall, *The Rediscovery of “Ideology”: Return of the Repressed in Media Studies*, in *CULTURE, SOCIETY AND THE MEDIA* 56, 70–74 (Michael Gurevitch et al. eds., 1982).

<sup>21</sup> *Id.* at 74.

<sup>22</sup> PATRICK FUERY & KELLI FUERY, *VISUAL CULTURES AND CRITICAL THEORY* 93, 101 (2003).

as a result of its publicly identifiable encodings, also presents rich opportunities for alternative codings to challenge these “typical ways of behaving, feeling and thinking in contemporary society”<sup>23</sup> representative of majoritarian ideals. Celebrities can have an ideological function of not only reiterating dominant values, but also concealing prevalent contradictions or social problems. More generally, cultural scholars have argued that “identities can function as point of identification and attachment only *because* of their capacity to exclude, to leave out, to render ‘outside’ abjected.”<sup>24</sup> This theme of popular subcultural resistance permeates the bulk of contemporary cultural studies.<sup>25</sup> What significance do all these observations have for the First Amendment and the right of publicity?

Generally perceived to be a property right akin to an intellectual property right,<sup>26</sup> the right of publicity has been invoked mainly by celebrities to prevent unauthorized commercial uses of various aspects of their personae. The relevance of cultural studies here to the right of publicity doctrine is the observation that different groups in society can use particular celebrity images in a variety of ways to represent their cultural identities and convey their political ideologies.<sup>27</sup> Hence the structural domination of a white Anglo-Saxon heterosexual male social identity that occupies a privileged public identity suggests that other identities organized around being non-white, homosexual, or female will have socially subordinate positions. Other exemplars based on different combinations of race, class, gender, athleticism, and sexual desirability also create multiple privileged social identities each valuing a particular ideological position over another. Thus a particular celebrity who is symbolic of a privileged public identity can be seen to represent a majoritarian ideological position—a form of “frozen speech”<sup>28</sup>—and is therefore open to a recoding

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<sup>23</sup> DYER, HEAVENLY BODIES, *supra* note 13, at 15–16.

<sup>24</sup> Stuart Hall, *Introduction: Who Needs “Identity?”*, in QUESTIONS OF CULTURAL IDENTITY 1, 5 (Stuart Hall & Paul Du Gay eds., 1996) (emphasis in original). *See also* Stuart Hall, *The Local and the Global: Globalization and Ethnicity*, in CULTURE, GLOBALIZATION AND THE WORLD SYSTEM: CONTEMPORARY CONDITIONS FOR THE REPRESENTATION OF IDENTITY 19 (Anthony D. King ed., 1997); ERNESTO LACLAU, NEW REFLECTIONS ON THE REVOLUTION OF OUR TIME (1990); JUDITH P. BUTLER, BODIES THAT MATTER: ON THE DISCURSIVE LIMITS OF SEX (1993).

<sup>25</sup> *E.g.*, MARSHALL, *supra* note 14, at 46; Stuart Hall, *Notes on Deconstructing the “Popular,”* in PEOPLE’S HISTORY AND SOCIALIST THEORY 227, 239 (Raphael Samuel ed., 1981).

<sup>26</sup> *E.g.*, Comedy III Prods., Inc. v. Gary Saderup, Inc., 21 P.3d 797, 804–05 (Cal. 2001).

<sup>27</sup> I have explored this theme in an earlier work. *See* David Tan, *Beyond Trademark Law: What the Right of Publicity Can Learn from Cultural Studies*, 25 CARDOZO ARTS & ENT. L.J. 913 (2008). *See also* David Tan, *The Fame Monster Reloaded: The Contemporary Celebrity, Cultural Studies and Passing Off*, 32 SYD. L. REV. 291 (2010).

<sup>28</sup> BARTHES, *supra* note 19, at 112.

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challenge by minority groups to represent their cultural identities and convey their political ideologies.<sup>29</sup>

This Article adopts the premise that the underlying rationale of the First Amendment is the advancement of a democracy where the public can freely participate in deliberating issues important to decision-making in a democracy (“participatory democracy”). This is a plausible and well-supported view of the First Amendment. It further contends that the augmentation of this participatory theory of the First Amendment with cultural studies insights is likely to lead to better outcomes in cases because more speech of “greater” constitutional value is protected—i.e. speech that contributes to an increased awareness and debate of public issues—while speech of “lesser” value need not be accorded the same level of protection.

Part II will show that First Amendment jurisprudence, especially Supreme Court decisions, supports an overarching approach to the First Amendment in terms of a participatory theory that places the highest constitutional value on political speech.

Part III argues that the various tests formulated to give effect to First Amendment goals in right of publicity claims do not accord sufficient protection to political speech because they do not adequately address how uses of the celebrity identity may contribute to the advancement of democratic deliberation and debate. This is demonstrated through an analysis of the three main judicial tests presently used to articulate a First Amendment defense in right of publicity claims.

Part IV contends that cultural studies writings on the political significance of the celebrity semiotic sign can assist the development of First Amendment jurisprudence and judicial tests in this area. It advances the analysis by recommending ways in which the three tests may incorporate relevant insights on the recoding potential of the celebrity sign especially as used by subaltern groups or counterpublics as an integral part of political and social identity formation.

Part V concludes that this use of cultural studies allows current First Amendment jurisprudence to be refined to protect political speech in a manner that more effectively negotiates the competing right of the celebrity individual to exploit the commercial value of his or her identity and the

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<sup>29</sup> More recently, recoding—in a copyright context—has been defined to be “the appropriation of a copyrighted cultural object for new expression in a way that ascribes a different meaning to it than intended by its creator.” Notes, “*Recoding*” and the Derivative Works Entitlement: Addressing the First Amendment Challenge, 119 HARV. L. REV. 1488, 1488 (2006). See also Anupam Chander & Madhavi Sunder, *Everyone’s a Superhero: A Cultural Theory of “Mary Sue” Fan Fiction as Fair Use*, 95 CALIF. L. REV. 597, 600–25 (2007).

right of the public to use the celebrity sign as an expressive communicative resource in a participatory democracy.

## II. OVERVIEW OF THE FIRST AMENDMENT

It has been noted by free speech scholar Rodney Smolla that “[c]ontemporary free speech doctrines are extraordinarily detailed and often confusing” and that “[m]odern First Amendment law abounds in three-part and four-part tests of various kinds.”<sup>30</sup> Similarly, Lillian BeVier and Thomas McCarthy have expressed despair at how “First Amendment theories have multiplied, the case law has become ever more chaotic, and consensus on fundamental issues has remained elusive both on and off the Court,”<sup>31</sup> and how the rules are “often maddeningly vague and unpredictable.”<sup>32</sup> While it is not the purpose of this article to propose a systematic reconciliation or reconstruction of the contentious doctrines and rules of the First Amendment, this Part argues that participatory understandings of democracy can provide a strong foundation for articulating an appropriate standard of protection for political speech under right of publicity laws.

This Part will first review goals and theories of the First Amendment and then analyze how these are advanced by the present judicial approaches in classifying and protecting speech within a First Amendment hierarchy. It will show that while most First Amendment jurisprudence on the impact of governmental regulation on freedom of speech offers limited assistance to the formulation of a test to resolve the conflict between the private proprietary right of publicity and free speech values, the adoption of a participatory theory nonetheless can reinterpret and refashion the First Amendment defense in publicity claims to protect political speech that is widely recognized to have the highest constitutional value in a democracy.

### *A. Goals and Theories of the First Amendment*

Courts generally are concerned that the enforcement of publicity rights does not have a “chilling effect”<sup>33</sup> on free speech. There are various theories

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<sup>30</sup> RODNEY A. SMOLLA & MELVILLE B. NIMMER, *SMOLLA AND NIMMER ON FREEDOM OF SPEECH: A TREATISE ON THE FIRST AMENDMENT* § 2:13 (3d ed. 2008). *See also* Robert C. Post, *Reconciling Theory and Doctrine in First Amendment Jurisprudence*, 88 CALIF. L. REV. 2353, 2355 (2000).

<sup>31</sup> Lillian R. BeVier, *The First Amendment on the Tracks: Should Justice Breyer Be at the Switch?*, 89 MINN. L. REV. 1280, 1280 (2005).

<sup>32</sup> MCCARTHY, *supra* note 8, § 8:9.

<sup>33</sup> *Dombrowski v. Pfister*, 380 U.S. 479, 487 (1965). *See also* ERIC BARENDT, *FREEDOM OF SPEECH* 38 (2d ed. 2005); FREDERICK SCHAUER, *FREE SPEECH: A PHILOSOPHICAL*

of the First Amendment, but this Article adopts a participatory theory of democracy involving deliberation and debate for two key reasons. First, in addition to the centrality of such an understanding in justifying free speech in any representative democracy, it is also an integral feature of many other prominent theories.<sup>34</sup> Second, the case law has consistently demonstrated the “preferred position” of political speech at the apex of a speech hierarchy, and this in turn indicates the preeminence of participatory understandings of democracy.<sup>35</sup> However, it should be noted that courts may also consider other justifications that cover non-political expressions, as there is no single overarching theory that can account for the protection given to different types of speech.

Mutually supportive theories for the First Amendment have been said to rest on the tripartite goals of the Framers of the U.S. Constitution that comprise sponsoring enlightenment or the discovery of truth, self-fulfillment, and citizen participation in a deliberative democracy.<sup>36</sup> There are numerous writings by political philosophers and jurists advocating the protection of free speech principles, but this article will not be revisiting the arguments by theorists such as John Stuart Mill, Alexander Meiklejohn, Thomas Emerson, and Ronald Dworkin.<sup>37</sup> Instead this section will focus

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ENQUIRY 80–85 (1982). The term “free speech” shall be taken to mean the freedom of speech and of the press as protected by the First Amendment. It is well-accepted that “in modern First Amendment jurisprudence the Press Clause has largely been subsumed into the Speech Clause.” SMOLLA & NIMMER, *supra* note 30, §§ 22:6, 22:10, 22:18.

<sup>34</sup> Richard H. Fallon, Jr., *How to Choose a Constitutional Theory*, 87 CALIF. L. REV. 535, 577–78 (1999) (“All else being equal, one theory should therefore be preferred to another if it is more consonant with widely-shared values or has better prospects of attaining broad acceptance.”).

<sup>35</sup> BARENDT, *supra* note 33, at 20–21. It has also been called the “most important theoretical approach to freedom of speech in the twentieth century.” Jack M. Balkin, *Digital Speech and Democratic Culture: A Theory of Freedom of Expression for the Information Society*, 79 N.Y.U. L. REV. 1, 28 (2004).

<sup>36</sup> Rodney Smolla argues that all three theories should be understood “not as *mutually exclusive* defenses of freedom of speech, but rather as *mutually supportive* rationales.” SMOLLA & NIMMER, *supra* note 30, § 2:7. *See also* MCCARTHY, *supra* note 8, §§ 8:2–8:8; RODNEY A. SMOLLA, *FREE SPEECH IN AN OPEN SOCIETY* 14–17 (1992); BARENDT, *supra* note 33, at 7–21. There have been different variations of the goals advanced by the First Amendment, but they cover essentially the same themes. *E.g.*, *Whitney v. California*, 274 U.S. 357, 375 (Brandeis, J., concurring) (1927); THOMAS I. EMERSON, *THE SYSTEM OF FREEDOM OF EXPRESSION* 6, 879–881 (1970); C. EDWIN BAKER, *HUMAN LIBERTY AND FREEDOM OF SPEECH* 47 (1989); Martin H. Redish, *The Value of Free Speech*, 130 U. PA. L. REV. 591, 593 (1982).

<sup>37</sup> For an excellent review of such works, *see, e.g.*, BARENDT, *supra* note 33, at 1–36; SCHAUER, *supra* note 33, at 35–46. *See also* JOHN STUART MILL, *ON LIBERTY AND OTHER ESSAYS* 73, 73–85, 139–55 (John Gray ed., 1998); ALEXANDER MEIKLEJOHN, *FREE SPEECH AND ITS RELATION TO SELF-GOVERNMENT* (1948); THOMAS I. EMERSON, *TOWARD A*

only on how the First Amendment is traditionally viewed as essential for the protection of speech from governmental regulation, and how the courts have determined a hierarchy of different types of speech with the highest protection accorded to political speech and a lower level of protection for commercial speech.

In its earlier conceptions, the First Amendment goal of enlightenment or the discovery of truth is represented most prominently by Oliver Wendell Holmes's theory of a "marketplace of ideas" in which "the ultimate good desired is . . . reached by free trade in ideas,"<sup>38</sup> and that "the best test of truth is the power of the thought to get itself accepted in the competition of the market."<sup>39</sup> The marketplace theory is perhaps "the most famous and rhetorically resonant of all free speech theories,"<sup>40</sup> but it also exhibits a strong underlying democratic theory, evident in the oft-quoted phrase from *New York Times v. Sullivan* that there is a "profound national commitment" to the principle that "debate on public issues should be uninhibited, robust, and wide-open."<sup>41</sup>

In contrast, the self-fulfillment function shifts the attention from the ideas marketplace to individual dignity.<sup>42</sup> While the Supreme Court has acknowledged that "the human spirit . . . demands self-expression,"<sup>43</sup> there have been relatively few decisions discussing this as a central goal of the First Amendment.<sup>44</sup> Nevertheless, it has been argued that although this theory might regard a right to express personal beliefs and political attitudes as a reflection of what it means to be human, the exercise of free speech might also be seen to be of value to democracy in "leading to the

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GENERAL THEORY OF THE FIRST AMENDMENT (1966); RONALD M. DWORKIN, FREEDOM'S LAW (1996).

<sup>38</sup> *Abrams v. U.S.*, 250 U.S. 616, 630 (1919). *See also* *Whitney*, 274 U.S. at 375.

<sup>39</sup> *Abrams*, 250 U.S. at 630.

<sup>40</sup> SMOLLA & NIMMER, *supra* note 30, § 2:4.

<sup>41</sup> *N.Y. Times Co. v. Sullivan*, 376 U.S. 254, 270 (1964), *quoted in* *NAACP v. Claiborne Hardware Co.*, 458 U.S. 886, 913 (1982); *Boos v. Barry*, 485 U.S. 312, 318 (1988). The democratic variant of the marketplace of ideas theory was first discussed in *Thornhill v. Alabama*, 310 U.S. 88, 96, 101–06 (1940).

<sup>42</sup> *E.g.*, C. Edwin Baker, *Scope of the First Amendment Freedom of Speech*, 25 UCLA L. REV. 964, 990–91 (1978); Genevieve Blake, *Expressive Merchandise and the First Amendment in Public Fora*, 34 FORDHAM URB. L.J. 1049, 1081–83 (2007).

<sup>43</sup> *Procunier v. Martinez*, 416 U.S. 396, 427 (1974).

<sup>44</sup> *E.g.*, *Stanley v. Georgia*, 394 U.S. 557, 565 (1969); *Cohen v. California*, 403 U.S. 15, 26 (1971). For a useful discussion of this theory of the First Amendment, *see* Brian C. Murchison, *Speech and the Self-Realization Value*, 33 HARVARD C.R.-C.L. L. REV. 443 (1998). There has also been much criticism that individual self-actualization or autonomy cannot provide a sound basis for the First Amendment. *E.g.*, Garry, *infra* note 54, at 514; *e.g.*, Stanley Ingber, *Rediscovering the Communal Worth of Individual Rights: The First Amendment in Institutional Contexts*, 69 TEX. L. REV. 1, 19 (1990).

development of more reflective and mature individuals and so benefiting society as a whole.”<sup>45</sup>

However, the Supreme Court has more recently embraced a “participatory theory of democracy”<sup>46</sup> that is concerned with the enlightenment of public decision-making in a democracy through enabling public access to information and promoting public discourse.<sup>47</sup> This theory has been viewed as drawing on elements of the other two theories: (1) that the minorities in a representative democracy have the right to contribute to political debate as they may have better ideas than the majority, and (2) that the right of individuals to dignity and self-fulfillment may be expressed through their engagement in public discourse. Often known as the Madisonian ideal of deliberative democracy, different but related versions of this theory have been prominently championed by constitutional scholars like Robert Post,<sup>48</sup> Cass Sunstein,<sup>49</sup> and Jack Balkin.<sup>50</sup> The participatory theory is also supported by the more philosophical writings of Meiklejohn,<sup>51</sup> Dworkin,<sup>52</sup> and Owen Fiss.<sup>53</sup> Although the Supreme Court has never ruled

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<sup>45</sup> Tom Campbell, *Rationales for Freedom of Communication*, in FREEDOM OF COMMUNICATION 17, 33–34 (Tom Campbell & Wojciech Sadurski eds., 1994); BARENDT, *supra* note 33, at 13.

<sup>46</sup> *E.g.*, Post, *supra* note 30, at 2371. *See also* BARENDT, *supra* note 33, at 18–21; DWORKIN, *supra* note 37, at 15–26. Smolla refers to this as the “democratic self-governance” rationale. SMOLLA & NIMMER, *supra* note 30, § 2:28.

<sup>47</sup> *E.g.*, *Virginia v. Black*, 538 U.S. 343, 365 (2003); *Reno v. Am. Civil Liberties Union*, 521 U.S. 844, 885 (1997); *Hustler Magazine, Inc. v. Falwell*, 485 U.S. 46, 53 (1988); *Va. State Bd. of Pharmacy v. Va. Citizens Consumer Council*, 425 U.S. 748, 765 (1976). At the Circuit level, *see also* *King v. Fed. Bureau of Prisons*, 415 F.3d 634, 637 (7th Cir. 2005); *Prometheus Radio Project v. FCC*, 373 F.3d 372, 435 (3d Cir. 2004); *United States v. Rowlee*, 899 F.2d 1275, 1278 (2d Cir. 1990).

<sup>48</sup> *E.g.*, Post, *supra* note 30; Robert C. Post, *Meiklejohn’s Mistake: Individual Autonomy and the Reform of Public Discourse*, 64 U. COLO. L. REV. 1109 (1993); Robert C. Post, *The Constitutional Concept of Public Discourse: Outrageous Opinion, Democratic Deliberation, and Hustler Magazine v. Falwell*, 103 HARV. L. REV. 601 (1990) [hereinafter THE CONSTITUTIONAL CONCEPT OF PUBLIC DISCOURSE].

<sup>49</sup> *E.g.*, CASS R. SUNSTEIN, *DEMOCRACY AND THE PROBLEM OF FREE SPEECH* 17–23, 241–52 (1993); CASS R. SUNSTEIN, *DESIGNING DEMOCRACY: WHAT CONSTITUTIONS DO* 6–9, 96–101, 239–43 (2001).

<sup>50</sup> Balkin argues that the purpose of free speech is to promote a “democratic culture” that is even broader than deliberation about public issues such that each individual has “a fair chance to participate in the production of culture, and in the development of the ideas and meanings that constitute them and the communities and subcommunities to which they belong.” Balkin, *supra* note 35, at 4. *See also* Jack M. Balkin, *Populism and Progressivism as Constitutional Categories*, 104 YALE L.J. 1935, 1948–49 (1995).

<sup>51</sup> *E.g.*, ALEXANDER MEIKLEJOHN, *POLITICAL FREEDOM: THE CONSTITUTIONAL POWERS OF THE PEOPLE* 19–28 (1965).

<sup>52</sup> *E.g.*, DWORKIN, *supra* note 37, at 15–26.

<sup>53</sup> *E.g.*, Owen M. Fiss, *Free Speech and Social Structure*, 71 IOWA L. REV. 1405, 1409–

that to qualify for the highest levels of constitutional protection speech must relate to self-government,<sup>54</sup> Justice Stephen Breyer, speaking in an extrajudicial capacity, has advocated an approach to constitutional adjudication centered on “active liberty” similar to Post’s participatory theory.<sup>55</sup> An acceptance of the participatory theory has important implications for the continuing development of judicial approaches in resolving the tension between free speech values and property rights in a right of publicity claim, as it focuses on not an abstract notion of the quest for truth but how the nature and content of communication can “ensure that the individual citizen can effectively participate in and contribute to our republican system of self-government”<sup>56</sup> where “national identity [is understood] to be endlessly controversial.”<sup>57</sup>

The Supreme Court has never made an “official choice” among competing theories.<sup>58</sup> But “where the doctrinal implications of different prominent theories . . . collide, courts will tend to give priority to the participatory theory of democracy.”<sup>59</sup> As the next section will demonstrate, the Supreme Court’s articulation of a hierarchy of protectable speech, with political speech at its apex, is compatible with this understanding.

### *B. Scope of Freedom of Speech*

The protection of speech—which generally includes symbolic or expressive conduct<sup>60</sup>—by the First Amendment depends on its position in

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10 (1986).

<sup>54</sup> Patrick M. Garry, *The First Amendment and Non-Political Speech: Exploring a Constitutional Model that Focuses on the Existence of Alternative Channels of Communication*, 72 MO. L. REV. 477, 519 (2007). See also SMOLLA & NIMMER, *supra* note 30, § 2:46.

<sup>55</sup> Stephen Breyer, *Madison Lecture: Our Democratic Constitution*, 77 N.Y.U. L. REV. 245, 246 (2002). The participatory theory also appears to have the support of Brian Murchison who, through an analysis of judgments of the Supreme Court, contends that the “self-governance value” underpins the First Amendment. Brian C. Murchison, *Speech and the Self-Governance Value*, 14 WM. & MARY BILL RTS. J. 1251, 1291–1306 (2006).

<sup>56</sup> *Globe Newspaper Co. v. Super. Ct. for Norfolk Cnty.*, 457 U.S. 596, 604 (1982).

<sup>57</sup> Post, *supra* note 30, at 2369.

<sup>58</sup> Cass R. Sunstein, *The Supreme Court 1995 Term - Foreword: Leaving Things Undecided*, 110 HARV. L. REV. 4, 13 (1996).

<sup>59</sup> Post, *supra* note 30, at 2371. According to Schauer, the “narrowness of the argument from democracy is also its greatest strength . . . it does furnish several strong reasons for giving special attention and protection to political speech.” SCHAUER, *supra* note 33, at 44. It is noted that the opposition to the participatory theory comes most strongly from those who argue from a position of individual autonomy. E.g., C. Edwin Baker, *Harm, Liberty and Free Speech*, 70 S. CAL. L. REV. 979, 981 (1997); David Strauss, *Persuasion, Autonomy and Freedom of Expression*, 91 COLUM. L. REV. 334, 354–55 (1991).

<sup>60</sup> E.g., *R.A.V. v. City of St. Paul, Minn.*, 505 U.S. 377, 382 (1992) (cross-burning);

the hierarchy of protectable speech, the applicable level of scrutiny of the governmental action, and the nature of the other rights with which it is in conflict.<sup>61</sup> However, the U.S. Supreme Court has not established “a clear theory to explain why and when speech qualifies for the top tier,”<sup>62</sup> with the plurality opinion in *Dun & Bradstreet, Inc. v. Greenmoss Builders, Inc.* conceding that the inquiry “must be determined by [the expression’s] content, form and context.”<sup>63</sup>

The Supreme Court has highlighted that while freedom of speech has been recognized “as indispensable to a free society and its government . . . [it] has not meant that the public interest in free speech . . . always has prevailed over competing interests of the public.”<sup>64</sup> Most existing First Amendment jurisprudence is concerned with governmental action that abridges speech,<sup>65</sup> with less attention given to discussing how private action can also significantly restrict speech.<sup>66</sup> Yet right of publicity laws are not seen as content-based or viewpoint-based governmental regulation of speech, thus resulting in the bulk of case law on governmental action being unhelpful to an analysis of First Amendment issues in a publicity claim. Nonetheless, the general recognition of the right of publicity as a private

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Texas v. Johnson, 491 U.S. 397, 405-06 (1989) (flag-burning); *Tinker v. Des Moines Indep. Cmty. Sch. Dist.*, 393 U.S. 503, 505 (1969) (wearing black armbands); *Ayres v. City of Chicago*, 125 F.3d 1010 (7th Cir. 1997) (wearing t-shirts).

<sup>61</sup> BARENDET, *supra* note 33, at 75. *See also* SCHAUER, *supra* note 33, at 89–92.

<sup>62</sup> SUNSTEIN, *DEMOCRACY AND THE PROBLEM OF FREE SPEECH*, *supra* note 49, at 11.

<sup>63</sup> 472 U.S. 749, 761 (1985).

<sup>64</sup> *Smith v. Daily Mail Publ’g Co.*, 443 U.S. 97, 106 (1979) (Rehnquist, J., concurring). Regarding the protection of private property as a competing interest, *see PruneYard Shopping Ctr. v. Robins*, 447 U.S. 74, 82–88 (1980); *Lloyd Corp. v. Tanner*, 407 U.S. 551, 569–70 (1972).

<sup>65</sup> The Supreme Court has employed a “heightened scrutiny methodology” drawn from the Fourteenth Amendment jurisprudence where governmental regulation has to satisfy the relevant strict, intermediate, or rational scrutiny standards, depending on whether it was content-neutral or content-based. Content-neutral time, place and manner restrictions are usually permitted if they serve a substantial governmental interest, but content-based restriction of protectable speech will be subject to strict scrutiny, which is usually fatal to the challenged regulation. *E.g.*, SMOLLA & NIMMER, *supra* note 30, §§ 2:12, 3:1–3:2; *United States v. Playboy Entm’t Group*, 529 U.S. 803, 817 (2000); *Reno v. Am. Civil Liberties Union*, 521 U.S. 844, 874–79 (1997); *R.A.V.*, 505 U.S. at 382–83; *City of Renton v. Playtime Theatres, Inc.*, 475 U.S. 41, 46–47 (1986); Susan H. Williams, *Content Discrimination and the First Amendment*, 139 U. PA. L. REV. 615 (1991); Martin H. Redish, *The Content Distinction in First Amendment Analysis*, 34 STAN. L. REV. 113 (1981).

<sup>66</sup> On the impact of the enforcement of private intellectual property rights on the public domain, *see, e.g.*, Keith Aoki, *Authors, Inventors and Trademark owners: Private Intellectual Property and the Public Domain Part II*, 18 COLUM.-VLA J.L. & ARTS 191 (1994); Michael Madow, *Private Ownership of Public Image: Popular Culture and Publicity Rights*, 81 CAL. L. REV. 127 (1993).

property right creates a head-on collision with the defendant's free speech interests, as well as the audience's interest in receiving the communication, thus requiring courts to formulate appropriate tests to resolve this conflict.

This Part contends that such judicial formulations should adopt as a starting point a consideration of the constitutional value of the different types of protectable speech. The participatory theory clearly elevates political discourse to a special status at the top of the speech hierarchy, and this is reinforced by Supreme Court decisions that consistently accord to political speech the highest constitutional value in the system of American democracy.<sup>67</sup> Although the Court has categorized art and entertainment together with political speech as belonging to the "core" of the First Amendment, such expressions do not appear to enjoy same level of constitutional protection in the absence of disseminating news;<sup>68</sup> commercial speech has received a lower level of protection,<sup>69</sup> with fighting words, obscenity, and child pornography receiving none at all.<sup>70</sup>

It seems that the Supreme Court has implicitly accepted the participatory theory with frequent pronouncements, such as that the First Amendment "was fashioned to assure unfettered interchange of ideas for the bringing about of political and social changes desired by the people."<sup>71</sup> Furthermore, the Court thought that "the practice of persons sharing common views banding together to achieve a common end is deeply embedded in the American political process."<sup>72</sup> Generally, political speech covers all discussion on public issues, especially if intended by the speaker

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<sup>67</sup> *Dun & Bradstreet, Inc.*, 472 U.S. at 758–59 (1985). *See also* *Morse v. Frederick*, 551 U.S. 393, 403 (2007); *Black*, 538 U.S. at 365 (2003); *NAACP v. Claiborne Hardware Co.*, 458 U.S. 886, 913 (1982); *SMOLLA & NIMMER*, *supra* note 30, §§ 16:1–16:2.

<sup>68</sup> *MCCARTHY*, *supra* note 8, § 8:15 ("to the extent that 'entertainment' is not the equivalent of hard 'news,' it enjoys some slightly lesser level of constitutional protection"). *C.f.* *Playboy*, 529 U.S. at 818; *Hurley v. Irish-Am. Gay, Lesbian & Bisexual Grp. of Boston*, 515 U.S. 557, 569 (1995); *Schad v. Borough of Mount Ephraim*, 452 U.S. 61, 65 (1981); *Winters v. New York*, 333 U.S. 507, 510 (1948). Art is protected because it "may affect public attitudes and behavior in a variety of ways, ranging from direct espousal of a political or social doctrine to the subtle shaping of thought which characterizes all artistic expression." *Joseph Burstyn, Inc. v. Wilson*, 343 U.S. 495, 501 (1952); *cf.* *Mastrovincenzo v. City of New York*, 435 F.3d 78, 94–96 (2d Cir. 2006); *Am. Civil Liberties Union of Nev. v. City of Las Vegas*, 333 F.3d 1092, 1107 (9th Cir. 2003).

<sup>69</sup> *E.g.*, *Bd. of Trs. of State Univ. of N.Y. v. Fox*, 492 U.S. 469, 477 (1989); *Cent. Hudson Gas & Elec. Corp. v. Pub. Serv. Comm'n of N.Y.*, 447 U.S. 557, 566 (1980); *Va. State Bd. of Pharmacy v. Va. Citizens Consumer Council*, 425 U.S. 748, 763–65 (1976).

<sup>70</sup> *E.g.*, *United States v. Williams*, 553 U.S. 285, 293 (2008); *Black*, 538 U.S. at 358–60; *R.A.V.*, 505 U.S. at 422 (1992); *Miller v. California*, 413 U.S. 15, 23–24 (1973); *Chaplinsky v. New Hampshire*, 315 U.S. 568, 571–72 (1942).

<sup>71</sup> *Connick v. Myers*, 461 U.S. 138, 145 (1983); *N.Y. Times Co. v. Sullivan*, 376 U.S. 254, 269 (1964); *Roth v. United States*, 354 U.S. 476, 484 (1957).

<sup>72</sup> *Claiborne Hardware Co.*, 458 U.S. at 907.

to influence governmental action.<sup>73</sup> Political speech has been defined by commentators as speech that has “a reasoned, cognitive connection to some identifiable political issue that has the potential of entering the legislative arena”;<sup>74</sup> or “which bears, directly or indirectly, upon issues with which voters have to deal”;<sup>75</sup> or “when it is both intended and received as a contribution to public deliberation about some issue.”<sup>76</sup>

Although art and entertainment are protected by the First Amendment as having intrinsic value, courts often examine their “political value.” A number of decisions assess their contribution to public debate through the articulation of a particular viewpoint or through critical commentary or parody.<sup>77</sup> The Supreme Court in *Hurley v. Irish-American Gay, Lesbian and Bisexual Group of Boston* commented, but without further explanation, that a “narrow, succinctly articulable message is not a condition of constitutional protection, which if confined to expressions conveying a ‘particularized message,’ would never reach the unquestionably shielded painting of Jackson Pollock, music of Arnold Schönberg, or Jabberwocky verse of Lewis Carroll.”<sup>78</sup> But the Court has not declared that all entertainment and artistic expression is protected by the First Amendment, and the decisions of the circuit courts are anything but consistent. For example, in evaluating governmental action, the Ninth Circuit has developed a test which protects merchandise that conveys “a religious, political, philosophical or ideological message,”<sup>79</sup> while the Second Circuit uses a weighing methodology to determine whether the defendant’s work was “predominantly expressive” in order to separate expressive art from commercial merchandise.<sup>80</sup> Generally, courts have difficulty drawing “[t]he line between the informing and the entertaining”<sup>81</sup> and will continue to face

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<sup>73</sup> *Id.* at 913–14; *Garrison v. Louisiana*, 379 U.S. 64, 74–75 (1964); *Sullivan*, 376 U.S. at 270 (1964).

<sup>74</sup> Garry, *supra* note 54, at 516.

<sup>75</sup> MEIKLEJOHN, *supra* note 37, at 79.

<sup>76</sup> SUNSTEIN, *DEMOCRACY AND THE PROBLEM OF FREE SPEECH*, *supra* note 49, at 130.

<sup>77</sup> In a right of publicity context, *see, e.g.*, *Estate of Presley v. Russen*, 513 F. Supp. 1339 (D.N.J., 1981); *ETW Corp. v. Jireh Publ’g, Inc.*, 332 F.3d 915 (6th Cir. 2003).

<sup>78</sup> *Hurley v. Irish-Am. Gay, Lesbian & Bisexual Grp. of Boston*, 515 U.S. 557, 569 (1995). This view that art may be protected for its intrinsic aesthetic value, even if it communicates no articulable message, has been widely debated. *E.g.*, David Greene, *Why Protect Political Art as “Political Speech”?*, 27 *HASTINGS COMM. & ENT. L.J.* 359, 364–69 (2005); Marci A. Hamilton, *Art Speech*, 49 *VAND. L. REV.* 73, 105–12 (1996).

<sup>79</sup> *Am. Civil Liberties Union of Nev. v. City of Las Vegas*, 333 F.3d 1092, 1107 (9th Cir. 2003).

<sup>80</sup> *Mastrovincenzo v. City of New York*, 435 F.3d 78, 96 (2d Cir. 2006). *See also* *Bery v. City of New York*, 97 F.3d 689, 696–97 (2d Cir. 1996).

<sup>81</sup> *Winters v. New York*, 333 U.S. 507, 510 (1948).

problems in publicity claims when deciding whether uses of a celebrity image contribute to public debate (thereby securing the highest protection as political speech) or provide entertainment (hence getting a lesser degree of protection). The subsequent decisions of some courts have read down the *Hurley* dicta regarding the protection of apolitical artworks.<sup>82</sup> It appears unavoidable that judges will have to grapple with ascertaining the constitutional value of the defendant's use of the celebrity personality in artistic or entertainment contexts.

A significant number of right of publicity claims involve unauthorized uses in advertising.<sup>83</sup> Advertising is the quintessence of commercial speech,<sup>84</sup> receiving some constitutional protection against governmental regulation under the *Central Hudson* standard<sup>85</sup> as it "carr[ies] information of import to significant issues of the day"<sup>86</sup> and the information it provides is needed for "private economic decisions."<sup>87</sup> However, the unauthorized use of a celebrity identity to propose a commercial transaction is unlikely to receive First Amendment protection. The courts have not held that the constitutional protection of commercial speech can immunize one from liability in a publicity claim,<sup>88</sup> and this is evident in the various judicial tests used to delineate between protectable expressive uses and non-protectable commercial uses.

In summary, political speech is the most "valuable" type of speech under the participatory theory and is also an important feature of other First Amendment theories. Recent cases have become more focused on the constitutional value of a communication to public political discourse.

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<sup>82</sup> *E.g.*, *Mastrovincenzo*, 435 F.3d at 94–95.

<sup>83</sup> *E.g.*, *White v. Samsung Electronics Am., Inc.*, 971 F.2d 1395 (9th Cir. 1992) (*White I*); *Midler v. Ford Motor Co.*, 849 F.2d 460 (9th Cir. 1988); *Allen v. Nat'l Video, Inc.*, 610 F. Supp. 612 (S.D.N.Y. 1985); *Onassis v. Christian Dior-N.Y., Inc.*, 472 N.Y.S.2d 254 (Sup. Ct. 1984).

<sup>84</sup> Commercial speech is one that "proposes a commercial transaction." *E.g.*, *Bd. of Trs. of State Univ. of N.Y. v. Fox*, 492 U.S. 469, 482 (1989); *Va. State Bd. of Pharmacy v. Va. Citizens Consumer Council*, 425 U.S. 748, 761 (1976).

<sup>85</sup> *Cent. Hudson Gas & Elec. Corp. v. Pub. Serv. Comm'n of New York*, 447 U.S. 557, 566 (1980). Despite numerous criticisms from individual judges and legal scholars, the four-part analysis is still the test applied by the courts. *E.g.*, *Greater New Orleans Broad. Ass'n v. United States*, 527 U.S. 173, 183 (1999); *44 Liquormart Inc v. Rhode Island*, 517 U.S. 484, 495–502, 522–23 (1996); Robert C. Post, *The Constitutional Status of Commercial Speech*, 48 *UCLA L. REV.* 1, 34–43 (2000); Frederick Schauer, *Commercial Speech and the Architecture of the First Amendment*, 56 *U. CIN. L. REV.* 1181, 1182 (1988).

<sup>86</sup> *44 Liquormart*, 517 U.S. at 512.

<sup>87</sup> *Virginia Pharmacy*, 425 U.S. at 765.

<sup>88</sup> *MCCARTHY*, *supra* note 8, §§ 3:46, 7:1; *Comedy III Prods., Inc. v. Gary Saderup, Inc.*, 21 P.3d 797, 802 (Cal. 2001).

Indeed the courts have eschewed a case-by-case balancing approach to *governmental* regulation of protectable speech,<sup>89</sup> employing a heightened scrutiny methodology that investigates whether there was viewpoint discrimination. However, in disputes involving *nongovernmental* parties, where free speech rights protected by the First Amendment clash with other rights guaranteed by the Constitution—e.g. protection of private property under the Fifth<sup>90</sup> and Fourteenth<sup>91</sup> Amendments—courts appear willing to consider the relative burdens placed on the exercise of the respective rights.<sup>92</sup> As the right of publicity is considered by courts to be a “property right”<sup>93</sup> and in some instances a form of intellectual property right,<sup>94</sup> there ought to be a coherent framework that allows it to be balanced against First Amendment values, drawing on appropriate analogies with either real property or intellectual property, where the courts weigh the harm to the holder of a private property right against the impact of the burden on the freedom of speech on the speaker and the audience.

### III. THE FIRST AMENDMENT DEFENSE IN A RIGHT OF PUBLICITY CLAIM

Insofar as statutory publicity rights are concerned, McCarthy observes that it is “difficult to group the statutes into any sort of coherent ‘types’ or subspecies,” and they present “a crazy quilt of different responses at

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<sup>89</sup> SMOLLA & NIMMER, *supra* note 30, §§ 2:56–2:60.

<sup>90</sup> “No person shall be . . . deprived of life, liberty, or property, without due process of law.” U.S. CONST. amend. V.

<sup>91</sup> “No State shall . . . deprive any person of life, liberty, or property, without due process of law; nor deny to any person within its jurisdiction the equal protection of the laws.” U.S. CONST. amend. XIV.

<sup>92</sup> MCCARTHY, *supra* note 8, §§ 8:31–8:32. In the shopping center cases, courts are also concerned with the availability of alternative channels of communication, the presence of state action, and whether the property has become a public forum. *E.g.*, PruneYard Shopping Ctr. v. Robins, 447 U.S. 74, 83–84 (1980); Lloyd Corp. v. Tanner, 407 U.S. 551, 567–70 (1972); Stanley H. Friedelbaum, *Private Property, Public Property: Shopping Centers and Expressive Freedom in the States*, 62 ALB. L. REV. 1229 (1999).

<sup>93</sup> Although the court in *Haelan Laboratories* was not explicit about the meaning of the label “property,” the Second Circuit clarified in a later decision that the right of publicity was indeed a “property right.” *Topps Chewing Gum, Inc. v. Fleer Corp.*, 799 F.2d 851, 852 (2d Cir. 1986). For a list of states which have explicitly recognized this in either case law or statute, see MCCARTHY, *supra* note 8, §§ 8:29–8:33, 10:6–10:9. See also RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 46 cmt. g (1995); RESTATEMENT (SECOND) OF TORTS § 652C cmt. a (1977).

<sup>94</sup> *E.g.*, *Acme Circus Operating Co., Inc. v. Kuperstock*, 711 F.2d 1538, 1541 (11th Cir. 1983).

different times to different demands on the legislatures.”<sup>95</sup> Nonetheless, the relevant legislation will usually enumerate exclusion or exemption categories of use that incorporate by reference the “core” speech protections of the First Amendment. These statutes do not make a distinction between the constitutional values of the different types of speech: once the defendant’s use has been found to be within the statutory description of what constitutes permissible use in news; public affairs; political campaigns; sports broadcasts; original works of fine art; literary, dramatic, musical, or artistic works,<sup>96</sup> or by particular types of media,<sup>97</sup> the plaintiff is barred from making a statutory claim. Under this categorical approach, the unauthorized use of a celebrity’s identity in a work of fine art is treated the same as its use in a political rally; both will be permitted regardless of the value of their contribution to the debate of public issues.<sup>98</sup>

As Part II has shown, a preponderance of Supreme Court decisions and scholarly writings support the view that the central goal of the First Amendment is to advance democratic deliberation. Therefore, it follows that the defendant’s use of the celebrity identity may be classified as political speech with the highest constitutional value if it contributes to democratic processes, and such uses should be accorded greater value than artistic speech or entertainment. Unlike the privileged status that political speech occupies in cases involving judicial scrutiny of legislation for viewpoint or content discrimination, political speech does not occupy a paramount position in the current judicial tests which have been formulated to resolve the conflict between the plaintiff’s proprietary right in identity and the First Amendment.

Section A will examine why most “classic” First Amendment jurisprudence concerned with governmental action offers limited guidance to the formulation of the First Amendment defense in publicity claims. Section B will investigate how, in the absence of a clear direction from the Supreme Court, lower courts have developed a *mélange* of tests that are not based on a particular theory of the First Amendment. Through a critical

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<sup>95</sup> MCCARTHY, *supra* note 8, § 6:6.

<sup>96</sup> *E.g.*, CAL. CIV. CODE §§ 3344(d), 3344.1(a)(2) (2010); FLA. STAT. § 540.08(3)(a) (2010); 765 ILL. COMP. STAT. ANN. 1075/35(b) (2010); IND. CODE § 32-36-1-1(c)(1) (2010); OHIO REV. CODE ANN. §§ 2741.02(D), 2741.09(A) (2010).

<sup>97</sup> *E.g.*, CAL. CIV. CODE § 3344(f) (2010); 765 ILL. COMP. STAT. ANN. 1075/35(b) (2010); IND. CODE § 32-36-1-1(c)(1)(D) (2010); OHIO REV. CODE ANN. § 2741.02(E) (2010); TENN. CODE ANN. § 47-25-1107(c) (2010).

<sup>98</sup> As the myriad statutory frameworks generally do not underprotect political speech, this Article will not be discussing their shortcomings. *But see* Richard S. Robinson, *Preemption, the Right of Publicity and a New Federal Statute*, 16 CARDOZO ARTS & ENT. L.J. 183 (1998); Barbara Singer, *The Right of Publicity: Star Vehicle or Shooting Star?*, 10 CARDOZO ARTS & ENT. L.J. 1(1991); MCCARTHY, *supra* note 8, §§ 6:3–6:8.

analysis of three main judicial approaches, it will demonstrate that these tests do not adequately promote public discourse and debate, and that reference to cultural studies perspectives may help to articulate the “operationalization” of the participatory theory in right of publicity claims.

#### *A. Limited Guidance from the U.S. Supreme Court*

As a general rule, a private person may exclude a speaker from his or her property without violating the First Amendment.<sup>99</sup> Under the *O’Brien* principles, the enforcement of the right of publicity by the states may be viewed as content-neutral protection of personal property—an “important or substantial governmental interest”—that is subject to intermediate scrutiny and consequently upheld even though there may be incidental and indirect interference with speech.<sup>100</sup> Thus the First Amendment cases on governmental regulation of speech, including time-place-manner restrictions, do not offer much assistance to the formulation of a First Amendment defense in publicity claims and have not been the subject of much consideration by circuit and state courts.

The Supreme Court, in its only decision to have ever considered a clash between the right of publicity and the First Amendment, eschewed the heightened scrutiny doctrine used in the governmental regulation of speech cases.<sup>101</sup> *Zacchini v. Scripps-Howard Broadcasting Co.* was unusual in its facts because what was appropriated was the plaintiff’s entire fifteen-second human cannonball act. Indeed the *Zacchini* decision may be distinguished from most right of publicity claims, which involve an unauthorized use of name, likeness, or other evocative aspects of identity rather than the performance value of identity.<sup>102</sup> Thus many commentators and courts have construed *Zacchini* to be of limited precedential value, relevant only in the rare situation where the plaintiff’s “entire act” has been appropriated.<sup>103</sup> As

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<sup>99</sup> *E.g.*, *Hudgens v. NLRB*, 424 U.S. 507, 518–19 (1976); *Lloyd Corp. v. Tanner*, 407 U.S. 551, 567 (1972). *See also* Mark C. Alexander, *Attention, Shoppers: The First Amendment in the Modern Shopping Mall*, 41 ARIZ. L. REV. 1 (1999).

<sup>100</sup> *United States v. O’Brien*, 391 U.S. 367, 377 (1968). *See also* *Lloyd Corp.*, 407 U.S. at 570 (upholding the use of trespass laws to exclude speakers from private shopping centers).

<sup>101</sup> *Zacchini v. Scripps-Howard Broad. Co.*, 433 U.S. 562 (1977).

<sup>102</sup> J. Thomas McCarthy, *The Human Persona as Commercial Property: The Right of Publicity*, 19 COLUM.-VLA J.L. & ARTS 129, 133 (1995); Richard C. Ausness, *The Right of Publicity: A “Haystack in a Hurricane,”* 55 TEMP. L.Q. 977, 989–90 (1982).

<sup>103</sup> *E.g.*, *Comedy III Prods., Inc. v. Gary Saderup, Inc.*, 21 P.3d 797, 806 (Cal. 2001); MCCARTHY, *supra* note 8, § 8:27; Russell S. Jones, Jr., *The Flip Side of Privacy: The Right of Publicity, The First Amendment, and Constitutional Line Drawing—A Presumptive Approach*, 39 CREIGHTON L. REV. 939, 946 (2006). *See also* Pamela Samuelson, *Reviving Zacchini: Analyzing First Amendment Defenses in Right of Publicity and Copyright Cases*, 57 TUL. L. REV. 836 (1983).

a result, as Part B will show, lower courts have independently formulated their own tests to resolve the property-speech conflict. However, *Zacchini* is important here on two key points.

First, it is significant that the Supreme Court considered the line of authorities that included *New York Times Co. v. Sullivan*,<sup>104</sup> *Time, Inc. v. Hill*,<sup>105</sup> *Gertz v. Robert Welch, Inc.*,<sup>106</sup> and *Time, Inc. v. Firestone*,<sup>107</sup> which dealt with defamation and invasion of privacy claims by public figures, and declined to extend the actual malice standard to media defendants for right of publicity claims.<sup>108</sup> This suggests that the Supreme Court does not embrace an overarching constitutional actual malice standard that applies to all communications by media defendants, and appears to make a distinction between cases where there was damage to the dignitary or reputational interests of the plaintiff (e.g., invasion of privacy, defamation) and where there was damage to commercial exploitation opportunities (e.g., infringement of right of publicity). Hence it presents ample possibilities for the judicial development of an appropriate First Amendment test to determine the liability of media defendants in publicity claims by public figures, which include politicians and celebrities.<sup>109</sup>

Second, despite the frequent rejection of case-by-case balancing in First Amendment cases involving state action,<sup>110</sup> the *Zacchini* majority

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<sup>104</sup> 376 U.S. 254 (1964).

<sup>105</sup> 385 U.S. 374 (1967).

<sup>106</sup> 418 U.S. 323 (1974).

<sup>107</sup> 424 U.S. 448 (1976).

<sup>108</sup> *Zacchini v. Scripps Howard Broad. Co.*, 433 U.S. 562, 571–75 (1977). The actual malice standard requires a public figure to prove that the publication by the media defendant was made “with knowledge that it was false or with reckless disregard of whether it was false or not.” *N.Y. Times*, 376 U.S. at 280. Despite *Zacchini*, some courts have adopted the actual malice standard. *E.g.*, *Hoffman v. Capital Cities/ABC, Inc.*, 255 F.3d 1180, 1186–8 (9th Cir. 2001); *Eastwood v. National Enquirer, Inc.*, 123 F.3d 1249, 1255 (9th Cir. 1997). *See also* Casandra Kevorkian, *Reinterpreting Jurisprudence: The Right of Publicity*; *Hoffman v. Capital Cities/ABC, Inc.*, 37 *LOY. L.A. L. REV.* 85, 93–103 (2003).

<sup>109</sup> Under the *Gertz* classification, celebrities are viewed as those “who, by reason of the notoriety of their achievements or the vigor and success with which they seek the public’s attention, are properly classed as public figures.” *Gertz*, 418 U.S. at 342. *See also* Howard I. Berkman, *The Right of Publicity-Protection for Public Figures and Celebrities*, 42 *BROOK. L. REV.* 527 (1976); David Branson & Sharon Sprague, *The Public Figure-Private Person Dichotomy: A Flight from First Amendment Reality*, 90 *DICK. L. REV.* 627 (1986); Frederick Schauer, *Public Figures*, 29 *WM. & MARY L. REV.* 905 (1984).

<sup>110</sup> For a discussion of judicial balancing, *see, e.g.*, Norman T. Deutsch, *Professor Nimmer Meets Professor Schauer (and Others): An Analysis of “Definitional Balancing” as a Methodology for Determining the “Visible Boundaries of the First Amendment,”* 39 *AKRON L. REV.* 483 (2006); Frederick Schauer, *The Boundaries of the First Amendment: A*

recognized that the proprietary right of publicity is not always trumped by free speech. The majority appeared to balance, on the one hand, the threat to the economic value of the plaintiff's performance and the impact of his ability to earn a living<sup>111</sup> with the social purposes of preventing "unjust enrichment" and providing "an economic incentive . . . to make the investment to produce a performance of interest to the public,"<sup>112</sup> and on the other hand, the benefit of news and entertainment to the public.<sup>113</sup> However, without elaboration, the majority held that the plaintiff was entitled to compensation as the media was not always immunized by the First Amendment in right of publicity claims, a conclusion that was criticized by the dissent for its perfunctory brevity.<sup>114</sup>

In contrast to the majority opinion, which focused on the economic value of the plaintiff's act and whether this value was taken by the defendant, the dissent looked to the intent of the media defendant as a starting point in its analysis. Nevertheless, both the majority and the dissent "recognized that any formula to be used when deciding the First Amendment issue should be based on a consideration of the public's benefits and losses resulting in the absence of the privilege."<sup>115</sup> This aspect of *Zacchini* is often ignored by judges and commentators who champion a particular test. For present purposes, it is notable that the *Zacchini* balancing approach can accommodate a participatory theory of democracy, where greater protection may be given to uses of the celebrity identity that promote attention to public issues and engender public debate.<sup>116</sup>

### *B. Judicial Approaches*

Regardless of the judicial test ultimately used, the circuit and state courts agree that if the defendant's use of the plaintiff's identity is categorized as protected "core" speech, such as political speech, entertainment, and art, then the defendant *may* be immune from liability; but if it is classified as commercial speech, the defendant will be liable for

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*Preliminary Exploration of Constitutional Salience*, 117 HARV. L. REV. 1765 (2004); T. Alexander Aleinikoff, *Constitutional Law in the Age of Balancing*, 96 YALE L.J. 943 (1987).

<sup>111</sup> *Zacchini*, 433 U.S. at 575–76. The plaintiff claimed that he suffered damages to the extent of US\$25,000. *Id.* at 575 n.12.

<sup>112</sup> *Id.* at 576–77.

<sup>113</sup> *Id.* at 578.

<sup>114</sup> *Id.* at 579 (Powell, J., dissenting).

<sup>115</sup> Daniel E. Wanat, *Entertainment Law: An Analysis of Judicial Decision-making in Cases Where a Celebrity's Publicity Right is in Conflict with a User's First Amendment Right*, 67 ALB. L. REV. 251, 255 (2003).

<sup>116</sup> See Part IV below for a discussion of such uses as political speech by minority groups.

the commercial exploitation of the associative value of the plaintiff's identity.<sup>117</sup>

Generally, the use of the celebrity identity by the media has a presumptive constitutional protection known as the "newsworthiness" exception which may be explained by both the First Amendment theories of the marketplace of ideas and participatory democracy; this protection of the media in conveying news to the masses has been broadly construed to include virtually all types of information and entertainment communicated by the media.<sup>118</sup> Moreover, as a constitutionally protected medium, owing in part to its being singled out by the Free Press Clause, the media may also advertise itself by reproducing previous articles, programs, and news stories containing the celebrity identity.<sup>119</sup> In applying the newsworthiness exception, courts are generally unconcerned if the media's use of the celebrity's identity contributes to democratic deliberation.<sup>120</sup> The strong presumption in favor of the media is based primarily on the enlightenment function of the First Amendment; thus a media defendant who invokes the newsworthiness exception often escapes liability. However, for *non-media* defendants, the courts are more circumspect about protecting such speech under the newsworthiness exception.<sup>121</sup> Unauthorized uses of celebrity identities in merchandise like posters, buttons, t-shirts and games are often

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<sup>117</sup> As pointed out by McCarthy, "[i]mposing liability for the unpermitted taking of one's identity to attract attention to the product or its advertisement in no way impairs the constitutional right to 'the free flow of commercial information.'" MCCARTHY, *supra* note 8, § 7:3.

<sup>118</sup> *E.g.*, Guglielmi v. Spelling-Goldman Prods., 603 P.2d 454 (Cal. 1979); Stephano v. News Group Publ'ns, Inc., 474 N.E.2d 580 (N.Y. 1984).

<sup>119</sup> *See generally* MCCARTHY, *supra* note 8, §§ 7:14–7:18, 8:69–70; Montana v. San Jose Mercury News, Inc., 40 Cal. Rptr. 2d 639 (Ct. App. 1995); Schivarelli v. CBS, Inc., 776 N.E.2d 693 (Ill. App. Ct. 2002); Booth v. Curtis Publ'g Co., 223 N.Y.S.2d 737 (App. Div. 1962); Stern v. Delphi Internet Servs. Corp., 626 N.Y.S.2d 694 (Sup. Ct. 1995); James M. Treece, *Commercial Exploitation of Names, Likenesses, and Personal Histories*, 51 TEX. L. REV. 637, 669–71 (1973).

<sup>120</sup> Myskina v. Condé Nast Publ'ns., Inc., 386 F. Supp. 2d 409, 417 (S.D.N.Y. 2005); Paulsen v. Personality Posters, Inc., 299 N.Y.S.2d 501, 506 (Sup. Ct. 1968). *See generally* Dora v. Frontline Video, Inc., 18 Cal. Rptr. 2d 790 (Ct. App. 1993); Peter L. Felcher & Edward L. Rubin, *Privacy, Publicity, and the Portrayal of Real People by the Media*, 88 YALE L.J. 1577, 1596–99 (1979).

<sup>121</sup> The courts usually will not allow the non-media defendant to wrap "its advertising message in the cloak of public interest, however commendable the educational and informational value." Beverley v. Choices Women's Med. Ctr., Inc., 587 N.E.2d 275, 278 (N.Y. 1991). *See also* Downing v. Abercrombie & Fitch, 265 F.3d 994, 1002 (9th Cir. 2001); Abdul-Jabbar v. General Motors, 85 F.3d 407, 416 (9th Cir. 1996); Titan Sports, Inc. v. Comic World Corp., 870 F.2d 85, 88 (2d Cir. 1989).

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held to be infringing uses despite the presence of some newsworthy content.<sup>122</sup>

As this Article is concerned with uses of celebrity identity in political speech, often by non-media speakers, the rest of this Part will focus on an analysis of three judicial tests most prominently used by non-media defendants to articulate a First Amendment defense—the direct balancing approach, the transformative elements test, and the predominant purpose test.<sup>123</sup> At present, these approaches tend to ignore the *political* significance of the celebrity sign, and overwhelmingly focus on the *informational*, *artistic*, and *entertainment* aspects of the defendant’s use. The following sections will discuss the limitations of these three approaches in their evaluation of how particular uses of the celebrity identity contribute toward advancing participation in democratic deliberation.

### 1. Direct Balancing Approach in *Russen* and *Cardtoons*

The direct balancing approach explicitly engages in the weighing of benefits and harms to determine if the public interest served by the First Amendment (e.g., expressing a political viewpoint, commentary, criticism, or informing or entertaining the public) outweighs the public interest served by publicity rights (e.g., recognizing the right to exploit the value of one’s property, preventing unjust enrichment, or providing an incentive to engage in artistic or sporting endeavor). Although it does not on its face accord special status to political speech, its open-ended nature potentially allows greater “weight” to be given to political speech relative to art or entertainment that does not contribute anything of substantial value to democratic debate. It can expose policy considerations requiring courts to explain the constitutional value given to different types of speech. However, its shortcomings lie in its potential for abstract application, as illustrated by the courts balancing what they perceive to be the public interests that the parties’ rights represent rather than the direct benefits and harms to each party.

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<sup>122</sup> E.g., RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 47 cmt. c (1995); *Bi-Rite Enters., Inc. v. Button Master*, 555 F. Supp. 1188 (S.D.N.Y. 1983); *Winterland Concessions Co. v. Sileo*, 528 F. Supp. 1201 (N.D. Ill. 1981), *aff’d* 735 F.2d 257 (7th Cir. 1984); *Rosemont Enters. Inc. v. Choppy Prods., Inc.*, 347 N.Y.S.2d 83 (Sup. Ct. 1972); *Lugosi v. Universal Pictures*, 603 P.2d 425 (Cal. 1979).

<sup>123</sup> Other tests include the “artistic relevance” test applicable to the title of artistic works and the relatedness test proposed by the *Restatement (Third)*. E.g., *Rogers v. Grimaldi*, 875 F.2d 994, 997 (2d Cir. 1989); RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 47 cmt. c (1995).

In *Estate of Presley v. Russen*,<sup>124</sup> a New Jersey district court relied on the reasoning of the *Zacchini* majority and weighed the public interest in the informational value of the defendant's speech against the "right of the individual to reap the reward of his endeavors."<sup>125</sup> The court found the defendant's "use of the likeness of [Elvis Presley] in a performance mainly designed to imitate that famous entertainer's own past stage performances" in *The Big El Show* "does not really have its own creative component and does not have a significant value as pure entertainment."<sup>126</sup> Implicitly endorsing the participatory theory, the court points out that "although [the defendant's use] contains an informational and entertainment element, the show serves primarily to commercially exploit the likeness of Elvis Presley without contributing anything of substantial value to society."<sup>127</sup>

Fifteen years later, the Tenth Circuit in *Cardtoons, L.C. v. Major League Baseball Players Ass'n* rejected the framework established in *Lloyd Corp. v. Tanner*<sup>128</sup> to reconcile the conflict between free speech and property rights in the context of governmental regulation, and opted instead to "directly balance the magnitude of the speech restriction against the asserted governmental interest in protecting the intellectual property right."<sup>129</sup> Relying on a combination of different First Amendment theories, the court examined the value of parody of celebrities "both as social criticism and a means of self-expression . . . in the marketplace of ideas."<sup>130</sup> The court was attuned to how celebrities, as a result of their symbolic significance, are "an important element of the shared communicative resources of our cultural domain."<sup>131</sup> The court then weighed the consequences of limiting the defendant's right to free speech<sup>132</sup> against the effect of infringing the plaintiffs' right of

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<sup>124</sup> 513 F. Supp. 1339 (D.N.J. 1981).

<sup>125</sup> *Id.* at 1361 (internal quotations omitted).

<sup>126</sup> *Id.* at 1359.

<sup>127</sup> *Id.* at 1359 (emphasis added).

<sup>128</sup> 407 U.S. 551, 567 (1972) (where it would be "an unwarranted infringement of property rights to require [the owner] to yield to the exercise of First Amendment rights under circumstances where adequate alternative avenues of communication exist"). The *Zacchini* court did not consider the application of *Lloyd Corp.* to publicity claims.

<sup>129</sup> *Cardtoons*, 95 F.3d 959, 972 (10th Cir. 1996). Legal commentators McCarthy and Kwall have also endorsed this approach. MCCARTHY, *supra* note 8, § 8:39; Kwall, *supra* note 11, at 63.

<sup>130</sup> 95 F.3d at 972.

<sup>131</sup> *Id.* (referring to JOHN B. THOMPSON, *IDEOLOGY AND MODERN CULTURE: CRITICAL SOCIAL THEORY IN THE ERA OF MASS COMMUNICATION* 3 (1990); Madow, *supra* note 66, at 128).

<sup>132</sup> *Cardtoons*, 95 F.3d at 972-73.

publicity<sup>133</sup> and concluded that the detrimental effect of upholding free speech on the plaintiffs' publicity rights in that case was negligible.<sup>134</sup> Some courts in California<sup>135</sup> and the Eighth Circuit<sup>136</sup> have applied the direct balancing approach, but it is unclear if other courts are likely to follow suit. This form of ad hoc balancing has been applied in other areas of constitutional law like procedural due process analysis<sup>137</sup> and has received some support from Supreme Court justices who advocate a more candid approach to resolving free speech conflicts.<sup>138</sup>

For courts that favor a participatory theory of democracy, direct balancing can be used to examine how the presence of expressive content in the defendant's speech contributes to democratic deliberation and debate. If courts adopt the balancing approach, they ought to consider, on the one hand, the content, form, and context of the defendant's speech and the benefit of the communication to both the defendant and the intended recipient, and on the other hand, the harm to the celebrity individual in having his or her identity used in that manner. This refined approach allows courts to examine the constitutional value of the communication and better evaluate the relative benefits and harms to the parties in a claim.

## 2. Transformative Elements Test in *Comedy III*

The California Supreme Court in *Comedy III* initiated the "transformative elements" test, also known as the "transformative use" test.<sup>139</sup> It draws from the first factor of the fair use doctrine in copyright law:<sup>140</sup> an unauthorized use of celebrity identity would be permitted if it was "transformative." However, its lack of clear guidelines can encourage judges to be art critics or base decisions on external factors like the fame of

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<sup>133</sup> *Id.* at 973–76.

<sup>134</sup> *Id.* at 976.

<sup>135</sup> *E.g.*, *Gionfriddo v. Major League Baseball*, 114 Cal. Rptr. 2d 307, 315 (Ct. App. 2001); *Perfect 10, Inc. v. Cybernet Ventures, Inc.*, 213 F. Supp. 2d 1146, 1182–83 (C.D. Cal. 2002).

<sup>136</sup> *C.B.C. Distrib. & Mktg., Inc. v. Major League Baseball Advanced Media L.P.*, 505 F.3d 818, 823 (8th Cir. 2007).

<sup>137</sup> *E.g.*, *Mathews v. Eldridge*, 424 U.S. 319, 334–45 (1976).

<sup>138</sup> *E.g.*, *Branzburg v. Hayes*, 408 U.S. 665, 745–46 (1972) (Stewart, J., dissenting); *Dennis v. United States*, 341 U.S. 494, 525 (1951) (Frankfurter, J., concurring); *Barenblatt v. United States*, 360 U.S. 109, 126–27 (1959).

<sup>139</sup> *Comedy III Prods., Inc. v. Gary Saderup, Inc.*, 21 P.3d 797 (Cal. 2001).

<sup>140</sup> Copyright Act of 1976, 17 U.S.C. § 107(1). *See also* *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 579–85 (1994); *Blanch v. Koons*, 467 F.3d 244, 251–56 (2d Cir. 2006); *Suntrust Bank v. Houghton Mifflin Co.*, 268 F.3d 1257, 1268–69 (11th Cir. 2001); *Castle Rock Entm't, Inc. v. Carol Publ'g Group, Inc.*, 150 F.3d 132, 142–43 (2d Cir. 1998).

the artist.<sup>141</sup> Furthermore, “fair use” has been criticized as one of copyright’s “most nebulous and unpredictable aspects” and should only be “invoked as a last resort [in publicity claims] after all other solutions have been tried and found wanting.”<sup>142</sup> In addition, the cryptic judicial comments that literal depictions like Andy Warhol’s silkscreens of celebrities may also be transformative if they carry a particular social message<sup>143</sup> lend little guidance to how a court may meaningfully determine what constitutes the criteria for transformative use. As shown by recent California decisions, the test is focused on visual transformation which can be overprotective of art and entertainment that contribute little to the discussion of public issues, but underprotective of political speech which may be contextually transformative (because of its recoding) though not visually transformative. However, dicta from the *Comedy III* court suggest that contextually transformative uses could also be protected.

The key question for courts adopting this test is “whether the depiction or imitation of the celebrity is the very sum and substance of the work in question” (in which case the defendant is liable for commercial appropriation of identity) or “whether a product containing a celebrity’s likeness is so transformed that it has become primarily the defendant’s own expression rather than the celebrity’s likeness” (in which case the First Amendment trumps the plaintiff’s claim).<sup>144</sup> The *Comedy III* court has also looked to determine whether the marketability and economic value of the challenged work derives primarily from the fame of the celebrity depicted.<sup>145</sup> In *Comedy III*, the court held that charcoal drawings of the Three Stooges (used on T-shirts sold to the public) were not sufficiently transformative. The court observed that “the transformative elements or creative contributions that require First Amendment protection are not confined to parody and can take many forms, from factual reporting . . . to fictionalized portrayal . . . , from heavy-handed lampooning . . . to subtle social criticism.”<sup>146</sup>

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<sup>141</sup> E.g., Kwall, *supra* note 11, at 58; Levine, *supra* note 11, at 216–19; Volokh, *supra* note 11, at 913–25. See also *Cardtoons, L.C. v. Major League Baseball Players Ass’n*, 868 F. Supp. 1266, 1272 (N.D. Okla. 1994) (the analysis loses integrity when only one of the fair use factors is considered).

<sup>142</sup> MCCARTHY, *supra* note 8, § 8:38.

<sup>143</sup> *Comedy III*, 21 P.3d 797, 811 (Cal. 2001) (“Through distortion and the careful manipulation of context, Warhol was able to convey a message that went beyond the commercial exploitation of celebrity images and became a form of ironic social comment on the dehumanization of celebrity itself.”).

<sup>144</sup> *Id.* at 809.

<sup>145</sup> *Id.* at 810.

<sup>146</sup> *Id.* at 809.

Thus it appears that a transformative use of identity may be determined by reference to the content, form, and context of the expression. This suggests that contextual transformations, such as the recoded use of a celebrity identity to challenge the majoritarian values that the celebrity sign represents, may merit First Amendment protection. But the court seemed to contradict itself when it later emphasized the primacy of visual transformation: that the inquiry is “in a sense more *quantitative* than qualitative, asking whether the literal and imitative or the creative elements predominate in the work.”<sup>147</sup>

Two years later, the California Supreme Court, in a case involving a well-known comic book using depictions of musicians Edgar and Jonathan Winter as wormlike creatures, applied the transformative elements test to conclude that the use was visually transformative.<sup>148</sup> The court initially suggested that a qualitative or non-visual transformation by the defendant, like communicating a different message from that which is ordinarily conveyed by the celebrity sign, may be sufficiently transformative. But it later held that “[w]hat matters is whether the work is transformative, not whether it is parody or satire or caricature or serious social commentary or any other specific form of expression.”<sup>149</sup> This seems to indicate that as long as the defendant’s depiction of a celebrity is visually different from his or her literal likeness, it will meet the transformative standard without the further need for the defendant to convey any discernible message. Furthermore, the court appeared to reject a consideration of the origin of the economic value of the defendant’s work, which was referred to in *Comedy III*, when it added: “the question is whether the work is transformative, not how it is marketed.”<sup>150</sup> Subsequently, in *Kirby v. Sega of America*, the California Court of Appeal found that the defendant’s videogame character that was based on the likeness of the plaintiff, pop singer Keirin Kirby, was transformative as the defendant had “added creative [visual] elements to create a new expression.”<sup>151</sup> The court declined to refine the transformative elements test by considering whether the defendant’s use of the plaintiff’s

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<sup>147</sup> *Id.* (emphasis added).

<sup>148</sup> *Winter v. DC Comics*, 69 P.3d 473, 480 (Cal. 2003).

<sup>149</sup> *Id.* at 479. *Cf.* *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 579 (1994) (“Parody has an obvious claim to transformative value . . . Like less ostensibly humorous forms of criticism, it can provide social benefit, by shedding light on an earlier work, and, in the process, creating a new one.”).

<sup>150</sup> *Winter*, 69 P.3d at 479.

<sup>151</sup> 50 Cal. Rptr. 3d 607, 616 (Ct. App. 2006). The court ignored the fact that a Sega affiliate had previously approached Kirby to endorse the game, but when negotiations failed, the defendant nevertheless created a videogame character that appeared to be an imitation of her performing persona. *Id.* at 613, 616.

identity has to “say [anything]—whether factual or critical or comedic—about a public figure.”<sup>152</sup>

In summary, the usefulness of this test appears confined to visual depictions of the plaintiff, and the extent to which the defendant’s use has departed from a realistic rendition of the plaintiff’s likeness.<sup>153</sup> The judicial application of the test in *Winter*, *Kirby*, and *ETW Corp*<sup>154</sup> suggests that these rules do not necessarily entail greater awareness and discussion of public issues. On the other hand, political speech comprising literal depictions of celebrities that are recoded by counterpublics to express a particular viewpoint may not be sufficiently transformative under the present judicial approach. Hence the current test tends to overprotect artistic speech<sup>155</sup> but underprotect political speech despite the latter’s greater constitutional value.

### 3. Predominant Purpose Test in *Doe*

First proposed by intellectual property litigator Mark Lee,<sup>156</sup> the predominant purpose test was adopted by the Missouri Supreme Court in *Doe v. TCI Cablevision*,<sup>157</sup> protecting an unauthorized use of identity if it was predominantly “expressive” but finding an infringement of the right of publicity if it was predominantly “commercial.” Although this test can offer significant protection to uses that convey predominantly expressive political speech, it currently makes no distinction between the constitutional values of political speech and apolitical art and entertainment, and it does not provide clear criteria to resolve hybrid uses (e.g., where there is a mix of political speech and commercial speech, like selling of celebrity-related merchandise in connection with a political rally).

The Missouri court was especially critical of the transformative elements test, observing that it gave “too little consideration to the fact that many uses of a person’s [identity] have both expressive and commercial components” and operated to “preclude a cause of action whenever the use of [identity] is in any way expressive, regardless of its commercial

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<sup>152</sup> *Id.* at 616.

<sup>153</sup> McCarthy is especially critical of the transformative elements test. MCCARTHY, *supra* note 8, § 8:72.

<sup>154</sup> 332 F.3d 915 (6th Cir. 2003). See discussion below in Part IVB2.

<sup>155</sup> It is worth noting the Sixth Circuit’s critical observation that “crying ‘artist’ does not confer *carte blanche* authority to appropriate a celebrity’s name” and “crying ‘symbol’ does not change that proposition and confer authority to use a celebrity’s name when none, in fact, may exist.” Parks v. LaFace Records, 329 F.3d 437, 454 (6th Cir. 2003).

<sup>156</sup> Lee, *supra* note 11, at 488–500.

<sup>157</sup> 110 S.W.3d 363, 373 (Mo. 2003).

exploitation.”<sup>158</sup> Hence, the predominant purpose test is purportedly designed to address works that are both expressive and commercial,<sup>159</sup> and may be stated thus:

If a product is being sold that predominantly exploits the commercial value of an individual’s identity, that product should . . . not be protected by the First Amendment, even if there is some “expressive” content in it that might qualify as “speech” in other circumstances. If, on the other hand, the predominant purpose of the product is to make an expressive comment on or about a celebrity, the expressive values could be given greater weight.<sup>160</sup>

Unlike the transformative elements test, the mere presence of any visually expressive elements will not bar a right of publicity claim; for the defendant to escape liability, the use of the celebrity’s identity must rise above bare transformation to significant expressive commentary. The *Doe* court found, inter alia, that the defendant’s use of hockey player Tony Twist’s identity as the name and persona of a comic book character and its targeted marketing to the plaintiff’s fan base to be “predominantly a ploy to sell comic books and related products rather than an artistic or literary expression” and hence “free speech must give way to the right of publicity.”<sup>161</sup>

The predominant purpose test arguably uses “commercial advantage” as its foundation, remaining more faithful to the origins of the right of publicity as expressed in *Haelan Laboratories* and *Zacchini*. This test has been rejected by the California courts,<sup>162</sup> and it has not been explicitly applied by jurisdictions outside Missouri.<sup>163</sup> It does have particular shortcomings.<sup>164</sup> Although the test purports to strike a better balance between free speech and property rights, its definitional approach based on

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<sup>158</sup> *Id.* at 374.

<sup>159</sup> Levine, *supra* note 11, at 220.

<sup>160</sup> *Doe*, 110 S.W.3d at 374 (citing Lee, *supra* note 11, at 500).

<sup>161</sup> *Id.* at 374.

<sup>162</sup> *E.g.*, Kirby v. Sega of America, Inc., 50 Cal. Rptr. 3d 607, 617 (Ct. App. 2006).

<sup>163</sup> However, the methodology of other courts in focusing on the intent of the defendant in examining whether commercial exploitation of the associative value of the plaintiff’s identity has taken place resembles the “predominant purpose” test. *E.g.*, Pooley v. National Hole-In-One Ass’n, 89 F. Supp. 2d 1108, 1113 (D. Ariz. 2000).

<sup>164</sup> *E.g.*, Michael S. Kruse, *Missouri’s Interfacing of the First Amendment and the Right of Publicity: Is the “Predominant Purpose” Test Really That Desirable?*, 69 MO. L. REV. 799 (2004); F. Jay Dougherty, *All the World’s Not A Stooge: The “Transformativeness” Test for Analyzing a First Amendment Defense to a Right of Publicity Claim Against Distribution of a Work of Art*, 27 COLUM. J. L. & ARTS 1, 14 (2003).

the judicial determination of the defendant's predominant purpose does not, unlike the *Cardtoons* approach, engage in a balancing exercise that exposes the values and interests at stake. Moreover, the test fails to consider the hierarchy of First Amendment-protected speech, and offers little guidance to judges in relation to the determination of what qualifies as predominantly expressive.

Perhaps the predominant purpose test produced the correct result in *Doe*, aided by the defendant's admission that the use was not to make any expressive comment about Twist<sup>165</sup> and the sustained efforts of the defendant in exploiting the associative value of Twist's identity through marketing merchandise directly to his fan base.<sup>166</sup> In other situations, where the defendant asserts the presence of a parodic element or other social commentary,<sup>167</sup> or where the defendant has not so blatantly marketed its product to the plaintiff's fans,<sup>168</sup> or where the defendant makes a living by selling works of art,<sup>169</sup> it is unclear what criteria the courts will use to determine the "predominant purpose" of the defendant.

While the predominant purpose test does not explicitly rely on a particular theory of the First Amendment, its focus on protecting expressive comment is compatible with a participatory understanding of democracy. It appears that the defendant's unauthorized use of a celebrity's identity will most likely be deemed "predominantly expressive" if it contributed to debate on public issues or drew attention to the subordinate position of minority groups and, at the same time, the celebrity's fan base has not been specifically targeted as potential customers of the defendant's product. In practice, the court's multi-factor analysis to determine whether expressive or commercial components predominate resembles the direct balancing approach. The judicial evaluation of the different factors in *Doe* may well have been performed under the rubric of "direct balancing" where the constitutional value of the defendant's comic book, in terms of its critical commentary and contribution to debate about public issues, is taken into account, and policy considerations more openly discussed.

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<sup>165</sup> *Doe*, 110 S.W.3d at 374.

<sup>166</sup> *Id.* at 371.

<sup>167</sup> *E.g.*, *Winter v. DC Comics*, 69 P.3d 473 (Cal. 2003); *Cardtoons, L.C. v. Major League Baseball Players Ass'n*, 95 F.3d 959 (10th Cir. 1996); *White v. Samsung Electronics America, Inc.*, 971 F.2d 1395 (9th Cir. 1992) (*White I*). For a criticism of the predominant purpose test on this issue, *see, e.g.*, John Grady et al., *A New "Twist" for the "Home Run Guys"?: An Analysis of the Right of Publicity versus Parody*, 15 J. LEGAL ASPECTS SPORT 267, 283-87 (2005).

<sup>168</sup> *E.g.*, *Kirby v. Sega of America, Inc.*, 50 Cal. Rptr. 3d 607 (Ct. App. 2006); *Parks v. LaFace Records*, 329 F.3d 437 (6th Cir. 2003).

<sup>169</sup> *E.g.*, *ETW Corp. v. Jireh Publ'g, Inc.*, 332 F.3d 915 (6th Cir. 2003).

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### *C. Interim Conclusions*

As this Part has demonstrated, the three main judicial approaches used in claims involving non-media defendants are not based on any clearly defined theory of the First Amendment. They also do not adequately advance the deliberative democratic ideals that the Supreme Court suggests are important in the cases concerning governmental regulation of speech. Unlike these cases, only a handful of right of publicity decisions have accorded any prominence to the discussion of the *value* of the defendant's expression to democratic deliberation.<sup>170</sup>

Certain commercial uses of the celebrity identity can transcend their apparent status as mere celebrity memorabilia depending on the content, form, and context of the message conveyed by the defendant speaker. Political speech extends beyond expressing support for or opposition to candidates and issues about elections and public office. As the Supreme Court has noted on numerous occasions, the First Amendment "was fashioned to assure unfettered interchange of ideas for the bringing about of political and social changes desired by the people."<sup>171</sup> Part IV will show how the analysis of the political symbolism of the celebrity semiotic sign in cultural studies can assist courts in determining when the non-media use of the celebrity identity may be categorized as "purely political speech in a special category [that] helps considerably to clear the decks for a clearer analysis of the First Amendment significance of celebrity merchandise."<sup>172</sup> It will examine cultural studies perspectives on the use of the celebrity personality by minority groups in contemporary society to express their cultural—and political—identities, and explore how this understanding can help shape the development of the First Amendment defense.

#### **IV. IDENTITY POLITICS AND THE CELEBRITY: A CULTURAL STUDIES PERSPECTIVE**

If the celebrity semiotic sign is recognized to represent the values of a majoritarian public, then the debate and opposition to these "encoded" ideals may be expressed by using the same signs in a "recoded" manner, and such counterpublic uses can therefore be categorized as "political speech." In order for political speech to be given adequate breathing space, it would be beneficial to understand the free speech issues in publicity

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<sup>170</sup> *E.g.*, *Estate of Presley v. Russen*, 513 F. Supp. 1339, 1359 (D.N.J. 1981); *Paulsen v. Personality Posters, Inc.*, 299 N.Y.S.2d 501, 507 (Sup. Ct. 1968).

<sup>171</sup> *Connick v. Myers*, 461 U.S. 138, 145 (1983) *and* *N.Y. Times Co. v. Sullivan*, 376 U.S. 254, 269 (1964) (quoting *Roth v. United States*, 354 U.S. 476, 484 (1957)).

<sup>172</sup> *MCCARTHY*, *supra* note 8, § 7:22.

claims within the context of a First Amendment theory that “preserves the independence of public discourse so that a democratic will within a culturally heterogeneous state can emerge under conditions of neutrality, and so that individuals can use the medium of public discourse to persuade others to experiment in new forms of community life.”<sup>173</sup>

Section A explores, through the lens of cultural studies, how the celebrity personality may be used in the construction and contestation of social and political identities and the significance that particular celebrity personalities may have for minority groups in expressing a particular viewpoint. Section B argues that the use of celebrity signs by these groups may be categorized as political speech in First Amendment doctrine, and examines how the three judicial tests considered above may be refashioned to take this into account.

*A. The Celebrity Personality as a Political Site of Interpretive Practice  
and Contested Meanings*

This section demonstrates that cultural studies perspectives can complement and augment a participatory theory of the First Amendment because uses of the celebrity identity by those who are “subordinated” to communicate their disagreement with majoritarian values and to draw wider public attention to their social positions can be viewed as political speech. This contention was mooted three decades ago in Richard Dyer’s star studies regarding the gay community’s use of the Judy Garland star sign; and other scholars today can be seen to draw on the classic idea of the political significance of star signs, with the support of the general writings of Roland Barthes and Stuart Hall about recoding of semiotic signs. First mentioned in *Stars*, and later more thoroughly explored in *Heavenly Bodies*, Dyer’s analysis of the use of the Judy Garland semiotic sign by the gay community provided a valuable foundation for subsequent studies on the use of celebrity personalities by subcultural groups in their identity formation.<sup>174</sup> Described as a “foundational observation” in the study of the cultural function of celebrities,<sup>175</sup> Dyer claims that “[s]tars articulate what it is to be a human being in contemporary society.”<sup>176</sup> Most celebrities may be seen “as representing dominant values in society, by affirming what those

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<sup>173</sup> Post, *The Constitutional Concept of Public Discourse*, *supra* note 48, at 684.

<sup>174</sup> See also CHRIS ROJEK, CELEBRITY 70 (2001) (“Judy Garland’s iconic status in gay culture partly derived from her ability to cope with disapproval, rejection and marginalization”); Madow, *supra* note 66, at 194; Rosemary J. Coombe, *Objects of Property and Subjects of Politics: Intellectual Property Laws and Democratic Dialogue*, 69 TEX. L. REV. 1853, 1876–77 (1991).

<sup>175</sup> GRAEME TURNER, UNDERSTANDING CELEBRITY 103 (2004).

<sup>176</sup> DYER, HEAVENLY BODIES, *supra* note 13, at 7.

values are in the ‘hero’ types (including those values which are relatively appropriate to men and women) or as alternative or subversive types that express discontent with or rejection of dominant values.”<sup>177</sup> His work on the politics and cultural dominance of whiteness<sup>178</sup> also exposes an Anglo-Saxon hegemony said to be characteristic of American society. According to Dyer’s pioneering analyses, celebrities can have an ideological function of not only reiterating dominant values, but also concealing prevalent contradictions or social problems.<sup>179</sup> More generally, cultural scholars have argued that “identities can function as points of identification and attachment only *because* of their capacity to exclude, to leave out, to render ‘outside’ abjected.”<sup>180</sup>

Dyer’s *Stars*,<sup>181</sup> which laid the groundwork for the celebrity studies of Marshall<sup>182</sup> and Turner,<sup>183</sup> appears to have influenced the thinking of legal commentators like Rosemary Coombe<sup>184</sup> and Michael Madow.<sup>185</sup> In the later *Heavenly Bodies*, Dyer contends, “Stars are also embodiments of the social categories in which people are placed and through which they have to make sense of their lives . . . categories of class, gender, ethnicity, religion, sexual orientation, and so on.”<sup>186</sup>

Using a postmodern analysis, Coombe argues how the value of a celebrity’s image may reside “in its character as a particular human embodiment of a connection to a social history” when one is provoked to reflect upon one’s “own relationship to the cultural tradition in which the star’s popularity is embedded.”<sup>187</sup> Coombe’s description of the political potential of the contemporary celebrity draws much from Dyer: “The celebrity image is a cultural lode of multiple meanings, mined for its

<sup>177</sup> DYER, *STARS*, *supra* note 13, at 52. *See also* DYER, *HEAVENLY BODIES*, *supra* note 13, at 12 (“the star phenomenon reproduces the overriding ideology of the person in contemporary society”).

<sup>178</sup> RICHARD DYER, *WHITE* (1997).

<sup>179</sup> DYER, *STARS*, *supra* note 13, at 27–28. *See also* TURNER, *supra* note 175, at 102–07; Paul McDonald, *Reconceptualising Stardom*, in RICHARD DYER, *STARS* 175, 192–93 (2d ed. 1998).

<sup>180</sup> Hall, *Introduction: Who Needs “Identity?”*, *supra* note 24, at 5 (emphasis in original). *See also* Hall, *The Local and the Global*, *supra* note 24; LACLAU, *supra* note 24; BUTLER, *supra* note 24.

<sup>181</sup> DYER, *STARS*, *supra* note 13.

<sup>182</sup> *E.g.*, MARSHALL, *supra* note 14.

<sup>183</sup> *E.g.*, TURNER, *supra* note 175.

<sup>184</sup> *E.g.*, Coombe, *supra* note 174; ROSEMARY J. COOMBE, *THE CULTURAL LIFE OF INTELLECTUAL PROPERTIES: AUTHORSHIP, APPROPRIATION, AND THE LAW* (1998).

<sup>185</sup> Madow, *supra* note 66.

<sup>186</sup> DYER, *HEAVENLY BODIES*, *supra* note 13, at 18.

<sup>187</sup> Rosemary J. Coombe, *Author/izing the Celebrity: Publicity Rights, Postmodern Politics, and Unauthorized Genders*, 10 *CARDOZO ARTS & ENT. L.J.* 365, 375 (1992).

symbolic resonances and, simultaneously . . . invested with . . . social longings and political aspirations.”<sup>188</sup>

In highlighting the “radical potential of the stars,” Dyer further observes that there is a political dimension to the use of stars for repressed groups like “the working class, women, blacks, gays – who have been excluded from the culture’s system of representations in all but marginal and demeaning forms”;<sup>189</sup> the subordinated social groups are using these star signs which are associated with the dominant ideology to appropriate power for themselves in a democracy.<sup>190</sup>

In the U.S., the “structural barriers or limits of class [that] would obstruct [the] process of cultural absorption” have not assisted the “democratic enfranchisement of all citizens within political society.”<sup>191</sup> Reading culture politically can reveal how celebrity signs can “reproduce the existing social struggles in their images, spectacle, and narrative.”<sup>192</sup> Indeed there is a significant emphasis in contemporary cultural studies on the notion of audience participation—be it their complicity or resistance—in the hegemony of cultural texts propagated by the media and other producers.<sup>193</sup> It is in these studies of semiotic disruptions that one may find the relevant tools for establishing a conceptual framework within First Amendment doctrine that addresses the political agenda of the active audience. Individuals outside the majoritarian value system often have an “alternative foci of integration” and are thus defined as “sub-cultural,”<sup>194</sup> “subaltern,”<sup>195</sup> or “counterpublics;”<sup>196</sup> and there is an increasing judicial

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<sup>188</sup> *Id.* at 365.

<sup>189</sup> DYER, STARS, *supra* note 13, at 183–84.

<sup>190</sup> See also McDonald, *supra* note 179, at 192.

<sup>191</sup> Stuart Hall, *The Rediscovery of “Ideology:” Return of the Repressed in Media Studies*, in CULTURE, SOCIETY AND THE MEDIA 56, 60 (Michael Gurevitch et al. eds., 1982).

<sup>192</sup> DOUGLAS KELLNER, MEDIA CULTURE: CULTURAL STUDIES, IDENTITY AND POLITICS BETWEEN THE MODERN AND THE POSTMODERN 56 (1995).

<sup>193</sup> E.g., JOHN FISKE, MEDIA MATTERS: EVERYDAY CULTURE AND POLITICAL CHANGE (1996); DAVID MORLEY, THE NATIONWIDE AUDIENCE (1980); IEN ANG, WATCHING DALLAS: SOAP OPERA AND THE MELODRAMATIC IMAGINATION (1985); IEN ANG, DESPERATELY SEEKING THE AUDIENCE (1991); THE AUDIENCE AND ITS LANDSCAPE (James Hay et al. eds., 1996); NICK ABERCROMBIE & BRIAN LONGHURST, AUDIENCES: A SOCIOLOGICAL THEORY OF PERFORMANCE AND IMAGINATION (1998); AUDIENCES AND PUBLICS: WHEN CULTURAL ENGAGEMENT MATTERS FOR THE PUBLIC SPHERE (Sonia Livingstone ed., 2005); JONATHAN BIGNELL, BIG BROTHER: REALITY TV IN THE TWENTY-FIRST CENTURY (2005); JONATHAN GRAY, WATCHING WITH THE SIMPSONS: TELEVISION, PARODY, AND INTERTEXTUALITY (2006).

<sup>194</sup> Hall, *supra* note 191, 62.

<sup>195</sup> Lawrence Grossberg, *Identity and Cultural Studies: Is That All There Is?*, in QUESTIONS OF CULTURAL IDENTITY 87, 92 (Stuart Hall & Paul Du Gay eds., 1996).

<sup>196</sup> MICHAEL WARNER, PUBLICS AND COUNTERPUBLICS 119 (2002).

recognition of these groups asserting their alternative views in the political sphere.<sup>197</sup>

Building on Jürgen Habermas's work on the public sphere,<sup>198</sup> Michael Warner's analysis of the struggles that bring individuals together as a public postulates that "subaltern counterpublics" usually articulate alternative power relations with the dominant public defined by race, gender, sexual orientation, and other subordinated status.<sup>199</sup> Counterpublics are "counter" to the extent that they try to supply different ways of imagining participation within a political or social hierarchy by which its members' identities are formed and transformed.<sup>200</sup> According to Warner, a counterpublic maintains "an awareness of its subordinate status . . . [with respect] not just to ideas or policy questions, but to the speech genres and modes of address that constitute the public."<sup>201</sup>

As "icons of democracy and democratic will,"<sup>202</sup> each celebrity persona can be a powerful signifier that is synonymous with the dominant culture. Especially with the increase in celebrity political activism through each celebrity individual championing particular causes, and even appearing at congressional hearings,<sup>203</sup> the persona of well-known individuals like Oprah Winfrey, an ardent Barack Obama supporter, can embody very distinct political ideologies. Thus a counterpublic use of a particular celebrity persona can acquire a political dimension, and may be seen as a "discursive space . . . for contesting and engendering the American character."<sup>204</sup> Hall has also defined the taking of an existing meaning and appropriating it for new meanings as "trans-coding"<sup>205</sup> and explained that repressed groups may

<sup>197</sup> *E.g.*, *Hurley v. Irish-Am Gay, Lesbian & Bisexual Group of Boston*, 515 U.S. 557, 557 (1995) (where the defendant professed to express its members' pride as openly gay, lesbian, and bisexual individuals and support their march in the New York St Patrick's Day parade); *Raymen v. United Senior Ass'n Inc.*, 409 F. Supp. 2d 15, 22–23 (D.D.C. 2006) (where the defendants were protected by the First Amendment in the use of the plaintiff's images in an advertising campaign which challenged various public policy positions taken by the American Association of Retired Persons).

<sup>198</sup> *E.g.*, JÜRGEN HABERMAS, *THE STRUCTURAL TRANSFORMATION OF THE PUBLIC SPHERE: AN INQUIRY INTO A CATEGORY OF BOURGEOIS SOCIETY* (Thomas Burger trans., 1989); HABERMAS AND THE PUBLIC SPHERE (Craig Calhoun ed., 1992).

<sup>199</sup> WARNER, *supra* note 196, at 44–63, 117–20.

<sup>200</sup> *Id.* at 121–2.

<sup>201</sup> *Id.* at 119.

<sup>202</sup> MARSHALL, *supra* note 14, at 246.

<sup>203</sup> *See generally* Kathryn Gregg Larkin, *Star Power: Models for Celebrity Political Activism*, 9 VA. SPORTS & ENT. L.J. 155 (2009).

<sup>204</sup> Madhavi Sunder, *Authorship and Autonomy as Rites of Exclusion: The Intellectual Propertization of Free Speech in Hurley v. Irish-American Gay, Lesbian and Bisexual Group of Boston*, 49 STAN. L. REV. 143, 164–65 (1996).

<sup>205</sup> Stuart Hall, *The Spectacle of the 'Other,'* in REPRESENTATION: CULTURAL

use trans-coding strategies to reverse stereotypes, substitute “negative” portrayals with “positive” ones or contest subordinate representations from within.<sup>206</sup>

For example, with reference to global sport icon David Beckham, the dominant coding for the Beckham sign may be construed to represent not just sexual desirability, but also reinforcing the hegemony of *white heterosexual* desirability (thus excluding the representation of the *non-white non-heterosexual*).<sup>207</sup> Viewed in this manner, those opposing this majoritarian signification may want to recode the Beckham sign to highlight their subordinate or hidden status in society, and to increase the visibility of their political participation through the use of the celebrity symbol. In the words of Garry Whannel, known for his writings on the signification of sporting celebrities, the image of Beckham that departs “from the dominant masculinised codes of footballer style” may also represent “a challenge to the heterosexual conformity of sport’s modes of male self-presentation.”<sup>208</sup> Thus, if one accepts that ideological challenges may be effected through certain recoded uses of the celebrity sign,<sup>209</sup> then one could use a celebrity sign like Beckham to interrogate “the categories of whiteness, men, ruling class, heterosexuality, and other dominant powers and forms that ideology legitimates, showing the social constructedness and arbitrariness of all social categories and the binary system of ideology.”<sup>210</sup>

In summary, from a cultural studies perspective, the political agenda of counterpublics or subaltern groups may be best communicated to

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REPRESENTATIONS AND SIGNIFYING PRACTICES 223, 270 (Stuart Hall ed., 1997). The term “transfunctionalize” has also been used to describe how subcultures assign new and often contradictory meanings to signs as understood by mainstream society. PAUL NATHANSON, *OVER THE RAINBOW: THE WIZARD OF OZ AS A SECULAR MYTH OF AMERICA* 241 (1991).

<sup>206</sup> Hall, *supra* note 205, at 270–75. For example, the genre of real person slash (“RPS”) or real person fiction (“RPF”) which features celebrity individuals is a form of fan fiction that adopts the public personae of celebrities as their own characters, building a fictional universe based on the supposed real-life histories of these celebrities. *E.g.*, Sonia K. Katyal, *Performance, Property, and the Slashing of Gender in Fan Fiction*, 14 AM. U.J. GENDER SOC. POL’Y & L. 461, 489 (2006).

<sup>207</sup> See, e.g., The Walt Disney Co., *Stars Play Out Disney Park Fantasies in New Images Unveiled by Annie Leibovitz*, DISNEY.COM, [http://corporate.disney.go.com/corporate/moreinfo/beckham\\_parks012607.html](http://corporate.disney.go.com/corporate/moreinfo/beckham_parks012607.html) (last visited Oct. 13, 2010) (describing a common representation of Beckham emphasizing his “whiteness”).

<sup>208</sup> GARRY WHANNEL, *MEDIA SPORTS STARS: MASCULINITIES AND MORALITIES* 202 (2002).

<sup>209</sup> Arguments have been made regarding the use of trademarks and copyrighted works in a similar fashion. See, e.g., COOMBE, *THE CULTURAL LIFE OF INTELLECTUAL PROPERTIES*, *supra* note 184; Aoki, *supra* note 66; Katyal, *supra* note 206; Leslie A. Kurtz, *The Independent Legal Lives of Fictional Characters*, 1986 WIS. L. REV. 429 (1986).

<sup>210</sup> KELLNER, *supra* note 192, at 61.

mainstream society through the use of widely recognized celebrity signs to which the public have ascribed particular representative values or characteristics. For example, with respect to gay and lesbian communities, legal commentator Madhavi Sunder explains that “[c]entral to this project is a cultural play with signs and symbols aimed, first, at illustrating that gays, lesbians, and bisexuals always have been and always will be part of the ‘normal’ operations of society and, second, challenging the normality of such operations by exposing the hidden homosexual.”<sup>211</sup>

Thus the celebrity signs that are constitutive of cultural heritage—like “Judy Garland,” “Oprah Winfrey,” “Tiger Woods,” and “David Beckham”—each transcend the human individuals who bear these names and are symbolic of the ideological hegemonies of social identities in contemporary society. Their recoding by counterpublics may be viewed as “[p]ractices of articulating social difference [that] are central to democratic politics.”<sup>212</sup> The next section will investigate when such practices ought to be categorized as political speech that merits the highest level of First Amendment protection.

### *B. Using Celebrity Signs within First Amendment Doctrine*

#### 1. Rethinking the Use of the Celebrity Sign as Political Speech

The recoding practices of subaltern groups, as Coombe astutely points out, may “seem distant, if not utterly divorced from the legal regime of personality rights”<sup>213</sup> and “are neither readily appreciated using current juridical concepts nor easily encompassed by the liberal premises that ground our legal categories.”<sup>214</sup> But closer inspection reveals that through different modes of expressing the celebrity personality—like adulation, parody, satire, and burlesque—subaltern groups are able to advance their political ideologies and assert alternative identities that “affirm both community solidarity and the legitimacy of their social difference by empowering themselves with cultural resources that the law deems the properties of others.”<sup>215</sup>

At first sight, the public forum doctrine<sup>216</sup> in First Amendment

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<sup>211</sup> Sunder, *supra* note 204, at 167.

<sup>212</sup> COOMBE, *THE CULTURAL LIFE OF INTELLECTUAL PROPERTIES*, *supra* note 184, at 295. See also WARNER, *supra* note 196, at 210.

<sup>213</sup> Coombe, *supra* note 187, at 386.

<sup>214</sup> COOMBE, *THE CULTURAL LIFE OF INTELLECTUAL PROPERTIES*, *supra* note 184, at 6.

<sup>215</sup> Coombe, *supra* note 187, at 366.

<sup>216</sup> The Supreme Court has identified three categories of forum in which government property and institutions are divided for the purposes of analysing permissible regulation of expressive activity: traditional public, designated public and non-public. See, e.g., Perry

jurisprudence appears to have some relevance for right of publicity laws as one may argue that the celebrity persona, because of the audience's active role in its production, circulation, and consumption, can be treated as a *quasi*-public forum.<sup>217</sup> However, it is inapposite to apply public forum principles to uses of the celebrity identity for expressive activity as the celebrity persona lacks the quintessential qualities of government control, physical location, and public access that are evident in cases which primarily dealt with disputes in relation to shopping arcades and malls, pedestrian sidewalks and schools.<sup>218</sup> Courts have to consider whether there is sufficient state action to “transform government property into a public forum.”<sup>219</sup> Moreover, the public forum rules have only been applied to determine whether government regulation of expressive activity in a particular category of forum was subject to heightened scrutiny; generally, content- or viewpoint-based legislation in traditional and designated public fora are subject to strict scrutiny while time-place-manner restrictions may be permitted. Although a number of attempts have been made to categorize privately owned shopping malls as public fora, the Supreme Court has steadfastly held that there is no constitutional right to engage in expressive activity on such private properties.<sup>220</sup> In addition, in order to convert a privately owned business location into a public forum, courts have required “either a symbiotic relationship or a sufficiently close nexus between the government and the private entity so that the ‘power, property and prestige’

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Educ. Ass'n v. Perry Local Educators' Ass'n, 460 U.S. 37 (1983); United States v. Kokinda, 497 U.S. 720 (1990); Arkansas Educ. Television Comm'n v. Forbes, 523 U.S. 666 (1998).

<sup>217</sup> E.g., Leslie Kim Treiger-Bar-Am, *The Moral Right of Integrity: A Freedom of Expression*, in *NEW DIRECTIONS IN COPYRIGHT LAW VOLUME 2* 127, 157 (Fiona MacMillan ed., 2006). The assertion that “the public forum argument could be raised by modifiers of speech” with respect to cultural icons like Mickey Mouse or Barbie is unfortunately not explained.

<sup>218</sup> E.g., *Hotel Empls. & Rest. Empls. Union, Local 100 v. City of New York Dep't of Parks & Recreation*, 311 F.3d 534, 540 (2d Cir. 2002) (distinguishing between a public and a non-public forum for free speech purposes, a court should examine the forum's physical characteristics and the context of the property's use, including its location and purpose); *See also* Kokinda, 497 U.S. at 726–30; *PruneYard Shopping Ctr. v. Robins*, 447 U.S. 74, 79–85 (1980).

<sup>219</sup> Perry, 460 U.S. at 47 (1983). The state action doctrine, related to the public forum doctrine, requires a significant nexus, not just between the state and the private actor, but also between the state and the allegedly unconstitutional act, before the court would find state action. *See, e.g.*, Alexander, *supra* note 99, at 23–26.

<sup>220</sup> *See* *Hudgens v. NLRB*, 424 U.S. 507, 520 (1976). *See also* *Lloyd Corp. v. Tanner*, 407 U.S. 551, 569 (1972) (holding that “property [does not] lose its private character merely because the public is generally invited to use it for designated purposes”). *See generally* *PruneYard*, 447 U.S. 74, 80.

of the state has been in fact placed behind the challenged conduct.”<sup>221</sup> Unlike the disputes in public fora cases regarding the physical space *on* which expressive activity takes place, the celebrity identity is an intangible symbol which would usually form an integral *part of* the alleged expressive activity—it is not a functional equivalent of town halls, public parks, and downtown business districts. It is more appropriate to consider other approaches in First Amendment jurisprudence to give effect to the semiotic significance of celebrity signs.

The participatory theory of the First Amendment supports the protection of the making of “representations about self, identity, community, solidarity, and difference” or the articulation of political and social aspirations using the celebrity sign within a “dialogic democracy”<sup>222</sup> as political speech. In First Amendment doctrine, such recoded circulations can be viewed as a form of political activism akin to *Raymen v. United Senior Ass’n Inc.*,<sup>223</sup> characterized by their ability to “reverse perceptions of social devaluation or stigma, articulate alternative narratives of national understanding, and challenge exclusionary imaginaries of citizenship.”<sup>224</sup>

In this light, the recoding of celebrity signs by gay and lesbian counterpublic groups may be conceived as political speech expressing an opposition to “heteronormativity”<sup>225</sup> that embodies “a constellation of practices that everywhere disperses heterosexual privilege as a . . . central organizing index of social membership.”<sup>226</sup> Similar arguments may be made for other subaltern categories of race, gender or class. For example, the celebrity signs of Tiger Woods or Jacqueline Onassis, as articulated through

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<sup>221</sup> *City of West Des Moines v. Engler*, 641 N.W.2d 803, 806 (Iowa 2002) (quoting *State v. Wicklund*, 589 N.W.2d 793, 802 (Minn. 1999)). Generally, the courts have declined to extend any right of free expression on privately owned property. *E.g.*, *Shad Alliance v. Smith Haven Mall*, 488 N.E.2d 1211, 1218 (N.Y. 1985); *Illinois v. DiGuida*, 604 N.E.2d 336, 348–349 (Ill. 1992). But California, interpreting its State Constitution, has held that mall owners must permit such access in certain instances, and has employed a balancing test to resolve the issue. *E.g.*, *Golden Gateway Ctr. v. Golden Gateway Tenants Ass’n*, 29 P.3d 797, 822–823 (Cal. 2001) (Werdegar, J., dissenting); *Albertson’s, Inc. v. Young*, 131 Cal. Rptr. 2d 721, 735 (Cal. Ct. App. 2003).

<sup>222</sup> COOMBE, *supra* note 184, at 248–49.

<sup>223</sup> 409 F. Supp. 2d 15 (D.D.C. 2006).

<sup>224</sup> COOMBE, *supra* note 184, at 12. *See also* Kembrew McLeod, *The Private Ownership of People*, in *THE CELEBRITY CULTURE READER* 649, 658 (P. David Marshall ed., 2006) (explaining how communities may use celebrity signs, like John Wayne, that represent a certain ideal in mainstream society as a “resistive reading”). *See also* *Hurley v. Irish-American Gay, Lesbian & Bisexual Group of Boston*, 515 U.S. 557 (1995).

<sup>225</sup> Heteronormativity has been defined as “the institutions, structures of understanding, and practical orientations that make heterosexuality seem . . . privileged.” WARNER, *supra* note 196, at 188 n.3.

<sup>226</sup> *Id.* at 195.

widely distributed photographic and televisual images, especially in advertising, embody certain values for the majoritarian public.<sup>227</sup> Therefore, their recoding, like an ironic use of the Tiger Woods image by the National Association for the Advancement of Colored People (NAACP)<sup>228</sup> to highlight the discrimination of colored people or on t-shirts as “an extensive . . . message of social advocacy” to express their pride in being associated with a successful African-Asian American icon in a festival or parade,<sup>229</sup> can be categorized as political speech. One could argue that their pertinent viewpoints significantly contribute to democratic participation and debate.<sup>230</sup>

However, conferring on such uses the status of political speech does not guarantee immunity from liability for every subaltern group or individual speaker who tacks on a political message to unauthorized uses of the celebrity sign. As McCarthy cautioned, “[I]f all it took for a defendant to wrap itself in the First Amendment was to add an appropriate ‘Express Your Support for \_\_\_\_\_’ slogan on all celebrity merchandise, then the right of a celebrity to control the commercial property value in his or her identity would be destroyed.”<sup>231</sup>

In assessing a publicity claim, especially in the context of advertising, courts should distinguish whether the recoding of the celebrity sign is “genuinely a political statement” or an attempt to “appropriate ‘difference’ . . . in order to sell a product.”<sup>232</sup> Accordingly, if one views the First Amendment as informed by a pragmatic cultural studies approach, regardless of whatever formulation the court adopts, one should consider: (i) the content of the expressive elements of the use of the celebrity personality (e.g., whether it was to advance a political cause or affirm the political identity of a particular social group); (ii) the form of expression (e.g., whether the use was commercial in the form of advertising, character merchandising or product sale, or non-commercial, or a hybrid); and (iii) the context of the use (e.g., whether it was to express a particular viewpoint

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<sup>227</sup> See generally *ETW Corp. v. Jireh Publ’g, Inc.*, 332 F.3d 915 (6th Cir. 2003); *Onassis v. Christian Dior-New York, Inc.*, 472 N.Y.S.2d 254 (N.Y. Sup. Ct. 1984).

<sup>228</sup> “The mission of the NAACP is to ensure the political, educational, social and economic equality of rights of all persons and to eliminate racial hatred and racial discrimination.” NAACP, *Our Mission*, <http://www.naacp.org/pages/our-mission> (last visited Oct. 18, 2010).

<sup>229</sup> *Ayres v. City of Chicago*, 125 F.3d 1010, 1014 (7th Cir. 1997). See also *One World One Family Now v. City & Cnty. of Honolulu*, 76 F.3d 1009, 1012 (9th Cir. 1996); *Heffron v. Int’l Soc’y for Krishna Consciousness Inc.*, 452 U.S. 640, 647 (1981).

<sup>230</sup> NAACP also seeks, inter alia, to “remove all barriers of racial discrimination through democratic processes.” NAACP, *supra* note 228.

<sup>231</sup> MCCARTHY, *supra* note 8, § 7:22.

<sup>232</sup> Hall, *supra* note 205, at 273 (emphasis in original).

at a parade, rally, or some other public forum).<sup>233</sup> In propertizing identity, right of publicity laws should aim to strike a balance between protecting, on the one hand, both the proprietary right of the celebrity individual to exploit the associative value of identity and his or her right as an individual speaker not to propound a particular point of view,<sup>234</sup> and on the other hand, the right of others to express a political viewpoint through connotative recoded uses of the celebrity sign. The next section will evaluate how the three main judicial tests may take into account such politically expressive uses.

## 2. Revisiting the Current Judicial Approaches

This section will focus on examining how the three main judicial tests can accommodate the classification of recoded uses of the celebrity identity as political speech within their analyses. To illustrate their operationalization, the revised tests will be applied to the facts of two cases which have attracted significant commentary and judicial discussion, *Samsung Electronics America v. White*, 508 U.S. 951 (1993) (involving the attractive blonde Anglo-Saxon television personality Vanna White) and *ETW Corp. v. Jireh Publishing, Inc.*, 332 F.3d 915 (6th Cir. 2003) (involving African-Asian American sport icon Tiger Woods).

In *White*, the defendant Samsung had depicted a robot dressed in a wig, gown, and jewelry reminiscent of Vanna White's hair and dress on the *Wheel of Fortune* show in an advertisement for videocassette recorders (VCRs). The Ninth Circuit rejected the defendant's First Amendment defense which posited that the advertisement was a parody of Vanna White's television act and was therefore protected speech. As a semiotic sign, White is widely associated with a consumption culture epitomized by the game show, or can be seen to represent, like Marilyn Monroe and other blonde Anglo-Saxon celebrities, the privilege of "whiteness" in contemporary American society.<sup>235</sup> If the sign of Vanna White were

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<sup>233</sup> The location of the speech is important. In *Ayres*, the selling of expressive t-shirts by the Marijuana Political Action Committee to be worn at city-sponsored festivals in Grant Park was held to be political speech. 125 F.3d at 1013–14.

<sup>234</sup> See *Hurley v. Irish-American Gay, Lesbian & Bisexual Group of Boston*, 515 U.S. 557, 574 (1995) (recognizing the Council's "right as a private speaker to shape its expression by speaking on one subject while remaining silent on another").

<sup>235</sup> RICHARD DYER, *WHITE* 73, 138 (1997). Dyer also comments that through "narrative structural positions, rhetorical tropes and habits of perception . . . white people in white culture are given the illusion of their own infinite variety" and is one of the means by which subordinated social groups are "categorized and kept in their place." *Id.* at 12. See also DYER, *supra* note 13, at 17-63; Grant McCracken, *Marilyn Monroe, Inventor of Blondness*, in GRANT MCCracken, *CULTURE AND CONSUMPTION II: MARKETS, MEANING AND BRAND MANAGEMENT* 93, 93–96 (2005).

recoded as a critique of these ideals, and particularly by subaltern groups who seek to “achieve equality of rights and eliminate race prejudice among the citizens of the United States,”<sup>236</sup> then the relevant speech may be categorized as political speech. In *Raymen*, for example, the court found that the advertisement, which features the photograph of the plaintiffs kissing, was part of a campaign by USA Next challenging various public policy positions purportedly taken by the American Association of Retired Persons.<sup>237</sup> The court found that the photograph “discusses public policy issues that are currently the subject of public debate”<sup>238</sup> and held that USA Next, a nongovernmental organization, was therefore protected by the First Amendment against liability for right of publicity infringement. However, the Samsung print advertisement in *White*, unlike the *Raymen* or infamous Benetton advertisements,<sup>239</sup> contains no discernible political expression that contributes to democratic debate.

In *ETW Corp.*, the defendant Jireh Publishing, a commercial company, released for sale over 5,000 prints bearing Tiger Woods’s likeness based on a painting by Rick Rush titled *The Masters of Augusta*, which commemorates Woods’s historic victory.<sup>240</sup> In the foreground of Rush’s

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<sup>236</sup> For example, as reflected in one of the principal objectives of the NAACP in its constitution. NAACP, *supra* note 228.

<sup>237</sup> *Raymen v. United Senior Ass’n Inc.*, 409 F. Supp. 2d 15, 19 (D.D.C. 2006). The photograph featured the plaintiffs, a gay couple, kissing, and was said to be used in the advertisement “to incite viewer passions against the AARP because of its alleged support of equal marriage rights for same-sex couples.” *Id.*

<sup>238</sup> *Id.* at 24.

<sup>239</sup> Benetton describes its brand as “a subverter of stereotypes” and by “associating its name with the representation of conflict and pain,” it has consistently drawn attention to political and social issues by portraying in its advertisements images that include death row prisoners, a man dying of AIDS, a soldier gripping a human thigh bone, and a ship being stormed by emigrants. BENETTON GROUP, *UCB ADVERTISING PRESENTATION*, [http://press.benettongroup.com/ben\\_en/about/campaigns/history/publicita.pdf](http://press.benettongroup.com/ben_en/about/campaigns/history/publicita.pdf) (last visited Nov. 18, 2009). See also Stuart Elliott, *Benetton Stirs More Controversy*, N.Y. TIMES, July 23, 1991 at D22, available at <http://www.nytimes.com/1991/07/23/business/the-media-business-advertising-benetton-stirs-more-controversy.html?scp=5&sq=benetton%20ads&st=cse>; Deborah Feyerick, *Victims’ Rights Advocates Denounce Benetton ‘Death Row’ Ads*, CNN.COM (Jan. 18, 2000), <http://archives.cnn.com/2000/STYLE/fashion/01/18/benetton.ads/>.

<sup>240</sup> *ETW Corp. v. Jireh Publ’g, Inc.*, 332 F.3d 915 (6th Cir. 2003) (the majority arguably used a combination of the different approaches from Kozinski’s dissent in *White*, the transformative elements test in *Comedy III*, and some balancing drawn from *Comedy III*, to dismiss Woods’s claim). The majority’s opinion has spawned numerous articles critical of its reasoning. E.g., Michael Sloan, *Too Famous for the Right of Publicity: ETW Corp. and the Trend Towards Diminished Protection for Top Celebrities*, 22 CARDOZO ARTS & ENT. L.J. 903 (2005); Michael Suppappola, *Is Tiger Woods’s Swing Really a Work of Art? Defining the Line Between the Right of Publicity and the First Amendment*, 28 W. NEW ENG. L. REV. 57 (2005).

painting are three views of Woods in different poses; in the background is the Augusta National Clubhouse and likenesses of famous past golfers looking down on Woods.<sup>241</sup> The accompanying text contains laudatory narrative of Woods's achievement at Augusta.<sup>242</sup> The Sixth Circuit dismissed both Woods's right of publicity and *Lanham Act* claims, noting that "sports and entertainment celebrities have come to symbolize certain ideas and values in our society and have become a valuable means of expression in our culture,"<sup>243</sup> but without discussing the constitutional value of the defendant's speech. Cultural commentators C. L. Cole and David Andrews argue that Woods as a popular American icon was "coded as a multicultural sign of color-blindness,"<sup>244</sup> and such "racially-coded celebrations [can] deny social problems and promote the idea that America has achieved its multicultural ideal."<sup>245</sup> This dominant coding of the Woods celebrity sign<sup>246</sup> offers myriad possibilities for recoding by subaltern African-American or Asian-American groups to assert their particular viewpoints about the role of race and ethnicity in public policy. However, the almost literal rendition of Woods's image and its contextual setting against the background of other famous golfers and the clubhouse lack important elements of criticism or parody that usually suggest a high constitutional value.<sup>247</sup> The defendant's depiction of Woods, despite its momentous occasion, contains no definable political expression and contributes little to any public awareness or discussion of the issues relating to minority groups in American society.

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<sup>241</sup> ETW, 332 F.3d at 918.

<sup>242</sup> *Id.* at 919 n.1.

<sup>243</sup> *Id.* at 937–38.

<sup>244</sup> C.L. Cole & David L. Andrews, *America's New Son: Tiger Woods and America's multiculturalism*, in *SPORT STARS: THE CULTURAL POLITICS OF SPORTING CELEBRITY* 70, 81 (David L. Andrews & Steven J. Jackson eds., 2001). Woods has also described himself as a "Cablinasian"—a combination of Caucasian, black, Indian, and Asian. *Id.* (quoting *The Oprah Winfrey Show* (television broadcast, Apr. 24, 1997)).

<sup>245</sup> *Id.* at 70.

<sup>246</sup> Woods has been said to be a "multicultural myth" perpetrated by advertisers, particularly by Nike in their commercial advertisements as an "emblem" of "racial progress . . . that combined race, sport, masculinity, national healing, and proper citizenship." *Id.* at 78, 82.

<sup>247</sup> Parody and satire have served for generations as a means of criticizing public figures, exposing political injustice and communicating social ideologies—all objectives deserving of First Amendment protection. *See, e.g.*, *Hustler Mag., Inc. v. Falwell*, 485 U.S. 46 (1988); *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569 (1994); *Leibovitz v. Paramount Pictures Corp.*, 137 F.3d 109 (2d Cir. 1998).

*a. Direct Balancing Approach*

The Supreme Court has acknowledged a “fundamental interdependence exists between the personal right to liberty and the personal right in property” and both are “basic civil rights.”<sup>248</sup> It has also been observed that “[p]rivate property rights, despite the public interests to which they have been compelled to yield during the past century, remain firmly entrenched in American constitutional fabric.”<sup>249</sup> Direct balancing can take into account this special status of property rights, and at the same time, give “greater weight” to political speech by counterpublics that use the celebrity identity to challenge majoritarian beliefs or positions, compared to that accorded to art or entertainment that do not express a political viewpoint. Presently, the balancing test tends to be applied at an abstract level and does not clearly balance the benefit to the defendant speaker against the harm to the celebrity plaintiff, including the plaintiff’s own First Amendment rights, if the right of publicity was not enforced.

Of the three tests examined, its open-ended nature best allows courts to consider the content, form, and context of the use of the celebrity identity and to explicitly evaluate the relative harms and benefits to the parties involved.<sup>250</sup> In recognizing the recoding possibilities of the celebrity identity for political speech, the factors that a court may consider include (i) the primary motivation of the defendant speaker in using the celebrity plaintiff’s identity, (ii) the nature of the defendant’s commercial enterprise, (iii) the content of the defendant’s expressive speech, (iv) the medium of the defendant’s expression, (v) the occasion and location of the defendant’s use, (vi) the presence of alternative avenues of communication, and (vii) the intended audience of the defendant’s communication.

In evaluating the harm to the plaintiff, the court may consider (i) the nature and extent of damage to the plaintiff’s ability to exploit the associative value of his or her identity,<sup>251</sup> and (ii) whether the defendant’s products were a substitute for products offered by the plaintiff or the

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<sup>248</sup> *E.g.*, *Lynch v. Household Fin. Corp.*, 405 U.S. 538, 552 (1972).

<sup>249</sup> Friedelbaum, *supra* note 92, at 1262 n. 266.

<sup>250</sup> After a lengthy review of various approaches to incorporate First Amendment considerations into right of publicity doctrine, McCarthy, citing the *Cardtoons* direct balancing approach with approval, has also concluded that one needs to “meet the conflict head on” and “[t]he balance must be laboriously hacked out case by case.” MCCARTHY, *supra* note 8, § 8:39.

<sup>251</sup> *E.g.*, *Doe v. TCI Cablevision*, 110 S.W.3d 363, 367 (Mo. 2003) (where the plaintiff introduced evidence that the defendant’s use “resulted in a diminution in the commercial value of his name as an endorser of products” and had in fact cost the plaintiff endorsement opportunities).

plaintiff's authorized licensees.<sup>252</sup> This approach can better provide "adequate breathing space to the freedoms protected by the First Amendment"<sup>253</sup> and is compatible with the Supreme Court's current analysis involving speech on private property that requires balancing of the competing interests of the property owner and of the public with respect to the particular property to determine expressive access.<sup>254</sup>

### *White v. Samsung*

In dismissing the defendant's First Amendment defense, the Ninth Circuit found that the case involved "a true advertisement run for the purpose of selling Samsung VCRs" and "the ad's spoof of Vanna White and Wheel of Fortune is subservient and only tangentially related to the ad's primary [commercial] message."<sup>255</sup> Even if the court had used a direct balancing approach, the low constitutional value of Samsung's speech in the context of an advertisement for VCRs contributes little to the debate of public issues and would have been outweighed by the damage to White's ability to exploit the associative value of her identity.

### *ETW Corp v. Jireh Publishing*

The majority's "single-sentence attempt at balancing" was criticized by the dissent as falling "woefully short of any meaningful consideration of the matter."<sup>256</sup> In phrasing the issue as one that requires "balancing the societal and personal interests embodied in the First Amendment against Woods's property rights,"<sup>257</sup> the former will inevitably prevail.<sup>258</sup> As indicated above, a better approach to balancing is to consider the direct harms and benefits to

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<sup>252</sup> *E.g.*, *Comedy III Prods., Inc. v. Gary Saderup, Inc.*, 21 P.3d 797, 808 (Cal. 2001); *Cardtoons, L.C. v. Major League Baseball Players Ass'n*, 95 F.3d 959, 973-76 (10th Cir. 1996); *Winter v. DC Comics*, 69 P.3d 473, 479 (Cal. 2003); Charles J. Harder & Henry L. Self III, *Schwarzenegger vs. Bobbleheads: The Case for Schwarzenegger*, 45 SANTA CLARA L. REV. 557, 575-76 (2005).

<sup>253</sup> *Boos v. Barry*, 485 U.S. 312, 322 (1988) (quoting *Hustler Mag., Inc. v. Falwell*, 485 U.S. 46, 56 (1988)).

<sup>254</sup> *E.g.*, *PruneYard Shopping Ctr. v. Robins*, 447 U.S. 74, 82-88 (1980); *Hudgens v. NLRB*, 424 U.S. 507, 518-21 (1976); *Lloyd Corp., Ltd. v. Tanner*, 407 U.S. 551, 563 (1972). *See also* *Albertson's, Inc. v. Young*, 131 Cal. Rptr. 2d 721, 727 (Ct. App. 2003).

<sup>255</sup> *White v. Samsung Electronics Am., Inc.*, 971 F.2d 1395, 1401 (9th Cir. 1992) (*White D.*).

<sup>256</sup> *ETW Corp. v. Jireh Publ'g, Inc.*, 332 F.3d 915, 949 (6th Cir. 2003) (Clay, J., dissenting).

<sup>257</sup> *Id.* at 938.

<sup>258</sup> *E.g.*, *id.* at 959; *Carson v. Here's Johnny Portable Toilets, Inc.*, 698 F.2d 831, 841 (Kennedy, J., dissenting) (6th Cir. 1983).

the parties involved.<sup>259</sup> Rush's depiction of Woods arguably constitutes the type of conventional depiction of the celebrity likeness in traditional merchandising that appeals to fans. Clearly the content of the defendant's expression may not be classified as political speech for African-American or Asian-American counterpublic groups; the sale of the prints was not in the context of expressing a particular viewpoint about social or political identity. When one weighs the relatively low constitutional value of the defendant's artwork against the interference with the proprietary publicity right of Woods, it appears that Jireh Publishing may not avail itself of the protection of the First Amendment.

*b. Transformative Elements Test*

Under its present formulation as applied in *Winter* and *Kirby*, the transformative elements test may restrict subaltern groups from appropriating celebrity signs for the construction of their social identities in everyday activities unless the celebrity's likeness has been *visually* transformed. For example, the groups may be prohibited from using a literal depiction (e.g., a photograph) of a particular celebrity on silkscreened t-shirts or other merchandise bearing the celebrity's image for sale to group members to highlight a public issue like the subordinated social position of the homosexual community.

However, depending on the identity of the speaker and the context of the unauthorized use, certain expressive uses of merchandise may qualify as political speech, like the wearing of black armbands in *Tinker v. Des Moines Independent Community School District* or flag-burning in *Texas v. Johnson*.<sup>260</sup> For example, the sale of t-shirts to be worn at a Gay Pride Parade by counterpublic groups like Lambda Legal,<sup>261</sup> bearing the images of actors like Heath Ledger, Jake Gyllenhaal, and Tom Hanks—who have been honored at the Academy Awards for playing gay characters in critically acclaimed movies—should be viewed as “transformative” because the recoded meaning of the celebrity signs now carries significant political content. Moreover, in *Comedy III*, where the transformative elements test was first articulated, the court had emphasized that “the transformative

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<sup>259</sup> *E.g.*, *Cardtoons, L.C. v. Major League Baseball Players Ass'n*, 95 F.3d 959, 971-76 (10th Cir. 1996).

<sup>260</sup> *See Texas v. Johnson*, 491 U.S. 397, 405-06 (1989) (flag-burning); *Tinker v. Des Moines Indep. Comty. Sch. Dist.*, 393 U.S. 503, 505 (1969) (wearing black armbands).

<sup>261</sup> Lambda Legal is a U.S. “national organization committed to achieving full recognition of the civil rights of lesbians, gay men, bisexuals, transgender people and those with HIV through impact litigation, education and public policy work.” Lambda Legal, *About Lambda Legal*, available at <http://www.lambdalegal.org/about-us> (last visited Nov. 18, 2009).

elements or creative contributions that require First Amendment protection . . . can take many forms . . . from heavy-handed lampooning to subtle social criticism.”<sup>262</sup> Thus, by examining the content, form, and context of the impugned use, the transformative elements test may be adapted to protect non-visually transformative uses of the celebrity identity.

*White v. Samsung*

The transformative elements test had not been formulated when *White* was handed down. Although there may not be a politically expressive message that presents a critique of the privilege of whiteness in American society, Samsung’s use of a robot evocative of Vanna White nevertheless can be argued to be contextually transformative as a recoding of her *Wheel of Fortune* persona to comment on the interchangeability of the contemporary celebrity. The advertisement’s suggestion—that a human role may be replaced by a robot in 2012 A.D.—may be construed as a critical comment on the artificiality or dehumanization of the contemporary celebrity sufficient to meet the transformative standard.<sup>263</sup>

*ETW Corp. v. Jireh Publishing*

Applying the transformative elements test, the Sixth Circuit majority held that Rush’s artwork was more than a literal rendition of the celebrity golfer, and that the artist had “added a significant creative component of his own to Woods’ identity.”<sup>264</sup> However, the painting of Woods was a conventional depiction of the celebrity golfer that resembled the literal charcoal drawing of the Three Stooges in *Comedy III*. In a tenuous application of the test, the majority concluded that the artwork was transformative because the work conveyed a message “that Woods himself will someday join that revered group”<sup>265</sup> and it “communicates and celebrates the value our culture attaches to such events.”<sup>266</sup> By attempting to

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<sup>262</sup> *Comedy III Prods., Inc. v. Gary Saderup, Inc.*, 21 P.3d 797, 809 (Cal. 2001) (citing Andy Warhol’s literal silkscreened celebrity portraits as a First Amendment-protected critique of the celebrity phenomenon).

<sup>263</sup> *Id.* at 810–11 (referring to John Coplans, Jonas Mekas and Calvin Tomkins, *Andy Warhol 52* (1970)).

<sup>264</sup> *ETW Corp. v. Jireh Publ’g, Inc.*, 332 F.3d 915, 938 (6th Cir. 2003). In a highly critical dissent, Circuit Judge Clay would have entered summary judgment for the plaintiff based on the lack of transformative elements in Rush’s literal rendition of Woods, finding that it is “nearly identical to that in the poster distributed by Nike.” *Id.* at 959–60 (Clay, J., dissenting).

<sup>265</sup> *Id.* at 936.

<sup>266</sup> *Id.*

analyze the constitutional *value* of the defendant's use, the Sixth Circuit appears to have refined the transformative elements test in a manner that contrasts sharply with the refusal of the California courts to do so.<sup>267</sup> But as explained earlier, Rush's painting of Woods conveys no discernible political expression that contributes to democratic deliberation, and the Sixth Circuit should have followed the reasoning in *Comedy III* and found a right of publicity infringement.<sup>268</sup>

*c. Predominant Purpose Test*

In *Beverley v. Choices Women's Medical Center*, although the New York court did not use Missouri's predominant purpose test, it appears that the defendant's commercial use of the plaintiff's identity must have significant constitutional value in order to avail itself of the First Amendment defense:

[A]lthough women's rights and a host of other worthy causes and movements are surely matters of important public interest, a commercial advertiser . . . may not unilaterally neutralize or override the long-standing and significant statutory privacy protection by wrapping its advertising message in the cloak of public interest, however commendable the educational and informational value.<sup>269</sup>

In *Raymen*, the use of a photograph of the plaintiffs in an advertisement by USA Next to challenge various public policy positions was rightly categorized as political speech that trumped the plaintiffs' right of publicity.<sup>270</sup> Under the predominant purpose test, non-governmental organizations and civic groups like NAACP and Legal Lambda that highlight the subordinated position of minorities in American society and lobby the government for policy changes are more likely to benefit from the protection of the First Amendment than commercial enterprises. But to protect all speech that is "predominantly expressive" does not make a distinction between speech that arguably has a higher constitutional value (because it contributes to public debate about political issues) and speech

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<sup>267</sup> See *Winter v. DC Comics*, 69 P.3d 473, 477–80 (Cal. 2003); cf. *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 579 (1994); see also *Kirby v. Sega of Am., Inc.*, 50 Cal. Rptr. 3d 607, 616 (Ct. App. 2006); see also text, *supra* notes 149 and 152.

<sup>268</sup> See also criticisms of the application of the transformative elements test by the *ETW Corp* majority in *Franke*, *supra* note 11, at 970–4; *Webner & Lindquist*, *supra* note 11, at 200–01; *Sloan*, *supra* note 240, at 918–20.

<sup>269</sup> *Beverley v. Choices Women's Med. Ctr., Inc.*, 587 N.E.2d 275, 279 (N.Y. 1991).

<sup>270</sup> See 409 F. Supp. 2d 15, 19 (D.D.C. 2006); see also text, *supra* notes 237–238.

that has a comparatively lower value (because it merely entertains or is simply aesthetic).

*White v. Samsung*

Most advertisements will be deemed “predominantly commercial” unless the advertisement clearly conveys a politically expressive viewpoint that draws public attention to particular social issues or is critical of a public figure or public policy. As explained in Part IVB1, the content, form, and context of the use must be examined. However, it is doubtful a commercial defendant like Samsung can show that an advertisement is predominantly expressive when its product is also depicted in the advertisement. Unlike the Benetton advertisements which poignantly highlight political issues like religious, racial, sexual, and moral conflicts,<sup>271</sup> the *White* advertisement, bearing the caption “The VCR you’ll tape it on. 2012 A.D.”,<sup>272</sup> suggests an infringement of the plaintiff’s publicity right as it is predominantly commercial with “[the] primary message: ‘buy Samsung VCRs.’”<sup>273</sup>

*ETW Corp. v. Jireh Publishing*

*The Masters of Augusta* appears to be a commemorative work produced for sale to the public and does not contain “expressions of value, opinion, or endorsement”<sup>274</sup> of significant democratic value. The work does not critically comment on a specific attribute of Tiger Woods, like his ethnic heritage or the values he embodied, or draw attention to political or social issues facing subaltern groups. Neither Rush nor Jireh Publishing had recoded the Woods sign, and the literal rendition simply reproduces the dominant preferred reading of the Woods celebrity sign as a national hero consistent with his *commercial* positioning.<sup>275</sup> Consequently, the Sixth Circuit should have decided that the freedom of speech would not have been impermissibly abridged by the prohibition of the sale of the prints.

In contrast, if the NAACP or other subaltern groups had produced literal depictions of Woods for sale to support their advocacy efforts, such

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<sup>271</sup> See BENETTON GROUP ADVERTISING PRESENTATION, *supra* note 239.

<sup>272</sup> See John F. Hyland & Ted C. Lindquist III, *Torts – White v. Samsung Electronics Am., Inc.: The Wheels of Justice Take an Unfortunate Turn*, 23 GOLDEN GATE U. L. REV. 299, 301 n. 20 (1993).

<sup>273</sup> *White v. Samsung Electronics Am., Inc.*, 971 F.2d 1395, 1401 (9th Cir. 1992) (*White D.*).

<sup>274</sup> *Hurley v. Irish-Am. Gay, Lesbian & Bisexual Grp. of Boston*, 515 U.S. 557, 573 (1995); See also *McIntyre v. Ohio Elections Comm’n*, 514 U.S. 334, 341-42 (1995).

<sup>275</sup> See Cole & Andrews, *supra* note 244, 73–81 (examining Nike’s “Hello World” and “I am Tiger Woods” advertising campaigns).

uses arguably may be construed as politically expressive. In these circumstances, the commercial nature of the sale of prints and any other products bearing Woods's likeness can be said to be incidental to the predominant purpose of constructing particular social identities for minority groups by these non-profit counterpublics which will in turn empower their political participation. For example, the use of the images of Ledger, Gyllenhaal, and Hanks—as a result of the connotations of their celebrity signs from the widely lauded gay characters they have portrayed in the movies *Brokeback Mountain* and *Philadelphia*—by Legal Lambda to convey the subordinated status of homosexuals in society and to advocate policy changes can also be considered political speech. But this does not mean that counterpublics have carte blanche to appropriate the identities of celebrities under the banner of political speech. Each case has to be evaluated based on the content, form, and context of the use, and one needs to be on the lookout for defendants who tack on a political message to products that exploit the associative value of identity in the hope of securing First Amendment protection.<sup>276</sup>

## V. SUMMARY & CONCLUSIONS

The investigation of judicial decisions, legal commentary, and cultural studies writings undertaken in this Article has yielded the following conclusions.

First, a participatory theory in which the First Amendment is seen to be advancing public decision-making in a democracy suggests that expressive uses of the celebrity identity, particularly by subaltern groups, that contribute to democratic processes have a higher constitutional value than either artistic speech or entertainment. This observation is reinforced by the Supreme Court's consistent positioning of political speech at the apex of the speech hierarchy. The cultural studies analysis of politically expressive uses of the celebrity identity also augments the participatory argument that political speech ought to be given greater weight in the First Amendment defense as articulated in right of publicity claims.

Second, in the absence of clear Supreme Court precedent governing the treatment of free speech arguments by non-media defendants in publicity claims, lower courts have developed various tests that do not cohere with the prevailing speech hierarchy that appears to accord political speech the highest constitutional value. Most of First Amendment jurisprudence is focused on an examination of governmental control of speech, but this Article has examined the private control of speech through right of publicity laws with the assistance of the lens of cultural studies. Its major conclusion

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<sup>276</sup> See *supra* note 231 and accompanying text.

is that existing tests under the First Amendment defense as argued in publicity claims do not make a clear distinction between the constitutional value of different kinds of speech, and consequently can unduly restrict political speech.

Third, the broad definition of political speech in First Amendment jurisprudence would easily encompass the recoding of celebrity signs by counterpublics that enables “the practice of persons sharing common views banding together to achieve a common end [which] is deeply embedded in the American political process.”<sup>277</sup> As such, cultural studies can inform the revision of existing judicial tests to better take into account the content, form and context of politically expressive uses of the celebrity identity when engaging in an evaluation of the conflict between property and speech rights.

However, a cautionary note is warranted about the judicial use of cultural studies. In reaching its decision in *ETW Corp.*, the Sixth Circuit majority departed from the traditional examination of the clash between publicity and First Amendment rights, and attempted, in a most unsatisfactory and inadequate manner, to import cultural studies into its judicial reasoning. The court dedicated just three paragraphs to a cursory mention of the symbolic value of the celebrity sign and the associative value of Woods’s identity,<sup>278</sup> without any discussion of the uses of the celebrity sign by audiences in their interpretive practices. If the court were to consider the political significance of recoded celebrity signs and the consequent constitutional value of the defendant’s speech that incorporated Woods’s identity, the outcome in *ETW Corp.* might have been different. Unfortunately, the court devoted much of its analysis to the rationales for recognizing a right of publicity<sup>279</sup> instead of how social groups use the celebrity personality as a communicative resource in a manner that deserves First Amendment protection.<sup>280</sup> This type of brief reference to cultural studies as ex-post facto rationalization is not a desirable practice.<sup>281</sup> But, as

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<sup>277</sup> *NAACP v. Claiborne Hardware Co.*, 458 U.S. 886, 906 (1982); *Connick v. Myers*, 461 U.S. 138, 145 (1983); *N.Y. Times Co. v. Sullivan*, 376 U.S. 254, 269, 270 (1964); *Roth v. United States*, 354 U.S. 476, 484 (1957); *NAACP*, 458 U.S. at 906, 913–14; *Garrison v. Louisiana*, 379 U.S. 64, 74–75 (1964).

<sup>278</sup> *ETW Corp. v. Jireh Publ’g, Inc.*, 332 F.3d 915, 938 (6th Cir. 2003).

<sup>279</sup> *Id.* at 931–38. *Contra id.* at 955 (Clay, J., dissenting) (“Despite various commentary and scholarship ... the fact remains that the right of publicity is an accepted right”).

<sup>280</sup> Passing comments were made with regard to the use of the celebrity personality as an important expressive and communicative resource to “symbolize individual aspirations, group identities and cultural values,” but no further analysis was undertaken of *what* particular uses merit First Amendment protection. *Id.* at 935.

<sup>281</sup> Jones, *supra* note 103, at 957 (‘in many instances the courts’ reasoning is result oriented, with the court creating a test that validates the result it wants to reach in the given

this Article has shown, judicial reference to cultural studies could be much more productive. Elsewhere I have argued that cultural studies can also be beneficial to the analyses of the elements of evocation<sup>282</sup> and commercial appropriation<sup>283</sup> in a right of publicity claim.

In conclusion, this Article has demonstrated that cultural writings on the *political* value of the celebrity sign, its meaning and potential uses by counterpublics or subaltern groups, can add to the richness of First Amendment jurisprudence. It contributes to the legal scholarship through its examination of the potential importance of the celebrity sign in political advocacy efforts and its illustration of how these insights may be incorporated into the judicial tests. Courts like the Sixth Circuit can benefit from a structured analysis of how cultural studies may be meaningfully integrated into the First Amendment defense. Regardless of the confusing morass that may surround the application of First Amendment considerations to a right of publicity claim, recognizing the potential of the celebrity sign to function as a political site of contestations offers valuable assistance to the refinement of the current tests.

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<sup>282</sup> David Tan, *Much Ado About Evocation: A Cultural Analysis of “Well-Knownness” and the Right of Publicity*, 28 CARDOZO ARTS & ENT. L.J. 313 (2010).

<sup>283</sup> David Tan, *Affective Transfer and the Appropriation of Commercial Value: A Cultural Analysis of the Right of Publicity*, 9 VA. SP. & ENT. L.J. 272 (2010).

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## Antitrust & the Bowl Championship Series

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Nathaniel Grow\*

### ABSTRACT

This Article analyzes the potential antitrust liability of the Bowl Championship Series (“BCS”), college football’s current system for selecting the participants of both the national championship game as well as other highly desirable post-season bowl games. The BCS has recently been attacked by various politicians and law enforcement officials, who allege that the system constitutes an illegal restraint of trade due to its preferential treatment of universities from traditionally stronger conferences, at the expense of teams from historically less competitive conferences. Meanwhile, the academic literature considering the antitrust status of the BCS is mixed, with most recent commentaries concluding that the BCS alleviated any antitrust concerns when it revised its selection procedures in 2004.

Contrary to these recent scholarly analyses, this Article argues that the BCS remains vulnerable to antitrust attack on two primary grounds. First, the BCS continues to be susceptible to an illicit group boycott claim, insofar as it distributes revenue unequally and without justification to the detriment of universities from the historically less competitive conferences. Second, the BCS can be attacked as an illegal price fixing scheme, both by enabling formerly independent, competing conferences and bowl games to collectively determine the amount of revenue to be distributed to BCS participants, as well as by eliminating any competition between certain BCS bowls for the sale of their broadcast rights to television networks. However, the BCS appears less susceptible to a claim of illegal tying, despite its collective marketing of the television broadcast rights for the BCS bowl games, because television networks are not actually coerced into purchasing the broadcast rights to an unwanted bowl game. Therefore, although the outcome of any antitrust trial is notoriously difficult to predict, this Article concludes that the BCS remains quite vulnerable to antitrust attack.

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### I. INTRODUCTION

It has been declared “flawed”<sup>1</sup> and “unfair,”<sup>2</sup> a “joke,”<sup>3</sup> a “fraud,”<sup>4</sup> and an “abomination.”<sup>5</sup> Senator Orrin Hatch of Utah has called it “un-American,”<sup>6</sup> while Representative Joe Barton of Texas has likened it to “communism.”<sup>7</sup> It is the Bowl Championship Series, or “BCS,” the system through which college football’s annual national champion is crowned. Created through an elaborate series of agreements between various collegiate conferences and post-season bowl games,<sup>8</sup> the BCS uses a system of human polls and computer rankings to select not only the two participants in the national championship game, but also the teams that will

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<sup>1</sup> Barker Davis, *Same Old Song for BCS: One-loss Mix Likely to Bring Controversy*, WASH. TIMES, Nov. 27, 2006, at C04.

<sup>2</sup> Tim Stephens, *BCS is ‘Un-American’*, ORLANDO SENTINEL, Mar. 26, 2009, at C3.

<sup>3</sup> Randall Mell, *BCS Most Likely to Remain Joke*, PITT. POST-GAZETTE, Dec. 11, 2004, at B-2.

<sup>4</sup> *Id.*

<sup>5</sup> Mark Bradley, *SEC Championship: Result Exposes BCS as a No. 1 Abomination*, ATLANTA JOURNAL-CONST., Dec. 9, 2001, at 12D.

<sup>6</sup> Stephens, *supra* note 2, at C03.

<sup>7</sup> Nick Canepa, *Congress Takes Shot at Righting BCS Wrong*, S.D. UNION-TRIB., May 7, 2009, at D-1.

<sup>8</sup> See *Bowl Championship Series FAQ*, BCSFOOTBALL.ORG, <http://www.bcsfootball.org/news/story?id=4809793> (last accessed Oct. 5, 2010). (discussing various agreements).

play in four of the other most prestigious bowl games.<sup>9</sup> In the process, the BCS not only controls access to the most desirable post-season games, but also decides which conferences and universities will receive the significant guaranteed financial payments that accompany an invitation to a BCS bowl game, payouts that can surpass \$19 million for a single bowl appearance.<sup>10</sup>

Because the selection of teams to participate in BCS bowls has rarely been without controversy—especially with respect to the selection of teams to play for the national championship—the system has been criticized frequently since its inception in 1998.<sup>11</sup> This criticism predominantly alleges that major college football’s system for determining a champion lacks the fairness of the systems used by other collegiate and professional team sports, which crown their champions via multi-team, post-season playoff tournaments.<sup>12</sup> Such critics include President Barack Obama, who vowed shortly after his election to “throw his weight around” to convince college football to adopt a playoff system.<sup>13</sup>

While the lack of a playoff is probably the most frequent complaint levied against the BCS, the system faces perhaps more serious criticism on another front. Specifically, various politicians and law enforcement officials are increasingly suggesting that the BCS constitutes an anti-competitive and illegal restraint of trade in violation of federal antitrust law. For example, Senator Hatch directly accused the BCS of violating the Sherman Antitrust Act during recent Senate Judiciary Committee hearings,<sup>14</sup> while Utah Attorney General Mark Shurtleff has threatened to

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<sup>9</sup> *BCS Selection Procedures*, BCSFOOTBALL.ORG, <http://www.bcsfootball.org/news/story?id=4819597> (last accessed Oct. 5, 2010) (discussing the calculation of the BCS standings).

<sup>10</sup> See *Bowl Championship Series Five Year Summary of Revenue Distribution 2005-06 through 2009-10*, NCAA.ORG, <http://www.ncaa.org/wps/wcm/connect/a547f60042494ced83f8d7132e10b8df/BCS++Revenue+Distribution+by+Conference+2009-10.pdf?MOD=AJPERES&CACHEID=a547f60042494ced83f8d7132e10b8df> (last accessed Nov. 8, 2010).

<sup>11</sup> See David Scott Moreland, Comment, *The Antitrust Implications of the Bowl Championship Series: Analysis Through Analogous Reasoning*, 21 GA. ST. U. L. REV. 721, 724 (2005) (“Since its inception, the BCS has been a ‘constant source of debate and controversy.’” (quoting Don Markus, *Judiciary Discussions Increase Chances for Change in BCS System; Playoff Still Isn’t Likely to be Seriously Considered*, BALT. SUN, Sept. 5, 2003, at 10D)).

<sup>12</sup> See, e.g., Katherine McClelland, Comment, *Should College Football’s Currency Read “In BCS We Trust” or is It Just Monopoly Money?: Antitrust Implications of the Bowl Championship Series*, 37 TEX. TECH L. REV. 167, 174–75 (2004).

<sup>13</sup> Michael Wilbon, *When the President-Elect Talks, The BCS Should Listen*, WASH. POST, Nov. 19, 2008, at E01 (quoting President Obama’s statements on the television program 60 Minutes).

<sup>14</sup> Associated Press, *Hatch Calls for BCS Investigation*, ESPN.COM,

initiate legal proceedings against the BCS under antitrust law.<sup>15</sup> Even the U.S. Department of Justice has acknowledged that it is exploring the possibility of launching its own antitrust investigation of the system.<sup>16</sup>

Critics of the BCS typically allege that the system violates antitrust law through its favoritism of universities belonging to six of the traditionally most powerful, so-called “BCS Conferences,”<sup>17</sup> at the expense of universities competing in the historically less successful, so-called “non-BCS Conferences.”<sup>18</sup> Specifically, under the current BCS selection procedures, the champion of each of the six BCS Conferences is guaranteed a berth in a BCS bowl game regardless of its place in the final BCS rankings, while champions of non-BCS Conferences must finish in the top sixteen of the BCS Standings in order to be eligible for an automatic bid.<sup>19</sup> Even then, only the highest ranking non-BCS Conference champion is guaranteed an invitation to a BCS bowl; other highly ranked champions are left to hope that they are selected for one of the four at-large invitations given to teams not qualifying for an automatic BCS bid.<sup>20</sup>

In addition to this competitive disparity, the non-BCS Conferences are

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<http://sports.espn.go.com/ncf/news/story?id=4311694> (last accessed Oct. 5, 2010).

<sup>15</sup> Chris Rizo, *Bowl Championship Series Could Face Multistate Action*, LEGAL NEWS LINE, <http://www.legalnewslines.com/news/224840-bowl-championship-series-could-face-multistate-action> (last accessed Oct. 5, 2010). This is not the first time that Attorney General Shurtleff has rattled his sabre with respect to the BCS. See Joe Drape, *B.C.S. To Explore a More Inclusive System*, N.Y. TIMES, Nov. 17, 2003, at D4 (noting that in 2003 Shurtleff threatened to “ask the antitrust committee of the National Association of Attorneys General to ‘open an investigation to examine whether or not competition is restrained and consumers are harmed under the current B.C.S. arrangement’”).

<sup>16</sup> Frederic J. Frommer, *Federal Government Weighing Action on BCS*, ASSOCIATED PRESS, Jan. 30, 2010, available at <http://www.timesfreepress.com/news/2010/jan/30/federal-government-weighing-action-bcs-football-ga/>.

<sup>17</sup> The Atlantic Coast (“ACC”), Big East, Big Ten, Big Twelve, Pacific Coast (“Pac-10”), and Southeastern (“SEC”) Conferences are generally considered the “BCS Conferences.” See Adam Kilgore, *For Hokies, Some Heavy Lifting; Virginia Tech to Face Kansas With a Struggling Conference on Its Back*, WASH. POST, Jan. 3, 2008, at E01 (referring to those six as the BCS Conferences).

<sup>18</sup> The non-BCS Conferences include Conference USA (“C-USA”), as well as the Mid-American, Mountain West, Sun Belt, and Western Athletic (“WAC”) Conferences. *Is there a true No. 1*, WASH. POST, Aug. 30, 2006, at H08 (noting same). Rather than using the BCS and non-BCS Conference classifications, the BCS instead prefers to distinguish between Automatic Qualifying (“AQ”) and non-Automatic Qualifying (“non-AQ”) conferences, depending on whether the conference is guaranteed an annual BCS bowl bid. *BCS Conferences*, BCSFOOTBALL.ORG, <http://www.bcsfootball.org/news/story?id=4809755> (last accessed Oct. 5, 2010). This Article will nevertheless use the more widely adopted BCS and non-BCS Conference terminology.

<sup>19</sup> *BCS Selection Procedures*, *supra* note 9.

<sup>20</sup> *Id.*

also disadvantaged financially, as the BCS pays each BCS Conference a guaranteed payment of over \$19 million per season for its participation in a BCS bowl game.<sup>21</sup> In comparison, a total of only \$24 million was split between the five non-BCS Conferences following the 2009–10 season, despite the fact that two teams from non-BCS Conferences were among the ten teams that participated in BCS bowl games.<sup>22</sup> Critics allege that this annual disparity in revenue enables the BCS Conferences to maintain significant advantages with respect to facilities, coaching, and recruiting, all of which serve to perpetuate their competitive advantage over the non-BCS Conferences on the football field.<sup>23</sup>

Despite this inequity, skeptics question whether curing the ills of major college football warrants governmental intervention, especially given the many problems currently facing the nation.<sup>24</sup> However, considering that the BCS has been estimated to have an economic impact of over \$1.2 billion per year,<sup>25</sup> and given that some consider the BCS to be “perhaps the most economically and politically powerful cartel since the Sherman Act was passed in 1890,”<sup>26</sup> the legality of the BCS is a significant issue, and one that increasingly appears headed for either a judicial or political resolution.

With the status of the BCS uncertain under federal antitrust law, a number of academic legal analyses have addressed the issue over the years,<sup>27</sup> predominantly focusing on whether the BCS’s discrimination

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<sup>21</sup> *Bowl Championship Series Five Year Summary of Revenue Distribution 2005-06 through 2009-10*, *supra* note 10.

<sup>22</sup> *The BCS Is ...*, BCSFOOTBALL.ORG, <http://www.bcsfootball.org/news/story?id=4809716> (last accessed Oct. 5, 2010).

<sup>23</sup> See *infra* notes 169–171 and accompanying text.

<sup>24</sup> See *BCS Response to DOJ Letter*, BCSFOOTBALL.ORG (Jan. 29, 2010), available at <http://www.bcsfootball.org/news/story?id=4870960> (quoting Bill Hancock, the Executive Director of the Bowl Championship Series).

<sup>25</sup> *The BCS Is ...*, *supra* note 22. Overall, college football is estimated to be a \$2 billion per year industry. Michael Ozanian, *The Business Of College Football*, FORBES (Aug. 13, 2008), available at [http://www.forbes.com/2008/08/13/coach-football-ncaa-biz-cz\\_mb\\_0813coachland.html](http://www.forbes.com/2008/08/13/coach-football-ncaa-biz-cz_mb_0813coachland.html).

<sup>26</sup> McClelland, *supra* note 12, at 205 (quoting Gary R. Roberts, then-Director of the Sports Law Program at Tulane Law School).

<sup>27</sup> See, e.g., M. Todd Carroll, Note, *No Penalty on the Play: Why the Bowl Championship Series Stays In-Bounds of the Sherman Act*, 61 WASH. & LEE L. REV. 1235 (2004); Jasen R. Corns, Comment, *Pigskin Paydirt: The Thriving of College Football’s Bowl Championship Series in the Face of Antitrust Law*, 39 TULSA L. REV. 167 (2003); Lafcadio Darling, Note, *The College Bowl Alliance and the Sherman Act*, 21 HASTINGS COMM. & ENT. L.J. 433 (1999); Brett P. Fenasci, Comment, *An Antitrust Analysis of College Football’s Bowl Championship Series*, 50 LOY. L. REV. 967 (2004); Mark Hales, *The Antitrust Issues of NCAA College Football Within the Bowl Championship Series*, 10 SPORTS LAW. J. 97 (2003); Timothy Kober, Comment, *Too Many Men on the Field: Why Congress Should Punt on the Antitrust Debate Overshadowing Collegiate Football and the Bowl*

against the non-BCS Conferences constitutes an unlawful group boycott. Initially, the commentators were split with regards to the legality of the system.<sup>28</sup> Articles concluding that the BCS did not violate antitrust law generally argued that the pro-competitive benefits of the BCS—most specifically its creation of a national championship game—outweighed the harm inflicted on the non-BCS Conferences under a rule of reason analysis.<sup>29</sup> In contrast, those arguing against the BCS disagreed with that balancing, asserting that the creation of a championship game does not warrant the discriminatory treatment of the non-BCS Conferences.<sup>30</sup> However, following modifications to the BCS selection procedures in 2004, which granted the non-BCS Conferences greater access to BCS bowl games,<sup>31</sup> subsequent academic analyses have overwhelmingly concluded that the current system does not violate antitrust law.<sup>32</sup>

This Article diverges from the existing literature in two ways. First,

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*Championship Series*, 15 SETON HALL J. SPORTS & ENT. L. 57 (2005); McClelland, *supra* note 12; Moreland, *supra* note 11; Leslie Bauknight Nixon, *Playoff or Bust: The Bowl Championship Series Debate Hits Congress (Again)*, 21 ST. THOMAS L. REV. 365 (2009); Christopher Pruitt, *Debunking a Popular Antitrust Myth: The Single Entity Rule and Why College Football's Bowl Championship Series Does Not Violate the Sherman Antitrust Act*, 11 TEX. REV. ENT. & SPORTS L. 125 (2009); C. Paul Rogers III, *The Quest for Number One in College Football: The Revised Bowl Championship Series, Antitrust, and the Winner Take All Syndrome*, 18 MARQ. SPORTS L. REV. 285 (2008); Jude D. Schmit, *A Fresh Set of Downs? Why Recent Modifications to the Bowl Championship Series Still Draw a Flag Under the Sherman Act*, 14 SPORTS LAW. J. 219 (2007); K. Todd Wallace, *Elite Domination of College Football: An Analysis of the Antitrust Implications of the Bowl Alliance*, 6 SPORTS LAW. J. 57 (1999); Jodi M. Warmbrod, Comment, *Antitrust in Amateur Athletics: Fourth and Long: Why Non-BCS Universities Should Punt Rather Than Go For an Antitrust Challenge to the Bowl Championship Series*, 57 OKLA. L. REV. 333 (2004). See also Andrew Zimbalist, *The BCS, Antitrust and Public Policy*, ANTITRUST BULLETIN, available at <http://www.smith.edu/econ/workingpaper/pdfs/Zimbalist1.pdf> (last accessed Oct. 8, 2010) (discussing the BCS from an economist's perspective).

<sup>28</sup> Among the articles determining that the BCS violated antitrust law were Corns, *supra* note 27; Hales, *supra* note 27; McClelland, *supra* note 12; Wallace, *supra* note 27. See also Roger I. Abrams, *Sports Law Issues Just Over the Horizon*, 3 VA. SPORTS & ENT. L.J. 49, 58 (2003) (stating that opponents of the BCS would “have a strong antitrust violation claim,” despite not fully analyzing the issue). Meanwhile, among the articles to conclude that the BCS did not run afoul of antitrust law were Carroll, *supra* note 27; Fenasci, *supra* note 27; Kober, *supra* note 27; Warmbrod, *supra* note 27.

<sup>29</sup> See generally Carroll, *supra* note 27; Fenasci, *supra* note 27; Kober, *supra* note 27; Warmbrod, *supra* note 27.

<sup>30</sup> See generally Corns, *supra* note 27; Hales, *supra* note 27; McClelland, *supra* note 12; Wallace, *supra* note 27.

<sup>31</sup> See generally *BCS Chronology*, BCSFOOTBALL.ORG, <http://www.bcsfootball.org/news/story?id=4819366> (last accessed Oct. 8, 2010).

<sup>32</sup> See, e.g., Nixon, *supra* note 27; Pruitt, *supra* note 27; Rogers, *supra* note 27. But see Schmit, *supra* note 27 (arguing that the modified BCS continues to violate antitrust law).

contrary to the most recent works, this Article argues that a plausible group boycott case can still be asserted against the BCS despite the modifications made to its selection procedures, because the BCS withholds the full financial benefits of participation in BCS bowl games from non-BCS Conference teams—a factor overlooked by the existing analyses. Second, and perhaps more significantly, this Article argues that the existing literature has generally overlooked other potential bases for asserting that the BCS violates federal antitrust law. Specifically, prior analyses have largely failed to consider potential price fixing or tying claims against the BCS, the former of which provides an especially strong point of attack for critics of the BCS.

Accordingly, although the outcome of an antitrust trial is typically difficult to predict,<sup>33</sup> this Article concludes that the BCS remains quite susceptible to attack under federal antitrust law. Specifically, Part II begins by providing the necessary factual context for an antitrust analysis of the BCS, namely a review of the history of post-season college football bowl games and the evolution of the BCS. Part III then presents a brief summary of the relevant provisions of federal antitrust law. Part IV applies these various antitrust theories to the BCS, concluding that the system remains vulnerable to an antitrust challenge on several grounds. Finally, Part V provides a brief recap of the Article's main points and conclusion.

## II. HISTORY OF THE COLLEGE FOOTBALL BOWL SYSTEM AND THE BCS

### *A. The Evolution of the Bowl System*

The National Collegiate Athletic Association (“NCAA”) is the regulatory body for 22 different intercollegiate sports, including college football.<sup>34</sup> The NCAA divides its member institutions into several divisions, with those universities participating at the highest levels of athletic competition designated as Division I.<sup>35</sup> In the case of college

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<sup>33</sup> See, e.g., Maurice E. Stucke, *Does the Rule of Reason Violate the Rule of Law?*, 42 U.C. DAVIS L. REV. 1375, 1422–29 (2009) (discussing the unpredictability of antitrust trials under the rule of reason standard).

<sup>34</sup> McClelland, *supra* note 12, at 175. See also Matthew J. Mitten, *Applying Antitrust Law to NCAA Regulation of “Big Time” College Athletics: The Need to Shift From Nostalgic 19th and 20th Century Ideals of Amateurism to the Economic Realities of the 21st Century*, 11 MARQ. SPORTS L. REV. 1, 2–3 (2000) (noting that the NCAA regulates major college football).

<sup>35</sup> Peter Kreher, *Antitrust Theory, College Sports, and Interleague Rulemaking: A New Critique of the NCAA’s Amateurism Rules*, 6 VA. SPORTS & ENT. L.J. 51, 70 (2006); Michael J. Nichols, *Time for a Hail Mary? With Bleak Prospects of Being Aided by a*

football, Division I is further subdivided into two separate classifications, Football Bowl Subdivision (“FBS”—formerly known as I-A) and Football Championship Subdivision (“FCS”—formerly known as I-AA).<sup>36</sup> The FBS is widely considered the competitively stronger of the two Division I football subdivisions.<sup>37</sup>

In addition to belonging to the NCAA, most universities also belong to a conference of eight or more other colleges.<sup>38</sup> These conferences coordinate a number of athletic competitions between their members,<sup>39</sup> culminating in the crowning of an annual conference champion in each of the sports sponsored by the conference. The conferences are also responsible for distributing the proceeds of various sources of conference revenue, such as television agreements and bowl game participation payments, to their member universities.<sup>40</sup>

Of all the sports officially sanctioned by the NCAA—including football at the FCS, Division II, and Division III levels—FBS football is the

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*College Version of the NFL’s Rooney Rule, Should Minority College Football Coaches Turn Their Attention to Title VII Litigation?*, 8 VA. SPORTS & ENT. L.J. 147, 149–50 (2008).

<sup>36</sup> NCAA ACADEMIC AND MEMBERSHIP AFFAIRS STAFF, THE NATIONAL COLLEGIATE ATHLETIC ASSOCIATION, 2009-2010 NCAA DIVISION I MANUAL § 20.1.1.2 (July 2009), available at <http://www.ncaapublications.com/productdownloads/D110.pdf>.

Prior to 2006, FBS teams were referred to as Division I-A, while FCS teams were labeled I-AA. See Rogers, *supra* note 27 at 286 n.5 (citing David Albright, *NCAA Misses the Mark in Division I-AA Name Change*, ESPN.COM, Dec. 15, 2006, <http://sports.espn.go.com/nfc/columns/story?id=2697774>).

<sup>37</sup> Josh Martin, *The Fairness Doctrine: The BCS of American Politics*, 60 MERCER L. REV. 1393, 1394 n.4 (2008).

<sup>38</sup> See Gregg L. Katz, *Conflicting Fiduciary Duties Within Collegiate Athletic Conferences: A Prescription for Leniency*, 47 B.C. L. REV. 345, 348 (2006) (“Within the larger framework of the NCAA, entities known as conferences provide further structure to intercollegiate athletics. Conferences are associations of NCAA-member schools that conduct competitions among their members and determine a conference champion in one or more sports.”). Presently, 117 of the 120 FBS schools belong to a conference. See 2009 NCAA College Football Standings, ESPN.COM, <http://espn.go.com/college-football/standings/> (last accessed Jan. 12, 2010). Only the University of Notre Dame (“Notre Dame”), the United States Naval Academy (“Navy”), and the United States Military Academy (“Army”) remain independent of any conference affiliation. *Id.* See also Leslie Bauknight Nixon, *Playoff or Bust: The Bowl Championship Series Debate Hits Congress (Again)*, 21 ST. THOMAS L. REV. 365, 369–70 (2009) (noting same).

<sup>39</sup> See Nathaniel Grow, *A Proper Analysis of the National Football League Under Section One of the Sherman Act*, 9 TEX. REV. ENT. & SPORTS L. 281, 298 n.150 (2008) (“a sizeable portion of most college football teams’ schedules are set by the team’s respective conference”).

<sup>40</sup> See Amy Christian McCormick & Robert A. McCormick, *The Emperor’s New Clothes: Lifting the NCAA’s Veil of Amateurism*, 45 SAN DIEGO L. REV. 495, 511–13 (2008) (discussing sources and distribution of conference revenues).

only one that does not culminate its season with a championship playoff tournament.<sup>41</sup> Instead, FBS has traditionally delegated the duty of selecting its national champion to various human polls, in which groups of journalists and football coaches rank the top 25 teams in the nation, with the top ranked team at season's end proclaimed the national champion.<sup>42</sup>

The FBS has maintained this unique system in deference to its long-standing tradition of post-season bowl games.<sup>43</sup> The college football bowl game tradition dates back to 1894, when the University of Chicago hosted Notre Dame in a post-season exhibition game.<sup>44</sup> Since then a number of bowl games have come and gone,<sup>45</sup> with a total of 35 games featuring 70 different teams scheduled to be played between mid-December 2010 and early-January 2011.<sup>46</sup> Each of these bowl games is a privately owned entity, typically formed to increase tourism in the host city.<sup>47</sup> Every bowl game is certified by—but ultimately independent from—the NCAA,<sup>48</sup> and seeks to draw the best available teams to play in its game, primarily by offering to pay schools an appearance fee ranging from \$750,000 to over \$19 million.<sup>49</sup> Not only do universities thus benefit from the bowl system through these guaranteed payments, but they also receive significant exposure insofar as practically every bowl game is nationally televised.<sup>50</sup>

Despite these benefits, the traditional bowl system was not without its faults. Most notably, prior to the formation of the BCS, the bowl system was rarely able to orchestrate a post-season game between the two top ranked teams in the nation. Indeed, between 1968 and 1997, only nine out of the thirty seasons ended with the first and second ranked teams meeting in a post-season bowl game.<sup>51</sup> This unsatisfying outcome was the result of a series of contractual relationships formed between individual bowl games and conferences.<sup>52</sup> These contractual agreements allowed a bowl game to guarantee itself a quality opponent from a particular conference, and gave

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<sup>41</sup> See McClelland, *supra* note 12, at 175 (noting that the NCAA offers eighty-seven championship playoffs in twenty-two sports, but not in FBS football).

<sup>42</sup> Carroll, *supra* note 27, at 1244.

<sup>43</sup> *Id.* at 1245.

<sup>44</sup> Warmbrod, *supra* note 27, at 336.

<sup>45</sup> Hales, *supra* note 27, at 101.

<sup>46</sup> See Richard Sandomir, *It's New York. It's the Stadium. It's the Pinstripe Bowl.*, N.Y. TIMES, Mar. 9, 2010, at B15.

<sup>47</sup> Hales, *supra* note 27, at 101 n.23.

<sup>48</sup> Corns, *supra* note 27, at 178; Wallace, *supra* note 27, at 64.

<sup>49</sup> Carroll, *supra* note 27, at 1246.

<sup>50</sup> See *id.* at 1246 (noting that “increased exposure for a school and its football program” is one of the incentives to participate in a bowl game).

<sup>51</sup> *Id.* at 1251.

<sup>52</sup> See, e.g., Kober, *supra* note 27, at 60.

the conferences long-term agreements that ensured quality allotments of bowl game opportunities for their member universities. However, because these agreements often required the two top ranked teams to play in different, predetermined bowl games, a season ending showdown between the number one and two teams could only occur by happenstance. As a result, nearly one-quarter of the seasons from 1954 through 1997 ended with a “split” national championship, in which the competing polls ranked different universities number one in the country.<sup>53</sup>

In order to address this shortcoming of the traditional bowl system, the College Bowl Coalition (“Bowl Coalition”) was formed in 1992.<sup>54</sup> The Bowl Coalition was created through a set of agreements between five major conferences—the ACC, Big East, Big Eight, SEC, and Southwestern Conferences—-independent Notre Dame, and four marquee bowl games—the Orange, Sugar, Fiesta, and Cotton Bowls—with the goal of pairing the two top ranked teams in a post-season bowl game every year.<sup>55</sup> However, because the Bowl Coalition maintained traditional ties between certain conferences and bowl games, it failed to consistently create a national championship game between the two top ranked teams. For example, under the Bowl Coalition framework, the champion of the SEC was committed to play in the Sugar Bowl, while the champion of the Big Eight was committed to the Orange Bowl.<sup>56</sup> Thus, in any season where the champions of the SEC and Big Eight were ranked first and second, a national championship game would remain elusive. Moreover, because neither the Big Ten nor Pac-10 belonged to the Bowl Coalition, no championship game was possible in years where the champion of one of those conferences was among the nation’s two top ranked teams.<sup>57</sup>

In light of the limitations of the Bowl Coalition, the system was modified in 1994 and renamed the Bowl Alliance.<sup>58</sup> Under the Bowl Alliance, the champions of the participating conferences were no longer obligated to play in a specific bowl game. Instead, the champions of the ACC, Big East, Big Twelve (a combination of the former Big Eight and Southwestern Conferences), and SEC were guaranteed to play in one of the Orange, Sugar, or Fiesta Bowls,<sup>59</sup> with the two remaining slots available to any team in the country that had won at least eight games.<sup>60</sup> As a result, the

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<sup>53</sup> Carroll, *supra* note 27, at 1249.

<sup>54</sup> McClelland, *supra* note 12, at 177–78.

<sup>55</sup> Darling, *supra* note 27, at 437.

<sup>56</sup> *Id.* at 438.

<sup>57</sup> Schmit, *supra* note 27, at 228.

<sup>58</sup> *Id.* at 229.

<sup>59</sup> Wallace, *supra* note 27, at 62.

<sup>60</sup> Darling, *supra* note 27, at 439.

Bowl Alliance was able to arrange a championship game anytime the two top ranked teams in the nation belonged to one of the four participating conferences.

However, because the champions of both the Big Ten and Pac-10 remained committed to playing in the Rose Bowl,<sup>61</sup> the Bowl Alliance was also unable to guarantee a national championship game whenever the champion of one of those conferences was ranked first or second in the country. Just such a scenario arose during the 1997 season, when the University of Nebraska (“Nebraska”) and University of Michigan (“Michigan”) were ranked first and second in the polls following undefeated regular seasons. Michigan, as the champion of the Big 10, was committed to play the Pac-10 champion in the Rose Bowl, while Nebraska headed to the Orange Bowl.<sup>62</sup> After both Michigan and Nebraska won their bowl games, the coaches’ poll ranked Nebraska number one, while the Associated Press’s (“AP”) poll placed Michigan first, resulting in yet another split national championship.<sup>63</sup>

#### *B. The Formation and Development of the Bowl Championship Series*

The failure of both the Bowl Coalition and Bowl Alliance to reliably create number one versus number two championship bowl games motivated the formation of the BCS in 1998.<sup>64</sup> In particular, the BCS improved upon the Bowl Alliance by adding the Big Ten, Pac-10, and Rose Bowl to the existing agreements between the Bowl Alliance’s participating conferences and bowl games.<sup>65</sup> Like the Bowl Alliance, the BCS did not tie together particular conferences and bowls, but rather guaranteed the champions of its six member conferences a bid to one of the four BCS-affiliated bowls, thus enabling the BCS to guarantee a championship game between the first and second ranked teams every year.<sup>66</sup>

The initial BCS selection procedures were based on teams’ rankings in the final BCS Standings, which were compiled by combining four elements: (i) the pre-existing AP and coaches’ polls, (ii) the average of three separate computer ranking systems (the Sagarin, Seattle Times and New York Times ratings), (iii) teams’ win-loss records, and (iv) teams’ strength-of-schedule, based on both the records of a team’s opponents as well as its opponents’

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<sup>61</sup> Warmbrod, *supra* note 27, at 346.

<sup>62</sup> Corns, *supra* note 27, at 173.

<sup>63</sup> *Id.* at 173–74.

<sup>64</sup> Moreland, *supra* note 11, at 724.

<sup>65</sup> Fenasci, *supra* note 27, at 970.

<sup>66</sup> Schmit, *supra* note 27, at 230–31.

opponents.<sup>67</sup> The teams ranked first and second in the final BCS Standings were selected to play in the national championship game, which rotated annually among the four BCS bowls.<sup>68</sup> Next, the remaining champions of the six BCS Conferences were guaranteed a spot in one of the other BCS bowl games. Teams from non-BCS Conferences were only guaranteed an invitation to one of the BCS bowls if they ranked sixth or better in the BCS Standings,<sup>69</sup> while Notre Dame would qualify if it either won at least nine games or finished at least tenth in the final BCS Standings.<sup>70</sup> If any of the eight potential BCS bowl spots remained unclaimed after the automatic selections were made, the BCS bowls could pick the remaining participants from a pool of “at-large” teams, drawn from any university that won at least nine games in the regular season and finished twelfth or higher in the final BCS Standings.<sup>71</sup> However, no more than two schools from a single conference were eligible to appear in BCS games in a single season.<sup>72</sup>

In addition to securing their champions bids to the most prestigious bowl games, the BCS Conferences also realized significant financial benefits from the new agreement. At the time of its formation, the BCS signed an initial television agreement with ABC Sports worth an estimated \$730 million over eight years for the exclusive rights to broadcast the four BCS bowl games,<sup>73</sup> approximately two and a half times the previous annual rate paid for the broadcast rights to the same four games.<sup>74</sup> The proceeds of this broadcast agreement were primarily divided among the six BCS Conferences. For example, during the 2001–02 season, the four BCS bowl games generated nearly \$100 million in revenue, of which over \$94 million was divided among the six BCS Conferences.<sup>75</sup> Although the four BCS bowl games made up only a small fraction of the twenty-five total bowl games played that season, the BCS participants nevertheless received 93% of the total bowl revenues.<sup>76</sup>

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<sup>67</sup> *BCS Chronology*, *supra* note 31. The formula for the BCS Standings has since been frequently modified, and presently includes only a mix of human and computer rankings. See *BCS Selection Procedures*, *supra* note 9.

<sup>68</sup> Fenasci, *supra* note 27, at 970–71.

<sup>69</sup> *Id.* at 971.

<sup>70</sup> Pruitt, *supra* note 27, at 141.

<sup>71</sup> Fenasci, *supra* note 27, at 971.

<sup>72</sup> See *BCS Selection Procedures*, *supra* note 9 (“No more than two teams from a conference may be selected, regardless of whether they are automatic qualifiers or at-large selections, unless two non-champions from the same conference are ranked No. 1 and No. 2 in the final BCS Standings.”).

<sup>73</sup> Schmit, *supra* note 27, at 231.

<sup>74</sup> Zimbalist, *supra* note 27, at 7.

<sup>75</sup> Corns, *supra* note 27, at 176.

<sup>76</sup> *Id.* at 177.

Despite the promise of the BCS to provide a national championship game each year between the nation's top two teams, the BCS has not been without controversy. For example, during the 2000–01 season, the University of Oklahoma (“Oklahoma”) and Florida State University (“Florida State”) were the two top ranked teams in the final BCS Standings, and thus selected to play for the national championship, despite the fact that Florida State had lost earlier in the year to the University of Miami (“Miami”), the third ranked team in the BCS Standings, causing many fans to believe that Miami should have been selected for the title game over Florida State.<sup>77</sup> Similarly, during the 2001–02 season, Miami and Nebraska faced each other for the national championship, even though Nebraska had lost to the University of Colorado (“Colorado”) in the regular season finale, resulting in Colorado being ranked ahead of Nebraska in both the AP and coaches’ polls.<sup>78</sup> In 2003–04, the University of Southern California (“USC”) was ranked first in both the AP and coaches’ polls, yet finished third in the final BCS Standings.<sup>79</sup> As a result, USC was not selected to play in the Sugar Bowl (that year’s BCS championship game), and ultimately split the national title with Sugar Bowl champion Louisiana State University—the exact outcome the BCS was created to avoid.<sup>80</sup> The controversy continued the next year when Auburn University (“Auburn”) failed to be selected for the 2004–05 championship game, despite finishing the season undefeated.<sup>81</sup> Most recently, the selection of participants for the 2009 BCS National Championship Game generated controversy after five different schools finished the regular season undefeated;<sup>82</sup> ultimately, the University of Alabama (“Alabama”) and the University of Texas were selected to compete for the title. In response to these controversies, the BCS has continually tweaked the formula for calculating the BCS Standings.<sup>83</sup>

While the selection of teams for the BCS National Championship Game has generally drawn the most criticism, the selections for the other

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<sup>77</sup> Hales, *supra* note 27, at 123.

<sup>78</sup> *Id.* at 124.

<sup>79</sup> Liz Clarke, *Football Title Game Omits No. 1; Computer Formula Disagrees With Both Major College Polls*, WASH. POST, Dec. 8, 2003, at A1.

<sup>80</sup> McClelland, *supra* note 12, at 203–04.

<sup>81</sup> Rogers, *supra* note 27, at 291.

<sup>82</sup> See Fred Bowen, *With Perfect Records, Which Team is Best?*, WASH. POST, Dec. 3, 2009, at C09 (discussing controversy).

<sup>83</sup> See *BCS Chronology*, *supra* note 31 (documenting changes). Presently, the BCS Standings are calculated by equally weighting three components: “the USA Today Coaches Poll, the Harris Interactive College Football Poll and an average of six computer rankings (Anderson & Hester, Richard Billingsley, Colley Matrix, Kenneth Massey, Jeff Sagarin and Peter Wolfe).” *Bowl Championship Series FAQ*, *supra* note 8.

BCS bowl games have also not gone without controversy. Specifically, during the initial years of the BCS, no team from a non-BCS Conference was selected to participate in a BCS bowl game. For example, Tulane University (“Tulane”) finished the 1998–99 season undefeated and was ranked eleventh in the nation, but did not receive a bid to any of the BCS bowls.<sup>84</sup> Similarly, Marshall University went undefeated the next season—one of only two teams in the country to accomplish the feat—but was forced to play in the Motor City Bowl after being passed over by the BCS.<sup>85</sup> In 2001, Brigham Young University (“BYU”) entered the final game of the regular season undefeated and ranked twelfth in the BCS Standings, only to be informed by BCS officials that the team would not be considered for an at-large invitation to a BCS bowl.<sup>86</sup> Two years later, Boise State University (“Boise State”), Miami University (Ohio), and Texas Christian University (“TCU”) were all similarly denied invitations to BCS bowl games despite outstanding regular season performances.<sup>87</sup>

Following this series of snubs, the non-BCS Conferences decided to work together to obtain greater access to the BCS bowl games. Led by Tulane President Scott Cowen, the non-BCS Conferences formed the Presidential Coalition for Athletics Reform (“Presidential Coalition”), seeking to compel the BCS to modify its selection procedures.<sup>88</sup> The Presidential Coalition ultimately persuaded Congress to become involved, with both the House and Senate Judiciary Committees holding hearings in 2003 regarding the legality of the BCS under antitrust law.<sup>89</sup> Although both Committees generally appeared to side with the non-BCS Conferences, it became apparent that Congress would only step in if other avenues for reform failed.<sup>90</sup>

Despite the lack of Congressional action, the BCS nevertheless succumbed to the Presidential Coalition’s political pressure,<sup>91</sup> and implemented a series of reforms to the BCS structure in 2004 that became effective for the 2006 season.<sup>92</sup> Perhaps most significantly, the BCS Conferences formally included the non-BCS Conferences as parties to the various BCS agreements,<sup>93</sup> granting the non-BCS Conferences a single

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<sup>84</sup> Rogers, *supra* note 27, at 290-91.

<sup>85</sup> Corns, *supra* note 27, at 188.

<sup>86</sup> Schmit, *supra* note 27, at 233.

<sup>87</sup> *Id.* at 234.

<sup>88</sup> *Id.*

<sup>89</sup> Carroll, *supra* note 27, at 1239.

<sup>90</sup> *Id.* at 1239–40.

<sup>91</sup> Schmit, *supra* note 27, at 234.

<sup>92</sup> See *BCS Chronology*, *supra* note 31.

<sup>93</sup> See *id.* (noting the “landmark” agreement including “the chief executive officers

voting position on the eight member BCS Presidential Oversight Committee.<sup>94</sup> In addition to inviting the non-BCS Conferences to participate in the governance of the BCS, the 2004 revisions also included a number of modifications to the BCS's operating procedures. First, the BCS created a new, fifth BCS bowl game to serve as the BCS National Championship Game.<sup>95</sup> This doubled the number of BCS at-large slots from two to four, and thus increased the chances that a non-BCS school would be selected for a BCS bowl game. Second, the BCS made it easier for schools from non-BCS Conferences to earn guaranteed invitations to BCS bowls, with non-BCS teams no longer needing to finish in the top six of the final BCS Standings to guarantee a BCS bowl invitation, as under the original rules. Rather, the new procedures specified that the highest ranked champion of a non-BCS Conference would receive a guaranteed bid so long as it either: (i) ranked in the top twelve of the final BCS Standings, or (ii) ranked in the top sixteen of the final standings and ahead of at least one champion from a BCS Conference.<sup>96</sup> Third, the BCS agreed to reevaluate which conferences would be allotted guaranteed, automatic bids to BCS bowls, implementing new standards to evaluate all eleven FBS conferences every four years based on their on-field performance.<sup>97</sup> Under the new procedures, a minimum of five and maximum of seven conferences will qualify for automatic BCS invitations.<sup>98</sup> Finally, the existing BCS members agreed to share a greater percentage of BCS revenues with the non-BCS Conferences.<sup>99</sup>

The revised procedures quickly resulted in greater access to BCS bowls for non-BCS Conference teams. In 2004–05, the University of Utah (“Utah”) from the Mountain West Conference was selected to play in the Fiesta Bowl, while Boise State was similarly selected for the Fiesta Bowl in 2006–07.<sup>100</sup> In 2007–08 the University of Hawaii from the WAC was picked to play in the Sugar Bowl, as was Utah in 2008–09.<sup>101</sup> Most recently, Boise State and TCU faced each other in the Fiesta Bowl during

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representing all 11 Division I-A conferences and Notre Dame”).

<sup>94</sup> See *Hearing on the Bowl Championship Series: Money and Other Issues of Fairness for Publicly Financed Universities*, House Comm. On Energy and Commerce, 111th Cong. 3 (2009) (statement of Gene Bleymaier, Director of Athletics, Boise State University) (explaining the current voting system) [hereinafter *Bleymaier Congressional Statement*].

<sup>95</sup> Pruitt, *supra* note 27, at 141.

<sup>96</sup> *BCS Chronology*, *supra* note 31.

<sup>97</sup> *Id.*

<sup>98</sup> *Id.*

<sup>99</sup> *Id.*

<sup>100</sup> *BCS, Alliance & Coalition Games, Year-by-Year*, BCSFOOTBALL.ORG, <http://www.bcsfootball.org/news/story?id=4809942> (last accessed Oct. 8, 2010).

<sup>101</sup> *Id.*

the 2009–10 season.<sup>102</sup>

Despite this increased access, critics of the BCS still argue that the system treats teams from the non-BCS Conferences unfairly. These criticisms are two-fold. First, although non-BCS teams have received greater access to BCS bowl games in recent years, no non-BCS team has been selected to play in the national championship game. For example, although Utah was the only university to finish the 2008–09 regular season undefeated,<sup>103</sup> the University of Florida and Oklahoma were instead selected to play for the national championship.<sup>104</sup> Utah had to settle for handily defeating Alabama—a team that had been ranked first for much of the season—in the Sugar Bowl.<sup>105</sup> Similarly, both Boise State and TCU were passed over for a berth in the 2009–10 national championship game despite both finishing the regular season undefeated.<sup>106</sup>

Second, the current BCS system can also be criticized insofar as it unevenly distributes revenue among the participating conferences. Specifically, even when a non-BCS team qualifies for a BCS bowl game, its conference receives a significantly smaller share of BCS revenues than do the six BCS Conferences. For example, following the 2009–10 season, each BCS Conference received a payout of at least \$19.7 million, with the Big Ten and SEC each receiving \$24.2 million by virtue of having had two teams selected to participate in BCS bowls.<sup>107</sup> In contrast, even though non-BCS schools Boise State and TCU both qualified to play in BCS bowls, the non-BCS Conferences received a total of only \$24 million to be split between five different conferences, a disparity that the commissioner of the non-BCS Mountain West Conference previously declared to be “grossly inequitable.”<sup>108</sup>

As a result of these criticisms, the BCS continues to be the subject of significant scrutiny. As noted above, in the last two years the Senate Judiciary Committee has held hearings regarding the BCS,<sup>109</sup> while Utah’s Attorney General and the U.S. Department of Justice have both acknowledged that they are exploring the possibility of litigation or antitrust

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<sup>102</sup> *Id.*

<sup>103</sup> See 2008 College Football Standings, COLLEGEFOOTBALLPOLL.COM, [http://www.collegefootballpoll.com/2008\\_archive\\_standings.html](http://www.collegefootballpoll.com/2008_archive_standings.html) (last accessed Oct. 8, 2010).

<sup>104</sup> BCS, Alliance & Coalition Games, Year-by-Year, *supra* note 100.

<sup>105</sup> *Id.*

<sup>106</sup> *Id.*

<sup>107</sup> Bowl Championship Series Five Year Summary of Revenue Distribution 2005–06 through 2009–10, *supra* note 10.

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

<sup>109</sup> Hatch Calls for BCS Investigation, *supra* note 14.

investigations against the BCS.<sup>110</sup> Therefore, the legality of the BCS under antitrust law remains a hotly contested issue, one that may be headed towards a judicial resolution.

### III. A BRIEF OVERVIEW OF THE RELEVANT ANTITRUST LAW PROVISIONS

Federal antitrust regulation began with the enactment of the Sherman Antitrust Act of 1890,<sup>111</sup> the statute that provides the most likely basis for an antitrust attack against the BCS. The Sherman Act contains two primary provisions combating anticompetitive conduct: Sections One and Two.

Section One of the Sherman Act provides that “[e]very contract, combination . . . or conspiracy, in restraint of trade or commerce . . . is declared to be illegal.”<sup>112</sup> Because a single party cannot contract, combine, or conspire with itself, this prohibition has been interpreted to require an agreement between multiple entities.<sup>113</sup> Moreover, because a literal reading of the provision—condemning “every” contract, combination, or conspiracy in restraint of trade—would outlaw practically all contracts, courts have subsequently limited the applicability of Section One.<sup>114</sup> Specifically, courts have held that in order for a plaintiff to assert a viable claim under Section One, three elements must be established: (i) that an agreement was entered into, (ii) that the agreement unreasonably restrains trade, and (iii) that the agreement affects interstate commerce.<sup>115</sup> In addition to these three requisite elements, courts increasingly also expect a plaintiff to demonstrate how the challenged restraint harms consumer welfare.<sup>116</sup>

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<sup>110</sup> Rizo, *supra* note 15; Frommer, *supra* note 16.

<sup>111</sup> 15 U.S.C. §§1–7 (2006). *See also* Rogers, *supra* note 27, at 292 (noting that federal antitrust law was “first enacted in 1890”).

<sup>112</sup> Sherman Antitrust Act, 15 U.S.C. § 1 (2006).

<sup>113</sup> *See, e.g.*, Christopher R. Leslie, *Unilaterally Imposed Tying Arrangements and Antitrust’s Concerted Action Requirement*, 60 OHIO ST. L.J. 1773, 1776 (1999).

<sup>114</sup> Gabriel A. Feldman, *The Misuse of the Less Restrictive Alternative Inquiry in Rule of Reason Analysis*, 58 AM. U. L. REV. 561, 570 (2009).

<sup>115</sup> *See, e.g.*, Carroll, *supra* note 27, at 1258; Marc Edelman, *Are Commissioner Suspensions Really Any Different From Illegal Group Boycotts? Analyzing Whether the NFL Personal Conduct Policy Illegally Restrains Trade*, 58 CATH. U. L. REV. 631, 640 (2009).

<sup>116</sup> *See* Brown Shoe Co. v. United States, 370 U.S. 294, 344 (1962) (“it is competition, not competitors which the [Sherman] Act protects”). *See also* Douglas H. Ginsburg, *Essays in Honor of Judge Robert H. Bork: I. Competition Law and the Free Market: The Antitrust Paradox: A Policy at War with Itself: Judge Bork, Consumer Welfare, and Antitrust Law*, 31 HARV. J. L. & PUB. POL’Y 449, 451 (2008) (finding that the consumer welfare model of antitrust law had become conventional wisdom in the federal courts by 1977); Rogers,

Should a claim be asserted against the BCS under Section One, neither the first nor third requisite elements are likely to be contested, as the BCS readily admits it was formed through a series of contractual agreements,<sup>117</sup> contracts which are clearly interstate in nature.<sup>118</sup> With respect to the second element, courts have identified various categories of agreements that may unreasonably restrain trade. Of these, the scholarship to date considering the BCS has predominantly focused on one form of restraint, the group boycott, based on the BCS's perceived favoritism of the BCS Conferences at the expense of the non-BCS Conferences.<sup>119</sup>

As the Supreme Court has explained, a group boycott claim typically alleges that competitors have conspired to cut off a rival's "access to a supply, facility, or market necessary to enable the boycotted firm to compete."<sup>120</sup> Such a boycott will generally be found unreasonable, and thus unlawful, when it is "not justified by plausible arguments that [it was] intended to enhance overall efficiency and make markets more competitive."<sup>121</sup>

Although group boycotts typically arise when multiple entities collectively refuse to deal at all with the aggrieved party, a complete boycott is not required to state a valid claim. For example, in the 1959 case of *Klor's, Inc. v. Broadway-Hale Stores, Inc.*,<sup>122</sup> the Supreme Court considered a group boycott claim brought by a San Francisco department

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*supra* note 27, at 295 ("antitrust law has evolved in the last three decades into what is a largely consumer welfare driven model. Under this model, to prove an antitrust offense, one must prove consumer harm rather than simply proving harm to a competitor"). *But see* C. Paul Rogers III, *Symposium: Evolution and Change in Antitrust Law: Foreword: Consumer Welfare and Group Boycott Law*, 62 S.M.U. L. REV. 665 (2009) (discussing the uneven way in which the consumer welfare requirement is applied in group boycott cases).

<sup>117</sup> *Bowl Championship Series FAQ*, *supra* note 8. Of note, the BCS includes agreements among competing conferences and bowl games, making the system both a horizontal and vertical restraint. Carroll, *supra* note 27, at 1264–65. One commentator has recently argued that the BCS constitutes a single entity under antitrust law, and is thus immune from a Section One claim. *See* Pruitt, *supra* note 27. This claim was based largely on the Seventh Circuit Court of Appeal's opinion in *American Needle, Inc. v. National Football League*, 538 F.3d 736 (7th Cir. 2008), a decision recently overruled by a unanimous Supreme Court. *See* *Am. Needle, Inc. v. Nat'l Football League*, 130 S. Ct. 2201 (2010). Following the Supreme Court's rejection of the single entity argument by the National Football League ("NFL"), courts are unlikely to grant the BCS single entity status.

<sup>118</sup> *See, e.g.*, Carroll, *supra* note 27, at 1259 (noting that the effect on interstate commerce factor is not at issue in an antitrust analysis of the BCS).

<sup>119</sup> *See, e.g.*, Rogers, *supra* note 27, at 294 ("The most likely substantive § 1 violation applicable to the BCS is an unlawful boycott or concerted refusal to deal.").

<sup>120</sup> *Nw. Wholesale Stationers, Inc. v. Pac. Stationary & Printing Co.*, 472 U.S. 284, 294 (1985).

<sup>121</sup> *Id.*

<sup>122</sup> 359 U.S. 207 (1959).

store alleging that a competing store had convinced a number of name brand appliance manufacturers to “sell to [plaintiff] only at discriminatory prices and highly unfavorable terms,” if at all.<sup>123</sup> The Court held that the agreed upon refusal to deal with the plaintiff “at the same prices and conditions made available to [its competitor],” “plainly” alleged a boycott.<sup>124</sup> Thus, a showing that the plaintiff was subjected to disparate commercial treatment, even if not rising to the level of an all-out refusal to deal, is sufficient for asserting a group boycott claim.<sup>125</sup>

While a potential group boycott claim has received the most attention to date in antitrust analyses of the BCS, the BCS is also susceptible to different claims under Section One. Because the BCS was formed through a series of agreements between various football conferences and bowl games, it is vulnerable to challenge as an agreement not to compete among competitors. Specifically, as will be discussed below,<sup>126</sup> the BCS is arguably guilty of illegal price fixing by collectively establishing the amounts to be paid to conferences for their participation in BCS bowl games, and also by eliminating any competition between certain BCS bowls for the sale of their broadcast rights to television networks.<sup>127</sup> Generally speaking, “antitrust law condemns [agreements] in which competitors set prices collectively rather than letting competition determine price and output.”<sup>128</sup> Indeed, the Supreme Court has declared that horizontal price fixing agreements—i.e., price fixing agreements between competitors—are “the paradigm of an unreasonable restraint of trade” under Section One of the Sherman Act.<sup>129</sup>

Another potential antitrust claim against the BCS is that it constitutes an impermissible tying agreement insofar as the BCS collectively markets four of the five BCS bowl games, including the national championship

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<sup>123</sup> *Id.* at 209.

<sup>124</sup> *Id.* at 212–13.

<sup>125</sup> See Jonathan M. Joseph, *Hospital Joint Ventures: Charting a Safe Course Through a Sea of Antitrust Regulations*, 13 AM. J. L. AND MED. 621, 631 (1988) (finding that some courts have considered differences in reimbursements by health insurance companies to preferred versus non-preferred providers to be “an illegal refusal to deal under Section 1 of the Sherman Act and therefore find this form of differential reimbursement a restraint of trade”). See also A. Douglas Melamed, *Exclusionary Conduct Under the Antitrust Laws: Balancing, Sacrifice, and Refusals to Deal*, 20 BERKELEY TECH. L.J. 1247, 1248 (2005) (noting that conduct that “weakens . . . or excludes” rivals is anticompetitive).

<sup>126</sup> See *infra* Part IV.B.

<sup>127</sup> See Zimbalist, *supra* note 27, at 38.

<sup>128</sup> Mark A. Lemley & Christopher R. Leslie, *Categorical Analysis in Antitrust Jurisprudence*, 93 IOWA L. REV. 1207, 1226 (2008).

<sup>129</sup> Nat’l Collegiate Athletic Ass’n. v. Bd. of Regents of the Univ. of Okla., 468 U.S. 85, 100 (1984).

game, as a single package to television networks.<sup>130</sup> Tying agreements violate Section One when four elements are present: (i) two or more separate products are grouped together, (ii) the seller conditions the sale of one product on the sale of the other product, (iii) the seller has sufficient economic power to force purchasers to buy both tied products, and (iv) the seller actually coerces the buyer to purchase both tied products.<sup>131</sup> With respect to the final element—actual coercion—courts typically require proof that the buyer was an “unwilling purchaser of the allegedly tied product[.]”<sup>132</sup> Thus, to prove a tying claim a plaintiff must show that it was forced to buy a product it did not want in order to purchase the desired product. Simply having to buy a product that one “does not ‘want as much’” as the tied product is generally not enough.<sup>133</sup>

In Section One cases, courts will typically consider the characterization of the allegedly anticompetitive conduct at issue when deciding which standard of review to apply. For instance, some categories of restraints—including horizontal price fixing—have been found to “always or almost always . . . restrict competition and decrease output” and thus are usually considered *per se* illegal.<sup>134</sup> Conversely, because courts have determined that other categories of restraints—including some tying agreements—may at times promote competition, the legality of these activities is judged under the more flexible rule of reason.<sup>135</sup>

The rule of reason—first endorsed by the Supreme Court in Justice Brandeis’ landmark 1918 decision in *Chicago Board of Trade*<sup>136</sup>—generally involves a three-step process. First, the court will require the plaintiff to prove that the challenged restraint has an adverse effect on competition in a relevant market.<sup>137</sup> Second, should the plaintiff succeed, the burden shifts to the defendant to demonstrate that the restraint possesses procompetitive benefits.<sup>138</sup> Finally, if the defendant successfully establishes that that the

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<sup>130</sup> Specifically, the BCS collectively sells the broadcast rights for the Fiesta, Orange and Sugar Bowls, and the BCS National Championship Game. *ESPN, BCS Agree to Four-year Deal for Television, Radio, Digital Rights*, ESPN.COM, <http://sports.espn.go.com/ncf/news/story?id=3710477> (Nov. 19, 2008). Meanwhile, the Rose Bowl maintains its own broadcasting agreement with ABC. *Id.*

<sup>131</sup> Leslie, *supra* note 113, at 1850–51. See also Feldman, *supra* note 114, at 577–78 (discussing tying agreements generally).

<sup>132</sup> *Trans Sport, Inc. v. Starter Sportswear, Inc.*, 964 F.2d 186, 192 (2d Cir. 1992).

<sup>133</sup> *Six W. Retail Acquisition, Inc. v. Sony Theatre Mgmt. Corp.*, 2004 U.S. Dist. Lexis 5411, at \*22 (S.D.N.Y. March 30, 2004).

<sup>134</sup> *Broad. Music, Inc., v. Columbia Broad. Sys., Inc.*, 441 U.S. 1, 19–20 (1979).

<sup>135</sup> See Feldman, *supra* note 114, at 578 (noting same).

<sup>136</sup> *Bd. of Trade of Chi. v. United States*, 246 U.S. 231 (1918).

<sup>137</sup> See, e.g., Edelman, *supra* note 115, at 647.

<sup>138</sup> Carroll, *supra* note 27, at 1260–61.

restraint has significant redeeming competitive qualities, the court will finally consider whether the asserted procompetitive benefits could be achieved through less restrictive means.<sup>139</sup>

Although the BCS is susceptible to attack as a horizontal price fixing scheme—a category of restraint traditionally condemned as *per se* illegal—most commentators have nevertheless concluded that any antitrust claim against the BCS would likely be judged under the rule of reason standard.<sup>140</sup> This consensus has been reached in view of the Supreme Court’s 1984 opinion in *National Collegiate Athletic Association v. Board of Regents of the University of Oklahoma* (“NCAA”).<sup>141</sup> In *NCAA*, the Court considered an antitrust challenge brought by Oklahoma and the University of Georgia, contesting an NCAA regulation limiting any single university to four nationally televised football games—and six television appearances in total—during a two-year period.<sup>142</sup> The regulations also established “recommended fees” for the television networks to pay to participating universities for national and regional broadcasts.<sup>143</sup> The Supreme Court categorized these restrictions as a horizontal limitation on output and horizontal price fixing, respectively; restraints typically considered *per se* illegal.<sup>144</sup> Nevertheless, the Court elected not to apply the *per se* rule, concluding that a rule of reason analysis was necessary in light of college football being “an industry in which horizontal restraints on competition are essential if the product is to be available at all.”<sup>145</sup> Therefore, although a prospective plaintiff could attempt to distinguish the BCS from the rule established in *NCAA* in order to receive *per se* treatment, a court hearing a Section One challenge to the BCS would likely decide the case under the rule of reason.<sup>146</sup>

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<sup>139</sup> See Feldman, *supra* note 114, at 583 (noting that the standard and burden of proof for the less restrictive means factor varies from circuit to circuit).

<sup>140</sup> See, e.g., Carroll, *supra* note 27, at 1270; Darling, *supra* note 27, at 459; Kober, *supra* note 27, at 66–67; McClelland, *supra* note, 12 at 206; Moreland, *supra* note 11, at 728–29; Wallace, *supra* note 27, at 75; Warmbrod, *supra* note 27, at 370.

<sup>141</sup> 468 U.S. 85 (1984). The *NCAA* case is discussed in greater detail below. See *infra* notes 263–267 and accompanying text.

<sup>142</sup> *NCAA*, 468 U.S. at 94.

<sup>143</sup> *Id.* at 93, 93 n.10.

<sup>144</sup> *Id.* at 99–100.

<sup>145</sup> *Id.* at 101. The Supreme Court recently reaffirmed this rule in *American Needle*, a case involving the antitrust status of professional football. See *Am. Needle*, 130 S. Ct. at 2214 n.6.

<sup>146</sup> For example, one commentator has suggested that *NCAA* may not be applicable to the BCS insofar as the latter organization is a more explicitly commercial enterprise than the not-for-profit *NCAA*. See Rogers, *supra* note 27, at 294. However, given that the Supreme Court reaffirmed the *NCAA* rule in *American Needle*, a case involving the for-profit National Football League, this will be a hard argument for a BCS opponent to win.

In addition to potential liability under Section One, the BCS is vulnerable to attack under Section Two of the Sherman Act as well.<sup>147</sup> Whereas Section One prohibits agreements in restraint of trade between multiple parties, Section Two focuses on monopolization of an industry, typically by a single firm.<sup>148</sup> In order to establish a Section Two monopolization claim, plaintiffs generally must prove two elements: “(1) the possession of monopoly power in the relevant market and (2) the willful acquisition or maintenance of that power as distinguished from growth or development as a consequence of a superior product, business acumen, or historic accident.”<sup>149</sup> Thus, a plaintiff challenging the BCS under Section Two would have to establish that either the BCS National Championship Game itself, or all five of the BCS bowl games collectively, constitute a relevant market, and that the BCS has excluded “non-BCS schools from a meaningful opportunity to compete” in that market.<sup>150</sup>

In asserting that the BCS National Championship Game (or other BCS bowl games) constitutes a relevant market, a plaintiff would likely draw upon the Supreme Court’s 1959 decision in *International Boxing v. United States*,<sup>151</sup> in which the Court held that championship boxing matches comprise a separate and distinct relevant market from non-championship fights for antitrust purposes, due to the significant difference in financial payouts given to the boxers.<sup>152</sup> Along these same lines, a plaintiff could not only argue that the BCS National Championship Game comprises a distinct relevant market, but also that the entire BCS itself constitutes a separate relevant market insofar as an appearance in a BCS bowl game results in a significantly higher payment than does an appearance in any of the other, less prestigious bowl games.<sup>153</sup>

Ultimately, however, a precise assessment of whether the BCS constitutes a separate relevant market would likely require significant economic analysis,<sup>154</sup> analysis beyond the scope of this article. Moreover, because Section Two claims are generally more difficult to prove than

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<sup>147</sup> See Zimbalist, *supra* note 27, at 37–38.

<sup>148</sup> Rogers, *supra* note 27, at 292.

<sup>149</sup> *United States v. Grinnell Corp.*, 384 U.S. 563, 570–71 (1966).

<sup>150</sup> Rogers, *supra* note 27, at 299.

<sup>151</sup> *Int’l Boxing Club of N.Y., Inc. v. United States*, 358 U.S. 242 (1959).

<sup>152</sup> *Id.* at 250–51.

<sup>153</sup> See Carroll, *supra* note 27, at 1246.

<sup>154</sup> See, e.g., E. THOMAS SULLIVAN AND JEFFREY L. HARRISON, UNDERSTANDING ANTITRUST AND ITS ECONOMIC IMPLICATIONS § 2.06[A][2] (5th ed. 2009) (discussing the relevant economic equations, including cross-elasticity of demand calculations, necessary to identify a relevant market). See also Darling, *supra* note 27, at 445 (noting that calculating market power “involves an intricate and thorough assessment of what the competitive market encompasses”).

claims under Section One,<sup>155</sup> an antitrust case against the BCS is unlikely to hinge upon a Section Two claim given the various Section One allegations available to a prospective plaintiff.<sup>156</sup> Therefore, the remainder of this article focuses on an assessment of the BCS's potential liability under Section One of the Sherman Act.

#### IV. ASSESSING THE STRENGTH OF THE POTENTIAL ANTITRUST CLAIMS AGAINST THE BCS

Any number of parties could potentially seek to challenge the BCS under federal antitrust law, including the U.S. Department of Justice, a state attorney general, or an affected conference, university or television network. Meanwhile, because the BCS is not itself a legal entity, but instead is simply a scheduling agreement constructed through a series of contracts between various conferences and bowl games,<sup>157</sup> any antitrust challenge to the BCS would likely name some or all of the BCS participating conferences and bowl games as defendants.

As outlined in Part III, a plaintiff challenging the BCS under antitrust law would have three primary antitrust claims available to it under Section One of the Sherman Act: illegal group boycott, price fixing, and tying.<sup>158</sup> Although at least one of these claims has traditionally been held *per se* illegal, following the Supreme Court's decision in *NCAA* it appears that a challenge to the BCS would be decided under the rule of reason standard.<sup>159</sup> Therefore, this section assesses the merits of each of the three most plausible Section One claims against the BCS by reviewing the applicable arguments regarding the system's anti- and procompetitive effects, as well as any potential less restrictive alternatives.

##### *A. The BCS as an Illicit Group Boycott*

The existing literature considering potential antitrust claims against the BCS has predominantly focused on the system's vulnerability to a group boycott claim.<sup>160</sup> The Supreme Court has stated that a group boycott exists

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<sup>155</sup> See, e.g., Edward Mathias, Comment, *Big League Perestroika? The Implications of Fraser v. Major League Soccer*, 148 U. PA. L. REV. 203, 219–20 (1999).

<sup>156</sup> Darling, *supra* note 27, at 445 (“Section 1 is much broader than section 2 and will generally reach concerted action that may also be monopolization, without the additional difficulty of definitively proving monopoly power as an element.”).

<sup>157</sup> See *supra* note 8 and accompanying text.

<sup>158</sup> See *supra* notes 119–133 and accompanying text.

<sup>159</sup> See *supra* notes 140–145 and accompanying text.

<sup>160</sup> See, e.g., Carroll, *supra* note 27, at 1259–60; Corns, *supra* note 27, at 186; Fenasci, *supra* note 27, at 980; Hales, *supra* note 27, at 115; Kober, *supra* note 27, at 68; Wallace,

when competitors have collaborated to cut off a rival's access to a "supply, facility, or market necessary to enable the boycotted firm to compete."<sup>161</sup> Thus, the existing analyses have primarily considered whether the BCS constitutes a group boycott insofar as it limits the so-called non-BCS Conferences' access to the national championship and other top post-season bowl games.<sup>162</sup>

Specifically, under the initial BCS rules, teams from non-BCS Conferences could only guarantee themselves an invitation to a BCS bowl by finishing sixth or better in the BCS Standings,<sup>163</sup> a feat that no non-BCS university was able to accomplish during the system's first six years.<sup>164</sup> Non-BCS teams were also consistently passed over for at-large BCS berths during this time, despite a variety of schools completing extremely strong seasons.<sup>165</sup>

In view of this allegedly discriminatory conduct, a number of the initial commentators argued that the BCS Conferences had effectively blocked the non-BCS teams from a necessary resource—namely the BCS bowl games and their accompanying financial payouts—and thus had constructed an illegal group boycott.<sup>166</sup> These analyses predominately focused on the financial disparities created by the BCS's differential treatment of the non-BCS Conferences.<sup>167</sup> Not only did the BCS's exclusion of the non-BCS teams prevent those universities from receiving the substantial payouts associated with participation in a BCS bowl game, but it also resulted in additional financial disparities as well. Specifically, because teams in the BCS Conferences compete annually for a spot in one of the highest profile post-season bowl games, they tend to receive greater media attention throughout the season, leading to significant revenue advantages in the form of increased regular season ticket sales, television contracts, sponsorship agreements, and alumni and fan donations.<sup>168</sup>

These revenue and exposure advantages in turn have enabled the BCS schools to hire better coaches, build better facilities, and recruit better

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*supra* note 27, at 67–68.

<sup>161</sup> *Nw. Wholesale Stationers*, 472 U.S. at 294.

<sup>162</sup> *See, e.g.*, Carroll, *supra* note 27; Corns, *supra* note 27; Fenasci, *supra* note 27; Hales, *supra* note 27; Kober, *supra* note 27; Wallace, *supra* note 27.

<sup>163</sup> Fenasci, *supra* note 27, at 971.

<sup>164</sup> *See BCS, Alliance & Coalition Games, Year-by-Year*, *supra* note 100, at 4–7.

<sup>165</sup> *See supra* notes 84–87 and accompanying text.

<sup>166</sup> *See, e.g.*, Corns, *supra* note 27; Hales, *supra* note 27; McClelland, *supra* note 12; Wallace, *supra* note 27.

<sup>167</sup> *See* Corns, *supra* note 27, at 188; Hales, *supra* note 27, at 120–22; McClelland, *supra* note 12, at 206–09; Wallace, *supra* note 27, at 77–79.

<sup>168</sup> McClelland, *supra* note 12, at 207.

student-athletes,<sup>169</sup> generally allowing the BCS Conferences to maintain their competitive advantage over the non-BCS schools on the playing field.<sup>170</sup> Indeed, commentators have noted that the BCS has effectively created—or, at least, reinforced—a bifurcated structure in major college football, fortifying the competitive disparity between the BCS and non-BCS Conferences.<sup>171</sup> As a result, many of the initial commentators concluded that the original BCS system effectively constituted an illicit group boycott by limiting the non-BCS schools’ access to the BCS bowl games and their accompanying guaranteed payments.<sup>172</sup>

However, as discussed above, the BCS ultimately revised its selection procedures in 2004 following a series of Congressional hearings,<sup>173</sup> modifications that increased the non-BCS Conferences’ access to BCS bowls.<sup>174</sup> In particular, the BCS now guarantees a spot to the highest ranked champion of a non-BCS Conference so long as it either ranks (i) in the top twelve of the final BCS Standings, or (ii) in the top sixteen of the final standings and ahead of at least one champion from a BCS Conference.<sup>175</sup> As a result, the number of non-BCS teams participating in BCS bowl games has increased dramatically in recent years.<sup>176</sup> Accordingly, most recent analyses have concluded that the current BCS system no longer runs afoul of antitrust law, insofar as it does not provide an insurmountable barrier preventing non-BCS teams from reaching BCS bowl games.<sup>177</sup>

Despite the increased representation of non-BCS schools in BCS bowl games since 2004, some contend that the BCS continues to perpetuate a group boycott against non-BCS teams by unreasonably preventing non-BCS

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<sup>169</sup> See *id.* See also Hales, *supra* note 27, at 119.

<sup>170</sup> See Hales, *supra* note 27, at 119 (“The disparity in the revenues received by the BCS and non-BCS conferences creates an insurmountable obstacle to overcome.”). See also Craig A. Depken II & Dennis P. Wilson, *Institutional Change in the NCAA and Competitive Balance in Intercollegiate Football*, in *ECONOMICS OF COLLEGE SPORTS* 197, 205 (John Fizel and Rodney Fort eds., 2004) (noting the possibility that “the BCS might perpetuate the dominance of a small number of teams, thereby reducing competitive balance”).

<sup>171</sup> Rogers, *supra* note 27, at 287–88; Wallace, *supra* note 27, at 76–77.

<sup>172</sup> See, e.g., Corns, *supra* note 27; Hales, *supra* note 27; McClelland, *supra* note 12; Wallace, *supra* note 27.

<sup>173</sup> See *supra* notes 89–90 and accompanying text.

<sup>174</sup> See *supra* notes 91–99 and accompanying text.

<sup>175</sup> *BCS Chronology*, *supra* note 31.

<sup>176</sup> See *supra* notes 100–102 and accompanying text.

<sup>177</sup> See, e.g., Nixon, *supra* note 27; Pruitt, *supra* note 27; Rogers, *supra* note 27. *But see* Schmit, *supra* note 27 (arguing that the modified BCS continues to violate antitrust law).

teams from competing in the BCS National Championship Game.<sup>178</sup> Specifically, although several non-BCS teams have recently finished undefeated regular seasons, none were selected to play for the national championship. For example, Utah was passed over for a berth in the BCS National Championship Game despite being the only university to finish the 2008–09 regular season undefeated.<sup>179</sup> Likewise, Boise State and TCU were left out of the 2009–10 championship game despite both finishing the regular season undefeated.<sup>180</sup>

Defenders of the BCS typically brush off such arguments, noting that both BCS and non-BCS Conference schools are equally eligible to participate in the BCS National Championship Game, so long as they finish either first or second in the final BCS Standings.<sup>181</sup> In particular, BCS supporters note that these standings include a computer ranking component, which ostensibly offers an unbiased assessment of each team's competitive strength unaffected by conference affiliation.<sup>182</sup> Therefore, defenders of the BCS assert that all schools, BCS and non-BCS alike, have an equal shot at playing for the championship game.

There are two primary problems with this defense. First, because each of the computer rankings used by the BCS incorporates a strength of

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<sup>178</sup> Matt Canham, *Utah A.G. Presses BCS Probe With Feds*, SALT LAKE TRIB., Nov. 4, 2010, available at <http://www.sltrib.com/sltrib/sports/50601620-77/bcs-shurtleff-utah-championship.html.csp> (last accessed Nov. 8, 2010) (noting that Utah Attorney General Mark “Shurtleff is convinced the BCS is violating anti-trust laws by making it ‘impossible’ for teams from conferences such as the Mountain West Conference and Western Athletic Conference to play for the national title”).

<sup>179</sup> See 2008 College Football Standings, *supra* note 103.

<sup>180</sup> *BCS, Alliance & Coalition Games, Year-by-Year*, *supra* note 100. At the time of publication of this Article, controversy was yet again brewing with respect to TCU's and Boise State's chances to participate in the 2011 BCS National Championship Game. As of November 19, 2010, both schools were once again undefeated, but both trailed the top-ranked University of Oregon (“Oregon”) and second-ranked Auburn in the BCS Standings. See *NCAA College Football BCS Standings Week 12*, ESPN.COM, Nov. 14, 2010, [http://espn.go.com/college-football/bcs/\\_/week/12](http://espn.go.com/college-football/bcs/_/week/12) (last accessed Nov. 21, 2010). Therefore, barring a late season loss by Oregon or Auburn, it currently appears that the two undefeated non-BCS Conference teams will once again be left out of the championship game in favor of teams from BCS Conferences, despite the fact that TCU and Boise State both began the season ranked higher than either of the BCS Conference teams. See *2010 NCAA Football Rankings – Preseason*, ESPN.COM, [http://espn.go.com/college-football/rankings/\\_/week/1](http://espn.go.com/college-football/rankings/_/week/1) (last accessed Nov. 21, 2010).

<sup>181</sup> See, e.g., Carroll, *supra* note 27 at 1276 (“Indeed, if a non-BCS team finishes the season ranked among the top two in the BCS standings, it will necessarily compete for the national championship.”). See also *BCS, Alliance & Coalition Games, Year-by-Year*, *supra* note 100 (discussing the current components of the BCS Standings).

<sup>182</sup> See Morehead, *supra* note 11 at 740 (“the computer component is an objective calculation used to help determine the BCS poll and should pass a court's scrutiny”).

schedule component,<sup>183</sup> teams from non-BCS Conferences—which typically face weaker competition in the majority of their in-conference games—face an uphill battle in securing a top spot in the computer rankings. More significantly, however, this argument overlooks the fact that the BCS’s component computer rankings are themselves deeply flawed. As a number of statisticians have noted, the computer rankings used in the BCS Standings are highly unreliable because they do not account for a team’s margin of victory, a significant factor when attempting to accurately rank teams that have not met head-to-head and have only played twelve or thirteen regular season games.<sup>184</sup> The failure to consider margin of victory disproportionately impacts schools from the non-BCS Conferences because they play the majority of their games against weaker in-conference opponents, and thus must rely on beating lesser competition by significant margins as evidence of their competitive strength.<sup>185</sup> Consequently, despite its use of purportedly unbiased computer rankings, a case can still be made that the BCS unfairly discriminates against non-BCS Conference teams with respect to their potential participation in the national championship game by using flawed computer ranking systems that fail to account for margin of victory.

Ultimately, however, such a group boycott claim is admittedly not as strong as the one that could have generally been asserted prior to the 2004 modifications to the BCS selection procedures. This is because the BCS does not directly discriminate against non-BCS teams when selecting the participants in the BCS National Championship Game, and greater participation by non-BCS Conference teams in BCS bowl games under the current BCS selection procedures suggest that these teams now have a much greater chance to reach the title game. In any event, another, perhaps stronger, basis for a group boycott claim against the BCS remains—one that has been entirely overlooked by the existing scholarly analyses.

Specifically, even if the BCS selection procedures no longer constitute an illicit group boycott following the 2004 modifications, a plausible group boycott claim can be asserted insofar as the BCS unevenly distributes revenue to the detriment of the non-BCS Conferences. In other words, even when a non-BCS university is selected to participate in a BCS bowl game, its conference does not receive a financial payout equal to those received by the BCS Conferences. As noted above, following the 2009–10 season, each

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<sup>183</sup> BCS Selection Procedures, *supra* note 9 (“Each computer ranking provider accounts for schedule strength within its formula.”).

<sup>184</sup> Jeff Passan & Dan Wetzel, *Numbers Are a Weak Spot in the B.C.S. Standings*, N.Y. TIMES, Oct. 17, 2010, at SP-13.

<sup>185</sup> See Ralph D. Russo, *Throw Out the Scores? The BCS Does*, YAHOO.COM, Nov. 4, 2010, <http://rivals.yahoo.com/ncaa/football/news?slug=ap-marginofvictory> (noting same).

BCS Conference received a payout of at least \$19.7 million, with the Big Ten and SEC receiving \$24.2 million each due to the fact they both had two teams selected to participate in BCS bowls.<sup>186</sup> In contrast, the five non-BCS Conferences shared a total of \$24 million, despite both TCU and Boise State having been selected to play in a BCS bowl game.<sup>187</sup> While the Mountain West and WAC (TCU's and Boise State's respective conferences) divided the lion's share of that revenue, they nevertheless received only \$9.8 and \$7.8 million, respectively, for their appearances—totals less than half of those received by the BCS Conferences.<sup>188</sup> Therefore, despite increased access to BCS games for the non-BCS schools, the non-BCS Conferences still face differential treatment with respect to the financial payouts accompanying their appearance in a BCS bowl game.

Thus, while the non-BCS Conferences may have had a more traditional group boycott case to assert against the BCS prior to the 2004 modifications to the BCS selection procedures, critics can still argue that the system unfairly disadvantages the non-BCS Conferences by providing them with a disproportionately smaller share of revenues for their BCS bowl appearances. Indeed, the fact that the BCS has not completely blocked the non-BCS Conferences' access to BCS bowl games is not enough to defeat a group boycott claim. As discussed above, the Supreme Court in *Klor's* found that a plausible group boycott claim had been asserted when the defendants were accused of colluding to prevent the plaintiff from doing business at the same price and under the same conditions as its rivals, even when the collusion did not necessarily result in a literal refusal to deal.<sup>189</sup> Similarly, critics can allege that the BCS has conspired to prevent the non-BCS Conferences from doing business under the same prices and conditions offered to the BCS Conferences. Even in those cases where a team from a non-BCS Conference is able to overcome the odds and earn an invitation to a BCS bowl game, its conference will nevertheless receive little more than half as much money as the BCS Conferences for its participation.<sup>190</sup> As a result, the non-BCS Conferences will never be able to match the revenues generated by teams in the BCS Conferences, thus helping to enable the BCS Conferences to maintain a perpetual competitive advantage.<sup>191</sup>

Should such a group boycott claim be asserted against the BCS, the

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<sup>186</sup> See *supra* notes 107–108 and accompanying text.

<sup>187</sup> *Id.*

<sup>188</sup> *Bowl Championship Series Five Year Summary of Revenue Distribution 2005-06 through 2009-10*, *supra* note 10.

<sup>189</sup> See *supra* notes 122–125 and accompanying text.

<sup>190</sup> See *supra* notes 186–188 and accompanying text.

<sup>191</sup> See *supra* notes 169–171 and accompanying text.

court would presumably apply the rule of reason, as discussed above.<sup>192</sup> In light of the anticompetitive effects that BCS opponents can assert,<sup>193</sup> and the fact that the BCS likely constitutes a relevant market,<sup>194</sup> the court would presumably shift the burden to the BCS to justify itself through a showing of procompetitive benefits. Commentators defending the BCS from antitrust attack have traditionally identified several procompetitive benefits generated by the system. First and foremost, BCS proponents point to the creation of a national championship game as being a significant procompetitive benefit.<sup>195</sup> These commentators note that prior to the creation of the BCS, only rarely did a college football season culminate with the two top ranked teams in the country facing each other in a post-season bowl game.<sup>196</sup> By guaranteeing a national championship game every season, BCS supporters argue that the system has created a substantial benefit for college football fans.<sup>197</sup> However, the significance of this benefit is mitigated by the regular controversy surrounding the selection of teams to play in the BCS National Championship Game, as recounted above.<sup>198</sup>

In addition to the creation of a national championship game, BCS proponents also point to other procompetitive benefits. First, by dispensing with pre-existing contractual agreements between particular conferences and bowl games, BCS supporters argue that the BCS has created better, more compelling post-season bowl match-ups.<sup>199</sup> For this same reason, BCS proponents have also asserted that the BCS has actually increased access to marquee bowl games for non-BCS Conference teams,<sup>200</sup> as prior to the BCS the various contractual agreements made it nearly impossible for a team from a non-BCS Conference to be selected to play in the Fiesta, Orange, Rose, or Sugar Bowls.<sup>201</sup> Therefore, these commentators argue that even under its initial, more restrictive selection procedures, the BCS

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<sup>192</sup> See *supra* notes 140–145 and accompanying text.

<sup>193</sup> See *supra* notes 168–172 and 186–188 and accompanying text.

<sup>194</sup> See *supra* notes 151–154 and accompanying text.

<sup>195</sup> See, e.g. Carroll, *supra* note 27, at 1273–74; Fenasci, *supra* note 27, at 985–86; Kober, *supra* note 27, at 73–74.

<sup>196</sup> See *supra* notes 51–53 and accompanying text.

<sup>197</sup> See, e.g. Carroll, *supra* note 27, at 1273–75; Fenasci, *supra* note 27, at 985–86; Kober, *supra* note 27, at 73–74.

<sup>198</sup> See *supra* notes 77–83 and accompanying text.

<sup>199</sup> See Kober, *supra* note 27, at 75 (“The BCS format has also been successful in creating competitive contests at the end of the season.”).

<sup>200</sup> Carroll, *supra* note 27, at 1275–78; Fenasci, *supra* note 27, at 987–88.

<sup>201</sup> Only once was a non-BCS team invited to play in one of these four bowls during the twenty years preceding the formation of the BCS. Carroll, *supra* note 27, at 1276; Moreland, *supra* note 11, at 741.

actually benefited the non-BCS Conferences by making it possible, even if highly unlikely, that a non-BCS team would be invited to one of the most prestigious bowl games. However, on this point other commentators have argued that the prior system of contractual arrangements was itself “a web of illegal exclusive dealing arrangements,” and thus at best the BCS simply replaced one anticompetitive system with a slightly less anticompetitive, but still illegal system.<sup>202</sup>

Should a judge or jury find that the BCS’s asserted procompetitive benefits outweigh the anticompetitive harms it inflicts on the non-BCS Conferences, the BCS would nevertheless face an additional hurdle under the rule of reason, namely the less restrictive alternatives inquiry. In this third phase of the rule of reason, courts consider whether the asserted procompetitive benefits could be obtained in another manner without the accompanying anticompetitive side effects.<sup>203</sup> The BCS is particularly susceptible to the less restrictive alternatives inquiry, as the procompetitive benefits identified by its supporters could easily be obtained via less burdensome means.<sup>204</sup> Indeed, while the much clamored for post-season playoff tournament would in all likelihood be too radical a deviation from the current system to constitute a less restrictive alternative for antitrust purposes,<sup>205</sup> a number of other, more modest alternatives exist.

Specifically, the primary asserted benefit of the BCS—the creation of a national championship game<sup>206</sup>—can easily be accomplished without the anticompetitive effect of the BCS’s unequal revenue distribution. The existence of a championship game does not depend in any way on disparities in revenue distribution, but rather simply requires that the nation’s top two teams be matched in a single post-season game. Nor for that matter is it necessary that the national championship game be paired with the BCS and its uneven revenue distribution scheme at all, as the game

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<sup>202</sup> McClelland, *supra* note 12, at 212 (quoting Gary R. Roberts, *BCS Backers Forward Flawed Defense*, THE NCAA NEWS (Sept. 29, 2003), [http://web1.ncaa.org/web\\_files/NCAANewsArchive/2003/Editorial/bcs%2Bbackers%2Bforward%2Bflawed%2Bdefense%2B-%2B9-29-03.html](http://web1.ncaa.org/web_files/NCAANewsArchive/2003/Editorial/bcs%2Bbackers%2Bforward%2Bflawed%2Bdefense%2B-%2B9-29-03.html)).

<sup>203</sup> See *supra* note 139 and accompanying text.

<sup>204</sup> See Antitrust Implications of the College Bowl Alliance: Hearing Before the Subcomm. on Antitrust, Business Rights and Competition, S. Comm. on the Judiciary, 105th Cong. 92, 97 (1997) (statement of Gary R. Roberts, then-Professor of Law and Sports Law Program Director, Tulane Law School) [hereinafter Roberts Congressional Statement] (arguing with respect to the BCS’s predecessor the Bowl Alliance, “[i]f the less restrictive alternative doctrine means anything, this must be a classic example of where it should be applied”); Pruitt, *supra* note 27, at 145 (“The greatest threat to the BCS in a rule of reason analysis would most likely be the ‘less restrictive alternative’ test.”).

<sup>205</sup> See, e.g., Fenasci, *supra* note 27, at 994–95.

<sup>206</sup> *Id.* at 985–86; Kober, *supra* note 27, at 73–74.

could easily be held as a stand-alone event without any ties to the other existing BCS bowl games.<sup>207</sup> Thus, because a national championship game could be held absent any of the BCS's financial disparities, this particular procompetitive benefit of the BCS could easily be realized through less restrictive alternative means—either as a stand-alone game separate from the rest of the BCS, or as part of a BCS system that more equitably distributes its revenue to all participants.

Similarly, other benefits of the BCS regularly cited by its supporters—namely, the creation of more compelling post-season bowl games and increased access for the non-BCS Conferences<sup>208</sup>—also do not rely upon the BCS's uneven revenue distribution scheme. Indeed, both of these benefits could also be obtained through a system in which revenue was distributed more equitably amongst all participating universities and conferences. Thus, these benefits are also obtainable through less restrictive means, and cannot save the BCS under a rule of reason analysis.

In lieu of any sufficiently compelling procompetitive arguments, the BCS may turn to other potential defenses. First, the BCS could argue that the current distribution scheme is not anticompetitive, but instead simply reflects the fact that television networks value the broadcast rights for games featuring BCS Conference schools more than those for games involving non-BCS teams.<sup>209</sup> In other words, BCS supporters might argue that because the inclusion of the BCS Conferences generates a significant portion of the revenues realized by the BCS, those conferences rightfully deserve to split the lion's share of BCS revenues amongst themselves.

However, this argument is belied by the television ratings for BCS bowl games involving non-BCS teams. Indeed, of the five BCS bowl games to date featuring non-BCS universities, three have received higher television ratings than other BCS bowl games the same season featuring only BCS Conference teams.<sup>210</sup> Most significantly, the 2010 Fiesta Bowl, which featured two non-BCS schools playing one another—Boise State and TCU—outdrew the Orange Bowl, which featured two teams from BCS Conferences, by a significant margin.<sup>211</sup> Accordingly, the argument that the BCS's unequal revenue distribution is justified by the reduced appeal of

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<sup>207</sup> See, e.g., Corns, *supra* note 27, at 198; Darling, *supra* note 27, at 465–66; Schmit, *supra* note 27, at 251.

<sup>208</sup> See *supra* notes 199–201 and accompanying text.

<sup>209</sup> Michael Smith, *The BCS' Big Split*, SPORTS BUS. J., Jan. 25, 2010, <http://www.sportsbusinessjournal.com/article/64647> (reporting such an argument made by Nebraska chancellor Harvey Perlman).

<sup>210</sup> TV Ratings, BCSFOOTBALL.ORG, <http://www.bcsfootball.org/news/story?id=4819384> (last accessed Oct. 8, 2010).

<sup>211</sup> *Id.*

games involving non-BCS universities is contradicted by the actual television ratings for these games.

Alternatively, even if one accepts the proposition that all of the BCS Conferences are categorically more desirable to television networks than are any of the non-BCS Conferences, this defense by the BCS would still succumb to the least restrictive alternative inquiry. Specifically, a wide variance exists in the attractiveness of each of the six BCS Conferences to television networks. Currently the BCS Conferences have individual television contracts worth anywhere from \$242 million (Big Ten) to \$33 million (Big East) per year.<sup>212</sup> Therefore, rather than simply distributing an equal amount of revenue to each BCS Conference, with any participating non-BCS Conferences receiving a predetermined, lesser amount, a less restrictive alternative would be for the BCS to distribute its revenue such that each conference is rewarded for the value it contributes individually to the BCS. Such a system would dispense with the categorical discrimination against the non-BCS Conferences, and instead distribute revenue on a more meritorious basis across the entire BCS.

Another potential defense available to the BCS is that even if it has effectively constructed a group boycott of the non-BCS Conferences, its boycott does not harm consumer welfare and thus is not a cognizable injury under federal antitrust law.<sup>213</sup> Put differently, the BCS can argue that consumers of college football—i.e., college football fans—are not harmed by any disparities in revenue paid to the non-BCS Conferences, and therefore at most the alleged boycott injures rivals to the BCS Conferences, but not the competitive process itself.<sup>214</sup>

The strength of this potential defense is unclear. As an initial matter, the applicability of the consumer welfare requirement in group boycott cases is uncertain, as the Supreme Court has not yet reevaluated its prior boycott precedents following the increased focus on consumer welfare in antitrust law.<sup>215</sup> Indeed, at its root a classic group boycott claim could be

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<sup>212</sup> Matt Peloquin, *2009 College Sports TV Revenue by Conference*, COLLEGESPORTSINFO.COM, Dec. 25, 2009, <http://news.collegesportsinfo.com/2009/12/2009-college-sports-tv-revenue-by.html>.

<sup>213</sup> See, e.g., *The Bowl Championship Series: Is it Fair and In Compliance with Antitrust Law?*, Senate Judiciary Comm., Subcommittee on Antitrust, Competition Policy and Consumer Rights, 111th Cong. (2009) (statement of William Monts, outside counsel for the BCS) [hereinafter Monts Congressional Statement] (arguing that consumer welfare is not harmed by the BCS's uneven system of revenue distribution). For more on the consumer welfare requirement in antitrust generally, see *supra* note 116 and accompanying text.

<sup>214</sup> See Rogers, *supra* note 27, at 297 (“Consumer harm . . . would be . . . difficult for non-BCS schools to establish.”).

<sup>215</sup> See generally Rogers, *supra* note 116 (noting that applicability of consumer welfare requirement is uncertain in group boycott cases).

said to ultimately protect competitors themselves, rather than competition generally, rendering consumer welfare of potentially questionable significance in group boycott cases.<sup>216</sup>

However, should a court determine that harm to consumer welfare must be established, such a requirement would not necessarily doom a group boycott claim against the BCS. As an initial matter, a plaintiff challenging the BCS could point to the 2004 decision in *Metropolitan Intercollegiate Basketball Ass'n v. National Collegiate Athletic Ass'n*, in which the U.S. District Court for the Southern District of New York considered whether consumer welfare was harmed by a rule preventing universities selected for the NCAA's college basketball national championship tournament from participating in the competing post-season National Invitational Tournament ("NIT").<sup>217</sup> The NCAA—like the defenders of the BCS—argued that its regulation did not harm consumers, but instead only harmed a competitor to the NCAA, and thus did not present a cognizable antitrust claim.<sup>218</sup> The court rejected the NCAA's consumer welfare argument, finding that it could not distinguish harm to the competing NIT from harm to competition itself. Specifically, the court held that because the NCAA's rule ultimately prevented the competing NIT from offering consumers the most competitive basketball possible, consumer welfare was sufficiently implicated to allow the NIT to proceed with its antitrust case.<sup>219</sup>

Opponents of the BCS can similarly argue that the BCS's disproportionate revenue distribution system harms consumer welfare by decreasing the competitiveness of college football games played by non-BCS Conference teams. As discussed above, BCS Conference schools use the disproportionately higher revenue they receive from the BCS to hire better coaches, recruit better athletes, and build better facilities than non-BCS Conference teams.<sup>220</sup> As a result, the BCS helps perpetuate significant competitive discrepancies between BCS and non-BCS Conference teams on the field, discrepancies that ultimately reduce the competitiveness of games played by non-BCS Conference teams.<sup>221</sup> Fans therefore lose the opportunity to enjoy the most competitive football games possible, the same

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<sup>216</sup> See *id.* at 667 ("All of the decisions involving exclusion of competitors have, without exception, focused on the exclusionary effect on the target rather than the impact of the collective action on the market.").

<sup>217</sup> *Metropolitan Intercollegiate Basketball Ass'n v. National Collegiate Athletic Ass'n*, 339 F.Supp.2d 545 (S.D.N.Y. 2004).

<sup>218</sup> *Id.* at 551.

<sup>219</sup> *Id.*

<sup>220</sup> See *supra* notes 169–170 and accompanying text.

<sup>221</sup> Rogers, *supra* note 27, at 287–88; Wallace, *supra* note 27, at 76–77.

harm to consumer welfare that was identified by the court in *Metropolitan Intercollegiate Basketball Ass'n*.<sup>222</sup> Moreover, because many BCS Conference schools use their significant football revenues to support a variety of other non-revenue generating sports teams, the financial disparities wrought by the BCS can ultimately dampen competition throughout collegiate athletics, allowing the BCS schools to field much stronger teams than non-BCS Conference schools across a number of different sports.<sup>223</sup>

The effect of the BCS's disproportionate revenue distribution on the competitiveness of the non-BCS Conference schools is especially relevant in a consumer welfare context because, as Professor Gary Roberts has persuasively argued, "[c]onsumers of college athletics are to a great extent motivated by emotional loyalty to a particular school," with many fans expressing interest in a particular game "primarily because they are personally affiliated with one of the schools or because a team is affiliated with a local or regional college."<sup>224</sup> For example, Professor Roberts noted that "many fans of the University of Cincinnati football team are not interested in Florida State's team even if it is the best team in the country."<sup>225</sup> Along these same lines, it is hard to imagine that fans in, say, Boise, Idaho would be persuaded that they are not harmed at all by a BCS system that gives their local team (Boise State) a disproportionate share of revenue for its participation in a BCS bowl game—a discrepancy which in turn directly affects the school's athletics budget, and thus ultimately the quality of the various sports teams that it fields.

Moreover, a plaintiff challenging the BCS can also generally allege consumer harm by pointing to recent surveys showing that upwards of 90 percent of college football fans disapprove of the BCS.<sup>226</sup> While much of this unpopularity does not directly result from the BCS's revenue distribution discrepancies (but rather reflects the prevailing desire for a playoff in FBS college football), it nevertheless is indicative of the fact that the BCS generally inflicts harm upon the consumers of college football. Therefore, given the general unpopularity of the BCS among college

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<sup>222</sup> *Metropolitan Intercollegiate Basketball Ass'n*, 339 F.Supp.2d at 551.

<sup>223</sup> See Sally Jenkins, *It's Time For Congress To Sack the BCS*, Wash. Post, Nov. 11, 2010, available at <http://www.washingtonpost.com/wp-dyn/content/article/2010/11/10/AR2010111006922.html> (last accessed Nov. 11, 2010) (noting same).

<sup>224</sup> Roberts Congressional Statement, *supra* note 204. See also Hales, *supra* note 27, at 122 (arguing same).

<sup>225</sup> Roberts Congressional Statement, *supra* note 204.

<sup>226</sup> See Dan Wetzel, *Obama Could Bust the BCS With Broncos*, YAHOO.COM, Jan. 5, 2010, <http://rivals.yahoo.com/ncaa/football/news?slug=dw-obamaplayoff010510> (last accessed Nov. 8, 2010) (noting a recent "a Sports Illustrated poll found 90 percent of college fans have a negative opinion of" the BCS).

football fans, as well as the favorable decision in *Metropolitan Intercollegiate Basketball Ass'n*, opponents of the BCS can credibly allege that the BCS's uneven revenue distribution policies harm consumer welfare. Ultimately though, the persuasiveness of this argument will likely vary from court to court.

Finally, although perhaps not offering an absolute defense to a group boycott claim, the BCS would also likely defend itself from such a charge by emphasizing that the non-BCS Conferences have themselves been a party to the BCS agreements ever since modifications were made to the BCS in 2004.<sup>227</sup> Thus, the BCS can argue that the non-BCS Conferences have had an opportunity to participate in any decisions regarding the BCS's selection procedures and its methods of distributing revenue. However, the significance of this argument is minimal given that the non-BCS Conferences' have only been granted one collective vote out of the eight total on the BCS Presidential Oversight Committee.<sup>228</sup> Accordingly, the non-BCS Conferences lack any meaningful ability to modify the BCS's revenue distribution policies. Indeed, this defense would not even defeat a lawsuit filed by a disadvantaged non-BCS Conference or university, as courts have regularly entertained antitrust suits in the professional sports context by teams challenging league-wide rules that they themselves had previously agreed to, either implicitly or explicitly.<sup>229</sup>

Therefore, although the outcome of a rule of reason trial is generally difficult to predict,<sup>230</sup> opponents of the BCS have a reasonably strong case if they allege that the system's unequal revenue distribution constitutes an illegal group boycott. While the BCS will be able to cite several procompetitive benefits of varying strength, ultimately those same benefits could be achieved through less restrictive alternative means. The BCS's strongest defense appears to be that its alleged restraint does not harm consumer welfare, although its chances of succeeding on that argument are far from certain. Accordingly, the BCS remains quite susceptible to attack as a group boycott under a rule of reason analysis, despite its 2004 modifications to increase access for the non-BCS Conferences.

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<sup>227</sup> See *supra* notes 92–99 and accompanying text.

<sup>228</sup> Bleymaier *Congressional Statement*, *supra* note 94.

<sup>229</sup> See, e.g., *Chicago Prof'l Sports Ltd. P'ship v. Nat'l Basketball Ass'n*, 95 F.3d 593 (7th Cir. 1996) (considering case filed by a National Basketball Association team against league television policies); *Sullivan v. Nat'l Football League*, 34 F.3d 1091 (1st Cir. 1994) (deciding lawsuit filed by NFL owner challenging NFL rule prohibiting public ownership of teams); *Los Angeles Memorial Coliseum Commission v. Nat'l Football League*, 726 F.2d 1381 (9th Cir. 1984) (considering antitrust challenge to an NFL rule limiting the movement of league franchises).

<sup>230</sup> Stucke, *supra* note 33, at 1422–29.

*B. The BCS and Price Fixing*

Although a potential group boycott claim against the BCS has received the vast majority of the attention in the academic literature, a price fixing claim against the BCS also provides a strong basis for attacking the BCS under federal antitrust law. Specifically, a prospective plaintiff can assert that the BCS constitutes an illegal price fixing scheme by both enabling formerly independent, competing conferences and bowl games to collectively establish a common pay scale for participation in all BCS bowls, as well as by allowing several of the BCS bowl games to eliminate pricing competition by collectively selling their broadcast rights to television networks.

First, the BCS fixes the payments made to participating conferences. Historically, each bowl game determined for itself how much of a financial payment to offer universities, a practice that continues today for bowl games outside of the BCS.<sup>231</sup> However, upon the formation of the Bowl Alliance, one of the BCS's predecessor entities,<sup>232</sup> the Alliance bowls and participating conferences agreed to a uniform scale under which all bowl payouts were determined.<sup>233</sup> The results of this price fixing scheme were immediately apparent, with the payouts for the three Alliance bowls—the Fiesta, Orange, and Sugar Bowls—more than doubling between the 1994 and 1996 seasons.<sup>234</sup> These increased costs were ultimately passed on to college football fans, through higher ticket prices and television fees, thus harming consumer welfare.<sup>235</sup>

As noted above, the practice of collectively determining the payouts for participating bowl games has continued under the BCS.<sup>236</sup> For example, following the 2009–10 season, the BCS determined that each of the six BCS Conferences would receive a minimum of \$19.7 million for their participation in the system, with both the Big 10 and SEC getting an additional \$4.5 million for each having had a second team selected to participate in a BCS game.<sup>237</sup> Meanwhile, the BCS collectively determined that the five remaining non-BCS Conferences would receive a total of only

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<sup>231</sup> See Thomas O'Toole, *\$17M BCS Payouts Sound Great, But ...: League, Bowl Rules Skew Schools' Cuts*, USA TODAY, Dec. 6, 2006, at 1C (noting that non-BCS bowls negotiate directly with conferences, sometimes resulting in different payouts being offered to the two teams competing against one another in a single bowl game).

<sup>232</sup> See *supra* notes 58–63 and accompanying text.

<sup>233</sup> Roberts Congressional Statement, *supra* note 204.

<sup>234</sup> *Id.*

<sup>235</sup> *Id.*

<sup>236</sup> See *supra* notes 107–108 and accompanying text.

<sup>237</sup> *Bowl Championship Series Five Year Summary of Revenue Distribution 2005–06 through 2009–10*, *supra* note 10.

\$24 million, despite two universities from non-BCS Conferences having been selected for BCS bowl games that season.<sup>238</sup>

Payouts under the BCS are thus established without regard to the competitive strength or marketability of any individual participating university. In other words, two BCS Conferences each placing one team in a BCS bowl game will earn exactly the same, regardless of whether their champion is the top ranked team in the country and selected to play in the BCS National Championship Game, or the lowest ranked team participating in a lower profile BCS game. This was illustrated in the 2005–06 season, when Pac-10 champion and defending national champion USC was ranked first in the nation and selected to play for the national championship, while ACC champion Florida State received an automatic bid to play in the Orange Bowl despite only being ranked 22nd in the nation.<sup>239</sup> Notwithstanding this significant disparity in ranking and marketability,<sup>240</sup> both the Pac-10 and ACC received identical payments of around \$16.6 million from the BCS.<sup>241</sup> In a competitive marketplace, the Pac-10 would surely have received a much greater payment than the ACC by virtue of being the host conference of the nation's number one team.

Second, a price fixing claim can also be alleged against the BCS due to the fact that various BCS bowls collectively sell their broadcast rights to television networks. Historically, each bowl individually negotiated the sale of its rights to television networks, with the price paid for the broadcast rights to a particular game thus determined in a competitive marketplace. However, following the formation of the BCS in 1998, three of the BCS bowls—the Fiesta, Orange, and Sugar Bowls—have sold their broadcast rights collectively, eliminating any pricing competition between these bowl games.<sup>242</sup>

As a result, the BCS bowls have been able to charge television networks significantly higher prices for their broadcast rights. For example, when the BCS was formed in 1998, ABC Sports agreed to pay an estimated \$730 million over eight years for the initial rights to broadcast the four BCS

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<sup>238</sup> *Id.*

<sup>239</sup> All-time Results, BCSFOOTBALL.ORG, <http://www.bcsfootball.org/news/story?id=4809856> (last accessed Oct. 8, 2010).

<sup>240</sup> See Zimbalist, *supra* note 27, at 38 (noting that “the national championship game regularly has the strongest [television] ratings [of all BCS bowl games] by a healthy margin”).

<sup>241</sup> *Bowl Championship Series, Five Year Summary of Revenue Distribution, 2003-2007*, NCAA.ORG, available at <http://www.ncaa.org/wps/wcm/connect/f54bee004e0b9a869ce0fc1ad6fc8b25/BCS++Revenue+Distribution+by+Conference+2007-08.pdf?MOD=AJPERES&CACHEID=f54bee004e0b9a869ce0fc1ad6fc8b25> (last accessed Oct. 8, 2010).

<sup>242</sup> McClelland, *supra* note 12, at 179.

bowl games,<sup>243</sup> approximately two and a half times the previous annual rate paid for the broadcast rights to the same four games.<sup>244</sup> Following the completion of that initial agreement with ABC, the broadcast rights to the Fiesta, Orange, and Sugar Bowls, along with the rights to the newly created BCS National Championship Game for the years in which it was hosted by one of those three games, were collectively sold to Fox for an estimated \$320 million over four years.<sup>245</sup> Most recently, ESPN paid \$125 million per year to land a four-year contract for the broadcast rights to the same games.<sup>246</sup> Therefore, by working together to jointly sell the broadcast rights to their games, the Fiesta, Orange, and Sugar Bowls have been able to extract significantly higher sums of money from television networks than they were ever able to individually charge in a competitively priced market.

Given that the BCS openly allows formerly competing conferences and bowl games to both collectively agree upon the amount to be paid for participation in BCS bowl games, as well as eliminate pricing competition when selling their television broadcast rights, a *prima facie* case of price fixing can be asserted against the BCS. The BCS would likely defend itself against such a claim by arguing that the BCS member conferences and bowl games have effectively formed a joint venture, and therefore their joint decisions regarding the amounts paid to participating conferences or charged to television networks do not violate antitrust law.<sup>247</sup> However, the mere fact that competitors have formed a joint venture alone does not shield their collective activities from scrutiny under the Sherman Act.<sup>248</sup> Rather, courts consider whether the challenged conduct is central to the core operations of the joint venture, or instead ancillary to the venture's

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<sup>243</sup> Schmit, *supra* note 27, at 231.

<sup>244</sup> Zimbalist, *supra* note 27, at 7.

<sup>245</sup> Michael Hiestand, *Fox to Announce Deal to Air Fiesta, Orange, Sugar bowls in '06*, USATODAY.COM, Nov. 21, 2004, [http://www.usatoday.com/sports/columnist/hiestand-tv/2004-11-21-hiestand\\_x.htm](http://www.usatoday.com/sports/columnist/hiestand-tv/2004-11-21-hiestand_x.htm) (last accessed Oct. 17, 2010).

<sup>246</sup> Tom Weir & Michael Hiestand, *BCS Officially Headed to ESPN Starting in 2011*, USATODAY.COM, Nov. 19, 2008, [http://www.usatoday.com/sports/college/football/2008-11-17-bcs-fox-espn\\_N.htm](http://www.usatoday.com/sports/college/football/2008-11-17-bcs-fox-espn_N.htm) (last accessed Oct. 17, 2010).

<sup>247</sup> See *Monts Congressional Statement*, *supra* note 213 (arguing that the BCS should be analyzed as a "joint venture among the various conferences and institutions").

<sup>248</sup> See *Am. Needle*, 130 S. Ct. at 2215 ("If the fact that potential competitors shared in profits or losses from a venture meant that the venture was immune from §1, then any cartel 'could evade the antitrust laws simply by creating a 'joint venture' to serve as the exclusive seller of their competing products.'") (quoting *Major League Baseball Props., Inc. v. Salvo, Inc.*, 542 F.3d 290, 335 (2d Cir. 2008) (Sotomayor, J., concurring)). See also Gabriel Feldman, *The Puzzling Persistence of the Single Entity Argument for Sports Leagues: American Needle and the Supreme Court's Opportunity to Reject a Flawed Defense*, 2009 WISC. L. REV. 835, 865–66 ("A determination that cooperation is necessary for the formation of a venture does not immunize all of the operations of that venture.").

fundamental purpose.<sup>249</sup> The legality of these latter, “ancillary restraints”—i.e., those which reasonably and necessarily affect operations outside the natural scope of the joint venture—is judged under the rule of reason by balancing “the injury to competition [from the ancillary restraint] against [its] purported benefits.”<sup>250</sup>

It will be difficult for the BCS to argue that its price fixing activities are central, and not ancillary, to the underlying purpose of the BCS. Indeed, the BCS’s own website states that the system is “designed to ensure that the two top ranked teams in the country meet in the national championship game, and to create exciting and competitive matchups among eight other highly regarded teams in four other bowl games.”<sup>251</sup> In other words, the basic purpose of the BCS is simply to coordinate compelling college football bowl game pairings, and not to distribute revenue or negotiate television contracts. Indeed, with the exception of the BCS National Championship Game that was created in 2006, the BCS has not itself created or produced any football games; instead, it has simply facilitated the scheduling of better matchups in the preexisting BCS bowl games. Therefore, any agreement as to the payouts given to participants in the BCS bowls, or the prices charged for the broadcast rights to these games, are not central to the primary purpose of the BCS joint venture. Instead, these price fixing restraints would at best be considered ancillary restraints supporting—but not directly essential to—the BCS’s primary objective.

However, an argument can be made that the BCS’s price fixing restraints are not even properly characterized as ancillary. Although the BCS will assert that the various participating conferences would have been unwilling to enter the original BCS agreement without being guaranteed uniform bowl payouts for their participation, one could certainly argue that this agreement was not reasonably necessary to form the joint venture. Indeed, the allure of playing in a national championship game, along with the already substantial payouts previously offered independently by the various BCS bowls, may very well have been sufficient to persuade all of the BCS Conferences to participate. Similarly, the BCS will have an even more difficult time arguing that the collective sale of television broadcast rights is necessary to promote the venture’s fundamental objective of scheduling exciting bowl matchups. The BCS framework in no way requires that the Orange, Fiesta, and Sugar Bowls are all broadcast on the same television network, let alone that the three bowls collectively negotiate

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<sup>249</sup> Thomas A. Piraino, Jr., *The Antitrust Analysis of Joint Ventures After the Supreme Court’s Dagher Decision*, 57 EMORY L.J. 735, 744 (2008).

<sup>250</sup> *Sullivan*, 34 F.3d at 1102; see also Feldman, *supra* note 248 at 865 n.203 (citing additional cases).

<sup>251</sup> *The BCS Is ...*, *supra* note 22.

the sale of their broadcast rights, as evidenced by the fact that the BCS has survived even though the Rose Bowl has continued to negotiate its own television agreement.<sup>252</sup>

In any event, regardless of whether these price fixing schemes are classified as ancillary, such a claim against the BCS would likely be judged under the rule of reason. Indeed, although horizontal price fixing has traditionally been held to be *per se* illegal under Section One of the Sherman Act,<sup>253</sup> following the Supreme Court's decision in *NCAA*<sup>254</sup> any price fixing claim against the BCS will presumably be decided under the rule of reason, for the reasons discussed in Part III above.<sup>255</sup> Moreover, the BCS could also argue that *per se* illegality for its bowl appearance payment scheme is inappropriate because the arrangement contains both horizontal and vertical price fixing agreements,<sup>256</sup> the latter of which are to be judged under the rule of reason following the Supreme Court's 2007 opinion in *Leegin Creative Leather Products v. PSKS, Inc.*<sup>257</sup> Therefore, the legality of the BCS's price fixing schemes would likely be judged by weighing their anticompetitive effects against any procompetitive benefits.

A court considering the BCS's price fixing schemes should find their anticompetitive effects to be readily apparent, given that both restraints are at best ancillary to the BCS's fundamental objective, and considering that the Supreme Court has declared that "no elaborate industry analysis is required to demonstrate the anticompetitive character of [a price fixing] agreement."<sup>258</sup> Indeed, the BCS has eliminated any pricing competition between the formerly independent bowl games and conferences. Thus, the BCS would bear the burden of proving that its price fixing schemes yield sufficient procompetitive benefits to outweigh their clear anticompetitive effects.

As with the group boycott claim discussed above,<sup>259</sup> the creation of a national championship game provides little procompetitive justification with respect to a potential price fixing claim against the BCS. Neither a

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<sup>252</sup> *ESPN, BCS Agree to Four-year Deal for Television, Radio, Digital Rights*, *supra* note 130 (noting that unlike the other BCS games, which will be broadcast on ESPN, "[t]he Rose Bowl will continue to be televised on ABC through 2014 under a separate, previous contract").

<sup>253</sup> *See, e.g.*, Feldman, *supra* note 114, at 577–78.

<sup>254</sup> *See NCAA*, 468 U.S. at 103.

<sup>255</sup> *See supra* notes 140–145 and accompanying text.

<sup>256</sup> *See Carroll, supra* note 27, at 1264–65 (noting that the BCS includes both horizontal and vertical restraints).

<sup>257</sup> 551 U.S. 877 (2007).

<sup>258</sup> *See NCAA*, 468 U.S. at 109 (quoting *Nat'l Soc'y of Prof'l Eng'rs v. United States*, 435 U.S. 679, 692 (1978)).

<sup>259</sup> *See supra* note 207 and accompanying text.

common pay scale across the BCS bowl games, nor the collective sale of broadcast rights are in any way necessary to stage a national championship game. Thus, a championship game could easily be established via less restrictive means. For the same reason, the BCS's other procompetitive arguments considered with respect to a group boycott claim would similarly fall short when applied to a price fixing claim.<sup>260</sup>

Instead, the more plausible—and perhaps only—procompetitive argument available to the BCS is that the establishment of a common pay scale for all BCS bowl games helps to maintain competitive balance in college football. Specifically, the BCS may elect to argue that its uniform bowl payouts are necessary to prevent any single university or conference from developing a significant financial advantage over its competition. As discussed above, universities can use such revenue disparities to build better facilities and retain better coaches than their rivals operating on smaller budgets.<sup>261</sup> Therefore, the BCS could assert that its common pay scale helps maintain competitive balance by ensuring that each of the top conferences earn the same amount for their participation in the marquee bowl games.

The BCS will face two significant hurdles in order to convince a court that this competitive balance concern justifies its price fixing scheme. First, the BCS would be forced to confront the argument that its preferential treatment of the six BCS Conferences actually *decreases* competitive balance across college football. As discussed above, many commentators have argued that the BCS in fact perpetuates competitive imbalance, insofar as it gives the BCS Conferences a consistent revenue advantage over the non-BCS Conferences, a disparity that enables the six favored conferences to maintain their historical competitive dominance over the traditionally weaker non-BCS Conferences.<sup>262</sup>

Second, even if the BCS convinces a judge or jury that the system does not in fact decrease overall competitive balance in college football, its competitive balance argument would nevertheless face another hurdle: the fact that the Supreme Court previously considered and rejected a similar defense in the *NCAA* case. There, the NCAA attempted to justify its regulation fixing the price that universities charged television networks to broadcast football games on the grounds that the restriction helped to maintain competitive balance among NCAA member institutions.<sup>263</sup> Although the Supreme Court accepted that maintenance of competitive balance was generally a legitimate interest for the NCAA to pursue, it

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<sup>260</sup> See *supra* note 208 and accompanying text.

<sup>261</sup> See *supra* notes 169–172 and accompanying text.

<sup>262</sup> See *id.*

<sup>263</sup> See *NCAA*, 468 U.S. at 91–94, 117.

nevertheless rejected the proposition that competitive balance concerns justified the particular price fixing scheme at issue.<sup>264</sup> Specifically, the Court held that the NCAA's plan was poorly suited to achieve competitive balance insofar as it failed to either regulate the overall amount of money that a university could spend on its football program, or the ways in which colleges could spend football-related revenues.<sup>265</sup> The Court noted that the NCAA instead simply imposed "a restriction on one source of revenue that is more important to some colleges than to others."<sup>266</sup> The Court further found that the NCAA presented "no evidence that this restriction produces any greater measure of equality throughout the NCAA than would a restriction on alumni donations, tuition rates, or other revenue-producing activity."<sup>267</sup> Accordingly, the Court held that the NCAA's price fixing scheme was poorly suited to achieve its interest in maintaining competitive balance, and thus did not outweigh the anticompetitive effects of the challenged restraint.

Given the Supreme Court's decision in *NCAA*, the BCS will have a difficult time arguing that its common pay scale price fixing scheme sufficiently enhances competitive balance to outweigh the agreement's clear anticompetitive harms. As in *NCAA*, the BCS only regulates one source of football-related revenue earned by the conferences and universities, and does not affect other substantial sources of revenue such as alumni donations, regular season ticket sales, television contracts, and sponsorship agreements.<sup>268</sup> Moreover, like the regulation struck down by the Supreme Court in *NCAA*, the BCS places no limitations on the manner in which football-related revenues may be used. Therefore, it is difficult to imagine that a court would accept the BCS's competitive balance argument in light of the *NCAA* precedent.

However, even if a court were willing to accept the BCS's competitive balance argument as a justification for its fixing of the prices paid to conferences participating in BCS bowl games, that argument would not provide a justification for the elimination of competition between the Fiesta, Orange, and Sugar Bowls when selling their broadcast rights to television networks. Indeed, while the collective marketing of the television rights to

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<sup>264</sup> *Id.* at 117.

<sup>265</sup> *Id.* at 119.

<sup>266</sup> *Id.*

<sup>267</sup> *Id.*

<sup>268</sup> See, e.g., McCormick & McCormick, *supra* note 40, at 522 (noting that many universities generate significant football revenues through both ticket sales and related donations); Jack Carey & Andy Gardiner, *Commercialized College: Corporate Sponsors in Spring*, USA TODAY, [http://www.usatoday.com/sports/college/football/2009-04-16-spring-game-sponsorship\\_N.htm](http://www.usatoday.com/sports/college/football/2009-04-16-spring-game-sponsorship_N.htm) (last accessed Oct. 8, 2010) (noting increase in football-related corporate sponsorships).

these bowls certainly helps generate some of the significant revenues distributed by the BCS, ultimately it is not necessary to maintain competitive balance because the BCS could instead simply evenly distribute any revenues earned individually by competing bowl games. Therefore, it is difficult to imagine a sufficiently compelling pro-competitive argument that would justify the collective sale of television broadcast rights under the Sherman Act.

Lastly, for a prospective plaintiff an added benefit of a price fixing claim under either theory is that it bypasses the BCS's strongest defense to a group boycott claim, namely a lack of the requisite harm to consumer welfare necessary to state a valid antitrust claim.<sup>269</sup> While the strength of the consumer welfare argument is questionable in the group boycott context,<sup>270</sup> there should be little doubt that consumer welfare is harmed by both of the BCS's price fixing restraints. As noted above, the BCS's price fixing agreements ultimately result in higher costs being passed on to consumers in the form of increased ticket prices and television fees.<sup>271</sup> Indeed, the initial BCS television contract resulted in an increase of approximately two and a half times the previous annual rate paid for the broadcast rights to the same four bowl games.<sup>272</sup> While some of this escalation can undoubtedly be attributed to increased desirability resulting from the fact that each of the BCS games was slated to host a national championship matchup, at least some of it was also almost certainly due to the elimination of competition between the Fiesta, Orange, and Sugar Bowls. Because these increased fees are ultimately passed on to the consumer, a consumer welfare defense by the BCS would thus be without merit in response to a price fixing claim.

Accordingly, should a prospective plaintiff challenging the BCS assert a price fixing claim against the system—whether premised on the uniform bowl payouts or the collective sale of broadcast rights—such a claim would seem to have a strong possibility of success.

### *C. The BCS as an Illegal Tying Arrangement*

Finally, given the collective sale of the broadcast rights for the Fiesta, Orange, and Sugar Bowls, a prospective plaintiff challenging the BCS may seek to assert that the system constitutes an illegal tying agreement. As noted above, a tying agreement violates Section One of the Sherman Act when four elements are present: (i) two or more separate products are

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<sup>269</sup> See *supra* notes 213–214 and accompanying text.

<sup>270</sup> See *supra* notes 215–226 and accompanying text.

<sup>271</sup> See Roberts Congressional Statement, *supra* note 204 (noting same).

<sup>272</sup> Zimbalist, *supra* note 27, at 7.

grouped together, (ii) the seller conditions the sale of one product on the sale of the other product, (iii) the seller has sufficient economic power to force purchasers to buy the tied products, and (iv) the seller actually coerces the buyer to purchase all of the tied products.<sup>273</sup>

A tying claim against the BCS would most likely be asserted by a television network that attempted to purchase the broadcasting rights for one of the BCS bowl games. Such a plaintiff should easily be able to establish the first element—the grouping of multiple separate products—given the collective sale of the broadcast rights for the Fiesta, Sugar, and Orange Bowls, along with the rights to the BCS National Championship Game for the years in which it is hosted by one of the three aforementioned bowls.<sup>274</sup> Arguing that these games do not constitute separate products will be extremely difficult for the BCS, as prior to the formation of the BCS these bowls independently marketed their own broadcasting rights to networks.

A plaintiff should also be able to establish the second element of a tying claim, as the purchase of the broadcasting rights for any of the Fiesta, Orange, and Sugar Bowls, along with the BCS National Championship Game, appears to be contingent on purchasing the rights for the other games as well.<sup>275</sup> The BCS could argue that the sale of broadcast rights for any one game does not hinge on purchasing the other games, perhaps pointing to the example of the Rose Bowl, which individually markets its broadcasting rights to ABC.<sup>276</sup> However, because the broadcasting rights for the standalone BCS National Championship Game are packaged along with the rights to broadcast the corresponding BCS bowl game held in the same city in a particular year,<sup>277</sup> at a minimum a plaintiff would likely be able to establish that the purchase of broadcasting rights for the championship game are conditioned on acquiring the rights to a second BCS game.

Similarly, a court would likely find the third element of a tying claim to be satisfied as well, as the BCS's control over the national championship game and other marquee bowl match-ups gives it significant economic power in the market for the broadcast rights for the most desirable post-

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<sup>273</sup> See Leslie, *supra* note 113, at 1850–51. See also Feldman, *supra* note 114, at 577–78 (discussing tying agreements generally).

<sup>274</sup> See ESPN, *BCS Agree to Four-year Deal for Television, Radio, Digital Rights*, *supra* note 130 (noting that although ESPN purchased the rights to broadcast the Fiesta, Orange, and Sugar Bowls from 2011–2014, it only acquired the rights to the BCS National Championship Game from 2011–2013, the years in which one of the aforementioned bowls will host the title game).

<sup>275</sup> See *id.*

<sup>276</sup> See *id.*

<sup>277</sup> See *id.*

season college football games. Indeed, the economic power wielded by the BCS became apparent soon after its formation, when the BCS successfully increased television revenues by sixty percent in the first year of its initial television contract with ABC.<sup>278</sup>

Although a prospective plaintiff should thus be able to establish the first three elements of a tying claim against the BCS, satisfying the fourth factor would likely prove more difficult. Specifically, in establishing actual coercion, courts typically require that a plaintiff prove it was an “unwilling purchaser” of one of the tied products.<sup>279</sup> In other words, a prospective plaintiff would need to prove that it was forced to buy the broadcast rights to at least one BCS game it did not wish to purchase in order to obtain the rights for the game(s) it wanted to broadcast. While it is possible that a television network would only be interested in acquiring the broadcast rights to a certain BCS game, in most cases a network interested in purchasing the rights to one BCS game would usually want the rights to the other games as well. Indeed, given that BCS bowl games consistently draw strong television ratings,<sup>280</sup> every BCS game would seem to have at least some appeal to most networks.

Therefore, it will be difficult for a television network to prove that it was actually an “unwilling purchaser” of any BCS game. Instead, a court would likely find that the network was simply more interested in purchasing the rights to some games than others, an insufficient level of coercion under the existing case law.<sup>281</sup> Accordingly, the chances of success for a tying claim against the BCS do not appear to be as strong as for a group boycott or price fixing claim.

## V. CONCLUSION

This Article has considered the continued viability of an antitrust action against the Bowl Championship Series, the system through which participation in college football’s national championship game and other most prestigious post-season bowl games is determined. Although an overwhelming majority of academic commentators have concluded that the BCS alleviated most antitrust concerns through its 2004 revised selection procedures, this Article has instead argued that the BCS remains susceptible to antitrust attack on several grounds. First, opponents of the BCS can

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<sup>278</sup> McClelland, *supra* note 12, at 179.

<sup>279</sup> See, e.g., *Trans Sport*, 964 F.2d at 192.

<sup>280</sup> *T.V. Ratings*, *supra* note 210.

<sup>281</sup> See, e.g., *Six W. Retail Acquisition*, 2004 U.S. Dist. Lexis 5411, at \*22 (holding that having to buy a product that one “does not ‘want as much’” as the tied product is not enough).

argue that the system continues to maintain a group boycott insofar as it inequitably distributes revenue, preventing the non-BCS Conferences from realizing the full benefits of BCS participation. Second, the BCS can also be attacked as an illegal price fixing scheme due to the fact that it enables formerly independent, competing conferences and bowl games to establish a common pay scale for participation in all BCS bowl games, and eliminates any pricing competition between certain BCS bowl games for the sale of their broadcast rights. Finally, however, a tying claim based on the collective marketing of BCS television broadcast rights appears less promising.

Although the outcome of any case under Section One of the Sherman Act is difficult to predict, this Article contends that the BCS would struggle to defend itself against a group boycott or price fixing claim under the rule of reason, because its alleged procompetitive benefits could similarly be obtained via less restrictive alternatives. Accordingly, this Article concludes that the BCS remains quite vulnerable to an antitrust challenge, should the political process fail to address the inequalities of the BCS.

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Caught in the Copyright Rye: Freeing First  
Amendment Interests from the Constraints of the  
Traditional View

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**ABSTRACT**

Courts traditionally have taken the position that there is no need to make any special allowance for the First Amendment interests of defendants in copyright infringement cases because the distinction in copyright law between ideas and expression and the fair use doctrine supposedly act as suitable built-in safeguards of free speech. However, the distinction between ideas and expression does not amount to a meaningful First Amendment protector, and the fair use doctrine is only partially satisfactory in that regard. Using as a starting point the recent litigation involving J.D. Salinger and an author whose novel commented on Salinger and the famous writer's best-known work (*The Catcher in the Rye*), we explore broader questions associated with the uneasy relationship between copyright law and the First Amendment. We offer factor-by-factor recommendations for making the fair use analysis more protective of First Amendment interests, so that the fair use doctrine can become the free speech safeguard that courts' traditional view has long represented it to be. In addition, we provide free-speech-sensitive recommendations regarding remedies issues that arise when a copyright infringement defendant's fair use defense is plausible but not sufficient to prevent liability.

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### I. INTRODUCTION

Perhaps Fredrik Colting should have known better. Did he underestimate the likelihood that J.D. Salinger, the reclusive author of *The Catcher in the Rye*,<sup>1</sup> would sue him for copyright infringement after he wrote a novel that drew upon *Catcher* through heavy use of Salinger's iconic Holden Caulfield character?<sup>2</sup> Given Salinger's previously

<sup>1</sup> J.D. SALINGER, *THE CATCHER IN THE RYE* (1951).

<sup>2</sup> *Salinger v. Colting*, 641 F. Supp. 2d 250 (S.D.N.Y. 2009), *vacated*, 607 F.3d 68 (2d Cir. 2010).

demonstrated inclination to initiate infringement litigation,<sup>3</sup> Colting was naïve if he thought a lawsuit would not result. On the other hand, perhaps Colting expected litigation but considered it a chance for notoriety and an opportunity for vindication of his intended defense: fair use.<sup>4</sup>

Either way—naïvely, or opportunistically—Colting became a defendant.<sup>5</sup> In asserting the fair use defense, Colting no doubt learned what copyright infringement defendants frequently find out: hinging one's fate on the fair use defense involves considerable difficulty and uncertainty. Courts' fair use determinations require a painstaking factor-based analysis whose outcome proves difficult to predict.<sup>6</sup> Little about the fair use doctrine is black and white; it exists largely in shades of gray.

In *60 Years Later: Coming Through the Rye*,<sup>7</sup> Colting borrowed the Caulfield character but made him six decades older than *Catcher's* teenaged Holden.<sup>8</sup> Salinger sought a preliminary injunction to prevent publication and distribution of Colting's novel.<sup>9</sup> A federal district court obliged, rejecting the defendant's fair use argument.<sup>10</sup> The U.S. Court of Appeals for the Second Circuit upheld the district court's resolution of the fair use issues.<sup>11</sup> However, the Second Circuit vacated the preliminary injunction and remanded for further proceedings because the district court had not taken into account injunctive relief standards contemplated in a Supreme Court decision that the Second Circuit deemed applicable.<sup>12</sup> The factual context of *Salinger v. Colting* and the conclusions of the district court and the Second Circuit make the case a useful starting point for examination of broader questions concerning the fair use defense and the role First

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<sup>3</sup> See *Salinger v. Random House, Inc.*, 811 F.2d 90 (2d Cir. 1987) (holding that biographer who borrowed from Salinger's unpublished letters engaged in copyright infringement).

<sup>4</sup> *Salinger*, 641 F. Supp. 2d at 254–55. See 17 U.S.C. § 107 (2006).

<sup>5</sup> *Salinger*, 641 F. Supp. 2d at 253–54. The firms slated to publish and distribute Colting's novel were also sued. *Id.*

<sup>6</sup> See, e.g., *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 577–78 (1994) (noting case-by-case, factor-based nature of fair use analysis). See also 17 U.S.C. § 107 (listing fair use factors courts must apply).

<sup>7</sup> JOHN DAVID CALIFORNIA, *60 YEARS LATER: COMING THROUGH THE RYE* (2009) [hereinafter *60 YEARS*]. Fredrik Colting is the author's given name. He used John David California as a pen name. *Salinger*, 641 F. Supp. 2d at 253.

<sup>8</sup> See *Salinger*, 641 F. Supp. 2d at 258.

<sup>9</sup> *Id.* at 254.

<sup>10</sup> *Id.* at 268–69. The sweeping preliminary injunction barred the defendants from “manufacturing, publishing, distributing, shipping, advertising, promoting, selling, or otherwise disseminating any copy of *60 Years* or any portion thereof, in or to the United States.” *Id.* at 269.

<sup>11</sup> *Salinger v. Colting*, 607 F.3d 68, 83 (2d Cir. 2010).

<sup>12</sup> *Id.* at 77–83. The Supreme Court decision was a patent case. *eBay, Inc. v. MercExchange, L.L.C.*, 547 U.S. 388 (2006).

Amendment considerations should play in copyright infringement litigation. This article focuses on those broader questions.

Section II introduces basic copyright principles and provides background on the fair use defense. Section III summarizes the district court and Second Circuit decisions in *Salinger v. Colting*. Besides analyzing the decisions, Section IV considers broader questions stemming from *Salinger* and other cases presenting fair use issues. As later analysis will show, it is necessary to reassess the Supreme Court's view that the distinction between ideas and expression and the fair use doctrine adequately address First Amendment concerns in copyright cases.<sup>13</sup> This need is especially pronounced because of the vast duration of copyrights, thanks to lengthy extensions enacted by Congress.<sup>14</sup> We contend in Section IV that given how First Amendment principles are applied outside the copyright setting, the traditional view of the relationship between the fair use doctrine and the First Amendment sometimes provides an empty promise of free speech protection.

Section V proposes specific modifications of the four-factor fair use analysis in an effort to enable the fair use doctrine to realize its potential for safeguarding First Amendment interests. We call for altering current handling of profit-motivated uses of others' copyrighted works,<sup>15</sup> so that certain such uses are evaluated more consistently with First Amendment principles as applied outside the copyright context. We then offer recommendations for making the second and third fair use factors (nature of the copyrighted work and amount and substantiality of what the user borrowed<sup>16</sup>) more sensitive to First Amendment concerns.

Regarding the effect on potential markets for the copyrighted work,<sup>17</sup> Section V stresses the importance of remembering that fair use is a case-by-case, fact-specific inquiry. When courts attempt to balance copyright owners' economic interests against the expressive interests of copyrighted works' users, resorting too quickly to general assumptions regarding potential market effect poses a danger that defendants' free speech interests will not be adequately addressed. A hard look at the facts is especially important in cases such as *Salinger*, where the copyright owner has no intention of licensing his work<sup>18</sup> and is inappropriately seeking moral rights

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<sup>13</sup> See, e.g., *Eldred v. Ashcroft*, 537 U.S. 186, 219–21 (2003).

<sup>14</sup> See 17 U.S.C. §§ 302, 304 (2006).

<sup>15</sup> See *Campbell*, 510 U.S. at 584–85 (1994). We also urge the elimination of a *Campbell*-suggested distinction between parody and satire. See *id.* at 579–83.

<sup>16</sup> 17 U.S.C. § 107 (2006).

<sup>17</sup> *Id.*

<sup>18</sup> See *Salinger*, 641 F. Supp. 2d at 268.

over it.<sup>19</sup>

Finally, Section V considers free speech interests that may be present even when fair use arguments fail and the court concludes that copyright infringement occurred or is likely to have occurred. Because remedies issues may trigger First Amendment concerns, we advocate careful judicial attention to whether injunctive relief (preliminary or permanent) is necessary in the case at hand, instead of resorting to an injunction as a matter of course.<sup>20</sup> We also offer suggestions regarding damages determinations in cases in which free speech interests are significant but do not prevent the imposition of infringement liability.

## II. COPYRIGHT PROTECTION, INFRINGEMENT, AND FAIR USE: AN OVERVIEW

### A. Copyright Protection Basics

Congressional authority to enact copyright laws resides in Article I, § 8 of the United States Constitution, which states that 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.”<sup>21</sup> The purpose of this limited property right is to “motivate the creative activity of authors” in order to benefit the public with creative works.<sup>22</sup> The limited scope and duration of the copyright holder’s entitlement “reflect[] a balance of competing claims upon the public interest: creative work is to be encouraged and rewarded, but private motivation must ultimately serve the cause of promoting broad public availability of literature, music, and the other arts.”<sup>23</sup>

A work that demonstrates a modicum of originality and is fixed in a “tangible medium of expression”<sup>24</sup> gains protection for its expression of an idea but not for the idea itself nor for any factual material contained within the work.<sup>25</sup> Fictional characters may also be separately protected by

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<sup>19</sup> See *id.* Moral rights apply only as to a narrow range of works of visual art, not to copyrighted works generally. See 17 U.S.C. §§ 101, 106A (2006).

<sup>20</sup> In that portion of Section V, we express agreement with the injunctive relief approach taken by the Second Circuit in *Salinger*, 607 F.3d at 79–82, even though we disagree with that court’s—and the district court’s—resolution of the fair use issues. *Id.* at 83; 641 F. Supp. 2d at 256–68.

<sup>21</sup> U.S. CONST. art. I, § 8, cl. 8.

<sup>22</sup> *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 429 (1984).

<sup>23</sup> *Twentieth Century Music Corp. v. Aiken*, 422 U.S. 151, 156 (1975).

<sup>24</sup> 17 U.S.C. § 102(a) (2006); *Feist Publ’ns, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340, 345 (1991).

<sup>25</sup> 17 U.S.C. § 102(b) (2006); *Feist*, 499 U.S. at 344–45, 363.

copyright if they satisfy certain legal tests.<sup>26</sup> There is little doubt that both *Catcher in the Rye* and the character of Holden Caulfield are protectable under copyright law.<sup>27</sup> But that fact does not end the inquiry. Proper consideration of fair use and First Amendment principles leads to the conclusion that copyright owners' otherwise legitimate rights over their creations must sometimes give way to the rights of users and of the public.<sup>28</sup>

### *B. Copyright Infringement and the Fair Use Defense*

As a general rule, a copyright owner has the exclusive right to reproduce her work, prepare derivative works based on it, distribute copies of it, display it, and perform it publicly.<sup>29</sup> Copyright protection exists at the moment a work is created and fixed in a tangible medium.<sup>30</sup> For works created on or after January 1, 1978, the copyright generally endures for the life of the author plus 70 years after her death.<sup>31</sup> For still-copyrighted works created before January 1, 1978, the copyright term endures for 95 years from the date copyright was originally secured.<sup>32</sup>

Violation of any of the exclusive rights of a copyright owner infringes the author's copyright.<sup>33</sup> Not all uses of a copyright owner's work are unlawful infringements, however. The fair use defense places limitations on the exclusive rights of copyright owners.<sup>34</sup> This defense emerged to "permit[] courts to avoid rigid application of the copyright statute when, on

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<sup>26</sup> Kathryn M. Foley, *Protecting Fictional Characters: Defining the Elusive Trademark-Copyright Divide*, 41 CONN. L. REV. 921, 925–26, 927, 930–31 (2009). See *Nichols v. Universal Pictures Corp.*, 45 F.2d 119, 121 (2d Cir. 1930) (setting forth *distinct delineation* test); *Warner Bros. Pictures v. Columbia Broad. Sys.*, 216 F.2d 945, 948–50 (9th Cir. 1954) (setting forth *story being told* test).

<sup>27</sup> The fully developed Caulfield character is central to *Catcher* and thus likely merits protection under the tests identified in note 26. See *Salinger*, 641 F. Supp. 2d at 254, 259–60, 261–62, 263–64. Of course, even if the character were not entitled to copyright protection in its own right, it would still be part of the protected expression in *Catcher*. See 17 U.S.C. §§ 102(a),(b) (2006).

<sup>28</sup> See *infra* text accompanying notes 171–235.

<sup>29</sup> 17 U.S.C. § 106 (2006). The display and performance rights apply only in regard to certain copyrighted works. See *id.*

<sup>30</sup> *Id.* §§ 102, 201, 302.

<sup>31</sup> *Id.* § 302(a). A different duration rule applies to works made for hire, see *id.* § 302(c), but that rule is not germane to the issues addressed here.

<sup>32</sup> *Id.* § 304. Copyrights run until the end of the calendar year in which they otherwise would expire. *Id.* § 305.

<sup>33</sup> § 501. In order to establish that infringement occurred, the copyright owner must prove that the defendant's actions involved copying and improper appropriation—elements addressed alongside the question whether the copyright[] owner's exclusive rights were violated. See, e.g., *Arnstein v. Porter*, 154 F.2d 464, 468, 473 (2d Cir. 1946).

<sup>34</sup> See 17 U.S.C. § 107 (2006).

occasion, it would stifle the very creativity which that law is designed to foster.”<sup>35</sup> The relevant statutory provision singles out uses reflecting “purposes such as criticism, comment, news reporting, [and] teaching . . . , scholarship, or research” as potentially strong candidates for fair use treatment.<sup>36</sup> Yet such a purpose does not guarantee fair use status, as Congress has provided that “[i]n determining whether the use made of a work in any particular case is a fair use,” certain factors must be considered.<sup>37</sup> Those factors include:

- (1) The purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;
- (2) The nature of the copyrighted work;
- (3) The amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
- (4) The effect of the use upon the potential market for or value of the copyrighted work.<sup>38</sup>

*Campbell v. Acuff-Rose Music, Inc.*<sup>39</sup> provides a useful illustration of what may constitute fair use and of how the fair use factors operate. In that case, members of the musical group 2 Live Crew had written and recorded a parody of the rock ballad “Oh, Pretty Woman.” Acuff-Rose, the song’s copyright owner, sued the group for recording the parody version and selling it despite Acuff-Rose’s denial of permission to borrow from “Oh, Pretty Woman.”<sup>40</sup>

The Supreme Court concluded in *Campbell* that parody may qualify for fair use treatment because parody, “[l]ike less ostensibly humorous forms of criticism, . . . can provide social benefit, by shedding light on an earlier work, and, in the process, creating a new one.”<sup>41</sup> However, the Court emphasized that a parodic purpose does not make the use “presumptively

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<sup>35</sup> *Stewart v. Abend*, 495 U.S. 207, 236 (1990) (internal quotation marks and citation omitted). “The ultimate test of fair use . . . is whether the copyright law’s goal of promoting the Progress of Science and useful Arts would be better served by allowing the use than by preventing it.” *Castle Rock Entm’t, Inc. v. Carol Publ’g Group*, 150 F.3d 132, 141 (2d Cir. 1998) (internal quotation marks and citation omitted).

<sup>36</sup> 17 U.S.C. § 107 (2006).

<sup>37</sup> *Id.*

<sup>38</sup> *Id.* Congress included this statement after the list of factors: “The fact that a work is unpublished shall not itself bar a finding of fair use if such finding is made upon consideration of all the above factors.” *Id.*

<sup>39</sup> 510 U.S. 569 (1994). We discuss *Campbell* here to furnish a foundation for later analysis of the decision, both as it relates to *Salinger* and as it pertains to the broader questions examined in later sections.

<sup>40</sup> *Id.* at 572–73.

<sup>41</sup> *Id.* at 579.

fair.”<sup>42</sup> The true test is whether the parodist has taken so much, and altered the content of the original so little, that the new work supersedes the original.<sup>43</sup>

In reviewing the U.S. Court of Appeals for the Sixth Circuit’s rejection of 2 Live Crew’s fair use defense, the Supreme Court emphasized the lower court’s error in giving essentially conclusive effect to the fact that the defendants had profited financially.<sup>44</sup> The Court stated that the first fair use factor, the purpose and character of the use,<sup>45</sup> focuses on determining “whether the new work merely supersede[s] the objects of the original creation . . . or instead adds something new, with a further purpose or different character, altering the first with new expression, meaning, or message; it asks, in other words, whether and to what extent the new work is transformative.”<sup>46</sup> The Court noted that the more transformative the use, the less important other considerations such as commercialism will be.<sup>47</sup> Accordingly, the Court’s first factor analysis indicated that the commercial nature of an alleged infringer’s action is simply a “fact to be weighed along with others in fair use decisions.”<sup>48</sup>

The Court observed that parody may merit fair use treatment because, as commentary, it fits within a category singled out by Congress.<sup>49</sup> However, the Court cautioned that if “the commentary has no critical bearing on the substance or style of the original composition, . . . the claim to fairness in borrowing from another’s work diminishes accordingly (if it does not vanish), and other factors, like the extent of its commerciality, loom larger.”<sup>50</sup> The Court was thus emphasizing that to be eligible for fair use treatment, the parody must comment on the underlying copyrighted work.<sup>51</sup>

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<sup>42</sup> *Id.* at 581. Rather, “parody, like any other use, has to work its way through the [four fair use] factors, and be judged case by case.” *Id.*

<sup>43</sup> *Id.* See *id.* at 583 n.16.

<sup>44</sup> *Id.* at 575, 583–85.

<sup>45</sup> 17 U.S.C. § 107 (2006).

<sup>46</sup> *Campbell*, 510 U.S. at 579 (internal quotation marks and citation omitted). Parody, the Court observed, will often have a strong claim to being transformative. *Id.*

<sup>47</sup> *Id.* The Court emphasized that whether a use was commercial is only a part of the inquiry under factor one, which contemplates that the significance of a defendant’s profit-making motivation will vary from case to case. *Id.* at 572, 584.

<sup>48</sup> *Id.* at 585 (internal quotation marks and citation omitted).

<sup>49</sup> *Id.* at 579. See 17 U.S.C. § 107 (2006).

<sup>50</sup> *Campbell*, 510 U.S. at 580.

<sup>51</sup> See *id.* The parody in *Campbell* met that threshold requirement. *Id.* at 582–83. In the same discussion, the Court suggested a distinction between parody, which it regarded as a potentially strong candidate for fair use protection, and satire, which it appeared to classify as a weaker fair use candidate. See *id.* at 580–81.

In applying the second fair use factor, the nature of the copyrighted work,<sup>52</sup> the Court noted that creative expression is “closer to the core of intended copyright protection” than factual works are. The Court therefore observed that it may be more difficult to establish a fair use defense when fictional works are copied.<sup>53</sup> However, the Court emphasized that the highly creative nature of copyrighted fictional works may not “help much in separating the fair use sheep from the infringing goats in a parody case, since parodies almost invariably copy publicly known, expressive works.”<sup>54</sup>

The Court stated that the third factor, the amount and substantiality of the portion used in relation to the copyrighted work as a whole,<sup>55</sup> requires consideration of not only the quantity of the original work used but also the qualitative importance of the borrowed material.<sup>56</sup> Noting the interplay between this factor and the fourth factor, the Court observed that “a work composed primarily of an original, particularly its heart, with little added or changed, is more likely to be a merely superseding use, fulfilling demand for the original.”<sup>57</sup> The Court acknowledged that a parodist must be permitted to “conjure up” enough of the original work to enable her audience to recognize the parody’s target, but asserted that how much more can reasonably be taken depends on “the extent to which the song’s overriding purpose and character is to parody the original or, in contrast, . . . serve as a market substitute for [it].”<sup>58</sup>

Applying these principles to the case, the Court disapproved of the Sixth Circuit’s conclusion that the defendants had borrowed unreasonably from “Oh, Pretty Woman.”<sup>59</sup> Their copying of its “characteristic opening bass riff” and some of its lyrics may have invoked the “heart” of the song,<sup>60</sup> but “the heart is also what most readily conjures up the [copyrighted work] for parody, and it is the heart at which parody takes aim.”<sup>61</sup> Continuing to emphasize how the third factor may be applied differently in parody cases than in non-parody cases, the Court stated that “[c]opying does not become excessive in relation to parodic purpose merely because the portion taken was the original’s heart. If 2 Live Crew had copied a significantly less memorable part of the original, it is difficult to see how its parodic character

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<sup>52</sup> 17 U.S.C. § 107 (2006).

<sup>53</sup> *Campbell*, 510 U.S. at 586.

<sup>54</sup> *Id.*

<sup>55</sup> 17 U.S.C. § 107 (2006).

<sup>56</sup> *Campbell*, 510 U.S. at 587.

<sup>57</sup> *Id.* at 587–88.

<sup>58</sup> *Id.* at 588.

<sup>59</sup> *Id.*

<sup>60</sup> *Id.*

<sup>61</sup> *Id.*

would have come through.”<sup>62</sup> The Court also stressed that the defendants had not simply copied from “Oh, Pretty Woman.” Besides borrowing expression from the original, they contributed considerable musical and lyrical expression of their own creation.<sup>63</sup>

Next, the Court commented further on the fourth factor, the effect of the use upon the potential market for or value of the copyrighted work.<sup>64</sup> This inquiry requires courts to consider not only the potential market harm from the alleged infringer’s actions, but also whether widespread similar conduct would negatively affect the copyright owner’s ability to market the work.<sup>65</sup> Noting the Sixth Circuit’s error in presuming future harm because of the parody’s commercial nature, the Court stated that where the new work is transformative, market substitution is less likely and therefore cannot be inferred.<sup>66</sup>

The fourth factor also contemplates consideration of whether the defendant’s actions would be likely to harm logical markets for derivative works.<sup>67</sup> The relevant derivative markets include “only those [uses] that creators of original works would in general develop or license others to develop.”<sup>68</sup> As the *Campbell* Court noted, “there is no protectible derivative market for criticism [because] the unlikelihood that creators of imaginative works will license critical reviews or lampoons of their own productions removes such uses from the very notion of a potential licensing market.”<sup>69</sup> The defendants could not be treated as having harmed a potential market for “Oh, Pretty Woman” parodies because no such market would be logical for

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<sup>62</sup> *Id.* at 588–89. The Court’s references to the “heart” of a work were an attempt to distinguish *Campbell*’s parody scenario from the non-parody use in *Harper & Row, Publishers, Inc. v. Nation Enters.*, 471 U.S. 539 (1985). See *Campbell*, 510 U.S. at 587–89. In *Harper & Row*, the defendant’s borrowing of the supposed heart of the unpublished memoirs of President Ford was among the reasons why the Court held that the defendant did not merit fair use protection. *Harper & Row*, 471 U.S. at 564–66.

<sup>63</sup> *Campbell*, 510 U.S. at 589.

<sup>64</sup> 17 U.S.C. § 107 (2006).

<sup>65</sup> *Campbell*, 510 U.S. at 590.

<sup>66</sup> *Id.* at 591. The Court indicated that in view of the “different market functions” served by the original copyrighted work and the parody version, it is “likely that the [parody] will not affect the market for the original in a way cognizable under [the fourth fair use] factor.” *Id.*

<sup>67</sup> *Id.* at 590, 592–93.

<sup>68</sup> *Id.* at 592.

<sup>69</sup> *Id.* The Court also stressed that if harm to the copyrighted work’s economic value stems from the force and effectiveness of the defendant’s parody or other commentary, that harm does not count against the defendant in the fair use analysis. The Court stated that “when a lethal parody, like a scathing theater review, kills demand for the original, it does not produce a harm cognizable under the Copyright Act.” *Id.* The task for courts is to “distinguish between biting criticism [that merely] suppresses demand [and] copyright infringement[, which] usurps it.” *Id.* (internal quotation marks and citation omitted).

fourth factor purposes.<sup>70</sup>

### *C. Copyright and the First Amendment?*

Courts tend not to address First Amendment concerns in any meaningful depth in copyright cases, reasoning that copyright law itself adequately protects free speech interests.<sup>71</sup> The Supreme Court explained the rationale for this tendency in *Eldred v. Ashcroft*,<sup>72</sup> in which the Court rejected a claim that the Copyright Term Extension Act of 1998 violates the First Amendment.<sup>73</sup> The Court reasoned that copyright law contains free speech safeguards because it protects only an author's expression and allows others to make unrestricted use of ideas, facts, and theories.<sup>74</sup> It also labeled the fair use defense as a further speech safeguard because it permits use of the author's copyrighted expression in certain circumstances.<sup>75</sup> Finally, the Court noted that the primary goal of the First Amendment is to protect one's freedom to make her own speech and that it "bears less heavily when speakers assert the right to make other people's speeches."<sup>76</sup>

With this understanding of the relationship between copyright and the First Amendment, we now examine *Salinger v. Colting*.<sup>77</sup> In the following section, we discuss the district court's decision and the decision rendered on appeal.

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<sup>70</sup> *Id.* Yet there was a relevant potential market that 2 Live Crew could have impaired: the market for rap versions of "Oh, Pretty Woman." Because the evidentiary record did not provide a basis for making such a determination, the Court remanded for further consideration of that issue. *Id.* at 592–94.

<sup>71</sup> See, e.g., *Eldred*, 537 U.S. at 218–21 (2003). See also *Suntrust Bank*, 268 F.3d at 1264–65 (recognizing this tendency but noting that fair use analysis must be conducted with awareness of First Amendment interests).

<sup>72</sup> 537 U.S. 186.

<sup>73</sup> *Id.* at 218–21.

<sup>74</sup> *Eldred*, 537 U.S. at 219. A 1970 article by Professor Nimmer was influential in establishing the notion that the expression versus ideas distinction serves as a First Amendment safeguard. Melville B. Nimmer, *Does Copyright Abridge the First Amendment Guarantees of Free Speech and Press?*, 17 UCLA L. REV. 1180, 1180–81, 1190–92 (1970). See Neil Weinstock Netanel, *Locating Copyright Within the First Amendment Skein*, 54 STAN. L. REV. 1, 8, 11–12 (2001) (noting influential nature of Nimmer article).

<sup>75</sup> *Eldred*, 537 U.S. at 219–20. Courts regularly make such an observation about the fair use doctrine. Rebecca Tushnet, *Copy this Essay: How Fair Use Doctrine Harms Free Speech and How Copying Serves It*, 114 YALE L.J. 535, 548 (2004). The relevant assumption is that the fair use doctrine serves the same sorts of interests underlying the First Amendment. Robert C. Denicola, *Copyright and Free Speech: Constitutional Limitations on the Protection of Expression*, 67 CAL. L. REV. 283, 297 (1979).

<sup>76</sup> *Eldred*, 537 U.S. at 221. Later, we examine *Eldred's* handling of the First Amendment arguments made in the case. See *infra* text accompanying notes 156–159.

<sup>77</sup> 641 F. Supp. 2d 250 (S.D.N.Y. 2009), *vacated*, 607 F.3d 68 (2d Cir. 2010).

### III. SALINGER V. COLTING: THE DISTRICT COURT AND SECOND CIRCUIT DECISIONS

#### A. The District Court Decision

J.D. Salinger, author of the classic novel *The Catcher in the Rye*,<sup>78</sup> brought suit in the U.S. District Court for the Southern District of New York against Fredrik Colting and companies slated to be involved in publication and distribution of a novel written by Colting.<sup>79</sup> Salinger alleged that Colting's novel, *60 Years Later: Coming Through the Rye*<sup>80</sup> (hereinafter, *60 Years*), was an unauthorized derivative work of *Catcher* and that the use of Mr. C, the main character in *60 Years*, infringed Salinger's copyrights in *Catcher* and the Holden Caulfield character because Colting simply aged Caulfield sixty years and gave him a new name.<sup>81</sup> Salinger sought a preliminary injunction barring the defendants from publishing, advertising, or disseminating *60 Years* in the United States.<sup>82</sup>

The district court determined that Salinger was likely to succeed on the merits of his infringement claim.<sup>83</sup> It then addressed Colting's contention that *60 Years* and the Mr. C character constituted fair use of Salinger's copyrighted material. The court explained the first fair use factor (purpose and character of the use) as "whether the new work merely supersede[s] the objects of the original creation . . . or instead adds something new, with a further purpose or different character, altering the first with new expression, meaning, or message; it asks, in other words, whether and to what extent the new work is 'transformative.'"<sup>84</sup> Next, the court considered whether *60 Years* was a parody, since "parody has an obvious claim to transformative value."<sup>85</sup> According to Colting, *60 Years* was a parody that commented directly on both *Catcher* and Salinger.<sup>86</sup> However, the court noted that for a parody to be eligible for fair use treatment, its "parodic character [must]

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<sup>78</sup> SALINGER, *supra* note 1.

<sup>79</sup> *Salinger*, 641 F. Supp. 2d at 253. Except where the context requires reference to the defendants in the plural, we will use "Colting" to refer collectively to the defendants.

<sup>80</sup> 60 YEARS, *supra* note 7.

<sup>81</sup> *Salinger*, 641 F. Supp. 2d at 253–54, 262.

<sup>82</sup> *Id.* at 254. As will be seen, the district court granted the preliminary injunction. *Id.* at 268–69. However, the Second Circuit vacated the preliminary injunction and remanded the case because the preliminary injunction standard applied by the district court had not taken into account a relevant Supreme Court decision. 607 F.3d at 77–80, 83–84. For further discussion of the Second Circuit's decision, see *infra* text accompanying notes 119–138.

<sup>83</sup> *Salinger*, 641 F. Supp. 2d at 254.

<sup>84</sup> *Id.* at 256 (quoting *Campbell*, 510 U.S. at 579). See 17 U.S.C. § 107 (2006).

<sup>85</sup> *Salinger*, 641 F. Supp. 2d at 256 (quoting *Campbell*, 510 U.S. at 579).

<sup>86</sup> *Id.* at 257.

reasonably be perceived.”<sup>87</sup> It then concluded that for fair use purposes, a parody’s only relevant aspects are those that comment on the original work itself, as opposed to the work’s author.<sup>88</sup>

Rejecting Colting’s contention that *60 Years* commented meaningfully on *Catcher* and the Holden Caulfield character, the court concluded that *60 Years* included the same observations and reflections communicated by Caulfield in Salinger’s work—except that they were now communicated by an older Caulfield.<sup>89</sup> The court observed that the “key themes” were “already apparent” in *Catcher* and that “[i]t is hardly parodic to repeat th[e] same exercise in contrast, just because society and the characters have aged.”<sup>90</sup> In concluding that *60 Years* could not reasonably be perceived as a parody directed at *Catcher* or Caulfield,<sup>91</sup> the court opined that the true purpose of *60 Years* was to satisfy Salinger’s readers’ appetite for the Caulfield character.<sup>92</sup>

Colting asserted that he engaged in commentary on Salinger by making Salinger himself a character in *60 Years*.<sup>93</sup> The court rejected this argument because parody is confined to new works that comment directly on the original work and noted that using Salinger as a character was simply a vehicle for Colting to comment on Salinger rather than on *Catcher* or the Caulfield character.<sup>94</sup>

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<sup>87</sup> *Id.* (quoting *Campbell*, 510 U.S. at 582).

<sup>88</sup> *Id.* In reaching this conclusion, the court relied on *Campbell* and noted *Campbell*’s suggested distinction, for fair use purposes, between parody and satire. *Id.* at 256–57. See *Campbell*, 510 U.S. at 580–81.

<sup>89</sup> *Salinger*, 641 F. Supp. 2d at 258.

<sup>90</sup> *Id.* at 259. The court’s reference to “key themes of *Catcher*,” *id.* and a later reference to Colting’s having borrowed “one of the critical extant themes of *Catcher*,” *id.* at 260, may indicate that the court was overextending Salinger’s copyright protection. A work’s themes would ordinarily be treated as ideas for purposes of copyright law’s distinction between protected expression and unprotected ideas. See 17 U.S.C. § 102(b) (2006). The court’s focus on theme-borrowing thus suggests that the court was penalizing Colting in the fair use analysis even though themes are unprotected matter that he should have been free to utilize without having to rely on the fair use defense. For further discussion of the expression versus ideas distinction, see *infra* text accompanying notes 141–168.

<sup>91</sup> *Id.* at 258, 260. Colting’s contentions were, in the court’s assessment, “post-hoc rationalizations employed through vague generalizations about the alleged naivete of the original, rather than reasonably perceivable parody.” *Id.* at 258. In addition, the court doubted Colting’s credibility. It noted that not until Salinger filed his lawsuit did Colting call *60 Years* a parody of *Catcher* or the Caulfield character. For the court, it was significant that the original book jacket for *60 Years* called it a “sequel to one of our most beloved classics” and that in pre-litigation interviews, Colting referred to his novel as a “tribute” to *Catcher* and its author. *Id.* at 260 n.3.

<sup>92</sup> *Id.* at 260 (quoting *Castle Rock Entm’t, Inc.*, 150 F.3d at 143).

<sup>93</sup> *Id.* at 260–63.

<sup>94</sup> *Id.* at 260–61. The court conceded that using Salinger as a character was “indeed novel,”

After concluding that *60 Years* was not eligible for fair use protection as a parody, the court considered whether Colting's novel was otherwise a transformative use of *Catcher* and Caulfield. The court again noted that in aging Caulfield sixty years and simply accentuating Caulfield's unique characteristics, *60 Years* does not "'add[ ] something new, with a further purpose or different character, altering the first with new expression, meaning, or message.'"<sup>95</sup> The court conceded that Colting's use of Salinger as a character in order to criticize the famous author's behavior and reclusive nature was somewhat transformative.<sup>96</sup> However, it doubted the credibility of Colting's assertions that the primary purpose of *60 Years* was to criticize Salinger, given Colting's previous statements that *60 Years* was to be a *Catcher* sequel.<sup>97</sup> In addition, the court pointed out that the transformative value of using Salinger as a character was diminished for two key reasons: the Salinger character appeared on only forty pages of the nearly 300-page novel, and the ratio of what was borrowed from *Catcher* to what was new in *60 Years* was quite high.<sup>98</sup>

Concluding its application of the first fair use factor, the court stated that the commercial nature of Colting's novel further weighed against a finding of fair use.<sup>99</sup> The court confined its discussion of the commercial purpose issue to two sentences that said very little.<sup>100</sup> The absence of discussion in those two sentences, coupled with the earlier discussion of what was transformative about Colting's novel, suggested a conclusion by the court that the novel's transformative aspects were so insignificant that they did not offset Colting's profit motive.

Turning to the second fair use factor (the nature of the copyrighted work), the court noted the importance of determining whether the copyrighted work is a work of fact or fiction because of the greater room for

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but emphasized that it was "unconvinced by [Colting's] attempts to shoehorn [the] commentary and criticism of Salinger into the parodic framework of *Campbell*, which requires critique or commentary of the [copyrighted] work." *Id.* at 261. *See Campbell*, 510 U.S. at 580–81. The court identified commentary on Salinger's "reclusive nature" and other "supposed idiosyncracies," including Salinger's "alleged desire to exercise 'iron-clad control over his intellectual property, refusing to allow others to adapt any of his characters or stories.'" *Salinger*, 641 F. Supp. 2d at 261. But the court reasoned that "just because an author and his work are intimately associated does not mean that a critique of one will necessarily equate to a critique of both." *Id.* at 261 n.4.

<sup>95</sup> 641 F. Supp. 2d at 261 (quoting *Campbell*, 510 U.S. at 579). *See id.* at 261–62.

<sup>96</sup> *Id.* at 262. *See id.* at 261.

<sup>97</sup> *Id.* at 262. *See id.* at 260 n.3.

<sup>98</sup> *Id.* at 262.

<sup>99</sup> *Id.* at 263.

<sup>100</sup> *See id.* at 263.

a claim of fair use where the original work is largely factual.<sup>101</sup> The court concluded that this factor weighed against a finding of fair use, since *Catcher* is a “creative expression [that] falls within the core of the copyright’s protective purposes.”<sup>102</sup>

Next, the court examined the third fair use factor, the amount and substantiality of the portion used in relation to the copyrighted work as a whole. It asserted that the third factor inquiry focuses on whether the extent of copying was greater than necessary to promote the purpose of the use.<sup>103</sup> The court found that Colting took more from *Catcher* than was necessary for the alleged purpose of criticizing Salinger—especially in using the Caulfield-like character as the main character in *60 Years*.<sup>104</sup> The court said that significant use of Caulfield’s character traits might have been necessary for a parody of *Catcher*, but that the use was unnecessary for the purpose of criticizing Salinger.<sup>105</sup> In addition, the court recognized that *60 Years* utilized “nearly identical supporting characters, settings, tone, and plot devices to create a narrative that largely mirrors that of *Catcher*.”<sup>106</sup> The court also addressed Colting’s adoption of a writing style similar to Salinger’s and observed that it had “the effect of emphasizing the similarities between [the two works], rather than casting a new, contrary light upon [*Catcher*].”<sup>107</sup> All of the above considerations led the court to conclude that the third factor cut strongly against fair use.<sup>108</sup>

In applying the fourth fair use factor (the effect of the use upon the potential markets for or value of the copyrighted work), the court stated that the inquiry encompasses not only potential harm to the market for the original, but also potential harm to the markets for derivative works.<sup>109</sup> The court explained that relevant derivative works are those that the author of an original work would develop herself or license others to develop, and that *60 Years*, which it regarded as simply a continuation of the *Catcher* story,

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<sup>101</sup> *Id.* See 17 U.S.C. § 107 (2006).

<sup>102</sup> *Salinger*, 641 F. Supp. 2d at 263 (quoting *Campbell*, 510 U.S. at 586).

<sup>103</sup> *Id.* See 17 U.S.C. § 107 (2006).

<sup>104</sup> *Salinger*, 641 F. Supp. 2d at 263–65.

<sup>105</sup> *Id.* at 264. Of course, the court had already concluded that *60 Years* was not a parody of *Catcher*. See *id.* at 256–60.

<sup>106</sup> *Id.* at 264.

<sup>107</sup> *Id.* at 267. Unlike the expression in a copyrighted work, a writer’s general style would not normally be part of what the copyright on a work protects. See 17 U.S.C. § 102(b) (2006). The court appeared to acknowledge this, but asserted that coupled with the similarities in expression it had noted, the similarity in style was a further indication that Colting had borrowed too much for purposes of the third fair use factor. See *Salinger*, 641 F. Supp. 2d at 266–67.

<sup>108</sup> *Salinger*, 641 F. Supp. 2d at 267.

<sup>109</sup> *Id.* See 17 U.S.C. § 107 (2006).

was such a work.<sup>110</sup> The court then addressed the potential harm to these markets if the publication of works such as *60 Years* became widespread. According to the court, this practice “could substantially harm the market for a *Catcher* sequel or other derivative works, whether through confusion as to which is the true sequel or companion to *Catcher*, or simply because of reduced novelty or press coverage.”<sup>111</sup>

The court acknowledged that Salinger had disavowed any intention to create, or license others to create, derivative works.<sup>112</sup> It regarded that fact as irrelevant, however, given that an original work’s author is entitled to preserve his or her opportunity to create derivative works.<sup>113</sup> This approach, the court observed, may provide an author an incentive to create if that author’s “artistic vision includes leaving certain portions or aspects of his character’s story to the varied imaginations of his readers, or if he hopes that his readers will engage in discussion and speculation as to what happened subsequently.”<sup>114</sup> The court concluded its application of the fourth fair use factor by determining that it weighed, “albeit only slightly,” against a finding of fair use.<sup>115</sup>

The court concluded that all four fair use factors cut against Colting, making him unlikely to succeed with the fair use defense.<sup>116</sup> Because Salinger had already established a prima facie case of copyright infringement, the court turned to the irreparable harm prong of the preliminary injunction standard. Following Second Circuit precedent, the court concluded that Salinger’s showing of likelihood of success on the

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<sup>110</sup> See *Salinger*, 641 F. Supp. 2d at 267.

<sup>111</sup> *Id.* at 267–68. The court thought it unlikely that *60 Years* would harm the market for *Catcher* itself, however. *Id.* at 267.

<sup>112</sup> *Id.* at 268.

<sup>113</sup> *Id.* The court noted that the copyright owner who initially refuses to create or license derivative works is entitled to change his or her mind. *Id.* Salinger died while Colting’s appeal was pending. *Salinger*, 607 F.3d 68, 70 n.1. Although his estate may take the same view he did regarding possible derivative works, it is of course possible that the estate will view the matter differently.

<sup>114</sup> *Salinger*, 641 F. Supp. 2d at 268. The “author’s artistic vision” language has a moral rights ring to it. See Visual Artists Rights Act, 17 U.S.C. § 106A (2006). See also *Mass. Museum of Contemporary Art Found., Inc. v. Buchel*, 593 F.3d 38, 47–48, 49 (1st Cir. 2010) (noting that Visual Artists Rights Act (VARA) provides moral rights and discussing right of integrity established by VARA). Novels, whether classics such as *Catcher* or ones of lesser renown, do not qualify for VARA’s moral rights protections. See 17 U.S.C. §§ 101, 106A (2006). The court’s use of the “artistic vision” language suggests, therefore, that the court may have been more accommodating of Salinger’s concerns than existing law warrants. For further discussion of such issues, see *infra* text accompanying notes 234–235, 267–275, 340–342.

<sup>115</sup> *Salinger*, 641 F. Supp. 2d at 268.

<sup>116</sup> *Id.*

merits gave rise to a presumption of irreparable harm.<sup>117</sup> The court therefore issued a preliminary injunction, prohibiting the defendants from “manufacturing, publishing, distributing, shipping, advertising, promoting, selling, or otherwise disseminating any copy of *60 Years* or any portion thereof, in or to the United States.”<sup>118</sup>

### *B. The Second Circuit Decision*

Colting appealed the preliminary injunction.<sup>119</sup> The Second Circuit upheld the district court’s resolution of the fair use issues, though with minimal analysis.<sup>120</sup> Nevertheless, the appellate court vacated the preliminary injunction and remanded the case for reconsideration under a new preliminary injunction standard.<sup>121</sup>

Relying on the Supreme Court’s decisions in *eBay, Inc. v. MercExchange, L.L.C.*<sup>122</sup> and *Winter v. Natural Resources Defense Council*,<sup>123</sup> the Second Circuit outlined a new four-part test for whether a preliminary injunction should be granted in a copyright case.<sup>124</sup> First, the copyright owner must have demonstrated either likely success on the merits

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<sup>117</sup> *Id.* at 268–69.

<sup>118</sup> *Id.* at 269.

<sup>119</sup> *Salinger*, 607 F.3d. While the case remained pending in the U.S. Court of Appeals for the Second Circuit, J.D. Salinger died. Colleen and Matthew Salinger, trustees of the J.D. Salinger Literary Trust, were substituted as parties. *Id.* at 70 n.1. In our discussion of the Second Circuit’s decision and in later analysis, we will refer to Colleen and Matthew Salinger collectively as “Salinger.”

<sup>120</sup> Because the matter of likelihood of success on the merits was relevant to the preliminary injunction standard announced in the decision, *id.* at 75, 78–83, the Second Circuit commented briefly on the lower court’s fair use analysis. The Second Circuit noted that the district court had focused mainly on the first fair use factor and on a finding that Colting lacked credibility in his assertions about the purposes of his novel—a finding that was “not clear error.” *Id.* at 83. Then, without commenting meaningfully on the other three fair use factors, the appellate court noted its agreement with the district court’s conclusion that the fair use defense was unlikely to protect Colting against liability. *Id.*

<sup>121</sup> *Id.* at 77–80, 83–84.

<sup>122</sup> 547 U.S. 388 (2006).

<sup>123</sup> 129 S. Ct. 365 (2008).

<sup>124</sup> *Salinger*, 607 F.3d at 79–83. The Second Circuit concluded that *eBay* controlled even though it was a patent case and involved a request for a permanent injunction. *Id.* at 77–78. See *eBay*, 547 U.S. at 391–95. According to the Second Circuit, *eBay*’s “central lesson” was a prohibition on presuming any aspect of the relevant injunction test, *Salinger*, 607 F.3d at 78 n.7, along with a clear indication that injunctions should not be seen as automatic remedies once liability has been established. *Id.* at 78. See *eBay*, 547 U.S. at 392–93. *Winter* was also relevant because there, the Supreme Court applied that standard to the preliminary injunction setting. *Winter*, 129 S. Ct. at 375–76. See *Salinger*, 607 F.3d at 79.

or serious merits-related questions and a balance of hardships tipping clearly in the plaintiff's favor. Second, the plaintiff must have demonstrated that irreparable injury will result if the preliminary injunction is not issued, with neither a presumption of irreparable harm nor general rules in that regard being employed.<sup>125</sup> Third, courts must assess the balance of hardships between the parties and issue the preliminary injunction only if that balance favors the plaintiff. Fourth, courts "must ensure that the 'public interest would not be disserved' by the issuance of a preliminary injunction."<sup>126</sup> Because the *Salinger* district court had considered only the first part of the new test and had presumed the existence of irreparable harm, the Second Circuit concluded that a remand was necessary.<sup>127</sup>

After outlining the new test, the court added related comments. Concerning the likelihood-of-success-on-the-merits prong, the Second Circuit emphasized that courts "should be particularly cognizant of the difficulty of predicting the merits of a copyright infringement claim at a preliminary injunction hearing," and added that "[t]his difficulty is compounded significantly when a defendant raises a colorable fair use defense."<sup>128</sup> These comments suggest that courts should not be too quick to find that the plaintiff would likely succeed on the merits.<sup>129</sup>

Regarding the test's irreparable harm and balance of hardships prongs, the court noted the related nature of the two, re-emphasized the impermissibility of utilizing irreparable harm presumptions, and underscored the test's requirement of actual consideration of the relative harms.<sup>130</sup> Highlighting the types of interests at stake when copyright owners seek injunctive relief, the Second Circuit observed that the copyright owner has a strong property interest—as does the defendant concerning his work

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<sup>125</sup> *Salinger*, 607 F.3d at 79–80. In applying this part of the test, the court "must actually consider the injury the plaintiff will suffer" if he loses at the preliminary injunction stage but wins on the merits. *Id.* at 80. Special attention is to be paid to whether an award of money damages would be adequate or, instead, inadequate to compensate for the harm caused. *Id.* The Second Circuit's enunciation of this part of the test reveals a bit of inconsistency as to whether the plaintiff must show that irreparable harm *will* result or, instead, that irreparable harm is *likely*. The court initially said that the second prong of the test requires the plaintiff to "demonstrate[] 'that he is likely to suffer irreparable injury in the absence of an injunction.'" *Id.* (quoting *Winter*, 129 S. Ct. at 374). In immediately following elaboration and in later comments, however, the Second Circuit spoke in terms of harm that the plaintiff "will suffer" in the absence of a preliminary injunction, *id.* at 80–81, and harm that non-issuance of an injunction "would actually cause." *Id.* at 82.

<sup>126</sup> *Id.* at 80 (quoting *eBay*, 547 U.S. at 391).

<sup>127</sup> *Id.* at 83. The Second Circuit saw "no reason to disturb" the district court's finding that *Salinger* was likely to succeed on the merits. *Id.* See *supra* note 119.

<sup>128</sup> *Salinger*, 607 F.3d at 80–81.

<sup>129</sup> See *id.*

<sup>130</sup> *Id.* at 81–82.

“to the extent that [it] does not infringe the plaintiff’s copyright.”<sup>131</sup> The court also commented briefly on speech issues even though it did not invoke the First Amendment as a basis for its decision to vacate the preliminary injunction. It noted that the copyright owner has a First Amendment right not to speak, but that the defendant also “has a core First Amendment interest in the freedom to express him- or herself, so long as that expression does not infringe the plaintiff’s copyright.”<sup>132</sup> These property and speech interests must receive due consideration at the preliminary injunction stage, with a focus on whether they “cannot be remedied after a final adjudication, whether by damages or a permanent injunction.”<sup>133</sup>

In its final comments on the new standard, the Second Circuit turned to the fourth prong’s requirement that the public interest be considered. After observing that the Copyright Act seeks to promote the store of knowledge to which the public has access, the court stated that by providing authors incentives to create and thereby add to the store of knowledge, the law helps account for the public interest.<sup>134</sup> The court cautioned, however, that “[t]he public’s interest in free expression is significant and is distinct from the parties’ speech interests.”<sup>135</sup>

Noting that the First Amendment safeguards the public’s interest in receiving information, the Second Circuit pointed out that “[e]very injunction issued before a final adjudication on the merits risks enjoining speech protected by the First Amendment.”<sup>136</sup> But the court added that “[s]ome uses . . . will so patently infringe another’s copyright, without giving rise to an even colorable fair use defense, that the likely First Amendment value in the use is virtually nonexistent.”<sup>137</sup> The Second Circuit appeared to suggest that a “colorable” fair use defense—which it thought was not present in *Salinger*—may trigger a need for First Amendment scrutiny as part of the public interest prong of the preliminary injunction standard.<sup>138</sup> If so, the Second Circuit may have begun contemplating a tentative step away from the usual judicial tendency not to give special consideration to First Amendment interests in copyright infringement cases. In the following section, we consider that tendency and explore its

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<sup>131</sup> *Id.* at 81.

<sup>132</sup> *Id.* See *id.* at 76, 82–83.

<sup>133</sup> *Id.* at 81.

<sup>134</sup> *Id.* at 82.

<sup>135</sup> *Id.*

<sup>136</sup> *Id.*

<sup>137</sup> *Id.* at 82–83.

<sup>138</sup> See *id.* at 81, 82–83. As will be seen, we regard Colting’s fair use defense as stronger than the *Salinger* courts did. See *infra* text accompanying notes 170–235.

inadequacy. Along the way, we assess *Salinger* and offer our criticisms of Supreme Court copyright decisions in which First Amendment interests have not been satisfactorily addressed.

#### **IV. COPYRIGHT AND THE FIRST AMENDMENT: INADEQUACIES OF THE TRADITIONAL VIEW**

As noted earlier, courts consistently adhere to what we call the traditional view of the relationship between copyright and the First Amendment.<sup>139</sup> Under that view, copyright law has built-in free speech safeguards: the distinction between ideas and expression, and the fair use doctrine. Users of copyrighted works do not need a First Amendment defense, the argument goes, because the same interests underlying the First Amendment will be adequately accounted for by users' ability to borrow ideas and other unprotected matter from copyrighted works and by users' potential entitlement to the fair use defense.<sup>140</sup>

Of course, the doctrines that constitute the traditional view do help to safeguard First Amendment interests. Do those doctrines extend far enough, however, to serve as sufficiently reliable substitutes for direct consideration of the First Amendment? To answer that question, we subject the distinction between ideas and expression to closer analysis. Then we do the same with the fair use defense.

##### *A. The Distinction Between Ideas and Expression: Limited Value as First Amendment Safeguard*

A rule that infringement liability attaches if the defendant engaged in *any* borrowing—whether of expression, ideas, or facts—from a copyrighted work would obviously threaten free speech interests. Accordingly, the far less onerous rule that infringement occurs only when the defendant borrowed expression seems at first glance sufficiently in accord with the First Amendment. If a user clearly lifted only ideas, facts, or other unprotected matter from a copyrighted work, her free speech interests are not compromised because she is not at risk of being held liable.<sup>141</sup>

More commonly, the fine line between expression and ideas or facts means that the copyright owner's infringement claim raises difficult

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<sup>139</sup> See *supra* text accompanying notes 13–14, 71–75.

<sup>140</sup> See, e.g., *Eldred*, 537 U.S. at 219–20; *Harper & Row, Publishers, Inc.*, 471 U.S. at 556, 560.

<sup>141</sup> See, e.g., *Eldred*, 537 U.S. at 219. See 17 U.S.C. § 102(b) (2006). Indeed, if the case is as clear-cut as the hypothetical posed here, it is likely that no lawsuit would even have been filed.

questions about whether the user borrowed expression or unprotected matter.<sup>142</sup> If the court concludes that the borrowing was limited to unprotected matter, no liability attaches and the user's speech interests are vindicated without any need to resort to the First Amendment. However, if the court determines that protected expression was taken, the defendant faces liability unless the fair use doctrine or the First Amendment comes to the rescue. The fair use defense may be held meritorious in some instances, but a court that adheres to the traditional view will not apply the First Amendment if the fair use defense fails.<sup>143</sup> Yet the defendant may have borrowed expression while engaging in creative activity that involved speech—speech entitled to receive substantial First Amendment protection if the context had not been that of copyright.<sup>144</sup>

In assuming that the distinction between ideas and expression suitably protects First Amendment interests because users of copyrighted works may freely borrow ideas, facts, and other unprotected matter, the traditional view fails to accommodate the need speakers may have to borrow expression. Users' speech may sometimes be far more striking and effective if it can utilize phrasing or other expression from copyrighted works.<sup>145</sup> By flatly prohibiting such borrowing, however, the distinction between ideas and expression falls well short of meaningfully safeguarding free speech interests. In the end, it offers First Amendment-like protection only when that protection is not really needed because there is no risk of liability when only ideas or facts are borrowed. If a First Amendment-based shield becomes desirable because the defendant borrowed expression while engaging in speech, the distinction between ideas and expression loses all

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<sup>142</sup> See Jeb Rubinfeld, *The Freedom of Imagination: Copyright's Constitutionality*, 112 YALE L.J. 1, 14–15 (2002). The expression vs. ideas distinction is not an adequate First Amendment protector, in part because “[d]istinguishing ideas from expression is notoriously tricky.” *Id.* at 14. See Symposium, *Constitutional Challenges to Copyright: Copyright and Freedom of Expression*, 30 COLUM. J.L. & ARTS 319, 324 (hereinafter *Constitutional Challenges*) (remarks of Joseph Liu) (noting “notoriously vague” line between expression and ideas).

<sup>143</sup> See, e.g., *Harper & Row*, 471 U.S. at 556–57, 560, 569.

<sup>144</sup> See *Constitutional Challenges*, *supra* note 142, at 325 (remarks of Joseph Liu). Political speech, of course, receives extensive First Amendment protection. See, e.g., *Citizens United v. Fed. Election Comm'n*, 130 S. Ct. 876, 892 (2010). Speech of a literary or artistic nature is also fully protected noncommercial speech. The same is true of expression on social, economic, or scientific issues, as well as speech on a wide range of other matters of public interest and concern. See, e.g., *Abood v. Detroit Bd. of Educ.*, 431 U.S. 209, 231 (1977). The Supreme Court has recognized that full First Amendment protection should be accorded to “expression about philosophical, social, artistic, economic, literary, [and] ethical matters—to take a non-exhaustive list of labels.” *Id.*

<sup>145</sup> Netanel, *supra* note 74, at 14; Denicola, *supra* note 75, at 293; Lawrence Lessig, *Copyright's First Amendment*, 48 UCLA L. REV. 1057, 1069–70 (2000).

effectiveness as a free-speech-protection device.<sup>146</sup>

*Harper & Row, Publishers, Inc. v. Nation Enterprises*<sup>147</sup> reveals the inadequacy of the distinction between ideas and expression as a protector of First Amendment interests. There, the magazine known as *The Nation* used 300 to 400 words from the unpublished manuscript of former President Ford's book in an article that revealed portions of the book's content and addressed its discussion of the pardon issued to former President Nixon.<sup>148</sup> The *Harper & Row* Court espoused the traditional view in declining to consider a possible First Amendment privilege for the defendant. As the Court observed, the distinction between ideas and expression and the fair use doctrine adequately accommodated First Amendment interests.<sup>149</sup>

It is clear that if *The Nation* had borrowed only general ideas and facts from the Ford manuscript, the magazine would not have been held liable. The ability to use general ideas and facts should not have been seen as eliminating a need for further consideration of the First Amendment, however. Without the selective use of actual language from the Ford memoirs, *The Nation's* article would not have had the same force and enlightening effect. Yet the Court's decision effectively took away that editorial freedom even though the defendants' article constituted political speech—a type of speech ordinarily very highly valued under the First Amendment.<sup>150</sup> *Harper & Row* thus contributed to a regrettable tendency we continue to see: courts' uncritical citation of the distinction between ideas and expression as a reason for not confronting First Amendment issues head-on.<sup>151</sup>

In discussing the relationship between copyright and the First Amendment, the *Harper & Row* Court observed that the framers of the Constitution regarded copyright as “the engine of free expression.”<sup>152</sup> The Court went on to stress that “[b]y establishing a marketable right to the use of one's expression,” copyright law furnishes incentives to create.<sup>153</sup> The

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<sup>146</sup> See Netanel, *supra* note 74, at 14–20; Matthew D. Bunker, *Adventures in the Copyright Zone: The Puzzling Absence of Independent First Amendment Defenses in Contemporary Copyright Disputes*, 14 COMM. L. & POL'Y 273, 284 (2009).

<sup>147</sup> 471 U.S. 539 (1985).

<sup>148</sup> *Id.* at 541–45, 548–49.

<sup>149</sup> *Id.* at 556–57, 560.

<sup>150</sup> See *supra* note 144.

<sup>151</sup> See, e.g., *Eldred*, 537 U.S. at 219. Although key considerations helping to shape the *Harper & Row* decision included the unpublished nature of the Ford manuscript and the mysterious circumstances under which *The Nation* acquired a copy, the Court presumably would have come to the same conclusion even absent those considerations. 471 U.S. at 543, 551–55, 562–69.

<sup>152</sup> 471 U.S. at 558.

<sup>153</sup> *Id.*

“engine of free expression” has operated undeniably well in that regard, but copyright law also contemplates enhancing creativity by allowing, in appropriate instances, room for others to borrow otherwise protected matter from copyrighted works.<sup>154</sup> Courts, as in *Harper & Row*, neglect that part of the “engine” when they invoke the distinction between ideas and expression as a justification for not applying First Amendment scrutiny despite the presence of significant speech interests.<sup>155</sup>

Nearly two decades after *Harper & Row*, the Supreme Court decided *Eldred v. Ashcroft* and again cited the distinction between ideas and expression as a reason for not conducting an extensive First Amendment-based inquiry.<sup>156</sup> In *Eldred*, the Court upheld the Sonny Bono Copyright Term Extension Act of 1998 (CTEA)<sup>157</sup> against a constitutional challenge based on the Copyright Clause and the First Amendment.<sup>158</sup> As in *Harper & Row*, *Eldred* gave the distinction between ideas and expression greater weight than it should have received. Eric Eldred, who challenged the CTEA, could not have achieved his expressive purposes by using only unprotected ideas and facts that appeared in copyrighted works. Instead, he needed to use those works’ expression—something he would have been free to do very soon if not for the CTEA because the relevant copyrights had been set to expire.<sup>159</sup> Allowing Eldred to appropriate the ideas and facts thus did not lead to a meaningful consideration of the First Amendment argument.

The facts in *Salinger v. Colting*<sup>160</sup> provide a further example of the idea versus expression distinction’s inability to furnish meaningful protection for First Amendment interests. Of course, in his novel, Colting could have decided to feature an elderly protagonist who still has some of the same characteristics he had as a teenager and still possesses some of the same attitudes he displayed six decades earlier. Had Colting done only that, he would not have been at risk of copyright infringement liability because the court would have concluded that he merely borrowed unprotected ideas and

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<sup>154</sup> *Campbell*, 510 U.S. at 574–75, 577; *Stewart*, 495 U.S. at 236.

<sup>155</sup> See Bunker, *supra* note 146, at 286 (noting that “invoking the idea/expression dichotomy is frequently a sort of ceremonial throat-clearing—a ritual incantation to ward off deep thought that allows the court to acknowledge free speech interests in the abstract and then move on to the business of protecting the copyright holder”). See also *supra* note 144 (discussing speech highly valued under First Amendment).

<sup>156</sup> 537 U.S. at 219.

<sup>157</sup> 17 U.S.C. §§ 302, 304 (2006).

<sup>158</sup> 537 U.S. at 218, 221–22.

<sup>159</sup> See *id.* at 193. One needs to account for the extremely long duration of copyrights when considering how to accommodate First Amendment interests. See *infra* text accompanying notes 236–244.

<sup>160</sup> 641 F. Supp. 2d 250 (S.D.N.Y. 2009), *vacated*, 607 F.3d 68 (2d Cir. 2010).

themes. Colting, however, did not stop there. In *60 Years*, he utilized Salinger's protected expression by drawing upon the Holden Caulfield character, by employing *Catcher*-like dialogue and descriptions, and by referring to plot details from the classic novel.<sup>161</sup> But if Colting had not borrowed expression from *Catcher*, the premise of his novel, the commentary he sought to provide, and the insights he hoped to offer would all have suffered.

A cynic might say that *60 Years* did not match *Catcher*'s quality and that society would be no worse off if the Coltings of the world could not borrow from well-known works of literature in the manner that Colting did. The literary quality, or lack of quality, of a defendant's work is irrelevant, however.<sup>162</sup> The marketplace can sort out the quality issue. What is important is the creative effort and the resulting creative work. Copyright law is designed to enhance creativity, usually through granting authors significant rights over their works but sometimes through allowing others to borrow from those works.<sup>163</sup> Whether well-done or poorly written, *60 Years* is speech—and a type of speech normally very securely protected under the First Amendment.<sup>164</sup>

Despite copyright law's creativity-enhancing purposes and the First Amendment's speech-furthering purposes, the district court preliminarily enjoined the publication and distribution of *60 Years*.<sup>165</sup> To its credit, the court did not attempt to ground its decision on an application of the distinction between ideas and expression. It included the seemingly obligatory mention of that distinction as a way of accommodating First Amendment interests, but rested its decision largely on a rejection of the defendants' fair use defense.<sup>166</sup> Although the Second Circuit upheld the lower court's fair use determination, it vacated the preliminary injunction because of issues related to the appropriate standard for granting such relief.<sup>167</sup> The district court and the Second Circuit seemed to recognize that the nature of Colting's novel necessitated some borrowing of expression from *Catcher*, but each court—erroneously, in our view—regarded the borrowing that occurred as excessive, insufficiently transformative, and

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<sup>161</sup> *Id.* at 253–54, 259–63.

<sup>162</sup> *Campbell*, 510 U.S. at 582–83; *Ty, Inc. v. Publ'ns Int'l, Ltd.*, 292 F.3d 512, 523 (7th Cir. 2002). If copyright law were to contemplate that courts serve as “judges of the quality of expressive works,” a First Amendment problem would arise. *Id.*

<sup>163</sup> *Campbell*, 510 U.S. at 575, 577, 579; *Stewart*, 495 U.S. at 236. *See Suntrust Bank*, 268 F.3d at 1265, 1268.

<sup>164</sup> *See supra* note 144.

<sup>165</sup> *Salinger*, 641 F. Supp. 2d at 268–69.

<sup>166</sup> *Id.* at 255–68.

<sup>167</sup> *Salinger*, 607 F.3d at 83–84.

unduly prejudicial to Salinger's interests as a copyright owner.<sup>168</sup>

*B. The Fair Use Doctrine: Not Always Reliable as First Amendment Safeguard*

The fair use doctrine undeniably operates to protect free speech interests in some instances. When a court holds that the defendant engaged in fair use and therefore is not liable, the result is obviously the same one the defendant would have hoped for if a true First Amendment defense had been permitted. The problem arises, however, when the court rejects the fair use defense and infringement liability looms. In that situation, it should not automatically be assumed that the court's fair use analysis took suitable account of free speech concerns. Courts make that assumption, however, when they adhere to the traditional view of the relationship between copyright and the First Amendment. Further examination of *Salinger* and relevant Supreme Court decisions will help demonstrate the uneasy nature of that relationship.<sup>169</sup>

1. Shortcomings in First Factor Analysis

Using standards set in *Campbell v. Acuff Rose Music, Inc.*,<sup>170</sup> the district court<sup>171</sup> labored mightily to conclude that *60 Years* did not contain ascertainable parodic content regarding *Catcher* or the Holden Caulfield character and did not otherwise comment on Salinger's copyrighted material. Instead, the court saw extensive borrowing of protected expression—and little more.<sup>172</sup> The supposed absence of commentary in Colting's novel on Salinger's copyrighted material caused the court to conclude that the novel either was not a parody or was not one that could

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<sup>168</sup> See *id.* at 83; *Salinger*, 641 F. Supp. 2d at 256–68.

<sup>169</sup> The Supreme Court decision receiving the most attention will be *Campbell*, 510 U.S. See *infra* text accompanying notes 170–200.

<sup>170</sup> 510 U.S. at 577–78.

<sup>171</sup> In the *Salinger* assessments in this subsection and the following one, mentions of “the court” or “the *Salinger* court” will be references to the district court decision unless the context clearly indicates otherwise. When we allude to something the Second Circuit held, said, or suggested regarding fair use or First Amendment issues, we will normally say “the Second Circuit” or “the appellate court.”

<sup>172</sup> See *supra* text accompanying notes 89–98. The court “gave little weight to the fact that Colting had imaginatively recast Salinger's character in a wholly new novel that was highly transformative.” Pamela Samuelson & Krzysztof Bebenek, *Why Plaintiffs Should Have to Prove Irreparable Harm in Copyright Preliminary Injunction Cases*, 6 I/S: J.L. & POL'Y FOR INFO. SOC'Y 67, 87 (2010).

meet *Campbell's* test for whether fair use protection might be available.<sup>173</sup>

The foregoing conclusion is troubling in two respects. First, it is surprising that the court could find no implicit commentary on Salinger's Caulfield character in Colting's novel. After repeatedly emphasizing the similar attitudes and traits shared by the Caulfield and Mr. C characters, the court characterized the similarities as clear indications that Colting had not engaged in commentary on Caulfield or *Catcher* and had not otherwise injected meaningful new content.<sup>174</sup> Yet the court might just as easily have seen implicit commentary in Colting's decision to have his elderly character possess many of the same attitudes and traits the character had as a teenager. If a rap version of "Oh, Pretty Woman" with altered lyrics reflected the requisite commentary on the copyrighted work,<sup>175</sup> how could there not be sufficient implicit commentary in Colting's novel, given its premise?<sup>176</sup>

Second, the *Salinger* court's conclusion reveals problems with the *Campbell* approach insofar as it contemplates fine determinations concerning whether a supposed parody contains commentary on the copyrighted work. Such commentary in a parody will nearly always be implicit rather than explicit.<sup>177</sup> Although fair use determinations are always

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<sup>173</sup> See *supra* text accompanying notes 91–94. Of course, Colting did not help himself by calling *60 Years* a sequel before Salinger filed the case and then attempting to make a parody argument after the case was filed. See *Salinger*, 641 F. Supp. 2d at 258, 260, n.3; *Salinger*, 607 F.3d at 83. But see *Suntrust Bank*, 268 F.3d at 1274 n.27 (noting that fair use protection may apply to use that was parody even though defendant did not use "parody" label).

<sup>174</sup> See *supra* text accompanying notes 89–92. Besides basing his Mr. C character on Salinger's Caulfield character, Colting included Salinger himself as a character in *60 Years*. The court noted that even if the use of Salinger as a character injected commentary, the commentary was on Salinger rather than on Salinger's copyrighted material. *Salinger*, 641 F. Supp. 2d at 261 n.4, 262. Accordingly, the court concluded that any commentary on Salinger would not enable Colting to satisfy *Campbell's* test for whether a parody may qualify for fair use treatment. *Id.* at 261 n.4. See *Campbell*, 510 U.S. at 580–82. This conclusion serves as a further indication that *Campbell's* test for whether a parody is eligible for fair use treatment does not adequately account for First Amendment interests. Colting's inclusion of commentary on Salinger, while not helpful to Colting in the *Campbell*-influenced fair use analysis, was speech that would normally be highly valued expression if a true First Amendment analysis were employed. See *supra* note 144.

<sup>175</sup> See *Campbell*, 510 U.S. at 581–83.

<sup>176</sup> According to the Second Circuit, the "premise [of *60 Years*] is that Salinger has been haunted by his creation [the Caulfield/Mr. C character] and now wishes to bring him back to life in order to kill him. Unsurprisingly, this task is easier said than done." *Salinger*, 607 F.3d at 72. See *Suntrust Bank*, 268 F.3d at 1268–69 (concluding that nature and content of defendant's novel reflected commentary on well-known, borrowed-from novel).

<sup>177</sup> For instance, the parody of "Oh, Pretty Woman" did not literally state the following: "The song being parodied here sets forth a naïve and overly romantic view of relationships

fact-specific, the danger of inconsistent results on seemingly similar fact patterns seems especially significant when any commentary that is present will be implicit.<sup>178</sup> This potential for inconsistent results in cases presenting similar instances of speech causes *Campbell*'s approach to the first fair use factor to be inadequate as a First Amendment safeguard.<sup>179</sup>

Having concluded that Colting's novel did not meet *Campbell*'s test for whether a parody may merit fair use protection, the *Salinger* court considered whether Colting's use of Salinger's copyrighted material was otherwise sufficiently transformative to make the first factor point in favor of fair use.<sup>180</sup> The court went the plaintiff's way on the transformative use issues despite noting that Colting's novel was somewhat transformative in utilizing Salinger himself as a character for the purpose of engaging in commentary on the famous author. In determining that *60 Years* was insufficiently transformative,<sup>181</sup> the *Salinger* court provided an analysis that was no more satisfactory than its analysis of whether Colting's novel

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between men and women and as such bears little relationship to the reality of life on the street." Rather, if commentary of that nature were present, it would be by inference from the parody's lyrics. *See Campbell*, 510 U.S. at 582–83.

<sup>178</sup> It does not seem unreasonable to conclude that other courts, if faced with the same set of facts present in *Salinger*, would have little difficulty finding the necessary commentary on the plaintiff's copyrighted material. As suggested earlier, *see supra* text accompanying notes 175–176, the Supreme Court's conclusion that the necessary commentary was present in *Campbell* would seem to provide adequate cover for a court to identify the requisite commentary in a fact pattern resembling that of *Salinger*. *See Campbell*, 510 U.S. at 582–83. *See also Suntrust Bank*, 268 F.3d at 1268–69 (defendant's novel included commentary on borrowed-from novel). In *Salinger*, the district court cited *Suntrust Bank*, but characterized it as a case in which the commentary on the underlying work was obvious (in supposed contrast with *Salinger*, where the court said it was unable to identify any such commentary). *Salinger*, 641 F. Supp. 2d at 1257–58. We submit that on the implicit commentary issue, differences between the respective uses at issue in *Suntrust Bank* and *Salinger* were far less clear-cut than the latter court indicated.

<sup>179</sup> Similar problems attend *Campbell*'s previously noted parody versus satire distinction. *See supra* note 51. For further examination of the distinction's shortcomings in a First Amendment sense, *see infra* text accompanying notes 312–315.

<sup>180</sup> As noted earlier, *Campbell* had established that transformative uses of copyrighted works tend to be given a preferred status in fair use determinations. *See supra* text accompanying notes 45–47.

<sup>181</sup> *Salinger*, 641 F. Supp. 2d at 262–63. One reason was the court's expression of doubt about Colting's assertion that criticizing Salinger was a primary purpose of his novel, given Colting's pre-litigation statements indicating that he regarded the novel as a sequel to *Catcher*. *Id.* at 260 n.3, 262. In its limited review of the district court's fair use analysis, the Second Circuit noted that the lower court's determination regarding Colting's credibility was "not clear error." *Salinger*, 607 F.3d at 83. Colting did himself no favors with his pre-litigation statements, but we submit that the district court and the Second Circuit placed too much weight on those statements—and too little weight on key fair use and free speech considerations—in deciding the case.

reflected commentary on Salinger's copyrighted material. The court took an unduly narrow view of what *Campbell* contemplated in that decision's discussion of transformative uses.<sup>182</sup>

Perhaps because the well had already been poisoned by the court's conclusion that commentary on Salinger was irrelevant to whether *60 Years* satisfied *Campbell*'s parody-as-fair-use-candidate test,<sup>183</sup> the *Salinger* court inappropriately minimized the significance of Colting's use of Salinger as a character in order to comment on the well-known author. That commentary added significant new material to what Colting borrowed from *Catcher*<sup>184</sup> and served to give Colting's novel a purpose different from that of *Catcher*. Yet the court, seemingly set on downplaying the importance of any commentary on Salinger, read into *Campbell*'s discussion of transformative uses a supposed requirement that the use be consistently transformative. Colting's use did not meet that requirement, the court concluded, because the Salinger character appeared on "only 40" pages of a 277-page novel.<sup>185</sup> However, no such requirement is stated in *Campbell* or reasonably contemplated by it.<sup>186</sup>

If properly applied, *Campbell*'s guidance concerning the first fair use factor can help lead to well-reasoned fair use determinations. With suitable modifications of the sort to be outlined later herein, *Campbell*'s guidance may also go a long way toward safeguarding First Amendment interests.<sup>187</sup> The *Salinger* court, however, misapplied *Campbell*, not only by ascribing too narrow a scope to the concept of a transformative use<sup>188</sup> but also by

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<sup>182</sup> See *Campbell*, 510 U.S. at 578–79. In *Salinger*, the Second Circuit chose not to second-guess the lower court's fair use determination. *Salinger*, 607 F.3d at 83. However, the appellate court observed: "It may be that a court can find that the [first] fair use factor favors a defendant even when the defendant and his work lack a transformative purpose, [but we] need not decide that issue here." *Id.* (emphasis omitted). This comment could suggest that if the Second Circuit had been in the district court's position, it might have viewed the first factor differently.

<sup>183</sup> See *supra* text accompanying notes 88, 94.

<sup>184</sup> It might be argued that Colting could have commented on Salinger and his reclusive nature without borrowing expression from *Catcher*. However, the strong public association between Salinger and his famous Holden Caulfield character would make references to that character a logical thing to do in the course of commentary on the well-known author. Moreover, commentary on a well-known author would normally receive very substantial First Amendment protection. See *infra* text accompanying notes 203–204.

<sup>185</sup> *Salinger*, 641 F. Supp. 2d at 262.

<sup>186</sup> Neither does *Campbell* seem to contemplate the page-counting exercise engaged in by the *Salinger* court. But if page-counting were relevant to the question of whether the use was transformative, use of Salinger as a character on 40 pages of the novel should not be seen as insignificant.

<sup>187</sup> See *infra* text accompanying notes 289–315.

<sup>188</sup> As will be seen, the court's mishandling of the transformative use issues under the first

summarily determining that Colting's profit motive caused the first fair use factor to operate against him.<sup>189</sup> *Campbell* called for a careful weighing and balancing process under factor one, with transformative uses and purposes such as criticism or commentary having the potential to offset a defendant's commercial motivation. The *Salinger* court failed to pay adequate attention to *Campbell*'s instruction that in the fair use analysis, the significance (or lack of significance) of a defendant's commercial motivation will vary from case to case—depending largely on the presence or absence of sufficient offsetting considerations.<sup>190</sup>

Moreover, the *Salinger* court appeared to ignore an important observation in *Campbell* regarding different sorts of commercial motivations. The *Campbell* observation was not extensively developed,<sup>191</sup> but if the *Salinger* court had heeded it, the first fair use factor would likely have operated in Colting's favor. In *Campbell*, the Supreme Court distinguished between two uses of a parody of a copyrighted work: a defendant's use of the parody in order to advertise a product and a defendant's sale of the parody itself. The court suggested that the former should trigger greater concern, and the latter lesser concern, in the fair use analysis.<sup>192</sup> In *Campbell*, the parody itself—2 Live Crew's version of the copyrighted song—was being sold. The defendants were not attempting to advertise a product (say, beer) when they distributed their parody.<sup>193</sup>

As in *Campbell*, the parody in *Salinger* (Colting's novel) was to have been sold.<sup>194</sup> The *Salinger* court, however, missed this insight from *Campbell*, and in the process overlooked what should have been a key consideration. Of course, the *Salinger* court concluded that *60 Years* was not a parody or, if it was a parody, was not one that commented on Salinger's copyrighted material.<sup>195</sup> But neither of those alternative conclusions makes *Campbell*'s distinction inapplicable. *Campbell* referred to a parody itself being sold because a parody was present in the facts. What *Campbell* logically contemplated, however, was a distinction between two uses of speech (whether a parody or not): speech used to promote the sale of

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fair use factor seems to have had spillover effects regarding the third fair use factor. See *infra* text accompanying notes 219–222.

<sup>189</sup> *Salinger*, 641 F. Supp. 2d at 263.

<sup>190</sup> See *Campbell*, 510 U.S. at 584–85. The *Salinger* court's discussion of the commercial motivation issue was confined to two sentences. *Salinger*, 641 F. Supp. 2d at 263.

<sup>191</sup> See *Campbell*, 510 U.S. at 585.

<sup>192</sup> *Id.*

<sup>193</sup> *Id.* Therefore, the Court's comment on parodies used to advertise products was largely dictum—but nonetheless instructive dictum. See *id.*

<sup>194</sup> See *Salinger*, 641 F. Supp. 2d at 254.

<sup>195</sup> *Id.* at 256–61.

a product and speech itself being sold.<sup>196</sup> In *Salinger*, Colting's novel represented speech for sale, regardless of whether the novel amounted to a parody. The court therefore should have considered the nature of what Colting was selling when it applied the first fair use factor. Had it done so, Colting's chances of succeeding with the fair use defense would have been enhanced and the court might have reached a result more in accord with *Campbell*'s signal regarding the fair use analysis.

*Campbell*, moreover, appears to have contemplated something further: a First Amendment-friendly distinction between uses of speech, even though the Court did not expressly invoke the First Amendment.<sup>197</sup> A great deal of speech that receives full First Amendment protection is profit-motivated but amounts to speech itself being sold (*e.g.*, newspapers, magazines, books, movies, music, and the like). Such speech is classified as noncommercial in nature because the expression's entertainment, artistic, creative, or informational nature outweighs the underlying profit motive.<sup>198</sup> Less-protected commercial speech, on the other hand, is present when the speech is used to propose a commercial transaction (*e.g.*, sale of a product)—the very type of speech *Campbell* identified as a weaker fair use candidate.<sup>199</sup> The *Campbell* distinction thus offered a potential method for accommodating free speech concerns under the fair use rubric, if lower courts do a better job than the *Salinger* court did in picking up on it. Yet to be truly effective as a First Amendment safeguard, the distinction must be clarified and made a more explicit part of the analysis.<sup>200</sup>

<sup>196</sup> See *Campbell*, 510 U.S. at 585.

<sup>197</sup> See *id.* *Campbell*'s only mention of the First Amendment came in a parenthetical quotation of a sentence from a lower court decision dealing with trademark issues. See *id.* at 583.

<sup>198</sup> See, *e.g.*, *United States v. Playboy Entm't Group*, 529 U.S. 803, 807, 811, 814 (2000); *Harte-Hanks Commc'ns, Inc. v. Connaughton*, 491 U.S. 657, 667 (1989); *Hustler Magazine v. Falwell*, 485 U.S. 46, 47–51, 55–56 (1988); *N.Y. Times Co. v. Sullivan*, 376 U.S. 254, 265–66 (1964); *Joseph Burstyn, Inc. v. Wilson*, 343 U.S. 495, 501–02 (1952). Full First Amendment contemplates that the government will have little latitude to regulate the content of speech. See, *e.g.*, *Citizens United v. Fed. Election Comm'n*, 130 S. Ct. 876, 898 (2010); *Playboy*, 529 U.S. at 812–13. For further discussion of full First Amendment protection and the types of speech to which it attaches, see *supra* note 144.

<sup>199</sup> See *Campbell*, 510 U.S. at 585. Supreme Court decisions usually define commercial speech as “speech that does no more than propose a commercial transaction.” See, *e.g.*, *Va. State Bd. of Pharmacy v. Va. Citizens Consumer Council, Inc.*, 425 U.S. 748, 762 (1976). The clearest example of commercial speech is an advertisement for the sale of a product or service or for the promotion of a business. See, *e.g.*, *44 Liquormart, Inc. v. Rhode Island*, 517 U.S. 484, 488, 496 (1996); *Va. Bd. of Pharmacy*, 425 U.S. at 762. Commercial speech receives at most an intermediate level of First Amendment protection rather than the full protection extended to noncommercial speech. See, *e.g.*, *Va. Bd. of Pharmacy*, 425 U.S. at 763–65, 770–72.

<sup>200</sup> We will propose a way to do so. See *infra* text accompanying notes 290–296.

One more aspect of *Salinger*'s first factor analysis bears mentioning because it further illustrates the inaccuracy of the conventional wisdom that the fair use doctrine adequately protects free speech interests and makes a First Amendment defense unnecessary.<sup>201</sup> As noted earlier, the court made much of the distinction between commentary on *Salinger*'s copyrighted materials and commentary on *Salinger* himself. The latter commentary was all the court could identify—a finding that helped to doom Colting's fair use chances.<sup>202</sup> What clearly hurt Colting in the fair use analysis would have helped him, however, if proper First Amendment scrutiny had been applied. Despite his desire to protect his privacy, *Salinger*'s status as one of the most well-known writers of our time made him a public figure.<sup>203</sup> Commentary on, or other speech about, public figures normally receives very substantial protection under the First Amendment.<sup>204</sup>

Consider, for instance, what *Salinger* would have had to prove if he had been suing Colting for defamation rather than copyright infringement. A public figure such as *Salinger* cannot win a defamation case without proving that the defendant made the litigation-triggering false statement with actual malice (*i.e.*, with knowledge of the statement's falsity or with reckless disregard for the truth).<sup>205</sup> This proof-of-fault requirement is an example of full First Amendment protection, as tailored to a particular type of case.<sup>206</sup>

If First Amendment considerations dictate that *Salinger* would have had to prove actual malice in order to win a defamation case, First Amendment considerations should have a role to play in other litigation—even copyright infringement litigation<sup>207</sup>—in which the defendants are at risk of liability for speech about a public figure. Although it could be argued that the free speech interests of defendants in copyright infringement cases should take a backseat to the plaintiff's important interest in protecting his copyright, the argument fails when one considers defamation law. The plaintiff in a defamation case has a very substantial interest at

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<sup>201</sup> See *supra* text accompanying note 169.

<sup>202</sup> See *Salinger*, 641 F. Supp. 2d at 260–63.

<sup>203</sup> Cf. *Gertz v. Robert Welch, Inc.*, 418 U.S. 323, 345 (1974) (explaining scope of public figure classification in defamation cases).

<sup>204</sup> See, e.g., *N.Y. Times*, 376 U.S. at 272.

<sup>205</sup> *Id.* at 279–80; *Curtis Publ'g Co. v. Butts*, 388 U.S. 130, 162, 164 (1967) (Warren, C.J., concurring in the result); *Gertz*, 418 U.S. at 342.

<sup>206</sup> See *N.Y. Times*, 376 U.S. at 264–65, 272.

<sup>207</sup> See *Bunker*, *supra* note 146, at 294–95. Even though the Second Circuit in *Salinger* did not second-guess the lower court's fair use determination, *Salinger*, 607 F.3d at 83, and did not invoke the First Amendment as a ground for vacating the preliminary injunction, *id.* at 76, the appellate court acknowledged that defendants in copyright infringement cases have First Amendment interests at stake. *Id.* at 81, 82–83.

stake: protection of his or her reputation. Despite that interest's significance, defendants receive extensive First Amendment protection.<sup>208</sup> Protecting a copyright, important as it is, seems no more significant an interest than protecting one's reputation. It may even be less important than the reputational interest. Reasonable ways to accommodate First Amendment interests in copyright infringement cases can be devised.<sup>209</sup>

## 2. Shortcomings in Second, Third, and Fourth Factor Analyses

The *Salinger* court's applications of the second, third, and fourth fair use factors were also problematic for, and not suitably accommodating of, the First Amendment interests of those who borrow from copyrighted works in the course of their own creative activity.<sup>210</sup> On its way to determining that the second factor (the nature of the copyrighted work)<sup>211</sup> cut against fair use, the court noted that as a work of fiction, *Catcher* was the type of "creative expression [that] falls within the core of the copyright's protective purposes."<sup>212</sup> The court then took an approach consistent with one courts often utilize in making fair use determinations: concluding that factor two worked against Colting because the work from which he borrowed was highly creative in nature, as opposed to largely factual.<sup>213</sup>

At first glance, this conclusion seems unobjectionable. However, the court failed to consider the combined effect of *Campbell* and *Harper & Row*.<sup>214</sup> In *Harper & Row*, the Supreme Court emphasized that if a defendant borrowed from the plaintiff's unpublished work, such a borrowing would cause the second factor to cut strongly against fair use. A borrowing from a published work, on the other hand, would trigger far less concern in the fair use analysis.<sup>215</sup> Surprisingly, the *Salinger* court did not address the published versus unpublished consideration when it applied the second factor.<sup>216</sup> In borrowing from *Catcher*, Colting was borrowing from a

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<sup>208</sup> See *N.Y. Times*, 376 U.S. at 264–65, 272; *Butts*, 388 U.S. at 162, 164 (Warren, C.J., concurring in the result); *Gertz*, 418 U.S. at 325, 332, 346–48.

<sup>209</sup> See *infra* text accompanying notes 279–358.

<sup>210</sup> Again, we focus on the district court's decision. The Second Circuit merely recited the basics of what the district court had determined regarding the second, third, and fourth factors, and did not subject the lower court's findings regarding those factors to any analysis. *Salinger*, 607 F.3d at 73–74, 83.

<sup>211</sup> 17 U.S.C. § 107 (2006).

<sup>212</sup> *Salinger*, 641 F. Supp. 2d at 263 (quoting *Campbell*, 510 U.S. at 586).

<sup>213</sup> *Id.* See HOWARD B. ABRAMS, 2 THE LAW OF COPYRIGHT § 15:52 (2006).

<sup>214</sup> 471 U.S. 539 (1985).

<sup>215</sup> *Id.* at 550–55.

<sup>216</sup> See *Salinger*, 641 F. Supp. 2d at 263. That very issue had been key in *Salinger v. Random House, Inc.*, 811 F.2d 90, 97, 100 (2d. Cir. 1987).

very widely published work. The *Salinger* court thus appeared to ignore a consideration that should have made factor two insignificant in the analysis.

This conclusion is underscored by the approach taken in *Campbell* to the second factor. There, the Court noted that the defendants had borrowed from a highly creative work, but that such a fact “is not much help in this case, or ever likely to help much in separating the fair use sheep from the infringing goats in a parody case, since parodies almost invariably copy publicly known, expressive works.”<sup>217</sup> Given *Catcher*’s iconic status and Salinger’s renown, the novel and its author were logical targets for Colting’s commentary.<sup>218</sup> Accordingly, the *Salinger* court’s application of the second factor should have reflected reasoning similar to that employed in *Campbell*. Had such reasoning been employed, factor two would have been deemed unimportant. Moreover, the application of the second factor would have been more sensitive to First Amendment interests because it would have helped to preserve room for Colting’s creative activity involving speech.

Problems also attend the *Salinger* court’s application of the third fair use factor, which requires an examination of the amount and substantiality of the portion of the work used in relation to the work as a whole.<sup>219</sup> The court’s previously noted mishandling of the transformative use issues under the first factor<sup>220</sup> probably had spillover effects regarding the third factor. In determining that factor three operated against Colting, the court stressed what it regarded as a large and excessive amount of borrowing of protected expression from *Catcher*.<sup>221</sup> The court failed, however, to take proper account of *Campbell*’s recognition that for purposes of the third factor, a parodist or other commentator may need to be able to borrow more from—and more recognizable parts of—the copyrighted work so that the public can recognize the object of the parody or other commentary.<sup>222</sup> The *Salinger*

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<sup>217</sup> *Campbell*, 510 U.S. at 586.

<sup>218</sup> *See id.* Although the *Salinger* court thought that Colting was only borrowing from *Catcher* rather than commenting on it, the commentary Colting allegedly offered would have been premised on *Catcher*’s fame and stature. Moreover, there was Colting’s commentary on Salinger himself—commentary that the court recognized was present. *See Salinger*, 641 F. Supp. 2d at 260–63. It would be logical for anyone engaging in commentary on, or criticism of, a famous author to allude to and borrow from his best-known work. However, no such discussion appeared in the court’s opinion. *See id.* at 263.

<sup>219</sup> 17 U.S.C. § 107 (2006).

<sup>220</sup> *See supra* text accompanying notes 170–190.

<sup>221</sup> *See supra* text accompanying notes 103–108.

<sup>222</sup> *See Campbell*, 510 U.S. at 587–89. *See also Suntrust Bank*, 268 F. 3d at 1271 (noting that even though defendant whose novel parodied *Gone With the Wind* (GWTW) borrowed heavily from that famous novel, “[i]t is hard to imagine how [the defendant author] could have specifically criticized GWTW without depending heavily on copyrighted elements of that book”).

court's factor-one error in undervaluing the commentary element in Colting's novel thus infected the court's factor-three analysis. If the court had been more cognizant of what *Campbell* suggested, the court's application of the third factor would have better accommodated First Amendment interests.

The *Salinger* court's application of the fourth fair use factor (effect of the use on potential markets for or value of the copyrighted work)<sup>223</sup> also fell short in a First Amendment sense. The court complied with precedent—not just any precedent, but a Second Circuit decision involving J.D. Salinger<sup>224</sup>—in noting that the determination of harm to potential derivative markets should focus on reasonable markets of the sort that copyright owners would in general pursue, even if the copyright owner has “disavowed any intention to [exploit those markets] during his lifetime.”<sup>225</sup> As the court noted, the copyright owner's “right to change his mind” suggests that opportunities to take advantage of such markets should remain unimpaired.<sup>226</sup>

Here, part of the fault lies with precedent cases whose call for focus on derivative markets that copyright owners would typically pursue allowed general rules to assume more significance in *Salinger* than a key fact to the contrary. Fair use, however, is supposed to be a fact-specific, case-by-case determination.<sup>227</sup> *Salinger* made clear his unwillingness to create or license derivative works based on *Catcher*, the Caulfield character, or his other copyrighted works.<sup>228</sup> That fact should have been accounted for in the fair use analysis, instead of being effectively ignored in favor of the fiction created by general rules regarding derivative markets that copyright owners typically exploit.<sup>229</sup> Had that fact received proper attention, the fourth factor, which the district court regarded as weighing “only slightly” against

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<sup>223</sup> 17 U.S.C. § 107 (2006); *Salinger*, 641 F. Supp. 2d at 268.

<sup>224</sup> *Random House*, 811 F.2d at 99.

<sup>225</sup> *Salinger*, 641 F. Supp. 2d at 268 (quoting *Random House*, 811 F.2d at 99).

<sup>226</sup> *Id.* (quoting *Random House*, 811 F.2d at 99).

<sup>227</sup> *Campbell*, 510 U.S. at 577. See 17 U.S.C. § 107 (2006). Although *Campbell* did specify that fair use determinations are a case-by-case inquiry, the decision also indicated that the application of the fourth fair use factor should take into account the markets that copyright owners in general would pursue. *Campbell*, 510 U.S. at 592. We contend, however, that when specific facts in a given case stand in contrast with copyright owners' general tendencies, the specific facts should be given greater weight.

<sup>228</sup> Both the Second Circuit and the district court mentioned this fact. *Salinger*, 607 F.3d at 71; *Salinger*, 641 F. Supp. 2d at 268. See *Random House*, 811 F.2d at 99.

<sup>229</sup> The general rules were a fiction as to *Salinger*, given his refusals to create or license derivative works. See *Salinger*, 607 F.3d at 71. They are not necessarily a fiction as to copyright owners generally.

fair use,<sup>230</sup> might have cut the other way. In the process, the defendants' free speech interests would have been more appropriately accounted for, and the First Amendment would have been better served.<sup>231</sup>

The rest of the blame for a deficient fourth factor analysis must be placed directly on the *Salinger* court, which asserted that a copyright owner's entitlement to refuse to create or license derivative works may serve as an important incentive for a would-be creator to create an underlying work.<sup>232</sup> This premise is questionable. It is difficult to believe that J.D. Salinger regarded, or that any author would regard, the ability to adopt a no-derivative-works policy as a meaningful incentive to create a work. Of course, authors may—as Salinger did—find it desirable to refuse to allow derivative works *once the copyrighted work has been created*, but that is not the same as furnishing an incentive for the creation of the work. More likely, the real incentives will lie in the rights to exploit the resulting work in an economic sense, and in the self-fulfillment that results from exercising creative impulses.<sup>233</sup>

The *Salinger* court's assertion regarding incentives was part of a discussion in which the court stressed the importance of preserving an author's "artistic vision."<sup>234</sup> This problematic reference suggests that the district court may have been influenced by moral rights-like arguments. As explained more fully elsewhere herein, moral rights are not available to authors of works of the sort at issue in *Salinger*.<sup>235</sup> In the end, the court's fourth factor analysis was overly solicitous of copyright owners' interests

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<sup>230</sup> *Salinger*, 641 F. Supp. 2d at 268. See *Suntrust Bank*, 268 F.3d at 1277 (Marcus, J., specially concurring) (noting that copyright owner's practice of refusing to grant licenses for derivative works that would be parodies is a consideration that "further undermines" copyright owner's claim).

<sup>231</sup> Of course, now that Salinger has died and his heirs control the copyright on his works, they could be more inclined to consider licensing derivative uses of the copyrighted material. That possibility may have been what the Second Circuit suggested in its comments about what could be considered on remand. See *Salinger*, 607 F.3d at 83 n.12. But it is also possible that the heirs will decide to remain true to Salinger's clear wish that derivative works not be permitted.

<sup>232</sup> *Salinger*, 641 F. Supp. 2d at 268.

<sup>233</sup> We refer here to the copyright owner's rights to make and distribute copies of the work, prepare derivative works, perform the work, and display the work. 17 U.S.C. § 106 (2006). Each of these rights, if affirmatively exercised, may benefit the copyright owner financially. See *Salinger*, 641 F. Supp. 2d at 268. However, the economic incentives provided by the Copyright Act are not the only reasons why authors create new works. See generally Roberta Rosenthal Kwall, *Inspiration and Innovation: The Intrinsic Dimension of the Artistic Soul*, 81 NOTRE DAME L. REV. 1945 (2006).

<sup>234</sup> *Salinger*, 641 F. Supp. 2d at 268.

<sup>235</sup> For an introduction to this issue, see *supra* note 114 and accompanying text. The moral rights issue is examined more fully at *infra* text accompanying notes 267–273, 340–342.

and insufficiently attentive to countervailing speech interests. Thus, it was unsound from a First Amendment perspective.

### 3. The First Amendment Implications of Copyright Duration Extensions

Suitable allowance for First Amendment interests in copyright litigation is important for another reason: the very lengthy duration of copyrights. An erroneous exclusion of First Amendment safeguards—or the inclusion of an inadequate set of such safeguards—becomes especially problematic when copyright owners' rights receive extended periods of protection at the expense of would-be users' speech interests. Two duration extensions enacted by Congress during recent decades have given copyrights much longer lives than prior law contemplated.

Under the Copyright Act of 1909, copyrights lasted for a basic term of 28 years from publication of the work, plus a renewal term of 28 years if the renewal right was exercised during the basic term's last year.<sup>236</sup> The Copyright Act of 1976 extended the duration of copyrights on pre-1978 works by tacking on 19 years to the renewal term. In addition, the 1976 Act created a new system for determining the duration of copyrights on works created in 1978 or later. For most such works, the copyright would exist for the life of the creator plus 50 years.<sup>237</sup>

Only two decades after the effective date of the changes just noted, Congress enacted the Sonny Bono Copyright Term Extension Act of 1998 (CTEA).<sup>238</sup> The CTEA added 20 years to the duration of future copyrights as well as existing copyrights. As a result, the copyright on a work created in 1978 or later lasts for the creator's life plus 70 years (rather than life plus 50 years).<sup>239</sup> If a copyright on a pre-1978 work was still in effect as of 1998, it qualified for the CTEA's 20-year extension. Thus, for qualifying pre-1978 works, the copyright's maximum duration has become 95 years. This figure results from the combined effects of the 1976 and 1998 duration extensions, which have operated to supplement the 28-year basic term with a renewal term of 67 years.<sup>240</sup>

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<sup>236</sup> Copyright Act of 1909, ch. 320, §§ 23–24, 35 Stat. 1075, 1077–78 (1909) (current version at 17 U.S.C. § 304 (2006)).

<sup>237</sup> 17 U.S.C. § 302 (2006).

<sup>238</sup> Pub. L. No. 105-298, § 102, 112 Stat. 2827, 2827–28 (codified at 17 U.S.C. §§ 302, 304 (2006)).

<sup>239</sup> 17 U.S.C. § 302(a). The rule stated in the text is the basic rule for copyright duration. The copyright on a jointly created work from 1978 or later exists for 70 years beyond the death of the last surviving creator. *Id.* § 302(b). If the work from 1978 or later is a work-made-for-hire, the copyright lasts for 95 years from first publication or 120 years from creation, whichever comes first. *Id.* § 302(c).

<sup>240</sup> 17 U.S.C. § 304 (2006).

Salinger's copyright on *Catcher*, secured in 1951 and renewed in 1979, will exist until the end of the year 2046 because of the duration extensions provided for in the 1976 Act and the 1998 CTEA. If not for those two extensions, Salinger's copyright would have expired at the end of 2007 (56 years from 1951),<sup>241</sup> and there would have been no *Salinger v. Colting*. In that hypothetical world, *Catcher* would have been a public domain work—meaning that Colting would have had free rein to borrow however much he wanted in writing his 2009 novel without infringing upon Salinger's copyright.<sup>242</sup>

After Congress decided to enact the duration extensions criticized here, the Supreme Court held that Congress could constitutionally make such a policy judgment even if it acted unwisely in doing so.<sup>243</sup> But the effects of the congressional actions should not be ignored when courts decide whether—and how—to accommodate First Amendment interests in copyright infringement cases. A rule that tells creators in Colting's position to “wait X more years, until the copyright expires” is unjustifiably dismissive of freedom of speech concerns when X is a substantial length of time that owes its existence solely to duration extensions.<sup>244</sup>

Of course, some readers of *Eldred v. Ashcroft*<sup>245</sup> may contend that the Supreme Court's decision closed the door on arguments in favor of a greater role for the First Amendment in copyright litigation. The Court held in *Eldred* that the CTEA, even if an unwise enactment, violated neither Article I, § 8 nor the First Amendment.<sup>246</sup> However, the Article I, § 8 issues dominated the majority opinion.<sup>247</sup> The First Amendment issues received second-billing, largely because of the traditional notion that copyright's “built-in First Amendment accommodations”—the distinction between ideas and expression and the fair use doctrine—sufficiently safeguard free

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<sup>241</sup> See *supra* notes 236–240 and accompanying text.

<sup>242</sup> See, e.g., *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23, 29–30, 33–34 (2003) (noting that once copyright on work expires, there are no restrictions on others' ability to use or exploit the work).

<sup>243</sup> *Eldred*, 537 U.S. at 208, 218–19, 222.

<sup>244</sup> In Colting's case, “X” would have been 37 more years—measuring from 2009 (the date of his novel) through 2046. See *supra* notes 236–240 and accompanying text. See also Lessig, *supra* note 145, at 1067 (asserting that retrospective application of duration extensions implicates First Amendment); Netanel, *supra* note 74, at 23–24 (contending that in view of duration extensions, copyright's limited term does not serve as meaningful protector of First Amendment interests).

<sup>245</sup> 537 U.S. 186 (2003).

<sup>246</sup> *Id.* at 208, 218–19, 222.

<sup>247</sup> See *id.* at 198–218. For a detailed analysis of *Eldred*, see Arlen W. Langvardt & Kyle T. Langvardt, *Unwise or Unconstitutional?: The Copyright Term Extension Act, the Eldred Decision, and the Freezing of the Public Domain for Private Benefit*, 5 MINN. INTELL. PROP. REV. 193 (2004).

speech interests.<sup>248</sup> The Court concluded that “when, as in this case, Congress has not altered the traditional contours of copyright protection, further First Amendment scrutiny is unnecessary.”<sup>249</sup> But the Court also recognized that the court below “spoke too broadly when it declared copyrights ‘categorically immune from challenges under the First Amendment.’”<sup>250</sup>

So, how should we interpret *Eldred*’s discussion of First Amendment issues? Given the Court’s “as in this case” reminder,<sup>251</sup> it becomes important not to stray too far from the context in *Eldred*—a constitutional challenge to a duration extension that postponed the plaintiff’s ability to produce and distribute copies of works otherwise about to enter the public domain.<sup>252</sup> *Eldred* thus did not hinge on whether an otherwise infringing use should be protected under the fair use doctrine. Instead, it presented a broader question: whether uses that would not have been infringing in the absence of the CTEA could constitutionally be classified as infringing for many years to come through retroactive application of the duration extension.<sup>253</sup> Accordingly, the *Eldred* Court made only general references to the fair use doctrine, as opposed to conducting the factor-based analysis that becomes essential when a case’s outcome depends upon a fair use determination.<sup>254</sup> The Court’s suggestions about the relationship between the fair use doctrine and the First Amendment thus relate more directly to the context of a challenge to a sweeping congressional enactment than to whether the fair use doctrine does what a First Amendment defense would do when copyright owners sue users of particular works.

Using language that underscores this point, the *Eldred* Court observed that the CTEA “protects authors’ original expression from unrestricted exploitation.”<sup>255</sup> According to the Court,

[p]rotection of that order does not raise the free speech concerns present when the government compels or burdens the communication of particular facts or ideas. The First Amendment securely protects the freedom to make—or decline to make—one’s own speech; it bears less heavily when speakers assert the right to make other people’s speeches. To the extent such assertions raise First Amendment concerns, copyright’s

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<sup>248</sup> *Eldred*, 537 U.S. at 219, 221.

<sup>249</sup> *Id.* at 221.

<sup>250</sup> *Id.* (quoting *Eldred v. Reno*, 239 F.3d 372, 375 (D.C. Cir. 2001)).

<sup>251</sup> *Id.*

<sup>252</sup> *See id.* at 193–94.

<sup>253</sup> *See id.* at 193–94, 198, 213–15.

<sup>254</sup> *See id.* at 219–20.

<sup>255</sup> *Id.* at 221.

built-in free speech safeguards are generally adequate to address them.<sup>256</sup>

The Court probably was incorrect in arguing that the First Amendment “bears less heavily when speakers assert the right to make other people’s speeches.”<sup>257</sup> But even assuming that this statement was correct and that the *Eldred* plaintiff should be seen as having asserted such a right, neither the Court’s statement nor the *Eldred* outcome should be treated as controlling in a case such as *Salinger*. Colting borrowed from Salinger’s copyrighted work, but he did so in presenting his own speech: a novel that added much to the borrowed material while offering commentary on *Catcher* and its famous author. He therefore was not simply asserting “the right to make [Salinger’s] speeches.”<sup>258</sup> Accordingly, Colting and similarly situated defendants should not be stymied by *Eldred*’s statement that “copyright’s built-in free speech safeguards are generally adequate” to address the less weighty First Amendment concerns present when a speaker asserts the right to “make other people’s speeches.”<sup>259</sup>

When the considerations outlined here are coupled with *Eldred*’s acknowledgment that copyrights are not “categorically immune from challenges under the First Amendment,”<sup>260</sup> it becomes clear that parties in Colting’s position should not be foreclosed from proposing a more expansive role for the First Amendment in infringement litigation. *Eldred* obviously cannot be read as calling for a freestanding First Amendment defense, but nothing in *Eldred* would seem to preclude adoption of a fair use analysis that is more First Amendment-friendly.<sup>261</sup> No such preclusion should result from *Eldred*’s statement that “when, as in this case, Congress has not altered the traditional contours of copyright protection, further First Amendment scrutiny is unnecessary.”<sup>262</sup> In addition to the previously noted limiting factor of the Court’s “as in this case” language,<sup>263</sup> *Eldred*’s mention of the government’s “not [having] altered the traditional contours of copyright protection”<sup>264</sup> serves as a further indication that the First Amendment may play a more meaningful role in certain infringement cases. The Court regarded enactment of a copyright duration extension as

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<sup>256</sup> *Id.*

<sup>257</sup> Tushnet, *supra* note 75, at 563–64.

<sup>258</sup> *See Eldred*, 537 U.S. at 221.

<sup>259</sup> *See id.*

<sup>260</sup> *Id.* (quoting *Eldred*, 239 F.3d at 375).

<sup>261</sup> Later in the article, we will propose and elaborate on such an analysis. *See infra* text accompanying notes 279–342.

<sup>262</sup> *Eldred*, 537 U.S. at 221.

<sup>263</sup> *See supra* text accompanying notes 249–54.

<sup>264</sup> *Eldred*, 537 U.S. at 221.

consistent with copyright's "traditional contours,"<sup>265</sup> but government action inconsistent with those contours may necessitate more rigorous First Amendment scrutiny than copyright's "built-in free speech safeguards" can provide.<sup>266</sup>

Consider, for instance, what Salinger sought in the case against Colting, and do so in light of the famous author's longstanding attitude toward *Catcher* and the Holden Caulfield character. One expects copyright owners to be a protective lot regarding their creations. Salinger, however, was protective in the extreme. He was adamant not only about preventing others from using his copyrighted material but also about his own refusals to write a *Catcher* sequel or otherwise re-employ the Caulfield character.<sup>267</sup> Salinger seemingly wanted to classify *Catcher* and Caulfield as off-limits to all (himself included), as if any later use would compromise the integrity of the work and the character and would alter the vision he had for them at the time of creation.<sup>268</sup>

In this sense, Salinger went beyond what copyright law normally contemplates even in its recognition that copyright owners may choose not to prepare derivative works and may decline others' requests for such a license.<sup>269</sup> Salinger's apparent focus on preserving the integrity of *Catcher* and the Caulfield character suggests a moral-rights-like objective for the requested preliminary injunction.<sup>270</sup> Moral rights, however, have not been part of the "traditional contours" of U.S. copyright law.<sup>271</sup> The emphasis has been on economic rights, as opposed to a moral rights regime that would focus on preserving the work's integrity and the creator's artistic vision.<sup>272</sup>

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<sup>265</sup> See *id.* at 204, 208, 218, 221.

<sup>266</sup> See *id.* at 221.

<sup>267</sup> See *Salinger*, 607 F.3d at 71, 74.

<sup>268</sup> See *id.*

<sup>269</sup> See 17 U.S.C. § 106 (2006) (setting forth rights that copyright owner may choose to exercise or not exercise).

<sup>270</sup> See H.R. REP. NO. 101-514, at 6915-16 (1990), reprinted in U.S.C.C.A.N. 6915-16 (noting nature of moral rights set forth in Visual Artists' Rights Act). For further discussion of the nature of moral rights, see Matt Williams, *Balancing Free Speech Interests: The Traditional Contours of Copyright Protection and the Visual Artists' Rights Act*, 13 UCLA ENT. L. REV. 105, 121-24 (2005).

<sup>271</sup> See, e.g., *Gilliam v. American Broad. Cos.*, 538 F.2d 14, 24 (2d Cir. 1976) (noting that copyright law focuses on economic rights associated with protected works rather than on "personal[] rights of authors"). See also Williams, *supra* note 270, at 123-24 (suggesting that moral rights set forth in Visual Artists' Rights Act may alter traditional contours of copyright law if such rights are not regarded as subject to others' First Amendment interests).

<sup>272</sup> See 17 U.S.C. § 106 (2006) (setting forth rights of copyright owner). See also *Gilliam*, 538 F.2d at 24 (noting economic rights focus of copyright law); cf. *Suntrust Bank*, 268 F.3d at 1272 (observing that even though the Supreme Court has not given defendants

Where federal law recognizes moral rights, it does so only as to a narrow range of works of visual art, by virtue of the Visual Artists Rights Act (a set of 1990 amendments to the Copyright Act).<sup>273</sup>

Therefore, to the extent that Salinger's preliminary injunction request was premised on moral rights grounds, it sought government action that would alter the traditional contours of copyright. The same is likely to be true even when the relevant copyright owner is not as controlling as Salinger seemed to be regarding his creations but still seeks to stifle unwelcome commentary by suing for infringement.<sup>274</sup> Accordingly, the Court's language in *Eldred* would seem to contemplate a more prominent role for the First Amendment in *Salinger*-like cases and commentary-stifling cases.<sup>275</sup> As earlier analysis has shown, copyright law's "built-in free speech safeguards"<sup>276</sup> do not protect free speech interests to the same extent that usual First Amendment principles do.<sup>277</sup> Either a separate First Amendment defense, or a stepped-up fair use analysis more accommodating of First Amendment interests, is therefore in order.

#### V. BRINGING FAIR USE ANALYSIS MORE IN LINE WITH THE FIRST AMENDMENT

This section focuses on how the fair use analysis can be modified in order to make it more sensitive to First Amendment concerns. It also offers free-speech-influenced recommendations concerning injunctive relief and damages determinations when a plausible fair use defense fails.

Before turning to the fair use recommendations, however, we offer one that should be obvious from our previous analysis: courts should cease their rote mention of the notion that the distinction between ideas and expression

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special latitude to borrow from a work because it happens to be famous, neither has the Court "go[ne] so far as to grant well-known works a special, higher copyright status"); *id.* at 1282 (Marcus, J., specially concurring) (noting that copyright owner cannot use copyright law to preserve "reputation" of work or to "protect [the work's] story from 'taint'").

<sup>273</sup> 17 U.S.C. § 106A (2006). Congress enacted the Visual Artists' Rights Act (VARA) in an effort to bring the United States into compliance with the Berne Convention, a key international agreement regarding copyright. Berne Convention for the Protection of Literary and Artistic Works, Paris Act, July 24, 1971, art. 6bis, 25 U.S.T. 1341, 828 U.N.T.S. 221. However, Congress declined to extend moral rights to works other than the paintings, drawings, prints, sculptures, and photographs singled out in VARA. *See* 17 U.S.C. § 106A (2006).

<sup>274</sup> *See Suntrust Bank*, 268 F.3d at 1274, 1276–77; *id.* at 1282–83 (Marcus, J., specially concurring); *Ty, Inc. v. Publ'ns, Int'l*, 292 F.3d 512, 521 (7th Cir. 2002).

<sup>275</sup> *See Eldred*, 537 U.S. at 221.

<sup>276</sup> *Id.*

<sup>277</sup> *See supra* text accompanying note 198; *supra* note 144.

meaningfully safeguards First Amendment interests. The distinction accommodates First Amendment concerns only in the very limited sense that a far more onerous rule contemplating infringement liability for the use of ideas and facts would be indefensible from First Amendment and public policy perspectives. However, when a supposed First Amendment “safeguard” applies—as this one does—only when there would be no liability anyway,<sup>278</sup> it does not serve a meaningful role as a free speech protector. So, it is time to drop the fiction.

Why is a modified fair use analysis preferable to a separate First Amendment defense? Copyright has a constitutional foundation because of Article I, § 8’s grant of power to Congress.<sup>279</sup> Because both copyright and the First Amendment are rooted in the Constitution, the two must coexist in a reasonable fashion. The frequently outcome-determinative nature of the usual test for restrictions on fully protected noncommercial speech—whether the speech restrictions are necessary to the fulfillment of a compelling government purpose<sup>280</sup>—seems unlikely to lead to such coexistence. If the test were applied as it is outside the copyright context, free speech interests would likely prevail nearly all the time<sup>281</sup> when the defendant’s use of the plaintiff’s work amounted to noncommercial speech. That state of affairs may be appropriate outside the copyright setting, but probably does not create a suitable balance when copyright interests oppose First Amendment interests in infringement litigation.

What if the defendant in the infringement case engaged in commercial speech, which merits less First Amendment protection than if the speech had been noncommercial?<sup>282</sup> The prevailing test for assessing commercial speech restrictions<sup>283</sup> does not gracefully fit the copyright litigation setting, mainly because it is designed for the direct government regulation context

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<sup>278</sup> See *supra* text accompanying notes 145–146.

<sup>279</sup> U.S. CONST. art. I, § 8, cl. 8.

<sup>280</sup> See, e.g., *Citizens United*, 130 S. Ct. at 898; *Playboy*, 529 U.S. at 813.

<sup>281</sup> The government usually will fail the test, either because it cannot show a compelling purpose (a legitimate or even substantial government purpose will not do), or because the particular speech restriction undergoing evaluation is not truly necessary to achievement of the compelling purpose. See, e.g., *Citizens United*, 130 S. Ct. at 898–911; *Playboy*, 529 U.S. at 813, 818, 826; *Reno v. ACLU*, 521 U.S. 844, 874, 876–77, 879 (1997).

<sup>282</sup> See *supra* notes 198–199.

<sup>283</sup> In a judicial challenge to government action that directly regulates the content of nonmisleading commercial speech about a lawful activity, the action will be held not to violate the First Amendment if the government establishes that it possessed a substantial underlying regulatory interest and that the regulation or restriction at issue directly advances the underlying interest in a narrowly tailored way. *Cent. Hudson Gas & Elec. Corp. v. Pub. Serv. Comm’n*, 447 U.S. 557, 563–64, 566 (1980); *Bd. of Trs. v. Fox*, 492 U.S. 469, 480 (1989).

rather than the indirect regulation setting of infringement cases.<sup>284</sup> In the indirect regulation context, special requirements may have to be adopted in order to address First Amendment interests—whether arising from commercial speech or from noncommercial speech—in ways better suited to the relevant type of case. The defamation cases noted earlier serve as an example of an indirect regulation setting in which the Supreme Court devised special First Amendment-based rules in order to protect free speech interests.<sup>285</sup>

Because the fair use doctrine already exists in copyright law and may be a meaningful First Amendment safeguard if the relevant analysis is modified, it makes sense to modify that analysis instead of constructing a framework for a separate First Amendment defense. We therefore proceed factor by factor, identifying the ways in which current fair use analysis should be adjusted to account more suitably for free speech interests.<sup>286</sup>

#### *A.A First Amendment-Sensitive Factor One*

The first fair use factor calls for consideration of the “purpose and character” of the defendant’s use of the copyrighted work, “including whether such use is of a commercial nature or is for nonprofit educational purposes.”<sup>287</sup> Part of the foundation for a first factor analysis that would take appropriate account of First Amendment interests can be found in the examples Congress listed as potentially strong candidates for fair use protection: criticism or commentary; news reporting; and teaching, scholarship, or research.<sup>288</sup> Given their purposes, such uses reflect important free speech interests, even if current fair use analysis sometimes yields them

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<sup>284</sup> In the direct regulation setting, the government is the source of the speech restriction as well as the initiator of, or an indispensable party to, the legal proceeding in which the First Amendment issue is being addressed. *See, e.g., Citizens United*, 130 S. Ct. 876; *Playboy*, 529 U.S. 803; *Reno*, 521 U.S. 844. For First Amendment purposes, there can also be indirect government action. It exists when a private party initiates a legal proceeding and asks the court to apply a rule that could lead to the imposition of adverse legal consequences (an injunction or a damages award) on a defendant because of the content of the defendant’s speech. C. Edwin Baker, *First Amendment Limits on Copyright*, 55 VAND. L. REV. 891, 892 (2002). *See N.Y. Times Co. v. Sullivan*, 376 U.S. 254, 264–65 (1964).

<sup>285</sup> *See supra* text accompanying notes 205–208.

<sup>286</sup> In *Suntrust Bank*, the Eleventh Circuit went beyond the traditional view that the fair use doctrine automatically furnishes adequate protection for First Amendment interests, and did so in part by suggesting the importance of applying the fair use factors in a manner that would be sensitive to First Amendment concerns. *See Suntrust Bank*, 268 F. 3d at 1265. However, the *Suntrust Bank* court did not propose a specific factor-by-factor set of modifications. *See id.* We undertake that task here.

<sup>287</sup> 17 U.S.C. § 107 (2006).

<sup>288</sup> *See id.*

less protection than they deserve. Add selected principles from *Campbell* to the statutory examples, and the foundation becomes relatively solid. Until that foundation is built upon, however, the first factor will continue to be insufficiently accommodating of the First Amendment in certain cases. The building process will require departures from the *Campbell* analysis as well as the addition of new speech-protective considerations.

Say that the defendant's use reflected a favored purpose of the sort singled out by Congress. If the speech interest connected with that purpose is to be appropriately protected, the first factor's reference to "commercial" must be applied in a way that does not improperly jeopardize the defendant's chances of succeeding with the fair use defense. "Commercial" must be applied more consistently with that term's meaning in First Amendment jurisprudence generally.<sup>289</sup> Therefore, "commercial" and "profit motive" should not be considered synonymous. Many instances of speech reflect underlying profit motives but are classified as noncommercial for First Amendment purposes (including books, newspapers and magazines, movies, TV shows, songs and recordings, and visual art).<sup>290</sup> If the defendant's use was noncommercial in the usual First Amendment sense, it should be considered noncommercial under the first fair use factor. Such a use's important factor-one purpose—whether commentary, news reporting, or educational—should no longer be diluted by an undue focus on the profit motive.

If an underlying profit motive does not make a use commercial for first factor purposes, it becomes necessary to clarify what does. We propose using the commercial speech definition employed in non-copyright settings.<sup>291</sup> The *Campbell* dictum, in which the Court suggested that use of a parody (or presumably other commentary) to sell a product might be viewed less favorably in the fair use analysis than where a parody itself was being sold,<sup>292</sup> is a step in the right direction. This selling product versus selling speech distinction should become an explicit part of the first factor analysis because it can help distinguish commercial uses from noncommercial uses. If the defendant borrowed from the copyrighted work while engaging in speech and then sold that speech—in the form of, say, a book, article, song, recording, work of visual art, movie, or TV show—the defendant's use should be classified as noncommercial. If the borrowing occurred in the course of speech designed to sell more of the defendant's product (*e.g.*,

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<sup>289</sup> See *supra* note 199.

<sup>290</sup> See *supra* text accompanying note 144.

<sup>291</sup> By this, we mean "speech that 'does no more than propose a commercial transaction,'" see, *e.g.*, *Va. State Bd. of Pharmacy*, 425 U.S. at 762, or some definition akin to it. See *supra* note 199.

<sup>292</sup> *Campbell*, 510 U.S. at 585. See *supra* text accompanying notes 197–200.

cereal), the usual definition of commercial speech indicates that the use should be classified as commercial.<sup>293</sup> The defendant's commercial use may then operate to undercut, though not necessarily negate, another more "noble" purpose such as engaging in commentary.<sup>294</sup>

Although we advocate making the *Campbell* dictum a formal part of the first factor analysis, our proposal for using the selling product versus selling speech distinction differs from *Campbell's* suggestion. We see the distinction as a means of separating commercial uses from noncommercial uses, whereas the *Campbell* Court identified the distinction while discussing how the significance of a use's commercial nature will vary from case to case. The Court seemingly contemplated that the parody at issue was a commercial use, but was less disadvantageous to the defendants' fair use arguments than it otherwise might have been because the parody itself was being sold rather than being used to sell a product.<sup>295</sup> Our proposal would classify a parody such as that in *Campbell* as *noncommercial*—meaning that it would weigh even more heavily in the user's favor under factor one than *Campbell* suggested. Accordingly, our proposal would go further to safeguard First Amendment interests.

Once the commercial versus noncommercial determination is made as described above, the first factor analysis should consider whether the defendant's use reflected mere appropriation of the copyrighted work or was, instead, transformative or otherwise in the public interest. This portion of the proposed analysis preserves *Campbell's* designation of transformative uses as highly valued under the fair use doctrine, while underscoring the decision's acknowledgment that a transformative purpose is not a fair use prerequisite.<sup>296</sup> The transformative use emphasis in *Campbell* fits the criticism and commentary context well because such uses typically add new creative content and employ the borrowed material for a purpose different from that of the copyrighted work.<sup>297</sup> Insistence on a transformative use, however, may risk paying insufficient attention to uses that are in the public interest and entitled to First Amendment protection.

For instance, some educational uses may not be transformative in the sense that *Campbell* used the term because they may not involve adding new content to the borrowed material, even if the educational purpose differs from the purpose underlying the borrowed-from work.<sup>298</sup> The same

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<sup>293</sup> See, e.g., *44 Liquormart*, 517 U.S. at 488, 496; *Va. State Bd. of Pharmacy*, 425 U.S. at 762.

<sup>294</sup> See 17 U.S.C. § 107 (2006); *Campbell*, 510 U.S. at 578–79, 585.

<sup>295</sup> See *Campbell*, 510 U.S. at 572–73, 579, 584–85.

<sup>296</sup> *Id.* at 579.

<sup>297</sup> *Id.* at 578–79.

<sup>298</sup> See *id.* at 579.

may be true of certain news reporting uses. Yet educational and news reporting uses, besides possessing significant speech elements, hold profound public benefit.<sup>299</sup> Accordingly, the first factor analysis should not become fixated on whether the defendant's use was transformative under a rigid definition of that term, even though transformative uses should remain highly valued. Other uses that offer strong public benefit but do not have an obvious transformative component should not be discounted in the first factor analysis.<sup>300</sup> However, if the defendant's use neither is transformative nor provides a meaningful public benefit, the use should be seen as mere appropriation of the plaintiff's work and therefore not likely to fare well in the factor one analysis.

If a transformative use or a use beneficial to the public is present, that characteristic must be balanced against the use's commercial or noncommercial nature. The profit motive underlying a commercial use—determined as proposed above—carries considerable weight that should operate against the defendant in the first factor analysis unless a very substantial degree of transformative character or public benefit is there to offset the profit-making component. The commercial user's uphill battle under the first factor<sup>301</sup> is consistent with the intermediate level of First Amendment protection extended to commercial speech outside the copyright setting.<sup>302</sup>

Assuming, however, that the defendant's use is noncommercial—determined as proposed earlier—the defendant comes to the first factor

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<sup>299</sup> See Mark A. Lemley, *Property, Intellectual Property, and Free Riding*, 83 TEX. L. REV. 1031, 1050–54 (2005) (asserting that information is a public good at no risk of being depleted and that treating copyrighted works as if they were real property as opposed to consisting of speech leads to an erroneous assumption that uses of information should be considered unlawful free-riding). Professor Lemley laments what he sees as a trend to treat copyright the same way real property is treated—a trend leading to overly broad intellectual property rights that hamper creativity. *Id.* at 1032, 1058–61. See also Rubinfeld, *supra* note 142, at 25, 28–29 (contending that because copyrighted works consist of speech, they should not receive the same legal treatment accorded other forms of property); 17 U.S.C. § 107 (2006) (listing educational and news reporting uses as good candidates for fair use treatment).

<sup>300</sup> See Tushnet, *supra* note 75, at 537–38, 545, 556, 586. Moreover, if a use need not be transformative in order to be a fair use candidate, there should be no requirement that a use be *consistently* transformative. In *Salinger*, the district court invented an ill-advised requirement to that effect and applied it against Colting by engaging in what amounted to a page-counting exercise. See *supra* notes 98, 183–186 and text accompanying.

<sup>301</sup> Although defendants who had a commercial purpose have always encountered difficulty under factor one, our proposal has the effect of classifying a use as commercial in a significantly narrower range of cases than under the prevailing fair use analysis. See *supra* text accompanying notes 289–295. Accordingly, the uphill battle alluded to in the text will be faced by fewer defendants under our proposal.

<sup>302</sup> See *supra* note 199.

determination with a more weighty speech interest and a profit motive, if there is one, about which there should normally be less concern. Accordingly, that defendant should generally be able to get by with less of a showing of offsetting transformative character or public benefit.<sup>303</sup> The noncommercial user's better shot at success<sup>304</sup> under factor one is consistent with the greater degree of First Amendment protection extended to noncommercial speech.<sup>305</sup>

Next, we explore the proper evaluation of commentary under the first factor. We advocate a departure from *Campbell*'s rule that parody or other commentary can be a fair use candidate only if it comments on the borrowed-from copyrighted work.<sup>306</sup> This rule may seem sensible as a screening device, but it illustrates how current fair use doctrine falls short of being a meaningful First Amendment safeguard. We propose that

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<sup>303</sup> This is not to say, however, that the profit motive is irrelevant in all noncommercial use cases or that every noncommercial user is entitled to have the first factor resolved in his favor. The fact-specific nature of the fair use inquiry may call for distinctions among noncommercial users based on such considerations as how directly or indirectly they benefit the public and how directly or indirectly they stand to make a profit. Consider, for instance, a scenario in which a professor authorizes inclusion of portions of others' copyrighted materials in a readings packet that students taking her class must purchase from a copy shop. The professor does not receive any compensation based on sales of the packet. Her only profit motive is indirect and attenuated, in the sense that if she does a good job of providing students with a meaningful educational experience, she might receive a better salary increase than if she did a merely adequate job. If she is sued for infringement because of the readings packet—an example of noncommercial speech even though it is being sold—she should fare well under the first fair use factor. Her educational use is noncommercial in nature and of considerable benefit to the public, and there is no direct profit motive. But what about the copy shop, which sells the readings packets and receives the resulting profits? Under our proposal, the readings packet remains noncommercial speech because it is an example of selling speech. Yet the copy shop has a strong and direct profit motive. It is also only indirectly involved in furthering the educational purpose because it merely produces copies of the materials (unlike the professor, who selected the materials to be included). Thus, even though the readings packet would be considered noncommercial, the copy shop is not likely to be in a favorable position under factor one.

<sup>304</sup> This assumes the existence of a transformative character or public benefit of the sort provided by the uses Congress listed as potentially good candidates for fair use treatment. See 17 U.S.C. § 107 (2006). Absent such character or benefit, even a noncommercial use can be considered mere appropriation and thus unlikely to succeed under fair use factor one. Consider, for example, the publishing company that produces and distributes copies of a copyrighted novel without a license from the copyright owner to do so. Books are noncommercial even when sold for a profit, but the publishing company's actions in this situation should be considered mere appropriation.

<sup>305</sup> See *supra* note 198 and text accompanying; *supra* note 144.

<sup>306</sup> *Campbell* may not have established this as an absolute rule, but its strong suggestions in that regard effectively created such a rule. See *Campbell*, 510 U.S. at 580–81.

commentary in which a defendant borrows from a copyrighted work should be treated as transformative and a fair use candidate even if the commentary does not criticize the work and pertains to other matters.<sup>307</sup> The First Amendment would normally protect such broader commentary, especially if it were noncommercial in nature.<sup>308</sup> It therefore should not face wholesale exclusion from possible fair use treatment, and should be considered at least potentially transformative for purposes of the factor one analysis.<sup>309</sup>

Absent the change just proposed, courts will continue doing what the district court did in *Salinger*: struggle to decide whether commentary pertained to the borrowed-from work or, instead, to some other matter. Given the implicit nature of the criticism in parody and certain other forms of commentary, courts' decisions on this point may tend to be inconsistent and somewhat arbitrary. This makes the screening-device nature of the commenting-on-the-work rule problematic from a First Amendment perspective. A court's erroneous determination may bar the defendant from making fair use arguments despite the presence of speech that would otherwise receive substantial First Amendment protection.<sup>310</sup> Of course, elimination of the commenting-on-the-work rule would not guarantee the defendant a win on fair use grounds. It would mean only that the screening device would not bar the defendant from seeking fair use protection, and that the court would have to consider the defendant's arguments on the four factors.

For the same reasons stated above, we advocate elimination of the judicial distinction that regards satire as a weaker fair use candidate than parody.<sup>311</sup> The distinction between parody and satire is unhelpful as an indicator of fair use eligibility because it contemplates close-to-the-line determinations on matters of literary form.<sup>312</sup> It is not an appealing prospect to expect judges who may not be well-versed in such matters to make determinations on whether parody or satire is present. Inconsistent outcomes concerning similar instances of speech would seem an inevitable consequence of the distinction between parody and satire. Such inconsistency makes the distinction an unsuitable way of safeguarding First Amendment interests because, either way, the defendant would have the

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<sup>307</sup> This change could occur through a Supreme Court decision or an amendment to the Copyright Act.

<sup>308</sup> See *supra* note 198 and text accompanying; *supra* note 144.

<sup>309</sup> See Thomas Cotter, *Fair Use and Copyright Overenforcement*, 93 IOWA L. REV. 1271, 1318 (2008).

<sup>310</sup> See *supra* note 198 and text accompanying; *supra* note 144.

<sup>311</sup> See *Campbell*, 510 U.S. at 581–82. See also *supra* note 51 (discussing this distinction).

<sup>312</sup> See Christina Bohannon, *Copyright Harm, Foreseeability, and Fair Use*, 85 WASH. U. L. REV. 969, 1008–09 (2007).

same free speech interests at stake. Outside the copyright context, the defendant's speech—whether parody or satire—would be entitled to full First Amendment protection if the speech was noncommercial in nature.<sup>313</sup> The chances of an erroneous classification, and therefore of a defendant's being denied an opportunity to make fair use arguments despite strong First Amendment interests on her side, are too great. The distinction between parody and satire should go by the wayside.<sup>314</sup>

We also propose that when a defendant borrows from a copyrighted work in order to comment on the work's *author*, such commentary should be treated as relevant to the factor one analysis. The *Salinger* district court regarded Colting's commentary on Salinger as not especially important for fair use purposes,<sup>315</sup> but commentary on authors—particularly famous ones—would normally carry substantial First Amendment protection. Consider, as noted previously, the stern First Amendment-based fault requirement that Salinger would have had to satisfy if he had been suing Colting for defamation.<sup>316</sup> It therefore seems odd that commentary on the well-known author would not have a meaningful role to play in the determination of whether commentary that borrowed from his work merited fair use treatment. Accordingly, we favor consideration of such commentary in the fair use analysis.<sup>317</sup>

Finally, we propose that in applying the first factor, courts should consider the effects of the copyright duration extensions discussed earlier.<sup>318</sup> Where the borrowed-from work remains under copyright solely because Congress extended the duration beyond what the applicable law called for when the work's copyright arose, courts may want to give the defendant a favorable bump in the balancing of interests. Doing so would help the defendant under the first factor, but would not guarantee fair use

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<sup>313</sup> See *supra* note 198 and text accompanying; *supra* note 144.

<sup>314</sup> Cf. David E. Shipley, *A Dangerous Undertaking Indeed: Juvenile Humor, Raunchy Jokes, Obscene Materials, and Bad Taste in Copyright*, 98 KY. L.J. 517, 565–70 (2010). But see Adrian Liu, *Copyright as Quasi-Public Property: Reinterpreting the Conflict Between Copyright and the First Amendment*, 18 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 383, 433–34 (2008) (suggesting that distinction between parody and satire is worth maintaining). We have less faith in the distinction than Professor Liu apparently does, but in any event, elimination of the distinction would not guarantee that every instance of satire would amount to fair use. Rather, the satirist simply would get a chance to make her arguments regarding the fair use factors.

<sup>315</sup> See *Salinger*, 641 F. Supp. 2d at 260–63.

<sup>316</sup> See *supra* text accompanying notes 205–208.

<sup>317</sup> Apart from the First Amendment reason to consider such commentary, there is a practical reason: the difficulty that may be encountered in separating commentary on the author from commentary on his copyrighted work, especially when the author and the work are entwined in the public's mind.

<sup>318</sup> See *supra* notes 236–244 and text accompanying.

treatment and thus would not undermine the current duration provision. Taking such a consideration into account would seem especially appropriate when, as in *Salinger*, the allegedly infringing activities did not occur until after the borrowed-from work would have entered the public domain if not for the statutory duration extensions.<sup>319</sup> The First Amendment interests seem particularly meaningful in that context.

If this subsection's proposals had been applied in *Salinger*, the first fair use factor would have been resolved in the defendants' favor. Their use was noncommercial; it was suitably transformative in its commentary on the borrowed-from work and its author (all of which we would have considered in the analysis); and the borrowed-from work would have been in the public domain if not for congressional extensions of copyright duration. Such an analysis would have accounted more appropriately for the relevant First Amendment interests.

Of course, no one fair use factor controls the outcome in any case. Because all four factors must be considered, the following subsections address the remaining three factors and the ways in which their application can make suitable allowance for free speech concerns.

#### *B.A First Amendment-Sensitive Factor Two*

When courts apply the second factor—the nature of the copyrighted work<sup>320</sup>—they frequently note that borrowing from a highly creative work may jeopardize the defendant's fair use chances more than would borrowing from a largely factual work.<sup>321</sup> The second factor can be made more sensitive to First Amendment interests if courts place less emphasis on the creative works versus factual works distinction when the defendant's use included commentary along the lines explored in the previous subsection. *Campbell* is instructive in that regard. There, the Court noted that the creative works versus factual works distinction is not particularly helpful in parody cases because well-known creative works are logical targets of parodists.<sup>322</sup> We would extend *Campbell's* reasoning to forms of commentary other than parody. The likely effect would be the same as in *Campbell*: a second factor that becomes insignificant in a case involving commentary or other transformative uses. The defendant's fair use chances thus would not be hampered, and First Amendment interests would be better served.

Courts can also be more accommodating of free speech interests if, in

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<sup>319</sup> See *supra* text accompanying notes 241–242.

<sup>320</sup> 17 U.S.C. § 107 (2006).

<sup>321</sup> See *supra* notes 211–213 and text accompanying.

<sup>322</sup> *Campbell*, 510 U.S. at 586.

applying factor two, they employ the published work versus unpublished work distinction outlined in *Harper & Row*.<sup>323</sup> The Supreme Court concluded that because of the importance of the copyright owner's right of first publication, a borrowing from an unpublished copyrighted work should normally harm the defendant's chances of succeeding with the fair use defense but would not be conclusive in that regard.<sup>324</sup> A borrowing from a published work, while not operating in the defendant's favor, should likely cause the second factor to be neutral (and therefore not damaging to the defendant's fair use prospects). Because many instances involving commentary or other transformative purposes would be ones in which the defendant borrowed from a published work, a published versus unpublished focus would help factor two account for First Amendment interests.

If the approaches we urge here had been taken in *Salinger*, the second factor would not have helped the defendants in the fair use analysis, but neither would it have favored the plaintiff. Although *Catcher* is a highly creative work, Colting's borrowing reflected considerable commentary on the widely distributed novel. *Catcher*'s notoriety, moreover, made it a logical object of commentary. Under our proposal, then, the second factor would have been deemed neutral.

### *C.A First Amendment-Sensitive Factor Three*

The third factor requires consideration of the extent of the defendant's borrowing and an assessment of the importance of the portions borrowed to the copyrighted work.<sup>325</sup> Making this factor sufficiently accommodating of First Amendment interests requires extension of a *Campbell*-approved approach and further consideration of our first factor proposals.

*Campbell* recognized that if a parody of a copyrighted work is to be effective, the parodist must be permitted to use enough of the work's expression, in either a qualitative or a quantitative sense, to "conjure up" the work and enable the public to recognize what is being parodied.<sup>326</sup> As compared with users not engaged in parody, the parodist may be able to borrow more expression—and more of the especially important or recognizable expression—without the third factor operating against the defendant. Even a borrowing of the work's "heart" may not disadvantage the parodist under factor three.<sup>327</sup>

We propose that the conjure-up test be extended to cases in which

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<sup>323</sup> 471 U.S. 539 (1985).

<sup>324</sup> *Id.* at 550–55.

<sup>325</sup> See 17 U.S.C. § 107 (2006).

<sup>326</sup> *Campbell*, 510 U.S. at 588.

<sup>327</sup> *Id.*

commentary<sup>328</sup> other than parody is present and to other cases in which the defendant's borrowing reflects purposes that go beyond mere appropriation. Other commentary reflects the same sorts of speech interests present with parody and seemingly animating the reasoning in *Campbell*.<sup>329</sup> From a First Amendment perspective, therefore, it makes sense to employ the conjure-up test more broadly to instances in which speech interests are prominent.

In determining the extent of permissible borrowing under the conjure-up test, courts should remain cognizant of the commercial versus noncommercial classification issue and should resolve it as proposed in our first factor recommendations.<sup>330</sup> If the defendant's use was noncommercial, the defendant should receive more latitude regarding the degree of borrowing permitted under the conjure-up test. If the defendant's use was commercial, the conjure-up test should still be applied—but less loosely than where the defendant's borrowing was noncommercial. This difference would recognize that noncommercial speech lies at the heart of the First Amendment.<sup>331</sup>

Although the conjure-up test contemplates that the defendant not be permitted to borrow more than was reasonably necessary to bring the copyrighted work to mind,<sup>332</sup> the conjure-up test should not be considered a least-restrictive-means approach. The defendant engaged in commentary or another purpose going beyond mere appropriation should not be penalized for borrowing somewhat more expression than was absolutely necessary to conjure up the borrowed-from work. If the defendant did not go significantly overboard in that regard, the third factor should permit breathing room in recognition of speech interests.<sup>333</sup>

If the approach urged here had been employed in *Salinger*, the district court would have been less inclined to conclude that the third factor cut strongly against fair use. Colting's novel was noncommercial speech that involved significant commentary and an obvious need, given its purposes, to borrow easily recognizable aspects of the expression in *Catcher*. Therefore, reasonable latitude should have been extended to the defendants

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<sup>328</sup> By this, we mean commentary in the broader sense contemplated in our proposals regarding the first factor. See *supra* text accompanying notes 306–314.

<sup>329</sup> See *Campbell*, 510 U.S. at 578–81, 588–89.

<sup>330</sup> See *supra* text accompanying notes 289–295.

<sup>331</sup> See *supra* text accompanying note 198; *supra* note 143.

<sup>332</sup> See *Campbell*, 510 U.S. at 588–89.

<sup>333</sup> For essentially the same reasons noted in our factor one proposals, we regard it as appropriate for courts applying the third factor to consider whether the borrowed-from work remains under copyright only because of duration extensions enacted by Congress. See *supra* text accompanying notes 318–319. In such an instance, the court may want to extend somewhat more latitude to the defendant under the third factor, especially if the defendant's borrowing for a speech-related purpose was noncommercial in nature.

under factor three. It is difficult to determine whether the borrowing exceeded what that latitude would contemplate, but it is far from obvious that the third factor should have favored Salinger.

#### *D.A First Amendment-Sensitive Factor Four*

Portions of the prevailing approach to the fourth factor—the effect, if any, of the defendant’s “use on the potential market for or value of the copyrighted work”<sup>334</sup>—comport with the First Amendment, but other aspects require modification if free speech interests are to be adequately safeguarded. *Campbell* set forth a speech-protective rule when the Court stated that harm to the copyrighted work from the force and effectiveness of the defendant’s parody does not count against the defendant in the factor-four analysis.<sup>335</sup> The same rule, logically, should apply to forms of criticism or commentary that do not involve parody. Lower courts should continue heeding that message. They should also continue to conclude that the copyright owner cannot credibly argue for control over a supposed market for parody versions of the work or other versions that criticize it, because such a market is not one for which the copyright owner would realistically consider issuing licenses.<sup>336</sup> Such a conclusion is sensible if the fair use defense is to retain meaning and speech interests are to be protected.

We agree that factor four normally should require consideration of harm to reasonable derivative markets that owners of copyrights on the type of work at issue would likely pursue (even if the copyright owner in the case before the court had not yet done so).<sup>337</sup> However, we part company with the prevailing analysis when it permits assumptions about markets copyright owners typically would pursue to override facts clearly indicating that the relevant copyright owner has no interest in pursuing those markets. Fair use is a fact-specific inquiry, and fictions about possible exploitation of reasonable markets should not control over facts to the contrary. Such facts were present in *Salinger*, given the author’s longstanding stance against making any use—or licensing anyone else to make a use—of the Holden Caulfield character or of other expression in *Catcher*.<sup>338</sup>

The *Salinger* district court ignored reality when it concluded that despite Salinger’s firm position against exploiting any and all derivative markets, there was likely impairment of relevant markets for fourth factor

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<sup>334</sup> 17 U.S.C. § 107 (2006).

<sup>335</sup> *Campbell*, 510 U.S. at 591–92.

<sup>336</sup> *See id.* at 587–88, 592–93.

<sup>337</sup> *See, e.g., id.* at 592–94.

<sup>338</sup> *Salinger*, 607 F.3d at 71, 74.

purposes.<sup>339</sup> To the extent that precedent dictated this favoring of fiction over reality, the prevailing analysis should be altered. Most copyright owners want to exploit, or at least consider exploiting, relevant derivative markets. The usual approach of looking at reasonable markets therefore makes sense in most cases. But in a *Salinger*-type case, courts should be free to apply factor four in accordance with the facts rather than copyright owners' general tendencies. Without such judicial flexibility, defendants' speech may be squelched and First Amendment interests disserved.

In applying the fourth factor, courts must also be wary of effectively granting the copyright owner moral rights when such rights are not lawfully available. As earlier analysis showed, *Salinger* seemingly wanted to preserve the integrity of his creations and the vision he had for them, and thus should have been seen as seeking moral rights. The district court obliged with its decision in his favor, despite the fact that only works of visual art—and not even all of them—are entitled to moral rights under U.S. law.<sup>340</sup> The court thus altered the “traditional contours”<sup>341</sup> of copyright law and disregarded free speech interests when it would have been especially appropriate to apply meaningful First Amendment scrutiny. Other courts should avoid such a mistake, an error which seems all the worse when one considers how many more years *Salinger*'s work and that of other creators from the same time period will be under copyright protection thanks to the duration extensions enacted by Congress.<sup>342</sup>

#### *E. Remedies When the Fair Use Defense Fails or Is Likely to Fail*

In this subsection, we consider remedies issues that arise when the fair use defense does not come to the defendant's rescue or seems unlikely to do so. We first address matters pertaining to injunctive relief and then comment on damages questions, focusing in each instance on First Amendment concerns.

Although we disagree with the Second Circuit's conclusion that the *Salinger* defendants were unlikely to succeed with their fair use defense,<sup>343</sup> we endorse that court's handling of the preliminary injunction issues. The Second Circuit correctly concluded that the Supreme Court's decision in *eBay*<sup>344</sup> should be applied to the copyright setting even though it was a

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<sup>339</sup> *Salinger*, 641 F. Supp. 2d at 267–68.

<sup>340</sup> See *supra* notes 234–235, 267–276 and text accompanying.

<sup>341</sup> See *supra* notes 262–276 and text accompanying.

<sup>342</sup> See *supra* notes 241–244 and text accompanying.

<sup>343</sup> *Salinger*, 607 F.3d 68, 83 (2d Cir. 2010).

<sup>344</sup> 547 U.S. 388 (2006). See Samuelson & Bebenek, *supra* note 172, at 73–74 (arguing prior to Second Circuit's *Salinger* decision that *eBay* should be regarded as barring

patent case and that *eBay* should guide preliminary injunction issuance (or non-issuance) even though it involved a permanent injunction request. Accordingly, the Second Circuit devised a sound test for use in preliminary injunction determinations and properly vacated the injunction that the district court had issued without benefit of the new standard.<sup>345</sup> Our only disagreement with the Second Circuit on the preliminary injunction issues pertains to the court's decision to rest its holding solely on *eBay* and not also on the First Amendment. But that is a minor concern because, even though the Second Circuit stated that it did not need to decide whether the First Amendment required its approach to the preliminary injunction issues, the court offered comments that suggested reasonable sensitivity to free speech interests.<sup>346</sup>

For First Amendment purposes, there is particular value in the Second Circuit's *Salinger* holding that there can be no presumption of irreparable harm when a preliminary injunction is sought—even if the defendant's fair use contention probably would be unsuccessful on the merits.<sup>347</sup> Because courts must actually consider whether irreparable harm would likely come to the copyright owner or whether, instead, an eventual award of damages would be an adequate remedy, speech is at far less risk of being enjoined during pendency of the case. To a similar probable effect is the Second Circuit's *eBay*-influenced holding that the public interest must be considered in determinations of whether to issue a preliminary injunction.<sup>348</sup> The preemptive squelching of speech that occurred in *Salinger* until the Second Circuit vacated the preliminary injunction should be less likely to occur in future cases. Such results square with the usual First Amendment concerns about prior restraints on speech.<sup>349</sup>

Similarly, when the copyright owner prevails at the summary judgment stage or after trial, the court must carefully consider not only the irreparable harm issue but also the public interest issue when deciding whether to issue a permanent injunction.<sup>350</sup> When coupled with *eBay*'s clear message that a permanent injunction is not a mandatory remedy when the plaintiff wins,<sup>351</sup> the standard for issuance of a permanent injunction pays due heed to First

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presumption of irreparable harm in preliminary injunction determination).

<sup>345</sup> *Salinger*, 607 F.3d at 76–82, 84.

<sup>346</sup> *See id.* at 76, 81–83.

<sup>347</sup> *Id.* at 79–80, 82.

<sup>348</sup> *Id.* at 80, 82–83.

<sup>349</sup> *See* Rubinfeld, *supra* note 142, at 6 (complaining that despite usual First Amendment-based concern about prior restraints, courts in copyright infringement cases “issue prior restraints . . . all the time”).

<sup>350</sup> *eBay*, 547 U.S. at 391.

<sup>351</sup> *Id.* at 391–95.

Amendment concerns about enjoining speech. Perhaps the court concludes, after applying the *eBay*-required standard, that a permanent injunction is warranted. Alternatively, the court may determine that the defendant must pay a price in the form of damages, but that the circumstances do not demand an injunction whose operation would make speech unavailable to the public. However the court rules on the permanent injunction question, the requirement that the *eBay* standard be satisfied indicates that First Amendment interests will have been adequately considered.

We close with comments about awards of damages when a plausible fair use defense fails and the defendant faces liability. As defamation law indicates, First Amendment concerns may affect the governing rules regarding damages.<sup>352</sup> The same should be true in copyright cases in which the defendant is being held liable for his speech.

If monetary relief is being sought under the basic remedy of actual damages plus the infringer's profits,<sup>353</sup> the court should be realistic about the markets impaired by the defendant's infringement, and should keep in mind the fact-over-fiction approach to reasonable markets that we advocated in our proposals regarding fair use factor four.<sup>354</sup> The court should also take a hard look at the attributable profits question, in order to make certain that any profits the defendant must disgorge are confined to the actual infringement and do not sweep in profits attributable to non-infringing speech. Such an approach should lead to monetary awards adequate to compensate the copyright owner, but should keep the amounts of those awards in check and thus operate in a manner sensitive to the defendant's speech interests.

If the plaintiff chooses the statutory damages option,<sup>355</sup> the plausibility of the defendant's fair use arguments—even though they failed—should make courts wary of concluding that willful infringement occurred. The statutory damages awarded in such cases should therefore fall within the range allowed for instances of non-willful infringement.<sup>356</sup> The result should be meaningful compensation to the copyright owner without an undue chilling of the defendant's First Amendment interests.

In any event, whether actual damages or, instead, statutory damages are

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<sup>352</sup> See *Gertz*, 418 U.S. at 349–50 (imposing First Amendment-based rules regarding recoverable damages in defamation cases brought by private figure plaintiffs, in order to guard against chilling effect of common-law rules on damages).

<sup>353</sup> 17 U.S.C. § 504 (a), (b) (2006).

<sup>354</sup> See *supra* text accompanying notes 338–343.

<sup>355</sup> 17 U.S.C. § 504 (a), (c) (2006).

<sup>356</sup> That range is a minimum of \$750 to a maximum of \$30,000. *Id.* § 504(c). If the plaintiff can prove willful infringement, the maximum amount of statutory damages becomes \$150,000. *Id.*

being sought, courts must not issue awards for supposed harms of a moral rights-type nature when the work at issue is not a work that qualifies for such rights. For the reasons noted earlier, according moral rights-like protection to works not entitled to them departs from the “traditional contours” of copyright law and cuts too deeply into defendants’ First Amendment interests.<sup>357</sup>

## VI. CONCLUSION

For too long, courts have largely avoided deciding how to accommodate defendants’ First Amendment interests within the copyright protection realm. The traditional view has been that no special consideration of First Amendment interests is necessary in copyright infringement cases because defendants’ free speech interests are adequately accounted for by copyright’s supposed built-in safeguards: the distinction between ideas and expression, and the fair use doctrine. As we have demonstrated, the distinction between ideas and expression does not serve as a meaningful protector of First Amendment interests when defendants in infringement cases really need such a protector. That leaves the fair use doctrine, which has the potential to operate as an effective First Amendment safeguard. The Supreme Court’s decision in *Campbell* suggested some of that potential but stopped short of making it a reality.

The recent district court and Second Circuit decisions in *Salinger v. Colting* reveal that the speech protection afforded by the fair use defense is not coextensive with the protection that the First Amendment would provide if it were given appropriate consideration. Although the Second Circuit appropriately vacated the district court’s preliminary injunction, the appellate court erred in upholding the lower court’s determination that Colting’s fair use defense was likely to fail. A key message from *Salinger*, then, is one neither the district court nor the Second Circuit intended to provide: modifications of the prevailing fair use analysis are necessary if defendants’ free speech interests are to be suitably accommodated.

After engaging in critical analysis of *Salinger*, *Campbell*, and other fair use decisions, we have proceeded on a factor-by-factor basis to outline and justify a modified fair use analysis designed to make the doctrine function more meaningfully as a First Amendment safeguard. Judicial use of our proposed analysis would finally lend accuracy to the statement that the fair use doctrine sufficiently safeguards defendants’ First Amendment interests. In addition, free speech issues may still be present when a plausible fair use defense fails and the defendant faces infringement liability. Accordingly, we have made remedies-related observations regarding an appropriate

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<sup>357</sup> See *supra* text accompanying notes 267–277.

balancing of copyright owners' interests and defendants' First Amendment interests.

As *Salinger* indicates, copyright owners own their "rye" and are entitled to protect it. But others' First Amendment interests sometimes become caught in that rye. Those interests must then be addressed meaningfully, rather than through routine citations of the fiction that copyright's built-in safeguards appropriately protect free speech interests. If adopted, the proposals set forth herein would serve to free the First Amendment from constraints that copyright law has too long imposed.

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Biting the Hand That Feeds: Why the Attempt to  
Impose Additional Performance Fees on iTunes is a  
Search for Dollars Without Sense\*

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Jesse A. Bland<sup>†</sup>

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## I. INTRODUCTION

In 1958, Johnny Cash released a single entitled “Guess Things Happen That Way.”<sup>1</sup> The single soared to the top of the Billboard country chart, spending eight weeks at number one.<sup>2</sup> Since then, though, the song had garnered little attention, standing in the shadows of classics like “Ring of Fire”<sup>3</sup> and “I Walk the Line.”<sup>4</sup> That all changed in 2010 when a seventy-

<sup>1</sup> JOHNNY CASH, *Guess Things Happen That Way*, on SINGS THE SONGS THAT MADE HIM FAMOUS (Sun Records 1958).

<sup>2</sup> JOEL WHITBURN, THE BILLBOARD BOOK OF TOP 40 COUNTRY HITS: 1944-2006 74 (2004).

<sup>3</sup> JOHNNY CASH, *Ring of Fire*, on RING OF FIRE: THE BEST OF JOHNNY CASH (Columbia Records 1963).

<sup>4</sup> JOHNNY CASH, *I Walk the Line*, on JOHNNY CASH WITH HIS HOT AND BLUE GUITAR (Sun Records 1957).

one-year old grandfather from Woodstock, Georgia, purchased and downloaded the track from iTunes. Ironically, “Guess Things Happen That Way” turned out to be the ten-billionth song downloaded from iTunes since the retailer’s inception and, as a result, Louie Sulcer unknowingly won Apple’s contest promoting the historic download, not to mention a ten-thousand-dollar gift card.<sup>5</sup> Sulcer had logged-on to his iTunes account in search of songs to include in a mix he was putting together for his son when he stumbled upon the track.<sup>6</sup> Having never heard the song, though, Sulcer first listened to a thirty-second preview for free. According to Sulcer, it was this thirty-second preview that led him to purchase the song: “I really liked it. It had some really good pickin’ in it. So that’s how I got to that song.”<sup>7</sup>

While many celebrated the historic download as a sign of Apple’s success and promise for the future of digital music sales, a select group of the music industry likely grumbled. This group—made up largely of music publishers, composers, and performance rights organizations—is demanding the right to collect performance fees from iTunes and other online retailers for many of the steps involved in the typical download process.<sup>8</sup> As the law stands today, iTunes pays multiple licenses for the reproduction and distribution rights associated with each song downloaded, but it does not pay any additional performance right licenses for the downloads themselves or the thirty-second song previews. But now the American Society of Composers, Authors and Publishers (“ASCAP”), Broadcast Music Inc. (“BMI”), and other performing-rights groups want to collect performance fees from three additional sources: downloads of music; downloads of films and TV shows, and thirty-second song samples.<sup>9</sup> In fact, according to David Israelite, president and CEO of the National Music Publishers Association (“NMPA”), the group has begun lobbying Congress to pass legislation that would require anyone who sells a

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<sup>5</sup> Daniel Kreps, *iTunes Prize Winner to Steve Jobs: “Yeah Right, Who Is This Really?”*, ROLLING STONE (Feb. 25, 2010), available at <http://www.rollingstone.com/rockdaily/index.php/2010/02/25/itunes-prize-winner-to-steve-jobs-yeah-right-who-is-this-really/>; see also Leah Greenblatt, *EW Talks to the Georgia Grandfather Who Bought the 10 Billionth Song on iTunes: “I’ve Never Won Anything!”* ENTERTAINMENT WEEKLY (Feb. 25, 2010), available at <http://music-mix.ew.com/2010/02/25/itunes-10-billionth-download-johnny-cash/> (quoting Sulcer as saying, “I was just checking iTunes, listening to those little twenty or thirty second clips, and I found this one. It has some good pickin’ in it!”).

<sup>6</sup> See Kreps, *supra* note 5.

<sup>7</sup> *Id.*

<sup>8</sup> Greg Sandoval, *Music Publishers: iTunes Not Paying Fair Share*, CNET (Sep. 17, 2009), [http://news.cnet.com/8301-1023\\_3-10355448-93.html](http://news.cnet.com/8301-1023_3-10355448-93.html).

<sup>9</sup> *Id.*

download to pay a performance fee.<sup>10</sup>

These groups are not simply asking for a bigger slice of the licensing “pie,” so to speak. They are demanding a bigger pie. But such a result remains unlikely, as it rests on the erroneous assumption that iTunes, if forced to pay additional performance fees, would not reconsider its overall fee structure and adjust other cash flows accordingly. In other words, new payments may simply result in the realignment of total financial flows from iTunes, but not more total copyright money. The same can be said even if their erroneous assumption holds. In fact, the harsh results produced under this scenario would prove even more costly to the continuing vitality of the music industry. If online retailers’ fees increase, the additional costs will ultimately shift to consumers like Louie Sulcer. Thus, while such a regime would ostensibly lead to more copyright royalties, it would actually shift consumers away from legally purchasing digital music and stifle the growth of an innovative, beneficial distribution model. Given the importance of digital sales for the future of music, this outcome is nonsensical. More importantly, the additional fees are completely unwarranted.

This development brings to the surface some of the blurrier issues surrounding the music industry’s evolution into the digital medium. Further analysis of these issues reveals statutory provisions that conflict with practical realities and the underlying purpose of copyright law. And because this battle takes place in the context of the music industry, it implicates a complex web of competing interests. At its core, though, this demand reflects a battle for control by industry groups that refuse to acknowledge or leverage the potential of digital retailers like iTunes. As a result, the entire industry continues to marginalize itself—at its own expense, no less—from the good graces of public perception.

This paper will address two of the three sources from which this group is seeking to collect public performance fees: music downloads and the thirty-second song samples provided for free by online retailers. This paper will conduct a two-pronged analysis. First, it will discuss whether each source implicates the public performance right for musical compositions and sound recordings under current law. Second, it will approach the issues from a policy standpoint, discussing whether each respective source should implicate the public performance right and, thus, require additional licensing. This analysis will show that imposing additional fees for these alleged “performances” would undermine the utilitarian foundation upon which American copyright rests. Along the way, this paper will argue that, regardless of whether a download or a thirty-second sample technically constitutes a public performance of either a musical composition or sound

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<sup>10</sup> *Id.*

recording under the current Copyright Act, imposing additional performance fees on iTunes for these transmissions would create an inefficient, nonsensical, and counter-productive result. Accordingly, iTunes and other online retailers should not be subject to these additional fees. Finally, to ensure this result, I propose several legislative amendments as a solution to a problem that requires a delicate balance between artistic protection and market realities.

## II. BACKGROUND: THE MUSIC INDUSTRY, COPYRIGHT & DIGITAL TECHNOLOGY

### *A. The Music Industry's Fall (and iTunes' Rise)*

Describing the music industry's rapid decline requires a look at the statistics. Revenues are down. Way down. To put things in perspective, in 1999 total revenue from U.S. music sales and licensing topped \$14.6 billion. That figure plunged to \$6.3 billion in 2009.<sup>11</sup> Physical and digital sales combined for 373.9 million albums sold in 2009, down 12.7% from the 428.4 million sold in 2008.<sup>12</sup> Comparing the 2009 numbers with those from 2000, a year in which U.S. consumers bought 785.1 million albums,<sup>13</sup> reveals the full extent of the industry's staggering fall: over the past decade, album sales and industry revenues have declined by more than fifty percent.

But that only tells part of the story. Also relevant is the current shift toward a digital distribution model. While the industry's traditional business model revolved around tangible record sales in so-called "brick and mortar" retail stores, with the digital age came a revolutionary idea: digital sales via the internet. In fact, the industry has already begun the historical and inevitable shift toward digital distribution. As of 2009—a year in which

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<sup>11</sup> David Goldman, *Music's Lost Decade: Sales Cut in Half*, CNNMONEY.COM (Feb. 3, 2010),

[http://money.cnn.com/2010/02/02/news/companies/napster\\_music\\_industry/index.htm](http://money.cnn.com/2010/02/02/news/companies/napster_music_industry/index.htm).

<sup>12</sup> Daniel Kreps, *2009 Wrap-Up: Music Purchases Up, Album Sales Down*, ROLLING STONE (Jan. 7, 2010), available at

<http://www.rollingstone.com/rockdaily/index.php/2010/01/07/2009-wrap-up-music-purchases-up-album-sales-down/>; see also International Federation of the Phonographic Industry ("IFPI"), IFPI Digital Music Report 2010, at 10, available at

<http://www.ifpi.org/content/library/DMR2010.pdf> (noting that "the increase in the music industry's digital sales is not offsetting the sharp decline in sales of physical formats.

Overall, global music sales fell for the tenth year running in 2009. Full year figures were not available at the time of going to press, but digital and physical global sales in the first half of 2009 were down 12%, excluding performance rights income.").

<sup>13</sup> Brian Hiatt & Evan Serpick, *The Record Industry's Decline*, ROLLING STONE (June 28, 2007), available at [http://msl1.mit.edu/furdlog/docs/2007-06-19\\_rollingstone\\_industry\\_decline.pdf](http://msl1.mit.edu/furdlog/docs/2007-06-19_rollingstone_industry_decline.pdf).

global digital music trade revenues rose 12% to over \$4.2 billion—almost thirty percent of all recorded music industry revenues worldwide are now coming from digital channels.<sup>14</sup> When compared to the rapid decline in physical record sales, this growth becomes even more pronounced. In 2008, total recorded music sales in the United States declined by more than 18% over 2007 numbers, due to a 31.2% drop-off in physical music sales.<sup>15</sup> Digital record sales, on the other hand, increased by 16.5% and reached almost \$1.8 billion.<sup>16</sup> This trend led at least one industry analyst to predict, “digital music sales will nearly equal CD sales by the end of 2010.”<sup>17</sup>

The explosive growth of digital music sales can be largely attributed to one computer application: iTunes, which allows users to purchase, download, store, and organize multiple forms of digital media on their computers.<sup>18</sup> Unveiled by Apple in 2001,<sup>19</sup> iTunes has quickly become the largest music retailer in the United States and now accounts for over 25% of all music sold.<sup>20</sup> Its dominance in the digital music arena is staggering: consumer downloads from iTunes comprised 69% of the digital music market in the first half of 2009.<sup>21</sup> In an industry plagued by revenue erosion at the hands of illegal file-sharing, iTunes stands as a beacon of hope, providing the means to capitalize on the digital age. In fact, Apple CEO Steve Jobs described the launch of iTunes as “the birth of legal downloading,”<sup>22</sup> and shed light on its role in the market by proclaiming, “[w]e’re going to fight illegal downloading by competing with it. We’re not

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<sup>14</sup> See Press Release, IFPI, IFPI Publishes 2010 Digital Music Report 2010 (Jan. 21, 2010), available at [http://www.ifpi.org/content/section\\_resources/dmr2010.html](http://www.ifpi.org/content/section_resources/dmr2010.html).

<sup>15</sup> IFPI 2008 Recorded Music Data, available at <http://www.ifpi.org/content/library/Recorded-Music-Sales-2008.pdf>.

<sup>16</sup> *Id.*

<sup>17</sup> Press Release, The NPD Group, Digital Music Increases Share of Overall Music Sales Volume in the U.S. (Aug. 18, 2009), available at [http://www.npd.com/press/releases/press\\_090818.html](http://www.npd.com/press/releases/press_090818.html).

<sup>18</sup> Technically, the iTunes bundle consists of a few separate applications and functions. iTunes is a proprietary digital media player application used for playing and organizing digital music and video files. The program is also an interface to manage the contents on Apple's popular iPod range of digital media players. There is also the iTunes Store, the online retail vehicle through which users purchase digital music. For the purposes of this paper, though, I use “iTunes” to refer to the combination of each ancillary application.

<sup>19</sup> Press Release, Apple, Apple Introduces iTunes—World’s Best and Easiest to Use Jukebox Software (Jan. 9, 2001), available at <http://www.apple.com/pr/library/2001/jan/09itunes.html>.

<sup>20</sup> See *supra* note 17.

<sup>21</sup> *Id.*

<sup>22</sup> See John Paczkowski, *iTunes: 10 Billion Songs Sold in Less Than Seven Years*, DIGITAL DAILY (Feb. 24, 2010), <http://digitaldaily.allthingsd.com/20100224/apples-itunes-thanks-10-billion/>.

going to sue it. We're not going to ignore it. We're going to compete with it."<sup>23</sup>

To put these statistics in the proper perspective, one must appreciate the complexities of the music industry itself. Throughout this paper, I will use "the music industry" to refer to the overarching collection of entities that holds distinct—and often divergent—interests in the commercial market for music. A clear distinction should be made between the group of entities most often associated with the term "the music industry"—the record labels—and the group demanding additional performance licensing fees from iTunes—performance rights organizations ("PROs"). While often "what is good for the goose is good for the gander," such will not likely be the case in the issue at hand. That is, while the record labels will clearly benefit from iTunes' ascension, the PROs, relative to the labels, clearly will not. This is due to the way in which cash flows are determined and allocated among the complex web of competing rights in the music context.<sup>24</sup> But this is not necessarily an undesirable result as long as the industry as a whole benefits and copyright's goals are furthered. More importantly, the law should not seek to appease a group of the music industry at the expense of undermining the historical purpose of the public performance right and, more broadly, the utilitarian notions that remain so central to America's view of copyright.

### *B. Digital Technology: Key Terminology*

Before analyzing the legal implications of iTunes' digital media transfers, a distinction must be made between the two relevant digital transmissions:<sup>25</sup> "pure" downloads and streaming transmissions. Downloading "is the transmission of a digital file over the internet from a server computer, which hosts the file, to a client computer, which receives a copy of the file during the download . . ." Once saved, the file can be audibly played by the client and copied to various portable devices.<sup>26</sup> The key is that the files are copied completely to the user's hard drive for later playback.<sup>27</sup> What makes the download "pure" is the fact that the file cannot be played until fully downloaded.<sup>28</sup>

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<sup>23</sup> *Id.*

<sup>24</sup> *See infra* Part II(C).

<sup>25</sup> So-called "progressive" downloads, which allow users to watch or listen to media as it is being downloaded, fall outside the scope of this paper. In any event, iTunes does not currently enable such transmissions.

<sup>26</sup> *U.S. v. ASCAP*, 485 F. Supp. 2d 438, 440 (S.D.N.Y. 2007) (internal citations omitted).

<sup>27</sup> *See* Matt Jackson, *From Broadcast to Webcast: Copyright Law and Streaming Media*, 11 TEX. INTELL. PROP. L.J. 447, 450 (2003).

<sup>28</sup> *See id.*

Streaming is different in two respects. First, it “allows the real-time (or near real-time) playing of the song,”<sup>29</sup> and second, it “does not result in the creation of a permanent audio file on the client computer. Rather, a constant link is maintained between the server and the client until playing of the song is completed, at which time replay of the song is not possible without streaming it again.”<sup>30</sup>

### *C. Copyright Law*

#### 1.A Utilitarian Overview of Copyright Law

In the United States, copyright law begins with the Constitution, which vests Congress with the 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.”<sup>31</sup> As the constitutional grant makes clear, the United States takes a utilitarian view on copyright. That is, Congress is to promote a social benefit—here, “the progress of science and useful arts”—by drafting laws that incentivize creativity and innovation. To be sure, copyright does seek to protect “authors”<sup>32</sup> by granting them a set of exclusive rights in their works. But it only grants these temporary monopolies as a means to an end: the maximization of social welfare. Thus, “private reward is justified only if, on balance, that reward works a net benefit to society.”<sup>33</sup> The Supreme Court has noted that the limited scope of copyright “reflects a balance of competing claims upon the public interest: Creative work is to be encouraged and rewarded, but private motivation must ultimately serve the cause of promoting broad public availability of literature, music, and the other arts.”<sup>34</sup>

As noted, federal copyright law does not provide authors with a single, inseparable right, but instead vests them with a bundle of distinct, exclusive rights.<sup>35</sup> This “bundle” includes the following exclusive rights:

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<sup>29</sup> *ASCAP*, 485 F. Supp. 2d at 442.

<sup>30</sup> *Id.*

<sup>31</sup> U.S. CONST., art. I, § 8, cl. 8.

<sup>32</sup> *See* *Burrow-Giles Lithographic Co. v. Sarony*, 111 U.S. 53, 58 (1884) (defining “author” in the constitutional sense to be “he to whom anything owes its origin; originator; maker”).

<sup>33</sup> Sara K. Stadler, *Performance Values*, 83 NOTRE DAME L. REV. 697, 728 (2008).

<sup>34</sup> *Twentieth Century Music Corp. v. Aiken*, 422 U.S. 151, 156 (1975).

<sup>35</sup> *See* 17 U.S.C. § 106 (2009); H.R. REP. NO. 94-1476, at 12 (1976) (“The five fundamental rights that the bill gives to copyright owners—the exclusive rights of reproduction, adaptation, publication, performance, and display—are stated generally in section 106. These exclusive rights, which comprise the so-called ‘bundle of rights’ that is a copyright, are cumulative and may overlap in some cases. Each of the five enumerated

reproduction,<sup>36</sup> adaptation,<sup>37</sup> publication,<sup>38</sup> performance,<sup>39</sup> and display.<sup>40</sup> Each of these exclusive rights serves its own unique purpose in furthering the constitutional mandate. But at times these rights overlap. Accordingly, “[a]s a general matter, the Copyright Act is clear that when use of a copyrighted work implicates more than one of that work’s rights, the user must license each right individually.”<sup>41</sup> This requirement flows from the utilitarian view of copyright and simply reflects the idea that users attribute independent value to each potential use of a work and, therefore, should compensate copyright holders accordingly if a particular use implicates distinct rights. However, while this requirement made sense in an analog era where the exclusive rights fell neatly into distinct categories, it has been criticized as disconnected from, and inapplicable to, the digital age.<sup>42</sup> As discussed below, digital transmissions—purely because of the technology involved—tend to converge and conflate mechanical and performance rights. This process, in turn, erodes the economic distinctions that justified requiring separate licenses for overlapping rights in the first place.

## 2. Two Key Distinctions

The Copyright Act does not grant all the enumerated exclusive rights found in section 106 to all copyrightable works found in section 102(a).<sup>43</sup>

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rights may be subdivided indefinitely and . . . each subdivision of an exclusive right may be owned and enforced separately”).

<sup>36</sup> 17 U.S.C. § 106(1) (2009).

<sup>37</sup> *Id.* § 106(2). This is also commonly referred to as the “derivative works” right.

<sup>38</sup> *Id.* § 106(3).

<sup>39</sup> *Id.* § 106(4).

<sup>40</sup> *Id.* § 106(5).

<sup>41</sup> W. Johnathan Cardi, *Über-Middleman: Reshaping the Broken Landscape of Music Copyright*, 92 IOWA L. REV., 835, 852 (2007) (noting that, “[f]or example, if a theater company wishes to perform the musical *Rent* and in conjunction with that performance also wishes to print the lyrics of the score in the playbill, then the company must obtain both a performance license and a reproduction license”).

<sup>42</sup> See, e.g., Jonah M. Knobler, *Performance Anxiety: The Internet and Copyright’s Vanishing Performance/Distribution Distinction*, 25 CARDOZO ARTS & ENT. L.J. 531, 578 (2007) (arguing that “the traditionally intuitive and useful semantic distinction between ‘performance’ and ‘distribution’ does not translate readily, or particularly meaningfully, to the internet context at all”); see also 2-8 MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT § 8.24 (Matthew Bender, Rev. Ed. 2009).

<sup>43</sup> 17 U.S.C. § 102(a) (2009). The following categories comprise the subject matter of copyright under the Copyright Act of 1976: “(1) literary works; (2) musical works, including any accompanying words; (3) dramatic works, including any accompanying music; (4) pantomimes and choreographic works; (5) pictorial, graphic, and sculptural works; (6) motion pictures and other audiovisual works; (7) sound recordings; and (8) architectural works.” *Id.*

Instead, each category carries its own unique set of exclusive rights. The situation is especially complex in the musical context, where the final product—the song—actually consists of two separate copyrightable works: “musical works” (or “musical compositions”)<sup>44</sup> and “sound recordings.”<sup>45</sup> And while the Act does not define the term “musical works,”<sup>46</sup> it defines “sound recordings” as “works that result from the fixation of a series of musical, spoken, or other sounds . . . regardless of the nature of the material objects, such as disks, tapes, or other phonorecords, in which they are embodied.”<sup>47</sup> Thus, a sound recording represents the underlying musical composition transposed into aural form.<sup>48</sup> One may ask why such a distinction exists. In fact, the Supreme Court did not recognize the difference until the early twentieth century.<sup>49</sup>

Today, however, the distinction clearly does matter, as it is often the case that two separate individuals own the copyright in each constituent element.<sup>50</sup> In fact, as noted below, though the performing artist sometimes holds the copyright in the sound recording, the record company usually holds title to this right.<sup>51</sup> On the other hand, a songwriter or publishing

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<sup>44</sup> See *id.* at § 102(a)(2).

<sup>45</sup> See *id.* at § 102(a)(7).

<sup>46</sup> See NIMMER & NIMMER, *supra* note 42, at § 2.05 (noting the term was left undefined because it was thought to have a “fairly settled” meaning).

<sup>47</sup> 17 U.S.C. § 101 (2009).

<sup>48</sup> See NIMMER & NIMMER, *supra* note 42, at § 2.10. Note that the underlying work can also be either a dramatic or literary work transposed into aural form. However, for the purposes of this paper, all underlying works will be assumed to be musical compositions. Further, a sound recording should not be confused with a “phonorecord,” the material object in which the sound is embodied. See § 101 (defining “phonorecord” as “material objects in which sounds, other than those accompanying a motion picture or other audiovisual work, are fixed by any method now known or later developed, and from which the sounds can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device. The term ‘phonorecords’ includes the material object in which the sounds are first fixed.”).

<sup>49</sup> See *White-Smith Music Publ'g Co. v. Apollo Co.*, 209 U.S. 1, 18 (1908) (holding that the perforated rolls used to make the sounds of a musical work in a mechanical piano are separate from the underlying musical work); Tomomi Harkey, *Bonneville International Corp. v. Peters: Considering Copyright Rules to Facilitate Licensing for Webcasting*, 20 BERKELEY TECH. L.J. 625, 633 (2005).

<sup>50</sup> See NIMMER & NIMMER, *supra* note 42, at § 2.10 [A][3] (citing H.R. REP. NO. 92-487 (1971); SEN. REP. NO. 92-72 (1971)) (“On the question of ownership of sound recording copyrights, the Committee Reports relating to the original Sound Recording Amendment of 1971, state: ‘As in the case of motion pictures, the bill does not fix the authorship, or the resulting ownership of sound recordings, but leaves these matters to the employment relationship and bargaining among the interests involved.’”).

<sup>51</sup> Christopher D. Abramson, Note, *Digital Sampling and the Recording Musician: A Proposal for Legislative Protection*, 74 N.Y.U. L. REV. 1660, 1669–70 (1999).

company typically holds the copyright in the underlying musical composition.<sup>52</sup> The distinction is also relevant vis-à-vis the public performance right because unlike musical compositions, sound recordings only enjoy a limited public performance right.<sup>53</sup> The sections below detail the different rights associated with musical compositions and sound recordings, as well as how these respective rights are managed.

To understand the management systems in place, though, another distinction—that between mechanical and performance rights—should be addressed. Section 106(1) of the current Copyright Act gives the copyright holder the exclusive right of reproduction.<sup>54</sup> Section 106(3) affords the exclusive right of distribution.<sup>55</sup> Taken together, these two rights are commonly referred to as “mechanical rights,” which give the copyright holder the right to make and distribute musical compositions on phonorecords (i.e., compact discs (“CDs”), records, tapes, and certain digital configurations).<sup>56</sup> Mechanical rights are distinct from performance rights, which must be obtained by a party seeking to broadcast or perform the song publicly. As explained below, music retailers such as iTunes who provide download services are required to obtain a mechanical license for the reproduction and distribution of both the musical composition and the sound recording.

### 3. Musical Compositions: Overview of Ownership & Management

As the original “authors” of musical compositions, songwriters initially own the copyright in these works, which carries with it the following exclusive rights: (1) to reproduce the work, (2) “to prepare derivative works” based upon it, (3) “to distribute copies or phonorecords” of the work, (4) to perform the work publicly, and (5) to display the work publicly.<sup>57</sup> The key word, though, is *initially*. Songwriters have traditionally relied on music publishers for a number of key commercial services.<sup>58</sup> In

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<sup>52</sup> *Id.*

<sup>53</sup> *See infra* Part II(C)(5).

<sup>54</sup> 17 U.S.C. § 106(1) (2009).

<sup>55</sup> *Id.* § 106(1).

<sup>56</sup> *See* N. Jansen Calamita, Note, *Coming to Terms with the Celestial Jukebox: Keeping the Sound Recording Copyright Viable in the Digital Age*, 74 B.U. L. REV. 505, 526 n.115 (1994); *see also* Harry Fox Agency, *Frequently Asked Questions*, <http://www.harryfox.com/public/FAQ.jsp>.

<sup>57</sup> *See* 17 U.S.C. § 106(1)–(5) (2009).

<sup>58</sup> *See* Cardi, *supra* note 41, at 840 (“For many years, publishers played a major role in commercializing the musical works composed by their principals. Publishers located and engaged artists to perform a songwriter’s composition. They secured recording deals with major record labels and sought diverse sources of royalty revenues, from nightclub

return, the artists would sign the standard publishing agreement, which “required the songwriter to assign ownership of the copyrights in his songs to the publisher, retaining only the right to fifty percent of all royalties generated.”<sup>59</sup>

However, as individual music publishers have seen their commercial relevance diminish considerably over recent years,<sup>60</sup> most mechanical and performance rights have been assigned to or acquired by two sets of copyright-licensing collectives. Mechanical licensing is managed by agents like the Harry Fox Agency (“HFA”). Established in 1927 by the NMPA, HFA represents over 37,000 music publishing catalogs and 160,000 songwriters, issuing licenses and collecting and distributing the associated royalties.<sup>61</sup> In addition to being the foremost mechanical licensing agent in the U.S., HFA also provides collection and monitoring services to its publisher clients. In return for these services, HFA receives an 8.75% commission on all royalties distributed.<sup>62</sup> Under the current Act, mechanical rights are subject to compulsory licensing, which means that once a copyright owner authorizes the distribution of phonorecords of a musical work to the public, then any member of the public may reproduce and distribute that work without obtaining permission from the copyright owner so long as he pays the compulsory mechanical license.<sup>63</sup> Further, the applicable rate is statutorily determined.<sup>64</sup> The current rate is 9.1 cents per song, regardless of whether customers buy the song as a digital track online or as a tangible record in a retail store.<sup>65</sup> In practice, however, labels do not

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performances to television commercials. Publishers also promoted the songs of their writers, serving as street barkers in the early days of New York’s Tin Pan Alley, and in later years ensuring broad exposure by means of bribes known as “payola” to radio stations, record labels, and bands. Publishers also served as licensing agents, issuing licenses for various uses and collecting and distributing the resulting royalties.”).

<sup>59</sup> *Id.*

<sup>60</sup> *See id.* at 841 (“Over the twentieth century, the role of music publishers changed significantly. With the rise of the singer-songwriter and the dwindling market for sheet music, the publisher’s role as promoter and entrepreneur diminished. The publisher’s function is now primarily that of royalty-collector and bookkeeper. Nevertheless, publishers still issue a not-insubstantial number of licenses (including some mechanical licenses), and they remain the primary issuer of ‘synchronization licenses’—licenses for the use of a song in an audiovisual work such as a television show, movie, or commercial. Thus, music publishers remain significant industry players and necessary contacts for the licensing of musical works in modern media.”).

<sup>61</sup> Harry Fox Agency, *About HFA*, <http://www.harryfox.com/public/AboutHFA.jsp>.

<sup>62</sup> Cardi, *supra* note 41, at 842.

<sup>63</sup> *See* 17 U.S.C. § 115(a)(1) (2009).

<sup>64</sup> *See* 17 U.S.C. § 115(c)(3) (2009).

<sup>65</sup> *See* U.S. Copyright Office, *Mechanical License Royalty Rates*, <http://www.copyright.gov/carp/m200a.html>.

necessarily pay this amount, as the rate negotiated by HFA can be lower than the statutory rate.<sup>66</sup>

The licensing of performance rights, on the other hand, is handled by three PROs: ASCAP, BMI, and the Society of European Stage Authors & Composers (“SESAC”).<sup>67</sup> Through an agreement, the music publisher grants the PRO the right to license all of the songs controlled by the music publisher.<sup>68</sup> The PRO then adds these songs to its own “repertoire,” which consists of all the songs from the myriad songwriters and music publishers that have previously entered into such agreements.<sup>69</sup> For a fee that typically ranges from 17–23%, these organizations grant blanket licenses to mass-performance licensees such as radio broadcasters (both streaming internet and traditional terrestrial), television and cable networks, restaurants, and bars.<sup>70</sup> For example, a radio station would go to ASCAP and pay an annual fee for a blanket license to publicly perform an unlimited number of songs from ASCAP’s entire repertoire an unlimited number of times. ASCAP would subtract its fee, then distribute the remainder of the royalties to the respective music publishers and songwriters on a 50/50 basis, regardless of the agreement between the two.<sup>71</sup> In fact, the distribution of royalties serves as a major distinction between HFA and the PROs: HFA pays the publishers, while the PROs pay the songwriters directly, regardless of whether they previously assigned their interests to publishers.<sup>72</sup>

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<sup>66</sup> See Harry Fox Agency, *Licensing General FAQ*, <http://www.harryfox.com/public/Licensing-GeneralFAQ.jsp#29>.

<sup>67</sup> See Cardi, *supra* note 41, 843–44. Respective market shares are: ASCAP, 54%; BMI, 43%; SESAC, 3%.

<sup>68</sup> DONALD S. PASSMAN, *ALL YOU NEED TO KNOW ABOUT THE MUSIC BUSINESS* 225 (Free Press 6th ed. 2006) (1994).

<sup>69</sup> In accordance with a consent decree however, the assignment to the PRO is a nonexclusive license, which means the songwriters and music publishers may also negotiate nonexclusive licenses directly with users, though this is seldom done. See *United States v. ASCAP*, 1941 Trade Cas. (CCH) ¶ 56,104, at 405 (S.D.N.Y. 1941); see also Neil Conley, *The Future of Licensing Music Online: The Role of Collective Rights Organizations and the Effect of Territoriality*, 25 J. MARSHALL J. COMPUTER & INFO. L. 409, 412 (2008) (citing AL KOHN & BOB KOHN, *KOHN ON MUSIC LICENSING* 1312 (3d ed. 2002)).

<sup>70</sup> See Cardi, *supra* note 41, at 844–46.

<sup>71</sup> See KOHN & KOHN, *supra* note 69, at 876. To determine how much each songwriter or publisher should receive for a given copyright, the PRO will divvy up the proceeds of its blanket licenses according to a very complicated process. See *id.* at 924.

<sup>72</sup> See ASCAP, *The ASCAP Payment System*, [http://www.ascap.com/about/payment/pdf/paymentSystem/ASCAP\\_PaymentSystem.pdf](http://www.ascap.com/about/payment/pdf/paymentSystem/ASCAP_PaymentSystem.pdf) (“As a condition of ASCAP membership, all writer and publisher members agree that, even in work-for-hire situations, the writer and not the employer will be paid the writer’s share of ASCAP performing rights royalties. In addition, ASCAP’s Articles of Association provide that, with only very limited exceptions unrelated to work-for-hire situations,

#### 4. Sound Recordings: Overview of Ownership & Management

Though a performing artist is considered the “author” of a sound recording<sup>73</sup>—and thus, the initial owner of the relevant exclusive rights under the Act—copyrights to sound recordings are generally held by record labels. Most performing artists contract with record labels to produce their music.<sup>74</sup> As a result of the relatively disparate bargaining powers involved, “labels typically claim exclusive ownership in musical sound recordings through work-for-hire agreements and assignments of ownership from the performing artists, producers, and technicians whose creative input makes the sound recording copyrightable.”<sup>75</sup>

Mechanical rights for sound recordings are managed much the same way as their underlying musical compositions. In 1995, the DPRA made the compulsory mechanical license regime applicable to “digital phonorecord deliveries,” which essentially means music files that are permanently downloaded to the user’s computer.<sup>76</sup> In fact, HFA now issues mechanical licenses for audio-only, permanent digital downloads.<sup>77</sup>

Performance rights in sound recordings are managed by SoundExchange, a non-profit PRO that collects statutory royalties from satellite radio, internet radio, cable TV music channels, and similar platforms for streaming sound recordings.<sup>78</sup> SoundExchange does not, however, provide licenses for so-called “interactive” performances of sound recordings (e.g. “on-demand” services that allow the listener to select the

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writer’s royalties ‘shall not be sold or otherwise disposed of.’ Hence, subject only to those very limited exceptions, ASCAP will not honor an irrevocable assignment of writer’s royalties but will, notwithstanding such an assignment, pay writer’s royalties only and directly to the writer member-in-interest.”).

<sup>73</sup> Actual ownership is often more nuanced. For example, producers or sound engineers can be, and usually are, considered co-authors of the sound recording. In fact, Congress explicitly intended this result. *See* H.R. REP. NO. 94-1476, at 8 (1976) (“The copyrightable elements of a sound recording will usually, though not always, involve ‘authorship’ both on the part of the performers whose performance is captured and on the part of the record producer responsible for setting up the recording session, capturing and electronically processing the sounds, and compiling and editing them to make a final sound recording.”).

<sup>74</sup> *See* Andrey Spektor, *How “Choruss” Can Turn Into a Cacophony: The Record Industry’s Stranglehold on the Future of Music Business*, 16 RICH. J. L. & TECH. 3, 18 (2009).

<sup>75</sup> *See* Cardi, *supra* note 41, at 848.

<sup>76</sup> Technically, “each individual delivery of a phonorecord by digital transmission of a sound recording which results in a specifically identifiable reproduction by or for any transmission recipient of a phonorecord of that sound recording . . .” 17 U.S.C. § 115(d) (2009).

<sup>77</sup> Harry Fox Agency, *Digital Licensing*, <http://www.harryfox.com/public/DigitalLicensing.jsp#19>.

<sup>78</sup> *See* SoundExchange, <http://www.soundexchange.com/>.

tracks they wish to listen to and/or the order in which they wish to hear them).<sup>79</sup> Instead, licenses for interactive performances of sound recordings must be obtained directly from the copyright holder.<sup>80</sup> The Copyright Royalty Board, which is appointed by The U.S. Library of Congress, has entrusted SoundExchange as the sole entity in the United States to collect and distribute these digital performance royalties on behalf of featured recording artists, master rights owners (like record labels), and independent artists who record and own their masters.<sup>81</sup>

### 5. The Public Performance Right

Section 106(4) grants copyright holders of the underlying musical composition the exclusive right to perform, or authorize to perform, a work publicly, whether for profit or not.<sup>82</sup> Two things must be proven in order to implicate this right: first, there obviously must be an unauthorized “performance” of that work by someone other than the copyright holder; and second, the performance must be made “publicly.” In-depth statutory analysis of this right is provided in Part III below. Sound recordings receive their public performance right from Section 106(6), which grants the exclusive right “to perform the copyrighted work publicly by means of a digital audio transmission.”<sup>83</sup> As discussed below, though, the clause “by means of a digital audio transmission” greatly restricts the scope of this right. But before detailing the scope of each respective right, we should examine the history and purpose of the public performance right in American copyright law.

#### *a. History for Musical Compositions: § 106(4)*

Copyright holders did not enjoy a performance right until the mid-nineteenth century.<sup>84</sup> Up to that point, they only enjoyed publication rights—that is, the exclusive rights of “printing, reprinting, publishing, and vending” copies of their works.<sup>85</sup> But in 1856, when Congress granted statutory copyright protection to “dramatic compositions,” it also created the performance right, granting owners of plays the exclusive right to “act,

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<sup>79</sup> SoundExchange, *Frequently Asked Questions*, <http://soundexchange.com/category/faq/#question-440>; see also 17 U.S.C. § 114 (2009).

<sup>80</sup> 17 U.S.C. § 114(d)(3) (2009).

<sup>81</sup> *Id.*

<sup>82</sup> 17 U.S.C. § 106(4) (2009); see also H.R. REP. NO. 94-1476 (1976).

<sup>83</sup> *Id.* at § 106(6).

<sup>84</sup> See generally Stadler, *supra* note 33, at 704.

<sup>85</sup> See Copyright Act of 1790, ch. 15, § 1, 1 Stat. 124, 124; Act of Feb. 3, 1831, ch. 16, § 1, 4 Stat. 436, 436.

perform, or represent the same, or cause it to be acted, performed, or represented, on any stage or public place for the whole period for which the copyright is obtained."<sup>86</sup> However, Congress chose not to extend this right to musical compositions, which continued to hold only "the sole right of printing, copying, etc., and not of public representation."<sup>87</sup> Congress changed its position in 1897, when it finally granted the public performance right to musical compositions.<sup>88</sup> The 1909 Act limited copyright holders' ability to demand licenses for performances of their works only to those that were performed "publicly for profit."<sup>89</sup> The 1976 Act, however, dropped the "for profit" requirement and opted to grant a broad public performance right that would be limited by specific exclusions.<sup>90</sup>

*b. History for Sound Recordings: § 106(6)*

While the Supreme Court recognized sound recordings as distinct from their underlying musical compositions vis-à-vis copyright protection as early as 1908,<sup>91</sup> sound recordings did not receive federal copyright protection until over six decades later in the form of the Sound Recording Amendment of 1971.<sup>92</sup> Today, the Sound Recording Amendment lives on, as the 1976 Copyright Act included sound recordings among the enumerated copyrightable subject matters. However, while Congress granted some copyright protection to sound recordings, it did not grant these works a public performance right for almost two decades. In 1995, recognizing that "digital transmission of sound recordings is likely to become a very important outlet for the performance of recorded music in the near future,"<sup>93</sup> Congress finally granted sound recordings an exclusive (albeit limited) public performance right by enacting the Digital Performance Right in Sound Recordings Act ("DPRA").<sup>94</sup>

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<sup>86</sup> Act of Aug. 18, 1856, ch. 169, 11 Stat. 138, 139.

<sup>87</sup> *Carte v. Duff*, 25 F. 183, 187 (C.C.S.D.N.Y. 1885).

<sup>88</sup> See Act of Jan. 6, 1897, ch. 4, 29 Stat. 481, 481–82 (extending protection to "dramatic or musical composition[s]").

<sup>89</sup> See Copyright Act of 1909, ch. 320, § 1(e), 35 Stat. 1075, 1075, *repealed by* Copyright Act of 1976, Pub. L. No. 94-553, 90 Stat. 2541.

<sup>90</sup> See H.R. REP. NO. 94-1476, at 14 (1976) ("The approach of the bill, as in many foreign laws, is first to state the public performance right in broad terms, and then to provide specific exemptions for educational and other nonprofit uses.").

<sup>91</sup> See *White-Smith Music Publ'g Co. v. Apollo Co.*, 209 U.S. 1, 18 (1908) (holding that the perforated rolls used to make the sounds of a musical work in a mechanical piano are separate from the underlying musical work); see also Harkey, *supra* note 49, at 633.

<sup>92</sup> Pub. L. No. 92-140, 85 Stat. 391 (1971).

<sup>93</sup> H.R. REP. NO. 104-274, at 12 (1995).

<sup>94</sup> Digital Performance Right in Sound Recordings Act of 1995, Pub. L. No. 104-39, 109

The DPRA created a public performance right for sound recordings that was limited by the contours of a three-tiered system. Broadly speaking, this system created three classifications of digital audio transmissions and then determined a given transmission's treatment under the DPRA accordingly. Under the DPRA, all "interactive" services were subject to voluntary licenses. The treatment of "non-interactive" services depended on whether the given service qualified as a "subscription" service. The DPRA made "subscription" services subject to statutory licensing and essentially provided a blanket exemption for non-subscription services. The contours of this system were changed by the Digital Millennium Copyright Act in 1998.<sup>95</sup> The DMCA amendment tightened the regulation of "digital audio transmissions" by restricting the activities that qualify for the exemption and broadening the activities that are subject to statutory licensing. Thus, as the law currently stands, interactive services remain subject to voluntary licenses.<sup>96</sup> Non-interactive subscription services remain subject to statutory licenses.<sup>97</sup> But non-interactive, non-subscription services are no longer protected by a blanket exemption.<sup>98</sup> Thus, except for traditional radio broadcasts, most non-interactive, non-subscription transmissions are subject to statutory licenses.

*c. The Rationale for Public Performance Rights Reflects the Utilitarian View of Copyright*

All this history begs the question: Why create a public performance right in the first place? As it is in many a copyright question, the answer is economic. The public performance right helps preserve the underlying, utilitarian purpose of American copyright law by ensuring remuneration for use of the underlying copy.

The relationship between songwriters and performers initially shaped copyright holders' notions of the public performance right. When songwriters and composers first received the public performance right in 1897, most did not initially enforce this new right.<sup>99</sup> Not only did the songwriters view the performers as customers, they viewed the "public performance of their songs as the best method of advertisement for sheet music of their compositions, which, at the time, was their major source of

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Stat. 336 (1995).

<sup>95</sup> Digital Millennium Copyright Act, 1998, Pub. L. No. 105-304, § 405(a), 112 Stat. 2860 (1998).

<sup>96</sup> 17 U.S.C. § 114(d)(3) (2009).

<sup>97</sup> *Id.* at § 114(d)(2).

<sup>98</sup> *Id.* at § 114(d)(1).

<sup>99</sup> *See* Conley, *supra* note 69, at 415.

income.”<sup>100</sup> Sara Stadler describes the situation in her article *Performance Values*: “Playwrights sold copies of their plays to producers and directors who wished to stage performances. Songwriters sold copies of their songs (known as “sheet music”), not only to orchestras and singers, but also to millions of ordinary Americans.”<sup>101</sup> As she explains, “[i]n this world, in which recording devices did not exist, there were only two ways to perform a copyrighted play or song without having a copy in hand: (1) to perform the work from memory; and (2) to record a performance by hand, that is, by taking notes.”<sup>102</sup> As long as others were purchasing copies of their work, copyright holders were perfectly content. Thus the performance right was used, if at all, to provide copyright holders with a way to enforce their right to remuneration for the underlying copy, not to protect the performance itself. In other words, “notwithstanding the existence of the right, the possession of a copy was, and continues to be, critical to the enterprise of performance.”<sup>103</sup>

Technology, however, would change the prevailing views on the purpose and scope of the public performance right. In 1897, player pianos hit the market. These devices were capable of performing the underlying musical composition by reading perforated rolls of paper. This technology thus presented two innovations: the ability to “record” the underlying sheet music and then to perform that work to a large number of the public. This would have posed no problem if the manufacturers reproducing the music onto piano rolls had purchased the right to do so. Since this was not a legal requirement at the time, though, they of course did not.<sup>104</sup> In fact, the Supreme Court reinforced this fact in *White-Case Music Publishing Co. v. Apollo Co.*, when it held that the piano rolls were not “copies” under the pre-1909 Act.<sup>105</sup> While the 1909 Act would change this result,<sup>106</sup> the public

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<sup>100</sup> *Id.*

<sup>101</sup> See Stadler, *supra* note 33, at 706.

<sup>102</sup> *Id.*

<sup>103</sup> *Id.* at 707.

<sup>104</sup> CRAIG H. ROELL, *THE PIANO IN AMERICA, 1890-1940* 59 (1989) (“These manufacturers were not required by law to pay royalties to composers upon the sale of a recording.”).

<sup>105</sup> 209 U.S. 1, 18 (1908). As to the performance right, the Court noted, “There is no complaint in this case of the public performance of copyrighted music; nor is the question involved whether the manufacturers of such perforated music rolls when sold for use in public performance might be held as contributing infringers.” *Id.* at 16.

<sup>106</sup> See Stadler, *supra* note 33, at 709–10. (noting “[i]n section 1(d) of the Copyright Act of 1909, Congress gave owners of copyright in dramatic works the exclusive right not only to ‘perform or represent the copyrighted work publicly,’ but also to ‘vend any manuscript or any record whatsoever thereof’ and to make any such record ‘from which . . . it may in any manner or by any method be exhibited, performed, represented, produced, or reproduced’”).

performance right was no longer the same for songwriters. No longer were the performers customers. No longer were they costless advertisers. Unless they had purchased authorized copies, they were infringers. These public performances were piracy.

Technology also shaped the notion of the public performance right in sound recordings. The pattern is familiar: emerging technology—digital copies and the compact discs that embodied them, as well as technologies capable of delivering digital transmissions—heightened the potential for widespread piracy, threatening copyright holders’ ability to capitalize on their works economically. This technology especially threatened the owners of copyrights in sound recordings—record labels—because the benefit of free promotion via radio broadcast that traditionally compensated for the lack of a public performance right depended upon scarcity. That is, this relationship was beneficial to the recording industry only as long as radio broadcasting boosted record sales, which was only viable as long as consumers were limited to purchasing tangible copies of pre-recorded music. Of course, once digital technology emerged, which rivaled analog by providing unprecedented sound quality, the record industry knew that consumers would not be so limited.<sup>107</sup> Thus, the central concern of the recording industry was that, absent a public performance right for sound recordings, digital transmission technology would displace the long-standing linchpin in the industry’s business model: recorded music sales in “brick and mortar” retail stores.

The 1998 DMCA amendments similarly arose in response to new technology. Shortly after the DPRA was enacted, the first technology for streaming audio—RealAudio—was developed and released by Progressive Networks.<sup>108</sup> Thus webcasting was born, meaning it was now possible to make digital audio transmissions over the internet. Not only did webcasting allow broadcasters to digitally transmit sound recordings via the internet, it also allowed users to freely copy and share transmitted sound recordings, “or to listen to [such] services in lieu of purchasing music.”<sup>109</sup> Once again, a new technology struck fear into the heart of the record industry by challenging the fundamental underpinnings of the industry’s business model. In other words, the record industry was losing money— a lot of money. According to the RIAA, by 1997, the record industry was losing \$1

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<sup>107</sup> H.R. REP. NO. 104-274, at 12 (1995) (“Consumers have embraced digital recordings because of their superior sound quality.”).

<sup>108</sup> See Kenneth D. Susan, Comment, *Tapping to the Beat of a Digital Drummer: Fine Tuning U.S. Copyright Law for Music Distribution on the Internet*, 59 ALB. L. REV. 789, 799 (1995).

<sup>109</sup> *Arista Records, LLC v. Launch Media, Inc.*, 578 F.3d 148, 155 (2d Cir. 2009).

million a day due to music piracy.<sup>110</sup>

Thus, two things stand out with regard to the purpose of the public performance right. First, the public performance right is not intended to protect the actual performance of a work, but instead to protect the copyright holder's ability to reap a monetary benefit from his work. Second, when technology emerges that allows for the performance itself to supplant demand for the copy, the performance right allows the copyright holder to compensate for the relative loss in value of his copy. In this sense, the right reflects the fundamental, utilitarian premise upon which American copyright law is based: Congress incentivizes innovation and creativity by granting limited monopolies to authors and, as a result, maximizes social and economic welfare.

### **III. PURE DOWNLOADS DO NOT, AND SHOULD NOT, CONSTITUTE PUBLIC PERFORMANCES UNDER THE COPYRIGHT ACT**

While the PROs claim that “pure” downloads of songs—i.e., transmissions solely of data containing the work in digital format—constitute “public performances” of the copyrighted works, this section will disprove that argument. Through an in-depth statutory analysis, it will show that Congress intended the definition of “perform” to require contemporaneous sensory perception by the downloader/user in order for such activity to constitute a “performance.” And by applying common canons of statutory interpretation, it reveals that pure downloads, *per se*, do not constitute public performances. Further, it will argue that, as a matter of policy, pure downloads should not constitute public performances because such a classification would run counter to the economic foundation of the Copyright Act.

#### *A. As a Matter of Law, Pure Downloads Do Not Constitute Public Performances*

##### 1. Statutory Language

Section 106(4) grants copyright owners of musical compositions the exclusive right “to perform the copyrighted work publicly.”<sup>111</sup> Section 106(6) grants copyright owners of sound recordings the right to “perform

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<sup>110</sup> *Id.* (citing Copyright Piracy in the Internet: Hearing on H.R. 2265 Before H. Comm on the Judiciary, Subcomm. on Courts & Intellectual Prop., 105th Cong. (1997) (statement of Cary Sherman, Senior Executive Vice President and General Council of the RIAA)).

<sup>111</sup> 17 U.S.C. § 106(4) (2009).

the copyrighted work publicly by means of a digital audio transmission.”<sup>112</sup> This section will analyze whether “pure” downloads implicate these exclusive public performance rights. To do so, we must begin with the statute itself. To violate the copyright holder’s public performance right, a given activity must first meet two criteria: first, it must be a performance; second, this performance must be made publicly.

As applied to songs, “[t]o ‘perform’ a work means to recite, render, play, dance, or act it, either directly or by means of any device or process . . . .” The terms “recite,” “render,” and “play” are left undefined by the Act. Further, “[t]o perform or display a work ‘publicly’” means either:

(1) to perform or display it at a place open to the public or at any place where a substantial number of persons outside of a normal circle of a family and its social acquaintances is gathered; or

(2) to transmit or otherwise communicate a performance or display of the work to a place specified by clause (1) or to the public, by means of any device or process, whether the members of the public capable of receiving the performance or display receive it in the same place or in separate places and at the same time or at different times.<sup>113</sup>

I will refer to these clauses as the “public place clause” and the “transmit clause,” respectively. For pure downloads, which occur between individual computer hard drives, the “transmit” clause is obviously the only potential candidate. Accordingly, this section will only analyze the issue under that clause. Under the Act, “[t]o ‘transmit’ a performance or display is to communicate it by any device or process whereby images or sounds are received beyond the place from which they are sent.”

## 2. Retailers Can Rely on Precedent: *In re RealNetworks I & II*

When it comes to determining whether pure downloads constitute public performances under the Copyright Act, iTunes and other online retailers have the clear advantage of judicial precedent. To date, the only district court to squarely address the issue concluded downloads are not performances. In *RealNetworks I*,<sup>114</sup> the District Court for the Southern District of New York held that “in order for a song to be performed, it must be transmitted in a manner designed for contemporaneous perception.” And even though it acknowledged that the term “perform” was to be construed

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<sup>112</sup> *Id.* at § 106(6).

<sup>113</sup> *Id.* at § 101.

<sup>114</sup> *U.S. v. Am. Soc’y of Composers, Authors & Publishers In re RealNetworks*, 485 F. Supp. 2d 438, 443–44 (S.D.N.Y. 2007), *affirmed in part, vacated in part on other grounds*, 2010 U.S. App. LEXIS 19983, at \*5 (2d Cir. Sep. 28, 2010) [hereinafter *RealNetworks II*].

broadly, it concluded that “we can conceive of no construction that extends it to the copying of a digital file from one computer to another in the absence of any perceptible rendition. Rather, the downloading of a music file is more accurately characterized as a method of reproducing that file.”<sup>115</sup>

At the heart of the decision was the court’s finding that a download is simply not a “performance” under the Act. Since the Act does not define the terms “recite,” “render,” or “play,” the court applied the axiom that “[w]hen words in a statute are not otherwise defined, it is fundamental that they will be interpreted as taking their ordinary, contemporary, common meaning.”<sup>116</sup> Accordingly, the court looked to the dictionary.<sup>117</sup> From these definitions, the court concluded that “[a]ll three terms require contemporaneous perceptibility.”<sup>118</sup> In addition to citing other courts for the proposition that pure downloads do not constitute public performances,<sup>119</sup> the court relied on two “responsible authorities” that had similarly classified these transmissions as implicating only the reproduction right. In its 2001 report to Congress on developing technology’s effect on copyright law, the United States Copyright Office stated:

[W]e do not endorse the proposition that a digital download constitutes a public performance even when no contemporaneous performance takes place ... It is our view that no liability should result from a technical “performance” that takes place in the course of a download...[T]o the extent that such a download can be considered a public performance, the performance is merely a technical by-product of the transmission process that has no value separate from the value of the download. . . . [I]t is our view that no liability should result under U.S. law from a technical “performance” that takes place in the course of a download.<sup>120</sup>

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<sup>115</sup> *Id.* at 444.

<sup>116</sup> *Morse v. Rep. Party of Va.*, 517 U.S. 186, 254 (1996) (internal citations omitted).

<sup>117</sup> *RealNetworks I*, 485 F. Supp. 2d, at 443 (internal citations omitted) (“Merriam-Webster’s Dictionary defines ‘recite’ as ‘to repeat from memory or read aloud publicly.’ Similarly, in the present context, the term ‘render’ is defined as ‘to reproduce or represent by artistic or verbal means[,] depict . . . to give a performance of . . . to produce a copy or version of (the documents are rendered in the original French) . . . to execute the motions of (render a salute)’ and ‘play’ is defined as ‘to perform music (play on a violin) . . . to sound in performance (the organ is playing). . . to emit sounds (the radio is playing) . . . to reproduce recorded sounds (a record is playing) . . . to act in a dramatic production.’”).

<sup>118</sup> *Id.*

<sup>119</sup> *See id.* at 444 (citing, among others, *A&M Records, Inc. v. Napster, Inc.*, 239 F.3d 1004, 1014 (9th Cir. 2001)).

<sup>120</sup> *RealNetworks I*, 485 F. Supp. 2d 438, 444–45 (S.D.N.Y. 2007) (citing U.S. Copyright Office, Digital Millennium Copyright Act Section 104 Report to the United States Congress [hereinafter 2001 Copyright Office Report] (Marybeth Peters, Register of Copyrights), at xxvii–xxviii (Aug. 29, 2001), available at

Similarly, in a 1995 report, the United States Department of Commerce's Information Infrastructure Task Force stated:

A distinction must be made between transmissions of copies of works and transmissions of performances or displays of works. When a copy of a work is transmitted over wires, fiber optics, satellite signals or other modes in digital form so that it may be captured in a user's computer without the capability of simultaneous "rendering" or "showing," it has rather clearly not been performed.<sup>121</sup>

The United States Court of Appeals for the Second Circuit affirmed the district court's conclusion, holding that a download of a musical work does not constitute a public performance of that work.<sup>122</sup> In *RealNetworks II*, the Second Circuit applied an analysis similar to that of the district court and, after noting that the "first step is to determine whether the language at issue has a plain and unambiguous meaning with regard to the particular dispute in the case,"<sup>123</sup> concluded that "the ordinary sense of the words 'recite,' 'render,' and 'play' refer to actions that can be perceived contemporaneously."<sup>124</sup> While it acknowledged that one definition of "to render," —namely, "to hand over to another (as the intended recipient): deliver transmit,"<sup>125</sup> would support ASCAP's position—the court applied *noscitur a sociis* and found that particular definition inapplicable in the context of the Act's definition of "to perform."<sup>126</sup>

To summarize, under *RealNetworks I* and *RealNetworks II*, in order for a song to be performed, it must "be transmitted in a manner designed for contemporaneous perception." Under this test, a pure download—which constitutes nothing more than data files being transferred from a server to a specific user's hard drive—does not implicate the public performance right. Instead, the reproduction right is implicated, as "the delivery of a music file to a purchaser via a download constitutes a mechanical reproduction of the copyrighted work in the form of a 'digital phonorecord delivery.'"<sup>127</sup> Thus, the case clearly favors iTunes. It remains to be seen whether such reasoning

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<http://www.copyright.gov/reports/studies/dmca/sec-104-report-vol-1.pdf>).

<sup>121</sup> *Id.* at 445 (citing Information Infrastructure Task Force, *The Report of the Working Group on Intellectual Property Rights* (Bruce A. Lehman), at 71 (Sept. 1995) (footnote omitted)).

<sup>122</sup> *RealNetworks II*, 2010 U.S. App. LEXIS 19983, at \*14 (2d Cir. 2010).

<sup>123</sup> *Id.* at \*15–16 (quoting *Barnhart v. Sigmon Coal Co.*, 534 U.S. 438, 450 (2002)).

<sup>124</sup> *Id.* at \*16.

<sup>125</sup> *See id.* (citing Webster's Third New International Dictionary 1895 (1981)).

<sup>126</sup> *RealNetworks II*, 2010 U.S. App. LEXIS 19983, at \*17–18.

<sup>127</sup> *RealNetworks I*, 485 F. Supp. 2d 438, 447 (S.D.N.Y. 2007).

will be adopted in other circuits, but given the Second Circuit's influence on copyright law, the case cannot be taken lightly.

### 3. Proper Statutory Interpretation Affirms the "Contemporaneous Perception" Requirement

The PROs' central argument relies on the "transmit clause" in order to get around any "contemporaneous perception" requirement. According to these groups, "every transmission of a performance to members of the public constitutes a public performance, regardless of whether the performance can be heard during its transmission, and regardless of what happens to the transmission at the receiving end."<sup>128</sup> However, this argument breaks down upon closer analysis, as proper statutory interpretation affirms the "contemporaneous perception" requirement.

Legislative history clearly establishes a congressional intent to define "transmit" broadly.<sup>129</sup> From this, the PROs claim that the transmission of music files necessarily constitutes a public performance under the "transmit" clause. However, as the *RealNetworks I* court pointed out, "*the transmission of a performance*, rather than just the transmission of data constituting a media file, is required in order to implicate the public performance right in a copyrighted work."<sup>130</sup> In its brief, ASCAP claimed that a public performance is "simply an initial performance—a 'rendering' or 'playing' of a work—followed by transmission of that initial performance to members of the public."<sup>131</sup> And, this so-called "initial performance," it continued, "occurs when the performing artists and musicians play the song in the recording studio—'play' being among the non-exhaustive examples of 'perform' specifically enumerated in the statute—and that performance is recorded."<sup>132</sup> To be fair, there is some legislative history that, if glossed over quickly, can be read to support such

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<sup>128</sup> ASCAP's Memorandum of Law in Support of Its Motion for Partial Summary Judgment [hereinafter ASCAP's Memo] at 2, *RealNetworks I*, 485 F. Supp. 2d 438 (S.D.N.Y. 2007) (2007 WL 7007120).

<sup>129</sup> H.R. REP. NO. 94-1476, at 15 (1976) ("The definition of 'publicly' in section 101 makes clear that the concepts of public performance and public display include not only performances and displays that occur initially in a public place, but also acts that transmit or otherwise communicate a performance or display of the work to the public by means of any device or process . . . Each and every method by which the images or sounds comprising a performance or display are picked up and conveyed is a 'transmission,' and if the transmission reaches the public in my form, the case comes within the scope of clauses (4) or (5) of section 106.").

<sup>130</sup> *RealNetworks I*, 485 F. Supp. 2d at 446.

<sup>131</sup> See ASCAP's Memo, *supra* note 128, at 2.

<sup>132</sup> *Id.* at 3.

an argument. The 1976 House Report states:

[T]he concepts of public performance and public display cover not only the initial rendition or showing, but also any further act by which that rendition or showing is transmitted or communicated to the public. Thus, for example: a singer is performing when he or she sings a song; a broadcasting network is performing when it transmits his or her performance (whether simultaneously or from records).<sup>133</sup>

While, at first blush, this language appears to bolster the PROs' claim, a closer reading illuminates the shortcomings of the argument. Both the statute and the above-quoted legislative history explicitly require that, in order for a transmission to implicate the public performance right, it must "transmit or otherwise communicate a *performance*."<sup>134</sup> Simply transmitting or communicating the work in digital format does not implicate the public performance right unless a "performance" of the work itself is transmitted.

The Second Circuit agreed in *RealNetworks II*,<sup>135</sup> and its analysis of this issue compellingly reinforces this conclusion. On appeal, ASCAP once again argued that downloads implicate the transmit clause "because they 'transmit or otherwise communicate a performance,' namely the initial or underlying performance of the copyrighted work, to the public."<sup>136</sup> The court noted, however, that "when Congress speaks of transmitting a performance to the public, it refers to the performance created by the act of transmission, not simply to transmitting a recording of a performance."<sup>137</sup> It then proceeded to dismantle ASCAP's argument, describing the logic as "flawed because, in disaggregating the 'transmission' from the simultaneous 'performance' and treating the transmission itself as a performance, ASCAP renders superfluous the subsequent 'a performance ... of the work' as the object of the transmittal."<sup>138</sup> Thus, the issue turns on what constitutes a "performance" under the Act. The *RealNetworks* courts concluded that a "performance" requires "contemporaneous perception", and proper statutory interpretation affirms this result.

Other commentators have likewise concluded that the Act requires real-time sensory perception.<sup>139</sup> While the court relied on the Merriam-Webster Dictionary to define "render," one author employed the Oxford

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<sup>133</sup> See H.R. REP. NO. 94-1476, at 63 (1976).

<sup>134</sup> 17 U.S.C. § 101 (2009) (emphasis added).

<sup>135</sup> *RealNetworks II*, 2010 U.S. App. LEXIS 19983, at \*20–21.

<sup>136</sup> *Id.* at \*20.

<sup>137</sup> *Id.* (quoting *Cartoon Network LP v. CSC Holdings, Inc.*, 533 F.3d 121, 136 (2d Cir. 2008)).

<sup>138</sup> *Id.* at \*21.

<sup>139</sup> See Knobler, *supra* note 42, at 549–553.

English Dictionary (“OED”), which, in part, defines “render” as:

4. To reproduce or represent, esp. by artistic means, to depict.
- 4b. To play or perform (music).
7. To hand over, deliver, commend, or commit, to another; to give, in various senses, to grant, concede.<sup>140</sup>

According to the canon of statutory construction known as *noscitur a sociis*, “the meaning of an unclear word or phrase should be determined by the words immediately surrounding it.”<sup>141</sup> The words immediately surrounding “render” are “recite, play, dance, [and] act,” each of which involves contemporaneous sensory perception by the audience. Accordingly, we can conclude that Congress intended the word “render,” as used in the definition of “perform,” to similarly require simultaneous sensory perception. As noted above, the *RealNetworks II* court explicitly applied this logic in concluding that each word in the list of terms used to define “to perform” in the Act requires contemporaneous perceptibility.<sup>142</sup>

This conclusion is further supported by the definition of “perform” as it relates to movies. The Act additionally defines “perform” to mean, “in the case of a motion picture or other audiovisual work, to show its images in any sequence or to make the sounds accompanying it audible.” Because the work must be shown or made audible, this definition of “perform” clearly requires simultaneous sensory perception. Thus, ASCAP’s argument leads to an absurd conclusion: downloading a motion picture would require contemporaneous sensory perception to constitute a “performance,” but downloading a song would not. It is axiomatic that “[i]f a literal construction of the words of a statute be absurd, the act must be so construed as to avoid the absurdity.”<sup>143</sup> The Second Circuit applied this reasoning in *RealNetworks II*, noting that “[t]he fact that the statute defines performance in the audio-visual context as ‘show[ing]’ the work or making it ‘audible’ reinforces the conclusion that ‘to perform’ a musical work entails contemporaneous perceptibility.”<sup>144</sup> Accordingly, because pure downloads lack any contemporaneous perception of the song by the user, they cannot qualify as performances of these works. Pure downloads simply do not implicate the public performance right. However, as I will argue in

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<sup>140</sup> *Id.* at 550.

<sup>141</sup> BLACK’S LAW DICTIONARY (8th Ed. 2004).

<sup>142</sup> *RealNetworks II*, 2010 U.S. App. LEXIS 19983, at \*16.

<sup>143</sup> *Church of the Holy Trinity v. U.S.*, 143 U.S. 457, 460 (1892).

<sup>144</sup> *RealNetworks II*, 2010 U.S. App. LEXIS 19883, at \*19.

Part V, Congress should amend the definition of “perform” to clearly require contemporaneous perception.

*B. As a Matter of Policy, Downloads Should Not Constitute Public Performances*

Regardless of statutory interpretation, pure downloads should not implicate the public performance right as a matter of policy. Music publishers and PROs portray the issue as iTunes’ not paying its fair share to struggling artists. However, analysis reveals that this demand for “just compensation” is really an attempt to extract duplicative royalties for the same transmission by claiming the right to be compensated for an additional technical component of the transmission that has no economic value.

1. Performance Licenses for Downloads Enables “Double Dipping”

As noted, for each download, the publishers—usually through HFA—receive a “mechanical license” for the digital reproduction of a copy of the underlying work. But these publishers—and the PROs—are now demanding an additional license for the public performance that allegedly occurs with each download. As many commentators have argued, such a duplicative licensing regime amounts to “double dipping,” or, in other words, charging for the same thing twice. The PROs claim that reproduction rights and performance rights are explicitly distinct rights that require explicitly distinct payments.<sup>145</sup> This statement is technically correct—until it is applied to pure downloads, the alleged “performance” is but a mere byproduct of the transmission whose existence is wholly incidental to the technology involved. Viewed in this light, the proposed licensing fee looks more like an attempt to exploit a technicality than a legitimate scheme of remuneration. Enacting such a regime would allow these groups to demand payment for transfers without any intrinsic value and, therefore, go above and beyond the economic system envisioned by the Constitution.

To be fair, there is one reason for channeling funds through PROs: ASCAP and BMI distribute directly to authors.<sup>146</sup> HFA does not. It pays publishers. Thus, one could argue that the additional royalties generated would really be going to the songwriters. But this argument is unconvincing for a number of reasons. First, as noted above,<sup>147</sup> it is based on the erroneous assumption that iTunes would not restructure its cash flows in

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<sup>145</sup> See Sandoval, *supra* note 8 (noting that, in countering the “double dipping” argument, the president of NMPA argues “we’re going to lose the income of the performance”).

<sup>146</sup> See *supra* note 70.

<sup>147</sup> See *supra* Part I.

response to these additional costs. That is, financial outflows based on the mechanical rights would likely be tweaked downward. If this were not possible, then the fees would come at the expense of the sound recording copyright holders or consumers. Neither option seems palatable. Further, if the industry was truly concerned about realigning the current royalty distribution scheme, it could do so. iTunes should not be subject to additional fees simply because one collective rights society distributes royalties in a manner that seems more equitable than the next. Most importantly, though, this argument must fail because it would produce a result that runs counter to the underlying purposes of American copyright law. That is, it uses emotional appeal to mask the fact that it would result in charging consumers for an alleged performance that, if it occurs at all, has no economic value.

## 2. Any Performance That Occurs Has No Economic Value

In a broader sense, the issue of whether a download constitutes a public performance arises only because the technology involved, when combined with the literal statutory language, creates some blurry areas of potentially overlapping rights. However, copyright law should only compensate the artist—i.e., require the public to pay—where doing so is economically justifiable. This is not one of those cases.

In its 2001 report to Congress, the Copyright Office made two findings especially relevant here. First, it noted that, “to the extent that such a download can be considered a public performance, the performance is merely a technical by-product of the transmission process that has no value separate from the value of the download.”<sup>148</sup> Thus, but for the technology employed, there would be no allegation of a public performance. The Copyright Office’s second finding is even more telling:

The buffer copies have no independent economic significance. They are made solely to enable the performance. The same copyright owners appear to be seeking a second compensation for the same activity merely because of the happenstance that the transmission technology implicates the reproduction right, and the reproduction right of songwriters and music publishers is administered by a different collective than the public performance right.<sup>149</sup>

Though it arose in the mirror-image context—there it was HFA arguing that streaming transmissions required a mechanical license—this line of

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<sup>148</sup> See 2001 Copyright Office Report, *supra* note 120, at 142.

<sup>149</sup> *Id.* at 143.

reasoning applies to this situation because it touches upon the same core issue. In both cases, the copyright owners were seeking to extract a duplicative payment for a single transmission by claiming the right to be compensated for an ancillary, technological byproduct that potentially implicated another right yet had no independent economic value. As other commentators have argued, “such claims often tie the payment of royalties to the technological means by which value is delivered to the consumer, rather than to the value itself.”<sup>150</sup> To require additional fees in such a situation would undermine the economic, utilitarian framework that underlies copyright law.

#### **IV. THIRTY-SECOND PREVIEWS LIKELY CONSTITUTE PUBLIC PERFORMANCES BUT SHOULD BE EXEMPT FROM LICENSING**

While pure downloads are not public performances under the Copyright Act, streaming transmissions clearly are. In fact, such transmissions implicate the public performance right in both the musical composition and the sound recording. As a result, the thirty-second samples of songs found on iTunes are likely public performances. And with regards to the sound recording copyright, these transmissions will qualify as “interactive,” thus requiring Apple and other online retailers to negotiate with each individual copyright holder. However, as I will argue in Part V, this inefficient and shortsighted result can be avoided if such transmissions receive protection from a statutory amendment.

##### *A.As Streaming Transmissions, iTunes’ Song Previews Likely Implicate the Public Performance Right for Musical Compositions and Sound Recordings*

There is little debate that streaming, which by definition allows a song to be “played” contemporaneously with the transmission, constitutes a performance under the Act.<sup>151</sup> And because this performance is made available to “the public” over the internet,<sup>152</sup> it clearly implicates the public

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<sup>150</sup> See Cardi, *supra* note 41, at 865.

<sup>151</sup> *Id.* at 860 (noting that streaming technology “facilitates the performance of a song via transmission from the originating service, over the internet, into a user’s computer RAM, and through the user’s computer speakers”).

<sup>152</sup> Courts have long held that broadcasts to geographically-dispersed listeners are still public performances, even if each member of “the public” actually receives the transmission in his home. *See, e.g., Jerome H. Remick & Co. v. Am. Auto. Accessories Co.*, 5 F.2d 411, 412 (6th Cir. 1925) (“A performance, in our judgment, is no less public because the listeners are unable to communicate with one another, or are not assembled

performance right in the musical composition. Further, streaming transmissions over the internet implicate the public performance right in sound recordings. This means that a typical streaming service must obtain a performance license for the musical composition from the relevant PRO and a performance license for the sound recording. iTunes' thirty-second song previews are typical streaming transmissions. As a result, without a viable defense, these song samples provided for free on iTunes likely constitute public performances of both the musical composition and the sound recording.

*B. Equitable Considerations and Proper Legal Analysis Demand that iTunes Should Be Given the Same Exemption Currently Available to Brick-and-Mortar Music Stores*

1. Equitable Considerations Favor an Exemption

The PROs' demands are unwarranted from an equitable standpoint. The sole purpose for providing these previews on iTunes is to encourage legally-purchased downloading, an activity that is licensed by the copyright owner and for which the copyright owner receives a royalty. iTunes provides this promotional device free-of-charge. To demand payment does not seem to benefit the copyright holders, much less provide an equitable basis for relief. Jonathan Potter, executive director of the Digital Media Association ("DiMA"), a trade group that represents internet music services and media companies, summarizes the issue: "They are picking on Apple because they say Apple is making a bundle of money. But these companies should be thrilled that Apple and the other services are selling music and generating millions, maybe tens of millions, in royalties."<sup>153</sup>

However, in a recent case—hereinafter referred to as the *Ringtone Case*<sup>154</sup>—the court denied a wireless company's motion for summary judgment and held that the thirty-second previews of songs provided on the company's website did not constitute "fair use," a defense to infringement that has grown from an equitable doctrine to a codified, "noninfringing use."<sup>155</sup> The case arose out of a dispute between ASCAP and AT&T over whether AT&T should be required to make royalty payments for the

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within an enclosure, or gathered together in some open stadium or park or other public place. Nor can a performance, in our judgment, be deemed private because each listener may enjoy it alone in the privacy of his home.").

<sup>153</sup> See Sandoval, *supra* note 8.

<sup>154</sup> U.S. v. ASCAP, 599 F. Supp. 2d 415 (S.D.N.Y. 2009) [hereinafter *Ringtone Case*].

<sup>155</sup> See 17 U.S.C. § 107 (2009).

previews.<sup>156</sup> AT&T makes ringtones<sup>157</sup> and ringback tones<sup>158</sup> available for purchase and offers previews of each to its customers prior to purchase.<sup>159</sup> The ringtones and ringback tones can be purchased in one of two ways: either through its "MEdia Mall" website or through its MEdia Mall mobile application.<sup>160</sup> Before purchasing a particular ringtone, a customer may listen to a preview, which plays for ten to thirty seconds.<sup>161</sup> And the only way for a user to listen to a preview is to click on an icon symbolized by a speaker illustration that appears next to each song listed in the search results next to the word "BUY."<sup>162</sup>

While the facts of the *Ringtone Case* are distinguishable in many respects from those at play in the iTunes debate,<sup>163</sup> courts may be influenced by that court's decision and refuse to recognize iTunes' thirty-second samples as fair uses. However, regardless of fair use, one equitable consideration clearly cuts in favor of exempting iTunes from any additional licensing fees—namely, the treatment currently afforded traditional, brick-and-mortar music stores under Section 110 of the Act.

## 2. Section 110 Should Apply to iTunes

Copyright law protects traditional music stores—iTunes' brick-and-mortar analogs—from being charged performance fees for in-store sampling if certain requirements are met. The same should apply in the digital context. Section 110 of the Act, entitled "Exemptions of certain performances and displays," states that a "vending establishment" is exempt from liability

where the sole purpose of the performance is to promote the retail sale

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<sup>156</sup> See *Ringtone Case*, 599 F. Supp. 2d at 419–21.

<sup>157</sup> A ringtone is a tune that plays when an individual who has purchased a ringtone receives a telephone call.

<sup>158</sup> Ringback tones substitute a tune for the sound a caller normally hears while waiting for the person called to answer the phone.

<sup>159</sup> *Ringtone Case*, 599 F. Supp. 2d at 419.

<sup>160</sup> *Id.* at 420.

<sup>161</sup> *Id.*

<sup>162</sup> *Id.*

<sup>163</sup> For example, the court found the third factor to weigh heavily in favor of ASCAP "[b]ecause the expressive value of the music was copied and because that expressive value constitutes the previews *in their entirety*." 599 F. Supp. 2d at 431 (emphasis added). In fact, the "previews may be 'rather close approximations of the ringtones and [ringback tones] for purchase, and sometimes actually longer in length than the product they are promoting.'" *Id.* at 421. While both the iTunes and AT&T previews use verbatim copies of copyrighted works, iTunes uses thirty-second clips from songs of much longer, though varying, duration.

of copies or phonorecords of the work, or of the audiovisual or other devices utilized in such performance, and the performance is not transmitted beyond the place where the establishment is located and is within the immediate area where the sale is occurring.<sup>164</sup>

And in these cases, “[a copyright holder] has no right to demand royalty payments for the use of music that is exempt from copyright liability.”<sup>165</sup> In fact, ASCAP has acknowledged the fairness of this result:

When a performance is given at a record store, it cannot be used by the store or the customer for any other purpose. The customer cannot ‘take’ the performance away from the store, nor can the store profit from the performance in any way other than to demonstrate the sale of the record.<sup>166</sup>

Just like the song previews in physical stores, the previews available on iTunes are provided for the sole purpose of promoting the sale of the record being transmitted. While iTunes does not qualify for the statutory exemption, which by its terms is limited to in-store samples at physical locations, the purpose of the exemption supports a finding that iTunes’ use of the copyrighted works is fair. However, there is an argument for excluding digital retailers from this exemption that should be considered, namely: previews at brick-and-mortar stores are different from previews over the internet with regards to satisfying the requirement that the preview “not [be] transmitted beyond the place where the establishment is located and [be] within the immediate area where the sale is occurring.”<sup>167</sup> To use ASCAP’s words:

When a performance is given at a record store, it cannot be used by the store or the customer for any other purpose. The customer cannot “take” the performance away from the store, nor can the store profit from the performance in any way other than to demonstrate the sale of the record.

But just the opposite is true for a transmission of music on the internet. Either by way of downloading or streaming the music, the “customer” can listen to the music at home, as a substitute for other means of performance, such as a broadcast radio station, an on-line audio Webcaster, or any other transmission entity which must pay performing rights fees to the creators

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<sup>164</sup> 17 U.S.C. § 110(7) (2009).

<sup>165</sup> *U.S. v. Am. Soc’y of Composers, Authors & Publishers*, 157 F.R.D. 173, 207 (S.D.N.Y. 1994).

<sup>166</sup> See Reply Comments of ASCAP, at 6, In the Matter of Report to Congress Pursuant to Section 104 of the DMCA, (Sept. 5, 2000) (No. 000522150-0150-01), available at <http://www.copyright.gov/reports/studies/dmca/reply/Reply011.pdf>.

<sup>167</sup> See *id.* at 6–7.

and copyright owners of the music performed.<sup>168</sup>

ASCAP—and the court itself—relied heavily on this logic in the *Ringtone Case*.<sup>169</sup> To be sure, this requirement makes sense in certain circumstances, for if retailers could use free music as a “draw” to bring consumers into their stores to purchase other items, the retailers would benefit at the expense of copyright holders. But the argument falls short for a couple reasons in the iTunes context. First, this argument conflates the free transmission of the entire item to which a consumer attributes value—i.e., the full song, or, in the *Ringtone Case*, the full derivative work the consumer would otherwise have to purchase—with the use of a portion of that item as a means of encouraging sales in the full version of the copyrighted work. Further, the argument relies on the assumption that the “store” requirement is applicable to the internet context. But even if one accepts the claim that such a metaphysical “store” exists, it must be the “iTunes Store,” which serves as the digital retailer’s online sales platform.<sup>170</sup> Since users can only listen to the previews while “inside” the iTunes Store, the threats envisioned by Congress simply cannot materialize.

*C. The Current Act Would Apply the Counter-Productive “Interactive Service” Provider Label to iTunes and Produce Inefficient Results*

Since fair use can only be established after the fact on a case-by-case basis—not to mention the *Ringtone Case*’s likely influence on any such cases—the effects of the PROs’ demands on iTunes should be analyzed under current law as if fair use does not apply. Because iTunes’ thirty-second song samples stream songs to users’ computers over the internet, these transmissions implicate not only the general public performance right afforded musical compositions under section 106(4), but also the limited public performance right in sound recordings under section 106(6). Section 106(6) gives the sound recording copyright owner the exclusive right to perform the work publicly “by means of a digital audio transmission.” As we saw above, these transmissions technically qualify as public performances. They also qualify as “digital audio transmissions” because they “embod[y] the transmission of a sound recording.”<sup>171</sup> Therefore, their

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<sup>168</sup> *Id.*

<sup>169</sup> See *Ringtone Case*, 599 F. Supp. 2d 415, 433–34 (S.D.N.Y. 2009).

<sup>170</sup> See Apple, iTunes: What is iTunes?, <http://www.apple.com/itunes/what-is/store.html> (last visited Apr. 19, 2010).

<sup>171</sup> “A ‘digital audio transmission’ is a ‘digital transmission’ as defined in section 101 that embodies the transmission of a sound recording. This term does not include the transmission of any audiovisual work.” 17 U.S.C. § 114(j)(5) (2009). A “digital

treatment under the Act depends upon their classification within the three-tiered system created by the DPRA. And because iTunes falls under the “interactive service” classification, these transmissions are subject to voluntary licensing—meaning Apple must negotiate independently with each individual copyright holder (both musical composition and sound recording) in order to play the song over the internet.<sup>172</sup>

### 1. The Requirements of an “Interactive Service” Provider

The sound recording copyright owner “has a right to demand that those who perform— i.e., play or broadcast—its copyrighted sound recording pay an individual licensing fee to [the copyright holder] if the performance of the sound recording occurs through an “interactive service.”<sup>173</sup> An “interactive service,” according to the statute, “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.”<sup>174</sup>

Because iTunes users can, “on request,” enable the transmission of a particular sound recording (albeit thirty seconds of that sound recording) to be played over their computers, iTunes squarely qualifies as a provider of an “interactive service.” This explains why music publishers and PROs like ASCAP are demanding payment while the PRO for sound recordings, SoundExchange, has remained silent: the law mandates that providers of “interactive services” deal directly with each sound recording copyright holder, or, in copyright jargon, enter into a “voluntary license.” Further, if iTunes were required to negotiate voluntary licenses with each sound recording copyright holder, it would also be required to obtain a license for the underlying musical composition.<sup>175</sup> All this for streaming thirty-second

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transmission” is simply “a transmission in whole or in part in a digital or other non-analog format.” § 101. Recall that “to ‘transmit’ a performance or display is to communicate it by any device or process whereby images or sounds are received beyond the place from which they are sent.” Additionally, legislative history makes clear that “transmit” is to be interpreted very broadly. *See* S. REP. NO. 94-473, at 61 (1975) (“The definition of ‘transmit’ . . . is broad enough to include all conceivable forms and combinations of wired or wireless communication media . . .”).

<sup>172</sup> *See* 17 U.S.C. § 114(d)(3) (2009); *Bonneville v. Peters*, 347 F.3d 485, 489 n.7 (3d Cir. 2003) (“Interactive, on-demand services are subject to an almost unconditional performance right in the copyright holder: the purveyors of such services are required to negotiate individual, discretionary licenses with individual copyright holders subject to certain time limitations for exclusive licenses.”).

<sup>173</sup> *Arista Records*, 578 F.3d at 148.

<sup>174</sup> 17 U.S.C. § 114(j)(7) (2009).

<sup>175</sup> *See id.* at § 114(d)(3)(C) (“Notwithstanding the grant of an exclusive or nonexclusive

previews of songs that boost record sales. Not only is this result wildly inefficient, it threatens to hamper the industry's growth in the digital arena. This result highlights a legal distinction that—given the technological advances and market innovations since its enactment—now seems largely outdated and out of touch with the future of the music industry. To understand how imposing these additional costs on iTunes would be incongruous with congressional intent—not to mention common sense—one must look to the original purpose of the interactive/non-interactive distinction.

## 2. The Interactive/Non-Interactive Distinction Does not Make Sense Here

As enacted, the DPRA defined an “interactive service” as “one that enables a member of the public to receive, on request, a transmission of a particular sound recording chosen by or on behalf of the recipient.”<sup>176</sup> The context in which this distinction was made must be appreciated. The DPRA was passed in 1995, when “the possible role of the still commercially-nascent internet in the transmission of music was not yet significant enough to be considered.”<sup>177</sup> The eleventh-hour DMCA amendment came only three years later. At that time, the largest threat to the record industry posed by digital technology was its potential to displace record sales without providing any counterbalancing compensation. Essentially, “if an internet user could listen to music broadcast over, or downloaded from, the internet for free, the recording industry worried that the user would stop purchasing music.”<sup>178</sup>

Congress recognized that interactive transmission services were most likely to erode record sales because these services “enable a member of the public to receive, on request, a digital transmission of the particular recording that person wants to hear.”<sup>179</sup> The House also considered the fact

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license of the right of public performance under section 106(6) [17 USCS § 106(6)], an interactive service may not publicly perform a sound recording unless a license has been granted for the public performance of any copyrighted musical work contained in the sound recording.”).

<sup>176</sup> 17 U.S.C. § 114(j)(4) (1995).

<sup>177</sup> *Bonneville*, 347 F.3d at 488 n.4.

<sup>178</sup> *Arista Records*, 578 F.3d at 153.

<sup>179</sup> See S. REP. NO. 104-128, at 35 (1995) (referring to “so-called ‘celestial jukebox’ ‘pay-per-listen’ or ‘audio-on-demand’ services”); see also Jane C. Ginsburg, *Copyright Legislation for the “Digital Millennium,”* 23 COLUM.-VLA J.L. & ARTS 137, 167 (1999) (“the more advance information the user has about the digital transmission, the more the transmission facilitates a user’s private copying ... of the recorded performance, or, at least, enables the user to substitute listening to the targeted performance for purchasing a copy of it”).

that “[s]ubscription and interactive audio services can provide multi-channel offerings of various music formats in CD-quality recordings, commercial free and 24 hours a day.” In essence, then, the distinction between interactive and non-interactive transmission services was a distinction between services that promote the sales of pre-recorded music, such as traditional radio broadcasts, and those services that potentially displace record sales.

But technology—not to mention the internet’s role in our society—has changed significantly since 1998. Now, iTunes provides interactive digital transmissions that actually promote record sales. In fact, the interactive nature of the iTunes platform provides the key to its success. These samples pose no threat to sales because a typical consumer does not satisfy his desire for a certain song by repeatedly listening to the same, short sample of that song. Instead, the samples promote record sales in a number of ways. For example, the samples could reaffirm a user’s initial desire to own the song; or, they could introduce the user to new artists. In fact, allowing users to discover new music remains a major focal point for iTunes. It accomplishes this goal in two ways. First, “[b]ased on your previous purchases, iTunes will point you to other music you will enjoy.”<sup>180</sup> It also provides recommendations through its innovative “Genius Sidebar” program, which works as follows:

Once you opt in to the service, which sends your music library and usage data to Apple anonymously according to the company, iTunes can generate a list of music in your library that sounds similar to any song in it, from which you can make a playlist. The Genius sidebar performs essentially the same function, except that it draws recommendations from the iTunes music store. Those recommendations include similar songs, top albums by the artist, songs by the artist missing from your collection and iTunes Essentials collections that include the song.<sup>181</sup>

These capabilities sound remarkably similar to the potential benefits of digital technology that Congress recognized as early as 1995:

These new digital transmission technologies may permit consumers to enjoy performances of a broader range of higher-quality recordings than has ever before been possible. These new technologies also may lead to new systems for the electronic distribution of phonorecords with the authorization of the affected copyright owners. Such systems could increase

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<sup>180</sup> Apple, iTunes: Learn About the Features of iTunes 9, <http://www.apple.com/itunes/features/#search> (last visited Apr. 19, 2010).

<sup>181</sup> Eliot Van Buskirk, *iTunes Crashes Music Recommendation Party; Rivals Rejoice*, WIRE (Sep. 9, 2008), available at [http://www.wired.com/listening\\_post/2008/09/steve-jobs-anno/](http://www.wired.com/listening_post/2008/09/steve-jobs-anno/).

the selection of recordings available to consumers, and make it more convenient for consumers to acquire authorized phonorecords.<sup>182</sup>

The interactive/non-interactive distinction made sense in the twentieth century. But by providing an “interactive service” that actually fuels record sales, iTunes calls into question the continuing viability of the interactive/non-interactive distinction vis-à-vis online retailers. Thus, subjecting iTunes and other online retailers to an additional public-performance-right licensing regime for the thirty-second song samples is nonsensical, inefficient, and plainly counter-productive. And as I will argue in Part V, this result should be changed via legislative action.

## V. CONGRESS SHOULD AMEND THE COPYRIGHT ACT

In determining which course of action to take in this situation, decision-makers should be guided by the fundamental, utilitarian view of that drives copyright law in America. They should seek to produce a result that makes sense and does not hamper the growth of an innovative retail model. Here, the best way to achieve this result is through legislative action. Therefore, Congress should amend the Copyright Act in several respects to ensure the continued growth in digital record sales.

### *A. Pure Downloads: Congress Should Amend The Definition of “Perform”*

Part III of this paper argued that proper statutory interpretation reveals a requirement that, to “perform” a work under the Act, the copyrighted work must be made contemporaneously perceptible to the user through the transmission. Because the transmission of data files containing the musical composition itself does not allow for the work to be made audible, it follows that, as a matter of law, pure downloads are not “performances” under the Act. As a result, these transmissions cannot implicate the public performance right. Analyzing the issue from a policy perspective also brings one to the same conclusion. If we assume the opposite—that a pure download is a public performance—iTunes would have to pay a mechanical license to the musical composition copyright owner for the reproduction and distribution of the copy and an additional license for the public performance of the work even though the work is completely inaudible to the user during the transmission. Since any performance that occurs in this case has no economic value,<sup>183</sup> such a rule would allow copyright holders to

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<sup>182</sup> S. REP. NO. 104-128, at 10 (1995).

<sup>183</sup> See *supra* Part III(B)(2).

charge twice for the same utility-producing transmission. Such “double dipping” should not be allowed.

While one court in the Second Circuit has adopted a “contemporaneous perception” requirement, it remains to be seen if this reasoning will spread to other jurisdictions. Accordingly, Congress should amend the definition of “to perform” to explicitly require contemporaneous sensory perception. This could be accomplished by looking to the definition of “perform” as it relates to motion pictures.<sup>184</sup> With regards to musical works, the Act currently provides the following definition: “To ‘perform’ a work means to recite, render, play, dance, or act it, either directly or by means of any device or process.”<sup>185</sup> To firmly establish the “contemporaneous perception” requirement, I propose adding a unique definition of “perform” for musical works that would read as follows: “To ‘perform’ a musical work means to recite, render, play, dance, or act it, either directly or by means of any device or process, *so as to make the sounds accompanying it audible.*”<sup>186</sup>

Of course, no statutory language is impervious to litigation. One can imagine disputes over this definition, as well as over the limits of “contemporaneous.” For example, suppose a user downloaded a song and then immediately played it on his computer. A PRO could argue that this two-step process should be collapsed and viewed as one. After all, the user downloaded and listened to the song within a matter of seconds. And since playing a song over a computer’s speakers is certainly a “performance,” the contemporaneous perception requirement is met. However, this logic erroneously conflates two legally distinct transactions and ignores clear statutory language. In analyzing whether the public performance right is implicated, the download itself must be viewed as a completely separate transaction from the user’s private performance of the transferred file. This distinction was clearly envisioned by Congress: “Although any act by which the initial performance or display is transmitted, repeated, or made to recur would itself be a ‘performance’ or ‘display’ under the bill, it would not be actionable as an infringement unless it were done ‘publicly,’ as defined in section 101. Certain other performances and displays, *in addition*

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<sup>184</sup> See 17 U.S.C. § 101 (2009) (“To ‘perform’ a work” means, “in the case of a motion picture or other audiovisual work, to show its images in any sequence or to make the sounds accompanying it audible.”).

<sup>185</sup> *Id.*

<sup>186</sup> *Id.* While “progressive” downloads fall outside the scope of this paper, the law should provide an exemption for these and other potential hybrid transmissions in cases where they follow a legal purchase of the work. Such transmissions can only occur after the user legally purchases the song and, therefore, cannot threaten to displace the sale of the work. However, I believe other statutory provisions, such as Fair Use under Section 107, can sufficiently protect these transmissions.

to those that are ‘private,’ are exempted or given qualified copyright control under sections 107 through 118.”<sup>187</sup> Further, it is explicitly mandated by the Act, which requires the “performance” to take place *during* the transmission itself.<sup>188</sup>

To preempt these potential disputes, I also propose amending the Transmit Clause so that “[t]o perform or display a work ‘publicly’” will mean: “to transmit or otherwise communicate a performance . . . of the work to a place specified by clause (1) or to the public, by means of any device or process . . . *but only if the performance transmitted or otherwise communicated produces the work’s intended sensory perception at the time of transmission or communication.* This will ensure that the contemporaneous sensory perception requirement be applied only to the transmission of the work itself.

While establishing bright-line rules is often a risky proposition when dynamic technology is involved, in the case of legally purchased pure downloads, the copyright holders are already protected by sections 106(1) and 106(3) and, thus, already receive compensation for their creative efforts each time a song is downloaded. Allowing copyright holders to receive duplicative royalties for these transmissions drastically alters the long-standing purpose of the public performance right: to provide artists with a means to ensure economic remuneration for their works when technology allows certain performances to *displace* the market for copies of their works. Thus, this amendment would foster the growth of a revolutionary technology whose potential for the recording industry is unbounded while also reinforcing America’s fundamental, utilitarian view of copyright.

#### *B.Thirty-Second Samples: Congress Should Amend Section 114*

The PROs also argue that iTunes should have to pay for the right to stream thirty-second samples of songs. As the Act currently stands, there are legitimate arguments that these samples should be treated as streaming transmissions over the internet, which are definitively treated as public performances.<sup>189</sup> In addition, because iTunes classifies as an “interactive service” provider under section 114, it would have to engage in a terribly inefficient and counter-productive voluntary licensing regime.<sup>190</sup> However, because these short samples promote record sales, this logic runs counter to

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<sup>187</sup> See H.R. REP. NO. 94-1476, at 63 (1976).

<sup>188</sup> See 17 U.S.C. § 101 (2009) (“[T]o perform a work ‘publicly’” means “to transmit or otherwise communicate a *performance* or display of the work to a place specified by clause (1) or to the public.”) (emphasis added).

<sup>189</sup> See *supra* Part IV(B).

<sup>190</sup> See *supra* Part IV(C).

the purpose of the public performance right and common sense. In order to avoid such a nonsensical result, Congress should amend the Act to provide iTunes and other online retailers immunity from the voluntary licensing regime under section 114.

With regards to the public performance of sound recordings “by means of a digital audio transmission,” section 114 creates a three-tiered licensing regime.<sup>191</sup> As noted, “interactive service” providers must individually negotiate with each sound recording copyright holder and obtain a license in the underlying musical composition in order to publicly perform—i.e., stream—a song.<sup>192</sup> However, certain transmissions are completely exempt from having to license the rights to publicly perform songs. These services are known as non-interactive, “nonsubscription broadcast” transmissions. Essentially, they are terrestrial radio broadcasts. Traditional radio broadcasters pay no royalties to sound recording copyright owners—the recording industry—because traditionally, as one court explained, “[t]he recording industry and broadcasters existed in a sort of symbiotic relationship wherein the recording industry recognized that radio airplay was free advertising that lured consumers to retail stores where they would purchase recordings.”<sup>193</sup> This exemption was founded in Congress’ desire not to impose “new and unreasonable burdens on radio and television broadcasters, which often promote, and appear to pose no threat to, the distribution of sound recordings.”<sup>194</sup> As discussed above, the same can now be said for iTunes’ short song samples. Accordingly, iTunes and other online retailers should receive the same exemption traditionally afforded terrestrial radio broadcasters. Congress could accomplish this goal by amending section 114.

One way to do this would be to add an exception to the treatment of certain “interactive services” under section 114(d)(3) so that the iTunes and other online retailers are given the non-interactive “nonsubscription broadcast transmission” treatment afforded radio broadcasters under 114(d)(1). Another way would be to create a fourth tier, what I will call “interactive promotional transmission services.” If a transmission qualified under this tier, it would receive immunity from the standard voluntary licensing regime that all “interactive services” are now subject to. It would also receive a blanket exemption from all licensing requirements, much like any non-interactive “nonsubscription broadcast transmission” does now. This would be the better option for a number of reasons. First, it would leave the current regime undisturbed with regards to those “interactive”

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<sup>191</sup> *See id.*

<sup>192</sup> *See id.*

<sup>193</sup> *Bonneville*, 347 F.3d at 487.

<sup>194</sup> H.R. REP. NO. 104-274, at 14 (1995).

services that actually displace record sales. In this sense, it would reinforce the underlying purpose of the public performance right. Second, it would alleviate iTunes from the burdens of an absurd licensing requirement and avoid the inefficient, counter-productive results such a system would entail. Lastly, it would reflect the notion that the “interactive” label no longer carries with it a negative connotation in all circumstances.<sup>195</sup> If iTunes’ practice of providing free, thirty-second song samples has shown us anything, it must be that an interactive service can actually boost record sales.

## VI. CONCLUSION

Until the turn of the twenty-first century, the music industry seemed unstoppable. Record sales were growing. Costs were falling. And, at its peak in 1999, the industry’s annual revenues eclipsed fourteen billion dollars.<sup>196</sup> But since then, profits have declined at a rapid clip, due largely to file-sharing technology that has eroded sales and called into question the industry’s long-standing business model.<sup>197</sup> This model revolved around one thing: physical record sales. In doing so, it employed on a distribution model dependent upon tangible sales in traditional, “brick and mortar” retail stores.

In contrast to the vanishing physical records sales market, the digital sales market has exploded in recent years. Not only has this market experienced exponential growth since its inception, it provides a glimpse of hope for an otherwise gloomy future for the music industry. In fact, some analysts predict digital sales to surpass physical sales by 2011.<sup>198</sup> This success is due in large part to one retailer, iTunes, which provides consumers the means to legally purchase and download digital music over the internet. It also provides thirty-second samples to consumers free-of-charge in an attempt to boost sales and introduce users to new artists. But instead of embracing iTunes and leveraging its potential, certain groups are demanding that iTunes pay additional licensing fees for the alleged “performance” that occurs with each download and thirty-second song preview.

However, analysis reveals that imposing such costs would lead to inefficient, nonsensical, and counter-intuitive results that would conflict

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<sup>195</sup> See *supra* Part IV(C)(2).

<sup>196</sup> See John Borland, *Music Industry Blames Net for Some Revenue Woes*, CNET, Feb. 16, 2001, available at [http://news.cnet.com/Music-industry-blames-Net-for-some-revenue-woes/2100-1023\\_3-252787.html](http://news.cnet.com/Music-industry-blames-Net-for-some-revenue-woes/2100-1023_3-252787.html).

<sup>197</sup> See *supra* Part II(A).

<sup>198</sup> See *id.*

with the underlying purpose of public performance rights and undermine the utilitarian foundation upon which American copyright law rests. Downloads do not constitute public performances under the Act, nor should they.<sup>199</sup> And while the thirty-second previews likely qualify as public performances under a technical application of the law, such a result should be avoided.<sup>200</sup> Accordingly, I propose a solution that includes a number of legislative amendments to ensure that no performance licenses will be required for these activities.

In a broader sense, this battle reflects industry groups that refuse to come embrace reality. With the industry's traditional business model all but buried, these groups are attempting to extract as much as they can from any source possible. In pursuing this shortsighted agenda, however, they neglect innovative retailers that provide a means to capitalize on the digital age and perpetuate the notion of greed so often associated with the record industry. One may ask why any group that stands to benefit from an innovative technology's success would threaten to stymie that technology's growth. This is not to say that the music industry should stop trying to find new ways to make money. Such a move would be to sound its own death knell. But it should not kill the goose that laid the golden eggs in the process.

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<sup>199</sup> See *supra* Part III.

<sup>200</sup> See *supra* Part IV.

The Americans with Disabilities Act, The United States Anti-Doping Agency, and the Effort Toward an Equal Opportunity: A Case Study of the *United States Anti-Doping Agency v. George Hartman* Matter

Travis Tygart\* and Anthony R. Ten Haagen†

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## I. INTRODUCTION

George Hartman solidified his reputation as a talented national-level judo athlete during the 2000 calendar year by winning both the U.S. National Collegiate Championships and the Amateur Athletic Union U.S. Open National Championships. However, in the following three years, Hartman plateaued and failed to make an impact at the international level. In the summer of 2003, his coach and physician, Dr. Walter VanHelder, diagnosed him with hypogonadism, erectile dysfunction syndrome, and depression all the alleged result of low testosterone levels. Dr. VanHelder elected to treat these disorders with testosterone injections, and Hartman closed out the year by winning a gold medal at the Pan American Masters competition and by becoming the second ranked U.S. judo athlete in the 100 kg weight class.

After beginning his testosterone regimen, Hartman tested positive for exogenous testosterone, a performance-enhancing substance.<sup>1</sup> While Hartman and Dr. VanHelder eventually claimed the testosterone was for the treatment of Hartman's alleged medical conditions, at no time did Hartman disclose his use of testosterone when tested or submit a Therapeutic Use

<sup>1</sup> See *United States Anti-Doping Agency v. George Hartman*, American Arbitration Association: N. Am. Court of Arbitration for Sport Panel, AAA 30 190 00900 05, 1 (June 19, 2006) [hereinafter *USADA v. Hartman Decision*].

Exemption (“TUE”) to the United States Anti-Doping Agency (“USADA”) requesting pre-competition clearance for his use of a prohibited substance.<sup>2</sup> Hartman argued he did not violate the applicable sport anti-doping rules because his use of synthetic testosterone was protected by the Americans with Disabilities Act<sup>3</sup> (“ADA”) and its precursor, the Rehabilitation Act of 1973 (“Rehabilitation Act”).<sup>4</sup> The American Arbitration Association’s North American Court of Arbitration for Sport Panel (“AAA Panel”) found that “[Hartman] failed to sustain his burden of proof that he suffers from [a disability]” under the ADA.<sup>5</sup> Therefore, the AAA Panel was able to ban Hartman from competition for the full two-year period allowed under the World Anti-Doping Code (“WADC”) without a full legal and factual analysis of Hartman’s ADA claim. Nevertheless, the issue posed by Hartman’s claim as to whether USADA’s anti-doping policies are compliant with the ADA is a crucial one for all athletes going forward as USADA seeks to continue its fight against the use of prohibited performance-enhancing substances in sport.

There is little doubt that the ADA can apply to athletics in certain situations.<sup>6</sup> Professional athletes are typically employees covered by Title I of the ADA.<sup>7</sup> High School and Collegiate athletics are typically run by public entities covered by Title II of the ADA.<sup>8</sup> Other athletes are protected by Title III because courts have defined certain fields of play, such as the golf course in *PGA Tour, Inc. v. Martin*,<sup>9</sup> as public accommodations.<sup>10</sup>

The ADA may not apply to USADA since it does not employ the Olympic athletes it tests, is not a public entity, and does not sanction athletic events. Regardless of the ADA’s applicability, however, this article will describe how USADA and the ADA share the common goal of maintaining a level playing field for all athletes. USADA accomplishes this goal by protecting the competition rights of clean athletes. The ADA accomplishes this goal by providing assistance to individuals who, if not for a specific disability, would be fully capable of participating in a given activity. After providing an overview of USADA’s drug testing protocols and the operation of the ADA, this article will conclude that USADA’s drug

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<sup>2</sup> See *id.* at 1.

<sup>3</sup> 42 U.S.C. § 12101 (2000).

<sup>4</sup> 29 U.S.C. § 701 (2000).

<sup>5</sup> *USADA v. Hartman Decision*, at 1.

<sup>6</sup> For an in-depth explanation of each Title of the ADA, see *infra* Part III.A.

<sup>7</sup> See Henry T. Greely, *Disabilities, Enhancements, and the Meanings of Sports*, 15 STAN. L. & POL’Y REV. 99, 103 (2004).

<sup>8</sup> See *id.*

<sup>9</sup> 532 U.S. 661 (2001).

<sup>10</sup> See Greely, *supra* note 7, at 103.

testing protocols are able to further this common goal in a manner that is procedurally and substantively compliant with the ADA because USADA offers an individual assessment to athletes who request permission to use an otherwise prohibited substance for the treatment of an acute medical condition.

## II. AN OVERVIEW OF USADA'S ORIGIN, ITS MISSION, AND ITS RELEVANT PROTOCOLS.

Before the USADA opened in late 2000, doping control for the Olympic sports in the United States was governed by the National Anti-Doping Program ("NADP"). Under the NADP program, each sport's National Governing Body (NGB)<sup>11</sup> was required to prosecute its own athletes for doping violations.<sup>12</sup> In contrast, USADA was set up as an independent non-profit, non-governmental agency and was given contractual authority by the United States Olympic Committee ("USOC") to initiate a national anti-doping program focused on testing, adjudication, education, and research.<sup>13</sup> By shifting the prosecutorial role from the NGBs to USADA, the NGBs were no longer faced with the inherent conflict of assembling the best teams possible on the one hand, and policing their own athletes on the other.<sup>14</sup>

USADA incorporates the mandatory provisions of the World Anti-Doping Code ("WADC") into its Protocol for Olympic and Paralympic Movement Testing.<sup>15</sup> As a result, USADA imposes strict liability sanctions on athletes who test positive for prohibited substances.<sup>16</sup> Athletes may face a two-year period of ineligibility for their first violation of the WADC.<sup>17</sup> If aggravating circumstances are present, the period may be "increased up to a maximum of 4 years."<sup>18</sup> Subsequent offenses may lead to a lifetime ban.<sup>19</sup>

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<sup>11</sup> Examples of NGBs include USA Swimming, USA Hockey, USA Boxing, etc.

<sup>12</sup> See UNITED STATES OLYMPIC COMMITTEE NATIONAL ANTI-DOPING PROGRAM POLICIES AND PROCEDURES (on file with authors).

<sup>13</sup> See United States Anti-Doping Agency, *USADA History*, <http://www.usantidoping.org/about/history.aspx> (last visited Oct. 27, 2010).

<sup>14</sup> Dionne L. Koller, *Does the Constitution Apply to the Actions of the United States Anti-Doping Agency?*, 50 ST. LOUIS U. L.J. 91, 98 (2005) (citing White House Task Force on Drug Use in Sports, Proceedings: First Meeting of the White House Task Force on Drug Use in Sports 36 (Dec. 7, 2000) (statement of Dr. Johann Olav Koss)).

<sup>15</sup> U.S. Anti-Doping Agency, *FAQs*, <http://www.usantidoping.org/resources/faqs.aspx> (last visited Oct. 27, 2010).

<sup>16</sup> See WORLD ANTI-DOPING CODE § 2.1.1 (2009), <http://www.wada-ama.org>.

<sup>17</sup> *Id.* at §§ 10.2; 10.7.

<sup>18</sup> *Id.* at § 10.6.

<sup>19</sup> *Id.* at §§ 10.2; 10.7.

In certain circumstances, when an athlete can demonstrate he or she bears either “no fault or negligence or no significant fault or negligence,” the period of ineligibility may be reduced or even eliminated.<sup>20</sup>

The WADC provides for individuals with illnesses or conditions that require otherwise prohibited substances for treatment. Athletes in these situations must request a TUE thirty days before participating in certain events.<sup>21</sup> Exceptions exist for retroactive approval when athletes take prohibited substances for emergency treatment of an acute medical condition or other exceptional circumstances.<sup>22</sup>

When an athlete tests positive for a prohibited substance, an Anti-Doping Review Board composed of medical, technical, and legal experts recommends to USADA whether there is sufficient evidence of doping to proceed.<sup>23</sup> If so, the athlete can request a hearing before a single arbitrator or a panel of three arbitrators selected from the North American Court of Arbitration for Sport (the “AAA Panel”) under the umbrella of the American Arbitration Association.<sup>24</sup> Should the athlete choose to challenge the decision of the AAA Panel, he or she can appeal to a final and binding hearing with the Court of Arbitration for Sport (“CAS”).<sup>25</sup>

### III. AN OVERVIEW OF THE AMERICANS WITH DISABILITIES ACT AND THE REHABILITATION ACT.

#### A. *The Americans with Disabilities Act*

The Americans with Disabilities Act (“ADA”) was passed in 1990 to provide a “clear and comprehensive national mandate for the elimination of discrimination against individuals with disabilities.”<sup>26</sup> The ADA seeks to effectuate its mandate by offering “clear, strong, consistent, enforceable standards addressing discrimination against individuals with disabilities.”<sup>27</sup> The ADA precludes discrimination against people with disabilities by

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<sup>20</sup> *Id.* at § 10.5.

<sup>21</sup> INTERNATIONAL STANDARD FOR THERAPEUTIC USE EXEMPTIONS § 8.3 (2010), available at [http://www.wada-ama.org/Documents/World\\_Anti-Doping\\_Program/WADP-IS-TUE/WADA\\_ISTUE\\_2010\\_EN.pdf](http://www.wada-ama.org/Documents/World_Anti-Doping_Program/WADP-IS-TUE/WADA_ISTUE_2010_EN.pdf).

<sup>22</sup> *See id.* at § 4.3.

<sup>23</sup> UNITED STATES ANTI-DOPING AGENCY PROTOCOL FOR OLYMPIC AND PARALYMPIC MOVEMENT TESTING, § 11 (2009) [hereinafter *USADA PROTOCOL*].

<sup>24</sup> AMERICAN ARBITRATION ASSOCIATION SUPPLEMENTARY PROCEDURES FOR THE ARBITRATION OF ANTI-DOPING RULE VIOLATIONS, § 2-12 (2009) [hereinafter *AAA PROCEDURES*].

<sup>25</sup> *USADA PROTOCOL*, *supra* note 23, § 15(b).

<sup>26</sup> 42 U.S.C. § 12101(b) (2000).

<sup>27</sup> *Id.*

employers (Title I),<sup>28</sup> public entities (Title II),<sup>29</sup> and public accommodations (Title III).<sup>30</sup>

In response to several Supreme Court decisions at the turn of the century,<sup>31</sup> Congress passed the ADA Amendments Act of 2008 to clarify the breadth of the term “disability.” Currently, the ADA defines disability as “a physical or mental impairment that substantially limits one or more major life activities of [an] individual.”<sup>32</sup> Major life activities “include, but are not limited to, caring for oneself, performing manual tasks, seeing, hearing, eating, sleeping, walking, standing, lifting, bending, speaking, breathing, learning, reading, concentrating, thinking, communicating, and working.”<sup>33</sup> Major life activities also include certain bodily functions, such as the “functions of the immune system, normal cell growth, digestive, bowel, bladder, neurological, brain, respiratory, circulatory, endocrine, and reproductive functions.”<sup>34</sup> The amended ADA states that the definition of disability is to be construed in favor of broad coverage of individuals, and the determination of whether impairment substantially limits a major life activity shall be made without regard to the ameliorative effects of most mitigating measures.<sup>35</sup>

Under Title I of the ADA, “no [employer] shall discriminate against a qualified individual on the basis of disability in regard to job application procedures, the hiring, advancement, or discharge of employees, employee compensation, job training, and other terms, conditions and privileges of employment.”<sup>36</sup> A qualified individual is someone who, with or without reasonable accommodation, can perform the essential functions of the employment position at issue, where consideration is given to the

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<sup>28</sup> *Id.* at § 12111.

<sup>29</sup> *Id.* at § 12131.

<sup>30</sup> *Id.* at § 12181.

<sup>31</sup> *See, e.g.,* Toyota Motor Mfg., Kentucky, Inc. v. Williams, 534 U.S. 184 (2002) (holding the terms “substantially” and “major” in the definition of disability under the ADA “need to be interpreted strictly to create a demanding standard for qualifying as disabled” and that to be substantially limited in performing a major life activity under the ADA, “an individual must have an impairment that prevents or severely restricts the individual from doing activities that are of central importance to most people’s daily lives”).

<sup>32</sup> 42 U.S.C. § 12102(1)(A) (2000).

<sup>33</sup> *Id.* at § 12102(2)(A).

<sup>34</sup> *Id.* at § 12102(2)(B).

<sup>35</sup> *Id.* at § 12102(4). For example, “mitigating measures such as medication, medical supplies, . . . low-vision devices” not including ordinary eyeglasses or contact lenses, “prosthetics . . . hearing aids . . . mobility devices,” and “reasonable accommodations or auxiliary aids or services” shall not be considered in determining whether a disability substantially limits a major life activity. *Id.*

<sup>36</sup> *Id.* at § 12112(a).

employer's judgment as to what those functions are.<sup>37</sup> Notably, when an employee uses illegal drugs and the employer brings disciplinary action accordingly, the employee does not fall within the definition of a qualified individual.<sup>38</sup> The ADA obligates employers to make a reasonable accommodation to all qualified individuals unless the employer can demonstrate the accommodation would impose an "undue hardship" on the operation of the business.<sup>39</sup>

Title II of the ADA states: "no qualified individual with a disability shall, by reason of such disability, be excluded from participation in or be denied the benefits of the services, programs, or activities of a public entity, or be subjected to discrimination by any such entity."<sup>40</sup> Title II defines a "qualified individual" as someone who, with the assistance of a reasonable modification, "meets the essential eligibility requirements for the receipt of services or the participation in programs or activities provided by a public entity."<sup>41</sup> A "public entity" is defined as any state or local government or any department, agency, or instrumentality of any state or local government.<sup>42</sup>

Title III of the ADA states "no individual shall be discriminated against on the basis of disability in the full and equal enjoyment of the goods, services, facilities, privileges, advantages, or accommodations of any place of public accommodation by any person who owns, leases (or leases to), or operates a place of public accommodation."<sup>43</sup> The term "public accommodation" is defined by a lengthy list of categories including places of lodging, restaurants, bars, auditoriums, grocery stores, laundromats, banks, hospitals, museums, parks, and private schools.<sup>44</sup> Most relevant for the purposes of this article, the definition of a public accommodation under the statute also includes "gymnasium[s], health spa[s], bowling alley[s], golf course[s], [and] other places of exercise or recreation."<sup>45</sup>

To succeed on a Title III claim, an individual with a disability must demonstrate a requested accommodation is both reasonable and necessary to afford the individual access to the public accommodation.<sup>46</sup> If the individual is successful, the public accommodation must offer the requested

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<sup>37</sup> *Id.* at § 12111(8).

<sup>38</sup> *Id.* at § 12114(a).

<sup>39</sup> *Id.* at § 12112(b)(5)(A).

<sup>40</sup> *Id.* at § 12132.

<sup>41</sup> *Id.* at § 12131(2).

<sup>42</sup> *Id.* at § 12131(1).

<sup>43</sup> *Id.* at § 12182(a).

<sup>44</sup> *Id.* at § 12181(7).

<sup>45</sup> *Id.* at § 12181(7)(L).

<sup>46</sup> *See id.* at § 12182(b)(2)(A).

accommodation unless the public accommodation can demonstrate the requested accommodation either (1) fundamentally alters the nature of the activity the requested accommodation is sought for<sup>47</sup> or (2) creates an undue health or safety risk to others.<sup>48</sup> As applied to sport, the Supreme Court has found that a requested accommodation might fundamentally alter athletic competition in two ways.<sup>49</sup> First, “[i]t might alter such an essential aspect of the [sport] . . . that it would be unacceptable even if it affected all competitors equally; changing the diameter of [a golf] hole from three to six inches might be such a modification.”<sup>50</sup> Second, the accommodation might take the form of “a less significant change that has only a peripheral impact on the game itself [but] might nevertheless give a disabled player, in addition to access to the competition as required by Title III, an advantage over others and, for that reason, fundamentally alter the character of the competition.”<sup>51</sup>

### B. The Rehabilitation Act of 1973

The Rehabilitation Act of 1973 (“Rehabilitation Act”) states that disabled individuals may not be “excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance [solely because of his or her disability],” as long as their requested accommodation is reasonable and necessary.<sup>52</sup>

The Rehabilitation Act represented progress for Americans living with disabilities, but Congress sought to further expand disability protection when it passed the Americans with Disabilities Act (“ADA”) nearly 20 years later. Because the ADA’s scope encompasses the narrower focus of

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<sup>47</sup> See *id.* at § 12182(b)(2)(A)(ii) (stating that discrimination is “a failure to make reasonable modifications in policies, practices, or procedures, when such modifications are necessary to afford such goods, services, facilities, privileges, advantages, or accommodations to individuals with disabilities, *unless the entity can demonstrate that making such modifications would fundamentally alter the nature of such goods, services, facilities, privileges, advantages, or accommodations*”) (emphasis added).

<sup>48</sup> See *id.* at § 12182(b)(3) (stating that “Nothing in this subchapter shall require an entity to permit an individual to participate in or benefit from the goods, services, facilities, privileges, advantages and accommodations of such entity *where such individual poses a direct threat to the health or safety of others*. The term ‘direct threat’ means a significant risk to the health or safety of others that cannot be eliminated by a modification of policies, practices, or procedures or by the provision of auxiliary aids or services.”) (emphasis added).

<sup>49</sup> *Martin*, 532 U.S. at 682.

<sup>50</sup> *Id.*

<sup>51</sup> *Id.* at 682–83.

<sup>52</sup> 29 U.S.C. § 794(a) (2002).

the Rehabilitation Act, this article asserts that any demonstration of USADA's compliance with the ADA's policies will implicitly demonstrate USADA's compliance with the Rehabilitation Act's policies as well.

**IV. LEGAL ANALYSIS OF THE UNITED STATES ANTI-DOPING  
AGENCY'S ANTI-DOPING POLICIES AND WHETHER THEY ARE  
PROCEDURALLY AND SUBSTANTIVELY COMPLIANT WITH THE AMERICANS  
WITH DISABILITIES ACT**

Application of the ADA to USADA's anti-doping operation is unnecessary because the analytical standards applicable under the ADA and the WADC standards for obtaining a TUE are in all material respects the same.<sup>53</sup> There is "no need to confuse the issues" because, as explained below, the procedural and substantive analysis of a given case will not change regardless of whether the ADA or the TUE standard is applied.<sup>54</sup>

*A. USADA's Anti-Doping Policies Are Procedurally Compliant With  
The Requirements Of The ADA*

1. WADA's TUE Standard is an Individualized Assessment, which the  
ADA Requires to Evaluate the Reasonableness, Necessity, and Safety of a  
Requested Accommodation.

The ADA requires an "individual assessment" to determine whether an individual suffers from a disability and whether the individual's requested accommodation is reasonable, necessary, consistent with the nature of the accommodation sought, and safe.<sup>55</sup> The TUE standard functions similarly, providing athletes with the same kind of "individual assessment" as is required by the ADA.

A timely submitted TUE will be granted where:

(a)The Athlete will experience a significant impairment to health if the prohibited substance or prohibited method were to be withheld in the course of treating an acute or chronic medical condition.

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<sup>53</sup> Brief of Claimant at 12, *United States Anti-Doping Agency v. George Hartman*, AAA 30 190 00900 05 (April 7, 2006) [hereinafter *USADA v. Hartman Claimant Brief*].

<sup>54</sup> *Id.*

<sup>55</sup> See *Martin*, 532 U.S. at 688 (stating an individualized inquiry under the ADA must determine whether a specific modification for a particular person's disability would be reasonable under the circumstances as well as necessary for that person); see also *Anderson v. Little League Baseball, Inc.*, 794 F. Supp. 342, 345 (D. Ariz. 1992) (stating the Supreme Court has found an individualized assessment under the ADA must balance the interests of people with disabilities against legitimate concerns for public safety).

(b)The therapeutic use of the prohibited substance or prohibited method would produce no additional enhancement of performance other than that which might be anticipated by a return to a state of normal health following the treatment of a legitimate medical condition. The use of any prohibited substance or prohibited method to increase “low-normal” levels of any endogenous hormone is not considered an acceptable therapeutic intervention.

(c)There is no reasonable therapeutic alternative to the use of the otherwise prohibited substance or prohibited method.

(d)The necessity for the use of the otherwise prohibited substance or prohibited method cannot be a consequence, wholly or in part, without a TUE, or a substance or method which was prohibited at the time of use.<sup>56</sup>

A comparison of the ADA and the TUE standard shows they are procedurally identical in all material respects. First, the TUE standard requires USADA to consider the health of the athlete absent use of the requested substance for the treatment of an acute or chronic condition. This is analogous to an evaluation under the ADA of whether the alleged condition substantially impacts a major life activity so as to qualify as a disability.<sup>57</sup> Second, the TUE standard requires USADA to consider whether alternative treatments beyond use of the prohibited substance exist. This is analogous to an evaluation under the ADA of the reasonableness and necessity of a requested accommodation.<sup>58</sup> And third, the TUE standard requires USADA to consider whether use of the prohibited substance would produce enhancement of performance beyond a mere return to a state of normal health. This is analogous to an evaluation under the ADA of whether the requested accommodation would fundamentally alter the sport and/or create an undue health or safety risk.

In many instances, as implied by the Supreme Court in *Martin*, use of performance-enhancing substances might fundamentally alter the sport at issue by providing the disabled athlete with an unfair advantage.<sup>59</sup> For instance, a baseball player on steroids likely has a distinct advantage over

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<sup>56</sup> INTERNATIONAL STANDARD FOR THERAPEUTIC USE EXEMPTIONS § 4.1 (2010), available at [http://www.wada-ama.org/Documents/World\\_Anti-Doping\\_Program/WADP-IS-TUE/WADA\\_ISTUE\\_2010\\_EN.pdf](http://www.wada-ama.org/Documents/World_Anti-Doping_Program/WADP-IS-TUE/WADA_ISTUE_2010_EN.pdf).

<sup>57</sup> See *USADA v. Hartman Claimant Brief*, *supra* note 53, at 14.

<sup>58</sup> See *id.* at 15.

<sup>59</sup> See 532 U.S. at 683.

non-steroid abusers in terms of both reaction time and strength.<sup>60</sup> These changes “unfairly alter the conditions of competition.”<sup>61</sup> Further, in physical contact sports such as football, boxing, or judo, it may never be appropriate for a competitor to take a strength building performance-enhancing substance because it would impose a great danger on other competitors.<sup>62</sup> Thus, a comparison of the operative language of the ADA and the International Standard for Therapeutic Use Exemptions demonstrates the “individual assessment” offered in each context is the same.<sup>63</sup>

## 2. Requiring Athletes to Submit TUEs Prior to the Use of an Otherwise Prohibited Substance is Consistent with the ADA.

An athlete seeking an accommodation for the use of a prohibited substance must formally request a TUE thirty days before participating in certain events.<sup>64</sup> Retroactive approval will only be granted in situations where a prohibited substance is used for the emergency treatment of an acute medical condition or where certain other exceptional circumstances exist.<sup>65</sup>

In 2006, Olympic track star Justin Gatlin tested positive for a prohibited substance for the second time. Previously, after failing to submit a timely TUE, Gatlin tested positive in 2001 for a prohibited substance intended to treat Attention Deficit Disorder, a medical condition that qualified him as disabled under the ADA. As a result, Gatlin was subject to an extended sanction under the WADC for his 2006 offense because of his prior positive test in 2001. As part of its decision, the AAA Panel in Gatlin's second case held that the extended sanction did not violate the ADA. However, in his dissenting opinion, Arbitrator Christopher Campbell argued Gatlin's request for a TUE should be allowed at any time, even after the 2001 positive test occurred.<sup>66</sup> Arbitrator Campbell cited *Humphrey v.*

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<sup>60</sup> Baseball Crank: Baseball 2005 Archives, [http://baseballcrank.com/archives2/baseball\\_2005/](http://baseballcrank.com/archives2/baseball_2005/) (Blog post dated January 4, 2005).

<sup>61</sup> George Mitchell. *Report to the Commissioner of Baseball of an Independent Investigation into the Illegal Use of Steroids and Other Performance Enhancing Substances by Players in Major League Baseball*. Pg. 12. December 13, 2007 (quoting George F. Will, *Barry Bonds' Enhancement*, NEWSWEEK, May 21, 2007, at 82).

<sup>62</sup> *Cf. USADA v. Hartman Claimant Brief*, *supra* note 53, at 18.

<sup>63</sup> *See id.* at 15.

<sup>64</sup> *See* INTERNATIONAL STANDARD FOR THERAPEUTIC USE EXEMPTIONS § 8.3 (2010), available at [http://www.wada-ama.org/Documents/World\\_Anti-Doping\\_Program/WADP-IS-TUE/WADA\\_ISTUE\\_2010\\_EN.pdf](http://www.wada-ama.org/Documents/World_Anti-Doping_Program/WADP-IS-TUE/WADA_ISTUE_2010_EN.pdf)

<sup>65</sup> *See id.* at § 4.3.

<sup>66</sup> *See* United States Anti-Doping Agency v. Justin Gatlin, AAA No. 30 190 00170 07, 1-4

*Memorial Hospital Association* to support the proposition that the duty to accommodate is a continuing one.<sup>67</sup>

Significantly, *Humphrey* also stands for the proposition that the obligation to accommodate does not start until the entity at issue becomes “*aware of the need for accommodation.*”<sup>68</sup> When the duty to accommodate arises in the context of Title I, “both the employee and the employer must communicate, exchange essential information and not delay or obstruct the process.”<sup>69</sup> The duty to accommodate, however, cannot possibly occur before the employee invokes this interactive process.<sup>70</sup> In *Martin*, the Supreme Court explained that there is a similar obligation to provide affirmative notice of a requested accommodation in the context of Title III.<sup>71</sup> In summary, “[t]he duty to provide a reasonable accommodation is not triggered unless a specific demand for accommodation has been made,”<sup>72</sup> and an ADA plaintiff has “some burden to be specific about the accommodation [he or] she require[s].”<sup>73</sup>

What the ADA does not require, however, is for qualified individuals to make their disabilities known if they prefer to keep them private. In other words, qualified individuals are not *required* to seek accommodation. A qualified individual is free to make do with his or her disability and/or try and take private steps to address his or her limitations. The only repercussion for choosing privacy is the forfeiture of the qualified individual’s right to a reasonable and necessary accommodation under the ADA. Of course, the moment the qualified individual formally requests a reasonable and necessary accommodation, his or her right thereto is effectively restored.

In the context of athletics, the TUE standard goes one step further than the ADA by *requiring* athletes to request reasonable accommodation prior to using a prohibited substance in certain events. Unlike situations where the ADA typically applies, an athlete does not have the option of concealing his or her use of a prohibited substance (i.e. an accommodation) for the

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(2008) (Campbell, Arb., dissenting).

<sup>67</sup> See *id.* at 16-17 (Campbell, Arb., dissenting) (citing *Humphrey*, 239 F.3d at 1138).

<sup>68</sup> See *Humphrey*, 239 F.3d at 1137 (emphasis added); accord *Smith v. Midland Brake, Inc.*, 180 F.3d 1154, 1179 (10th Cir. 1999).

<sup>69</sup> *Vawser v. Fred Meyer, Inc.*, 19 Fed. App’x. 722, 723 (9th Cir. 2001) (citing *Barnett v. U.S. Air, Inc.*, 228 F.3d 1105, 1114-1115 (9th Cir. 2000) (en banc), *cert. granted in part sub nom.* *US Airways, Inc. v. Barnett*, 532 U.S. 970 (2001))

<sup>70</sup> See *Smith*, 180 F.3d at 1179.

<sup>71</sup> *Martin*, 532 U.S. at 691.

<sup>72</sup> *Gaston v. Bellingrath Gardens & Home, Inc.*, 167 F.3d 1361, 1363 (11th Cir. 1999) (citing *Wood v. President and Trustees of Spring Hill College*, 978 F.2d 1214, 1222 (11th Cir. 1992)).

<sup>73</sup> *Freadman v. Metropolitan Property and Cas. Ins. Co.*, 484 F.3d 91, 104 (1st Cir. 2007).

purpose of attempting to keep his or her medical condition (i.e. disability) private. Athletes must *affirmatively* make their requested accommodation known or they risk penalty—even if the TUE would have been granted.<sup>74</sup> The Supreme Court implicitly approved the TUE approach in *Martin*.<sup>75</sup> Martin, a talented golfer, suffered from a medical condition that precluded him from walking a golf course. He requested that the PGA Tour accommodate him by altering its rules to allow him to drive a golf cart during tour events. The PGA Tour declined, and Martin brought his ADA claim in Federal Court.

The United States Supreme Court made clear in *Martin* that Congress intended that entities like the PGA give individualized attention to talented disabled athletes by modifying the rules to allow them access *and to weigh the purpose of the modification before determining whether the accommodation is allowed*.<sup>76</sup> Of course, if the athlete waited to request an accommodation until after he or she was caught, the individualized balancing procedure intended for use by Congress would be rendered ineffective. The point of balancing prior to the competition is to ensure a level playing field. If the athlete were allowed to request a TUE after the fact, it would detract from the spectacle of sport because fans would not know whether live performances were genuine. After all, not all enhancements are as visible as a golf cart.

The rationale behind the notice obligations under the ADA is fairness. For example, in the context of Title I, an employer should not be held accountable through litigation for its failure to accommodate a disabled employee when the employer did not know accommodation was needed. Allowing ADA claims to advance under such circumstances would provide enticement for an employee to lure its employer into a legal trap-door with the hope of securing a substantial damages verdict. Assuming the presence of an actual disability that precludes the employee's case from dismissal, the employee has little incentive to refrain from rolling those dice.

Similar logic is applicable in the context of the TUE standard. USADA requires athletes to request a TUE thirty days prior to using a prohibited substance in certain events. If a TUE did not have to be submitted in advance, it would create an incentive for athletes to cheat until they were caught, and then claim an exemption under the ADA through USADA's prescribed arbitration process after the fact.<sup>77</sup> While the TUE

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<sup>74</sup> See INTERNATIONAL STANDARD FOR THERAPEUTIC USE EXEMPTIONS § 8.4 (2010), available at [http://www.wada-ama.org/Documents/World\\_Anti-Doping\\_Program/WADP-IS-TUE/WADA\\_ISTUE\\_2010\\_EN.pdf](http://www.wada-ama.org/Documents/World_Anti-Doping_Program/WADP-IS-TUE/WADA_ISTUE_2010_EN.pdf)

<sup>75</sup> See *Martin*, 532 U.S. at 691.

<sup>76</sup> *Id.* (emphasis added).

<sup>77</sup> See *USADA v. Hartman Claimant Brief*, *supra* note 53, at 23.

process may curtail certain privacy rights of athletes, precluding the above scenario is a compelling justification for the limitation. Among the many problems with allowing an athlete to cheat until he or she is caught, and then claim an exemption under the ADA, include: (1) as mentioned above, ex-post assessment detracts from the spectacle of viewing live-action sport; (2) the uncertainty the athlete would ever be caught; (3) the ADA applies exclusively to the United States, thus American athletes would possess a mechanism for cheating not available in other countries; and (4) the use of prohibited substances without providing notice will cause an undue health or safety risk to other athletes due to the physicality of many competitions.<sup>78</sup> Ultimately, “[c]ontending that [one] has been discriminated against through the application of sport anti-doping rules when, in fact, [one] ignored the TUE processes by which his [or her] disability claim could have been assessed and potentially addressed is truly ‘the pot calling the kettle black.’”<sup>79</sup>

*B. USADA’s Anti-Doping Policies are Substantively Compliant with the Requirements of the ADA*

1. The Hartman AAA Panel Determined Hartman did not Suffer from a Disability.

The *Hartman* matter is demonstrative of how USADA’s anti-doping policies are substantively compliant with the requirements of the ADA. On March 2, 2005, George Hartman tested positive for a performance-enhancing substance. At no time prior to his positive test did Hartman submit a TUE to USADA requesting accommodation for his use of synthetic testosterone. Hartman had ample time to apply for the TUE. He began receiving testosterone injections on July 21, 2003, and the TUE standard only requires athletes to file requests 30 days prior to a competition.

Nevertheless, Hartman argued he should not be suspended from competition because his use of synthetic testosterone was protected under the ADA and its precursor, the Rehabilitation Act of 1973. Because the AAA Panel found “[Hartman] failed to sustain his burden of proof that he suffers from ‘a physical or mental impairment that substantially limits one or more of [his] major life activities,’” the AAA Panel banned Hartman from competition for the full two-year period allowed under the WADC without analyzing the full ADA issue.<sup>80</sup>

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<sup>78</sup> *See id.* at 24.

<sup>79</sup> *Id.* at 16.

<sup>80</sup> *Id.* at 15.

After issuing its decision, the AAA Panel released its formal findings of fact and conclusions of law related to the medical issues at stake in the *Hartman* matter (“AAA Panel Findings of Fact and Conclusions of Law”).<sup>81</sup> The AAA Panel afforded limited credence to the testimony of Dr. VanHelder, Hartman’s physician and coach.<sup>82</sup> Apparently, beyond those connections to Hartman, Dr. VanHelder also owned a judo training center that prominently featured Hartman as an athlete and instructor.<sup>83</sup> The Panel inferred Dr. VanHelder’s judo business could have been “advanced through Mr. Hartman’s success,” and “adversely impacted by a doping positive.”<sup>84</sup> Compounding the Panel’s skepticism was the fact that certain gaps in Dr. VanHelder’s administration of testosterone to Hartman coincided with major judo competitions.<sup>85</sup>

The AAA Panel found Dr. VanHelder’s assertion the Plaintiff suffered from hypogonadism, erectile dysfunction syndrome (“EDS”), and depression were not supported by independent medical evidence.<sup>86</sup> With respect to hypogonadism, Dr. VanHelder’s July 2003 test revealed Hartman’s testosterone level was relatively normal.<sup>87</sup> Testosterone levels can fluctuate by as much as 20% in 20 minutes due to the phenomenon of pulsatility, so multiple tests are needed to accurately confirm one’s testosterone levels.<sup>88</sup> Not only did Dr. VanHelder fail to conduct a second test of Hartman’s testosterone level, but he also failed to make an assessment of free testosterone.<sup>89</sup> This test is critical because “[m]ost people who have a low normal level of total testosterone [also] have low levels of [certain binding proteins], so they don’t need as much total testosterone to generate a normal amount of the biologically active free testosterone.”<sup>90</sup> Finally, the AAA Panel determined that Hartman’s luteinizing hormone (“LH”) value of 0.0 “[was] not indicative of hypogonadism.”<sup>91</sup> The AAA Panel found “about the only thing that can cause the complete absence of LH is . . . [the] administration of [synthetic

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<sup>81</sup> Medical Findings of Fact and Conclusions of Law Rendered by The American Arbitration Association North American Court of Arbitration for Sport Panel, *United States Anti-Doping Agency v. George Hartman*, AAA 30 190 00900 05 [hereinafter *USADA v. Hartman Findings*].

<sup>82</sup> *Id.* at 1–2.

<sup>83</sup> *Id.*

<sup>84</sup> *Id.*

<sup>85</sup> *See id.* at 2.

<sup>86</sup> *See id.* at 4, 8, 10.

<sup>87</sup> *See id.* at 5.

<sup>88</sup> *See id.*

<sup>89</sup> *See id.* at 6.

<sup>90</sup> *Id.*

<sup>91</sup> *Id.*

testosterone].”<sup>92</sup>

With respect to EDS, the AAA Panel found “low testosterone is not a typical cause of erectile dysfunction syndrome.”<sup>93</sup> Further, Dr. VanHelder did not (1) conduct the nocturnal penile tumescence test to diagnose Hartman’s alleged EDS or (2) attempt to treat Hartman’s alleged EDS with oral drugs such as Viagra and Levitra before administering testosterone.<sup>94</sup> Hartman’s wife testified that he continued to have sexual relations with her on a bi-weekly basis throughout this period, and such relations improved further when Hartman finally started taking Levitra four months after he began using testosterone.<sup>95</sup>

Finally, the AAA Panel found Dr. VanHelder never actually diagnosed Hartman with depression.<sup>96</sup> Dr. VanHelder did not even use the term “depression” in Hartman’s medical records until May 27, 2003, the office visit prior to when Hartman was first administered testosterone.<sup>97</sup> The evidence shows Hartman maintained a social lifestyle throughout this period as he “continued to work a job as an airport security screener, interact with his wife and undertake the basic tasks of daily living throughout the relevant time period.”<sup>98</sup>

In summary, the AAA Panel found Hartman did not suffer from hypogonadism, erectile dysfunction syndrome, or depression, and thus did not have a mental or physical impairment, much less one that substantially limited one or more of his major life activities. However, an important hypothetical question remains: what if Hartman suffered from one of those three afflictions? It seems clear the broadened definition of disability under the amended ADA encompasses hypogonadism, erectile dysfunction syndrome and depression.<sup>99</sup> Could Hartman have established testosterone injections were a reasonable and necessary accommodation for those afflictions under the ADA? If so, would USADA have been able to argue testosterone injections fundamentally altered the sport of judo and/or created an undue health or safety risk? And most importantly for the

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<sup>92</sup> *Id.*

<sup>93</sup> *Id.* at 8.

<sup>94</sup> *Id.* at 9.

<sup>95</sup> *Id.* at 6–7.

<sup>96</sup> *Id.* at 10.

<sup>97</sup> *Id.*

<sup>98</sup> *Id.* at 7.

<sup>99</sup> Erectile dysfunction syndrome and hypogonadism are covered by 42 U.S.C. § 12102(2)(B), which explicitly indicates that one who suffers from impaired “reproductive functions” is disabled within the meaning of the Act. Likewise, according to § 12102(1)(A), depression would count as a disability within the meaning of the ADA if it substantially limited major life activities including “sleeping,” “thinking,” “working,” and “caring for oneself.”

purposes of this article, would application of the TUE standard result in the same outcome as the one most likely reached under the ADA?

2. Hartman Would Not Have Been Able to Establish Testosterone Injections were Reasonable or Necessary even if he Proved his Disability.

*a. Testosterone Injections are not a Reasonable and Necessary Accommodation for Hypogonadism.*

The AAA Panel found that there are many causes of hypogonadism that are treatable without testosterone.<sup>100</sup> For example, sleep deprivation, pain, certain medications, depression and overtraining all can lead to hypogonadism, but none of these causes are best treated with testosterone injections.<sup>101</sup> Hartman underwent knee surgery a few months before Dr. VanHelder made his diagnosis, resulting in a prescription for narcotics and also significant pain and sleep deprivation.<sup>102</sup> He also apparently suffered from chronic low back pain and insomnia.<sup>103</sup> The AAA Panel found it was unreasonable for Dr. VanHelder to treat Hartman's alleged hypogonadism with testosterone injections before attempting to address some or all of these issues.<sup>104</sup> Further, because testosterone is actually used as a male contraceptive, the AAA Panel found it could not be considered a medically necessary treatment for Hartman's asserted reproductive limitations.<sup>105</sup>

*b. Testosterone Injections are not a Reasonable and Necessary Accommodation for Erectile Dysfunction Syndrome.*

"Testosterone effects [sic] sex drive but does not do anything to assist in achieving an erection."<sup>106</sup> Therefore, the AAA Panel found "there are many causes of EDS that are treatable without testosterone," including depression and other neurogenic issues, narcotics, and structural vascular problems.<sup>107</sup> The AAA Panel found it was unreasonable for Dr. VanHelder to administer testosterone injections before determining, at the very least, whether Hartman's alleged EDS could be addressed with anti-depressants or by adjusting his post-knee surgery medications.<sup>108</sup> Finally, even Dr.

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<sup>100</sup> USADA v. Hartman Findings, *supra* note 81, at 7.

<sup>101</sup> *Id.*

<sup>102</sup> *Id.*

<sup>103</sup> *Id.*

<sup>104</sup> *Id.* at 8.

<sup>105</sup> *Id.* at 6.

<sup>106</sup> *Id.* at 8.

<sup>107</sup> *Id.* at 9.

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

VanHelder conceded that most people are able to address EDS with oral therapeutic drugs such as Viagra or Levitra.<sup>109</sup> Again, this proved to be the case here, as Hartman's wife testified his EDS improved when he began using Levitra.<sup>110</sup> Therefore, the AAA Panel found testosterone injections were not a reasonable and necessary course of treatment for Hartman's alleged EDS.<sup>111</sup>

*c. Testosterone Injections are not a Reasonable and Necessary Accommodation for Depression.*

The AAA Panel found "there are many causes of depression that are treatable without testosterone," evidenced by more than 25 different effective medications available right now in the United States.<sup>112</sup> However, Dr. VanHelder never attempted to prescribe any of these medications and Hartman refused to be evaluated by a psychiatrist.<sup>113</sup> Further, testosterone has never been shown to treat depression effectively in normal men in a controlled trial.<sup>114</sup> For these reasons, the AAA Panel found administration of testosterone shots to Hartman for his alleged depression was hardly a reasonable and necessary course of action.<sup>115</sup>

3. Even if Hartman Was Able to Prove He Suffered From a Disability, and Testosterone Injections Were A Reasonable And Necessary Accommodation, USADA Could Have Demonstrated that the Use of Testosterone Would Fundamentally Alter the Sport of Judo and/or Cause an Undue Risk of Harm to Fellow Competitors.

Hartman asserted in his pre-hearing brief that "competition judo is one of the roughest and most demanding of sports."<sup>116</sup> According to language posted on the International Judo Foundation's website in 2006, "[j]udo is a tremendous and dynamic combat sport that demands both physical prowess and great mental discipline."<sup>117</sup> "The sport involves techniques that require

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

<sup>110</sup> *Id.* at 6–7.

<sup>111</sup> *Id.* at 9.

<sup>112</sup> *Id.* at 10.

<sup>113</sup> *Id.*

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

<sup>115</sup> *Id.*

<sup>116</sup> *USADA v. Hartman Claimant Brief*, *supra* note 53, at 21 (quoting Respondent's Brief at 2).

<sup>117</sup> *Id.* (citing International Judo Federation, *What is Judo?*, available at: <http://www.intjudo.eu/>

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the use of raw physical strength, including moves that allow a competitor to lift and throw an opponent onto the ground.”<sup>118</sup> “Once the competitors are on the ground, judo moves include the use of chokeholds and joint locks until one competitor yields in submission.”<sup>119</sup> As set forth in *Martin*, increasing the stamina, strength and vitality of some judo athletes would create an advantage that “fundamentally alter[s] the character of the competition.”<sup>120</sup> The AAA Panel found “testosterone can possibly be strength enhancing ‘even in doses that would be considered physiologic’ for a person with hypogonadism.”<sup>121</sup>

Moreover, “the secretive, unannounced use of testosterone by one or more judo competitors presents a potentially grave and unfair risk of injury to other judo competitors.”<sup>122</sup> “No athlete in a contact sport and particularly no athlete in a ‘fighting’ sport such as judo has a unilateral right (even under the guidance of a physician) to decide whether to use steroids without the permission, or even the pre-competition knowledge, of the appropriate sport officials.”<sup>123</sup>

#### 4. If Hartman had Filed a Timely TUE Application, the Requested Testosterone Injections Would Have Been Denied for Reasons Consistent with the ADA Analysis Above.

Under the ADA, the initial inquiry goes to whether an individual suffers from a disability. Similarly, the first prong of the TUE standard effectively determines whether an athlete suffers from a limiting medical condition. Here, as discussed, the AAA Panel found Hartman did not suffer from a disability. The AAA Panel found the independent medical evidence did not support a diagnosis of hypogonadism, erectile dysfunction syndrome, or depression. For the same reasons, it is doubtful the TUE Committee would find Hartman was susceptible to a significant impairment to health if the testosterone injections were withheld, let alone find Hartman was suffering from an acute or chronic medical condition.

If a showing of disability is made, the next inquiry under the ADA goes to whether an individual can demonstrate he or she is seeking a reasonable and necessary accommodation. Similarly, the third prong of the TUE standard looks at whether alternative treatments beyond the use of the

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Aug. 24, 2010)).

<sup>118</sup> *USADA v. Hartman Claimant Brief*, *supra* note 53, at 21.

<sup>119</sup> *Id.*

<sup>120</sup> *Martin*, 532 U.S. at 682; *USADA v. Hartman Claimant Brief*, *supra* note 53, at 21.

<sup>121</sup> *USADA v. Hartman Findings*, *supra* note 81, at 1.

<sup>122</sup> *USADA v. Hartman Claimant Brief*, *supra* note 53, at 24.

<sup>123</sup> *Id.*

prohibited substance exist. The AAA Panel found alternative treatments aside from testosterone injections existed for hypogonadism, erectile dysfunction syndrome, and depression. Further, because Dr. VanHelder failed to properly diagnose Hartman's alleged "disabilities," the AAA Panel found it unclear whether testosterone was among the appropriate treatment possibilities at all. For the same reasons, it is likely the TUE Committee would find that reasonable therapeutic alternatives to testosterone injections existed for Hartman's alleged conditions.

Finally, under the ADA, if an individual is able to demonstrate he or she is disabled and his or her requested accommodation is reasonable and necessary, the opposing entity must offer the accommodation or demonstrate the accommodation would fundamentally alter the sport and/or cause an undue threat to the health and safety of others. Similarly, the second prong of the TUE standard looks at whether the therapeutic use of the prohibited substance would produce an additional enhancement of performance other than that which might be anticipated by a return to a state of normal health following the treatment of a legitimate medical condition. Here, the AAA Panel did not address whether the allowance of testosterone injections to treat a disability would have fundamentally altered the sport of judo and/or caused an undue threat to the health and safety of others. However, it seems likely the USADA could show that the administration of testosterone in a fighting sport like judo would create both an unbalanced playing field and an undue safety risk. Similarly, given the AAA Panel's finding that testosterone can be strength-enhancing even in appropriate doses for a person suffering from hypogonadism,<sup>124</sup> it is likely the TUE Committee would find Dr. VanHelder's administration of testosterone produced an additional enhancement in Hartman's performance beyond a mere return to a normal state of health.

## V. CONCLUSION

In the end, this article substantiates the proposition stated at the outset: USADA and the ADA share the common goal of leveling the playing field. Again, USADA accomplishes this goal by protecting the competition rights of clean athletes. The ADA accomplishes the goal by providing assistance to individuals who, if not for a specific disability, would be fully capable of participation in a given activity.

Most significantly, this article establishes that the TUE standard, the tool employed by USADA to ensure it accomplishes its goal while remaining true to the ADA, is actually procedurally and substantively compliant with the ADA's objectives. Indeed, the *Hartman* matter makes

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<sup>124</sup> *USADA v. Hartman Findings*, *supra* note 81, at 1.

explicit the parallels between each analysis. Further, the *Hartman* matter demonstrates an athlete cannot seriously contend he or she was discriminated against when he or she fails to follow the TUE procedure specifically put in place to offer an individual assessment of his or her alleged disability. As a result, application of the ADA to USADA's anti-doping procedures is unnecessary. Quite simply, there is no need to confuse the issues because the analytical standards applicable under the ADA and the WADA standards for obtaining a TUE are in all material respects the same.<sup>125</sup>

Through the TUE standard, USADA is able to offer an individual assessment of each athlete's request for accommodation through the unique prism of sport. For at least two reasons, public policy dictates it is in USADA's best interest to grant a TUE where appropriate rather than use the TUE standard as a ruse for compliance with the ADA. First, unlike a qualified individual under the ADA, the athlete who seeks a TUE already *has* access to the particular environment. Instead, the athlete is seeking to address certain disabilities so as to level the playing field and compete *within* that environment. USADA, as an entity regulating the participants within a given environment for the purpose of maintaining fair competition, has less incentive to be prejudiced for the sake of convenience or cost than an entity charged with regulating access to the environment itself, such as a traditional employer, public entity or public accommodation under the ADA.

Second, if USADA denies a TUE in a situation where the athlete is entitled to accommodation, USADA will have failed its fundamental objective—to protect the integrity of sport—by depriving the public of the opportunity to cheer on a legitimate competitor.<sup>126</sup>

While *Hartman* was not able to make the necessary showing under the TUE standard—indeed, he never even submitted a TUE application—that does not mean the system is broken. This article confirms the TUE system is alive, well, and functioning appropriately when compared to the ADA's objectives. Therefore, this article ultimately confirms USADA and the ADA are aligned at the balancing point of the level playing field both seek to maintain.

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<sup>125</sup> *USADA v. Hartman Claimant Brief*, *supra* note 53, at 12, 15.

<sup>126</sup> USADA Mission/Vision, *available at* <http://www.usada.org/about/mission-vision.aspx> (last visited Aug. 24, 2010).