On Second Thought...Recent Decisions Continue to Reshape Intellectual Property Landscape

Stephen McKelvey, University of Massachusetts - Amherst
John Grady, University of South Carolina

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Steve McKelvey and John Grady

Steve McKelvey, JD, is an associate professor in the Mark H. McCormack Department of Sport Management at the University of Massachusetts Amherst. His research focuses on issues at the nexus of sport marketing and intellectual property law.

John Grady, JD, PhD, is an associate professor in the Department of Sport and Entertainment Management at the University of South Carolina. His research interests are focused on intellectual property issues in sport marketing and stadium accessibility for sport consumers with disabilities.

As Baseball Hall of Famer Yogi Berra once enlightened: "It ain't over til it's over." During the past year, several lawsuits—each previously reported and analyzed in the "Sport Marketing and the Law" column of Sport Marketing Quarterly—have, through the appellate process, produced new decisions warranting attention from legal and sport marketing scholars and practitioners. These recent decisions have the potential to reshape certain aspects of sport marketing practice and reflect litigation trends of which savvy sport marketers should be aware.

Michael Jordan Scores on Appeal

The case of Jordan v. Jewel Food Stores, Inc. (2014) was initially reported and analyzed by attorney Jonathan Goins in 2012 ("Jordan v. Jewel Food Stores, Inc.: Do the Shoes Make the Man?" Vol. 21, Issue 4). The case originated when Michael Jordan sued a Chicago-based food chain for running a print ad in Sports Illustrated congratulating the Bulls' legend on his induction into the Basketball Hall of Fame. Jewel had been provided a free ad in exchange for agreeing to sell the Jordan-focused commemorative magazine in its stores. Jewel's ad featured a pair of #23 sneakers, a statement congratulating Jordan, and the store's logo and slogan. Jordan brought suit alleging, *inter alia*, violations of the Illinois Right of Publicity Act and the Lanham Act. The district court granted summary judgment for the defendant Jewel-Osco, holding that the advertisement was noncommercial speech fully protected by the First Amendment, and thus trumped Jordan's right of publicity claim.

In February 2014, the Seventh Circuit reversed the district court, noting first that the U.S. Supreme Court has "generally worked out its commercial-speech doctrine in public-law cases.... This is not a public-law case; it's a clash of private rights" (Jordan, 2014, p. 514). It was clear, the Seventh Circuit stated, that the content of the advertisement served as a congratulatory salute to Jordan. However, the court held that the context of the advertisement, which included Jewel's logo and slogan, served to promote Jewel's supermarkets, and thus, amounted to commercial speech deserving of lesser level of Constitutional protection.

The Seventh Circuit heavily relied on Bolger v. Youngs Drug Products, Corp. (1983), which provides certain guideposts for classifying speech that contains both commercial and noncommercial elements (as the court found was the case here). These guideposts include whether 1) the speech is an advertisement, 2) the speech refers to a specific product, and 3) the speaker has an economic motivation for the speech. As the court stated: "[I]f the literal import of the words [in the ad] were all that mattered, this celebratory tribute would be noncommercial. But evaluating the text requires consideration of the context... Modern commercial advertising is enormously varied in form and style" (Jordan, 2014, p. 517-518). Hence, the court, in adopting a broad interpretation of the term "commercial," held that "[A]n advertisement is no less 'commercial' because it promotes brand awareness or loyalty rather than explicitly proposing a transaction in a specific product or service" (p. 518).

The Seventh Circuit held that Jewel's advertisement served two functions: (1) congratulating Jordan, and (2) enhancing Jewel's brand by associating itself with Jordan in the minds of basketball fans and Chicago consumers. Thus, the court held, the advertisement's failure to refer to a specific product was relevant, but not dispositive. The court had no trouble answering the question, "What does the ad invite the readers to buy?" The answer: "Whatever they need from a grocery
In a further twist to the New Life Art saga, at the appellate court level, Moore failed to preserve his First Amendment freedom of artistic expression and fair use defenses; instead, he introduced a copyright law defense, arguing that because his original paintings did not infringe the plaintiff's trademarks, he had an unfettered right to produce derivative works featuring his paintings. The Eleventh Circuit ruled, however, that copyright law does not grant the right to use works in a specific manner, but only to exclude others from using his copyrighted work. Unable to make any further ruling on the applicability of the First Amendment or fair use defense with regard to the reproduction of Moore's paintings on so-called mundane products, the court remanded the case back to the district court to ascertain the parties' course of conduct with respect to Moore's sale of mugs and other mundane products.

Finally, in September 2013, the legal saga concluded with a somewhat pyrrhic victory for Moore. Although the District Court confirmed Moore's right to reproduce his artwork on mundane products, it was not based on First Amendment or trademark fair use doctrine, but was instead based upon the court's reading of the parties' licensing agreements. The court concluded that (with the exception of one print that was subject to a more restrictive agreement), the license agreements did not prohibit Moore from reproducing his artwork on mundane products. Hence, although Moore eventually "won," his failure to preserve his First Amendment and trademark fair use defenses at the appellate court level has resulted in at least one district court (the court here in NLA) holding that an artist's right to reproduce his sports art on any product he so desires (including mundane products like mugs) is not necessarily assured under the First Amendment or trademark fair use. Alas, from a purely legal standpoint, the NLA saga has left this issue unresolved, particularly within our context of sports licensing.

Fair Use and the "Flying B" Logo
The seemingly endless "saga of the shield," Bouchat v. Baltimore Ravens Limited Partnership, has produced several judicial opinions weighing the scope of copyright law's well-established fair use defense. Multiple copyright infringement lawsuits have been filed by Bouchat in this matter, most recently analyzed and discussed by Baker and Byon in 2011 ("The Fourth Circuit's application of the Fair Use doctrine in Bouchat v. Baltimore Ravens," Vol. 20, Issue 2). Fair use allows for the use of copyrighted material for the purpose of criticism, comment, and news reporting, among others. Defendants raising copyright fair use defense must demonstrate that their use generally satisfies four fac-
tors outlined in the Copyright Act, which, if proven, permits the use of copyrighted material and serves as a complete defense to copyright infringement. These factors are: (1) the purpose and character of the use, (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 (Copyright Act, §107).

Bouchat claimed that the Baltimore Ravens were infringing his copyright for the “Flying B” logo which he designed and provided to the Ravens; the NFL and Ravens subsequently used the logo in the team’s highlight films and also displayed at the Ravens’ headquarters in a collage depicting the team’s history. The Ravens and the NFL asserted a fair use defense. In analyzing the highlight films, the Fourth Circuit Court of Appeals (in 2010) determined that use of Bouchat’s copyright did not constitute fair use, citing the commercial purpose of the highlight films and the creative nature of Bouchat’s work while also rejecting the Ravens’ claim that the use of Bouchat’s copyrighted materials served a historical and transformative purpose (Baker & Byon, 2011).

In 2013, the Fourth Circuit weighed similar legal issues under slightly different facts, now with respect to Bouchat’s challenge of the use of the “Flying B” logo in three videos featured on the NFL Network as well as on various websites including NFL.com. He also objected to use of the logo in images found in historical exhibits in the team stadium’s Club Level. These specific uses were in a timeline, a highlight reel, and an exhibit of significant plays in Ravens’ history. The Ravens and NFL fared better in this round, as the Fourth Circuit affirmed the district court’s grant of summary judgment on fair use grounds (Bouchat, 2013). Focusing heavily on the “purpose and character of the use” factor, the court noted that while the Flying B logo “initially served as the brand symbol for the team, its on-field identifier, and principal thrust of its promotional efforts,” the logo’s current use served “as part of the historical record” to tell stories of past seasons (Bouchat, 2013, p. 940). According to the court, “because the videos used the historical footage to tell new stories and not simply rehash the seasons, the Ravens and NFL used the Flying B logo for its ‘factual content’ and the use was therefore transformative” (Bouchat, 2013, p. 941). The Fourth Circuit court distinguished the current facts with their ruling in the 2011 case, stating that, in the previous case, the season highlight videos did not change the way that viewers experienced the logo, thus making it non-transformative (Bouchat, 2011, p. 314). In the 2013 case, the appellate court also agreed that the limited use of Bouchat’s logo in the new creative works was incidental and negligible, which supported a finding of fair use. Regarding use of the logo in displays in the stadium’s Club Level, the court similarly ruled that use of the logo was an incidental component of a broader historical narrative about the history of football in Baltimore, with the display itself being transformative.

The most recent Bouchat case prompted criticism from the entertainment industry, warning of a potentially wider negative impact beyond the Ravens and the NFL that threatens free speech (Gardner, 2013). The Motion Picture Association of America, which typically advocates for expanding copyright protection, sided with the Ravens and the NFL in suggesting that “many historical subjects cannot be discussed effectively without the use of copyrighted material” and called Bouchat’s legal stance a “woefully cramped view of fair use” (Gardner, 2013, para. 14). Bouchat disagreed, stating that the videos at issue are “merely sports entertainment whether labeled as documentaries or not,” and the Ravens, as previous copyright infringers, are now “masquerading as historians and museum curators” and should therefore be precluded from raising a fair use defense (Gardner, 2013, para. 12). While the decision has been lauded as a “huge boon to documentarians, biographers, [and] historians … interested in using copyrighted material to document, depict, and discuss historical events” (Greene, 2013, para. 1), sport marketers should nonetheless still be cautious if they are planning to incorporate copyrighted materials in highlight or historical videos or are asked to conceptualize how to use other copyrighted content, such as team music or cheerleaders’ dance choreography, in historical tribute areas in team stadia.

As these recent decisions suggest, a more nuanced understanding of the context and application of freedom of artistic expression, trademark infringement, and fair use of copyright should ultimately help sport lawyers advise sport marketers with greater legal certainty.

References


Bouchat v. Baltimore Ravens Limited Partnership, 619 F.3d 301 (4th Cir. 2010).


DISCLAIMER: Inquiries regarding this column may be directed to column co-editors Steve McKelvey at mckelvey@isenberg.umass.edu and John Grady at jgrady@mailbox.sc.edu.

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