LITIGATION: THE CASES WE NEED TO KNOW

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PANELISTS

D'LESLI DAVIS, ESQ.
Partner
Norton Rose Fulbright
Dallas, Texas

STAN SOOCHER, ESQ.
Editor-in-Chief, *Entertainment Law & Finance*
Associate Professor, Music & Entertainment Industry Studies,
University of Colorado, Denver Campus

PARTNERSHIP SUIT AGAINST THE LUMINEERS WILL REMAIN IN NEW JERSEY FEDERAL COURT

The U.S. District Court for the District of New Jersey decided that a lawsuit by a former band member of The Lumineers, who are now based in Colorado, should remain in New Jersey federal court. *Van Dyke v. Schultz*, 14-cv-3296 (D.N.J. 2015).

In 2008, plaintiff Jason Van Dyke joined the band 6 Cheek, which became The Lumineers the following year, but he says he was eventually left behind after the other members moved to Colorado. Van Dyke's suit asks for a declaration that he is a co-owner of several of the band's songs and for enforcement of what he says is his partnership rights. Original members Wesley Schultz and Jeremy Fraites and the band asked the court to grant their motion to move the suit to Colorado, for the convenience of the parties and witnesses and because Van Dyke lived in California when he filed his complaint.

District Judge Claire C. Cecchi noted: "Indeed, a foreign plaintiff[']s chosen forum is not entitled to significant deference." But Judge Cecchi added: "However, a foreign plaintiff may bolster the amount of deference given to their chosen forum by making a strong showing of convenience. ... Here, even if deference to Plaintiffs' choice is limited, the other factors do not shift the balance toward transfer to Colorado. Defendants' allegation that Colorado is more convenient for *all* the parties is belied by Plaintiff's evidence that he currently resides in New Jersey. Additionally, the claims arose from the parties' relationship in New Jersey throughout 2008 and 2009. Defendants have not demonstrated, beyond conclusory statements, that witnesses or evidence would be unavailable to this Court."

COMMODORES BAND NAME DISPUTE PROVIDES LOOK AT SETTING BOND AMOUNT FOR PRELIMINARY INJUNCTION

A dispute over use of "The Commodores" offers some guidance on how a judge may determine how much a plaintiff alleging trademark infringement of a music group's name may need to post as bond to have a court enforce a preliminary injunction against the defendant. *Commodores Entertainment Corp. v. McClary*, 14-cv-1335 (M.D.Fla. 2014).

In this case, The Commodores' company sued former performing member Thomas McClary. McClary, who was a founding member, left The Commodores in 1984 but has recently toured as "The Commodores Featuring Thomas McClary." Commodores Entertainment, which has four federally registered "Commodores" trademarks, sued McClary in the U.S. District Court for the Middle District of Florida, Orlando Division.

In October 2014, U.S. District Judge Roy B. Dalton Jr. granted the plaintiff's motion for a preliminary injunction against McClary. In doing so, Judge Dalton noted: "[T]he original band members of The Commodores—including Defendant—acquired common law ownership and trademark rights because it was their style and sound that brought recognition to the band name and Marks. ... [But] the band members who remained after Defendant left in 1984 have prevailing ownership because they 'maintained continuity with the group and [have] been in a position to control the quality of services' of the Marks associated with the band name. Defendant has not put forward any evidence to suggest that he maintained quality or control over the Marks associated with The Commodores after he left ... "

Commodores Entertainment then argued it should have to post a bond of only $25,000 for the injunction, but McClary argued for $4,262,500. In November 2014, Judge Dalton observed: "The scope of the injunction is narrow—enjoining Defendants only from using the Marks in an infringing manner, such as 'The Commodores featuring Thomas McClary' or 'The 2014 Commodores'—so the amount of bond should be narrow too—that is, it should only be the difference between the profits Defendants could earn using the Marks in an infringing manner and making fair use of the Marks."

But the district judge grumbled that, because he hadn't received guidance from either side as to "what Defendants' profits could be from any use of the Marks or what its loses will be, if any, while enjoined from using the Marks, [the court] is forced to come up with an appropriate bond amount on its own." Judge Dalton set the amount at $100,000.

TALENT SCOUT'S RIGHT TO REVENUES FROM DISCOVERING LADY GAGA

The U.S. District Court for the District of New Jersey reconfirmed a $7.34 million award to talent discoverer Wendy Starland, who sued Lady Gaga's former producer Rob Fusari for a share his right to revenues from Lady Gaga. *Starland v. Fusari*, 10-4930 (D.N.J. 2015).

Starland had sued Fusari for breach of contract and breach of fiduciary duty, alleging he promised her half of the income earned from finding and developing a female

artist like Julian Casablancas, the male lead vocalist of The Strokes. Starland claimed she discovered Stefani Germanotta, who became Lady Gaga, at The Cutting Room in New York City in 2006, then worked to shape her image and musical style, and brought Fusari and Lady Gaga together in a recording studio.

After Starland sued, a jury decided she was entitled to half of Fusari's Lady Gaga earnings, including $900,000, plus additional amounts from future income.
In declining to reduce the award, District Judge Jose Linares wrote that "the jury's decision regarding the quantity of breach of contract damages is supported by evidence properly admitted and presented to the jury for its consideration. The jury's decision based on the evidence cannot be said to have been excessive or clearly unsupported by the evidence or indicative of manifest injustice and is not shocking to the Court."

BLONDIE'S EX-MANAGER DENIED SUMMARY JUDGMENT IN HIS BID FOR PERCENTAGE OF BAND'S DEAL FROM SELLING COPYRIGHT RECAPTURE RIGHTS

Copyright termination rights have been a hot button issue in the music industry in the past several years, with 2013 being the first year under 17 U.S.C. § 203 that authors could recapture those rights for assignments they made for works created after 1977. A dispute between the rock band Blondie and the group's former manager Peter Leeds has raised the issue of a manager's commission rights when artists terminate those copyright assignments.

Leeds managed Blondie when the band began having big hits in the latter half of the 1970s with Chrysalis Music. But Leeds and Blondie parted ways under a May 1979 written agreement. The agreement gave Leeds post-term commissions from "gross earnings" on Blondie's existing agreements in effect before February 9, 1985, and to music created by the group members by that date. BMG Rights Management (BMG) later became the successor-in-interest to Blondie's music publishing agreements with Chrysalis.

In December 2012, instead of exercising its recapture rights, the band sold those rights to BMG for $1.3 million, which Leeds then claimed he had a right to commission. Blondie argued the statutory recapture rights didn't fall within the band's 1979 separation agreement with Leeds.

In deciding Leeds' motion for summary judgment, Justice Anil C. Singh of the New York Supreme Court, New York County, first noted in part: "Leeds' interpretation that the payment for recapture rights falls within the broad definition of gross earnings is reasonable. The examples given in paragraph 3 [of the 1978 Leeds/Blondie agreement] of the types of income sources are by way of example and state, 'Without limiting the generality of the foregoing, it is understood that you are entitled to a commission on all of our earnings derived from records and tapes, writing and composing musical compositions, music publishing, personal appearances, television, radio commercials, merchandising and endorsements.'"

But Justice Singh then emphasized: "Conspicuously absent from the Termination Agreement is a specific commission rate that would apply to the sale of statutory recapture rights." Denying Leeds' summary judgment motion, Judge Singh concluded that the Leeds/Blondie agreement, "when read as a whole is ambiguous ... [T]his Court

finds that there are genuine issue of material fact..." *Leeds v. Harry*, 157749/13 (N.Y.Sup. Ct., N.Y.Cty. 2015).

NO JOINT VENTURE FOUND IN AGREEMENT BETWEEN RECORD LABELS

The U.S. District Court for the Southern District of New York decided there was no joint venture between Slip-N-Slide Records and Island Def Jam Music (IDJ) that would create a fiduciary obligation by the latter's parent company UMG Recordings in splitting record royalties with Slip-N-Slide. *Slip-N-Slide Records Inc. v. The Island Def Jam Music Group*, 13-cv-04450 (S.D.N.Y. 2014).

The parties entered into an agreement in 2006 under which IDJ/UMG would market and distribute recordings by Slip-N-Slide's artists. The contract provided for a "50/50 profit-split" after "all charges" were deducted, and for IDJ/UMG to turn over during a royalties audit by Slip-N-Slide "all necessary manufacturing and sales information, data, and documents maintained by IDJ in the ordinary course of business with respect to the exploitation" of the recordings. The agreement further stated: "Nothing herein contained shall constitute an employer-employee relationship, a partnership between, or a joint venture by, the parties."

In June 2013, Slip-N-Slide filed suit after UMG refused to turn over documents related to $15 million in charges it had deducted. (In 2014, UMG announced it was separating the previously merged Island and Def Jam labels.) But Southern District Judge Andrew L. Carter Jr. noted, though "'[p]arties can evince their intent to be joined as joint venturers … impliedly through actions and conduct,' … the parties did not evince an intent to form a joint venture, given that the Agreement is a product of an arm's length commercial transaction between the parties that does not bare any indicia of a fiduciary relationship, and that it expressly disavows a joint venture." District Judge Carter continued: "Plaintiff has not pled any facts that would allow the Court to plausibly infer that the Agreement as a whole negates the force of the express language in the parties' disclaimer." In addition, Slip-N-Slide and IDJ hadn't negotiated a provision for Slip-N-Slide and IDJ/UMG to share losses — a key element of a joint venture — despite the arrangement to split profits from "revenue less" the applicable charges.

FORMER BLUES NOTES MEMBER LOSES SUIT OVER DVD OF *SOUL TRAIN* PERFORMANCES

The U.S. District Court for the Southern District of New York found no right of publicity violation in the inclusion, on a *Best of Soul Train* DVD, of TV performances of Harold Melvin and the Blue Notes that included band-member/plaintiff Jeremiah Cummings. *Cummings v. Soul Train Holdings LLC*, 14 Civ. 36 (S.D.N.Y. 2014).

Cummings was a member of the popular r&b group in the 1970s. He claimed in his lawsuit he hadn't signed any release form when he appeared on the *Soul Train* TV show with the Blue Notes. New York federal District Judge Lorna G. Schofield considered Illinois-resident Cummings' claim under the Illinois Right of Publicity Act (IRPA). (Illinois recognizes the statutory right but not a separate common law misappropriation claim.) District Judge Schofield noted, "The IRPA recognizes that

every individual has a 'right to control and to choose whether and how to use [his] identity for commercial purposes.'"

But the statute contains an exception for "use of an individual's identity in an attempt to portray ... [the individual] in a live performance, ... musical work, film, radio, television, or other audio, visual, or audio-visual work," if the performance "does not constitute in and of itself a commercial advertisement for a product, merchandise, goods, or services." In addition, "promotional materials, advertisements, or commercial announcements" related to the performance are exempt from IRPA protection.

Judge Schofield found: "The recordings 'portray' a 'live performance' or 'musical work' performed by Cummings as a member of the Blue Notes, and the Soul Train footage does not itself constitute commercial advertisement" that would violate the IRPA. Judge Schofield added that Cummings' *Soul Train* performances had been "'fixed in tangible form,' and his 'rights of publicity' are therefore preempted" by federal copyright law. The district court went on to dismiss Cummings' additional causes of action, including one alleging violation of the federal Lanham Act and the Illinois Consumer Fraud and Deceptive Trade Practices Act.

ELEVENTH CIRCUIT SAYS COPYRIGHT CO-OWNER CAN FILE OWN INFRINGEMENT SUIT

In upholding a statutory damages award against a tavern owner who failed to obtain a public performance license for music used in the venue, the U.S. Court of Appeals for the Eleventh Circuit formally embraced the principle that a co-owner of a copyright may sue for infringement. *Broadcast Music Inc. (BMI) v. Evie's Tavern Ellenton Inc.*, 13-15871 (11th Cir. 2014). Though a footnote to its main ruling, the appeals court stated that the performing rights organization BMI "was able to maintain copyright infringement actions for each title by establishing a valid license with at least one co-owner of each song that is a party to this case. Previously, the Eleventh Circuit has not explicitly adopted the rule set forth by the Second Circuit in *Davis v. Blige*, 505 F.3d 90, 99 (2d Cir. 2007), that a copyright co-owner may maintain and recover in a copyright infringement action without joining other co-owners. We do so now."

After BMI and several music publishers sued Evie's Tavern, the tavern operator had challenged the chains of title of the songs at issue. But the Eleventh Circuit noted: "[B]ecause the district court properly granted summary judgment in BMI's favor on each title, any error in granting summary judgment to other [plaintiffs] was harmless."

UPDATE ON WHETHER TWITTER MUST REVEAL USER'S INFORMATION TO AUDIO COMPANY

A federal magistrate had a change of mind as to whether non-party Twitter must disclose the names of account users who allegedly defamed an audio equipment manufacturer. Twitter argued that the First Amendment right of account users to anonymous protected speech must be properly addressed. On this, in January 2015, Magistrate Laurel Beeler of the U.S. District Court for the Northern District of California found "at

this stage of the case and on this record, Music Group's interest in the requested information does outweigh any infraction of the Doe defendants' right to speak anonymously. Music Group asks for only the 'name, address, email address and any proxy address' of the accounts' owners. That is the basic information that will allow Music Group to identify the defendants and serve the complaint."

But on closer consideration, Magistrate Beeler decided in March 2015 that a single derogatory tweet comment that accused Music Group Macao's CEO (who isn't a named plaintiff) of tax evasion wasn't enough to override the Doe defendants' First Amendment, anonymous speech right. Magistrate Beeler explained: "First, this comment appears to be entirely about Music Group's CEO, rather than the company itself. For reasons that straddle defamation and First Amendment law, the remark probably cannot serve to ground Music Group's own defamation claim. … The court does not discount the impropriety of the tax-evasion charge, or how troubling it is to be the comment's target. But this seems to have been a one-time piece of snideness. Viewed 'in context,' amid the blizzard of invective from an obviously disgruntled person, the court is more concerned that breaching the defendant's anonymity for this single remark would unduly chill speech, and 'deter other critics from exercising their First Amendment rights.'" *Music Group Macao Commercial Offshore Ltd. v. John Does I-IX*, 14-mc-80328 (N.D.Calif. 2015).

ATTORNEY FEES IN MUSIC DISPUTES

For lawyers who litigate, getting paid for legal services may be as difficult as working on the court cases. In some disputes, the party who will be responsible for paying the legal fees has previously been specified in a contract between the warring parties. However, under the "American rule," which many courts follow, a judge won't award attorney fees unless a contract between the parties expressly provided for an "attorney fees" award (note stipulating "all costs and expenses of any suit or proceeding shall be assessed against the defaulting party" isn't specific enough), there is a relevant statute that provides for an attorney fees award (e.g., §505 of the Copyright Act) or the court finds an equitable reason.

Following is a sampling of how some courts have recently handled the attorney fees issue:

- In the *Evie's Tavern* case discussed above in these written materials, the Eleventh Circuit noted in upholding a Copyright Act §505 award of attorney fees to BMI: "Here, the district court awarded attorneys' fees because the infringement was done with knowledge, resulted in hotly contested legal action, and because of the effort [the BMI plaintiffs] exerted prior to this lawsuit. The district court also found that because ... the matter could have been resolved for a relatively small amount of money, an award of attorneys' fees was appropriate. Because the district court properly considered the 'frivolousness, motivation, objective unreasonableness ... and the need in [the] particular circumstances to advance consideration of compensation and deterrence," it was not an

abuse of discretion to award attorneys' fees."

- In *Bowen v. Paisley*, 13-cv-0414 (M.D.Tenn. 2014), songwriter Amy Bowen alleged the Brad Paisley/Carrie Underwood hit "Remind Me" infringed on a composition Bowen wrote with the same title. Bowen argued one of the defendants' points of access to her song was at a Nashville songwriting workshop at which she performed and for which two of the defendants, songwriters Charles Dubois and John Kelley Lovelace, had served as judges. Dubois and Lovelace argued that a covenant-not-to-sue consent agreement Bowen signed to participate in the workshop allowed them to collect attorney fees if they won counterclaims they filed against Bowen. But citing the American rule, the U.S. District Court for the Middle District of Tennessee found, "even assuming that it is valid and enforceable and that DuBois and Lovelace will succeed on their counterclaims, the Consent Agreement does not contractually authorize DuBois or Lovelace to recover their attorney's fees and expenses. Therefore, the court finds that, although the breach of contract counterclaims may proceed, the demand for contractual attorney's fees and expenses will be dismissed."

- In a music royalty dispute, the New York-based music publisher/producer Wall Street Entertainment claimed the Georgia-based BuVision breached a co-publishing agreement by failing to provide semi-annual royalty statements and payments. A magistrate for the U.S. District Court for the Southern District of New York recommended that Wall Street should win the liability issue, but that the company should be denied attorney fees. The magistrate explained: "Wall Street requests reasonable attorneys' fees and all costs expended in this matter. Under New York law, however, there is no right to an award of attorneys' fees in an ordinary breach of contract claim absent express contractual or statutory provisions stating otherwise. ... The Co-Publishing Agreement contained no fee-shifting provision." *Wall Street Entertainment LLC v. BuVision LLC*, 13 Civ. 1265 (S.D.N.Y. 2014).