

INTELLECTUAL PROPERTY LITIGATION

Expert Analysis

Fantasy Sports and Right of Publicity; Time to Rethink Claim Construction?

Fantasy sports—games that allow fans to select their ideal roster from any team in the league and compete based on their players' real-world performance—have become a big business. By one count, 27 million American adults participated in some form of fantasy sports in 2009. The industry's rise has led to litigation over the right of athletes to stop companies from exploiting their images, biographical data, and statistics without permission. A majority of states recognize, by common law or statute or both, a "right of publicity" that provides a tort action against a defendant who appropriates the plaintiff's name or likeness for economic advantage without consent. Those rights arguably collide with the First Amendment rights of game developers and consumers.

The leading case in this area is likely *C.B.C. Distribution & Marketing Inc. v. Major League Baseball Advanced Media, L.P.*, 505 F.3d 818 (8th Cir. 2007), which held that a maker of fantasy baseball products available by phone, mail, e-mail, and the Internet was entitled to use Major League Baseball players' names and statistics without a license. Finding that dissemination of factual information about America's "national pastime" served a significant public interest, the U.S. Court of Appeals for the Eighth Circuit held that First Amendment protections outweighed the players' right of publicity. And the usual economic justifications for the right of publicity—such as compensating individuals for their efforts, providing an incentive for further productive activity and protecting the public from deceptive advertising—were inapplicable because Major League Baseball players are well compensated and consumers would not perceive their inclusion in a fantasy baseball game as an endorsement.

A district court case in the same circuit, *CBS Interactive Inc. v. National Football League Players Association Inc.*, 259 F.R.D. 398 (D. Minn. 2009), later

LEWIS R. CLAYTON is a litigation partner in the New York office of Paul, Weiss, Rifkind, Wharton & Garrison LLP and co-chair of the firm's intellectual property litigation group. He can be reached at lclayton@paulweiss.com. ELIZABETH SEIDLIN-BERNSTEIN and SCOTT J. SHOLDER, associates with the firm, assisted in the preparation of this article.

By
**Lewis R.
Clayton**



extended *C.B.C.*'s analysis to a fantasy professional football Web site.

However, the recent decision in *Keller v. Electronic Arts Inc.*, 2010 WL 530108 (N.D. Cal. Feb. 8, 2010), indicates that the First Amendment defense may have its limits. Sam Keller, a former quarterback for Arizona State University and the University of Nebraska, sued Electronic Arts (EA), the developer of a series of fantasy college football video games that depicted a virtual player who shared Keller's jersey number, physical characteristics and home state. Though EA stopped short of using players' real names, consumers could easily upload into the games team rosters available on the Internet.

Denying EA's motion to dismiss, Judge Claudia Wilken rejected its First Amendment defense. In

The recent decision in "Keller v. Electronic Arts Inc." indicates that the First Amendment defense in actions over right of publicity may have its limits.

evaluating such issues, the California Supreme Court has considered whether the defendant's use of the plaintiff's name and likeness is "transformative," as that term is used in the copyright doctrine of fair use. Keller was "represented as what he was: the starting quarterback for Arizona State University," and the game's setting was "identical to where the public found Plaintiff during his collegiate career: on the football field."

The court distinguished *C.B.C.*, noting that success in EA's video game, unlike other fantasy sports games, did "not depend on updated reports of the real-life players' progress during the college football season." And the game's use of players' likenesses was

more extensive than in *C.B.C.*, "offer[ing] a depiction of the student athletes' physical characteristics" and "enabl[ing] consumers to control the virtual players on a simulated football field."

Nonetheless, *Keller* may be hard to reconcile with *C.B.C.* Considering the interests protected by the right of publicity, the need to update game information arguably should play little role in the analysis. Nor is it clear why the degree of interactivity should make a difference; the *C.B.C.* court expressly found that an interactive game could be protected expression.

It may be that the *Keller* court was sympathetic to college athletes, who, unlike professional athletes, are not compensated for their efforts and are prohibited by National Collegiate Athletics Association rules from profiting from the commercial use of their likeness. Professional athletes may be better situated to profit from the additional exposure they receive from inclusion in fantasy sports. If so, reliance on the economic rationales for the right of publicity, as laid out in *C.B.C.*, might provide a firmer basis for treating fantasy sports games involving college athletes differently from those involving professional athletes. These matters undoubtedly will receive more attention as additional courts of appeals consider the tension between rights of publicity and rights of free expression.

Copyright

Section 411(a) of the Copyright Act requires copyright holders to register their works before suing for infringement. In *Reed Elsevier Inc. v. Muchnick*, 2010 WL 693679 (2010), the U.S. Supreme Court ruled 8-0 that this registration provision is not a restriction on federal subject-matter jurisdiction, but rather a precondition to filing a claim. After the Court's ruling in *New York Times Co. v. Tasini* that online databases infringed freelance authors' copyrights, a class of freelance authors reached a settlement with operators of online databases. The class included authors who had registered their copyrights and some who had not. In reviewing the settlement, the U.S. Court of Appeals for the Second Circuit held sua sponte that the district court lacked subject matter jurisdiction to certify a settlement class because some members had not registered their copyrights.

Reversing the Second Circuit, the Supreme Court held that §411(a) does not “clearly state[]” that registration is jurisdictional. Moreover, the registration provision is not part of the federal statute granting federal jurisdiction over copyright claims, and the presence of three exceptions to §411(a)—for foreign works, Visual Artists Rights Act claims, and rejected registrations—weighs against “ascribing [it] jurisdictional significance.” While *Reed Elsevier* largely turns on technical issues of federal jurisdiction, the ruling may make it easier to resolve class actions raising copyright and perhaps other intellectual property claims.

Massachusetts Museum of Contemporary Art Foundation Inc. v. Büchel, 593 F.3d 38 (1st Cir. 2010), held that the Visual Artists Rights Act (VARA), 17 USC §106A, protects the moral rights of artists whose works are incomplete. VARA allows visual artists to claim or disclaim authorship of works and to prevent and remedy intentional distortions of works that would harm the author’s reputation. Swiss visual artist Christoph Büchel, together with plaintiff, a modern art museum in North Adams, Mass., pursued a massive “installation art” project in the form of an interactive village called “Training Ground for Democracy.” After the parties disagreed about creative control, the project failed. Plaintiff sought a declaration that it could display the incomplete project; Büchel objected and counterclaimed, but the museum prevailed.

The First Circuit held that VARA applies to a work as soon as it is “fixed in a copy.” Büchel’s project was “fixed” because numerous components were in place. Vacating in part the district court’s summary judgment for the museum, the First Circuit found that sufficient facts suggested that the museum’s unauthorized modifications to the sculpture—such as the addition of cinderblock walls—could constitute “distortion” under VARA that harmed Büchel’s reputation. The court rejected, however, Büchel’s claim that plaintiff distorted “Training Ground” by hiding it under tarpaulins, and held that VARA also does not cover claims regarding mere display of incomplete works.

Utopia Provider Systems Inc. v. Pro-Med Clinical Systems, L.L.C., 2010 WL 569892 (11th Cir. 2010), held that plaintiffs’ medical forms were not copyrightable because they did not meet the low standard for originality under the Copyright Act. Two medical professionals created a template system called “ED Maximus” (EDM) to capture patient information and physician conclusions. EDM—which contained headings, charts, and blocks for physician notes—was copyrighted as a “compilation of terms.”

Plaintiffs licensed EDM to Pro-Med, a marketing agent, to distribute EDM as part of Pro-Med’s own set of forms. When Pro-Med continued to sell EDM-based products after the agreement expired, Utopia sued for copyright infringement. Dismissing the copyright claims on summary judgment, the district court concluded that EDM constituted uncopyrightable “blank forms.”

Finding its prior precedent unclear, the U.S. Court of Appeals for the Eleventh Circuit followed Second Circuit law, under which forms are copyrightable if the selection of terms is creative enough to convey information to the user. Applying that test, EDM’s

headings and subcategories were not creative, but merely “what one would expect to find” on such templates (e.g., patient information and symptoms). Nor did the terms prompt physicians to provide a particular level or type of care. They were simply designed to capture “information that derives from providing care.”

Capitol Records Inc. v. Thomas-Rasset, 2010 WL 291763 (D. Minn. Jan. 22, 2010), reduced by over 97 percent a nearly \$2 million jury verdict against a woman who illegally downloaded and distributed 24 songs using Kazaa, the peer-to-peer file-sharing network. Under §504 of the Copyright Act, a copyright owner may elect to recover statutory damages, ranging from \$750 per work infringed to as much as \$150,000, for willful infringement, rather than actual damages.

In *Rasset*, the jury awarded a group of record companies statutory damages of \$80,000 for each song defendant downloaded, or \$1.92 million in total. Calling this award “monstrous and shocking,”

‘Capitol Records Inc. v. Thomas-Rasset’ reduced by over 97 percent a nearly \$2 million jury verdict against a woman who illegally downloaded and distributed 24 songs using Kazaa, the peer-to-peer file-sharing network.

the district court remitted the award to \$2,250 per song, or three times the statutory minimum, a sum of \$54,000. The court reasoned that “statutory damages must bear some relation to actual damages,” and found that the “need for deterrence” could not justify a \$2 million verdict for “stealing and illegally distributing 24 songs for the sole purpose of obtaining free music.”

Plaintiffs declined the remittitur and opted for a new jury trial on the issue of damages. Otherwise, they argued, the court’s ruling would effectively re-write the Copyright Act by capping statutory damages at \$2,250 for music illegally shared by “noncommercial individuals.”

Patents

In *Cybor Corp. v. FAS Technologies Inc.*, 138 F.3d 1448 (Fed. Cir. 1998) (en banc), the en banc U.S. Court of Appeals for the Federal Circuit held that claim construction—the interpretation of language in patent claims—is a matter of law, which the Court of Appeals reviews without deference. As a result, the Federal Circuit spends a good deal of time reviewing claim construction issues from scratch. In *Trading Tech. Int’l Inc. v. eSpeed Inc.*, 2010 WL 653271 (Fed. Cir. Feb. 25, 2010), a Federal Circuit panel conducted such a de novo review, affirming the trial court’s claim construction. Along the way, however, Circuit Judge Randall R. Rader, who dissented in *Cybor*, took the opportunity to express his disagreement with the de novo review standard. “Claim construction,” he wrote, “involves many technical, scientific, and timing issues that require full examination of the

evidence and factual resolution of any disputes before setting the meaning of the disputed terms” in a patent claim. On this view, it makes sense to take advantage of the work of the district court, rather than reviewing claim construction rulings “without the slightest iota of deference.”

Critics have pointed to the substantial reversal rate of claim construction rulings and asserted that de novo review adds uncertainty and delay to the patent litigation process. District Judge Ron Clark of the Eastern District of Texas, sitting by designation on the *Trading Tech.* panel, wrote separately to “respectfully suggest that the current de novo standard of review for claim construction may result in the unintended consequences of discouraging settlement, encouraging appeals, and, in some cases, multiplying the proceedings.” If such criticisms convince a sufficient number of Federal Circuit judges, *Cybor* could be overruled and replaced with a rule that accords deference to trial court claim construction rulings.

Trademarks

The debate over Proposition 8, a 2008 ballot measure that amended the California Constitution to bar same-sex marriage, recently extended its reach to trademark law. In *Protectmarriage.com-Yes on 8, a Project of California Renewal v. Courage Campaign*, 2010 WL 325571 (E.D. Cal. Jan. 20, 2010), California Renewal, an advocacy group that helped to pass Proposition 8, sought a temporary restraining order enjoining the Courage Campaign, an organization that supports same-sex marriage, from using a logo very similar to its own.

The California Renewal logo, displayed on the organization’s Web site, depicts the “stylized silhouettes” of two children flanked by a parent wearing pants and a parent wearing a skirt, meant to represent a heterosexual couple. The Courage Campaign logo, featured on its Web site, is nearly identical, except that both parents are wearing skirts. Despite the logos’ similarities, the court found no likelihood of success on the merits under the Lanham Act and denied the TRO. The Courage Campaign’s logo was clearly a parody, protected by the First Amendment. Any possibility of confusion was counteracted by the photos of same-sex couples and text supporting same-sex marriage that accompanied the logo on Courage Campaign’s Web site. Moreover, defendant’s use of the mark was non-commercial, distinguishing it from other cases in which parodies were found to infringe the trademarks on which they were based. Following this ruling, California Renewal voluntarily dismissed the action.