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Dear Readers,

My name is Peter Carfagna, and I am a Professor at Harvard Law School and the Faculty Advisor to the Journal of Sports and Entertainment Law. I am very pleased to write this preface to JSEL's Volume 7.

In our Fall Issue, JSEL published two articles and a student note. Professors Josephine Potuto and Matthew Mitten wrote *Comparing NCAA and Olympic Athlete Eligibility Dispute Resolution Systems in Light of Procedural Fairness and Substantive Justice*, which compares different systems of dispute resolution used by athletic bodies and offers suggestions for the NCAA's athlete eligibility dispute resolution process. Professors Robert Macdonald and Ian Ramsay wrote *Constitutional Voting Rules of Australian National Sporting Organizations: Comparative Analysis and Principles of Constitutional Design*, which applies a model of optimal voting rules to four Australian National Sporting Organizations to minimize the costs associated with voting. In addition, we are very pleased to have published a student note by our very own Loren Shokes, a 2L at HLS. Loren wrote *Financing Music Labels in the Digital Era of Music: Live Concerts and Streaming Platforms*, which looks at how music-infringing websites have impacted music companies as well what steps record companies and musicians can take to profit from online streaming services.

In our Spring Issue, JSEL will published three articles and a student note. First, we have Professor Charles Colman's third installment in his Fashion Law Series, *The History and Doctrine of American Copyright Protection for Fashion Design: Managing Mazer*, which traces the trajectory of copyrightability for certain components of fashion design. Benjamin Trachman wrote *Going to Bat for the "Baseball Rule": Atlanta National League Baseball Club, Inc. v. F.F. et al.*, which examines the "Baseball Rule" of liability for when fans are struck by baseballs that enter the crowd and its application in a recent case. Andrew Harmes wrote *Forecheck, Backcheck . . . Paycheck?*, an article that analyzes the employment status of junior hockey players in the Canadian Hockey League through the lens of a pending lawsuit. Finally, our Issue closes with a student note by Zachary Shapiro, a 3L here at Harvard. Zach's note explores the legality and regulation of Daily Fantasy Sports by looking at lawsuits related to DFS in New York and Massachusetts.

Before we get to the articles I wanted to thank the students involved in JSEL who worked tirelessly to ensure its success. Specifically, I'd like to thank Jonny Diaz and Jeff Huberman for their excellent work as Co-

Editors-in-Chief. Elisa Hevia did fantastic work as Managing Editor, and we are excited for her to be a Co-Editor-in-Chief next year along with Becca Johnson. Additionally, A Big thanks to the rest of JSEL's E-Board: Michelle Elsner and Michael Brandon (Executive Editors for Production), Jason Fixelle (Executive Editor for Online Content), Willi Bromer (Executive Editor for Solicitation), and Patrick Gutierrez (Executive Editor for Submissions).

Last but not least, thank you to Loren Shokes for her great work on JSEL's interview series, including interviews with NFL counsel Dolores DiBella, Boston Red Sox Senior VP David Friedman, and NBA General Counsel Rick Buchanan.

Once again, great work, and I look forward to next year's issue!

THE HISTORY AND DOCTRINE OF AMERICAN COPYRIGHT PROTECTION FOR FASHION DESIGN: MANAGING *MAZER*

Charles E. Colman^{*}

I. Introduction to *Managing Mazer*

In order to be copyright-eligible, a component of fashion design must be not only “fixed” and “original” (as discussed in the previous installment of this five-article series, *On ‘Originality’*), but also constitute a work whose aesthetic characteristics are *separable* from the “utilitarian” material to which it is affixed.¹ In this installment of *The History and Principles of American Copyright Protection for Fashion Design*, I trace the trajectory of the courts’ rulings on the copyrightability of certain aspects of fashion design in the wake of the Supreme Court’s pivotal 1954 decision in *Mazer v. Stein*.²

I will begin with a discussion of the background and substance of the Supreme Court’s *Mazer* decision. I will then provide a series of more or less detailed chronologies of lower-court rulings on the copyrightability of fashion design between the mid-1950s and mid-1970s, resulting in the crystallization of certain categories of presumptively copyright-eligible fashion works—namely, fabric patterns and lace; focal images placed on wearable objects; jewelry design; and some costume works. Along the way, I will highlight techniques employed by courts sometimes limiting the practical impact of the *Mazer* decision.

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¹ For works subject to the Copyright Act of 1976, the “separability” determination is intertwined with the “useful articles” inquiry laid out at 17 U.S.C. § 101 (2016). This article focuses primarily on the “separability” case law that developed before and/or independently of § 101; the next article in this five-part series examines the judicial decisions purportedly reaching conclusions on separability through an application of the 1976 Act’s operative provisions.

² 347 U.S. 201 (1954). The numerous non-“doctrinal” influences on this jurisprudence will be explored in the fifth and final installment of this series, *The Politics of ‘Piracy.’*

In the next article in this series, *On ‘Useful Articles,’* I will turn my attention to the very different jurisprudence that has emerged from copyright-for-fashion litigation over other types of works from the late 1970s to present. As I will discuss, the categories mentioned above were “grandfathered in” in key respects, while judges’ treatment of fashion design not falling comfortably into those categories led to the proliferation of varied “useful article”/“separability” frameworks purportedly crafted to guide determinations of the copyrightability of these new items.³ As of this writing, the Supreme Court has granted *certiorari* in a case concerning these frameworks; the Court’s decision in that case will be examined in the next installment of this series.⁴

II. The Supreme Court’s 1954 Decision in *Mazer v. Stein*

As discussed in the first installment of this series, *A Strange Centennial*, copyright protection for works of “fashion design”⁵ was almost completely unavailable (and, in any

³ In practice, I will argue, most of these frameworks have not only been structured and/or finessed as to keep not-yet-adjudicated aspects of fashion design from being welcomed into the fold of copyrightability, but also to provide a means for courts to engage in a “discourse of intractability.” Many of the long-existing stigmas on design—especially fashion design—continue to carry force today. *Cf.* Charles E. Colman, *Design and Deviance: Patent as Symbol, Rhetoric as Metric—Part 1*, 55 JURIMETRICS J. 419 (2015) (discussing influence and legacy of anti-design attitudes on U.S. intellectual property law).

⁴ *See* *Star Athletica, LLC v. Varsity Brands, Inc.*, 15-866 (U.S. May 2, 2016). Some might see in the Supreme Court’s willingness to hear the *Star Athletica* appeal a newfound appreciation of design-law issues, particularly on the heels of the Court’s recent grant of *certiorari* in another case hinging on a question of substantive design-patent doctrine (the first time the Court has agreed to hear such a case in over a century.) *See* *Samsung Electronics Co. v. Apple*, 15-777 (U.S. Apr. 5, 2016); Charles E. Colman, *Design and Deviance: Patent as Symbol, Rhetoric as Metric—Part 2*, 56 JURIMETRICS J. 1, 18-21, 42-44 (2015) (examining context and effects of the Court’s late nineteenth-century withdrawal from design-patent realm). While the Court’s actions could conceivably represent a rapprochement with design, it seems more likely that the Justices consider such cases sufficiently low-stakes for adjudication by an eight-Justice Court. *See* Robert Barnes, *Scalia’s death affecting next term, too? Pace of accepted cases at Supreme Court slows*, WASHINGTON POST, May 1, 2016, available at https://www.washingtonpost.com/politics/courts_law/scalias-death-affecting-next-term-too-pace-of-accepted-cases-at-supreme-court-slows/2016/05/01/1d304d1c-0ecb-11e6-bfa1-4efa856caf2a_story.html (“The court has accepted only six cases since [Justice Antonin] Scalia died Feb. 13. The number is low compared with the average, Scotusblog.com editor Amy Howe said at an event last week reviewing the Supreme Court’s work. And none of the cases that the court has accepted for the term that begins in October approach the level of controversy that have marked the dramatic rulings of recent years.”).

⁵ For the definition of “fashion” used here, *see* my discussion in the first installment of this series, *A Strange Centennial*, 6 HARV. J. SPORTS & ENT. L. 225, 228 (2015) (“The term ‘fashion’ is generally used throughout this series to refer to the design (i.e., shape, color, material, and overall appearance) of items,

event, essentially unenforceable) under U.S. copyright law until the mid-1950s. Consistently adverse judicial treatment of fashion design in copyright litigation notwithstanding, the Copyright Office had for some time been accepting deposits and issuing registrations for certain artistic features of consumer goods. That practice would both foreshadow and facilitate the courts' mid-century shift in their attitude toward the copyrightability of works of applied art and industrial design.

Indeed, in the early 1950s, various cultural, economic, political, and jurisprudential forces contributed to newly favorable—if sporadic—judicial applications of intellectual-property law doctrines to works of design.⁶ In 1951, for example, the Fourth Circuit in *Glen Raven Knitting Mills v. Sanson Hosiery Mills* affirmed the validity of a design patent in a new type of hosiery, to the surprise of practitioners accustomed to the appellate courts' longtime hostility toward design patents.⁷ Later that year, District Court Judge Welsh of the Eastern District of Pennsylvania—notably the erstwhile

not exclusively utilitarian in nature, that are created primarily to be worn or carried on the human body.”) (Emphasis removed.) I use this definition mindful of the fact that much broader (and more sociologically and/or theoretically meaningful) definitions of fashion are available. See, e.g., Herbert Blumer, *Fashion*, in THE INTERNATIONAL ENCYCLOPEDIA OF SOCIAL SCIENCES V, 341, 341-42 (David L. Sills ed., 1968) (suggesting the terms “in fashion” and “outmoded” “signify a pattern of change in which certain social forms enjoy temporary acceptance and respectability only to be replaced by others”); Joanne E. Eicher, *Editing Fashion Studies*, in FASHION STUDIES: RESEARCH METHODS, SITES AND PRACTICES 199, 204-05 (Heike Jennis, ed., 2016) (“What is seen or understood as fashion depends on space and time . . .”). I am also cognizant that similar assumptions about “utilitarian” items characterize my working definition and many of the judicial analyses deconstructed in the next installment of this series; these assumptions will be unpacked in due course.

⁶ Among the many factors paving the way for the courts' change of direction in this area, as I will discuss in *The Politics of 'Piracy*, were (1) the cultural repositioning of mass-produced works of industrial design and applied arts as a form of artistic imagination and marketing tool newly aligned with corporate objectives; (2) a mid-century governmental implementation of policies in multiple areas, including intellectual property law, that appeared to strike a desirable balance among the virtues and imperatives of anti-elitism, egalitarianism among art forms, and gendered morality; (3) a newfound judicial sensitivity to a growing popular awareness of the contingent and personal nature of adjudication, and corollary critiques of bias, in the form of incipient accusations of “judicial activism” that surfaced in the wake of New Deal-era inter-branch conflicts; and (4) apparent macroeconomic and geopolitical mandates under which the federal judiciary was partially tasked with helping to present the United States as the archetypal free “Affluent Society”—in contradistinction to the Soviet Union, during a tense phase of the Cold War—in which the symbols of American virtue and luxury consistently took the form of artistic and/or consumer goods.

⁷ 189 F.2d 845 (4th Cir. 1951).

Chairman of the long-dissolved Committee on Industrial Art and Expositions in the U.S. House of Representatives—took note of the *Glen Raven* decision in ruling that the party prevailing before the Fourth Circuit could tell the world of its rivals’ design-patent infringement without significant risk of liability.⁸ Even more surprisingly, Judge Welsh’s opinion diverged from decades of anti-design rhetoric in the courts by making a point of praising the fashion design in question.⁹

Soon thereafter, a few bold plaintiffs decided to try their luck in the arena of *copyright* protection for works of industrial design.¹⁰ The conflicting judicial decisions arising from such litigation paved a path to the Supreme Court; in its 1954 decision in *Mazer v. Stein*, the Court held that a sculptural work in the shape of a dancer, designed to be used as a mass-produced lamp base, was copyrightable despite the “utilitarian” function to which it was dedicated.¹¹

The *Mazer* Court invoked a somewhat amorphous combination of “economic” considerations,¹² a self-consciously egalitarian view of “art,”¹³ and gestures of inter-

⁸ *Sharnay Hosiery Mills, Inc. v. Sanson Hosiery Mills, Inc.*, 109 F.Supp. 956, 958 (E.D. Pa. 1951).

⁹ *Id.* at 957 (“Prior to the appearance of the stockings of the Bley Patent on the market, nearly all stockings worn by women embodied a conventional type of heel and foot-sole reinforcement having at the back thereof either a plain rectangular or triangular configuration or a patch tapering upwardly to a narrow top. The Bley invention revitalized the old conventional reinforcement, bringing out its latent possibilities and converting it into an attractive design. What had heretofore constituted a mere wear-resistant reinforcement, largely functional and often relatively unsightly in appearance, was transformed into an ornamental feature of such appeal to the purchasing public that it was an immediate success.”).

¹⁰ 347 U.S. 201 (1954).

¹¹ *Id.* at 204-05 (asking whether “statuettes [can] be protected in the United States by copyright when the copyright applicant intended primarily to use the statuettes in the form of lamp bases to be made and sold in quantity and carried the intentions into effect,” and answering in the affirmative).

¹² *See id.* at 219 (“The economic philosophy behind the clause empowering Congress to grant patents and copyrights is the conviction that encouragement of individual effort by personal gain is the best way to advance public welfare through the talents of authors and inventors in ‘Science and useful Arts.’ Sacrificial days devoted to such creative activities deserve rewards commensurate with the services rendered.”).

¹³ *See id.* at 213, 214 (“This Court once essayed to fix the limits of the fine arts . . . Individual perception of the beautiful is too varied a power to permit a narrow or rigid concept of art.”) The Court cited several cases in support of this proposition, including the still-influential *Bleistein v. Donaldson Lithographing Co.*, 188 U.S. 239, 251-52 (1903) (Holmes, J.) (“It would be a dangerous undertaking for persons trained only to the law to constitute themselves final judges of the worth of pictorial illustrations, outside of the narrowest

branch deference¹⁴ in order to reach its ruling. The justifications that sounded in judicial restraint received disproportionate space and attention in the *Mazer* decision. Citing materials submitted by the Register of Copyrights, in conjunction with the Department of Justice, the Court proceeded from the observation that the Copyright Office had indeed issued registrations to the creators of some works of industrial design to the more sweeping conclusion that “[t]he practice of the Copyright Office [has been] to allow registration ‘as works of the fine arts’ of articles of the same character as those of respondents now under challenge.”¹⁵ The Court treated this practice as the Office’s expert reading of a recently revised regulation:

The current pertinent regulation, published in 37 C.F.R. § 202.8 (1940), reads thus: Works of art (Class G) -- (a) In General. This class includes works of artistic craftsmanship, in so far as their form but not their mechanical or utilitarian aspects are concerned, such as artistic jewelry, enamels, glassware, and tapestries, as well as all works belonging to the fine arts, such as paintings, drawings and sculpture. . . .

and most obvious limits. At the one extreme, some works of genius would be sure to miss appreciation. Their very novelty would make them repulsive until the public had learned the new language in which their author spoke. It may be more than doubted, for instance, whether the etchings of Goya or the paintings of Manet would have been sure of protection when seen for the first time. At the other end, copyright would be denied to pictures which appealed to a public less educated than the judge. Yet if they command the interest of any public, they have a commercial value,—it would be bold to say that they have not an aesthetic and educational value,—and the taste of any public is not to be treated with contempt. It is an ultimate fact for the moment, whatever may be our hopes for a change. That these pictures had their worth and their success is sufficiently shown by the desire to reproduce them without regard to the plaintiffs’ rights We are of opinion that there was evidence that the plaintiffs have rights entitled to the protection of the law.”).

¹⁴ See *Mazer*, 347 U.S. at 213-214 (“The successive acts, the legislative history of the 1909 Act and the practice of the Copyright Office unite to show that ‘works of art’ and ‘reproductions of works of art’ are terms that were intended by Congress to include the authority to copyright these statuettes. Individual perception of the beautiful is too varied a power to permit a narrow or rigid concept of art. As a standard we can hardly do better than the words of the present Regulation [of the Copyright Office] naming the things that appertain to the arts. They must be original, that is, the author’s tangible expression of his ideas. Such expression, whether meticulously delineating the model or mental image or conveying the meaning by modernistic form or color, is copyrightable. What cases there are confirm this coverage of the statute. The conclusion that the statues here in issue may be copyrighted goes far to solve the question whether their intended reproduction as lamp stands bars or invalidates their registration. This depends solely on statutory interpretation. Congress may after publication protect by copyright any writing of an author.”) (Internal citations omitted.).

¹⁵ *Mazer*, 347 U.S. at 211-12 (internal citations omitted).

So we have a contemporaneous and long-continued construction of the statutes by the agency charged to administer them that would allow the registration of such a statuette as is in question here.¹⁶

The Court’s identification of a purported “contemporaneous and long-continued construction” of the copyright statutes by the Copyright Office was an oversimplification, at best; an exercise in revisionist history, at worst. In any event, the Court’s reiteration of Justice Holmes’ articulation of “art” in *Bleistein*, now imported into the design context, was unequivocal: “Individual perception of the beautiful is too varied a power to permit a narrow or rigid concept of art.”¹⁷ The accompanying holding, if somewhat less transparent, was equally designer-friendly: “We find nothing in the copyright statute to support the argument that the intended use or use in industry of an article eligible for copyright bars or invalidates its registration. We do not read such a limitation into the copyright law.”¹⁸

III. *Mazer*-Inspired Developments Concerning the Copyrightability of Certain Components of Fashion Design

Designers in diverse industries quickly recognized the potential significance of *Mazer* for their creative and commercial goals; the Register of Copyright’s November 1956 Report to Congress noted, for example, that “[a]s a result of the decision of the Supreme Court in *Mazer v. Stein* (347 U. S. 201), several suits have been filed to test the extent of copyright protection for designs in jewelry”¹⁹ Indeed, the first wave of post-*Mazer* fashion-related litigation concerned works of costume jewelry, resulting in

¹⁶ *Id.* at 212-13 (internal citations omitted).

¹⁷ *Id.* at 214.

¹⁸ *Id.* at 218. As I will explain in the fifth and final installment of this series, *The Politics of ‘Piracy,’* there were compelling non-“legal” considerations that perhaps motivated the Court’s ruling. The Court arguably gestured to its encouragement of using the different branches of IP law to build up the American design industries—not only copyright, but “unfair competition,” which the Court seemed to suggest in *Mazer* as another potential basis on which the plaintiffs might have brought their claim, and design patents, whose potential availability, the Court noted, did not preclude the lamp bases’ copyrightability. *See id.*

¹⁹ FIFTY-NINTH ANNUAL REPORT OF THE REGISTER OF COPYRIGHTS FOR THE FISCAL YEAR ENDING JUNE 30, 1956, 5-6, COPYRIGHT OFFICE, THE LIBRARY OF CONGRESS (1956).

decisions like *Trifari, Krussman & Fishel, Inc. v. Charel Co.*²⁰ There, a judge in the Southern District of New York in September of 1955 invoked *Mazer* in rejecting a defendant’s contention that a plaintiff’s costume jewelry (which the defendant had “[c]haracterize[ed] . . . disparagingly as ‘junk jewelry,’” to the court’s apparent displeasure) belonged to a genre of works categorically ineligible for copyright protection.²¹ The court reasoned:

In defining the scope of the term ‘works of art’ as used in Section 5(g) of the Copyright Act, 17 U.S.C.A., the Supreme Court has said: ‘we can hardly do better than the words of the present Regulation, § 202.8 . . . naming the things that appertain to the arts.’ [*Mazer*, 347 U.S. at 201, 202, 214] . . .

‘§ 202.8 Works of art (Class G)— (a) In general. This class includes works of artistic craftsmanship, in so far as their form but not their mechanical or utilitarian aspects are concerned, such as *artistic jewelry*, enamels, glassware, and tapestries, as well as all works belonging to the fine arts, such as paintings, drawings and sculpture’²²

The *Trifari* court proceeded to paraphrase *Mazer*’s egalitarian teachings about art:

Artistic expression may take innumerable forms; ‘(i) individual perception of the beautiful is too varied a power to permit a narrow or rigid concept of art.’ [*Mazer*, 347 U.S. at 21]. Costume jewelry may express the artistic conception of its ‘author’ no less than a painting or a statue A necklace, like a circus poster or a book, is not to be denied the benefits of the Copyright Act because it may not attain the same recognition as is accorded the work of a renowned artist. So long as the material for which copyright is sought exhibits some degree of individuality so that the court is convinced that the author has created an original, tangible expression of an idea rather than a merely pleasing form dictated solely by functional considerations, copyright registration is available. It is this expression which the copyright statute is designed to protect In the case of costume jewelry, while the overall form is to some extent pre-determined by the use of which it is intended, the creator is free to express his idea of beauty in many ways. Unlike an automobile, a refrigerator or a gas range the design of a necklace or of a bracelet, may take as many forms as the ingenuity of the artist may conceive. There is neither basis in the Copyright Act nor judicial precedent for excluding costume jewelry from works of art to which copyright protection may attach. Simply because it is a commonplace fashion accessory, not an expression of ‘pure’ or ‘fine’ art does not preclude a finding that plaintiff’s copyrighted article is a ‘work of art’ within the meaning and intent of the Act.²³

²⁰ 134 F. Supp. 551 (S.D.N.Y. 1955).

²¹ *Id.* at 552. The court described plaintiff’s work as “an article of ladies costume jewelry consisting of a series of half beads or ‘cabs,’ each surrounded by a narrow graduated rim of gold colored metal which folds around and over parts of the cab in such manner that the connecting links between the cabs are effectively concealed”). *Id.* at 553.

²² *Id.* at 552 (emphasis added to regulation language by court).

²³ *Id.* at 553.

Designers followed cases like *Trifari* and responded to the outcomes in largely predictable ways. As the Copyright Office reported to Congress in the above-mentioned 1956 Annual Report: “Registrations for published works of art increased 44 percent over 1955, due largely to an influx of jewelry resulting from . . . favorable court decisions.”²⁴ More registrations resulted in more litigation, which would—at least at first—be resolved similarly to *Trifari*. By 1958, a Second Circuit panel felt that the question had been sufficiently tested to justify its publication of a *per curiam* decision that began: “It is not seriously disputed that defendants manufactured and sold carbon copies of certain items of costume jewelry which had been registered in accordance with the Copyright Act as works of art.”²⁵

Initially, creators of fabric patterns were more cautious than were jewelry designers in invoking *Mazer*; as the Register of Copyrights informed Congress in his 1956 Annual Report, the Copyright Office had been surprised not to encounter a post-*Mazer* “rush” in textiles.²⁶ When viewed against the bitter history of fabric designers’ failed efforts to marshal copyright law in their favor, however, such reticence was arguably to be expected. Fresh in the minds of those favoring the copyrightability of fabric patterns were three decades of unsuccessful lobbying and essentially near-unanimous adverse decisions in the federal district courts, the Second Circuit,²⁷ and even the Supreme Court.²⁸

²⁴ *Supra* note 19, at 6.

²⁵ *Boucher v. Du Boyes, Inc.*, 253 F.2d 948, 949 (2d Cir. 1958), *cert. denied*, *Du Boyes, Inc. v. Boucher*, 347 U.S. 936 (Jun. 30, 1958).

²⁶ *Supra* note 19, at 6.

²⁷ As discussed in *A Strange Centennial*, *supra* note 5, the decision in *Cheney Bros. v. Doris Silk Corp.*, 35 F.2d 279 (1929), *cert. denied*, 281 U.S. 728 (Mar. 12, 1930), though resting on somewhat different grounds, was (and still is) often remembered as standing for the proposition that fabric patterns were not copyrightable. Bolstering the impact of *Cheney Bros.* was the stature of Judge Learned Hand, who authored that decision and many subsequent Second Circuit decisions relying on *Cheney Bros.*-like

Further, while the Copyright Office’s 1956 regulation on copyrightable works (quoted in the *Trifari* excerpt appearing above) listed “tapestries” alongside works of “artistic costume jewelry,” there was no administrative language concerning other types of textiles.²⁹ Indeed, it was not clear that the courts would readily welcome into the copyright fold works of industrial design and applied art not specifically listed in the relevant regulations; as late as 1958, one Second Circuit panel majority in *Vacheron & Constantin-Le Coultre Watches, Inc. v. Benrus Watch Co.* effectively denied copyright protection to the designer of an elaborate wrist watch:

In the case at bar it might be argued that the Register’s decision [not to register] the plaintiff’s wrist watch [as] a ‘work of art’ within § 5(g) of Title 17 involved such an exercise of discretion that ‘mandamus’ will not go to review it. It is true that ‘works of art’ is a loose phrase whose perimeter is hard to define; nevertheless, the decision here did not demand the exercise of a discretion that was conclusive with the Register. There were no disputed facts; and the mere fact that the meaning of the phrase, ‘works of art,’ admits of debate does not make it different from many statutes whose interpretation is every day regarded as reviewable by courts The judgment dismissing the copyright count will be affirmed.³⁰

On the one hand, the Copyright Office had revised its 1949 regulations concerning copyrightable works of art in 1956 and would do so again in 1959, each time without making any mention of apparel.³¹ On the other hand, the Supreme Court in *Mazer* seemed to urge, if not require, judicial deference to the Office where it had—unlike in *Vacheron & Constantin-Le Coultre Watches, Inc.*—granted a copyright

reasoning. By 1950, Hand was among the most widely respected jurists in the United States, especially in the area of intellectual property law. See EDWARD G. WHITE, *THE AMERICAN JUDICIAL TRADITION: PROFILES OF LEADING AMERICAN JUDGES* 263-64 (rev. ed. 1988); *R. M. Palmer Co. v. Luden’s, Inc.*, 236 F.2d 496, 500 (3d Cir. 1956) (invoking Hand’s name twice in two paragraphs to bolster ruling on design patents).

²⁸ See *A Strange Centennial*, *supra* note 5, at 266 (discussing the context and reasoning of the *FOGA* decision).

²⁹ See *Mazer*, 347 U.S. at 214 (“As a standard we can hardly do better than the words of the present Regulation . . . naming the things that appertain to the arts.”).

³⁰ 260 F.2d 637, 640 (2d Cir. 1958).

³¹ 37 C.F.R. 202.1 (1956); 24 Fed. Reg. 4955 (Jun. 18, 1959) (announcing a new proposed version of Copyright Office regulations for public comment).

registration, an act premised on the conclusion that a creator's material was indeed a "work of art."³²

Potential litigants' ambitions to ask courts to apply *Mazer* and its progeny to fabric patterns, and judicial receptivity thereto, likely drew on newfound momentum for design in adjacent areas of U.S. intellectual property law. Objects from timepieces to flatwear had recently started to receive more favorable treatment from courts applying state unfair competition law and Section 43(a) of the Lanham Act of 1946;³³ even the long-marginalized design patent seemed to be gaining ground in the federal appellate courts throughout the 1950s.³⁴ In short, it seemed that those who made a living designing

³² See *Trifari, Krussman & Fishel, Inc. v. B. Steinberg-Kaslo Co.*, 144 F. Supp. 577, 579 (S.D.N.Y. 1956) ("All works of art may be copyrighted. 17 U.S.C. § 5(g). The regulations include costume jewelry within this category. 37 C.F.R. § 202.8. Unless these regulations are invalid therefore, plaintiff, at least initially upon registration, obtained a valid copyright. I see no reason to depart from the decisions in this District holding them valid. See *Hollywood Jewelry Mfg. Co. v. Dushkin*, D.C.S.D.N.Y., 136 F.Supp. 738; *Trifari, Krussman & Fishel, Inc., v. Charel Co.*, D.C.S.D.N.Y., 134 F.Supp. 551.").

³³ Compare *General Time Instruments Corp. v. U. S. Time Corp.*, 165 F.2d 853 (2d Cir. 1948), *cert. denied*, 334 U.S. 846 (Jun. 14, 1948) (rejecting viability of clock designer's unfair competition claim over dissenting judge's wish to remand for fact-finding on "secondary meaning" issue) with *Mastercrafters Clock & Radio Co. v. Vacheron & Constantin-LeCoultre Watches, Inc.*, 221 F.2d 464, 466 (2d Cir. 1955), *cert. denied*, 350 U.S. 832 (Oct. 10, 1955), *reh'g denied*, 350 U.S. 897 (Nov. 14, 1955) ("[A]s the judge found, plaintiff [and counterclaim defendant] copied the design of the Atmos clock because plaintiff intended to, and did, attract purchasers who wanted a 'luxury design' clock. This goes to show at least that some customers would buy plaintiff's cheaper clock for the purpose of acquiring the prestige gained by displaying what many visitors at the customers' homes would regard as a prestigious article."). See also *Dior v. Milton*, 155 N.Y.S.2d 443, 460 (Sup. Ct. N.Y. Cty. 1956), *aff'd*, 156 N.Y.S.2d 996 (N.Y. App. Div. 1956) ("There is no reason apparent to this court why the rights of the plaintiffs [in its 'unique and valuable dress designs' displayed in private showroom and copied by defendant] should receive less protection than those of the sponsor of sporting events and the disseminator of news. The law at least regards both of these diverse facets of human endeavor with impartial and approving judgment. Equity will not bear witness to such a travesty of justice; it will not countenance a state of moral and intellectual impotency. Equity will consider the interests of all parties coming within the arena of the dispute and admeasure the conflict in the scales of conscience and on the premise of honest commercial intercourse.").

³⁴ Compare *Neufeld-Furst & Co. v. Jay-Day Frocks*, 112 F.2d 715, 715 (2d Cir. 1940) (*per curiam*) ("In the case at bar the prior art showed numerous designs for dresses each of which had one or more of the salient features of the patent in suit. To combine them into the design of the patent produced a dress of new and pleasing appearance which caught the fancy of the purchasing public in the summer of 1938, but we cannot say that it required more than the skill of a good dressmaker who had, or is chargeable with, knowledge of the prior art. We think the patent is invalid. The decree should be reversed and the complaint dismissed. So ordered.") with *International Silver Co. v. Pomerantz*, 271 F.2d 69, 71 (2d Cir. 1959) ("The defendant, we hold, failed to prove that the patent in suit did not have the requisites of patentability. Concededly, the flatware prior art contained some three thousand design patents. The defendant, from this number, selected twenty-one design patents as the most pertinent to the patent in suit, which it put in evidence. These we

fabric patterns—only to get “knocked off”—should make another go at copyrightability in the post-*Mazer* era.³⁵ And they did, with initially remarkable success.

By the end of the decade, the issue of intellectual property protection for applied art and industrial design seemed to be on everyone’s radar. Shifting attitudes toward intellectual property protection for design are reflected not only in case law of the period—examined in much greater detail, below—but in other legal spheres. One prominent co-sponsor of a 1961 bill to amend the design patent laws, for example, declared to the Senate (in a dramatic departure from the pervasive anti-design rhetoric of just a few years before): “The importance of this proposed legislation ought not be underestimated because in recent years designs are applied to the whole area of modern industry. There is scarcely a manufactured article not affected by design.”³⁶ While legislative efforts concerning design always seemed to run into one obstacle or another,³⁷ the courts pressed onward—not only in copyright doctrine, but also in the areas of “trade dress” rights and, if somewhat more haltingly, design patent law. Eventually, concerns

have carefully scrutinized and find not one which gives the effect of the asymmetrical swirling contours combined with the flutings disclosed by Doerfler’s ‘Flair.’ And the defendant in this case, unlike the defendant in *Gold Seal Importers, Inc.*, supra, put in evidence not a single design from the prior unpatented art. Assuming, as we must, that the prior art patents in evidence, which the defendant has culled from the vast prior art, illustrate the general level of skill in design in this field, consistent with the authorities cited above we think the judge below did not err in his conclusion that the design in suit was not only novel, original and genuine artistic merit but also so striking and so arresting in the effect produced as to attest the presence of a creative skill surpassing that of a routineer.”). See also *Pomerantz*, 271 F.2d at 72 (Swan, J., concurring) (“In recent years this court has sustained few design patents. Were I sitting alone, I should be disposed to hold that the design of the patent in suit does not differ sufficiently from the prior art—particularly Patent Des. No. 167,490 to Van Koert and Patent Des. No. 172,006 to Conroy et al.—to establish that ‘invention’ was required to create it. But what is ‘invention’ in a design is a matter upon which one can seldom reasonably hold a dogmatic opinion. My brothers are satisfied that the patent in suit is valid. While not free from doubt, I am willing to concur in their judgment.”); Colman, supra note 4, at 18-26 (investigating judicial motivations behind multi-decade period of design patents’ near-total irrelevance).

³⁵ The success of these multiple waves of copyright-for-design lawsuits, along with the array of cultural and political factors to be discussed in *The Politics of ‘Piracy,’* dovetailed in important ways with 1950s developments in international harmonization of intellectual property laws.

³⁶ Hearing on S. 1884, U.S. Senate Subcommittee on Patents, Trademarks, and Copyrights (Aug. 15, 1961).

³⁷ See generally David Goldenberg, *The Long and Winding Road: A History of the Fight Over Industrial Design Protection in the United States*, 45 J. COPYRIGHT SOC’Y U.S.A. 21 (1997).

about overlapping rights would find their way into the text of judicial decisions, as discussed below. As with this series more generally, the sections that follow are mostly limited to an examination of the federal courts' rulings on the *copyright-eligibility* of various types of fashion-related items in the wake of the 1954 *Mazer* decision. At the same time, this subject matter-eligibility question repeatedly bleeds into issues of “originality,” the “idea-expression” distinction, and the application of the “substantial similarity” test for infringement—as courts have narrowed the scope of copyright for works that many judges seem to wish had never been brought under the umbrella of copyright law in the first place.

While the decisions reviewed below extend from the years immediately following *Mazer* to more recent decades, this installment of *The History and Principles of American Copyright Protection for Fashion Design* generally defers questions about the effect of design-oriented provisions of the Copyright Act of 1976. Seizing on statutory language about “useful articles” and “separability,” many courts since the late 1970s have issued decisions—alternately reflective and cursory—that have collectively turned the tide against the possibility of copyrightability for new aspects of fashion design.

With that said, the categories of fashion-related works recognized as copyrightable before 1978 have—at least formally³⁸—been “grandfathered” into copyright protection, language of the 1976 Copyright Act notwithstanding. Thus, most cases involving jewelry design and fabric patterns continue to be adjudicated under slight

³⁸ I hedge on this point because, as discussed at length in the previous installment of this series, *On 'Originality,'* 6 HARV. J. SPORTS & ENT. L. 299 (2015) (and in the next installment, *On 'Useful Articles'*), the federal courts have at certain points employed other doctrines, reasoning, and rhetorical techniques resulting in the *unenforceability* of various plaintiffs' ostensible rights in copyrightable and copyrighted fashion-related creations.

variations on pre-1978 doctrinal frameworks.³⁹ While this installment addresses the first wave of fashion-related works deemed presumptively copyrightable under *Mazer v. Stein*, the next installment of this series will proceed to examine frameworks developed under the Copyright Act of 1976 to determine the copyrightability of other types of fashion-related works (including the famed “belt buckle” case, *Kieselstein-Cord v. Accessories by Pearl*, adjudicated by the Second Circuit in 1980⁴⁰).

a. The copyrightability of fabric patterns

The Second Circuit in 1991 described the general doctrinal landscape of copyright protection for fabric patterns:⁴¹

We begin with general principles bearing on the copyrightability of fabric designs. The right of an author under the common law to have the sole right of first printing and publishing his work was settled early in England by Lord Mansfield writing for the majority in *Millar v. Taylor*, 4 Burrows 2303 (1769). This common law concept was adopted in our Constitution which authorized Congress “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.” U.S. Const. art. I, § 8. The word “writings” is broadly construed; it includes all its forms that may be used to the end that the author’s ideas are tangibly expressed. Thus, a drawing which may be “multiplied by the arts of printing in any of its branches” is copyrightable by its author, who is defined as the “originator” or “maker.” *Burrow-Giles Lithographic Co. v. Sarony*, 111 U.S. 53, 56-58, 28 L. Ed. 349, 4 S. Ct. 279 (1884).

Among those forms of “writings” now recognized as entitled to copyright protection are fabric designs, which are the subject matter of this appeal. *See, e.g., Millworth Converting Corp. v. Slifka*, 276 F.2d 443 (2d Cir. 1960) (Friendly, J.); *Peter Pan Fabrics, Inc. v. Martin Weiner Corp.*, 274 F.2d 487 (2d Cir. 1960) (L. Hand, J.). Fabric designs are distinguished from “dress designs,” which as useful articles under 17 U.S.C. § 101, are not typically copyrightable. *See Whimsicality, Inc. v. Rubie’s Costume Co.*, 891 F.2d 452, 455 (2d Cir. 1989); 1 *Nimmer on Copyright*, § 2.08(H) (1990).⁴²

³⁹ There have been rare instances in which the phrase “useful articles” has had direct statutory (*i.e.*, non-precedent-based) relevance to the enforceability of copyrights in fabric patterns. *See, e.g., Langman Fabrics v. Graff Californiawear, Inc.*, 160 F.3d 106, 110, 114-15 (2d Cir. 1998).

⁴⁰ 632 F.2d 989 (2d Cir. 1980).

⁴¹ *Folio Impressions, Inc. v. Byer California*, 937 F.2d 759 (2d Cir. 1991). I refer to fabric “patterns” in order to draw a distinction with “images placed on wearable objects,” discussed below. The salient distinction, for present purposes, is whether the images appearing on textiles and other fashion-related materials appear to constitute a central “focal point” or a diffuse field of visual stimuli for a hypothetical viewer. I use this as an organizational tool, despite its partial asymmetry with fashion-industry practices and understandings, because copyright disputes tend to yield judicial decisions more explicitly concerned with visual effects than with the specific weaving and/or printing techniques used to achieve those effects.

⁴² *Id.* at 762-63.

It would not be feasible—or even necessarily helpful—to provide a complete inventory or taxonomy of decisions on the copyrightability of fabric patterns here. Thus, I will present a selective chronology of cases and illuminating excerpts to highlight general trends in this area of law, beginning in the late 1950s:

- ***Peter Pan Fabrics Inc. v. Brenda Fabrics Inc.***, 169 F. Supp. 142, 143 (S.D.N.Y. 1959)

The problem to be decided is whether a design printed upon dress fabric is a proper subject of copyright. Much help can be obtained from section 5 of Title 17 U.S. Code, which requires that the application for registration for copyright shall specify that the work in which copyright is claimed belongs to one of thirteen enumerated classes lettered (a) to (m). Class (g) is described as ‘Works of art; models or designs for works of art.’ Class (k) is described as ‘Prints and pictorial illustrations including prints or labels used for articles of merchandise.’ . . .

[Based on this statutory language—without specific regard to the language of Copyright Office regulations—the rationale of *Mazer*, and the policy considerations in *Bleistein v. Donaldson Lithographing Co.* on which the *Mazer* Court relied], I therefore find that plaintiffs’ design is a proper subject of copyright both as a work of art and as a print. It was described in the application for copyright as a work of art but that does not preclude sustaining its copyrightability on the ground that it is a print. It is provided in section 5 of title 17 referred to above that no error in classification shall invalidate or impair the copyright protection secured under that title.

- ***Peter Pan Fabrics, Inc. v. Acadia Co.***, 173 F. Supp. 292, 296 (S.D.N.Y. 1959), *aff’d*, ***Peter Pan Fabrics, Inc. v. Martin Weiner Corp.***, 274 F.2d 487 (2d Cir. 1960) (Hand, J.)

[T]he court has concluded that the plaintiffs *prima facie* have validly copyrighted the designs in issue; that both defendants have infringed the copyrights by copying; that all of the defendants’ contentions are lacking in merit; and, consequently, plaintiffs’ motions for a preliminary injunction should be and hereby are, granted as to both defendants

In order to satisfy the demand by better women’s apparel manufacturers for highly styled and novel materials, plaintiffs maintain a design department and send their representatives throughout the style centers of the world for the purpose of producing new and fashionable textiles. This emphasis on creating original, highly-styled designs requires the plaintiffs to produce a full line of new designs in all colors, although only a few of such designs become popular in any one selling season. To recoup the costs that are an inherent part of this mode of operation, the plaintiffs must necessarily charge a price that is substantially higher than that of a converter of finished printed textiles [like defendant] who ‘adopts’ a successful design.

- ***Scarves by Vera, Inc. v. United Merchants & Mfgs., Inc.***, 173 F. Supp. 625, 627 (S.D.N.Y. 1959)

Plaintiff has obtained certificates of copyright Nos. Pg 16899, Gp 16624 and Gp 15744, under class (g) of 17 U.S.C. § 5: ‘Works of art; models or designs for works of art.’ Each

is a silk screen painting which plaintiff applies in the manufacture of ladies blouses. The first is titled ‘Big Fish’, the second, ‘Sailor’, and the third, ‘Ice Cream Parlor’. The defendants do not argue that a design printed upon blouse fabric is not a proper subject of copyright, or that the designs in issue were not validly copyrighted. Clearly the design is a proper subject of copyright, [*Peter Pan Fabrics, Inc. v. Brenda Fabrics*, 169 F. Supp. 142 (S.D.N.Y. 1959)] (Dimock, J.); *Cf. Mazer v. Stein*, 347 U.S. 201 [(1954)]; see 37 C.F.R. § 202.10(b), as of Jan. 1, 1959. And there is sufficient originality in the designs to warrant copyright. Obviously, fish, sailor suits and ice cream parlor trappings are in the public domain, but the plaintiff has contributed enough to qualify the designs as distinguishable variations. See *Alfred Bell & Co., Ltd. v. Catalda Fine Arts, Inc.*, [191 F.2d 99, 102-103 (2d Cir. 1951)]. ‘Copyright protection extends to any production of some originality and novelty, regardless of its commercial exploitation or lack of artistic merit.’ *Rushton v. Vitale*, [218 F.2d 434, 435 (2d Cir. 1955)]; *Mazer v. Stein, supra*.

- ***H. M. Kolbe Co. v. Armigus Textile Co.***, 279 F.2d 555, 555 (2d Cir. 1960) (*per curiam*)

For the reasons stated by Judge Murphy in his opinion below, [184 F. Supp. 423 (S.D.N.Y. 1960),] we conclude that plaintiff has made a *prima facie* showing both of the validity of its copyright and of infringement by the defendants, and hence is entitled to the injunction pending suit granted below. *Peter Pan Fabrics, Inc. v. Martin Weiner Corp.*, [274 F.2d 487 (2d Cir. 1960)].

- ***Peter Pan Fabrics, Inc. v. Candy Frocks, Inc.***, 187 F.Supp. 334, 336 (S.D.N.Y. 1960)

Recently, there have been numerous cases upholding copyrights in this field which sustain the granting of a preliminary injunction as the proper remedy for the copyright proprietor. [See, e.g., *Peter Pan Fabrics, Inc. v. Martin Weiner Corp.*; *H. M. Kolbe Co., Inc. v. Armigus Textile Co., Inc.*] It has also been held that a dress manufacturer may be enjoined. *Peter Pan Fabrics, Inc. v. Kay Windsor Frocks*, [187 F. Supp. 763 (S.D.N.Y. 1959)]. Plaintiffs are entitled to a preliminary injunction against defendant.

As illustrated by these excerpts, the Second Circuit—followed by other circuits—had unequivocally established by 1960 that fabric patterns—at least, as a general proposition—were copyrightable. Defendants in copyright litigation over fabric patterns thus shifted their focus from the question of categorical copyright-eligibility to issues of originality, substantial similarity, the purported distinction between *ideas* and *expression*, and (non-)compliance with various formalities.⁴³ Some of these arguments, especially those emphasizing potentially anticompetitive effects of judicial enforcement of fabric-

⁴³ Some of these formalities presented practical challenges in the fabric-pattern context, though the courts gradually relaxed these requirements, both in the fashion-design context and in U.S. copyright law, more generally. See *Thomas Wilson & Co. v. Irving J. Dorfman Co.*, 433 F.2d 409, 411 (2d Cir. 1970) (noting exceptions recognized to notice requirements, and applying one in favor of lace-designer plaintiff).

pattern copyrights, would be reflected in case outcomes—which increasingly turned on courts’ discussions of infringement rather than copyright-eligibility, *per se*:

- ***Millworth Converting Corp. v. Slifka***, 276 F.2d 443, 445 (2d Cir. 1960) (Friendly, J.)

Defendants do not dispute that the ‘Schiffli’ embroidered design was a ‘work of art,’ 17 U.S.C. 5(h), *Mazer v. Stein*, 1954, 347 U.S. 201, 74 S.Ct. 460, 98 L.Ed. 630. Their principal argument both in the District Court and here was that, despite this, plaintiff’s copyright was invalid since, in contrast with *Peter Pan*, the embroidered design was in the public domain and, as defendants alleged, plaintiff’s reproduction contained no element of originality. We think [the District Court] correctly held defendants’ attack on the validity of the copyrights to be foreclosed by the principle enunciated in *Alfred Bell & Co. v. Catalda Fine Arts, Inc.*, [191 F.2d 99 (2d Cir. 1951)⁴⁴], which upheld copyrights on mezzotint reproductions of paintings that were in the public domain

Here plaintiff offered substantial evidence that its creation of a three-dimensional effect, giving something of the impression of embroidery on a flat fabric, required effort and skill

Plaintiff’s case fails not on validity but on infringement [A]s Judge Learned Hand [has] explained, the ‘public demesne’ remain[s] important on the issue of infringement since defendants are ‘entitled to use, not only all that had gone before, but even the plaintiffs’ contribution itself, if they drew from it only the more general patterns; that is, if they kept clear of its ‘expression. We think that is what defendants’ fabric did. The claimed originality and the distinctive feature of plaintiff’s reproduction is the three-dimensional look; this is what defendants’ fabric lacks.

- ***Clarion Textile Corp. v. Slifka***, 223 F. Supp. 950, 950-51 (S.D.N.Y. 1961)

⁴⁴ In *Alfred Bell*, the Second Circuit set the bar for “originality” very low, in a manner that would impact the treatment of fashion design (favorably) over the next two decades. *See id.* at 105 (“We consider untenable defendants’ suggestion that plaintiff’s mezzotints could not validly be copyrighted because they are reproductions of works in the public domain. Not only does the Act include ‘Reproductions of a work or art’, but—while prohibiting a copyright of ‘the original text of any work . . . in the public domain’—it explicitly provides for the copyrighting of ‘translations, or other versions of works in the public domain.’ The mezzotints were such ‘versions.’ They ‘originated’ with those who make them, and—on the trial judge’s findings well supported by the evidence—amply met the standards imposed by the Constitution and the statute.”) (Internal citations omitted). As discussed in *On ‘Originality,’ supra* note 38, the period between this decision—rendered operative in the design context by *Mazer v. Stein*—and the mid-1970s represents a period of broad copyrightability. After 1976, however, many courts took their cue on originality not from *Alfred Bell*, but rather from *L. Batlin & Son, Inc. v. Snyder*, 536 F.2d 486, 492 (2d Cir. 1976) (“Absent a genuine difference between the underlying work of art and the copy of it for which protection is sought, the public interest in promoting progress in the arts indeed, the constitutional demand . . . could hardly be served. To extend copyrightability to minuscule variations would simply put a weapon for harassment in the hands of mischievous copiers intent on appropriating and monopolizing public domain work. Even in *Mazer v. Stein, supra*, which held that the statutory terms ‘works of art’ and ‘reproduction of works of art’ (terms which are clearly broader than the earlier term ‘works of the fine arts’) permit copyright of quite ordinary mass-produced items, the Court expressly held that the objects to be copyrightable, ‘must be original, that is, the author’s tangible expression of his ideas.’ 347 U.S. at 214 [(1954)]. No such originality, no such expression, no such ideas here appear.”).

The color schemes in which plaintiff's design is used are not, so far as appears from this record, copyrighted and plaintiff does not rely on unfair competition as a basis for a preliminary injunction. The basic question then is whether defendants copied plaintiff's design as well as plaintiff's colors.

As I have said, plaintiff's design was undoubtedly the inspiration of defendants'. The only question is whether defendants have gone past the permissible appropriation of an idea and reached the point of the forbidden appropriation of its expression.

I must hold that defendants have not passed the bounds of idea appropriation. The designs are enough alike so that a woman wearing plaintiff's Capri #751 in brown and green would exclaim "There goes my dress" if she saw a woman wearing Slifka Fabrics No. 9074 in the same color scheme. My belief is, however, that there would be no such exclamation if the Slifka Fabrics No. 9074 were in light green and cerise.

As far as the designs are concerned all that can be said about their similarity is that each consists of flowers enclosed in staggered rectangles formed by fine lines.

- ***Condotti, Inc. v. Slifka***, 223 F. Supp. 412, 415 (S.D.N.Y. 1963)

Defendants sedulously borrowed each of plaintiff's "ideas". Defendants then proceeded to make substantial deviations from plaintiff's "expression" of those ideas by cross-breeding plaintiff's expressions with those found in the design form-book (Exhibit "A"). As a result, defendants' designs are aesthetic mutations, reflecting major changes and significant alterations that keep clear of plaintiff's "expression".

In view of the preceding finding, the present case is governed by the principle that there is no copyright infringement when *only* the ideas are copied . . . This is not a case where the copyists infringed the plaintiff's "expression" of its ideas, as in *Peter Pan Fabrics, Inc. v. Acadia Company, supra*; *Peter Pan Fabrics, Inc. v. Candy Frocks, Inc.*, 187 F. Supp. 334, 336 (S.D.N.Y. 1960).

- ***Manes Fabrics v. Miss Celebrity, Inc.***, 246 F. Supp. 975, 976 (S.D.N.Y. 1965)

The plaintiffs have satisfied all the statutory requirements for copyright registration and consequently their copyright has *prima facie* validity. *H. M. Kolbe Co. v. Armigus Textile Co.*, 184 F. Supp. 423 (S.D.N.Y.), *aff'd* 279 F.2d 555 (2 Cir. 1960); *Peter Pan Fabrics, Inc. v. Acadia Co.*, 173 F. Supp. 292, 299 (S.D.N.Y. 1959), *aff'd* 274 F.2d 487 (2 Cir. 1960). The defendant has attempted to rebut the resulting presumption of the copyrighted design's originality by exhibiting to the court other fabrics featuring floral arrangements set against vertical stripes. However, in view of this court's finding that the defendant's fabric is not a [substantially similar] 'copy' of the plaintiffs', the question of whether the registered design is sufficiently original to warrant copyright protection becomes moot.

The 1960s thus witnessed a newfound judicial tendency to invoke the limiting doctrines mentioned above to bypass the question of copyright eligibility and resolve cases in favor of defendants on the dispositive question of actionable similarity. At the same time, courts' inclinations and ability to turn to such tools varied depending on the perceived character of defendants and/or preexisting relationships between the parties:

- ***Concord Fabrics, Inc. v. Marcus Bros. Textile Corp.***, 409 F.2d 1315, 1316 (2d Cir. 1969)

[The District Court] denied Concord's motion for a preliminary injunction and vacated the restraining order, finding that the allegedly infringing pattern was not so similar to the copyrighted pattern as to merit an injunction pending completion of the trial. 296 F. Supp. 736. We disagree. The design on both plaintiff's and defendant's fabric consists of a circle within a square within a square, with the dimensions of the circles and squares being identical. The colors are essentially the same, although the defendant's are somewhat brighter and more garish. The designs within the circles, between the squares, and around the outer square, while having some differences, give the same general impression on both samples. While the trial court placed great emphasis on the minor differences between the two patterns, we feel that the very nature of these differences only tends to emphasize the extent to which the defendant has deliberately copied from the plaintiff. For example, the frames around the border on the defendant's sample are similar but run in opposite directions from the plaintiff's figures. The same is true of the figures around the outer part of the circle. In sum, a comparison of the samples strongly suggests that defendant copied plaintiff's basic design, making only minor changes in an effort to avoid the appearance of infringement.

- ***Thomas Wilson & Co. v. Irving J. Dorfman Co.***, 433 F.2d 409, 410, 411 (2d Cir. 1970)

In 1964, plaintiff obtained a copyright on a pansy lace design first embodied in an elastic 'spandex' fiber. The next year, plaintiff secured a second copyright on an adaptation of this design in a rigid nylon fiber. This nylon pattern was purchased in substantial quantities by a single customer, The Warner Brothers Company. Not long after plaintiff began selling lace of this design to Warner, the latter's Purchasing Director suggested to defendant's vice president that it produce a lace 'which would have the look' of plaintiff's design, and gave defendant a sample of plaintiff's lace from which to work

The case, therefore, is an unusual one. There is no question of access; the fact of copying is now clear

[However,] Defendant claims that either or both of plaintiff's copyrights are invalid for a number of reasons, principally lack of creativity

[T]he required creativity for copyright is modest at best. It has been variously described as 'little more than a prohibition of actual copying' or something more than a 'merely trivial' variation, or 'enough' if it be the author's own, 'no matter how poor artistically.' *Alfred Bell & Co. v. Catalda Fine Arts*, 191 F.2d 99, 103 (2d Cir. 1951). Plaintiff's pansy [lace] design was created by its own staff. The configuration of the design, including such details as petals and leaves, required an appreciable amount of creative skill and judgment. Copyright protection for floral design is not unknown. See *H. M. Kolbe Co. v. Armigus Textile Co.*, 279 F.2d 555 (2d Cir. 1960), 315 F.2d 70 (2d Cir. 1963); *Peter Pan Fabrics, Inc. v. Candy Frocks, Inc.*, 187 F. Supp. 334 (S.D.N.Y.1960); cf. *Prestige Floral, S.A. v. California Flower Co.*, 201 F. Supp. 287, 291 (S.D.N.Y.1962). While plaintiff's lace design is not what the phrase 'work of art' ordinarily calls to mind, it possesses more than the 'faint trace' of originality required. See *Dan Kasoff, Inc. v. Novelty Jewelry Co.*, 309 F.2d 745, 746 (2d Cir. 1962).

Other decisions appeared to represent idiosyncratic confluences of procedural standards, skepticism toward plaintiffs asserting rights over designs in already established styles, and judicial intuitions about often under-specified “hypothetical” observers:

- ***Concord Fabrics, Inc. v. Generation Mills, Inc.***, 328 F. Supp. 1030, 1033 (S.D.N.Y. 1971)

[B]ecause the concept of alternating squares of solids and plaids is shown not to be novel, the court has necessarily mixed into the emulsion of pertinent ideas the burden upon plaintiff in such a case of proving extremely close copying.

Accordingly, in positing our hypothetical lay observer and his role [for purposes of adjudicating the plaintiff’s motion for a preliminary injunction], we must assume that he is confronted with the various samples in our present record of Madras plaids alternated with solid squares, this being the general description of plaintiff’s, defendant’s and other designs in the public domain. With such materials before him, the lay observer would more probably than not reject plaintiff’s claim of copying. While the differences between defendant’s and plaintiff’s designs are small, that is equally true of the differences between plaintiff’s and prior designs. Having said that, we conclude that the differences are meaningful ones, and that to the extent that plaintiff’s “expression” is separate from the basic “idea” of both designs, the defendant has stayed clear of the copyright.

In defendant’s fabric the solid squares of plaintiff’s fabric have been divided into two rectangular parts, each differently colored and, to simulate a handsewn patchwork effect, each containing hand-drawn stitches somewhat different in type from plaintiff’s. Some squares are divided horizontally, some vertically, so that as one’s eye moves from solid area to solid area, the axis of symmetry continually rotates ninety degrees. In addition, the Madras-type squares are different in the two fabrics; defendant’s fabric is distinguished by a much greater variation in shades of the same color in individual squares, and by a blotter effect in which sections of color within each square spread out beyond straight-line boundaries. The end result of these differences, particularly in the solid areas of the design, is that defendant’s fabric is considerably more lively in appearance.

By the early 1970s, the accumulated case law concerning the availability and enforceability of copyright protection for fabric patterns was far too variable to support a credible claim that this area of law was characterized by any formal, conventional “rules” or “standards.” Some judges acknowledged this to some degree, but sought to bolster the persuasive force of their rulings through other (arguably more problematic) means—for example, by stressing “good eyes and common sense.”⁴⁵ The court in *Lauratex Textile*

⁴⁵ See *Couleur Int’l Ltd. v. Opulent Fabrics, Inc.*, 330 F. Supp. 152, 153 (S.D.N.Y. 1971) (“Good eyes and common sense may be as useful [in this area of law] as deep study of reported and unreported cases, which

Corp. v. Citation Fabrics Corp., for example, gave essentially dispositive weight to the judge’s “common sense” on both aesthetics and fairness in finding that the defendant had not infringed plaintiff’s copyright in a work the court described as “well-traveled terrain in design concept.”⁴⁶ The court opined that it was only fair that “the same reasoning which supports the validity of plaintiff’s copyright [apply] to defeat the charge of copyright infringement,” asserting that “if plaintiff can get a valid copyright by making a few minor variations [from existing material in its genre], then defendant too can [avoid infringement] by making a few more variations on the pattern.”⁴⁷ The judge felt that he was ultimately “left with a situation where, as noted by Judge Frankel in [1971,] ‘Good eyes and common sense may be as useful as deep study of reported and unreported cases,

themselves are tied to highly particularized facts.”) *Cf.* Colman, *supra* note 4, at 31 (on self-professed judicial “hunches” in design-patent case law during same period). See SOPHIA ROSENFELD, COMMON SENSE: A POLITICAL HISTORY 244 (2011) (“In the second half of the twentieth century, common sense became, more than ever, a way to sell products and policies [T]he appeal to common sense . . . constitutes a seemingly unthreatening, nonpartisan, and modern way to push one very particular point of view of commodity at the expense of another. Common sense has, by now, long existed as a fake normative criterion for making choices, whether the subject is soaps or candidates for office.”). For a relatively recent, refreshing judicial expression of skepticism of the analytical value of certain aspects of copyright doctrine in the visual arts context, see *Mannion v. Coors Brewing Co.*, 377 F.Supp.2d 444 (S.D.N.Y. 2005):

[T]here is a difference between the sort of [indeterminacy] difficulty Judge Hand identified in . . . *Peter Pan Fabrics* and . . . the defendants’ argument about ideas in this case. The former difficulty is essentially one of line-drawing, and, as Judge Hand taught, is common to most cases in most areas of the law. The latter difficulty, however, is not simply that it is not always clear where to draw the line; it is that the line itself is meaningless because the conceptual categories it purports to delineate are ill-suited to the subject matter In the visual arts, the distinction breaks down. For one thing, it is impossible in most cases to speak of the particular ‘idea’ captured, embodied, or conveyed by a work of art because every observer will have a different interpretation. Furthermore, it is not clear that there is any real distinction between the idea in a work of art and its expression. An artist’s idea, among other things, is to depict a particular subject in a particular way [T]hose elements of a photograph, or indeed, any work of visual art protected by copyright, could just as easily be labeled ‘idea’ as ‘expression.’ *Id.* at 457-59 (internal citations omitted).

⁴⁶ 328 F. Supp. 554, 555 (S.D.N.Y. 1971).

⁴⁷ *Id.* at 555-56.

which themselves are tied to highly particularized facts.”⁴⁸ So “authorized,” the court disposed of the case.

The presiding judge in *Primcot Fabrics, Dep’t of Prismatic Fabrics, Inc. v. Kleinfab Corp.*,⁴⁹ by contrast, found that the “*ad hoc*” nature of fabric-pattern litigation provided enough breathing room for the court to apply its own “common sense” about whether the similarity between the works at issue could plausibly have been a “coincidence”:

No expert has been tendered to apply the mathematical laws of permutations and combinations, but it is sufficiently evident that the similarity of the colors applied to the respective designs, design for design, is more than likely to be no coincidence The [defendant’s] almost identic imposition of colors, plus the additional common design, [purportedly inspired by] an unidentified ‘salesman’s necktie’ leads to the finding that the copying was of plaintiff’s pattern rather than of the French fabrics.⁵⁰

Here, as in the Second Circuit’s decision in *Concord Fabrics, Inc. v. Marcus Bros. Textile Corp.*, above, the judge’s declared view the defendant was a “bad actor” apparently meant that precedent on “slight variations” did not undermine infringement.⁵¹

When such “*ad hoc*” district-court decisions went up to the Second Circuit for review, some judges on that court in the mid-1970s tried to bring more systematicity to

⁴⁸ *Id.* at 556.

⁴⁹ 368 F. Supp. 482 (S.D.N.Y. 1974).

⁵⁰ *Id.* at 484-85.

⁵¹ *Id.* (“The defendant contends that the plaintiff’s copyright design is a common pattern in the textile trade; that it falls in the category of ‘patchwork merchandise,’ and has been in the public domain from time immemorial. There is no doubt that each of the designs in each square is in the public domain or that the colors used are primary or calico colors which never could be appropriated to exclusive use. Yet the arrangement of the known designs in a pleasing pattern with a particular juxtaposition of colors may be deemed ‘the [reproductions] of a work of art.’ Section 5(h) of the Copyright Act, 17 U.S.C. § 5. In *Peter Pan Fabrics, Inc. v. Martin Weiner Corp.*, 274 F.2d 487 (2 Cir. 1960), the Court of Appeals held that ornamental designs on cloth were the proper subject of copyright under that section. A design printed on dress fabric is also copyrightable as a ‘print’ under Section 5(k). *Peter Pan Fabrics, Inc. v. Brenda Fabrics, Inc.*, 169 F. Supp. 142 (S.D.N.Y. 1959). The copyright protects originality rather than novelty or invention. *Mazer v. Stein*, 347 U.S. 201, 218, 74 S. Ct. 460, 98 L. Ed. 630 (1954). ‘No large measure of novelty is necessary.’ *Alfred Bell & Co. v. Catalda Fine Arts, Inc.*, 191 F.2d 99, 102-103 ([2d] Cir. 1951); *Peter Pan Fabrics, Inc. v. Dixon Textile Corporation*, 280 F.2d 800, 802 ([2d] Cir. 1960). I find the creation of the pattern in suit to be sufficiently original to merit copyright either as a reproduction of a work of art or as a print.”).

the doctrine in this area—even as they acknowledged the subjective aspects of fabric-pattern cases. In *Soptra Fabrics Corp. v. Stafford Knitting Mills*,⁵² for instance, an unusually elaborate *per curiam* opinion addressed the doctrinal relevance of color variation—even as the court put its own bizarre spin on the “common sense” trope identified above:

This textile design copyright case presents, in addition to a question of validity which goes right to the heart of design copyright in the fabric field, the issue whether the accused design was merely ‘inspired’—to use appellee Stafford’s design studio salesman’s word—by, or was flatly pirated from, appellant Soptra’s attractive, geometric design for use in dresses. District Judge Duffy, relying primarily upon a comparison of black and white photographic reproductions of the designs, found no infringement and did not reach the question of validity

By looking only to the black and white reproductions, the district judge, we fear, missed the point here also. Certainly the color schemes were not to be entirely overlooked But perhaps the error was really the result of a young district judge’s failure to appreciate with the wisdom and experienced eye that only middle age can bring to the subject of feminine wear the substantial similarity we appellate judges discern in appellant’s and appellee’s designs

On the question of validity Stafford argues that the Soptra copyright is invalid because it represents an exact copy of the uncopyrighted Rampelberg design and thus lacks the requisite originality. Stafford rightly refers us to, *e.g.*, *Alfred Bell & Co. v. Catalda Fine Arts*, 191 F.2d 99 (2d Cir. 1951) (mezzotints of old masters’ paintings entitled to copyright), for the proposition that skill and judgment must be employed in the reproduction to entitle it to copyright. But *Peter Pan Fabrics v. Dan River Mills*, 295 F. Supp. 1366 (S.D.N.Y.), *aff’d*, 415 F.2d 1007 ([2d Cir.] 1969) (*per curiam*), states what we consider to be the law of this circuit in terms of textile designs. The embellishment or expansion of the original design ‘in repeat,’ so as to broaden the design and thereby cover a bolt of cloth, together with beginning the pattern in a particular way so as to avoid showing an unsightly joint when the pattern is printed on textiles on a continual basis, constitutes modest but sufficient originality so as to support the copyright. 295 F. Supp. at 1368. The minimal quantum of originality in the textile pattern field, where the design printed is itself unmistakably original, as here, is not very high. Nevertheless, even if there were no originality, the Rampelberg painting-design could have been filed as a ‘work of art’ under § 5(g) of the Act, 17 U.S.C. § 5(g). The filing here under § 5(h) as a reproduction of a work of art is at most an ‘error in classification’ which under § 5 does not ‘invalidate or impair the copyright protection secured under this title.’ 295 F. Supp. at 1368.⁵³

⁵² 490 F.2d 1092 (2d Cir. 1974) (*per curiam*).

⁵³ *Id.* at 1092-93, 1094.

More nuanced still was the thoughtful discussion of the precise role of color in fabric-pattern cases in Judge Mansfield's 1977 concurring and dissenting opinion in

Novelty Textile Mills, Inc. v. Joan Fabrics Corp.:

The majority express doubt as to whether color or color schemes should constitute part of a copyrighted design and remand the case to the district court for further consideration of that issue after briefing by the parties. I believe this is unnecessary. If color did not constitute an integral element of copyrighted design, we have already gotten off on the wrong foot. As already noted, the similarity of colors between the copyrighted Novelty design and the two Joan designs found to infringe was an influential factor. If the copyright extended only to the 253 design in black and white, we should have limited ourselves to a comparison of the alleged infringing designs with Novelty's 253 in black and white, which in my view would lead us, upon duplicating in black and white the courtroom comparison made by us, to hold that the designs were not substantially similar. Our courtroom comparison, therefore, implicitly recognizes that where (as here) a design is registered in a particular colorway rather than in black and white, that colorway is part of the copyrighted design Although we have never ruled as a matter of law on the issue, it seems to me that if color is to be taken into consideration for infringement purposes, it must inevitably be considered as an element of the copyrighted subject matter.

In short, what Novelty copyrighted was its plaid design in a brown, beige and white color combination. In this well-plowed field of Argyle and bias plaids, it obviously did not gain protection against the manufacture of all similar textile plaids, even though some might be produced by persons who had access to its copyrighted design. In my view it gained copyright protection for the overall effect or impression created by the particular combination of lines, space, juxtaposition, shading and color scheme. Whether another manufacturer could avoid infringement by changing the color scheme would depend in a particular case on how important the color scheme was in the overall effect or impression of the design. Obviously if the design consisted merely of a simple red square or circle with dots, a change by the copier from red to green would be of great importance. On the other hand, if the design were an intricate or unusual one, as the court noted in [*Soptra Fabrics Corp. v. Stafford Knitting Mills*, 490 F.2d 1092, 1094 (2d Cir. 1974)], a mere change in color would be insufficient to avoid infringement.⁵⁴

To some degree, this judicial thoughtfulness about fabric-pattern litigation mirrors the initially reflective character of the 1976 Copyright Act-based rulings on the “separability” (discussed in a forthcoming installment, *On ‘Useful Articles’*) of components of fashion design whose copyrightability had not yet been adjudicated. In both areas, however, most courts would gradually move from the relatively nuanced, contemplative approach illustrated by the decisions excerpted above to a more mechanical and ultimately design-hostile method of resolving such disputes.

⁵⁴ 558 F.2d 1090, 1095-96 (2d. Cir. 1977) (Mansfield, J., concurring and dissenting).

Well into the 1990s, many judicial decisions continued to offer productive aesthetic analysis similar to those characterizing earlier opinions on fabric patterns:

- ***Dolori Fabrics, Inc. v. Limited, Inc.***, 662 F. Supp. 1347, 1353 (S.D.N.Y. 1987)

The court finds Dolori's design to be sufficiently original to support a copyright. We agree with Fixelle's description of the ['inspiration'] photograph's design as 'very muddled and tonal and dimensional', while his pattern is 'flat and clean' and has an equal positive/negative distribution.

- ***Folio Impressions, Inc. v. Byer California***, 937 F.2d 759, 766 (2d Cir. 1991)

Applying [established] principles to the case at hand, access to Pattern # 1365 has been admitted by defendants. Thus, the issues before us are narrowed in the first step of our analysis to considering whether there is substantial similarity between the works, and whether there was independent origination for the work. We have viewed the fabrics bearing each of the designs at issue in this case and, applying the more discerning "ordinary observer" test, conclude there was no copying. Although the roses in both designs are placed against the background in a similar straight line pattern, the roses themselves are not substantially similar. As the district court correctly pointed out, each of the roses in Pattern # 1365 is identical, while the roses in the Baroque Rose pattern differ from each other in their details and nuances. The Baroque Roses appear to be in soft focus and the Folio Rose has a sharper, clearer image. Moreover, though playwrights and poets from William Shakespeare to Gertrude Stein have extolled the beauty of this five-petaled flower, by the rose's very nature one artist's rendering of it will closely resemble another artist's work. For these reasons, we believe that "an average lay observer would [not] recognize the alleged copy as having been appropriated from the copyrighted work." *Novelty Textile Mills v. Joan Fabrics Corp.*, 558 F.2d 1090, 1093 (2d Cir. 1977) (quoting *Ideal Toy Corp. v. Fab-Lu Ltd.*, 360 F.2d 1021, 1022 (2d Cir. 1966)).

- ***North Coast Industries v. Jason Maxwell, Inc.***, 972 F.2d 1031, 1034-35 (9th Cir. 1992)

In this case, we are presented with a [fabric] design of rectangular shapes that is similar to but not identical to the St. Laurent design inspired by Mondrian. The district court concluded that the only variations that distinguished design 7114 from the St. Laurent design, were the location of the vertical band and the proportion of the rectangular shapes. In the court's mind, these variations were "trivial in their impact upon the idea represented by this design," and thus were not entitled to copyright protection. The district court did not focus on the critical distinction between the idea and expression of the idea that is so fundamental to our copyright law. While the "idea" of using bounded geometric figures in a pattern is clearly one which the plaintiff borrowed, it is by no means clear that the "expressions" of that idea, in the configurations of geometric figures in the St. Laurent's design and design 7114 (figures A & B), are substantially similar and the differences merely trivial. Mondrian's own claim to fame comes from his use of such geometric shapes in a uniquely characteristic style. Mondrian "developed a distinctive style of nonobjective painting based on the reduction of pictorial elements to vertical and horizontal lines, using the three primary colours and non-colours. His work has exerted a powerful influence on 20th-century art, including architecture, advertising art, and topography." 12 *Encyclopaedia Britannica* 343 (15th ed.) (1982).¹ If we were to accept the view that, as a matter of law the differences in the placement of geometric shapes should be regarded as trivial, we would be forced to conclude that Mondrian's creativity

with geometric shapes ended with his first painting, and that he went on to paint the same painting a thousand times. This is not the judgment of art history, and it cannot be the correct judgment of a court as a matter of law. The plaintiff was entitled to have the validity of its copyright determined by a trier-of-fact.

- ***Banff Ltd. v. Limited, Inc.***, 869 F. Supp. 1103, 1104 (S.D.N.Y. 1994)

While both of the sweaters at issue here are of recent creation, the style from which they derived has a storied history. The Aran style of knitting is believed to date back as far as the Middle Ages, when Irish seamen and their families would create clothing that was not only practical, but which also served to identify their background and relationship to their environment. The typical Aran design “consists of a centre panel with two side panels bordered with cable, signifying the ropes or lifelines on which a fisherman's life might depend.” Hollingworth, *The Complete Book of Traditional Aran Knitting*, at 6. The body of the sweater is made up of a variety of standard stitches, such as the Basket Stitch (meant to symbolize the fisherman's basket and an abundant catch) and the Cable Stitch (meant to symbolize the fisherman's rope and its attendant virtues of safety and good luck). It is apparent that there are innumerable ways in which these standard stitches may be and have been combined to create a design that is unique while conforming to the traditional Aran style. *Aran Stitches*.

The Banff sweater was designed by one of its employees, Jeffrey Gray. It incorporates a combination of cabled patterns, traditional stitches and crocheted flowers. The defendants make much of the fact that Gray consulted books on Aran stitching and crocheting in arriving at the sweater design, in the hopes of suggesting a lack of originality in Gray's efforts. Banff does not dispute that the elements of its sweater are standard and well-known, but contends that Gray combined them in a unique design. Banff's sweater was sold by a variety of retailers, including Bergdorf Goodman and Bloomingdale's. Defendants sold their sweater at a chain of outlets operated and managed by Express.

- ***Prince Group v. MTS Prods.***, 967 F. Supp. 121, 125 (S.D.N.Y. 1997)

The polka dots in this case are more than average circles. First, they are irregularly shaped, and not the perfect circles of a standard polka dot. They are “shaded,” that is, there is a crescent of white around half of the perimeter of each of the dots which is different from the standard uniformly colored polka dot, and they consist of several different colors. Thus, the shape and the shading of the dots are sufficiently original to meet the threshold of creativity.

Even if the polka dots on their own are not sufficiently creative to meet the threshold of creativity, “a work may be copyrightable even though it is entirely a compilation of unprotectable elements.” *Knitwaves, Inc. v. Lollytogs Ltd.*, 71 F.3d 996, 1003-04 (2d Cir. 1996) (citing *Feist*, 499 U.S. 340) (the court ruled that even telephone directory listings can be copyrightable if they are selected, coordinated or arranged in an original fashion). Creativity of arrangement is also low. *Folio Impressions, Inc. v. Byer Ca.*, 937 F.2d 759 (2d Cir. 1991) (the court ruled that decision to place roses in straight lines was sufficiently creative to meet the test); see also *Cranston Print Works Co. v. California Dimensions, Inc.*, 1990 U.S. Dist. LEXIS 3062, 1990 WL 33580 (S.D.N.Y. 1990) (citing *Primcot Fabrics, Dep't of Prismatic Fabrics, Inc. v. Kleinfab Co.*, 368 F. Supp. 482, 484 (S.D.N.Y. 1974)). Here, the decision to place the polka dots in imperfect and conflicting diagonal lines at varying distances from each other giving the appearance of randomness, distinguishes this arrangement from the regularity of the generic creativity for copyright validity. Having met the tests of independent creation and creativity, the Court finds that the Plaintiff's Mega Dot design is valid.

Further, the 1990s saw the courts' formalization of the notion that lace and woven apparel, like sweaters, were presumptively copyrightable alongside fabric patterns:

- *Eve of Milady v. Impression Bridal, Inc.*, 957 F. Supp. 484, 489 (S.D.N.Y. 1997)⁵⁵

It is firmly established in the Second Circuit that clothes are not copyrightable However, fabric designs “are considered ‘writings’ for purposes of copyright law and are accordingly protectible” Because lace designs are a form of fabric designs, I find that plaintiffs’ lace designs are copyrightable. Pursuant to 17 U.S.C. § 410(c), I further find that plaintiffs’s [*sic*] Certificates of Copyright Registration constitute prima facie evidence demonstrating their valid ownership of the copyrighted lace designs.

- *Imperial Laces v. Westchester Lace*, 95 Civ. 5353, 1998 WL 830630, at *3 n.5, *3 (S.D.N.Y. Nov. 30, 1998)

It is undisputed that fabric designs, including lace designs, are copyrightable. *See, e.g., Eve of Milady v. Impression Bridal, Inc.*, 957 F. Supp. 484, 489 (S.D.N.Y. 1997)

Based on the facts as stipulated to by the parties, the Court finds that Imperial’s lace design No. 8191 is sufficiently original to warrant copyright protection. The test of originality is “one with a low threshold in that all that is needed . . . is that the ‘author’ contributed something more than a ‘merely trivial’ variation, something recognizably ‘his own.’” *Batlin*, 536 F.2d at 490 (internal quotation marks and citation omitted). In fact, the “vast majority of works [satisfy the originality requirement] quite easily, as they possess some creative spark, no matter how crude, humble or obvious it might be.” *Feist Publications, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340, 345 (1991) (internal quotation marks and citation omitted).

As lace design No. 8191 is based on lace design No. 5725, similarities between the two designs naturally exist. The use of the heavy liner in lace design No. 8191, however, gives the design a readily discernible reticulated or squiggly appearance that distinguishes it from design No. 5725 in a more than trivial way. Accordingly, the Court holds that Imperial’s copyright on lace design No. 8191 is valid.

By contrast, the case law in this area post-dating (roughly) 2000 is largely characterized by hastily reasoned decisions (often disposing of cases brought by so-called “copyright trolls,” who found their way into the fashion industry after their predecessors encountered success in bringing “strike suits” in other fields). While a judicial desire to

⁵⁵ For a curious epilogue to this decision, *see* Gary Brown & Assocs. v. Ashdon, Inc., 268 Fed. Appx. 837, 839, 2008 WL 612672, at *1 (11th Cir. Mar. 7, 2008) (“In 1997, Eve of Milady, an unrelated competitor, brought a copyright infringement suit alleging that Impression had been copying its designs. According to GBA, the Special Magistrate informed Impression that it could continue manufacturing the subject bridal wear if a small modification was made to the patterns of lace. Eve of Milady and Impression ultimately settled the lawsuit.”).

thwart the vexatious litigation of such trolls is potentially beneficial to all legitimate stakeholders, the specific techniques sometimes employed by courts in their decisions disposing of such cases are less commendable. Specifically, the past fifteen years have witnessed a marked rise in opinions on copyright and fabric designs utilizing mechanical, painfully narrow reasoning in essentially one-off dispositions containing little to no substantive analysis of the works in dispute:

- ***Segrets, Inc. v. Gillman Knitwear Co.***, 207 F.3d 56, 62 (1st Cir. 2000)

Gillman cannot copy the intricate patterns and juxtapositions of the Blanket Stitch design virtually line-for-line and then escape liability for infringement merely by changing the color and saying this necessarily destroys any substantial similarity. *See Novelty Textile Mills, Inc. v. Joan Fabrics Corp.*, 558 F.2d 1090, 1094 n.6 (2d Cir. 1977), cited in *Concrete Machinery*, 843 F.2d at 610. Color may be a factor, among others, in determining substantial similarity in clothing designs. But that does not assist Gillman's case. Even considering the color variation, there was substantial similarity.

- ***Express, LLC v. Forever 21, Inc.***, No. CV 09-4514 ODW-VBKx, 2010 WL 3489308, at *6-*7 (C.D. Cal. Sep. 2, 2010)

Express argues that the burden falls on Defendants to prove that the Plaid copyrights are invalid by, for example, producing "identical public domain plaids" because Express registered the Plaids with the Copyright Office and registered copyrights are presumed valid. 17 U.S.C. § 410(c) ("In any judicial proceedings the certificate of a registration made before or within five years after first publication of the work shall constitute prima facie evidence of the validity of the copyright and of the facts stated in the certificate."). However, as Defendants point out, Express failed to disclose in its copyright applications that the Plaids were based on pre-existing designs and, further, has failed to amend its registrations during the course of this litigation. The Court fails to see why it should give presumptive effect to a copyright registration that contradicts the sworn testimony of the purported creator of the copyrighted work. *Cf. Masquerade Novelty, Inc. v. Unique Indus., Inc.*, 912 F.2d 663, 668 n. 5 (3d Cir. 1990) ("It may be that the correct approach in situations where there has been a material, but inadvertent omission, is to deprive the plaintiff of the benefits of § 410(c) and to require him to establish the copyrightability of the articles he claims are being infringed.").

In any event, the Court concludes that, even if Express's copyright registration [is] entitled to presumptive effect, Defendants have rebutted that presumption

- ***Royal Printex, Inc. v. Unicolors, Inc.***, 91 U.S.P.Q.2D 1439, No. CV 07-05395-VBK, 2009 WL 2712055, at *3 (C.D. Cal. Jul. 8, 2009)

The daisy design in this case does not possess at least the requisite minimum degree of creativity to qualify as an original design which is copyrightable. In the daisy design, the actual flowers, and their repetition throughout the design, constitute the predominant design elements. Neither the flowers, nor their repetitive placement, were independently created by Unicolors. [Further, the] deletion of the ticking stripe background from the

forties flower design, and the insertion of generic polka-dots, does not constitute the requisite originality required for a design to be copyrightable.

At the same time, however, some thoughtful and dedicated judges have continued to wrestle seriously with the difficult questions presented by disputes over the availability and enforceability of copyright protection for fabric patterns and allied works:

- ***Express, LLC v. Fetish Group Inc.***, 424 F. Supp. 2d 1211, 1224-25 (C.D. Cal. 2006)

[T]he utilitarian functions of the GH268 Tunic cannot be protected by copyright. However, because the lace and embroidery accents are totally irrelevant to the utilitarian functions of the tunic, those aspects of the GH268 Tunic are copyrightable. Express argues that because the “placement,” “arrangement” and “scalloping” of the lace trim cannot exist separately from the camisole itself, these aspects of the GH268 Tunic cannot be accorded copyright protection. Defendant’s understanding of which elements of clothing can be copyrighted is too narrow. The point is that the placement and arrangement of the lace do not relate to the functionality of the GH268 Tunic. This view is confirmed by the district court in *Eve of Milady v. Impression Bridal, Inc.* (“*Eve of Milady II*”), 986 F. Supp. 158 (S.D.N.Y. 1997), which held that the plaintiff in that case could not only claim a copyright in the actual design of the lace, but could also claim a copyright in “the way that lace is placed and arranged on the dresses.” *Id.* at 161. Thus, the placement, arrangement, and look of the lace trim on the GH268 Tunic are copyrightable. Whether the actual scalloping of the lace trim is copyrightable (Express argues it is not because it is the least wasteful way of cutting the lace trim) is irrelevant—the point is that as a whole the look of the GH268 Tunic, as separated from its utilitarian elements, is copyrightable.

- ***Brighton Collectibles, Inc. v. RK Texas Leather Mfg.***, 10-CV-419-GPC (WVG), 2012 WL 6553403, at *8 (S.D. Cal. Dec. 13, 2012)

[A] designer who contributes original touches [to public-domain material] is entitled to protect those elements. For example, a jelly fish designer may copyright his work to the extent he adds a distinctive curl to particular tendrils or arranges certain hues in his original design. [*Satava v. Lowry*, 323 F.3d 805, 810-11 (9th Cir. 2003)]. Moreover, the Copyright Act will protect a designer who creatively selects and arranges a sufficient number of unprotectable elements into a new and original combination. *Id.* Recently, the Ninth Circuit applied that exception to a floral fabric design and concluded that the plaintiff’s original selection, arrangement, and composition of leaves, stems, flowers, and buds was copyrightable

Defendants argue that none of Brighton’s heart designs are original because they all use hearts, scrolls, roping, and flowers that are common elements in women’s fashion accessories. . . . Zapata reports that other elements such as the fleur-de-lis lily, rope twists, dots, angels, scrolls, and flowers have been ubiquitous motifs in jewelry for centuries.

“[T]here are gazillions of ways to combine” flowers, ropes, and scrolls in heart designs [quotation omitted] As Brighton points out, the heart shape itself is simply a frame, like a rectangle, that a particular artist can fill with his or her own unique, original contributions. A visual inspection of Brighton’s copyrighted designs reveals unique

combinations, arrangements, and compositions of elements, thus, even though hearts, flowers, ropes, and scrolls are familiar shapes . . . , the Court rejects Defendants' argument that Brighton's heart designs are entitled to only "thin" copyright protection.

In sum, the subject matter of fabric patterns and items treated similarly by courts (including lace designs and some knitwear) has given rise to the single largest number of decisions on the subject of American copyright protection for fashion design. However, the diverse trends noted above, along with other factors contributing to the idiosyncratic outcomes of lawsuits in this area, make broad generalizations difficult—or even dangerous, from the perspective of risk assessment. It remains to be seen whether the Supreme Court will take advantage of the design-related cases on its docket for the upcoming term to bring some semblance of order to this area of law, if only through dicta. If equipped with (long-overdue) meaningful guidance, more judges might successfully navigate between the Scylla of "common sense" and the Charybdis of formalistic avoidance of thorny questions about the availability and enforcement of copyrights for fabric patterns.

b. Focal images appearing on wearable objects

Just a few years before the Supreme Court's 1954 ruling in *Mazer v. Stein*, one judge in the Southern District of New York ruled that a plaintiff's copyright in a painting could be infringed via reproduction on a scarf.⁵⁶ Yet that decision said nothing about the copyrightability of images first appearing on fabric. In some instances, of course, the application of such an image might simply be a "fabric pattern" in the sense used in the immediately preceding section. To the extent such images are made the visual focal

⁵⁶ *Home Art v. Glensder Textile Corp.*, 81 F. Supp. 551, 553 (S.D.N.Y. 1948) ("The validity of the copyright on the reproduction, on which plaintiff relies, is established prima facie by the Certificate of Copyright issued to plaintiff, and the allegation of the moving affidavit that the picture on the scarf is a copy of the copyrighted reproduction stands undenied . . . [Plaintiff's motion] for summary judgment is granted and damages to the plaintiff, if any, are to be fixed and determined.").

point of apparel through conspicuous placement and/or non-repetition, however, they appear to be perceived and treated as something else by many courts. As new technologies—and the influence of aesthetic trends like Pop Art—have made the use of such images increasingly popular, various courts have been confronted with questions about the availability and enforcement of copyrights in this area.

Where the objects to which such images are affixed were pants, shirts, dresses, and the like, the courts treated them quite favorably in the years immediately following *Mazer*. Indeed, the Supreme Court’s rationale in its 1954 decision left little doubt that such images should not be excluded from copyright’s embrace merely by virtue of their having been placed on a “utilitarian” object.⁵⁷ Difficulties started to arise, however, when designers increasingly seized on this rationale to assert broader rights over simpler figures placed on “utilitarian” objects, especially outside of the garment realm.

The number of cases in this area is far smaller than that in the fabric-pattern context reviewed above, which makes attempts at synthesis both more tempting and potentially less reliable, due to sample-size issues. With that said, three factors in particular seem to have wielded substantial influence on the outcomes of cases over images on apparel: (1) the timing of “image” cases, relative to the vacillations of the phenomenon identified in *On ‘Originality’* as the “Originality Pendulum”; (2) the breadth of a given plaintiff’s claim—*i.e.*, over a broad “style” or “idea” versus a specific (and unique or “commonplace”) image; and (3) the perceived complexity and overlap of the image(s) at issue in a specific case.

⁵⁷ *Mazer*, 347 U.S. at 212–13.

There is no doubt that in many instances, courts have found (or simply assumed) images superimposed on fashion-related items to be copyrightable—and gone on to enforce the relevant copyrights. In *Cofre, Inc. v. Lollytogs, Ltd.*, for example, a district court judge in 1992 held that despite seemingly commonplace nature of car-racing imagery on children’s wear, there could be no doubt about the outcome as to either copyrightability or infringement thereof:

[E]ven the common use of a racing car motif can have an infinite variety of renderings. Defendant has chosen to use the same three symbols of racing as plaintiff used There must be innumerable positions in which one can depict a racing car, flag and light on the front of a garment. That defendant has placed the items just as plaintiff had placed them contradicts defendant’s contention that its garment is of a different artistic expression and makes the two the same in total concept and feel. It is, indeed, the very expression of these racing symbols that defendant appears to have copied from plaintiff.⁵⁸

Indeed, courts have sometimes applied the general rule that images superimposed on fashion items are presumptively copyrightable even in areas at some remove from the traditional fabric-pattern case. In *Swatch v. Siu Wong Wholesale*, for example, a district court granted partial provisional relief to Swatch based on its two-dimensional “artwork applied to [a] wristwatch.”⁵⁹ Courts have sometimes granted similar relief to creators of two-dimensional images on footwear.⁶⁰ And at least one court has also recognized as copyrightable the opposite—*i.e.*, placement of three-dimensional embellishments on a “flat” object.⁶¹

⁵⁸ No. 88 Civ. 9130(SWK), 1991 WL 40366, *3 (S.D.N.Y. Mar. 15, 1992).

⁵⁹ 92 Civ. 3653(PKL), 1992 WL 142745, at *9 (S.D.N.Y. Jun. 8, 1992).

⁶⁰ See, e.g., *GMA Associates, Inc. v. Olivia Miller, Inc.*, No. 03 Civ.4906(MBM), 2004 WL 1277997, at *1 (S.D.N.Y. Jun. 8, 2004), *aff’d sub nom.* *GMA Accessories, Inc. v. Olivia Miller, Inc.*, 139 F. App’x 301 (2d Cir. 2005) (“This case concerns defendant’s infringement of plaintiff’s copyrighted pattern, ‘Hawaiian Punch,’ imprinted on light-weight slippers worn in these climes principally during the summer, called ‘flip-flops.’ Plaintiff GMA Accessories, Inc., which sells these items, sued defendant, Olivia Miller, Inc., which distributes clothing and accessories and contracted for the manufacture of the offending flip-flops in China for resale to one of its customers. Infringement was conceded, and the one remaining issue in the case concerns the award of costs and attorney fees after a trial on damages.”).

⁶¹ See *Magical Mile, Inc. v. Benowitz*, 510 F.Supp.2d 1085, 1088-89 (S.D. Fla. 2007).

Yet, as with fabric patterns, courts have scrutinized claims of “image” copyrights with greater vigilance over time, especially where the imagery in question has been on the simpler end of the design spectrum and/or where a plaintiff has appeared to be seeking exclusive rights over a “theme” or “idea” rather than a specific image. Such judicial skepticism has sometimes taken the form of cautionary notes in appellate-court decisions concerning works displaying “commonplace” and/or “nature-inspired” imagery:⁶²

- ***Samara Bros. v. Wal-Mart Stores***, 165 F.3d 120, 132 (2d. Cir. 1998), *abrogated on other grounds*, 529 U.S. 205 (2000)

Each of the challenged copyrights is registered with the U.S. Register of Copyrights. A certificate of registration “constitutes *prima facie* evidence of the validity of a copyright, 17 U.S.C. § 410(c), though that presumption may be rebutted.” *Folio Impressions, Inc. v. Byer California*, 937 F.2d 759, 763 (2d Cir.1991). We review “the trial court’s determination of originality under a clearly erroneous standard.” *Id.*

In *Folio Impressions* this Court awarded protection to a design of a series of roses, a common shape, placed in straight lines on an ornate background and turned so that the roses faced in various directions. We first recognized protection for the rose design itself separate from its arrangement on the background. Although the rose is a common shape, we noted that because there was a valid registration, the rose had a “presumption of validity” and the defendants “offered no proof at trial to overcome this presumption.” *Id.* We must find the Samara designs similarly original. Their registrations provide a presumption of validity which Wal-Mart has failed to overcome. Wal-Mart provided no evidence at trial challenging the validity of the copyright registrations. Specifically, it failed to adduce evidence to show that the works were not “independently created by its author, and not copied from someone else’s work.” *Id.* at 764.

We do note that copyrights depicting familiar objects, such as the hearts, daisies and strawberries in Samara’s copyrights, are entitled to very narrow protection. *See Folio Impressions*, 937 F.2d at 765. It is only the virtually identical copying, such as the copying in this case, which will result in a successful claim of infringement of familiar objects.

In other disputes over the availability and/or enforceability of copyright in images placed on wearable objects, courts have effectively narrowed or denied copyright protection—in a manner reminiscent of the so-called “thin copyright” doctrine, discussed

⁶² *See Knitwaves, Inc. v. Lollytogs Ltd.*, 71 F.3d 996, 1008-09 (2d Cir. 1995) (upholding copyright protection for puffy leaf appliqués on sweaters and reversing district court’s finding of trade dress protection in same; defendant had infringed the plaintiff’s copyrighted designs through placement of images of leaves and squirrels on its own line of sweaters).

in *On 'Originality'*—by invoking the idea/expression distinction in conjunction with “similarity” analyses.⁶³

- ***Maharishi Hardy Blechman Ltd. v. Abercrombie & Fitch Co.***, 292 F. Supp. 2d 535, 553-54 (S.D.N.Y. 2003)

[Under U.S. copyright doctrine,] only the particularized expression of the dragon is protectable, not the idea of the dragon itself or even the idea of putting a dragon on pants.

No reasonable factfinder could conclude that the dragons at issue are substantially similar in the relevant respect because virtually all of the similarity is attributable to the fact that the images are all dragons. *See Mattel, Inc. v. Azrak-Hamway Int'l. Inc.*, 724 F.2d 357, 360 (2d. Cir 1983) (“Though the dolls’ bodies are very similar, nearly all of the similarity can be attributed to the fact that both are artist’s renderings of the same unprotectable idea -- a superhuman muscleman crouching in what since Neanderthal times has been a traditional fighting pose.”). Most notably, Maharishi’s dragon is camouflage, and Abercrombie’s is yellow and scaley. The body of Maharishi’s dragon is oriented down the pant leg, with the head below, while Abercrombie’s dragon is oriented up the pat leg, with the head above. The Maharishi dragon has four legs; the Abercrombie dragon has only two. The “dragon” image on the Shi Dings hang tag looks more like some type of cat-human-lizard hybrid and is so obviously different from Maharishi’s dragon as to not warrant more discussion.

Maharishi directs the Court’s attention to *Knitwaves*, in which the Second Circuit, after noting a list of differences between the sweater patterns at issue, stated: “These differences in detail, while requiring considerable ink to describe, do little to lessen a viewer’s overwhelming impression that the two Lollytogs sweaters are appropriations of the *Knitwaves* sweaters.” 71 F.3d at 1004. Maharishi emphasizes that merely being able to list differences in the image should not suffice, especially on a motion for summary judgment

Here, the overwhelming impression is of dissimilarity, and the Court cannot imagine that the dragon images (as distinguished from the mere idea of putting a dragon on pants) came from the same creative source. The Court’s noted differences are merely illustrative of a factual finding which is difficult to explain beyond saying that the dragons are obviously and substantially dissimilar.

On rare occasions, courts have disposed of copyright claims over imagery on fashion-related items by declaring, in essence, that copyright is the wrong vehicle for the assertion of a plaintiff’s rights:

⁶³ For a discussion of “thin copyright” in the fashion-design context, *see On 'Originality,'* supra note 38, at 334-337 (observing that courts have sometimes narrowed scope of protection for ostensibly protected works in ruling that only “thin copyright” protection is warranted). For an inchoate version of the more sophisticated judicial analysis in the *Maharishi* case, *see Fashion Victim, Ltd. v. Sunrise Turquoise, Inc.*, 785 F. Supp. 1302, 1307 (N.D. Ill. 1992) (acknowledging copyrightability of images on t-shirts depicting skeletons engaged in sexual acts, but rejecting possibility of infringement on basis of idea-expression distinction).

- *Louis Vuitton Malletier S.A. v. Haute Diggity Dog, LLC*, 507 F.3d 252, 257, 269-70 (4th Cir. 2007)

In 2002, LVM adopted a brightly-colored version of the Monogram Canvas mark in which the LV mark and the designs were of various colors and the background was white (the “Multicolor design”), created in collaboration with Japanese artist Takashi Murakami. For the Multicolor design, LVM obtained a copyright in 2004. In 2005, LVM adopted another design consisting of a canvas with repetitions of the LV mark and smiling cherries on a brown background (the “Cherry design”)

Finally, LVM argues that the district court erred in finding that Haute Diggity Dog’s use of the “CV” and the back-ground design was a fair use of LVM’s copyrighted Multicolor design. Because LVM attempts to use a copyright claim to pursue what is at its core a trademark and trade dress infringement claim, application of the fair-use factors under the Copyright Act to these facts is awkward. *See* 17 U.S.C. § 107; *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 577 (1994). Nonetheless, after examining the record, we agree with the district court that Haute Diggity Dog’s use as a parody of certain altered elements of LVM’s Multicolor design does not support a claim for copyright infringement.⁶⁴

Subject to these important caveats, the copyrightability of images placed on the surfaces of fashion apparel and accessories is a settled question—at least “on paper.” As with fabric patterns, the outcomes of real-life cases can be difficult to predict, even in conventional contexts like textile-based imagery. Idiosyncrasies in judicial applications of copyright law to fashion-related works are (as should be increasingly evident from this series of articles) largely unavoidable and rarely systematic.⁶⁵

c. Works of jewelry design

As discussed above, jewelry designers were among the first to test the applicability of *Mazer v. Stein* to their works, in cases like *Trifari, Krussman & Fishel*

⁶⁴ *See also* *Omega S.A. v. Costco Wholesale Corp.*, 776 F.3d 692, 700 (9th Cir. 2015) (Wardlaw, J., concurring in the judgment) (“The district court correctly held that Omega misused its copyright ‘by leveraging its limited monopoly in being able to control the importation of [an image carved on the back of watch faces] to control the importation of its Seamaster watches.’”).

⁶⁵ This observation applies with even greater force to media raising arguably unique public-policy concerns and/or complex issues of ownership. *See, e.g.*, Yolanda M. King, *The Enforcement Challenges for Tattoo Copyrights*, 22 J. INTELL. PROP. L. 29, 70 (2014) (“A tattoo is often developed in collaboration between the tattoo artist and the person seeking to purchase a tattoo. In many cases, the tattoo copyright will be owned by the tattoo artist. However, the fluidity and informality of the tattoo creation process generates ambiguities regarding ownership in some circumstances [Further, e]nforcement of tattoo copyrights will be difficult. The artists’ choice of medium will result in diminution of the exclusive rights of the copyright owners. Tattoo artists should understand the need to relinquish some control over their inked creations, and they already seem generally accepting of uses of their works by tattoo bearers.”).

*Inc. v. Charel Co.*⁶⁶ The plaintiff's victory in that 1955 case, bolstered by the Second Circuit's plaintiff-friendly decision in *Boucher v. Du Boyes* three years later,⁶⁷ established the presumptive copyrightability of works of jewelry.⁶⁸ Despite occasional disputes over the adequacy of copyright notices that designers had placed on their works—resolved in keeping with a general judicial trend of relaxed formalities—the legal landscape was generally sunny for those wishing to register and enforce copyrights in jewelry designs through the late 1950s and 1960s.⁶⁹

That picture changed somewhat in the early 1970s. A new trend in judicial application of copyright protection to works of jewelry design is reflected in the contrast between a 1970 decision, *Herbert Rosenthal Jewelry Corp. v. Grossbardt*, in which the Second Circuit upheld an injunction against a defendant who had produced a substantially similar version of Plaintiff's bejeweled turtle pin⁷⁰ and the court's 1974 decision in *Herbert Rosenthal Jewelry Corp. v. Honora Jewelry Co., Inc.*, which essentially questioned whether the nature of the pin made copyright enforcement inappropriate:

⁶⁶ 134 F. Supp. 551, 553 (S.D.N.Y. 1955).

⁶⁷ 253 F.2d 948 (2d Cir. 1958) (*per curiam*) (holding copyright valid even though the notice appeared on only one of two earrings which might have been worn separately as a dress ornament or clip), *cert. denied*, 357 U.S. 936 (1958).

⁶⁸ *Trifari*, 134 F. Supp. at 553 (“Unlike an automobile, a refrigerator or a gas range, the design of a necklace or of a bracelet, may take as many forms as the ingenuity of the artist may conceive. There is neither basis in the Copyright Act nor judicial precedent for excluding . . . jewelry from works of art to which copyright protection may attach. Simply because it is a commonplace fashion accessory, not an expression of ‘pure’ or ‘fine’ art does not preclude a finding that plaintiff’s copyrighted article is a ‘work of art’ within the meaning and intent of the Act.”).

⁶⁹ *Cf.*, e.g., *Dan Kasoff, Inc. v. Novelty Jewelry Co.*, 309 F.2d 745, 746 (2d Cir. 1962) (*per curiam*) (“Although it might be thought that the invocation of the power of government to protect designs against infringement implied some merit other than a faint trace of ‘originality’, it is now settled beyond question that practically anything novel can be copyrighted. *Mazer v. Stein*, 347 U.S. 201 (1954); *Rushton v. Vitale*, 218 F.2d 434 (2d Cir. 1955). ‘No matter how poor artistically the ‘author’s’ addition, it is enough if it be his own’. *Alfred Bell & Co. v. Catalda Fine Arts, Inc.*, 191 F.2d 99, 103 (2d Cir. 1951).”). As illustrated in Colman, *supra* note 4, hostile rhetoric can be a precursor to adverse doctrine.

⁷⁰ 428 F.2d 551 (2d Cir. 1970).

The threshold question is what characteristics of appellant’s design have gained copyright protection. Since all turtles are created more or less along the same lines, appellant cannot, by obtaining a copyright upon one design of a turtle pin, exclude all others from manufacturing gold turtle pins on the ground that they are substantially similar in appearance. Clearly, a copyright does not offer protection of such breadth.⁷¹

What had changed in the interim? Doctrinally speaking,⁷² the Ninth Circuit had recently disposed of a case, *Herbert Rosenthal Jewelry Corp. v. Kalpakian*, brought by the same jewelry-designer plaintiff, reasoning that the preservation of robust competition in the marketplace, related public policies embodied in the “idea-expression” distinction, and prudent application of the “substantial similarity” test for infringement precluded a ruling for the jewelry-designer plaintiff.⁷³ The Ninth Circuit had reasoned:

What is basically at stake is the extent of the copyright owner’s monopoly— from how large an area of activity did Congress intend to allow the copyright owner to exclude others? We think the production of jeweled bee pins is a larger private preserve than Congress intended to be set aside in the public market without a patent. A jeweled bee pin is therefore an ‘idea’ that defendants were free to copy.”⁷⁴

While mid-1970s decisions considering the application of the idea-expression distinction to jewelry designs were not unanimous,⁷⁵ it was clear by the end of the decade that the doctrine would sometimes represent a serious obstacle to the recognition and/or enforcement of jewelry-related copyrights. One judge in the Eastern District of Pennsylvania explained the coalescing picture in 1977, noting that courts had found that “the idea and its expression” in certain jewelry works were “virtually indistinguishable”

⁷¹ 509 F.2d 64, 65 (2d Cir. 1974) (*per curiam*).

⁷² As noted previously, I have postponed a detailed examination of the broader cultural landscape to the final article of this series, *The Politics of ‘Piracy.’* As I will discuss in that installment, the 1970s witnessed, alongside important economic, political, and cultural developments, a growing discussion of the appropriate uses of different types of intellectual property rights—often in connection with the decade-long process culminating in the Copyright Act of 1976.

⁷³ See 446 F.2d 738, 742 (9th Cir. 1971).

⁷⁴ *Id.*

⁷⁵ See, e.g., *Cynthia Designs, Inc. v. Robert Zentall, Inc.*, 416 F. Supp. 510, 512 (S.D.N.Y. 1976) (holding that the designer’s products were copyrightable, idea-expression distinction notwithstanding, because the renditions of a T-shirt as articles of jewelry required the exercise of artistic craftsmanship, and the T-shirts contained distinguishable variations from ordinary T-shirts in the public domain).

and thus “held that the copyright did not confer a monopoly of the ‘idea’ and did not grant protection from the manufacture and sale by others of such jewelry.”⁷⁶

With the new teeth that many judges gave to such limiting principles, courts in the decades to come would apply a variety of (sometimes) surprising tests to determine the copyrightability and/or infringement of jewelry designs. In one especially notable 2005 district court decision, *Todd v. Mont. Silversmiths Inc.*, the presiding judge denied copyright protection altogether to the creator of bracelets and earrings made in the style of barbed-wire.⁷⁷ The presiding judge reasoned that despite the presumptive copyrightability of works of jewelry designs, the plaintiff’s “arrangement [of these works was] visually but not conceptually distinguishable from barbed-wire.”⁷⁸ Further, because barbed-wire had long been in what the court described as “the public domain,” the court ruled that the works were “not truly ‘original’ in the ordinary meaning of the word.”⁷⁹

The *Todd* case is an extreme example of the types of risks jewelry designers sometimes face when seeking to enforce their copyrights; as always, counterexamples are readily available. Judges have affirmed the validity and enforceability of copyrights in

⁷⁶ *Russell v. Trimfit, Inc.*, 428 F. Supp. 91, 94 (E.D. Pa. 1977) (citing *Rosenthal Jewelry Corp. v. Kalpakian*, 446 F.2d 738 (9th Cir. 1971); *Herbert Rosenthal Jewelry Corp. v. Honora Jewelry Co., Inc.*, 509 F.2d 64 (2d Cir. 1974); and *PPS, Inc. v. Jewelry Sales Representatives, Inc.*, 392 F. Supp. 375 (S.D.N.Y. 1975)).

⁷⁷ 379 F. Supp. 2d 1110, 1111 (D. Colo. 2005).

⁷⁸ *Id.* at 1114.

⁷⁹ *Id.* It warrants mention that, as discussed at length in *On ‘Originality,’ supra* note 38, courts have rarely interpreted the term “original” in the copyright context by looking at the *Todd* court’s so-called “ordinary meaning of the word.” *Cf. Medallie Art Co. Ltd. v. Washington Mint, LLC*, No. 99-9064, 2000 WL 298253, at *2 (2d Cir. Mar. 21, 2000) (“Based on our independent comparison of the products at issue and the U.S. Treasury notes and coins on which they are based, we cannot say that the District Court’s finding of sufficient originality with respect to the thirteen U.S. Treasury note replicas was clearly erroneous. Although Medallie concededly strived to replicate the U.S. Treasury notes as accurately as possible, the task of translating the two-dimensional paper notes into three-dimensional silver forms involved ‘at least that minimal level of creativity necessary to entitle them to copyright protection as derivative works’ For example, in making each note replica, Medallie made choices about how to translate color contrasts into a silver medium, how to represent the intricate background detail of U.S. Treasury notes, whether certain features should be dull silver or highly polished silver, and whether certain features should be engraved or set off in bas relief. These differences are ‘not merely . . . trivial variation[s] such as might occur in the translation to a different medium.’ *Batlin*, 536 F.2d at 491.”).

varied jewelry (and even in decorative eyewear⁸⁰), particularly where the party advocating for protection and enforcement had successfully registered the work with the Copyright Office. Not unrelatedly, designers have been more successful when associated with a well-funded company that has bought itself a reputation for high-end jewelry with accompanying “artistic” allure:

- ***Yurman Design, Inc. v. Golden Treasure Imps., Inc.***, 275 F. Supp. 2d 506, 509, 519 (S.D.N.Y. 2003)

The plaintiffs have several signature jewelry collections, many of which incorporate the cable design, along with other elements. (Fourth Am. Compl. PP 9-10; see, e.g., Fourth Am. Compl. P 15 (noting that the ‘Channel Collection’ ‘has as a common theme yellow gold collars with colorful semi-precious stones placed on twisted sterling silver cable. The collars are composed of single bands of yellow gold on either side of square cut semi-precious colorful stones. The collars complete a circle around the sterling silver twisted cable that are then shaped into bracelets, necklaces, rings, and earrings.’ . . . The plaintiffs’ motion for partial summary judgment on the validity of certain copyrighted designs is granted.

- ***Yurman Studio v. Castaneda***, 591 F. Supp. 2d 471, 495 (S.D.N.Y. 2008) (modified on a motion for reconsideration, examined in footnote 84, *infra*)

Scholars disagree, and the Second Circuit has not decided, as to whether a defendant challenging the originality of a plaintiff’s copyrighted work must provide evidence of actual copying [from material in the public domain], of [sic] if copying may be inferred through plaintiff’s access to designs in the public domain and the substantial similarity of the works to those designs. At the summary judgment stage, drawing all inferences in favor of the non-moving party, Yurman’s access to these historical jewelry designs in the public domain must be inferred.

Because defendants’ submissions raise fact issues regarding the originality of the two designs, summary judgment is denied on defendants’ counterclaim as to the Albion collection bracelet and the Linked Renaissance single chain jewelry. However, with

⁸⁰ The Second Circuit in 2001 assumed copyrightability in determining the proper measure of damages for infringement of a copyright in a plaintiff’s “eye jewelry,” consisting of “sculptured metallic ornamental wearable art” containing “perforated metallic discs or plates in the place that would be occupied by the lenses of a pair of eyeglasses.” *Davis v. Gap Inc.*, 246 F.3d 152, 156 (2d Cir. 2001) (Leval, J.). For a Customs-related “Section 337” proceeding in which only trade-dress rights in arguably similar materials were adjudicated, see *In re Certain Novelty Glasses*, 208 U.S.P.Q. 830, No. 337-TA-55, 1979 WL 61009, at *5 (ITC Jul. 1979) (“The physical exhibits of complainants’ and respondents’ glasses reveal the striking similarities between the nonfunctional design features of the glasses themselves and their packaging. The glasses from both sources are nearly identical in their nonfunctional design aspects, e.g., style of lettering, size, similar colors, and novelty features such as the games and the rocks. Additionally, the packaging of products from both sources utilizes black backgrounds with photographic reproductions of the enclosed glasses. The effect of viewing the two products, even when side by side, is to create a general impression that the products are identical. We find it likely that a reasonable consumer under ordinary circumstances would be confused as to the source of the two products.”).

respect to all other Yurman copyrighted designs, after careful review of the images of preexisting jewelry produced by defendants, I conclude that Yurman's designs are sufficiently original as a matter of law and Yurman is entitled to summary judgment on the claims for cancellation of those designs.

- ***Van Cleef & Arpels Logistics, S.A. v. Landau Jewelry***, 547 F. Supp. 2d 356, 364 (S.D.N.Y. 2009)

[T]here is nothing in the record to support defendants' contention that the copyright is not valid because the Design was copied from the public domain. Defendants have provided photographs of, *inter alia*, the 88th Division's clover insignia in varied incarnations, edifices utilizing the clover shape in their architectural design, and possibly infringing jewelry pieces from other companies. However, the clover shapes pictured in defendants' photographs are readily distinguishable from the Design, and they do not feature the combination of elements over which plaintiffs claim copyright protection. Moreover, the fact that distinguishable clover shapes exist does not constitute evidence that plaintiffs' Design was copied from the public domain. In the absence of any evidence linking the creation of plaintiffs' Design to the public domain, defendants' argument is untenable Because defendants have not offered evidence to raise a disputed issue as to a material fact and because the undisputed evidence supports plaintiffs' version of the facts, I hold that plaintiffs own a valid copyright in the Design as a matter of law.

Somewhat perversely, courts appear to be consistently more “vigilant” of adverse effects on industry competition where jewelry-designer plaintiffs are smaller and/or less well-known entities. One might even argue that the weight many courts accord the “presumption of validity” supposedly accompanying registered copyrights (where registered within five years of publication) varies proportionally with the profile and/or prestige of the enforcing party. Discussions in the following vein appear far less common in judicial decisions favoring the “major players” of jewelry design:

Significantly, the Plaintiff claims it is not seeking a monopoly over the idea of bird's nest jewelry. There are other variations of bird's nest jewelry sold by others, but the Plaintiff is only claiming infringement on the Defendant's allegedly identical pendant To be sure, the Plaintiff's creation strikes one as a generic bird's nest. But in nature, birds' nests can be deeper, wider, or narrower The nature of the work distinguishes it from the cases relied upon by the Defendant. In *Todd*, the barbed-wire jewelry was not original because it was not recast or arranged in an original way but instead stuck with the ‘elemental arrangement’ of barbed wire Here, the Plaintiff arranged the nest in the slightly atypical way described above. Further, in *Herbert Rosenthal Jewelry Corp. v. Honora Jewelry Co., Inc.*, 509 F.2d 64, 65-66 (2d Cir. 1974), the Second Circuit found no originality in a bejeweled-backed turtle in part because there are only a certain number of vertebrae segments on a turtle. *Id.* There are no such natural limitations here—a natural nest could have any number of eggs depending on the species Thus, the Plaintiff's original expression of a bird's nest is copyrightable.⁸¹

⁸¹ *Metal Morphosis, Inc. v. Acorn Media Publ., Inc.*, 639 F. Supp. 2d 1367, 1374-75 (N.D. Ga. 2009).

While such judicial efforts to preserve marketplace competition through their rulings in copyright litigation are not entirely misguided,⁸² they do have a decidedly hollow (and even suspect) ring given (1) the courts' disproportionate invocation of pro-competition considerations against smaller and/or lower-end designers in copyright litigation (as reflected in, *inter alia*, various decisions excerpted above); (2) the fractured *manner* in which these considerations find their way into the courts' adjudication of copyright disputes over works of fashion design;⁸³ and (3) the same courts' resolution of dispositive questions in trade-dress and design-patent litigation in a manner disproportionately favorable to "high-end" jewelry designers⁸⁴ and unfavorable—if not

⁸² For a critical discussion of certain high-profile fashion companies' use, facilitated by strategic manipulation of IP regimes by sophisticated attorneys, of anticompetitive trade-dress registrations over basic (presumably copyright-ineligible) components of design, see Charles E. Colman, *The TTAB's Dangerous Dismissal of 'Doubt'*, HARV. J. L. & TECH. DIG., Nov. 12, 2013.

⁸³ Judge Victor Marrero of the Southern District of New York noted in a 2009 decision: "While courts are not in agreement as to which test is appropriate for jewelry designs . . . , the Court is persuaded that the 'ordinary observer' test is the proper vehicle for determining whether the Gate B9 pieces are substantially similar to the Stella Pieces." *R.F.M.A.S., Inc. v. Mimi So*, 619 F. Supp. 2d 39, 64-65 (S.D.N.Y. 2009). Judge Marrero's acknowledgment of a lack of uniformity and certainty on issues of IP of direct relevant to fashion design is warranted and deeply admirable, as is his consistently thoughtful and even-handed treatment of competition-related considerations in fashion-related intellectual-property litigation. See, e.g., *Maharishi Hardy Blechman Ltd. v. Abercrombie & Fitch Co.*, 292 F.Supp.2d 535, 543 n.4 (S.D.N.Y. 2003) ("As explained more fully [below], the definition of functionality [in trade-dress law] is not as clear as the Supreme Court's statement might indicate."); *Christian Louboutin S.A. v. Yves Saint Laurent America Holdings, Inc.*, 778 F.Supp.2d 445 (S.D.N.Y. 2011) (Marrero, J.) (applying trademark law's "aesthetic functionality" doctrine to preclude enforcement of essentially exclusive rights in bright-red soles on high heels—a design feature ineligible for copyright or design-patent protection by time plaintiff obtained its trade-dress registration in 2008). The decision overruling Judge Marrero's ruling in *Louboutin* is another disturbing example of the outcome-driven, *sub rosa* fact finding of the Second Circuit that has characterized its "jurisprudence" on IP protection for fashion design in recent years. Notwithstanding Judge Marrero's many positive attributes, it warrants mention that his statement in *R.F.M.A.S.* substantially understates the level of variability in the case law. Judges purporting to apply the default "substantial similarity" test have differed dramatically not only in their *selection* of the "appropriate" test for jewelry designs, but also in their application of those tests and their implementation of the considerations prompting the adoption of "alternative" tests into another of the many other determinations made in the course of copyright litigation. As discussed in the previous installment of this series, the "originality" determination has often been one such "alternative implementation" site. See *generally On 'Originality'*, *supra* note 38.

⁸⁴ Consider, for example, the near-clean sweep Judge Shira Scheindlin handed to high-end jewelers David Yurman, Gucci, and Cartier in *Yurman Studio, Inc. v. Castaneda*, 591 F.Supp.2d 471, 497 (S.D.N.Y. 2008) (granting summary judgment in favor of luxury jewelry designers on copyright, trade dress, and design patent claims). Judge Scheindlin's decision illustrates that court rulings adversely affecting the availability

fatal—to countless smaller, typically less financially robust designers (for whom copyright litigation is often the sole cost-effective means of formalizing and asserting rights).

d. Certain components of costume designs

While one might argue that all apparel is, in essence, *costume*, the courts have generally not taken this expansive view. A narrower definition of “costumes,” either tacit or explicit, has both facilitated and constrained the application of *Mazer v. Stein* to a number of wearable objects beyond the fabric patterns, focal images, and jewelry works discussed above. As with that subject matter, the copyrightability of certain costume-related material has been adjudicated through the lens of *Mazer v. Stein* and its progeny—even as courts presiding over more recent costume disputes have largely pivoted to the 17 U.S.C. § 101 “useful articles”/“conceptual separability” framework(s) examined in the next installment of this series.

and/or enforceability of copyright protection for jewelry design will likely have little meaningful impact on well-funded entities with a variety of other “rights enforcement” tools at their disposal—the redundancy of which only compounds the benefits these large (but often less innovative) design companies derive from elite counsel and the “instant credibility” of both the entities and their attorneys enjoy in the eyes of many judges. This point is underscored in the astonishing follow-up decision to *Castaneda*, in which even the few points on Yurman’s copyright claims initially resolved in favor of Yurman’s adversary were reversed by Judge Scheindlin on a request for reconsideration. *See* Nos. 07 Civ. 1241(SAS), 07 Civ. 7862(SAS), 2008 WL 4298582 (S.D.N.Y. Sep. 19, 2008). But perhaps worse than any of these reverse-Robin Hood maneuvers by the court is Judge Scheindlin’s disparaging, “defendant has missed the point”-type rhetoric directed at Yurman’s adversary in her initial decision (an opinion ironically pre-dating her own “correction” in her rare partial grant of Yurman’s motion for reconsideration, submitted by the same elite law firm that persuaded another decision maker to back down from a conflict with another well-funded, high-profile fashion house, discussed in Colman, *supra* note 82). Such judicial accusations of a party and/or its attorney having “missed the point” seem to be aimed primarily at bolstering the court’s credibility at the expense of a party/attorney who, in the realm of copyright protection for fashion design, in particular, has only “missed the point” in extracting a different principle from the unusually incoherent and unprincipled body of case law that is the focus of this series of articles. *Cf.* STANLEY FISH, THERE’S NO SUCH THING AS FREE SPEECH 145 (1994) (“The act of construction for which [a judge] says there is no room [for legal minds to reasonably reach different conclusions] is one he is continually performing. Moreover, he performs it in a way no different from the [attorney’s] performance he castigates.”).

Costume knockoff litigation is surprisingly common,⁸⁵ resulting in a fairly ample body of case law purporting to interpret fashion-related precedent.⁸⁶ Indeed, almost immediately after the presumptive copyrightability of jewelry designs and fabric patterns was recognized in the 1950s, that case law was in turn invoked in “novelty item” cases,⁸⁷ which would soon blur with “human figure” and “wearable costume” cases—often linked through courts’ approaches to questions of subject matter-eligibility, the “originality” requirement, and/or the idea/expression distinction. The last of these has featured especially prominently in decisions over the availability and enforceability of copyright protection for costume designs, probably because of their frequently representational nature.

But whereas fabric-pattern, focal-image, and jewelry-design cases have generally been adjudicated under doctrinal frameworks developed in relative isolation from statutory language, costume-related decisions have just as often invoked the language of the 1976 Copyright Act as pre-1976 *Mazer*-inspired case law. Costume-specific judicial decisions are arguably unique in reflecting hybrid approaches, in which earlier “novelty

⁸⁵ See *Funrise Canada (HK) Ltd. v. Zauder Bros., Inc.*, 99-CV-1519(ARR), 1999 WL 1021810, at *4 (E.D.N.Y. Jul. 8, 1999) (“According to [the declaration of named defendant Brian] Blatherwick, Funrise, like other companies in the Halloween product business, routinely engages in ‘parallel development,’ copying other companies’ successful products and modifying them to lower production expenses. . . . Blatherwick contends that modifications made to competitors’ products are ‘rarely large.’”).

⁸⁶ See, e.g., *Beaudin v. Ben and Jerry’s Homemade, Inc.*, 95 F.3d 1, 2 (2d Cir. 1996).

⁸⁷ See, e.g., *Royalty Designs, Inc. v. Thrifticheck Service Corp.*, 204 F.Supp. 702, 704 (S.D.N.Y. 1962) (“[I]f the notice of copyright on the metal disc at the bottom of [plaintiff Royalty’s ‘Boxer and Cocker Spaniel dog toy banks’] is properly affixed Royalty is entitled to a preliminary injunction The method of affixing the notice amply satisfies the requirements of 17 U.S.C. §§ 10 and 19.”) (citing, *inter alia*, *Peter Pan Fabrics v. Martin Weiner Corp.*, 274 F.2d 487 (2d Cir. 1960); *Boucher v. Du Boyes*, 253 F.2d 948 (2d Cir. 1958); *Scarves by Vera v. United Merchants and Manufacturers*, 173 F.Supp. 625 (S.D.N.Y. 1959); *Trifari, Krussman & Fishel v. Charel Co.*, 134 F. Supp. 551 (S.D.N.Y. 1955)).

item” precedent interacts heavily with, informs, and/or is deemed superseded by the 1976 Copyright Act and administrative guidance provided thereunder.⁸⁸

The shifting treatment of these issues over time, much more so than in the fabric-pattern and jewelry-design contexts, reflects the rise in judicial rhetoric about the risks of overlapping intellectual property protection—an arguably unsurprising development at a time when the post-*Mazer* expansion of copyright-eligibility principles coincided with the expansion of trade-dress protection and the resurrection of design-patent protection.⁸⁹

The explicit linking of the idea-expression distinction and competition-related considerations stemming from IP overlap can be observed in the reasoning of a New York district court in its 1999 decision in *Funrise Canada v. Zauder Bros., Inc.*:

Unlike patent law, copyright law does not authorize a plaintiff to claim ownership over ideas. According to the U.S. Supreme Court, copyright “protection is given only to the expression of the idea—not the idea itself.” *Mazer v. Stein*, 347 U.S. 201, 217 (1953). Consequently, to prevail upon a copyright claim, “the plaintiff must show that the defendant appropriated the plaintiff’s particular means of expressing an idea, not merely that he expressed the same idea.” *Fisher–Price, Inc. v. Well–Made Toy Mfg. Corp.*, 25 F.3d 119, 123 (2d Cir.1994). Clear precedent thus prevents this court from finding that

⁸⁸ The “hybridity” of such cases is compounded by the dynamic noted throughout this series, in which certain tropes of reasoning and rhetoric have the practical effect of limiting the eligibility and/or enforcement of copyright for even presumptively protectable fashion-related works—often without any explicit acknowledgment by the court applying the particular rearrangement of principles that suit it. This phenomenon, discussed in *On ‘Originality,’* will be further explored in *On ‘Useful Articles.’* For a handful of costume and novelty-item cases displaying such variation, see *Entertainment Research Group, Inc. v. Genesis Creative Group, Inc.*, 122 F.3d 1211, 1221 (9th Cir. 1997), *cert. denied*, 523 U.S. 1021 (1998) (denying copyright protection to “derivative walkaround costume figures” based on finding insufficient originality); *Winfield Collection, Ltd. v. Gemmy Indus., Corp.*, 147 Fed. App’x 547, 550-51 (6th Cir. 2005) (“In limiting protection to the design, the district court cited several cases involving clothing, in which courts refused to accord copyright protection to the actual articles of clothing [The lower court erred in doing so because] Winfield’s witch is . . . a purely ‘ornamental design.’ It is art, plain and simple; like a painting or a sculpture, its only function lies in being pleasing to the eye. Therefore, the reasoning behind the clothing and architecture cases clearly does not apply. The parties do not direct us to any cases where patterns or drawings instruct the creation of purely ornamental objects.”); *Entertainment Research Group, Inc. v. Genesis Creative Group, Inc.*, 853 F. Supp. 319, 322 (N.D. Cal. 1994) (“[T]his court finds that any aspect of a ‘sculptural work’ which is driven primarily by a functional, utilitarian or mechanical consideration will not merit copyright protection. Any differences in appearance between a derivative work and the preexisting work which are driven primarily by a functional, utilitarian or mechanical purpose cannot be considered when seeking artistic differences for the purpose of originality.”).

⁸⁹ See Colman, *supra* note 4, at 42-44.

the plaintiff holds copyright ownership over the idea of a costume mimicking the uniform of an emergency worker.⁹⁰

Similar rationales, not explicitly framed in patent-law terms but nevertheless drawing on patent law-like intuitions about the (in)adequacy of distance between a costume-like work and the relevant “prior art” (as idiosyncratically determined by the presiding judge(s))—can be noted in many judicial opinions concerning wearable novelty items. In the 1985 case of *Past Pluto Prods. v. Dana*, for example, a judge in the Southern District of New York invoked the idea/expression distinction in declining to recognize copyright protection for plaintiff’s Statue of Liberty-inspired foam hats; the hats differed from the actual Statue of Liberty in certain respects deemed too minor to warrant the recognition of rights in the creation.⁹¹ Similarly, in *Beaudin v. Ben & Jerry’s Homemade*, the Second Circuit found that the idea/expression distinction precluded the possibility of enforcing a registered copyright in the design of a white hats with black spots, intended to evoke the appearance of Holstein cows:

The District Court correctly applied basic copyright principles in concluding that no triable issue was raised by Beaudin’s claim that his “artwork on hats” copyright was infringed by Ben & Jerry’s cow hats. The idea of placing Holstein-like black splotches on a white background is not the subject of the copyright, which protects only Beaudin’s expression of this idea. *See Folio Impressions, Inc. v. Byer California*, 937 F.2d 759, 765 (2d Cir. 1991); *Herbert Rosenthal Jewelry Corp. v. Honora Jewelry Co.*, 509 F.2d 64, 65 (2d Cir. 1974). Indeed, it is doubtful whether taking a pattern that appears in nature and rendering it in a variety of minute variations that inevitably result from hand-painting satisfies even the minimal originality requirement of copyright. Protecting Beaudin’s particular renderings of black splotches on a white background against identical copying would run the risk of infringement liability for anyone else who happened to see one of his hand-painted articles and, despite having no intent to replicate, in fact created a fabric design that was indistinguishable from the Beaudin “original.”⁹²

⁹⁰ 99-CV-1519(ARR), 1999 WL 1021810, at *9 (E.D.N.Y. Jul. 8, 1999). It is potentially illuminating to compare *Funrise* with a 1962 decision in which concerns about the public domain had yielded to concerns about unfair business practices. *See Sunset House Distributing v. Doran*, 304 F.2d 251, 252 (9th Cir. 1962) (“No court can properly enjoin parties from the whole field of manufacturing [life-size figures of] Santa Claus. But defendants’ trouble is that their Santa Claus was just a lazy copy of the Doran Santa Claus. There was some slight variation in design which was made by the defendants, but not much.”). *But see* *Entertainment Research Group, Inc. v. Genesis Creative Group, Inc.*, 122 F.3d 1211, 1219-29 (9th Cir. 1997) (casting doubt on scope and continuing force of *Doran*).

⁹¹ 627 F. Supp. 1435 (S.D.N.Y. 1985).

⁹² 95 F.3d 1, 2 (2d Cir. 1996).

An instructive point of comparison to *Beaudin* is the earlier case of *Animal Fair, Inc. v. AMFESCO Industries, Inc.*, where a judge in the District of Minnesota found that a bear-shaped slipper intended to be worn at home was copyrightable, as it was not a “realistic representations of a bear’s paw.”⁹³ There, in contrast to *Beaudin*, the court opined that the “plaintiff [sought] only to protect what may be properly copyrighted under the law: the particular artistic expression embodied in its novelty slipper.”⁹⁴

It seems likely that the (non-)existence of a fashion *convention* of placing animal prints on articles of clothing, as opposed to making slippers in the shape of animal paws—influenced each court’s impressions of the (non-)monopolistic character of the respective plaintiffs’ assertions of rights. Another influential consideration for the presiding judges might have been an unstated—and perhaps not consciously recognized—assumption about the existence and legal significance of a distinction between “content” and “context”; such ideas have been interrogated by cultural and art theorists in postmodernist discourse, but received little or no substantive discussion in judicial decisions typically built on modernist foundations. In some cases, the perceived (non-)“functionality” of the costumes in question played a prominent role in judges’ proffered reasoning.⁹⁵ In the 1988 case of *National Theme Productions. v. Jerry B. Beck*,

⁹³ 620 F. Supp. 175, 187 (D. Minn. 1985), *aff’d*, 794 F.2d 678 (8th Cir. 1986).

⁹⁴ *Id.*

⁹⁵ *See, e.g.*, *Wildlife Exp. Corp. v. Carol Wright Sales, Inc.*, 18 F.3d 502, 507 n.3 (1994) (“The parties in this case distinguish between the duffle bag itself, which is a ‘useful article,’ and the animal head and tail attached to the ends of the bag, which are artistic designs entitled to copyright protection. *See* 17 U.S.C. § 102(a)(5). Under the Act, an artistic work such as a drawing which is ‘multiplied by the arts of printing in any of its branches’ is copyrightable by its ‘originator’ or ‘maker.’ . . . However, the Act requires that a distinction be drawn between artistic expressions such as fabric designs, which are worthy of copyright expression, *see, e.g.*, *Millworth Converting Corp. v. Slifka*, 276 F.2d 443, 444–45 (2d Cir. 1960) (Friendly, J.); *Peter Pan Fabrics, Inc. v. Martin Weiner Corp.*, 274 F.2d 487, 489 (2d Cir. 1960) (Hand, J.), and ‘useful articles’ such as dress designs, which are not usually the subject of copyrights. *See Whimsicality, Inc. v. Rubie’s*

Inc., a California district court judge ruled that the law presented no obstacle to copyrightability for a plaintiff's tiger costume that had been "devised [and] marketed by NTP as a novelty item intended as a wearable toy to be placed over a leotard or other adequate body covering solely for masquerade purposes."⁹⁶ Of particular importance to the *National Theme* court was the fact that the costume could not "be worn without a separate body covering underneath as it is too narrow to cover a woman's chest and contains no sides or bottom."⁹⁷ The item's artistic features thus did not "advance their utilitarian purpose as clothing or accessories," such that "they should be afforded protection as applied art under the copyright law."⁹⁸

The potential analytical thorniness of looking to "functionality" as a dispositive criterion for the copyrightability for costumes was highlighted the following year in *Whimsicality, Inc. v. Rubie's Costumes Co.*,⁹⁹ when a New York district court judge rejected the *National Theme* rationale based on its finding that a costume's facilitation of "masquerading" was itself a "utilitarian" purpose that precluded the recognition or enforcement of copyright:

[T]his Court must reject the analysis in *National Theme Productions, Inc. v. Jerry B. Beck, Inc.*, 696 F. Supp. 1348 (S.D. Cal. 1988). Beginning with the same general principles discussed in this opinion, the *National Theme* court reasoned that the utilitarian purpose of the Halloween costumes at issue was simply to clothe; accordingly, it quite easily concluded that the costumes were copyrightable because the artistic elements in the costumes 'simply do not advance their utilitarian purpose as clothing or accessories,' 696 F. Supp. at 1354, and that 'the costumes were not . . . designed to optimize their function as clothing.' *Id.* at 1353. In this Court's view, the *National Theme* court's conceptual separability analysis is flawed because the court failed to assess the artistic elements in light of the costumes' purpose as masquerade clothing. Indeed, logically applied, *National Theme* would extend copyright protection and monopoly status to the high

Costume Co., 891 F.2d 452, 455 (2d Cir. 1989); see also *Folio Impressions*, 937 F.2d at 763 (stating this distinction.) (internal citations omitted).

⁹⁶ 696 F. Supp. 1348, 1350 (S.D. Cal. 1988).

⁹⁷ *Id.*

⁹⁸ *Id.* at 1354 (citing as analogous plaintiff's bear-shaped slippers in *Animal Fair*, 620 F. Supp. 175, and animal-shaped children's backpacks at issue in *Act Young Imports, Inc. v. B and E Sales Co.*, 673 F. Supp. 672 (S.D.N.Y. 1987), both found to be copyrightable).

⁹⁹ 721 F. Supp. 1566 (E.D.N.Y. 1989).

fashion designs of the garment industry, contrary to well established case law, Copyright Office and historical precedent.¹⁰⁰

The District Court’s reasoning on this point was not addressed on the plaintiff’s appeal to the Second Circuit—whose manner of reaching a ruling for the defendant was characterized by an apparent lack of good-faith efforts to apply then-existing precedent.¹⁰¹

The following year, the Third Circuit in turn rejected the New York court’s reasoning in its decision in *Masquerade Novelty v. Unique Industries*:¹⁰²

We believe the district court erred in considering nose masks as “useful articles” for purposes of § 101 [of the Copyright Act of 1976], and in therefore proceeding to conclude that they were not entitled to copyright protection because their utility could not be separated from their sculptural elements. This error, and the error of Unique’s position, flows from regarding as a utilitarian function the effect, humor, produced by the only utility the nose masks have, which is in their portrayal of animal noses. *Unlike a design incorporated in a belt . . . , which holds up the wearer’s pants, or even a costume, which may serve, aside from its appearance, to clothe the wearer, nose masks have no utility that does not derive from their appearance.*

¹⁰⁰ *Id.* at 1575.

¹⁰¹ The Second Circuit in *Whimsicality* did not reach the question of copyrightability that had proved dispositive for the District Court. *See generally* 891 F.2d 452 (2d Cir. 1989). Instead, the panel ruled—in an almost shocking episode of judicial overreach—that (1) the designer plaintiff could not take advantage of copyright protection where it had obtained its registrations through “deception” of the Copyright Office (relying on the most tenuous “evidence” in support of this finding); and (2) in light of this “deception,” the defendant was entitled to an award of attorneys’ fees. *Id.* at 454-57. *But see* *JBj Fabrics, Inc. v. Brylane, Inc.*, 714 F. Supp. 107, 109 (S.D.N.Y. 1989) (“The fact that the design was not registered as a derivative work does not automatically invalidate plaintiff’s registration. *See L. Batlin & Son, Inc. v. Snyder*, 536 F.2d 486, 490 n.2 (2d Cir.1976) (*en banc*) (mere error in classification insufficient to invalidate registration). If, of course, plaintiff deliberately falsified its registration that registration would indeed be invalid However, whether plaintiff had the requisite scienter for a finding of fraud is a factual issue which cannot be resolved on this motion for summary judgment.”). Given the divergence between the actual doctrinal landscape at the time of the *Whimsicality* appeal and the Second Circuit’s near-complete disregard thereof, one is led to wonder if the appellate court’s ruling represents another instance of what is termed “ruling by reputation,” where courts determine the “appropriate” orientation of the reputation proxy primarily through an assessment of prestige, profits, and market share. *See Whimsicality*, 891 F.2d at 454 (observing, for reasons not elaborated upon, that defendant’s annual sales volume was more than twenty times that of plaintiff’s); *cf. supra* note 84 (examining decision giving “near-clean sweep” to major high-end jewelry companies and positing outcome to be result of judicial perceptions of prestige). The *Whimsicality* saga continued as the copyright-for-costume landscape evolved. *See generally* 836 F. Supp. 112 (E.D.N.Y. 1993) (finding after remand from Second Circuit that plaintiff filed motion to vacate judgment, in response to which district court held that an affidavit from a Copyright Office administrator constituted newly discovered evidence showing that, contrary to the 1989 dictates of the Second Circuit, plaintiff’s registrations were enforceable, and defendant was not entitled to an award of attorney’s fees).

¹⁰² 912 F.2d 663 (3d Cir. 1990).

That nose masks are meant to be worn by humans to evoke laughter does not distinguish them from clearly copyrightable works of art like paintings. When worn by a human being, a nose mask may evoke chuckles and guffaws from onlookers. When hung on a wall, a painting may evoke a myriad of human emotions, but we would not say that the painting is not copyrightable because its artistic elements could not be separated from the emotional effect its creator hoped it would have on persons viewing it. The utilitarian nature of an animal nose mask or a painting of the crucifixion of Jesus Christ inheres solely in its appearance, regardless of the fact that the nose mask’s appearance is intended to evoke mirth and the painting’s appearance a feeling of religious reverence. Thus, Masquerade’s nose masks are not “useful articles” for purposes of 17 U.S.C. § 101, and are copyrightable as sculptural works. 17 U.S.C. § 102(a)(5).

Our conclusion in this regard is supported by the case of *Gay Toys, Inc. v. Buddy L Corp.*, 703 F.2d 970 (6th Cir.1983), in which the copyrightability of a toy airplane was disputed. The district court had concluded that the airplane was not copyrightable because toys are useful articles since they permit a child to dream and to let his or her imagination soar.¹⁰³

The decisions in *Beaudin* and *Animal Fair*, mentioned above, arguably illustrate tacit methods of evaluating cognizable creativity in wearable designs; in a similar vein, the *National Theme-Whimsicality-Masquerade Novelty* trio places into high relief the dramatically undertheorized meaning of “utilitarian” in the area of copyright-for-fashion. The latter issue has been sporadically addressed—and will likely receive attention from the Supreme Court in its 2016-2017 term—in decisions outside the costume context, in a line of cases examined in my forthcoming installment *On ‘Useful Articles.’*

Uniformity on the question of the copyrightability of costumes, specifically, was the aim of a 1991 Copyright Office Policy Decision, *Registrability of Costume Designs*.¹⁰⁴ The Decision reviewed the fractured case law that had resulted from the Office’s registration of what it called “a few narrowly drawn claims in certain three-dimensional fanciful or animal-shaped items that can be worn,” and attempted to outline

¹⁰³ *Id.* at 670-71 (emphasis added). The importance of themes addressed in this excerpt to a nuanced analysis of “separability” outside the realm of costumes and related objects is discussed in the next installment, *On ‘Useful Articles.’*

¹⁰⁴ United States Copyright Office, 56 Fed. Reg. 56530 (1991).

a framework intended to ameliorate the widespread “uncertainty regarding the registrability of masks and costume designs.”¹⁰⁵

The Policy Decision made clear that the Copyright Office interpreted the legislative history of the 1976 Act as endorsing the principle that “clothing cannot be protected by copyright merely on the ground that the appearance of the useful article is determined by aesthetic considerations.”¹⁰⁶ The document then outlined the approach the Office would take in the future, which was essentially an attempted synthesis of the court decisions excerpted above. While perhaps the most pragmatic approach for an agency whose conventional policymaking authority is quite minimal, it is worth considering whether it is productive for the Copyright Office to interpret statutory language in this quasi-accommodationist manner—particularly when some courts will in turn premise their rulings on the Office’s purported “views.” This counterproductive dynamic is arguably emblematic of a more general lack of coherency and/or clarity concerning the relationship between the Copyright Office and the courts.

According to the Copyright Office, even “fanciful” costumes should be treated no differently from other “useful articles”:

For purposes of copyright registration, fanciful costumes will be treated as [copyright-ineligible] useful articles. Costumes serve a dual purpose of clothing the body and portraying their appearance. Since clothing the body serves as a useful function, costumes fall within the literal definition of useful article. In addition, the case law consistently treats costumes as useful articles, and a Copyright Office decision to differ substantially from these court decisions would appear difficult to justify.

In accordance with the copyright principles applying to useful articles, fanciful costumes will be registered if they contain separable pictorial or sculptural authorship. The separable authorship may be physically separable, meaning that the work of art can be physically removed from the costume, or conceptually separable, meaning that the

¹⁰⁵ *Id.*

¹⁰⁶ *Id.* This acknowledgment would appear to echo and/or assuage concerns about what some have called “copyright bleed,” of the sort voiced by the district court judge in the above-excerpted 1989 *Whimsicality* decision.

pictorial or sculptural work is independently recognizable and capable of existence apart from the overall utilitarian shape of the useful article.¹⁰⁷

The Copyright Office concluded its discussion by noting that “apparel” would receive no copyright protection beyond that already recognized in the case law: “[G]arment designs (excluding separately identifiable pictorial representations of designs impose upon the garment) will not be registered even if they contain ornamental features, or are intended to be used as historical or period dress.”¹⁰⁸

Some judicial decisions on costumes and similar material in the years following the 1991 Policy Decision contained attempts at formalizing a sort of spectrum of protectability for “fanciful” objects worn on the body.¹⁰⁹ On balance, however, the 1991 Policy Decision seems not to have resulted in any real consensus, or even shared understanding of the relevant legal issues, among courts adjudicating costume-related cases—as acknowledged by an Indiana district court judge’s 2002 decision in *Celebration International, Inc. v. Chosun International, Inc.*:¹¹⁰

There is some dispute about whether costumes are protected by copyright at all. The Copyright Act (the “Act”) protects pictorial, graphic, and sculptural works. 17 U.S.C. § 102(a)(5). This is why Celebration referred to its tiger costume as “sculpture” in its application to the Copyright Office. The Act defines useful articles as “an article having intrinsic utilitarian function that is not merely to portray the appearance of the article or to convey information,” 17 U.S.C. § 101, and “[c]opyright in the design of a useful article may be claimed ‘only if, and only to the extent that, such design incorporates pictorial, graphic, or sculptural features that can be identified separately from, and are capable of existing independently of, the utilitarian aspects of the article.’” MELVILLE B. NIMMER AND DAVID NIMMER, 1 NIMMER ON COPYRIGHT, § 2.08[H][3] (quoting 17 U.S.C. § 101 (the “separability rule”). Costumes, like clothing garments, clearly have a utilitarian

¹⁰⁷ *Id.*

¹⁰⁸ *Id.*

¹⁰⁹ In *Wildlife Express Corp. v. Carol Wright Sales, Inc.*, 18 F.3d 502, 507 n.3 (7th Cir. 1994), for example, the Seventh Circuit recognized the availability of copyright protection for a duffel bag designer’s embellishment of stuffed “animal heads and tails themselves, and for the way they are placed on the duffel bags,” noting that as expressions become more particularized, the area of protection becomes greater. The general concept embodied in this notion arguably reflects—albeit at a high level of abstraction—impulses that have informed trademark law’s use of a graded spectrum used to determine the level of trademarks’ “inherent distinctiveness.” Trademark law’s framework also places “fanciful” marks on the favored end of the scale. Readers should not infer from the similar terminology, however, that case law in one area has been used by courts to inform doctrinal analysis the other, despite the conceptual kinship between them.

¹¹⁰ 234 F. Supp. 2d 905 (S.D. Ind. 2002).

aspect because they cover the wearer’s body and protect the wearer from the elements. Thus, because the language of 17 U.S.C. 101 only requires a work to have an intrinsic utilitarian function, this clothing function suffices to qualify the costumes as useful articles for purposes of the Act. See PAUL GOLDSTEIN, 1 COPYRIGHT, § 2.5.3 at 2:62 (2002).¹¹¹

That the courts by the 1990s no longer gave Copyright Office decisions to register the persuasive force they once claimed to¹¹² might help to explain why the Office’s expertise and intervention have only sporadically and marginally driven judicial analyses in this area.

In part because of the courts’ selective and variable treatment of Copyright Office guidance, the legal landscape for costumes and similar items over the past fifteen years has been little more than a hodgepodge of doctrinal cherry-picking alongside occasionally bewildering treatment of costume-related copyrightability as an issue of pseudo-first impression:

- ***Entertainment Research Group, Inc. v. Genesis Creative Group, Inc.***, 122 F.3d 1211, 1221 (9th Cir. 1997)

Although the category of costumes has rarely been dealt with in the copyright context, it seems clear that for copyright purposes, costumes would fall under the category of "pictorial, graphic and sculptural works" and would be treated as sculptural works. See 17 U.S.C. § § 101, 103. This fact is critical to our determination, as Section 101 of the

¹¹¹ *Id.* at 912 (citations omitted). For an in-depth discussion of the “separability” test, see *On ‘Useful Articles,’* the next installment in this five-article series.

¹¹² See, e.g., *Masquerade Novelty*, 912 F.2d at 669 n.7 (“In cases like this where the only issue is the copyrightability of a particular article that it is incontestably original, the § 410(c) presumption is of little real force. This is so in this case. Absent an indication from the Copyright Office as to why it registered the nose masks, or the existence of a controlling administrative regulation or interpretation of 17 U.S.C. § 101, the only deference we can give to the Copyright Office’s expertise in questions of copyright law, *Norris Industries v. Internat’l Telephone & Telegraph Corp.*, 696 F.2d 918, 922 (11th Cir. 1983) (the Copyright Office’s expertise in interpreting the copyright laws and applying them to the facts of copyright applications should be given deference), and the only meaning we can give to § 410(c) is to place the burden on Unique to show that the articles are not copyrightable. See *Carol Barnhart, Inc. v. Economy Cover Corp.*, 773 F.2d 411, 414 (2d Cir. 1985) (where the only question is whether certain articles are copyrightable, the court is in as good a position as the Copyright Office to consider this question).”). This 1990 passage, viewed against costume-related case law post-dating the Office’s 1991 Policy Decision, suggests that courts have sometimes cited a lack of Copyright Office guidance only to disregard or manipulate the guidance provided. It would seem such judicial lamentations about a lack of “guidance” or “clarity” (in which the blame is implicitly attributed to third parties or even certain types of works) might—as will be discussed in detail in *On ‘Useful Articles’*—be best understood as a means of misdirection than as the genuine expression of a request for assistance or “certainty.”

Copyright Act states that sculptural works of artistic craftsmanship receive copyright protection only

insofar as their form but not their mechanical or utilitarian aspects are concerned; the design of a useful article [ordinarily not copyrightable] . . . shall be considered a pictorial, graphic, or sculptural work only if, and only to the extent that, such design incorporates pictorial, graphic, or sculptural features that can be identified separately from, and are capable of existing independently of, the utilitarian aspects of the article.

17 U.S.C. § 101.

Accordingly, any aspects of ERG's costumes that are purely functional, utilitarian or mechanical, will not be given any copyright protection. *Id.*; see also *Fabrica Inc. v. El Dorado Corp.*, 697 F.2d 890, 893 (9th Cir.1983). Moreover, any artistic aspects of ERG's costumes will also not receive copyright protection unless they can be identified separately from, and are capable of existing independently of, the utilitarian purpose of the costumes. 17 U.S.C. § 101; see also *Fabrica*, 697 F.2d at 893.

- ***Whimsicality, Inc. v. Battat***, 27 F.Supp.2d 456, 463 (S.D.N.Y. 1998)

The costumes at issue (including the costumes that Whimsicality wants to add) are “useful articles” as that term is defined by 17 U.S.C. § 101, and as that term is understood for copyright purposes. *Rubie’s I*, 721 F.Supp. at 1571–73. Indeed, the purpose of Whimsicality’s entire line of costumes is to enable the wearer of them to masquerade—to pretend to be a frog, turtle, lion, shark, or butterfly. A “useful article” may be copyrightable, but only to the extent that the article “incorporates pictorial, graphic or sculptural features that can be identified separately from, and are capable of existing independently of, the utilitarian aspects of the article.” 17 U.S.C. § 101; see also 17 U.S.C. § 102(a)(5); *Rubie’s I*, 721 F.Supp. at 1571–73. On the record before me, Whimsicality’s costumes do not meet this standard, and no reasonable juror could conclude otherwise.

Because the purpose of Whimsicality’s line of costumes is to enable the wearer to masquerade, the “artistic” elements of the costumes—including elaborate headpieces, masks, facial details, attractive color combinations, special fabrics and prints—are not separable on these facts from the costumes’ utilitarian aspects. *Rubie’s I*, 721 F.Supp. at 1574, 1574 n. 8. Thus, as Judge Dearie held in *Rubie’s I*, Whimsicality’s costumes are not copyrightable despite the fact that Whimsicality has obtained copyright registrations for them from the Copyright Office. *Id.* at 1573–76; *Fonar*, 105 F.3d at 104 (presumption of validity of copyright registrations “can be overcome by evidence that the work was a non-copyrightable utilitarian article”) (citation omitted).

Thus, some courts have simply parroted earlier pronouncements about the “utilitarian” aspects of “masquerade.” They have emphatically failed to take seriously the relevant administrative and statutory language—and, just as importantly, the ways in

which worn objects actually *work* on artistic and semiotic levels¹¹³—to make cogent rulings on arguably separable, and thus potentially copyrightable, components of costumes and apparel not “grandfathered in” by court rulings pre-dating the last gasps of candid and principled jurisprudence in this area.

IV. Conclusion to *On Mazer Separability*

This installment of *The History and Principles of American Copyright Protection for Fashion Design* has provided a general overview of themes, trajectories, and contradictions in the “doctrine” concerning the (formally recognized and practically limited) copyrightability of fabric patterns, focal images placed on otherwise non-copyrightable items, works of jewelry design, and costume elements, as this doctrinal landscape developed after the Supreme Court’s 1954 decision in *Mazer v. Stein*. The copyrightability of fashion-related subject matter not falling into or readily analogized to the material in these categories has typically been adjudicated, since 1978, through the lens of 17 U.S.C. § 101’s “useful article” language, examined in the next installment of this series. To convey the substantial, if incomplete, bifurcation of these two areas of law, I have separated the above discussion of what I have called “*Mazer* separability” from what I will later call “§ 101 separability.”

As noted in this installment, some courts’ rulings on *Mazer* separability and the practical consequences thereof seem to hinge more on judges’ apparent sense of whether

¹¹³ See generally Efrat Tseelon, *From Fashion to Masquerade: Towards an Ungendered Paradigm*, in *BODY DRESSING* 103 (Joanne Entwistle & Elizabeth Wilson, eds., 2001). However, decisions in which courts have found “masquerade” to be a “function” of costumes precluding their copyrightability have neither explored this idea in a thoughtful way nor persuaded the majority of courts. See, e.g., *Whimsicality* 27 F. Supp. 2d at 463 (S.D.N.Y. 1988) (“Because the purpose of Whimsicality’s line of costumes is to enable the wearer to masquerade, the ‘artistic’ elements of the costumes—including elaborate headpieces, masks, facial details, attractive color combinations, special fabrics and prints—are not separable on these facts from the costumes’ utilitarian aspects.”).

a plaintiff’s motivation in filing suit, or the nature of the market effects deemed likely to follow from granting relief to that plaintiff, might be anticompetitive. But arguably less “principled” considerations that recur in the copyright case law discussed above include courts’ (sometimes tacit and often un(der)informed) perceptions of the complexity of the works at issue; the reputation, prestige, history, and litigation tactics of the parties; and factors stemming from broader cultural and political circumstances to be discussed in detail later in this series. For now, it is sufficient to note the important dynamic of judicial dissatisfaction with the doctrinal repercussions of *Mazer v. Stein*, which can be observed starting as early as the mid-1960s, in some of the fabric-pattern cases excerpted above. By the 1970s (when the Second and Ninth Circuit invoked the idea-expression distinction to effectively deny copyright to animal-shaped jewelry pins), judicial and scholarly commentary decrying the extension of copyright to “trivial” objects had grown louder.¹¹⁴

After the 1976 Copyright Act went into effect on January 1, 1978, courts confronted with questions about the copyrightability of components of wearable material not “grandfathered in” under earlier case law would interpret newly operative statutory language on “useful articles” and “separability” in very different ways.¹¹⁵ Some courts

¹¹⁴ See, e.g., *Monogram Models, Inc. v. Industro Motive Corp.*, 448 F.2d 284, 277-78 (6th Cir. 1971) (“It is a legitimate question as to how certain of the classifications, such as photographs, motion pictures and ‘Works of art; models or designs for works of art’ can be reconciled as ‘writings of an author.’ However, courts have held, either by assuming *sub silentio* or through the use of a legal fiction, that the phrase ‘writings of an author’ is not to be literally construed so as to restrict the scope of copyrightable subject matter. Thus, there has been upheld copyright protection on ‘writings of an author’ [very] far removed from a literal definition of ‘writings’ and ‘author’”). The court asserted that the “list goes on and on,” and that this showed that—at least as of 1971 (though the statement was false in both formalistic and substantive respects even then)—“practically anything novel can be copyrighted’ . . . so long as it is ‘original’”) (citing *Dan Kasoff, Inc. v. Novelty Jewelry Company*, 309 F.2d 745, 746 (2nd Cir. 1962) and *Mazer v. Stein*, 347 U.S. 201, 214 (1953), respectively).

¹¹⁵ See *Varsity Brands, Inc. v. Star Athletica, LLC*, 799 F.3d 468 (6th Cir. 2015) (reviewing courts’ and commentators approaches to the question of “conceptual separability”). As with the *Mazer v. Stein* opinion that served as a doctrinal catalyst for expanded judicial recognition of the copyrightability of fashion-related items, the judicial decisions under the 1976 Copyright Act—which increasingly closed the door to fashion-related works not already deemed copyrightable—can only be meaningfully understood against a

crafted tests that appeared to contemplate the possibility of meaningful extensions of copyright protection to new artistic features of fashion design in the future. Even the courts responsible for articulating those tests, however, would rarely remain faithful to them over the years. Increasingly strained readings of the language of the 1976 Copyright Act and occasional judicial legerdemain had, by 2015, largely foreclosed the possibility of copyright protection for types of fashion-related works ineligible for protection under a “*Mazer* separability” theory.¹¹⁶ It came as a pleasant surprise when, in April 2016, the Supreme Court agreed—perhaps as part of a broader effort to avoid higher-profile political controversies until the late Justice Scalia’s seat was filled—to weigh in on the issue of separability for aesthetic components of wearable articles in *Star Athletica v. Varsity Brands*.¹¹⁷ The next installment of this series, *On ‘Useful Articles,’* will examine the federal courts’ divergent, often tautological applications of the relevant provisions from the 1976 Copyright Act to fashion-related works, and will conclude by parsing the Supreme Court’s anticipated ruling in *Star Athletica*. This author, for one, fervently hopes that the Court displays in *Star Athletica* a less flippant and more reflective approach to the issues arising in this complex corner of the law than one finds in so many judicial decisions issued to date—even as the Court keeps in mind the very real anticompetitive effects that broad copyrightability of fashion designs can yield.

complex backdrop of cultural, economic, geopolitical, and institutional circumstances, to be explored in Part 5 of this series, *The Politics of ‘Piracy.’*

¹¹⁶ See *id.* (reviewing myriad approaches to “conceptual separability” employed by other courts and purporting to craft a unique approach for the Sixth Circuit, but ultimately resolving appeal concerning cheerleader uniform “zigzag” designs through decidedly facile analogy to fabric patterns).

¹¹⁷ 15-866 (U.S. May 2, 2016).

**Going to Bat for the “Baseball Rule”:
*Atlanta National League Baseball Club, Inc. v. F.F. et al.***

*Benjamin Trachman**

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“Judges are like umpires. Umpires don't make the rules; they apply them. The role of an umpire and a judge is critical. They make sure everybody plays by the rules.”¹ -
Chief Justice John Roberts

I. INTRODUCTION

On a summer day in August of 2010, M.F., a six-year-old girl, was struck by a foul ball while attending an Atlanta Braves game with her father.² She subsequently suffered a concussion and a skull fracture that resulted in brain injuries.³ At the time of the injury, she and her parents were sitting several rows behind the visiting team’s dugout.⁴ M.F.’s parent and guardian sought action against the Atlanta Braves and three

* J.D. Tulane University Law School, May 2016; B.A., University of Michigan, 2010. He would like to thank his parents, Emma, and Megan for their love and support. Ben would also like to acknowledge Professor Gabe Feldman for his guidance and assistance in reviewing this piece.

¹ *Confirmation Hearing on the Nomination of John G. Roberts, Jr. to be Chief Justice of the United States: Hearing Before the S. Comm. on the Judiciary*, 109th Cong. 55 (2005) (Statement of Judge John G. Roberts, Jr.).

² *Atlanta Nat. League Baseball Club, Inc. v. F.F.*, 328 Ga. App. 217, 217 (2014).

³ *Id.*

⁴ *Id.*

other defendants for negligence, asserting that the defendants failed to use ordinary care to keep attendees safe because they failed to install adequate protective netting.⁵

In the United States, baseball is the sport that has compiled the most case law regarding spectator injuries. The cases have established, among other things, the rule that if a spectator in the stands is struck by a foul ball, a home run ball, or even a bat that enters the stands as part of unintentional conduct that is incident to the game, recovery against the stadium is highly unlikely. At the Major-League level, the increasing physical strength of the players and the increasing speed of the game have led some commentators to question the longstanding traditional “Baseball Rule.”

Under the Baseball Rule, the legal obligation owed to spectators by landowners is limited to providing protection in the “zone of danger” behind home plate.⁶ In order to be considered adequate, there must be protective screening sufficient to accommodate the number of spectators who desire such protected seating during an average game.⁷ Once such protection is provided, the landowner has satisfied its legal duty. Accordingly, spectators who choose to watch the game outside the screened area behind home plate, behind the dugouts, or along the baselines, (i.e., the zone of danger) are deemed to have assumed the risk of serious injury from foul balls entering the spectator area.⁸ Within this framework, courts and some state legislatures have held it is not proper to impose liability on teams and venues when fans are injured. Even in cases where courts have

⁵ *Id.* at 218.

⁶ James C. Kozlowski, *Majority Baseball Rule Limits Spectator Liability*, Parks & Recreation, (May 2013), <http://www.parksandrecreation.org/2013/May/Majority-%E2%80%9CBaseball-Rule%E2%80%9D-Limits-Spectator-Liability/>.

⁷ *Id.*

⁸ *See* Wells v. Minneapolis Baseball & Athletic Ass'n, 122 Min. 327, 332 (1913) (“[I]f it had appeared clearly that plaintiff knew the dangers incurred by taking a seat in the open, it should be held that she assumed all risk of injury from balls thrown or batted in the game.”).

attempted to impose liability, state legislatures have pushed back to give more deference to leagues and venue operators.⁹ Several states including Colorado, New Jersey, Arizona, and Illinois have enshrined the rule in statute, sometimes in response to lobbying by ballpark owners.¹⁰ Traditionally, assumption of risk is an affirmative defense that precludes liability for ordinary negligence.¹¹ Assumption of risk is understood to be a voluntary encounter with a known danger, and as such, participants are deemed to have consented and, therefore, to have assumed the open and obvious risk inherent to an activity. With respect to baseball, this would include the possibility of being struck by baseballs while seated in the unprotected areas of baseball stadiums.¹²

As early as the 1930s, the courts have dealt with the topic of a fan's assumption of the risk at a baseball game. For example, in *Brisson v. Minneapolis Baseball & Athletic Ass'n*, the Supreme Court of Minnesota held that a spectator of reasonable intelligence but with limited experience with baseball was said to assume risks of the game.¹³ There, an adult bought a grandstand ticket, but the seats were filled when he arrived.¹⁴ He sat in temporary seats located outside the foul line behind third base, where he was injured by a

⁹ David Glovin, *Baseball Caught Looking as Fouls Injure 1,750 Fans a Year*, BLOOMBERG NEWS, Sep. 9, 2014, <http://www.bloomberg.com/news/articles/2014-09-09/baseball-caught-looking-as-fouls-injure-1-750-fans-a-year>.

¹⁰ *Id.* See Colo. Rev. Stat. Ann. § 13-21-120 (“Limiting the civil liability of those who own professional baseball teams and those who own stadiums where professional baseball games are played will help contain costs, keeping ticket prices more affordable.”).

¹¹ See Kozlowski, *supra* note 6.

¹² *Id.*

¹³ 185 Minn. 507, 509 (1932). See also *Brown v. San Francisco Ball Club*, 99 Cal. App. 2d 484, 488 (1950) (rejecting the contention that the spectator was not subject to the rule of assumption of the risk because “[a]lthough she had a limited experience with baseball, she was a mature person in possession of her faculties with nothing about her to set her apart from other spectators and require of her a lower standard of self-protection from obvious, inherent risks than that required of other spectators”).

¹⁴ *Brisson*, 185 Minn. at 507.

foul ball.¹⁵ He had attended ball games as a small boy, and as an adult he had recently seen at least one league game.¹⁶ The court reasoned that management could not be found negligent when it provided a choice between a screened-in or an open seat when the screen was deemed to be sufficient in extent and substance.¹⁷ The court did not believe that management must, in order to free itself from the charge of negligence, provide screened seats for all who may possibly apply thereof.¹⁸ Because the spectator was unable to secure a screened seat and consequently occupied one that was not protected, he assumed the risk of being struck by thrown or batted balls and was precluded from recovering damages.¹⁹

II. CASE SUMMARY

The relevant facts of M.F.'s case are not in dispute.²⁰ Prior to the 2010 baseball season, the Braves added netting to portions of both teams' dugouts in order to protect players from errant balls leaving the field of play.²¹ During the game in question, safety netting behind home plate protected 2,791 of the stadium's 49,856 seats but did not extend to the seats directly behind the dugouts.²² Records reveal that during that game, 488 unprotected seats remained unsold.²³ A Braves representative testified that M.F. and

¹⁵ *Id.*

¹⁶ *Id.* at 508.

¹⁷ *Id.*

¹⁸ *Id.*

¹⁹ *Id.* at 510.

²⁰ *F.F.*, 328 Ga. App. at 218.

²¹ *Id.*

²² *Id.*

²³ *Id.*

her family would have been free to move to unsold protected seats behind home plate as long as they paid a surcharge that would have been applied to the price of their tickets.²⁴

In answer to the negligence action, the Braves raised a defense arguing that their netting, which protected only the seats behind home plate, amounted to “ordinary care” for purposes of OCGA § 51-3-1.²⁵ This statute states that an owner is liable to invitees only if the owner fails to exercise ordinary care in keeping their premises safe.²⁶ Weeks later, the Braves filed a motion for summary judgment or dismissal based on the fact that they did not have a “duty as a matter of law to protect a spectator at a baseball game from being hit by a foul ball,” or in the alternative, that if such a duty did exist, it had to be limited to only those seats behind home plate.²⁷ They asserted that a sufficient number of those seats did in fact exist in order to accommodate the reasonable anticipation of requests by fans for protected seats.²⁸

The trial court denied the Braves’ motion to dismiss for failure to state a claim, and the motion for summary judgment.²⁹ It also denied the Braves’ subsequent move for certificate of immediate review.³⁰ Next, the Braves moved for a declaratory judgment as to the applicable standard of care.³¹ The trial court denied this motion as well, but granted a certificate of immediate review.³²

²⁴ *Id.*

²⁵ *Id.*

²⁶ Ga. Code Ann. § 51-3-1 (West).

²⁷ *F.F.*, 328 Ga. App. at 218 (internal quotations omitted).

²⁸ *Id.*

²⁹ *Id.*

³⁰ *Id.* at 218–19.

³¹ *Id.* at 219.

³² *Id.*

The Court of Appeals of Georgia granted the Braves' application for interlocutory review of the trial court's denial of their motion for declaratory judgment, affirmed the trial court's denial, and held that such relief was not appropriate at this stage of the proceedings.³³

III. HISTORICAL OVERVIEW OF THE BASEBALL RULE

By the late 1800s, the rules of baseball had evolved to the point that pitchers threw overhand, catchers wore masks and chest protectors, and the grandstand behind home plate became known as the "slaughter pen" because of the frequent injuries suffered by spectators watching the game from that area.³⁴ However, it was not until 1879 that the first professional team, the Providence Grays, installed a screen behind home plate for the express purpose of protecting spectators.³⁵

Baseball stadiums are only required under the Baseball Rule to screen the area behind home plate where flying objects are most likely to enter the stands and to ensure that spectator demands for protected seats are met in order to avoid liability. Stadiums must only protect the areas where the obvious yet unavoidable risk of injury is greatest. However, according to the Baseball Rule, ballparks have "no duty to warn spectators at a baseball game of the well-known possibility that a bat or ball might leave the field."³⁶ Courts that adopt the Baseball Rule seem to accept the idea that spectators at baseball games understand that it is possible that potentially hurtful objects may be propelled into the stands.

³³ *Id.* at 217.

³⁴ J. Gordon Hylton, *A Foul Ball in the Courtroom: The Baseball Spectator Injury as a Case of First Impression*, 38 TULSA L. REV. 485, 488 (2003).

³⁵ *Id.*

³⁶ *Benejam v. Detroit Tigers, Inc.*, 246 Mich. App 645, 647 (2001).

For example, the Iowa court in *Arnold v. City of Cedar Rapids* deemed it a well-established principle that the owner or operator of a ballpark fully discharges any obligation to protect spectators from thrown or hit balls by providing seating in a fully protected area.³⁷ Thus, the court continued, where, as was the case in *Arnold*, a spectator rejects the protected seating and opts instead for seating that is not, or is less, protected, the owner or operator is not liable.³⁸ The court added that cases in jurisdictions that have adopted comparative fault have come to the same conclusion.³⁹

Michigan's Court of Appeals has adopted a "limited duty" rule, which states that once the stadium owner has provided "adequately screened seats" for all those desiring them, the stadium owner has fulfilled its duty of care as a matter of law.⁴⁰ In a 2001 decision, *Benejam v. Detroit Tigers, Inc.*, the court held that a baseball stadium owner is not liable for injuries to spectators that result from projectiles leaving the field during play if safety screening has been provided behind home plate and there are a sufficient number of protected seats to meet ordinary demand.⁴¹ The court further found that the stadium owner had no duty to warn spectators of possible harm.⁴² In that case, a girl was seated near the playing field along the third base line.⁴³ She was behind the edge of the net located behind home plate when a broken bat curved around the edge of the net and

³⁷ 443 N.W.2d 332, 333 (Iowa 1989).

³⁸ *Id.* See *Neinstein v. Los Angeles Dodgers, Inc.*, 185 Cal. App. 3d 176, 181 (Ct. App. 1986) (holding that the Dodgers were not liable because to "permit plaintiff to recover under the circumstances here would force baseball stadium owners to do one of two things: place all spectator areas behind a protective screen thereby reducing the quality of everyone's view, and since players are often able to reach into the spectator area to catch foul balls, changing the very nature of the game itself; or continue the status quo and increase the price of tickets to cover the cost of compensating injured persons with the attendant result that persons of meager means might be 'priced out' of enjoying the great American pastime").

³⁹ *Benejam*, 246 Mich. App at 647

⁴⁰ *Id.* at 654.

⁴¹ *Id.* at 651-52.

⁴² *Id.* at 659.

⁴³ *Id.* at 647.

struck her.⁴⁴ The girl and her parents sued, claiming the net was not sufficiently long and that the warnings were insufficient.⁴⁵ The court analyzed similar cases across the nation and reasoned that “a stadium proprietor cannot be liable for spectator injuries if it has satisfied a “‘limited duty’—to erect a screen that will protect the most dangerous area of the spectator stands, behind home plate, and to provide a number of seats in this area sufficient to meet the ordinary demand for protected seats.”⁴⁶ The court concluded by stating that there is an inherent risk of objects leaving the playing field that people are aware of when they attend baseball games.⁴⁷

A Washington state case has elaborated on the "limited duty rule" by imposing two requirements on baseball stadium operators.⁴⁸ First, baseball stadium operators must provide a sufficient number of protected seats for those spectators that can be reasonably expected to want them.⁴⁹ Second, they must “provide protection for all spectators located in the most dangerous parts of the stadium,” which include the areas where fans have the highest risk of injury such as those seats directly behind home plate.⁵⁰ In this case, a spectator was injured by a foul ball while she was sitting in an unscreened seat during batting practice in which multiple batted balls were simultaneously in play.⁵¹ The court concluded that implied primary assumption of risk barred her negligence action since

⁴⁴ *Id.*

⁴⁵ *Id.* at 648.

⁴⁶ *Id.* at 649. *But see* S. Shore Baseball, LLC v. DeJesus, 11 N.E.3d 903, 904 (Ind. 2014) (The Supreme Court of Indiana found “stadiums and franchises by virtue of baseball’s status as our national pastime” should not be “entitled to a special limited-duty rule.” On the contrary, the court held the liability of an owner/operator of a baseball facility to an injured spectator should be determined by “our standard principles of premises liability.”).

⁴⁷ *Benejam*, 246 Mich. App at 651.

⁴⁸ *Reed-Jennings v. Baseball Club of Seattle, L.P.*, 188 Wash. App. 320, 327 (2015).

⁴⁹ *Id.* at 328.

⁵⁰ *Id.*

⁵¹ *Id.* at 332.

batting practice was an event necessarily incident to the game.⁵² The circumstances did not constitute unusual danger, and, most importantly, the spectator purposely attended the batting practice and was familiar with baseball since she used a social media site several days after her injury to “tweet” that she wanted a foul ball to land near her seat during batting practice.⁵³

The New York court in *Akins v. Glens Falls City School Dist.* took the position that in the exercise of reasonable care, the proprietor of a ballpark need only provide screening for the area of the field behind home plate where the danger of being struck by a ball is greatest.⁵⁴ Similar to the aforementioned Washington case, the court stated that the screening is sufficient to the extent that it provides adequate protection for as many spectators as may reasonably be expected to desire such seating in the course of an ordinary game.⁵⁵ The court said that to rule otherwise “would mean that every spectator injured by a foul ball, no matter where he is seated or standing in the ballpark, would have an absolute right to go to the jury on every claim of negligence, regardless of the owner's efforts to provide reasonable protection and despite the spectator's failure to utilize the protection made available.”⁵⁶

A Texas court also weighed in on the matter of assumption of the risk. In *Keys v. Alamo City Baseball Co.*, the court explained that one of the natural risks assumed by spectators attending professional baseball games is that of being struck by batted or

⁵² *Id.*

⁵³ *Id.* at 335.

⁵⁴ 53 N.Y.2d 325, 331 (1981).

⁵⁵ *Id.* See *Hobby v. City of Durham*, 152 N.C. App. 234 (2002) (holding that city and team were not liable since they discharged their duty to spectator by providing protective screen even if that screen did not protect her from injury).

⁵⁶ *Akins v. Glens Falls City School Dist.*, 53 N.Y.2d 325, 331.

thrown balls. The management does not “undertake to insure patrons against injury from such source.”⁵⁷ The court ruled that all that is required by a stadium or the team is the exercise of ordinary care to protect patrons against such injuries.⁵⁸ As a result, management is not obliged to screen all seats because many patrons prefer to sit in a location in which their view is not obscured by a screen.⁵⁹ Moreover, the court reasoned that the management is not required to provide screened seats for all who may apply for them but that the duty imposed by law is performed when screened seats are provided for as many fans as may be reasonably expected to call for them on any ordinary occasion.⁶⁰ If spectators choose to occupy an unscreened seat, or are unable to secure a screened seat and consequently occupy one that is not protected, they assume the risk of being struck by thrown or batted balls.⁶¹

While most jurisdictions apply the Baseball Rule to seated spectators who are struck by a flying object in the course of a game, jurisdictions differ as to whether the rule should apply to spectators who are not seated in the stands when they are injured. For example, Minnesota’s Court of Appeals extended the Baseball Rule to a spectator who was injured by a foul ball as he returned to his seat from the restroom.⁶² In *Alwin v. St. Paul Saints Baseball Club, Inc.*, the court held that a spectator at a professional baseball game assumes the inherent risk of being struck by a foul ball.⁶³ There a spectator

⁵⁷ 150 S.W.2d 368, 370 (Tex. Civ. App. 1941).

⁵⁸ *Id.*

⁵⁹ *Id.*

⁶⁰ *Id.* at 371.

⁶¹ *Id.*

⁶² 672 N.W.2d 570, 571 (Minn. Ct. App. 2003).

⁶³ *Id.* at 572.

was struck in the mouth by a baseball while returning to his seat from the restroom.⁶⁴ The spectator was a baseball fan who attended many games in his lifetime and who understood the risk of being hit by a foul ball.⁶⁵ The court reasoned that because the spectator “primarily assumed the risk as a spectator of an inherently dangerous sport, he cannot recover damages for his injuries...”⁶⁶ The court also took careful note of the fact that the spectator received a printed warning on the back of his ticket advising him of the risks he was undertaking by attending the event.⁶⁷

Other courts have pointed out that the limited liability rule is appropriate for injuries occurring in the seating and viewing areas only, but that ordinary negligence principles apply in the situation where injuries occur outside the stands, such as in the passages and entrances and exits, near concessions or in picnic areas. New Jersey's Supreme Court held that the Baseball Rule exempting stadiums from liability to spectators does not extend beyond spectators seated in the stands.⁶⁸ In *Maisonave v. Newark Bears Prof'l Baseball Club, Inc.*, the court held that “the limited duty rule, which restricts the tort liability of owners, applies in situations where an injury occurs in the stands.”⁶⁹ In that case, a foul ball struck a spectator in the face while he was purchasing a beverage on the concourse of a minor league stadium.⁷⁰ The court analyzed the breadth of the limited duty and found the rule to be applicable only when the

⁶⁴ *Id.* at 571.

⁶⁵ *Id.* at 574.

⁶⁶ *Id.*

⁶⁷ *Id.* But see *Yates v. Chicago Nat. League Ball Club, Inc.*, 230 Ill.App.3d 472 (1992) (holding that the spectator did not expressly assume the risk because his assent to the disclaimer could not be inferred, since the print on the back of the ticket was so small.).

⁶⁸ *Maisonave v. Newark Bears Prof'l Baseball Club, Inc.*, 185 N.J. 70, 74 (2005).

⁶⁹ *Id.*

⁷⁰ *Id.*

spectator was present in the stands.⁷¹ The court reasoned, “public policy and fairness require application of traditional negligence principles in all other areas of the stadium[.]”⁷² In reaching this conclusion, the court recognized that the Baseball Rule’s authority “diminishes in the context of injuries that occur in stadium areas other than the stands.”⁷³ When fans are in other areas of the stadium, it is both foreseeable and understandable that they would let their guard down.⁷⁴ As soon as fans have left the stands, they have “disengaged . . . from the activity on the field,” and are no longer concerned with trying to catch a foul ball or even watch the game.⁷⁵ The court ended by stating that an application of the Baseball Rule to the entirety of the baseball stadium “would convert reasonable protection for owners to immunity by virtually eliminating their liability for foreseeable, preventable injuries to their patrons even when the fans are no longer engaged with the game.”⁷⁶ On the other hand, the court said that it did not impose strict liability for owners in areas outside of the stands as such a bright-line rule would impose an onerous burden on owners and operators.⁷⁷

Still, other courts, often expressly rejecting the Baseball Rule, have taken the position that teams or owners will not be liable when injuries to a spectator occur as the result of insufficient screening or other protections unless the teams or owners did not meet their duty to exercise ordinary care to protect spectators in their unscreened area. Noting that its ruling differed somewhat from the Baseball Rule which had been adopted

⁷¹ *Id.*

⁷² *Id.*

⁷³ *Id.* at 84.

⁷⁴ *Id.*

⁷⁵ *Id.*

⁷⁶ *Id.* at 85.

⁷⁷ *Id.*

in many jurisdictions, the Arizona court in *Bellezzo v. State*, considered whether a stadium operator owed a duty of care to a spectator, and concluded that the answer to this question depended on whether the defendants exposed the spectator to an unreasonable risk of harm.⁷⁸ In determining whether spectators faced an unreasonable risk of injury, the court considered such factors as whether the defendants provided alternative seating in a screened area and whether they reasonably protected spectators by screening the most dangerous areas of the stadium.⁷⁹ The court concluded that the stadium offered protected seating that was sufficient to fill requests and that protected seating was available on the day the spectator was injured.⁸⁰ The court declined to make stadium operators insurers against the ordinary risk that a spectator seated in an unscreened area of the baseball stadium may be struck by a ball and instead imposed upon the defendants the usual duty to act with reasonable care to protect against foreseeable, unreasonable risks.⁸¹

In *Coronel v. Chicago White Sox, Ltd.*, the court reversed a summary judgment for the home team, as the spectator, who claimed that the team had provided inadequate protection for her seat location, met the requisite burden for her case to proceed to the jury.⁸² The spectator presented evidence of the dangerousness of her seat behind home plate and the fact that the protective screen used by the team was one of smallest in the major leagues.⁸³ The court explained that the owner of a baseball stadium owes a duty to

⁷⁸ 174 Ariz. 548, 551(Ct. App. 1992).

⁷⁹ *Id.* at 553.

⁸⁰ *Id.* at 554.

⁸¹ *Id.*

⁸² 230 Ill. App. 3d 734, 736 (1992).

⁸³ *Id.* at 738.

protect spectators from injury caused by foul balls but that such duty does not require a complete fencing of the spectators present at a baseball game to protect them from stray baseballs.⁸⁴ Instead, the duty to protect requires a screen for the most dangerous part of the grandstand.⁸⁵ Upon concluding that the most dangerous part of a ballpark is universally recognized as the area behind home plate, the court noted that whether the sports facility adequately screened the most dangerous area is a question of fact for the jury.⁸⁶ The court pointed out in discussing the significance of evidence used to compare the screening utilized in one park to that which was commonly employed in others, case law indicated that “while customary methods do not furnish a conclusive or controlling test of negligence or justify a practice obviously laden with danger, they are nevertheless to be considered as factors of measurement of due care.”⁸⁷ The court added that the defendants had a duty to warn the spectator of the danger created by foul balls, even though it was claimed that the danger was open and obvious, and that a fact question existed as to whether the alleged warnings were adequate.⁸⁸

A number of jurisdictions have adopted comparative negligence statutes following a broader movement within tort law away from complete bars of recovery and towards comparative negligence doctrine.⁸⁹ Under comparative negligence, the negligence of the defendant is compared to any negligence on the part of the plaintiff that

⁸⁴ *Id.* at 736–37.

⁸⁵ *Id.* at 737.

⁸⁶ *Id.*

⁸⁷ *Id.* at 739.

⁸⁸ *Id.* at 742.

⁸⁹ 65A C.J.S. Negligence § 316. *See also* Lynne Reaves, *Eye on the Ball: Injured Spectator Wins*, 69 A.B.A.J. 1616 (1983).

led to the injury.⁹⁰ Accordingly, under some comparative negligence statutes, plaintiff's assumption of risk is no longer an automatic bar to recovery for defendant's negligence.⁹¹ Rather, plaintiff's voluntary encounter with a known danger is simply a factor to be weighed against defendant's negligence when a jury determines the proportion of fault to be assigned to each party under an applicable comparative negligence statute.⁹² The importance of comparative fault comes into play particularly when distinguishing between a spectator who knowingly encounters a danger by trying to catch a foul ball and a spectator who is injured by a projectile that was impossible to avoid. In the former instance, comparative fault would account for the spectator's negligent conduct, while in the latter example comparative fault would properly afford redress for the plaintiff's injury. Despite the comparative fault application, most courts still go on to find the plaintiff-spectator mostly or completely at fault if he or she chose to sit in an unprotected area, leaving very little liability for the facility owner to account for.⁹³

Some jurisdictions have not only cast aside contributory negligence but have also disposed of the assumption of risk defense. The Idaho Supreme Court addressed this issue in *Rountree v. Boise Baseball, LLC*, where the plaintiff lost an eye as a result of being struck by a baseball while he was in a club section in the stadium that was located at the very end of the third base line.⁹⁴ The club section area was one of the stadium's only sections not covered by vertical netting.⁹⁵ The court noted that the precise duty owed

⁹⁰ 65A C.J.S. Negligence § 316

⁹¹ *Id.*

⁹² *Id.* See *Jones v. Alexandria Baseball Ass'n*, 50 So.2d 93 (La. Ct. App. 1951) (holding that the spectator's injury was attributable to his own fault in failing to keep his eye on the ball).

⁹³ See *Swagger v. City of Crystal*, 379 N.W.2d 183 (Minn. Ct. App. 1985).

⁹⁴ 154 Idaho 167, 169 (2013).

⁹⁵ *Id.*

by stadium owners and operators to spectators injured by foul balls was a matter of first impression in Idaho.⁹⁶ The court recognized that other courts had addressed the issue, stating, “[t]he majority of jurisdictions to consider the issue have limited this duty by adopting some variation of the Baseball Rule.”⁹⁷ The court then acknowledged that it had the authority to establish or limit existing tort duties.⁹⁸ However, it declined to do so in this case, concluding that Idaho's existing premises liability principles provide an adequate framework for analyzing a stadium owner's duty of care.⁹⁹ Thus, a baseball fan at a stadium is an invitee, to whom the premises owner owes a duty to keep the premises in a reasonably safe condition or to warn of hidden or concealed dangers.¹⁰⁰ The court concluded that it was not necessary to establish a special rule for baseball stadiums or that if a special rule were necessary, then the legislature would be better equipped to do research and formulate one.¹⁰¹

After declining to adopt the Baseball Rule, the court turned to the issue of assumption of risk to decide whether primary implied assumption of risk is a viable defense in Idaho.¹⁰² Answering in the negative, the court first distinguished between primary and secondary assumption of risk.¹⁰³ The court noted that secondary implies that assumption of risk “is an affirmative defense to an established breach of duty and as such is a phase of contributory negligence.” Whereas primary assumption of risk “essentially

⁹⁶ *Id.* at 171.

⁹⁷ *Id.* at 172

⁹⁸ *Id.*

⁹⁹ *Id.*

¹⁰⁰ *Id.* at 171.

¹⁰¹ *Id.* at 173.

¹⁰² *Id.*

¹⁰³ *Id.* at 174.

means that the defendant was not negligent, because there *was* no breach, or no duty.”¹⁰⁴

Elaborating on prior Idaho case law, the court ruled that assumption of risk is a defense in Idaho only when a plaintiff expressly assumes the risk, either in writing or orally.¹⁰⁵ The court stated that “whether watching baseball is inherently dangerous, and the degrees of fault to be apportioned” should be questions for the jury.¹⁰⁶ Thus, the *Rountree* decision asserts that assumption of risk is not a defense in Idaho except in cases where a plaintiff expressly assumes risks.

Recently there have been cases that used a limited application of the Baseball Rule. The Missouri Supreme Court, which does recognize the rule, declined to extend it to errant flying hot dogs.¹⁰⁷ In *Coomer v. Kansas City Royals Baseball Corp.*, the court held that the risk of injury from a hotdog tossed by a baseball team's mascot was not one of the risks inherent in watching the team play a game.¹⁰⁸ In this case, a spectator at a Royals game claimed that he suffered a detached retina when he was hit in the eye by a hot dog thrown by Sluggerrr, the team mascot.¹⁰⁹ The Missouri Supreme Court agreed with the lower court ruling, finding that the trial court erred in allowing the jury to determine whether being injured by the hotdog toss was an inherent risk of watching a Royals home game, instead finding that the judge should have decided the issue.¹¹⁰ Specifically and more importantly, “the risk of being injured by Sluggerrr’s hotdog toss

¹⁰⁴ *Id.* (emphasis in the original).

¹⁰⁵ *Id.*

¹⁰⁶ *Id.* at 175.

¹⁰⁷ *Coomer v. Kansas City Royals Baseball Corp.*, 437 S.W.3d 184, 202 (2014).

¹⁰⁸ *Id.* at 203. *See also* *Lowe v. California League of Prof. Baseball*, 56 Cal.App.4th 112 (1997) (holding that the antics of the mascot were not a necessity to the baseball game and whether such a diversion could increase the inherent risks for a spectator was a triable issue of fact).

¹⁰⁹ *Coomer*, 437 S.W.3d at 189.

¹¹⁰ *Id.* at 191.

... is not an unavoidable part of watching the Royals play baseball.”¹¹¹ The court reiterated that the Royals likely would not have been responsible for the spectator’s injury if it had been caused by a foul ball or a bat leaving the field, citing with approval prior decisions supporting the Baseball Rule as it was applied in Missouri.¹¹² The court went so far as to declare that being injured by the hotdog toss was not only considered not to be an inherent risk of watching a Royals game, but that it was also not an inherent risk of the hotdog toss.¹¹³

IV. COURT DECISION

In M.F.’s case, the Georgia Court of Appeals focused narrowly on whether the trial judge had properly followed the law regarding declaratory judgment rulings.¹¹⁴ Judge Branch upheld the trial court’s denial, ruling that declaratory judgment in such a case “is not appropriate at this stage of the proceedings.”¹¹⁵ In arriving at its decision, the court reviewed the text of the Georgia Declaratory Judgment Act and emphasized the purpose of the statute.¹¹⁶ Judge Branch notably cited the decisions of the Georgia Supreme Court that stressed the fact that while the declaratory judgment should be construed liberally, it was never meant to be applicable to every occasion or question arising from a controversy.¹¹⁷ Citing a Supreme Court of Georgia opinion, the appellate panel reiterated that the goal of a declaratory judgment is to allow for determination of a

¹¹¹ *Id.* at 188.

¹¹² *Id.* at 199.

¹¹³ *Id.* at 203.

¹¹⁴ *F.F.*, 328 Ga. App., at 219–20.

¹¹⁵ *Id.* at 218.

¹¹⁶ *Id.* at 219–20.

¹¹⁷ *Id.* at 220.

controversy before obligations are repudiated or rights are violated.¹¹⁸ If parties to a controversy are seeking a declaratory judgment, then they “must establish that it is necessary to relieve [themselves] of the risk of taking some future action that, without direction, would jeopardize [their] interests.”¹¹⁹

In an instance where a party seeks declaratory judgment and fails to show that it is in a position of uncertainty with regard to an alleged right, dismissal of the declaratory judgment action is proper.¹²⁰ If not, a trial court would be issuing an advisory opinion on the matter, and the Georgia Declaratory Judgment Act makes no provision for this scenario.¹²¹ The Georgia Court of Appeals further stated that it is not for them to issue an advisory opinion as to acts or omissions that have not yet occurred.¹²²

While applying previous holdings in other Georgia cases to the matter at hand, the Court of Appeals alluded to the fact that the event that gave rise to the Braves’ potential liability, the foul ball hitting M.F., had already occurred.¹²³ As such, it reasoned that “declaratory judgment is not the proper means by which to test their defense that their observation of the [B]aseball [R]ule, or some variant of it, satisfied their duty of care to plaintiffs.”¹²⁴ The appellate court declined to adopt the Baseball Rule at this juncture and allowed the case to proceed.¹²⁵

V. CASE ANALYSIS

¹¹⁸ *Id.* See *State Highway Dep’t v. Georgia S. & F. Ry. Co.*, 216 Ga. 547, 548 (1961).

¹¹⁹ *F.F.*, 328 Ga. App. at 220.

¹²⁰ *Id.* at 221.

¹²¹ *Id.*

¹²² *Id.*

¹²³ *Id.*

¹²⁴ *Id.*

¹²⁵ *Id.*

At first glance the Court of Appeals' affirmation of the trial court's decision denies the Braves' motion for a declaratory judgment.¹²⁶ They did not agree with the standard of care issue that was owed to fans at a baseball game. On its face, the decision states nothing noteworthy regarding appellate procedure. However, the Court of Appeals likely could have addressed the standard of care.

If M.F.'s claim is not settled, the case will probably proceed to trial. Liability will likely be considered based upon ordinary principles governing landowner liability for negligence. In the meantime, the applicability of the Baseball Rule in Georgia remains uncertain. Until the State Supreme Court rules on the issue, current Georgia law already makes clear that an adult who sits in an unprotected seat at a baseball game is barred from recovery for potential injury because he or she has assumed the risks inherent in attending a baseball game.¹²⁷ However, the status of a minor is less clear.¹²⁸ There has only been one such suit in Georgia, and that Court of Appeals decision suggested that while the limited duty rule may be the correct legal rule when a minor is struck by a foul ball, the court found that the record was insufficient to support summary judgment and ultimately neither expressly adopted nor rejected the limited duty rule.¹²⁹ The Braves believe that the limited duty rule should supply the relevant standard of care, and it should not vary depending upon whether the spectator is a minor or an adult.

For the Atlanta Braves, it may be difficult from a public relations standpoint to take such a hard stance regarding the inherent risk assumed by minors. Even though the

¹²⁶ *Id.*

¹²⁷ *Hunt v. Thomasville Baseball Co.*, 80 Ga. App. 572, 573 (1949).

¹²⁸ *City of Atlanta v. Merritt*, 172 Ga. App. 470, 471 (1984) (court chose not to follow *Hunt* because a child spectator, unlike an adult, does not necessarily assume the risk of being struck by baseball equipment).

¹²⁹ *See id.*

typical injury from a foul ball is a minor one such as a bruised hand or a bloodied lip, a small number of cases are more serious, and those victims tend to be children such as M.F. In other related cases, a seven-year-old in Chicago sustained severe brain swelling as a result of being hit by a foul line ball during the course of a game in 2008.¹³⁰ In 2011, a twelve-year-old in New York was admitted to intensive care as the result of an injury, and a foul ball sent an eighteen-month-old toddler to a Seattle hospital last season.¹³¹

The Baseball Rule relies on the assumption that spectators understand the scope of the game as well as the risk that objects from the game can and often do enter the stands unexpectedly. There is also the expectation that spectators are aware of the option to sit in the protected area behind home plate. One of the biggest thrills for any baseball fan is to catch a foul or home run ball. A major aspect of attending a baseball game is the possibility of coming into contact with, or even possibly catching, a baseball as a souvenir.¹³² Baseball spectators often bring baseball gloves to the game with the hope of doing just that. Foul balls have been sought as keepsakes ever since 1921 when a spectator at a New York Giants game refused to surrender a ball that was hit into the stands of the Polo Grounds.¹³³ The spectator was banished from the ballpark, but he sued for mental anguish and won.¹³⁴ This prompted the Giants to change their rules and allow fans to retain balls hit out of the field of play.¹³⁵ Since then, baseball has developed into a sport in which spectators not only hope, but also expect to come into contact with the

¹³⁰ See Glovin, *supra* note 9.

¹³¹ *Id.*

¹³² *Benejam*, 246 Mich.App. at 651.

¹³³ See Glovin, *supra* note 9.

¹³⁴ *Id.*

¹³⁵ *Id.*

ball. As such, it is understandable why most jurisdictions find that stadiums are not responsible for most spectator injuries.

However, safety is still an important feature of the fan experience. About 1,750 spectators are injured each year at major league games.¹³⁶ Most of these injuries are caused by batted foul balls, and they occur at least twice during every three games.¹³⁷ According to Elias Sports Bureau Inc., that figure is greater than the likelihood of a batter being hit by a pitch, which happened 1,536 times last season.¹³⁸ Unlike the National Hockey League (NHL), which instituted mandatory netting behind the goal and increased Plexiglas above the sideboards after a teenage spectator was hit by a puck and died in 2002, Major League Baseball (MLB) has done little to reduce the risk.¹³⁹ MLB's safety policy calls for each team to be responsible for spectator safety.¹⁴⁰ Bud Selig, who retired in January 2015 after two decades as commissioner, said in 2008 that Major League Baseball would discuss whether fans are at risk from batted balls.¹⁴¹ Since then, the MLB has reviewed the issue at annual meetings, but until very recently, has continued to defer to the teams to decide.¹⁴²

VI. THE MODERN STADIUM EXPERIENCE

Stadiums and arenas are in a race to keep up with the modern, connected sports fan. The Internet and mobile devices, which are increasing in number, have become substantial instruments for sports fans to engage with their favorite sports teams and to

¹³⁶ *Id.*

¹³⁷ *Id.*

¹³⁸ *Id.*

¹³⁹ *Id.*

¹⁴⁰ *Id.*

¹⁴¹ *Id.*

¹⁴² *Id.*

stay updated on the latest news. Teams are targeting younger fans and using mobile apps to improve fans' game-day experience in a variety of ways.¹⁴³ In addition, franchises are looking for ways to capitalize on mobile technology to enhance the fans' experiences in their homes and as spectators in stadiums and arenas.¹⁴⁴

Loyalty programs reward fans for engaging with the team via social media and fans can even order food directly to their seats through stadium mobile apps.¹⁴⁵ All the in-stadium technology is designed to improve fan experience. Many newer arenas also have mobile applications for check-in, ushering fans to their seats, indicating shortest bathroom and concession lines, seat upgrade options, cashless commerce, and in-seat wireless charging.¹⁴⁶

Teams have faced the reality that it is less costly, and much easier, for a fan to watch the big game in their family room.¹⁴⁷ So teams have to make it more appealing than ever before to lure fans to the stadium. The connectivity, added services, and apps all aim to provide a vastly improved fan experience at the stadium and keep people coming to games even when they have a 50-inch TV and comfy chair at home.¹⁴⁸ With the added features through Wi-Fi, fans can get an experience at the stadium that they

¹⁴³ Brian Flood, *Barclays Center Uses Technology to Keep the Modern Fan Experience Current*, ADWEEK, Oct. 22, 2015, <http://www.adweek.com/news/technology/how-barclays-center-uses-technology-constantly-improve-modern-fan-experience-167723>.

¹⁴⁴ *Id.*

¹⁴⁵ *Id.*

¹⁴⁶ Michael Applebaum, *The Connected Fan*, ADWEEK, Jan. 28, 2013, <http://www.adweek.com/sa-article/connected-fan-146692>.

¹⁴⁷ *Id.*

¹⁴⁸ *Id.*

cannot get anywhere else and the added bonus of being able to brag about it to their friends on social media in real time.¹⁴⁹

However, all of these new technological improvements have led to a more distracting environment at today's ballparks. Ballpark initiatives designed to attract younger fans, including mascots, video boards and the availability of wireless internet, create distractions that put patrons in greater jeopardy of being hit by a foul ball. MLB's encouragement of the use of smartphones during games means patrons may more often avert their eyes from the field of play and become less cognizant of potential dangers headed their way. Encouraging smartphone use is different than simply having T-shirt cannons and dancing mascots at breaks in the play because the mascot stops dancing when the pitch is thrown but Wi-Fi stays on throughout the entirety of the game. A balance should be struck between providing additional sources of entertainment that help draw in a younger fan base and unintentionally subjecting that fan base to a more dangerous environment because of that additional entertainment.

VII. FURTHER QUESTIONING OF THE BASEBALL RULE

A recent incident at Fenway Park has again brought the Baseball Rule and what duty the league and teams owe fans attending a game to the forefront of MLB safety. During the second inning of the June 5, 2015 game between the Boston Red Sox and the Oakland Athletics, an Oakland player splintered his bat on a pitch, and a piece of the bat struck a fan sitting in the second row on the third base side.¹⁵⁰ The game was stopped

¹⁴⁹ *Id.*

¹⁵⁰ Roger I. Abrams, *Spectators and the Baseball Rule*, THE HUFFINGTON POST, June 8, 2015, http://www.huffingtonpost.com/roger-i-abrams/spectators-and-the-baseba_b_7536610.html.

while the bleeding fan was rushed out of the stadium to the hospital.¹⁵¹ The gruesome injury prompted calls for teams to expand the protective netting used behind home plate in major league stadiums.¹⁵²

Five days after the fan was released from the hospital, MLB commissioner Rob Manfred said the industry is looking at a "variety of remedies" designed to prevent such incidents from recurring. Possible solutions include additional bat regulations, wrapping of bats, and increased netting.¹⁵³ Manfred said that MLB is examining all of the available options on the table and expects to make the best decision in order to help keep fans as safe as possible.¹⁵⁴ He indicated that expanding the netting was not an issue that required the approval of the Major League Baseball Players' Association in collective bargaining. However, he stated that the Commissioner's office had held discussions with the players' union on the topic.¹⁵⁵ At the time they did not, however, appear to have a firm timetable in mind for instituting any possible changes.¹⁵⁶

Only a few weeks after Manfred made that statement, a lawsuit was filed on behalf of an Oakland Athletics season-ticket holder attempting to force Manfred and MLB to extend protective netting along the entire length of the foul pole lines at ballparks.¹⁵⁷ The complaint contends that MLB stadiums only have enough safety netting to protect "VIP" patrons in the most expensive seats immediately near the home plate

¹⁵¹ *Id.*

¹⁵² *Id.*

¹⁵³ Gordon Edes, *Rob Manfred: First concern always will be safety of fans*, ESPN.COM, June 16, 2015, http://espn.go.com/boston/mlb/story/_/id/13092988/rob-manfred-eyeing-remedies-ballpark-safety-fenway-park-incident.

¹⁵⁴ *Id.*

¹⁵⁵ *Id.*

¹⁵⁶ *Id.*

¹⁵⁷ Jimmy Golen, *Lawsuit seeks safety netting for MLB ballparks*, ASSOCIATED PRESS, July 13, 2015, <http://bigstory.ap.org/article/2d1be345f57e4692977c45ae2dc31957/suit-seeks-safety-netting-mlb-ballparks>.

area and leaves the rest of the lower level seats at risk for injury.¹⁵⁸ The lawsuit filed in the Northern District of California seeks class-action status on behalf of all fans buying season tickets in unprotected areas of major league parks.¹⁵⁹ Rather than looking for a cash payout, the plaintiff is asking for the court to require that all MLB and minor league stadiums be retrofitted to protect the fans in these seats.¹⁶⁰ The attorneys argue that in today's game, the combination of faster and stronger players and more distractions at the park means that the "slaughter pen" now stretches far beyond the area just behind home plate and now encompasses everything between the foul poles.¹⁶¹ The complaint refers to all season ticket holders in this area as the "Danger Zone" class of plaintiffs.¹⁶²

The primary claim of the lawsuit is that MLB has a duty to protect its fans from errant foul balls and bats.¹⁶³ MLB is also accused of distracting their fans with mascots, by encouraging fans to text or Tweet in photos and posts, and even allowing fans to order food from their mobile devices during the game.¹⁶⁴ The lawsuit points out a disparity in treatment between the safety of fans and game participants: MLB added safety measures for players and coaches by adding protective netting in the dugouts and requiring base coaches to wear helmets.¹⁶⁵ MLB failed to keep pace with other sports like professional hockey and NASCAR, which took safety measures to protect fans from pucks and debris going into the stands. Its safety standards are also much less robust than those in other

¹⁵⁸ Payne v. Office of the Commissioner of Baseball, 4:15-cv-03229 at 12, U.S. District Court, Northern District of California.

¹⁵⁹ *Id.* at 46.

¹⁶⁰ *Id.* at 5.

¹⁶¹ *Id.*

¹⁶² *Id.*

¹⁶³ *Id.* at 15.

¹⁶⁴ *Id.* at 43.

¹⁶⁵ *Id.*

countries like Japan, where protective netting is more common.¹⁶⁶ Japanese baseball leagues use expanded netting extending beyond both dugouts and around the field.¹⁶⁷ But Major League Baseball owners in each of the last two labor negotiations (2007 and 2012) rejected proposals by the players to extend the netting down the foul lines, citing concerns that additional screens would detract from the experience of ticket buyers in certain premium seats.¹⁶⁸ Baseball's current collective bargaining agreement is set to expire on December 1, 2016, and the netting may be a topic of discussion again¹⁶⁹

VIII. A CALL FOR EXPANDED PROTECTED NETTING

After continuing to face increasing calls for improved fan safety and the class-action lawsuit, on December 9, 2015 MLB announced recommendations to extend ballpark stadium netting from dugout to dugout at all ballparks while also improving the education and safety information disseminated to all fans.¹⁷⁰ The guidelines were announced at the winter meetings following a season in which several fans were injured by foul balls.¹⁷¹ The MLB recommendation is for teams to have protective netting between the dugouts for any field-level seats within 70 feet of home plate.¹⁷²

¹⁶⁶ *Id.* at 34.

¹⁶⁷ Dave Hueston, *Japanese baseball taking cover after foul-ball decision*, THE JAPAN TIMES, Apr. 5, 2015, <http://www.japantimes.co.jp/sports/2015/04/05/baseball/japanese-baseball/japanese-baseball-taking-cover-foul-ball-decision/#.Vm88LxorJPM>. (Many stadiums have netting that reach all the way to the foul poles. During the game, attendants blow whistles when foul balls are headed for the seats and the fans sitting in the "Excite Seats" that protrude into foul territory are provided with helmets.)

¹⁶⁸ Ken Rosenthal, *MLB players: Broken-bat injury could have been prevented*, FOX SPORTS, June 7, 2015, <http://www.foxsports.com/mlb/story/boston-red-sox-fenway-park-mlb-broken-bat-injured-fan-safety-netting-060715>.

¹⁶⁹ *Id.*

¹⁷⁰ Paul Hagen, *MLB recommends netting between dugouts*, MLB.COM, Dec. 9, 2015, <http://m.mlb.com/news/article/159233076/mlb-issues-recommendations-on-netting>.

¹⁷¹ *Id.*

¹⁷² *Id.*

This decision followed a months' long study of foul ball scatter charts in which the location of each foul ball that entered the stands was plotted and a determination was made of whether any fan was struck or injured by the ball.¹⁷³ The study also focused on radar technology that monitored the exit velocity and destination of foul balls.¹⁷⁴ In today's game there are an increasing number of pitchers who throw in the mid- to upper-90s (miles per hour), which can further increase batted-ball speed.¹⁷⁵ With ballpark construction creating a more intimate fan setting, the odds seem to be increasing that fans will be imperiled by foul balls or broken bats.¹⁷⁶

In a statement regarding the new guidelines, Commissioner Rob Manfred said that MLB takes great pride in making sure that fans have close proximity and access to the players and baseball game taking place on the field.¹⁷⁷ He did add, however, "it is important that fans have the option to sit behind protective netting or in other areas of the ballpark where foul balls and bats are less likely to enter."¹⁷⁸ MLB's guidelines regarding the expansion of protective netting "attempt[] to balance the need for an adequate number of seating options with [its] desire to preserve the interactive pregame and in-game fan experience that often centers around the dugouts, where fans can catch foul balls, see their favorite players up close and, if they are lucky, catch a tossed ball or other souvenir."¹⁷⁹

¹⁷³ Joe Lemire, *Lawsuit, calls for safety left MLB no choice but to act on stadium netting*, USA TODAY, Dec. 10, 2015, <http://www.usatoday.com/story/sports/mlb/2015/12/09/mlb-safety-protective-nets-70-feet/77056514/>.

¹⁷⁴ *Id.*

¹⁷⁵ *Id.*

¹⁷⁶ *Id.*

¹⁷⁷ See Hagen, *supra* note 170.

¹⁷⁸ *Id.*

¹⁷⁹ *Id.*

Part of the recommendation by MLB calls for notification at the time of purchase about whether the seats are behind the netting and for a campaign to heighten awareness of the potential dangers if fans choose not to sit behind the protective netting.¹⁸⁰ MLB said it will work with teams and ticket sellers to identify which seats are behind netting.¹⁸¹ The plan is that by 2017 the actual tickets will, ideally, indicate whether the seat is behind protection.¹⁸²

For many teams, the safety enhancements will be relatively inexpensive—especially when weighed against the moral obligation team ownership might feel—and can be done in a relatively short amount of time without any massive overhaul. The relevant recommendations also apply to spring training ballparks where the plate and field of play is so much closer to the stands.¹⁸³

Some clubs like the Boston Red Sox immediately promised to comply with the voluntary directive.¹⁸⁴ Most, if not all, teams are expected to join in before opening day.¹⁸⁵ The Philadelphia Phillies already announced that they are taking up the recommendation and will extend their nets roughly ten feet each way from where they were last year, while also using newer netting that is more easily seen through in the hopes of combating fan claims that additional netting would obscure their view.¹⁸⁶ Other clubs, like the New York Mets, the Pittsburgh Pirates and the Minnesota Twins, already

¹⁸⁰ David Waldstein, *Fan Injuries Spur M.L.B. to Call for Netting at Stadiums*, N.Y. TIMES, Dec. 9, 2015, <http://www.nytimes.com/2015/12/10/sports/baseball/fan-injuries-spur-league-to-call-for-netting-at-stadiums.html>.

¹⁸¹ *Id.*

¹⁸² *Id.*

¹⁸³ See Hagen, *supra* note 170.

¹⁸⁴ Waldstein, *supra* note 180.

¹⁸⁵ *Id.*

¹⁸⁶ Hagen, *supra* note 170.

have netting down the first- and third-base lines.¹⁸⁷ The Cincinnati Reds, Toronto Blue Jays, Washington Nationals and Houston Astros have also said that their stadiums are already in compliance with the new recommendations.¹⁸⁸

MLB's chief legal officer, Dan Halem, said that regarding the material for the netting, "[t]he goal is to enhance safety while continuing to provide that up-close experience to the game and the players that fans enjoy at baseball games."¹⁸⁹ However, there is still the potential that some seating would remain vulnerable to high-speed projectiles.¹⁹⁰ Halem said teams could combat this issue and elect to extend their netting farther down the lines than MLB's recommendation, which only calls for the protective netting to extend from the existing screen behind home plate to the closest edge of each dugout.¹⁹¹ MLB officials hired a consulting firm to work with teams and help them install the netting.¹⁹² The architecture of the thirty parks varies enough that individualized plans are necessary.¹⁹³ The hope is to keep the netting as unobtrusive as possible while providing maximum protection.

IX. CONCLUSION

As the great American pastime, baseball is among the last affordable forms of family entertainment, especially as ticket prices in other sports rapidly increase. This is one of the reasons why it is so important to protect the fans: they want to get close to the action, to be able to hear the players and the crack of the bat. However, parents will not

¹⁸⁷ Waldstein, *supra* note 180.

¹⁸⁸ Lemire, *supra* note 173.

¹⁸⁹ Waldstein, *supra* note 180.

¹⁹⁰ *Id.*

¹⁹¹ *Id.*

¹⁹² Lemire, *supra* note 173.

¹⁹³ *Id.*

take their young children to a game if they feel as though the environment is unsafe. It took the 2002 death of thirteen-year-old girl from an errant hockey puck that flew over safety glass for the NHL to update its netting regulations. Today, this netting has become accepted as just another part of the game. It is unacceptable to wait for a similar incident to happen in a MLB stadium.

MLB's recent guidelines regarding increased protective netting are a step in the right direction for a sport that has focused a great deal on player safety. However, perhaps the league has been too focused on the bottom line from ticket sales instead of the safety of its fans. No matter how MLB decides to improve the situation, it is still unlikely that there will be a day where nets extend all the way around the outfield and block home run balls from reaching the seats. Thus, there is always going to be a certain amount of risk involved in attending a baseball game. The hope is for a reasonable accommodation in which attending fans are protected without having that safety netting become an impenetrable wall that separates fans from the players they have paid to see.

For decades, court opinions reasoned that anyone who attends a baseball game would be held to appreciate the nature of the dangers involved.¹⁹⁴ Employing the defense known as "assumption of risk," courts stated that patrons subjectively know that balls and bats fly into the stands and can cause grievous injury.¹⁹⁵ As the doctrine of assumption of risk has fallen out of favor, courts refocused their attention on whether a stadium has breached "a duty" to the fallen spectator.¹⁹⁶ We owe to each other a duty of "ordinary

¹⁹⁴ See *Blakeley v. White Star Line*, 154 Mich. 635 (1908) (holding that visitors of a baseball stadium assume the risk of injury because of the nature of the game).

¹⁹⁵ See *Abrams*, *supra* note 150.

¹⁹⁶ *Id.*

care," and, if we fail to meet that standard (and as a result cause injury to another), our negligence is actionable.¹⁹⁷

The common theme among contemporary cases modifying the traditional Baseball Rule is that spectators injured by baseballs are generally allowed to advance their claim when the injury is the result of some circumstance, design, or conduct neither necessary nor inherent in the game. As the majority of courts shift the Baseball Rule to this modern standard where courts must measure what is necessary or inherent to a game, it would appear that defendants might conceivably argue that flying hot dogs and t-shirts are inherent parts of the game. Yet an argument can be made that all spectators are made aware of these promotions and that such mascot actions are routine in all sports in all stadiums.

Ideally there would be a solution that balances the interests of fans who want protected seating and those who want to be close enough to the field to be able to lean in and catch foul balls and to watch a game without the obstruction of a protective net. This decision has possible ramifications not only for MLB as a whole, but also more pressingly for the Atlanta Braves. Depending on how the Georgia Supreme Court decides on the applicability of the Baseball Rule in M.F.'s case, the Braves' new home may be impacted. As it currently stands, the Braves plan to open a new ballpark in Cobb County in 2017.¹⁹⁸ If the court adopts the Baseball Rule, the case may affect whether the team adds new protective netting, as recommended by MLB, as well as whether the Braves

¹⁹⁷ *Id.*

¹⁹⁸ Mike Tierney, *Braves Begin Work on Stadium Outside Downtown Atlanta, to Mixed Reaction*, N.Y. TIMES, Sept. 16, 2014, http://www.nytimes.com/2014/09/17/sports/baseball/braves-begin-work-on-stadium-outside-downtown-atlanta-to-mixed-reaction.html?referrer=&_r=0.

give consideration to which areas of the ballpark are most dangerous for spectators. The recent MLB guidelines are a step in the right direction towards standardized rules to regulate the implementation of extended safety nets and other safety mechanisms at all MLB ballparks. Atlanta's initial plans for its new ballpark show a 41,500-seat facility that places a higher percentage of seats closer to the field than any other ballpark in MLB.¹⁹⁹ Only time will tell if the Atlanta Braves are forced to "step up to the plate" and reconsider their protective safety measures.

¹⁹⁹ *Id.*

Forecheck, Backcheck...Paycheck? Employment Status of the Quasi-Professional Athlete: A Case Study of the CHL and the Major Junior Hockey Player

*Andrew C. Harmes**

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Introduction

“It is, at base, a ticket-selling entertainment business. Those who buy franchises do so with the intent of turning a profit. They face the same challenges as other sports entrepreneurs, but unlike the professionals, their product — the players — costs them next to nothing.”

Stephen Brunt, Sports Journalist.¹

“[Y]ou don’t pay for skates, for sticks, for equipment, you don’t pay dues, and you get spending money. You bus. You stay in hotels. You get meals. Everything is looked after. It’s not that bad. I’m sick and tired of the attacks on junior hockey.”

Jeff Chynoweth, Owner of the Kootney Ice.²

With the commercial success of collegiate athletics in the United States (“US”), much attention and legal analysis has been directed at the National Collegiate Athletic Association (“NCAA”) and its treatment of the student-athlete. At the heart of the debate is the NCAA’s strict adherence to the principles of amateurism, which restrict athlete compensation even in the most commercially lucrative sports to tuition, educational support, and room and board. Critics accuse the NCAA of building a financial juggernaut on the sweat of their athletes and under the legal fallacy that characterizes these athletes as amateur student-athletes, as opposed to the quasi-professionals that they truly are.³

In the NCAA’s shadow, subject to comparatively little review and likely unbeknownst to much of the American audience interested in the sports landscape, a related debate is playing out predominantly north of the US border involving athletes of a similar age class and the Canadian Hockey League (“CHL” or the “League”). The CHL is the Canadian-based governing body of

¹ Stephen Brunt, *In Junior, Business Shouldn’t Go Before Players*, THE GLOBE AND MAIL, March 24, 2005, at S1, <http://www.theglobeandmail.com/sports/in-junior-business-shouldnt-go-before-players/article735327/>, [<https://perma.cc/GN6V-HGT8>].

² Eric Duhatschek, *Major Junior Hockey is About More Than Just a Paycheque*, THE GLOBE AND MAIL, Dec. 26, 2014, <http://www.theglobeandmail.com/sports/hockey/world-juniors/duhatschek-major-junior-hockey-is-about-more-than-just-a-paycheque/article22217155/>, [<https://perma.cc/KYZ5-2T69>].

³ See Darren A. Heitner & Jeffrey F. Levine, *Corking the Cam Newton Loophole, a Sweeping Suggestion*, 2 HARVARD JOURNAL OF SPORT & ENTERTAINMENT LAW 341, 342 (2010); Robert A. McCormick & Amy Christian McCormick, *The Myth of the Student-Athlete: The College Athlete as Employee*, 81 WASH. L. REV. 71, 74–75 (2006).

Major Junior hockey, an elite level of competition for players aged 16 to 20 years old that, just like the NCAA for football and basketball, serves as the primary pathway for young prospects hoping to reach hockey's top professional ranks. For comparative purposes, the CHL is a sort of hybrid that combines features of both the NCAA and Major League Baseball ("MLB")'s minor league system. CHL teams are not directly affiliated with any educational institution, nor are they or their players under the control of any one professional club, but the League exists to fulfill both educational and professional hockey purposes as its mandate is to develop players for professional hockey while also providing academic assistance.⁴ The CHL prepares players for the next level by operating with the structure and demand of a minor professional league, but rather than pay players a wage as professional athletes, it offers a modest weekly stipend while also making players eligible for an educational support package that is accessible upon completion of their CHL playing careers.

Although well-established as hockey's most important development league, the ice upon which the CHL skates may be starting to thin. The economic foundation of the CHL and its three regional leagues—the Quebec Major Junior Hockey League ("QMJHL"), the Ontario Hockey League ("OHL"), and the Western Hockey League ("WHL")—is being challenged in a series of legal proceedings initiated by former players alleging that the three leagues and their teams are operating in breach of employment standards legislation. The catalyst is a class proceeding filed for certification with the Ontario Superior Court of Justice in October 2014 by representative plaintiff Samuel Berg which seeks a declaration that Major Junior players are in fact employees of CHL teams and are therefore subject to corresponding legislative protection. Incident to such a finding, the action is claiming monetary relief of over \$150 million attributable to outstanding

⁴ See *Mission*, QUEBEC MAJOR JUNIOR HOCKEY LEAGUE, <http://theqmjhl.ca/mission/>, [<https://perma.cc/S623>].

wage entitlements and \$25 million in punitive damages as compensation for the CHL’s conduct in previously failing to meet the players’ employment entitlements, as well as an order requiring the CHL and its teams to disgorge profits generated as a result.⁵

The answer to whether or not CHL players are employees and therefore subject to employment standards protection will have a significant impact on the business of Major Junior hockey. The broader policy debate features claims from the CHL and its supporters that teams in smaller markets considered to be the ‘social bedrock’ of their respective communities will be forced to cease operations if required to comply with legislated minimum wage entitlements.⁶ The opposition argues that modern Major Junior today is a significant economic institution that bears little resemblance to the “mom and pop” operations of years past, and that some teams are making large profits off the backs of players while taking on little responsibility for their well-being.⁷ Although relevant in the court of public opinion, these policy considerations do not necessarily define judicial decision-making on the matter. The main issue to be decided before the court is whether or not Major Junior hockey players are employees as statutorily defined, and if they are, whether or not they fall into one of the many exempt categories of workers that render employment standards legislation inapplicable.

The primary purpose of this article is to take an in-depth look at the legal principles underlying the Berg class proceeding, focusing on the question of employment status while also touching upon complementary causes of action and ancillary considerations. Using the province

⁵ See *Berg v. Canadian Hockey League* (2014), No. CV-14-514423, Statement of Claim para.2 (Can. Ont. Sup. Ct. J.) [hereinafter *Berg Statement of Claim*].

⁶ See Rick Westhead, *CHL Should Pay \$187M for ‘Illegal’ Conspiracy, Former Players Say*, TSN (Feb. 23, 2015), <http://www.tsn.ca/chl-should-pay-187m-for-illegal-conspiracy-former-players-say-1.214532>, [https://perma.cc/FA6M-XW3H].

⁷ See Rick Westhead, *Ex-OHL Owner Says Clubs Make Millions on Back of Kids, Then Wash Their Hands of Them*, TSN (Nov. 17, 2014), <http://www.tsn.ca/westhead-ex-ohl-owner-says-clubs-make-millions-on-back-of-kids-then-wash-their-hands-of-them-1.137213>, [https://perma.cc/KB7U-9WV7].

of Ontario's employment law regime to frame the analysis, it will be argued that not only are CHL players in an employment relationship with their respective teams, but that any potential CHL defenses respecting exempt categories fail to take players outside the scope of protective employment standards legislation. The lives of the teenagers and young men playing Major Junior hockey are subject to a level of physical and psychological control that borders on absolute. The directives of coaches and management dictate almost everything in the immediate sense, such as what to eat and when to sleep, while also having a significant impact on players' future career prospects and earning potential. And although the CHL offers educational support to players that is laudable in many regards, calling players "amateur student-athletes" does not absolve the League from employment standards legislation given that the dominant characteristic of any grant provided is to compensate hockey-related services.

It is unfair to say that team owners and management are wholly taking advantage of players given the developmental benefits and educational assistance, but to say that players are anything other than employees is a fallacy in the eyes of the law as it currently stands. What is perhaps of equal concern for the CHL is that in keeping player compensation below legislated employment standards protection, a practice that has gone on long after a tax court ruling finding players to be employees, it has helped to not only give rise to this multi-million dollar class proceeding, but has also opened itself up to broader implications relating to the use of players' personality rights in league-related revenue generating practices. It is widely known that one should not "bite the hand that feeds you." In the case of relations between CHL players and the League, which party is really doing the biting and which is doing the feeding?

Although focusing primarily on what is inherently a Canadian legal matter, a secondary purpose of this article is to provide instruction for the American reader, as well as US-based

sports leagues and their athletes. The CHL and Berg action form part of the broader discourse surrounding athlete exploitation generally and make for an interesting case study in this regard. The CHL exists in a unique space, straddled between collegiate and minor professional sport, and as a result, raises legal issues relevant to both levels in a single proceeding. The question of whether or not CHL players are within Canada's statutory definition of employee is relevant to athletes in NCAA Division I revenue-generating sports, as this exact issue was recently litigated in the context of players trying to acquire collective bargaining rights.⁸ Further, the alleged violation of minimum employment standards closely mirrors the allegations of the plaintiff group in *Senne v. Office of the Commissioner of Baseball*, where baseball's minor league system is currently being scrutinized for potentially contravening federal and state labor laws by, among other things, failing to meet minimum wage and overtime pay requirements.⁹ Given this, the CHL and Berg action is relevant not only to hockey fans in Canada and select American states that have CHL franchises, but also has an impact much farther-reaching, potentially affecting the business models of development leagues in other sports and the working conditions of the quasi-professional athletes plying their trades therein.

The introductory sections of this article will provide a brief contextual background, the basics of the Berg action, the contractual relationship between players and teams, and an overview of the legal framework governing the rights and obligations of non-unionized workers in Canada. The analysis sections that follow will first set out the test for determining the existence of an employment relationship, its application to the facts of the Berg action, and also consider three exceptions to employment legislation that might serve as viable defenses for the

⁸ See Decision and Direction of Election, Northwestern Univ. and College Athletes Players Association, Case 12-RC-121359 (N.L.R.B. Region 13, Mar.16, 2014) [hereinafter *Decision of the Regional Director, Northwestern*].

⁹ See Complaint, Senne et al v. Office of the Commissioner of Baseball, et al., No. 3:14-cv-00608, (N. D. Calif. filed Feb. 7, 2014) [hereinafter *Senne Complaint*].

CHL. This article will then address whether or not the players can expect to be successful in seeking recovery of punitive damages, explain the requirements for proving conspiracy and waiver of tort, and conclude by looking forward to the granting of players' personality rights as potentially being the focus of Major Junior hockey's next legal battle.

I. The Canadian Hockey League: Background and Operating Structure

Founded in its current form in 1975, the CHL is the umbrella organization that governs Major Junior hockey in Canada and the US. With sixty teams in nine Canadian provinces and four US states divided amongst three regional leagues, the CHL has long been recognized as the pre-eminent feeder system for producing National Hockey League ("NHL") talent. It was not long ago that Major Junior hockey was seen as essentially the *only* viable development pathway for young players with aspirations of establishing a NHL career, and although there is now greater competition from the NCAA and overseas junior leagues, the CHL remains the world's most significant producer of professional hockey players.¹⁰ As clear evidence of the CHL's prominence in hockey's hierarchy, each of the last nine first overall selections in the NHL Entry Draft have been chosen from teams in the CHL.¹¹

As the NHL's primary development league, there exists a long-standing and very close relationship between the CHL and hockey's top professional league. CHL operations closely mirror the NHL in a number of regards, one of which is that the distribution of players — aged between 16 and 20 years old — is administered primarily through an entry draft system. Each of

¹⁰ See Christopher R. Chard, *Understanding Organizational Brand Equity: A Case Study of the Ontario Hockey League* (Feb. 2007) (unpublished Ph.D. thesis, University of Leicester) (on file with University of Leicester Library).

¹¹ There is no single source for this, but rather can be discerned by reviewing each of the last 10 NHL Entry Draft selection lists at: <http://www.nhl.com/ice/draftsearch.htm?sort=overallPick&location=/draft/2015>, [<https://perma.cc/3WXQ-JZHH>].

the CHL's three leagues conduct separate entry drafts where member teams select eligible teenagers for the privilege of owning the selected individuals' playing rights should they eventually play Major Junior hockey. While specifics vary between the three leagues, generally speaking, over the course of a multiple-round draft, teams select eligible players from their league's protected territory. For the OHL this consists of players between the ages of 16 and 18 from Ontario, Michigan, Pennsylvania, and New York. The QMJHL draft involves players of the same age from Quebec, the Atlantic Canadian Provinces, and the United States region of New England — from which teams are required to select at minimum two players annually.¹² The WHL differs slightly by conducting a 'Bantam Draft' for 15 year olds from the four Western Canadian Provinces and the remaining US States not covered by the OHL or QMJHL.¹³ Although the WHL draft involves 15 year olds, players are not eligible to play in the CHL until their first season at 16 years old, unless they qualify for 'Exceptional Player Status,' an exemption under Hockey Canada's development model that permits early entrance for the most elite prospects. Although the enforceability of the CHL's entry draft system has been subject to court challenge, its legitimacy was upheld in *Greenlaw v. Ontario Major Junior Hockey League* on the basis that "irreparable harm to the League" would result if the draft were found to be an unlawful restraint of trade.¹⁴

In addition to being similar to the NHL in operations and structure, the CHL is also closely connected to the NHL financially. Up until NHL expansion in 1967 and establishment of the NHL Entry Draft, Major Junior teams were directly sponsored as 'farm clubs' of NHL

¹² Specifically: Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, and Connecticut.

¹³ Specifically: Alaska, Arizona, California, Colorado, Hawaii, Idaho, Kansas, Minnesota, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oklahoma, Oregon, South Dakota, Texas, Utah, Washington and Wyoming.

¹⁴ See *Greenlaw v. Ontario Major Junior Hockey League* (1984), 48 O.R. (2d) 371, 2 C.P.R. (3d) 556.

franchises.¹⁵ When direct sponsorship ended, support was replaced by a development grant system where the NHL compensates CHL teams annually as recognition of their investment in creating a talent pool from which to draw.¹⁶ As a matter of illustration, where a player from the QMJHL is selected in the NHL Entry Draft, a development grant is paid to the QMJHL which is then distributed to teams based proportionality on the time the particular team owned the drafted player's Major Junior rights.¹⁷ While this affiliation remains today, with the NHL transferring up to \$9.86 million to the CHL for the 2012–13 season, all teams in the CHL are now owned individually by various corporations and partnerships.¹⁸ This distinguishes the CHL from MLB's minor league system where the affiliation between MLB franchises and minor league clubs is direct. MLB franchises are not necessarily owners of their minor league teams, but they are required to sign development agreements with the ownership groups that give the MLB franchise *de facto* control.¹⁹

II. Berg v CHL: Broader Context and Summary of Asserted Claims

A. *The NCAA and the Athlete-Employee in the Context of Unionization*

As noted in the introductory section, the rising commercial success of US collegiate sports has given way to an increasingly fervent athletes' rights discourse focusing on the NCAA and its treatment of athletes in Division I revenue-generating sports. The issue is not exactly a novel one, as the NCAA for a number of years now has been targeted by legal academics for

¹⁵ See JOHN BARNES, *SPORTS AND THE LAW IN CANADA* 81 (3d ed. 1996).

¹⁶ See *id.* at 18.

¹⁷ See Quebec Major Junior Hockey League, *Administrative Rules 2012 – 2013*, By-Law 2.14.6 [hereinafter *QMJHL Administrative Rules*].

¹⁸ See *Berg v. Canadian Hockey League*, (2015), No. CV-14-514423, Motion Record of Plaintiff at 637, (Can. Ont. Sup. Ct. J.) [hereinafter *Berg Motion Record*].

¹⁹ *Senne Complaint*, *supra* note 10, at ¶ 60.

relying on the skills and fame of their young scholarship athletes to generate profits while limiting compensation for those services according to their amateurism model. The scope of criticism, however, is reaching unprecedented levels and according to some, the bottom line is clear: the student-athlete is being exploited.²⁰ Collegiate athletics today are highly commercialized, and Division I revenue-generating sports are enormous wealth creators for universities and related stakeholders.²¹ The NCAA, by continuing to bind athletes in commercially lucrative sports such as football and basketball to the rules of amateurism, restricting the ability of athletes to profit from their ‘collective sweat equity,’ means that of the many parties invested in collegiate sports, the one group being denied the full financial benefit of their relationship with the NCAA is that made up of those actually playing in the games.²²

At the heart of this seemingly perverse relationship is the NCAA’s characterization of their athletes as amateur student-athletes, not employee-athletes. It is this characterization that the NCAA relies upon to limit compensation and prohibit the payment of any sort of competitive market-driven wage. But the student-athlete classification is slowly starting to be chipped away at as the reality that certain NCAA athletes are in many ways far more professional athlete than student becomes clear.²³ The demands placed on the so-called ‘student-athlete’ are not all that different from what is expected of the professional athlete. Although NCAA rules institute a general time limit (known as the 20-hour rule)²⁴ for athletically related activity to a maximum of four hours per day and twenty hours per week, it is becoming well-established that the rule is not

²⁰ See Mary Grace Miller, *The NCAA and the Student-Athlete: Reform is on the Horizon*, 46 U. RICH. L. REV. 1141, 1146 (2012).

²¹ Heitner & Levine, *supra* note 4, at 342.

²² *Id.*

²³ Miller, *supra* note 20, at 1142.

²⁴ National Collegiate Athletic Association, 2015–16 NCAA Division I Manual, § 17.1.7.1 [hereinafter *NCAA Manual*].

properly followed. Student-athletes spend hours attending administrative meetings, training sessions, and film study that do not count towards the 20-hour limit.²⁵ The result is that, according to the recent complaint filed by two student-athletes at the University of North Carolina at Chapel Hill, Division I athletes average closer to forty hours a week engaged in athletic activity.²⁶ In the words of the complaint, the 20-hour rule has proven to be “regularly and openly flouted.”²⁷

The response to this apparent exploitation of the student-athlete has manifested in a push for unionization, the most noteworthy development being the efforts of College Athletes Players Association (“CAPA”) to organize Northwestern University football players. The National Labor Relations Board (“NLRB”) ultimately dismissed CAPA’s union election petition on the basis that asserting jurisdiction would not promote stability in labor relations since the overwhelming majority of teams in the Football Bowl Subdivision — of which Northwestern is a member — are public institutions that are outside the scope of NLRB jurisdiction.²⁸ However, before dismissing the petition, the NLRB regional director first addressed the question of whether or not scholarship receiving football players were employees as defined under the National Labor Relations Act (“NLRA”) and therefore could qualify as employees of the university.

Peter Sung Ohr, the NLRB regional director deciding the matter, applied the common law definition of employee as “a person who performs services for another under a contract of hire, subject to the other’s control or right of control, and in return for payment.”²⁹ This definition encapsulates the right of control test. In terms of whether scholarship receiving

²⁵ Miller, *supra* note 20, at 1143.

²⁶ See generally Complaint, McCants et al. v. The National Collegiate Athletic Association, et al., No. 15-cvs-1782, (M.D.N.C. filed Feb. 27, 2015).

²⁷ *Id.* at 24.

²⁸ Northwestern University and College Athletes Players Association, 362 N.L.R.B. 167 (2015).

²⁹ *Decision of the Regional Director, Northwestern, supra* note 9, at 13.

football players performed services for the university for which they received compensation, Ohr found in the affirmative. The players provided a clear benefit for the university, helping the football program generate revenues of approximately \$235 million from 2003 to 2012.³⁰ And while players did not receive a paycheck in the traditional sense, their athletic scholarships constituted an economic benefit received on account of football services.³¹ On the question of control, Ohr determined that the factual record established that the players were “under the strict and exacting control [of the university] throughout the entire year,” leading to the ultimate finding that scholarship players on the football team were in fact employees as defined by the common law.³²

B. Labor Relations in the CHL

Labor relations in the CHL, while not subject to the same level of scrutiny as that in the NCAA, have by no means been static. The CHL faced its own unionization movement in 2012 when a group calling itself the Canadian Hockey League Players’ Association (“CHLPA”) attempted to acquire bargaining rights but was ultimately forced to withdraw its application for certification just prior to holding a vote with players of the Cape Breton Screaming Eagles in the QMJHL.³³ The withdrawal became necessary once the legitimacy of the CHLPA and the intentions of those running the organization came under serious question.³⁴ Unionization efforts again heated up in July 2014, when Unifor, Canada’s largest private sector union, expressed

³⁰ *Id.* at 14.

³¹ *Id.*

³² *Id.* at 15.

³³ Mary Ellen MacIntyre, *Hockey Players Union Bails Out of NS*, THE CHRONICLE HERALD, Nov. 2, 2012, <http://thechronicleherald.ca/mooseheads/160306-hockey-players-union-bails-out-of-ns>, [https://perma.cc/L8P6-RL3Y].

³⁴ James Mirtle, *Why Georges Laraque is Leaving the CHLPA*, THE GLOBE AND MAIL, Nov. 2, 2012, <http://www.theglobeandmail.com/sports/hockey/globe-on-hockey/why-georges-laraque-is-leaving-the-chlpa/article4851890/?page=all>, [https://perma.cc/FL6T-79FH].

interest in representing CHL players. Unifor’s involvement to date, however, has been mostly limited to lobbying the Ontario Provincial government to launch a task force examining working conditions in the CHL.³⁵

An alternative course of action to unionization, which also has the effect of forcing a determination on the legal relationship between league and player, proved to come in the form of a lawsuit seeking outstanding employment entitlements owed to players as employees of the CHL. Samuel Berg, a former player with the Niagara IceDogs of the OHL, filed a statement of claim asking the Ontario Superior Court of Justice to have an action against the CHL and its teams certified as a class proceeding, with him appointed as the representative plaintiff. Berg played eight games for the Niagara IceDogs in the 2013–14 season before being sent to a lower level of junior hockey, where he was subsequently injured and forced to end his playing career prematurely.

In addition to alleging that the IceDogs breached an individually-negotiated agreement to provide full university tuition and related expenses following his Major Junior career—an agreement meant to entice Berg to elect the OHL over pursuing NCAA scholarship and was contingent only upon his playing one OHL exhibition or regular season game—the statement of claim raises four causes of action on behalf of the players as class members.³⁶ Among the four claims is a statutory cause of action alleging that the CHL standard player contract violates applicable employment standards legislation “with respect to minimum wage, vacation pay,

³⁵ Rick Westhead, *Union Alleges Intimidation After Minister Orders OHL Examination*, TSN (Apr. 22, 2015), <http://www.tsn.ca/union-alleges-intimidation-after-minister-orders-ohl-examination-1.263866>, [<https://perma.cc/TP8K-PKRS>].

³⁶ Despite expressly representing itself to be an amateur league, the CHL is considered by the NCAA to be professional. NCAA by-laws allow a player to attend a CHL training camp and maintain NCAA eligibility, provided such a visit did not exceed 48 hours and any payment or compensation in connection with the visit was not in excess of actual and necessary expenses. *See NCAA Manual*, *supra* note 24, at § 12.2.1.1.

holiday pay, and overtime pay.”³⁷ The action seeks recovery of these unpaid employment entitlements amounting to \$100 million Canadian and \$50 million in US currency, as well as punitive damages of \$25 million on account of the CHL’s conduct in making the violation.

III. Statutory Cause of Action: The Alleged Employment Standards Violation

The most essential component to the Berg action, and the primary focus of this article, is the statutory cause of action. The claim that the WHL, OHL, and QMJHL’s standard player contracts violate employment standards legislation, and are therefore of no force, is contingent on there being an employment relationship established between players and their teams. The fundamental question is therefore whether the players are employees or if they are more appropriately characterized as independent contractors, amateur student-athletes, interns engaged in a professional training program, or some other category outside the scope of an employee for the purposes of employment standards legislation.

A. Standard Player Contract: Player Compensation and Description of Relationship

Regulations in the WHL, OHL, and QMJHL provide that any player wishing to play in a regular season or playoff game is required to have signed a standard player contract endorsed by the League, regardless of that player’s skill or level of experience.³⁸ Upon being signed by the player, the team must then file the contract with the League’s head office for it to be approved by the League Commissioner. The contracts are not identical but their substance varies little from

³⁷ *Berg Statement of Claim*, *supra* note 6, at para. 68.

³⁸ *Id.* at para. 4.

league to league.³⁹ In signing a standard player contract, the team generally retains the rights to that player for the duration of their eligibility in the League.⁴⁰

The Berg action targets the extent to which a player is compensated for their services, primarily arguing that minimum wage entitlements are not being met. Standard player contracts in use prior to the 2013–14 hockey season set a fixed fee for players’ services by listing either a specific dollar amount for remuneration or stating that the player will receive the maximum permitted according to league bylaws. The QMJHL’s Administrative Rules for the 2012–13 season provide further guidance, stating that the “weekly remuneration allowed, aside the room and board” was \$35 for players who are 16 to 17 years old, \$50 for 18 year olds, and \$60 for 19 year olds.⁴¹ These payments have been compared to the ‘pocket money’ which parents presumably might provide a player had they not relocated to play Major Junior hockey and are roughly equivalent to the amount received by players as long as thirty years ago.⁴² QMJHL regulations also provide a list of additional authorized compensation that includes transportation between the player’s home and rink, transportation for the holiday break and end of season, and transportation to school. The relationship of players to their team is described in the former contract as one of an “independent contractor.”⁴³

All references to a remuneration fee and descriptions of the players as independent contractors have been removed from the now-revised version of the standard player contract. The QMJHL recast compensation as a fixed weekly allowance of \$60 and the following reference to player status was included:

³⁹ *Id.*

⁴⁰ *Id.* at para. 7.

⁴¹ *QMJHL Administrative Rules*, *supra* note 17, By-Law 3.07.04.

⁴² *See, e.g.,* *McCrimmon Holdings Ltd. v. MNR*, [2000] R. J. Q. 823 (Can. Tax Ct., 2000) (QL) at para. 3.

⁴³ *Berg Statement of Claim*, *supra* note 6, at para. 18.

Players who belong to a club and who range in age from 16 years old to 19 years old are pursuing their academic careers while also benefiting from a framework which supports the development of their athletic potential as hockey players whose goal is to pursue the practice of hockey at the professional level.⁴⁴

Although not addressed in the statement of claim, it has been reported that the OHL has additionally included a monthly reimbursement plan that can cover up to \$470 worth of expenses on items such as gas, clothing, and phone bills.⁴⁵ A summer training allowance of \$1,000 was also added.

The CHL deals with the status of 20 year old players — those in their final year of Major Junior eligibility — separate from players 16 to 19 years of age. The QMJHL describes 20-year-old players as “young adults who are called upon to exercise leadership abilities and to act as mentors towards their teammates” and are “considered to be salaried employees of the club.”⁴⁶ The QMJHL in 2013–14 had a salary cap where teams could distribute a maximum of \$1,700 a week amongst their three permitted 20-year-olds, with no single player receiving an amount in excess of \$1,000.⁴⁷ Compensation has since been reduced to \$150 per week to align with that provided in the WHL and OHL.⁴⁸

Berg alleges that while playing in the CHL he spent an average of 44 hours a week engaged in team-related activities or services, which included playing in approximately three games, travelling to and from games, practicing, training, and partaking in promotional events. In weeks where the IceDogs went on prolonged trips to play games as the visiting team, travel

⁴⁴ *Berg Motion Record*, *supra* note 18, at 536, 539.

⁴⁵ See Sunaya Sapurji, *OHL Ups the Ante, Makes Significant Changes to Player Benefit Packages*, YAHOO! SPORTS (Feb. 24, 2014), <http://sports.yahoo.com/news/ohl-ups-the-ante--makes-significant-changes-to-player-benefit-packages-223242217.html>, [<https://perma.cc/B5N5-7NYL>].

⁴⁶ *Berg Motion Record*, *supra* note 18, at 536.

⁴⁷ *QMJHL Administrative Rules*, *supra* note 17, By-Law 3.02; *Berg Motion Record*, *supra* note 18, at 541.

⁴⁸ Mike Sanderson, *QMJHL Drops Overage Salary to Match OHL and WHL; Predictably, Potential Overagers Aren't Happy*, YAHOO! SPORTS (May 30, 2014), <https://ca.sports.yahoo.com/blogs/jrhockey-buzzing-the-net/qmjhl-drops-coverage-salary-match-ohl-whl-predictably-003835939.html>, [<https://perma.cc/WA45-ZTNW>].

pushed this number closer to 65 hours. With no hourly wage rates, no overtime pay, no holiday pay and no vacation pay, it is alleged that the contractual provisions purporting to govern player compensation are void and unenforceable, and that players are owed outstanding entitlements. Legislation in Ontario currently sets the applicable minimum wage rate at \$11.00 an hour, meaning compensation for a 44 hour week, not accounting for relevant vacation, holiday and overtime pay, should total at least \$484.⁴⁹

IV. Canadian Individual Employment Regime

The fact that unionization efforts have failed is not all that surprising. In addition to an apparent lack of competence and organizational legitimacy on the part of the CHLPA, there is the simple fact that organizing young athletes is difficult given that players are hesitant to do anything that might upset team management and attract retribution.⁵⁰ When questioned by media, an almost absolute majority of players either refused to answer or lauded the CHL for the world-class development opportunity provided.⁵¹ The dilemma is the same facing players in MLB's minor league system and was aptly described in *Senne*: “[s]triving towards a lifelong dream of playing in the major leagues, minor leaguers are reluctant to upset the status quo. As one minor leaguer ... testified before Congress ... ‘what minor league player is going to jeopardize his career by challenging the system?’”⁵²

The inability to unionize, while not without drawbacks, does not mean players are left with no recourse. Not being unionized means that Major Junior players, like those in MLB's

⁴⁹ See Employment Standards Act, S.O. 2000, c. 41, ss. 22(1), 35.2; O. Reg. 285/01, s. 5(1).

⁵⁰ See *MacIntyre*, *supra* note 33.

⁵¹ *Id.*; *CHL Players Forming League's First Union*, SPORTSNET (Aug. 20, 2012), <http://www.sportsnet.ca/hockey/juniors/chl-hockey-chlpa-players-union/>, [<https://perma.cc/W7UE-PYDH>].

⁵² *Senne Complaint*, *supra* note 10, at 1–2.

minor leagues, are not under any collective agreement that binds them to a bargained for grievance process such as arbitration. Players therefore have the ability instead to look to the framework established by individual employment law, an avenue unavailable to employees under a collective bargaining agreement.

A. The Two Pillars

Canadian law sets out two frameworks establishing the obligations and entitlements that govern the employment relationship for workers in the non-unionized sector: the common law contract of employment and protective employment standards legislation.⁵³

The common law, recognizing that it is unrealistic to expect the two parties to specifically account for all the possible contingencies that might arise over the course of an employment relationship, modifies the principle of freedom of contract to imply various terms into the relationship.⁵⁴ Implied duties on the employer include, for example, the well-known duty to provide employees with a reasonable notice of termination. But despite the protection afforded by the common law, courts for much of history have favored the interests of employers. To protect the most vulnerable workers, governments by the early 20th century began implementing legislated minimum standards.⁵⁵ This legislative framework grew more comprehensive with the postwar emergence of the Canadian social welfare state and the recognition that non-unionized workers, not having benefited much from the organized labor movement, were in need of further protections.⁵⁶

⁵³ GEOFFREY ENGLAND, *INDIVIDUAL EMPLOYMENT LAW*, 3 (2d ed. 2008).

⁵⁴ *Id.* at 50.

⁵⁵ Mark Thomas, *Setting the Minimum: Ontario's Employment Standards in the Postwar Years, 1944–1968*, 54 *LABOUR/LE TRAVAIL* 49, 56 (2004).

⁵⁶ *Id.* at 72-81.

Each province in Canada has enacted their own version of employment standards legislation setting minimum terms and conditions in areas such as wages, vacations, and termination of employment.⁵⁷ In Ontario, the relevant legislation is the *Employment Standards Act* (“ESA”). The legislation is primarily meant to establish a minimum floor of rights for most of the labor market but also represents the chief source of protection for employees in non-unionized work.⁵⁸ As such, no employer is permitted to contract out of the ESA to avoid its application; any term in an employment contract directly relating to a legislated benefit is enforceable only if it provides the employee with a greater benefit than that stipulated in the ESA.⁵⁹

The Supreme Court of Canada (“Supreme Court”) in *Machtiger v. HOJ Industries* explained that individual employees, especially in non-unionized workplaces, are often in a position of drastically unequal bargaining power in relation to their employer.⁶⁰ A person’s work is fundamental to his life, providing both financial means and a sense of social purpose. Meanwhile, it is generally rare for employers to find themselves facing significant labor shortages. The result is that the terms of an employment contract cannot always be relied on as a manifestation of free bargaining power. It is this inherent power imbalance and bargaining inequity which employment standards legislation is meant to remedy. Courts are therefore to give employment standards legislation a broad and liberal interpretation so to ensure that its protection extends to as many employees as possible.⁶¹ The result is that any contractual term in

⁵⁷ See Leah F. Vosko, *Rights Without Remedies: Enforcement Employment Standards in Ontario by Maximizing Voice Among Workers in Precarious Jobs*, 50 OSGOODE HALL L.J. 845, 851 (2013).

⁵⁸ *Id.*

⁵⁹ ESA, *supra* note 49 ss. 5(1), (2).

⁶⁰ *Machtiger v. HOJ Industries Ltd.*, [1992] 1 S.C.R. 986.

⁶¹ Judy Fudge, Eric Tucker & Leah F. Vosko, *Employee or Independent Contractor? Charting the Legal Significance of the Distinction in Canada*, 10 CDN. LAB. & EMP. L.J., 193, 209 (2003).

an employment relationship that violates employment standards legislation is null and void for all purposes.⁶²

B. ESA Enforcement

The ESA is an impressive and comprehensive body of legislation that regulates almost all aspects of the employee-employer relationship. Enforcement, however, has proven to be relatively difficult.⁶³ The primary method of enforcement is the individual claims process where the obligation lies with the aggrieved employee to file a complaint with the Ministry of Labour. This “soft law” approach is often criticized for putting too much responsibility on individual employees, and, in the present instance, is an unsuitable method of recourse.⁶⁴ The ESA’s administrative process was amended under the *Open for Business Act, 2010* to include a self-help provision requiring that before any complaint is investigated, unless given an exemption, the employee must have approached his employer to inform her of the alleged violation.⁶⁵ The rationale was to increase efficiency, hoping that in many cases the employer was simply ignorant to the employee’s rights and that once notified of the potential violation, the employer would resolve the complaint to the employee’s satisfaction without needing regulatory intervention. In a sport well-known for its conformity, this self-help requirement serves as a strong disincentive for players to make a claim. Individual players are highly unlikely to take on the role of assertive protagonist out of a fear that they may be stigmatized as selfish and have any future professional

⁶² Machtinger, *supra* note 60.

⁶³ Vosko, *supra* note 57, at 851–53.

⁶⁴ LAW COMMISSION OF ONTARIO, *VULNERABLE WORKERS AND PRECARIOUS WORK* 53-54 (2012) [hereinafter *VULNERABLE WORKERS*].

⁶⁵ ESA, *supra* note 49 s. 96.1(1), 96.1(3).

career jeopardized as a result.⁶⁶ The ESA's anti-reprisal provisions are unlikely to provide sufficient assurance considering the magnitude of what is at stake, and ice time could be reduced immediately while the player waited for an investigation to be completed—meaning the damage would probably already be done before any reprisal remedy was issued. Further, in addition to being an individual complaint based system, the ESA's administrative process is also unsuitable for this situation because it imposes a cap of \$10,000 on monies recoverable.⁶⁷

Fortunately for the players, Ontario courts have confirmed that employees are entitled to pursue an ESA claim by bringing an action in the court system where the \$10,000 monetary cap and self-help provision are of no application.⁶⁸ The ability to claim ESA entitlements through an action allows the players to take advantage of class proceedings legislation and act collectively in a cost-efficient manner that also helps to level bargaining power.⁶⁹ Rather than be faced with a few relatively low-value claims, the use of a class proceeding means that the CHL faces millions in potential liability. A further benefit is that once certified, members of the class are presumed to be included in the proceeding unless they take active steps to opt out within the time period set by the court's certification order.⁷⁰ Individual players therefore do not need to go public should they wish to recover any ESA entitlements deemed to have been unjustly withheld.

The first step for any class proceeding is to obtain a court order granting certification, something which the CHL may very well oppose. The MLB's initial defense in *Senne*, for example, was to argue that the proposed class of minor league baseball players should be denied

⁶⁶ VULNERABLE WORKERS, *supra* note 65, 57–8; *see e.g.*, Westhead, *supra* note 8.

⁶⁷ ESA, *supra* note 50 s. 103(4).

⁶⁸ *See Boland v. APV Canada Inc.*, (2004), 250 D.L.R. 4th 376 paras. 11–17, (Can. Ont. Sup. Ct. J.).

⁶⁹ *See Louis Sokolov & Colleen Bauman, Common Cause: Employment-Related Class Actions in Canada* (March 28–29, 2011). Paper Delivered at the Faculty of Law, University of Windsor (transcript available online at <http://www1.uwindsor.ca/law/accessing-justice/system/files/Sokolov.pdf>), [<https://perma.cc/M74H-HYZJ>].

⁷⁰ Class Proceedings Act, S.O. 1992, c. 6, s. 9.

certification on the basis that the alleged claims were “inherently individualized.”⁷¹ It was said that nothing in MLB rules or player contracts required uniformity in work hours and conditions, and that the amount a player actually works and how much compensation they receive varies significantly from team to team according to the choices of coaches and management at that particular level.⁷² Therefore, MLB argued, the plaintiff group’s claims required a series of “individualized inquiries.”⁷³

In deciding whether the CHL players should receive certification, the court is guided by the Ontario *Class Proceedings Act* (“CPA”). The CPA lists among its criteria for certification the requirement that “a class proceeding would be the preferable procedure for the resolution of the common issues.”⁷⁴ Considering that the ESA contains its own enforcement mechanism, class proceedings in the employment context have produced conflicting responses to this inquiry.⁷⁵ In *Halabi v. Becker Milk Co.*, the motion for certification was dismissed on the basis that the ESA’s administrative process is timely, cost-effective, and “clearly preferable.”⁷⁶ More recent cases however, have provided a more detailed analysis. The Canadian Supreme Court established a two-step analysis in determining whether a class proceeding is the preferable procedure: (i) “whether or not the class proceeding [would be] a fair, efficient and manageable method of

⁷¹ Josh Leventhal, *MLB States Its Defense In Minor League Players Lawsuit*, BASEBALL AMERICA, June 11, 2014, <http://www.baseballamerica.com/minors/mlb-states-its-defense-in-minor-league-players-lawsuit/>, [https://perma.cc/8PN4-DC3U].

⁷² *Senne et al v. Office of the Commissioner of Baseball, et al.*, No. 3:14-cv-00608 (N. D. Calif. Oct. 20, 2015) (order granting motion for conditional certification) [hereinafter *Senne Conditional Certification Order*].

⁷³ *Id.*

⁷⁴ *Class Proceedings Act*, *supra* note 71, s. 5(1)(d).

⁷⁵ *Sokolov & Bauman supra* note 70, at 5.

⁷⁶ *Halabi v. Becker Milk Co.*, [1998] 39 O.R. 3d 153, (Can. Ont. Ct. Gen. Div.); *see also* *Sokolov & Bauman supra* note 70, at 5.

advancing the claim,” and (ii) “whether a class proceeding would be preferable” as compared to other reasonably available means.⁷⁷

MLB’s argument regarding the individual nature of wage claims relates to the first branch of the test—whether a class proceeding is a fair, efficient, and manageable method of advancing the claim. Although MLB lost on this point, all that the plaintiff group had to show was some factual or legal nexus binding the class together so that a joint hearing would promote judicial efficiency.⁷⁸ Any variation in players’ compensation and hours worked could be addressed at a later stage. In Canada, courts have expressed a reluctance to permit certification where numerous individual claims for unpaid employment benefits might overwhelm a class proceeding.⁷⁹ However, this argument was rejected in *Fulawka* regarding a plaintiff class of more than 5,000 current and former retail banking employees. The court lauded the flexibility of the CPA and held that it permits a common issues trial judge to take a variety of approaches in managing individual claims effectively without requiring individual hearings.⁸⁰ As for the second consideration, whether a class proceeding is preferable, *Fulawaka* held that given the scope of liability raised by the claimants, the likely reluctance of individual workers to bring forward separate claims, and the limitations of remedial authority available under the legislative enforcement process, denying certification would thwart access to justice.⁸¹

Provided the court can be convinced that the same considerations under *Fulawaka* apply and that certification is appropriate in this case, focus then shifts to whether the players should be considered employees under the ESA.

⁷⁷ *Hollick v. Toronto (City of)*, 2001 SCC 68, para. 28, [2001] 3 S.C.R. 158.

⁷⁸ *Senne Conditional Certification Order*, *supra* note 73, at 22.

⁷⁹ *See Webb v. K-Mart Canada Ltd.*, [1999] 45 O.R. 3d 389, (Can. Ont. Sup. Ct. J.).

⁸⁰ *Fulawka v. Bank of Nova Scotia*, 2012 ONCA 443, paras. 151-61, [2012] 111 O.R. 3d 346.

⁸¹ *Id.* at para. 167.

V. Application of Employment Standards Legislation

A. Is There an Employee-Employer Relationship Between Players and Their Teams?

The statutory definition of employee, as provided in the ESA, is of little practical utility when attempting to determine the employment relationship between two parties. As is the case in the US, the task has instead fallen on the common law to step in and fill the void by providing a workable legal definition and test. The basic definition adopted in Canada is useful merely as a starting point. Canadian courts have decided that the fundamental question to be asked in these cases is simply whether the worker has been engaged to perform the services “as a person in business on his own account.”⁸² If the answer to this question is yes, the worker is engaged under a contract *for* services and is an independent contractor.⁸³ If the answer is no, the worker is engaged under a contract *of* service and is an employee.⁸⁴

This distinction between a contract of service in which the worker is an employee, and a contract for services where the worker is an independent contractor, is a critical one.⁸⁵ Protections afforded by both the common law and employment statutes such as the ESA only apply to contracts of employment—the independent contractor is deemed to be self-employed, performing services on his own account, and not in need of labor protection.⁸⁶ Because of competitive market forces in today’s economy, an increasingly common trend is for firms to attempt to “shift the risks of productive activity and employment onto workers by categorizing

⁸² 671122 Ontario Ltd. v. Sagaz Industries Canada Inc., 2001 SCC 59, para. 44, [2001] 2 S.C.R. 983.

⁸³ *Id.* (emphasis added).

⁸⁴ *Id.* (emphasis added).

⁸⁵ ENGLAND, *supra* note 54, at 16.

⁸⁶ Fudge, Tucker & Vosko, *supra* note 62, at 194.

work relationships as commercial arrangements rather than employment.”⁸⁷ The CHL appears to be no different, taking steps to avoid any terminology in standard player contracts or other official league documentation that might depict players as employees.

While some workers are happy to be considered an independent contractor to avoid having various statutory deductions taken from their pay, there is concern for those independent contractors who do not fit the mold of a business entrepreneur.⁸⁸ Given the inequality of bargaining power inherent in the relationship, courts have decided that terminology will not be entirely determinative; contractual descriptions and even the parties’ subjective intent regarding the nature of the relationship will not be permitted to trump objective reality where they do not align.⁸⁹ The challenge then is for courts to look at the facts of a particular relationship and draw a legal distinction between whether the worker is properly characterized as an employee or as an independent contractor.

Under the US right of control test applied in the *Northwestern* case, in which an employee is someone who performs services for another under a contract for hire subject to the other’s control, the most important factor in determining whether an employment relationship exists is the extent of control the alleged employer exercises over the working life of the alleged employee.⁹⁰ The Canadian approach is slightly more nuanced by comparison but nevertheless gives control significant weight. The basic definitional question of whether or not the worker has been engaged to perform the services on their own account alone does not provide sufficient parameters and has been supplemented by various tests. In *671122 Ontario Ltd. v. Sagaz Industries Canada Inc.* the Supreme Court rejected a single test approach to determining

⁸⁷ *Id.* at 195.

⁸⁸ ENGLAND, *supra* note 53, at 18–19.

⁸⁹ See *The Royal Winnipeg Ballet v. M.N.R.*, 2006 FCA 87 paras. 55–62, [2007] 1 F.R.C. 35.

⁹⁰ See *e.g.*, *Decision of the Regional Director, Northwestern*, *supra* note 9, at 15–16.

employment status but did review the previous tests and set the following non-exhaustive list of relevant factors that are to be considered:

1. Level of control the worker has over his or her own activities,
2. Whether the worker owns his or her own equipment,
3. Whether the worker hires other workers to help,
4. The degree of financial risk taken by the worker,
5. The degree of responsibility for investment and management held by the worker, and
6. The worker's opportunity for profit in the performance of his or her tasks.⁹¹

Although it was also made it clear that there is no strict formula for the amount of weight to be given in applying the stated factors, it was explicitly stated that the degree of employer control will always be a consideration.⁹²

B. Application of the Sagaz Factors: Level of League Control

It is now becoming well-established that NCAA athletes are subject to an extraordinary degree of control by the universities for which they play. In making the determination that football players at Northwestern were subject to strict and exacting control, NLRB regional director Ohr described a scenario where from training camp, through the playing season, and into the off-season, players' lives were largely defined by the parameters put in place by their coaching staff.⁹³ At training camp players were given daily itineraries that often scripted each hour of their day from as early as 5:45 in the morning to as late as 10:30 in the evening. During the playing season a typical week would see players, under the direction of their coaches, commit approximately 40 to 50 hours to football-related duties. Players' behavior was also monitored at all times by members of the coaching staff to ensure compliance with NCAA and team-instituted rules.

⁹¹ Sagaz, *supra* note 83, at para. 47.

⁹² *Id.*

⁹³ See e. g., *Decision of the Regional Director, Northwestern*, *supra* note 9, at 5–9.

The nature of a CHL player's relationship to his team is not markedly different from that of a NCAA Division I football player. CHL teams also exercise a remarkably high degree of control over their players, dictating almost all aspects of a player's life for the duration of the season and even into the summer offseason. The Tax Court of Canada in *McCrimmon Holdings Ltd v. M.N.R.*, when addressing the employment status of players for determining whether compensation payments were insurable income from which CHL teams as employers were required to make statutory deductions under the *Employment Insurance Act*, provided the following characterization of the player-team relationship:

[w]hile playing for the Wheat Kings, all players attend the same high school and meet with the same counsellor. All players are subject to a curfew and are closely monitored both in and out of school, especially as it concerns their attendance, and the club will mete out discipline... Those players who finished high school but have not chosen to attend college or university must come to training sessions 6 days a week from 12:30 p.m. to 5:30 p.m. each day... Wheat Kings players are permitted one 2:00 a.m. weekend curfew each month... Behavior is monitored by the team management and the families acting as billets.⁹⁴

The Berg action describes an even greater degree of control, explaining that in addition to being told "where and when...to play, train, practice or workout," each night prior to sleeping all players were required to call a team coach to confirm that they were adhering to the curfew of 11:00 p.m. on non-game nights and 12:30 a.m. on game nights.⁹⁵

The extensive every day control on the part of coaches and management is also reinforced by underlying power relations. In the Northwestern case, Ohr made the point that the football coaches had "control over nearly every aspect of the players' private lives by virtue of the fact that there are many rules that they must follow under threat of discipline and/or the loss

⁹⁴ *McCrimmon*, *supra* note 43, at para. 3.

⁹⁵ *Berg Motion Record*, *supra* note 18, at 544.

of a scholarship.”⁹⁶ The same can be said of CHL players as it relates to their career trajectory. Players entering the CHL understand that any prospect of a lucrative NHL career is predominantly tied to their performance in Major Junior, and despite the reality that few will ever play an NHL game, the possibility of making it is the singular incentive that drives most.⁹⁷ It is evident that with so much of a player’s future tied up in the decisions of coaches and management, teams are in a position of perpetual control. Teams control players primarily through the allocation of playing time, and outside of certain roster restrictions and freeze periods, they generally have unfettered control to release or trade players as they wish. The control a team has therefore appears to extend beyond physical control to include significant psychological elements, as well.

Should the court go beyond considering control to analyze the remaining *Sagaz* factors, there is further support for the finding of an employment relationship. Players are most often supplied almost from head to toe with team equipment, they do not control roster moves outside of possibly making recommendations to management when prompted, and they do not take on financial risk or invest in capital assets. The extent to which players have an opportunity to profit in the performance of their tasks is slightly more blurred. It could be argued that the potential of using the CHL as a springboard to the professional ranks presents a significant opportunity for profit. However, this factor generally entails a consideration of whether there were employer-imposed limits on remuneration *within the duration of the relationship*.⁹⁸ While on an active CHL roster, players’ opportunity for profit is generally limited to the remuneration provided for

⁹⁶ *Decision of the Regional Director, Northwestern*, *supra* note 9, at 16.

⁹⁷ Victoria L. Grygar, *A Struggle Against the Odds: Understanding the Lived Experiences of Canadian Hockey League (CHL) Players* (Aug. 2013) (unpublished M.A. thesis, Brock University) (on file with the Brock University Library), at 47.

⁹⁸ *See e.g.*, 1392644 Ontario Inc. (Connor Homes) v. M.N.R., 2013 FCA 85 para. 48, 444 N.R. 163.

in the standard player contract and league administrative rules; it is not until after their services end that most of their professional earnings are made. There is again room for disagreement here, as during the 2014–15 season there were 63 OHL players who had signed NHL entry-level contracts and received bonuses in the range of \$40,000 to \$90,000, meaning not all NHL related profit is earned strictly post-CHL.⁹⁹ Regardless, on the totality of circumstances and the sheer degree of control CHL teams have over their players, the facts weigh heavily in favor of an employee-employer finding.

VI. Playing Defense: Do Players Fall Into an Exempt Category?

After establishing that players are properly characterized as employees of their respective CHL teams, the next step in the analysis is to determine whether the relationship is one that is governed by employment standards legislation. There are a number of groups or classifications of employees who are excluded from the coverage of the ESA and similar legislation in other jurisdictions.¹⁰⁰

A. Are Players Akin to Interns in a Professional Training Program?

One potential interpretation of the CHL's amendments to the standard player contract is that the relationship has been recast from players being independent contractors to something closer to low-paid interns training for a career in professional hockey. The QMJHL's 2014–15

⁹⁹ Robert Cribb, *CHL Claims Questioned*, THE TORONTO STAR, Feb. 17, 2015, <http://www.thestar.com/sports/hockey/2015/02/17/star-investigation-chl-claims-questioned.html>, [<https://perma.cc/8J7U-GT8M>].

¹⁰⁰ See ENGLAND, *supra* note 54, at 121.

Education Policy, for example, repeatedly describes a player's time in Major Junior as a "hockey internship."¹⁰¹

The ESA's definition of an employee includes a person who is receiving training.¹⁰² This is further clarified by the condition that a person receiving training will be considered an employee "if the skill in which the individual is being trained is a skill used by the person's employees, unless *all* of the following conditions are met:

1. The training is similar to that which is given in a vocational school,
2. The training is for the benefit of the individual,
3. The person providing the training derives little, if any, benefit from the activity of the individual while he or she is being trained,
4. The individual does not displace employees of the person providing the training,
5. The individual is not accorded a right to become an employee of the person providing the training, and
6. The individual is advised that they will receive no remuneration for the time he or she spends in training."¹⁰³

The most insurmountable of these criteria for the CHL to meet is the condition that they derive "little, if any, benefit" from the services of players. There was little difficulty in finding that Northwestern was the benefactor of valuable services performed by its football players on account of the university's football program generating more than \$200 million in revenues over a ten-year span.¹⁰⁴ Regarding CHL accounts, the statement of claim under the claim of waiver in tort alleges that the CHL and its teams have received "hundreds of millions of dollars in revenues annually including for marketing promotions, television rights and ticket sales, all based primarily on the services provided by the players."¹⁰⁵ The validity of such a

¹⁰¹ Quebec Major Junior Hockey League, *QMJHL Education Policy 2014–2015*, art. 1 [hereinafter *QMJHL Education*].

¹⁰² ESA, *supra* note 50, s. 1(1).

¹⁰³ *Id.* s. 1(2).

¹⁰⁴ *Decision of the Regional Director, Northwestern*, *supra* note 9 at 13.

¹⁰⁵ *Berg Statement of Claim*, *supra* note 6, at para. 86.

statement has been subject to popular debate with many, including the CHL, referencing a number of small-market franchises that struggle to break even.¹⁰⁶ But it is important to remember that the provision sets an extremely low threshold. The Brandon Wheat Kings were described in *McCrimmon* as a “commercial organization...carrying on business for profit.”¹⁰⁷ Attendance figures vary drastically, but for the 2014–15 season, the average attendance amongst the CHL’s three league leaders is over 9,000 a game.¹⁰⁸ Charging spectators an admission fee is comparable to a software company charging customers for an unpaid intern’s technical support, as was the case in *Sandhu v. Brar*.¹⁰⁹ Teams receive the benefit of players’ skills by obtaining a fee that fans offer in return for the entertainment value provided predominantly by the players. The mere fact that teams charge admission might be enough on its own to find that a benefit is being derived.

Should the Ontario Labour Relations Board’s analysis in *Sandhu* be ignored in favor of a more stringent standard, there is no shortage of evidence describing the business of Major Junior hockey as a significant economic enterprise—one that is inherently dependent on the services provided by the players. The Berg action alleges that the IceDogs, whose attendance ranked 15th in the 20-team OHL, generated \$2,032,840 in gate revenue during the 2013–14 season against expenditures of \$32,500 on weekly player compensation.¹¹⁰ Franchise valuations also appear to be strong considering Quebecor Inc. bought the Quebec Remparts in 2014 for a reported \$25

¹⁰⁶ See e.g., Westhead, *CHL Should Pay \$187M*, *supra* note 7.

¹⁰⁷ *McCrimmon*, *supra* note 43, at para. 22.

¹⁰⁸ *Quebec Major Junior Hockey League 2014-15 Attendance Graph*, The Internet Hockey Database (Sept. 8, 2015), http://www.hockeydb.com/nhl-attendance/att_graph_season.php?lid=QMJHL1970&sid=2015, [https://perma.cc/N8SU-M9QY]; *Ontario Hockey League 2014-15 Attendance Graph*, The Internet Hockey Database (Sept. 8, 2015), http://www.hockeydb.com/nhl-attendance/att_graph_season.php?lid=OHL1989&sid=2015, [https://perma.cc/G9W5-J9E3]; *Western Hockey League 2014-15 Attendance Graph*, The Internet Hockey Database (Sept. 8, 2015), http://www.hockeydb.com/nhl-attendance/att_graph_season.php?lid=WHL1979&sid=2015, [https://perma.cc/S9D2-TRAG].

¹⁰⁹ *Sandhu v. Brar*, 2013 CanLII 43024 para. 24 (ONLRB).

¹¹⁰ *Berg Motion Record*, *supra* note 19, at para. 68–69.

million.¹¹¹ The Guelph Storm's business arrangements were outlined in *Guelph Centre Partners Inc. v. Guelph Storm Inc.* when a dispute arose between the team and its arena operator.¹¹² The team demanded a deficiency payment based on a stated level of guaranteed ticket revenue.

When the operators decided to exercise their option to buy the team for \$3.25 million rather than make the deficiency payments, due diligence materials were refused presumably because they would reveal healthy financials that made the \$3.25 million purchase option a bargain price.¹¹³

With valuations this high, teams that often operate at a loss are potentially able to recoup any wasted investment.¹¹⁴

B. Players are Provided With Room, Board, Equipment, and Development

A popular argument raised in defense of the CHL references the fact that teams cover almost all costs associated with players' living arrangements and hockey development. Players live with billet families who provide a home environment in return for compensation in the range of \$90-\$100 a week and two season ticket packages.¹¹⁵ Teams also will often compensate for room and board in instances where a player is able to remain at home.¹¹⁶ Players are also provided with team equipment, the extent to which varies on a team-by-team basis. Berg alleges that he was given sticks and protective outer gear which were returned to the team upon

¹¹¹ See generally Ken Campbell, *If Junior Operators Can't Afford a Reasonable Wage, It's Time to Shut Down*, THE HOCKEY NEWS, Feb 20, 2015, <http://www.thehockeynews.com/blog/if-junior-operators-cant-afford-a-reasonable-wage-its-time-to-shut-down/>, [<https://perma.cc/JRT9-LSY8>].

¹¹² *Guelph Ctr. Partners Inc. v. Guelph Storm Inc.*, [2005] O.J. No. 457, 63 W.C.B. (2d) 582, aff'd [2005] O.J. No. 5345, 68 W.C.B. (2d) 45.

¹¹³ *Id.*

¹¹⁴ See generally Rick Westhead, *NHL Player Agents Call for Changes to CHL's 'Dirty Little Secret'*, TSN (March 4, 2015), <http://www.tsn.ca/nhl-player-agents-call-for-changes-to-chl-s-dirty-little-secret-1.222059>, [<https://perma.cc/4F3M-YEQZ>].

¹¹⁵ See e.g., *Billet a Sea Dog Player*, SAINT JOHN SEA DOGS (Sept. 8, 2015), <http://www.saintjohnseadogs.com/page/billeting>, [<https://perma.cc/KW3K-8H5E>].

¹¹⁶ See e.g., *C.F.F. v. M.R.F.*, 2012 NSSC 426 para. 52, [2012] N.S.J. No. 671.

completing his services and that he was not supplied with skates or any additional body padding.¹¹⁷

Regarding the effect employer-provided room and board has on the determination of wage payments, there is little room for debate, as the ESA is clear: employers are permitted to consider the provision of room and board as constituting part of an employee's paid wage, but the amount that an employer will be deemed to have paid cannot be freely determined.¹¹⁸ The ESA expressly states that room and board constitutes the equivalent of \$85.25 weekly when a private room is provided, and \$69.40 for a shared room, meaning player compensation even with room and board factored in still falls well short of minimum wage.¹¹⁹

The ESA also allows an employer to deduct money from wages paid to an employee where the employee provides written permission.¹²⁰ However, this permission must include a statement either specifying the amount to be deducted or providing a method for calculating the specific amount.¹²¹ The result is that the CHL cannot argue that players would have received compensation above minimum wage levels but for deductions that had been made for equipment, development, and training expenses. A general statement offering blanket authorization that an employee owes money to the employer is not sufficient to allow a deduction from wages. It could also be said that CHL teams have no choice but to provide and pay for equipment on account of the Occupational Health and Safety Act (OHSA). The OHSA imposes a general duty on employers to "take every precaution reasonable in the circumstances for the protection of a worker," and places the responsibility on employers to provide protective equipment that must be

¹¹⁷ See *Berg Motion Record*, *supra* note 19, at para. 58.

¹¹⁸ ESA, *supra* note 50 s. 23(2).

¹¹⁹ See O. Reg. 285/01, s. 5(4).

¹²⁰ See ESA, *supra* note 50 s. 13(2), (3).

¹²¹ See *id.* s. 13(5)(a).

maintained in good condition.¹²² Although Ontario’s OHSA, unlike equivalent legislation in some other provinces, is not explicit as to who must bear the burden of cost for the personal protective equipment, courts have generally understood that “provide” means to pay.¹²³ It is also worth noting that the OHSA’s broad definition of a worker includes a person who performs services for monetary compensation, meaning that an employer’s general duty to provide a safe work environment applies equally to independent contractors and employees.¹²⁴

C. “We Believe That our Players are Amateur Student-Athletes”¹²⁵

In accordance with the CHL abandoning its previous contractual characterization of players as independent contractors, public defense to the Berg action has been to take direction from the NCAA and insist that players be considered amateur student-athletes. Justification is based on the CHL not being considered a professional league by Hockey Canada—the national sport organization responsible for the governance of amateur hockey in Canada—and the CHL’s educational program, which can provide players with grants to cover post-secondary education following their Major Junior career. CHL teams originally began providing educational grants on an individualized basis as a recruiting tool to compete with the NCAA, but the system became standardized in 2008 and provides meaningful financial assistance to many CHL graduates. Teams in each of the QMJHL, OHL, and WHL fund their own respective grant programs that

¹²² Occupation Health and Safety Act, R.S.O. 1990 c. O.1 s. 25.

¹²³ *Who Should Pay for PPE – Employer or Worker?* OHS INSIDER (Feb. 25, 2010), <http://ohsinsider.com/diligence/who-should-pay-for-ppe-employer-or-worker>, [<https://perma.cc/4FUS-K7QV>].

¹²⁴ Fudge, Tucker & Vosko, *supra* note 62, at 213.

¹²⁵ Press Release, Canadian Hockey League, Statement from CHL Commissioners (Oct. 20, 2014), <http://ontariohockeyleague.com/article/statement-from-the-commissioners-of-the-canadian-hockey-league/164315>, [<https://perma.cc/2WML-DWJS>].

generally provide players with a full-year scholarship for each season that they play.¹²⁶ Although the one-for-one scholarship for every season played measure applies universally to every player, individual players remain free to negotiate a better deal.¹²⁷ This was alleged to have been the case for Berg, who claims to have come to terms on an agreement with the IceDogs providing a full four-year scholarship enforceable the moment he stepped onto OHL ice for either an exhibition or regular season game.¹²⁸

Both the non-professional status of the CHL and its educational program have figured prominently in public discourse. After an executive with the Seattle Thunderbirds testified before Washington's House Labor Committee that WHL teams are members of both Hockey Canada and USA Hockey, it was confirmed by USA Hockey that Major Junior is not a registered level and teams are not members—the implication simply being that USA Hockey may not necessarily agree with the characterization of the WHL as a non-professional league.¹²⁹ Regarding the CHL's educational grant program, the centerpiece of the CHL's student-athlete defense, it is alleged that eligibility restrictions can be difficult to meet, with the result being that teams on average are only paying out full scholarships to four players annually.¹³⁰ Among the most restrictive and controversial conditions is the requirement that players enroll in post-secondary studies within 18

¹²⁶ See *QMJHL Education*, *supra* note 102, art 4.3 (The QMJHL makes their education policy public. It sets out the eligibility criteria on a half-season/semester basis, and provides that a player who qualifies for a grant, upon enrolling in post-secondary study, is able to receive one grant per semester. The grant is determined to be \$600 per succeeded course, with a maximum of \$6,000 per year and a maximum of four years.)

¹²⁷ See Ryan Kennedy, *CHL Education Opponents Way Off Base*, THE HOCKEY NEWS, Nov. 7, 2011, <http://www.thehockeynews.com/articles/48807-CHL-education-opponents-way-off-base.html>, [<https://perma.cc/UZ83-BUV6>].

¹²⁸ See *Berg Motion Record*, *supra* note 19, at 53.

¹²⁹ See Cribb, *Claims Questioned*, *supra* note 100.

¹³⁰ See Robert Cribb, *Class Action Lawsuit Filed Against Canadian Hockey League Over Wages*, THE TORONTO STAR, Oct. 20, 2014, http://www.thestar.com/news/world/2014/10/20/class_action_lawsuit_filed_against_canadian_hockey_league_over_wages.html, [<https://perma.cc/PP8J-5S22>].

months of their 20 year old overage season.¹³¹ Meant to ensure timely enrollment, this rule effectively voids a player's entitlement to their education package should they, following the end of the CHL eligibility, try their luck in one of hockey's minor professional leagues for more than a season and a half. NHL player agent Allan Walsh argues that system, as it currently exists, not only severely limits the number of players that can make use of the grant program but also is indicative of the "CHL's dirty little secret [that] they don't want players using these packages."¹³²

As polarized as the debate can be regarding the CHL educational package, the discourse may be fruitless. "Student-athlete" is not a legal term, but rather is one that, according to Robert McCormick and Amy McCormick, was coined by the NCAA "as propaganda, solely to obscure the reality of the university-athlete employment relationship and to avoid universities' legal responsibilities as employers."¹³³ McCormick and McCormick have argued that the NCAA created the term, embedded it in all NCAA rules, and required its exclusive use thereafter as a response to a Colorado court decision finding the University of Denver liable to provide an injured university football player with workers' compensation benefits.¹³⁴ As the value of grant-in-aid scholarships and the increasing commercialization of college athletics transformed collegiate sports into a billion-dollar revenue generator, the NCAA's insistence on the term "student-athlete" became all the more fervent.

The ESA does not carve out a specific exemption for student-athletes, but it does provide generally that it will not apply to anyone who "performs work under a work program approved by a college...or a university," or to a "secondary school student who performs work under a

¹³¹ See QMJHL Education, *supra* note 102.

¹³² Westhead, *supra* note 115.

¹³³ McCormick & McCormick, *supra* note 4, at 86.

¹³⁴ See *id.* at 83.

work experience program authorized by the school board that operates the school in which the student is enrolled.”¹³⁵ The labor status of student-athletes in Canada has also yet to be specifically addressed through the courts, but it was partially considered in *McCrimmon*. The argument in *McCrimmon* was that the status of players was not that of employees but rather that of students in a “form of private education,” in that the players “were participating in a hockey program offering scholarships containing certain pre-conditions, one of which was to possess the ability to play hockey at a level permitting [them] to be a member of a team in the WHL.”¹³⁶ The court rejected this argument, finding that “[w]hile there is an educational component attached to the contract between the Wheat Kings and the players—and that is commendable—the players are paid to play hockey.... It is the completion of the playing time that gives rise to the educational entitlement.”¹³⁷

The reasoning applied in *McCrimmon* is not that which is used necessarily to distinguish employees from student-athletes but rather applies to employees and students generally. *Rizak v. M.N.R.* recently explained that the question to ask in this analysis is whether the agreement between the graduate student and the university is a “contract of employment or an agreement of financial assistance regarding continuing studies.”¹³⁸ This is to be determined simply by considering whether the dominant characteristic of the payment is to compensate for work or to provide student assistance.¹³⁹ The dominant characteristic in *Rizak* was compensation for work, as there was a clear correlation between the two. The graduate student “did not receive the money as some form of no-strings attached bursary or scholarship,” but rather because he agreed

¹³⁵ ESA, *supra* note 49 s. 3(5)1, 2.

¹³⁶ See *McCrimmon*, *supra* note 42, at para. 7.

¹³⁷ *Id.*

¹³⁸ See *Rizak v. M.N.R.*, [2013] C.T.C. 273 (Can.) para. 33, [2013] T.C.J. No. 241 (Can.) (QL).

¹³⁹ See *id.* at para. 25.

to perform lab work for his supervising professor.¹⁴⁰ If the graduate student stopped working in the lab, he would not receive any payment.

Is the dominant characteristic of the CHL's education package to provide student assistance or is it to compensate for work provided? Applying the analysis from *Rizak* and *McCrimmon*, there is little question that the grant is to compensate for work; it is the services provided as hockey players that give rise to the entitlement, and as such, it is not some form of no-strings attached bursary. The players do not receive the education grant by virtue of being granted admission into post-secondary study; rather they are entitled to the money strictly on account of playing hockey in the CHL and complying with the League mandated eligibility requirements. The relationship is not primarily academic but one based on hockey playing services.

There is, however, a single sentence from *McCrimmon* that may support the League. The court said that "the requirement to play hockey is not inextricably bound to a scholarship as may be the case with a university since attendance at a post-secondary educational institution is not mandatory for remaining on the roster."¹⁴¹ Determination on this point might be different today, as the QMJHL's Education Policy, for example, now states that all players are obligated to attend school in some capacity, unless given an exemption. The extent to which this is enforced CHL-wide would probably be contestable, however, as Berg alleges that seven players on Niagara during the 2013–14 season were not enrolled in any kind of education program.¹⁴² Berg could also argue that even if enrollment in an education program was mandatory, schooling is merely ancillary to the obligations as hockey players. Berg's affidavit states that the demands of

¹⁴⁰ See *id.* at para. 36.

¹⁴¹ *McCrimmon*, *supra* note 42, at para. 19.

¹⁴² See *Berg Motion Record*, *supra* note 18, at para. 28.

playing in the OHL forced him to significantly lessen his course-load, and there is no shortage of other well-documented cases demonstrating that the demands of Major Junior hockey frequently take priority over schooling.¹⁴³ Although not entirely cut and dry, both case precedent and the facts weigh in favor of a finding that the dominant characteristic of the education package is to compensate for work provided. The aggregate result is that the court is unlikely to find that CHL players fit within any of the ESA's exempt categories and are therefore subject to wage and other supplemental benefits provided for under the Act's provisions.

VII. Additional Components and Ancillary Effects

A. Punitive Damages

Punitive damages in the employment context, meant not to compensate the employee for loss suffered but rather to send a message to the employer that his behavior was abhorrent, are most often considered in cases of wrongful termination. The Supreme Court in *Honda Canada Inc. v. Keays* explained that courts should award punitive damages “cautiously” and only in “exceptional cases.”¹⁴⁴ Clarified in *Boucher v. Wal-Mart*, there are three requirements a plaintiff must show in order to obtain such an award: (i) there must be an independent actionable wrong outside any claim of breach of contract, (ii) the defendant's conduct must be reprehensible and a “marked departure from ordinary standards of behavior,” and (iii) such an award must be “rationally required to...meet the objectives of retribution, deterrence and denunciation.”¹⁴⁵

¹⁴³ See *id.* at para. 85; see Greg MacVicar, *Former Q Player Brett Morrison Locking Horns With League for Bursary Money*, THE CAPE BRETON POST, June 19, 2009, <http://www.capebretonpost.com/Living/2009-06-19/article-777272/Former-Q-player-Brett-Morrison-locking-horns-with-league-for-bursary-money/1>, [https://perma.cc/FFU5-684A].

¹⁴⁴ See *Honda Canada Inc. v. Keays*, 2008 S.C.C. 39 para. 68, [2008] 2 S.C.R. 362 (Can).

¹⁴⁵ See *Boucher v. Wal-Mart Canada Corp.*, 2014 ONCA 419 para. 79, 120 O.R. (3d) 481 (Can. Ont. C.A.).

Getting past the independent actionable wrong requirement is the first hurdle for the players to overcome. In *Honda*, it was said that a breach of Ontario's Human Rights Code (HRC) did not amount to an independent actionable wrong because the HRC, like the ESA, has its own comprehensive internal enforcement scheme that would be undermined if a breach was recognized as an independent actionable wrong.¹⁴⁶ *Honda* was decided before amendments to the HRC brought in the right to claim compensation in a civil proceeding based on a breach of the Code where there is an accompanying wrong, and as such, was silent on the matter at the time.¹⁴⁷ The players would have to make a case for distinguishing the reasoning in *Honda* on the basis that the ESA does expressly contemplate civil action, specifying that "no civil remedy of an employee against his or her employer is affected by this Act."¹⁴⁸

Should the players be able to convince the court that the CHL's violation of players' ESA entitlements constitute an independent actionable wrong, they would then have to make a case on the facts to satisfy the two remaining requirements. Conduct qualifying as a marked departure from ordinary standards of behavior and thus meriting punitive damages, according to *Honda*, must be "harsh, vindictive, reprehensible and malicious."¹⁴⁹ An example of behavior reaching the high end of such a threshold can be found in *Whiten v. Pilot Insurance*, where the defendant tried to force the abandonment of an insurance claim by arguing in spite of overwhelming evidence to the contrary that the plaintiff had set fire to his own home.¹⁵⁰ At the other end is a case such as *Vorvis v. Insurance Corporation of British Columbia*, where overly interrogative productivity

¹⁴⁶ See *Honda*, *supra* note 143, at para. 64.

¹⁴⁷ See Human Rights Code, R.S.O. 1990, c. H.19, s. 46.1(2).

¹⁴⁸ See ESA, *supra* note 49 s. 8.

¹⁴⁹ *Honda*, *supra* note 143, at para. 68.

¹⁵⁰ See *Whiten v. Pilot Insurance Co.*, 2002 SCC 18, [2002] 1 S.C.R. 595 (Can.).

meetings that caused an employee mental distress warranting medical attention was found not be sufficiently offensive.¹⁵¹

A key reason to argue that the CHL's conduct warrants an award of punitive damages is that in *McCrimmon* the CHL had a decisive ruling on player status, but for over 14 years refused to re-categorize players as employees and bring compensation in line with legislated minimums, instead intentionally keeping the labor costs down to help increase profit margins.¹⁵² Employers have been found liable for punitive damages on the sole basis that they deliberately withheld benefits they knew were required under the ESA.¹⁵³ If the players can successfully portray the ESA violation as shrewd business people taking advantage of a vulnerable labor market, the court may be willing to determine the CHL's behavior was sufficiently blameworthy. This exercise may prove futile, however, as in the third branch of the analysis, when deciding whether punitive damages are rationally required, courts will factor in the deterrent effect of other compensation payments already awarded and ask if there is a shortfall between that amount and what is appropriate for punishing the employer for their behavior.¹⁵⁴ Even if the CHL's conduct receives the court's disdain, the League is potentially liable for hundreds of millions of dollars in outstanding ESA entitlements; for a league that has struggling franchises and is certainly by no means entirely indifferent to the well-being of players—providing some valuable benefits to players in other regards—this liability is likely more than sufficient to compel future compliance.

B. Conspiracy and Waiver of Tort

¹⁵¹ See *Vorvis v. Insurance Corporation of British Columbia*, [1989] 1 S.C.R. 1085, 58 D.L.R. 4th 193 (Can.).

¹⁵² See *Berg Motion Record*, *supra* note 18, at para. 24; *Berg Statement of Claim*, *supra* note 6, at paras. 75–79.

¹⁵³ See *Nelson v. 977372 Ontario Inc.*, 2013 CanLII 41983 (ON SCSM).

¹⁵⁴ See *Pate Estate v. Galway-Cavendish and Harvey (Township)*, 2013 ONCA 669 para. 228, 117 O.R. 3d 481 (Can.).

In addition to the alleged breach of employment standards legislation, Berg’s statement of claim also lists conspiracy and waiver of tort as causes of action. Under the waiver of tort claim is a request for an order requiring the CHL and its Canadian-based teams in the OHL and WHL to disgorge all profits received from October 17, 2012 to the present that were generated on account of violating players’ employment entitlements. This request further elaborates that profits are based on annual revenues in the range of “hundreds of millions of dollars.”¹⁵⁵

Waiver of tort is a restitutionary doctrine that enables plaintiffs to receive disgorgement of profits, as opposed to the normal tort measure of compensatory damages. It is advantageous, for example, where a plaintiff’s property is sold fraudulently at a price exceeding its market value, because it allows the plaintiff to claim the proceeds of the sale.¹⁵⁶ This can be significantly beneficial in the context of a class proceeding such as this, where profits sought could potentially be in the tens of millions of dollars and compensatory damages are hard to measure. Although the law in Canada relating to waiver of tort has become somewhat unsettled, with some class proceedings claiming it is not just an election of remedies but a standalone cause of action in itself requiring proof only of some wrongful act,¹⁵⁷ the Berg action has chosen to play it safe and include the underlying tort of conspiracy.

There are two branches of the tort of conspiracy. The Berg action invokes the tort of conspiracy to injure by unlawful means. As explained by Phillip Osborne, “[a] conspiracy to injure by unlawful means arises where two or more persons agree to act unlawfully and either the predominant purpose of the activity is to harm the plaintiff or the conduct is directed at the

¹⁵⁵ See *Berg Statement of Claim*, *supra* note 6, at para. 86.

¹⁵⁶ See Shantona Chaudhury & Paul J. Pape, *Damages in Waiver of Tort*, PAPE BARRISTERS (Mar. 27, 2012), <http://papebarristers.com/wp-content/uploads/Damages-in-Waiver-of-Tort-SUBMITTED.pdf>, [<https://perma.cc/DPM6-4ZJF>].

¹⁵⁷ See J. M. Martin, *Waiver of Tort: An Historical and Practical Survey*, 52 CAN. BUS. L.J. 473, 475, 476, 531 (2012).

plaintiff and the defendants should have known that harm was likely to result.”¹⁵⁸ Breach of legislation such as the ESA is considered to qualify as unlawful activity, meaning if the analysis in previous sections is correct and the CHL is acting in violation of minimum standards set out in the ESA, the focus will be on whether a level of intent can be proven.¹⁵⁹ As the second branch of the definition indicates, actual intent to injure is not required; it is satisfied if there is constructive intent to cause injury to the plaintiff.¹⁶⁰ The element of constructive intent, however, is not met through mere negligence. Recent case law suggests there are three mental elements relevant to proving constructive intent in an unlawful conspiracy tort: (i) the unlawful conduct must have been deliberate or intentional, (ii) the defendant must have been aware or willfully blind as to the unlawfulness of the conduct, and (iii) the defendant must have been aware or willfully blind as to the likelihood that the conduct would result in harm to the plaintiff.¹⁶¹

C. Players’ Personality Rights

Unauthorized use of an individual’s persona is protected by the common law tort of misappropriation of personality, known as the right of publicity in the US. First recognized in Canada by the Ontario Court of Appeal in *Krouse v. Chrysler Canada Ltd.*, it was since confirmed in *Athans v. Canadian Adventure Camps Ltd.* that individuals have “a proprietary right in the exclusive marketing for gain of [their] personality, image and name.”¹⁶² This is an extremely important right for professional athletes who can often earn substantial endorsement

¹⁵⁸ PHILLIP H. OSBORNE, *THE LAW OF TORTS* 310 (3d ed. 2007).

¹⁵⁹ See Brandon Kain & Anthony Alexander, *The ‘Unlawful Means’ Element of the Economic Torts: Does a Coherent Approach Lie Beyond Reach?* ANNUAL REVIEW OF CIVIL LITIGATION 32, 73 (Todd L. Archibald & Randall Scott-Echlin ed., 2010).

¹⁶⁰ See *id.* at 149.

¹⁶¹ See *id.* at 149–50.

¹⁶² *Krouse v. Chrysler Canada Ltd. et al.*, 1973 CanLII 574 (ON CA); *Athans v. Canadian Adventure Camps Ltd. et al.*, 1977 CanLII 1255 (ON SC); Amy M. Conroy, *Protecting Your Personality Rights in Canada: A Matter of Property of Privacy?* 1 UWO J. LEG. STUD. 1,11 (2012).

agreements based on licensing the use of their name and image. Players in the NHL grant personality rights covering their name, signature, picture, biographical sketch, playing record, and likeness in groups of three or more to the National Hockey League Players' Association (NHLPA) through a Group Licensing Program.¹⁶³ This allows players to enter licensing arrangements as individuals while also letting the NHLPA capitalize on the players' brand as a group. Further, the NHL-NHLPA collective bargaining agreement provides that the NHL and teams cannot use a player's individual personality—including his name and likeness—outside of images or footage taken from game action in any licensing arrangement without obtaining that player's consent.¹⁶⁴

As a comparison, the CHL addresses the personality rights of players simply by including a provision in the standard player contract that has the effect of granting the League and teams exclusive ownership of such rights. The relevant provision from the OHL reads:

The Player hereby assigns irrevocably to the Club and the OHL and any licensees of the Club and the OHL on a non-exhaustive basis, all rights to the Player's name, image, likeness, signature, statistical record and biographical information.¹⁶⁵

Although personality rights are not directly at issue in the Berg action, the class proceeding raises concern over the enforceability of such a provision. Rules prohibiting student-athletes in the US from receiving any compensation for the use of their name, image, and likeness in broadcasts and video games were recently struck down in *O'Bannon v. NCAA*.¹⁶⁶

The scope of revenues generated from licensing agreements in the CHL are not at the same level as in Division I NCAA football and basketball, but the CHL has seen its marketability

¹⁶³ See National Hockey League Players' Association, *Collective Bargaining Agreement Between National Hockey League and National Hockey League Players' Association*, Toronto: NHLPA, 2012, art 25.5(b).

¹⁶⁴ See *id.* § 25.3.

¹⁶⁵ *Berg Statement of Claim*, *supra* note 6, at 11.

¹⁶⁶ See *O'Bannon v. National Collegiate Athletic Ass'n*, 802 F.3d 1049 (9th Cir. 2015).

increase of late with enhanced television exposure. The CHL is currently in the second year of a twelve-year multimedia rights extension with Rogers Media Inc., featuring television and online broadcasts. This agreement had previously been a barter deal with no rights fee; however, it has been reported that the extension brings at least \$5 million to the League annually.¹⁶⁷ This television presence is also directly connected to CHL's seemingly growing network of corporate partnerships that, for the most part, are tied to special event properties such as the MasterCard Memorial Cup. Also referenced in the Berg action is the CHL's partnership with video game maker Electronic Arts. A point of contention is that not only do players receive zero compensation for their name and image appearing in the popular NHL series of video games, they have to actually purchase the game themselves should they wish to see their character in action.¹⁶⁸ Even if the CHL is not receiving any direct financial payment from this partnership, as was the case prior to the 2014–15 season extension, the inclusion of the players' images and personalities serves to further enhance the CHL's exposure and marketability. This has the overall effect of making the League more attractive to corporate marketers looking for the best return on their sponsorship investments.

Most players enter the CHL when they are below the age of majority. Contracts of or for service involving minors are deemed to be binding so long as the contract is beneficial for the minor. The CHL standard player contract was previously found to be unenforceable in *Toronto Marlboro Major Junior "A" Hockey Club v Tonelli*, when an action for breach of contract was brought against a player who signed a professional agreement before the term of his CHL

¹⁶⁷ See Rick Westhead, *Twin Lawsuits Filed Against WHL, QMJHL Over Working Conditions*, TSN (Oct. 31, 2014), <http://www.tsn.ca/westhead-twin-lawsuits-filed-against-whl-qmjhl-over-working-conditions-1.121441>, [https://perma.cc/P57X-M9HA].

¹⁶⁸ See Berg Motion Record, *supra* note 18, at 63.

contract had expired.¹⁶⁹ The reason for finding the agreement unenforceable was that its economic benefits, which were described as a pittance, could not be outweighed by the non-pecuniary benefits associated with competing in the NHL's primary development league.¹⁷⁰ Weekly player compensation has increased only marginally over the last few decades, and while the education program has grown immensely to now provide some very generous packages, the restrictive eligibility conditions appear to significantly limit the number of players who actually end up receiving scholarship benefits. These two factors, in conjunction with the exclusive granting of players' personality rights, present a very real possibility that a court today might again find the standard player contract unenforceable on the basis that its economic terms are not beneficial, thereby allowing players the opportunity to lobby for their own group licensing program.

VIII. Conclusion

This article has attempted to address two substantive objectives: (1) answer the question of whether or not CHL players are properly characterized as employees and therefore subject to the protection of employment standards legislation, and (2) provide a cursory review of the secondary issues raised in the Berg action. Throughout, there has also been the additional purpose of using the CHL as a case study exploring the treatment and legal status of quasi-professional athletes more generally. The CHL, being neither a collegiate nor minor professional league in the strict sense, exists essentially as a hybrid of the two levels. The implication is that an analysis of the pending litigation can serve as instructive for athletes, owners and related

¹⁶⁹ Toronto Marlboro Major Junior "A" Hockey Club v. Tonelli, 11 O.R. (2d) 664, 67 D.L.R. (3d) 214.

¹⁷⁰ See Bob Tarantino, *A Minor Conundrum: Contracting with Minors in Canada for Film and Television Productions*, 29 HASTINGS COMM. & ENT. L.J. 45, 57-60 (2006).

stakeholders in both the NCAA and MLB minor league system. The CHL and Berg action do not exist in a vacuum but rather form an important part of the broader discourse surrounding athlete rights in what has become a highly commercialized sporting world.

Regarding the question of whether or not CHL players are properly characterized as employee-athletes, although the analysis distinguishing employees from categories outside the scope of employment standards legislation is highly contextual and allows a fair amount of discretion, both facts and case precedent weigh heavily in favor of finding that an employment relationship covered by legislative protection exists. The most important element of the test is centered on the level of control teams have over their players, and the reality is that teams control almost all aspects of their players' lives during the season. As there are no exempt categories on which the CHL can rely, this employee-employer finding will give rise to liability on the part of teams—and potentially their officers and directors—for various wage and benefit entitlements. Determining the precise extent of this liability is beyond the scope of this article, as calculations will be dependent on a number of factors. For example, there is the possibility that given the description of 20-year-old players as holding a leadership position, they may be considered managerial employees and therefore not immediately considered entitled to overtime pay.¹⁷¹ The court's treatment of education grants is also not entirely clear. Based on the ESA's restrictions on employer deductions, the CHL presumably will not be able to consider the grants to be a deferred wage payment. However, whether or not the CHL could do so prospectively by requiring players to consent in writing to a specific amount being deducted from their weekly compensation remains to be seen.

¹⁷¹ See O. Reg. 285/01, s. 8(1); ESA, *supra* note 49, s. 22(9).

While a primary intent of this article has been to focus on the legal principles underlying the Berg action, concentrating on the applicable statutory framework and legal tests, it is important to acknowledge some relevant policy considerations that will in all likelihood be interjected into the analysis. On one hand, there are arguments around franchise viability and concern for lower-tier junior leagues that do not have revenue streams even remotely close to those of the CHL. Lobbying on the part of CHL owners and other interested parties raises the real possibility that governments may step in and craft legislated exceptions. This is precisely what has unfolded, interestingly enough, in one of the US states in which the CHL franchises are located.

The WHL has four teams in Washington state, where the Department of Labor and Industries received a child labor complaint regarding the WHL and its work practices. In addition to potential minimum wage violations, at issue was the application of work hour limits for minors. State legislation generally limits working hours for 16 and 17 year olds to 20 hours a week during the school year.¹⁷² Amid threats of franchise relocation by team owners unless an exemption were provided for WHL teams, Washington governor Jay Inslee signed Senate Bill 5893 into law. This amended existing legislation in order to provide that an employee “does not include any individual for the purposes of training or playing as an athlete for a [WHL] team,” making players on Washington WHL teams exempt from the requirements of the *Minimum Wage Act* and *Industrial Welfare Act*.¹⁷³ It was later revealed that this amendment was added

¹⁷² See *What Hours are Teens Under 18 Allowed to Work in Non-Agricultural Jobs?*, Hours of Work, Washington State Department of Labor & Industries, <http://www.lni.wa.gov/WorkplaceRights/TeenWorkers/Hours/default.asp>, [https://perma.cc/8L25-B89K].

¹⁷³ Walker Orenstein, *Should Young Hockey Players Be Exempt From Labor Law?* THE SEATTLE TIMES, March 4, 2015, <http://www.seattletimes.com/seattle-news/politics/should-young-hockey-players-be-exempt-from-labor-law/>, [https://perma.cc/8GEA-4V7S]; Nick Patterson, *Washington State Bill Regarding WHL Players Being Signed Into Law*, THE HERALD OF EVERETT, May 18, 2015, <http://www.heraldnet.com/article/20150518/BLOG12/150519114>, [https://perma.cc/7UFU-J2AP].

despite legal advice from a Washington assistant attorney general, who explained that players should probably be considered employees and therefore subject to employment standards protection.¹⁷⁴ The assistant attorney drafted a memo to the labor and industries department investigator assigned to the complaint, explaining further that:

[T]he only exemption to the broad definition of employee contained in the *Industrial Welfare Act* that might apply to the players is the exemption for interns/trainees. However, the players probably do not meet each of the six elements to qualify as trainees under the department and the DOL's policy because, for one thing, the WHL teams receive an immediate benefit by being able to field a team that includes minor players.¹⁷⁵

Despite the ultimate passing of Bill 5893, what has unfolded in Washington does not change this article's analysis, as there is a strong argument that legislative exemptions such as this one are severely misguided. Not only was Bill 5893 passed despite legal advice to the contrary, but it also undermines the policy objective that employment standards legislation is meant to serve. A person's work is a fundamental aspect of one's life and self-identity, and as such, employers are almost always in a position of far superior bargaining power.¹⁷⁶ Perhaps nowhere is this more true than in the relationship between a young aspiring athlete and team management. The contractual terms defining the relationship are not the result of free bargaining, and are actually far from it. Often all a team has to do is put a contract in front of a player and that player will readily sign it without legal advice or so much as a second thought because the chance of being a CHL player—with the NHL however unlikely, in the foreground—can have an

¹⁷⁴ See Rick Westhead, *Flawed WHL Law Passed Against Legal Advice*, TSN (Aug. 13, 2015), <http://www.tsn.ca/flawed-whl-law-passed-against-legal-advice-1.345197>, [<https://perma.cc/84DB-6EFJ>].

¹⁷⁵ *Id.*

¹⁷⁶ See Machtinger, *supra* note 60.

almost blinding effect.¹⁷⁷ The exploitation of such power inequities is precisely the injustice that employment standards are meant to prevent.

Regarding threats to franchise viability, there are a couple of perspectives that should be explored. First, there is the policy argument that a ruling in favor of the players will effectively destroy lower and less commercially-successful junior leagues. The answer to this is simple: players in these leagues are subject to a level of control that, for the most part, is not remotely close to that which players in the CHL experience. The result is that players in these lower-tier junior leagues measure very differently on the *Sagaz* factors. Second, in terms of the franchise viability of small-market CHL teams, the courts should be careful not to let this issue cloud judgment and override established legal principles that determine whether players are employees. As was said in *Tonelli* when considering the enforceability of the standard player contract,

The issue here is not whether Tonelli's contract was necessary for the preservation of the League or the Marlboros. Certainly no obligation is imposed on Tonelli to prove that it was not. The simple question is whether this contract at the time it was made was beneficial to this player.¹⁷⁸

The issue in the Berg action should therefore not be whether CHL teams in small markets will be able to afford paying their players minimum wage. It should simply be whether or not teams, as employers, are required to provide minimum wage and other prescribed benefits to players as their employees. If teams are required to do so, the impetus should lie with the CHL, its regional leagues and owners, to devise a viable business structure that accounts for such expenditures. Major Junior hockey provides young players with valuable development opportunities and educational assistance, but in no way does this justify abandoning the established principles of

¹⁷⁷ See Grygar, *supra* note 97, at 47–50.

¹⁷⁸ Tonelli, *supra* note 167.

employment law. CHL players are employees according to the ESA and are therefore deserving of the statutory protection that comes with the classification.

Although the determination of employment status and entitlements is certainly the most polarizing aspect of the Berg action and the one likely to have the most profound impact on the business of Major Junior hockey, it is not the only issue of consequence. Also deserving consideration is the use of players' personality rights in league-related revenue-generating licensing agreements. Raised briefly in the filings, this issue forms part of the general rights discourse that has now enveloped Major Junior hockey. The CHL has a growing television presence and with it comes corresponding financial spinoffs. As the Berg action unfolds, with players, their parents and the interested public becoming more educated on player rights and entitlements, it is reasonable to predict that the next battle will be over the use of players' personality rights and access to the revenue stream which their licensing helps generate. As one CHL player said rather matter-of-factly in reference to seeing apparel, billboards and other marketing platforms bearing his image and name: "we put a lot of time and effort into hockey ... [The coaches and owners are] making lots of money ... We're trying to represent them, you know? It could be a little thank you."¹⁷⁹

The benefits of playing in the CHL are undeniable, but now so too is the fact that players' rights are being infringed, and have been for a number of years. The unfortunate reality for the small-market operators the League claims will fall victim to any increase in player compensation is that had the CHL not been ignorant to basic employment law for so long, such raucous rights discourse may never have emerged in the first place.

¹⁷⁹ Grygar, *supra* note 97, at 72.

Regulation, Prohibition, and Fantasy: the Case of FanDuel, DraftKings, and Daily Fantasy Sports in New York and Massachusetts

*Zachary Shapiro**

In the second Republican presidential primary debate of 2016, a moderator asked presidential hopeful Jeb Bush about whether daily fantasy sports should be regulated by the government. While Bush responded that daily fantasy sports “has become something that needs to be looked at in terms of regulation,” New Jersey governor Chris Christie took great umbrage that a question about fantasy sports was being asked.

“Can we stop?” Christie said. “How about this? How about we get the government to do what they're supposed to be doing: secure our borders, protect our people and support American values and American families. Enough on fantasy football. Let people play, who cares?”¹

While many problems are more pressing than daily fantasy sports (“DFS”), it would seem that the attorney generals of quite a few states disagree with Governor Christie’s “live and let play” philosophy. Increasingly, state officials are seeking measures to prohibit or regulate the market for daily fantasy sports.

Increased scrutiny is quite a logical development. Over the last two years, DFS has grown into a multi-billion dollar industry, with millions of participants playing each week. Daily

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¹ See Travis Waldron, No, Chris Christie, How the Feds Handle Fantasy Sports Is a Big Deal, HUFFINGTON POST (Oct 29, 2015), http://www.huffingtonpost.com/entry/chris-christie-fantasy-sports_us_56324609e4b0631799114717 [<https://perma.cc/ZHJ9-4EBU>].

fantasy games involve different types of online contests where participants create a team of real-life players from various sports using salary cap limitations. Participants then enter these created rosters in cash tournaments to compete with other players for prizes based on how the chosen athletes perform in real-life competitions.

While many companies offer some form of daily fantasy games, the two primary market players are the New York-based FanDuel, and the Boston-based DraftKings. Both companies were established as venture capital-backed startup companies, and between them, they control 95% of the DFS market in the United States. These companies have demonstrated tremendous growth, are both valued at over a billion dollars, and show few signs of slowing down. The expansion of this industry, and the growing calls for some level of governmental regulation,² have resulted in increased scrutiny of DFS in the recent months.

This note will examine the regulation and legality of daily fantasy sports in the United States. It will first provide an in-depth background of daily fantasy sports, examining the game itself, as well as the two major market players and the finances, investments, and partnerships that have allowed DFS to grow so rapidly. The next section will explore the traditional legal justifications for allowing DFS. The third section will examine evolving practical concerns related to the status of DFS. The final section will explore specific states actions connected with DFS, using the states of New York and Massachusetts to explore the growing movement to prohibit or regulate DFS.

² See e.g., Michael Colangelo, Adam Silver calls for regulation of daily fantasy sites, including DraftKings and FanDuel, *FIELDSONGREEN* (October 23, 2015), <http://thefieldsofgreen.com/2015/10/23/adam-silver-calls-for-regulation-of-daily-fantasy-sites-like-draftkings-and-fanduel/> [<https://perma.cc/4LWN-EVDK>]; Dustin Gouker, Amaya Calls For State Governments To Regulate Daily Fantasy Sports In Wake Of DraftKings Leak, *LEGALSPORTSREPORT* (October 6, 2015), <http://www.legalsportsreport.com/4704/amaya-calls-for-dfs-regulation/> [<https://perma.cc/328E-BTXY>].

I. WHAT IS DFS?

There are several main disciplines of daily fantasy sports competitions, divided into two primary categories: cash games and tournaments with guaranteed prize pools.³ Individuals participate by creating an account on one of various sites, depositing money into the account, and using the money to buy entry tickets to a variety of DFS contests.⁴ DFS contests utilize a salary cap format. Participants select athletes to fill their rosters, with each user allocated a fixed maximum budget to spend on athletes for their team.⁵ Each athlete has his own cost, with elite athletes having the highest price. Teams gain points depending on the performance of the chosen athlete in real contests, similar to how scoring works for weekly fantasy sports.⁶

There are a variety of games within DFS, and players can choose to participate in a multitude of contest formats. In “Double-up” or “50/50” cash game competitions, as well as variations such as Triple-up and Quadruple-up, participants aim to finish with a point total inside the top 50% of those who entered the particular contest. Players who finish in the top half of the field receive a prize equal to double the entry fee, while the remainder loses their entry fee. Head-to-head competitions pit players against a single opponent, with the highest point team winning the prize. Guaranteed prize pool contests tend to have higher stakes and employ tiered

³ See Cash Games vs. Tournaments, ROTOWORLD (Jan. 14, 2016), <http://www.rotoworld.com/articles/nba/48892/425/cash-games-vs-tournaments> [<https://perma.cc/AR3E-988K>].

⁴ DFS sites run a variety of promotions, encouraging users to deposit more money on their site with a promise of “matching funds.”

⁵ See Adam Kilgore, Daily Fantasy sports Websites find riches in Internet Gaming law loophole, THE WASHINGTON POST (March 27, 2015), https://www.washingtonpost.com/sports/daily-fantasy-sports-web-sites-find-riches-in-internet-gaming-law-loophole/2015/03/27/92988444-d172-11e4-a62f-ee745911a4ff_story.html [<https://perma.cc/4XBA-E8GA>].

⁶ Players receive “fantasy points” for accumulating stats such as yards gained, points scored, number of catches, number of touchdowns, number of runs batted in, etc. See Michael Nelson, *How to make a killer daily fantasy sports roster on DraftKings and FanDuel*, VENTUREBEAT (September 10, 2015), <http://venturebeat.com/2015/09/10/how-to-make-a-killer-daily-fantasy-sports-football-roster-on-draftkings-and-fanduel/> [<https://perma.cc/BYQ2-YPXZ>].

payouts based on the percentile in which one finishes.⁷ Users can pay as little as \$0.25 on DraftKings and \$1 on FanDuel to play their games, and both websites offer games with entry fees of up to \$10,600 for significantly larger payouts.

II. THE DAILY FANTASY SPORTS INDUSTRY

DFS is a recent phenomenon and has grown extremely rapidly. One of the first sites to offer daily fantasy was Instant Fantasy Sports, established in 2007.⁸ The service's co-founder explained that the game was inspired by the format of online poker, with the goal being to take “the time frame of season-long fantasy sports leagues and shrink it.”⁹

Gambling on sports is highly prevalent, with estimates that Americans spent over 95 billion dollars (much of it illegal) wagering on professional and college football in 2015.¹⁰ Traditional, season-long fantasy sports users (such as standard ESPN Fantasy Football leagues) have grown at an estimated 25% rate since 2011, with The Fantasy Sports Trade Association detailing that an estimated 57 million individuals played fantasy sports in the United States and Canada in 2015.¹¹ These numbers reveal the market potential for DFS, and Eilers Research CEO Todd Eilers estimated “daily games will generate around \$2.6 billion in entry fees [in 2015] and grow 41% annually, reaching \$14.4 billion in 2020.”

⁷ See Stephen Perez, Daily Fantasy Strategy, SPORTING NEWS (February 12, 2015), <http://www.sportingnews.com/fantasy-nba-news/4635471-daily-fantasy-sports-dfs-strategy-how-to-play-5050-h2h-gpp-win-cash-prizes-one-day-draft-kings-tips> [<https://perma.cc/2Y6N-6F5G>].

⁸ See Ezra Galston, Game Over: Why Daily Fantasy has already been won, BREAKINGVC.COM (July 15, 2015), <http://www.breakingvc.com/2015/07/15/game-over-why-daily-fantasy-has-already-been-won/> [<https://perma.cc/5UM7-MXK9>].

⁹ See Jay Caspian Kang, How the Daily Fantasy Sports Industry Turns Fans into Suckers, NEW YORK TIMES MAGAZINE (January 6, 2016), http://www.nytimes.com/2016/01/06/magazine/how-the-daily-fantasy-sports-industry-turns-fans-into-suckers.html?_r=0 [<https://perma.cc/MF4H-LTWU>].

¹⁰ See Thomas Barrabi, Legalized Sports Gambling?, INTERNATIONAL BUSINESS TIMES (September 9, 2015), <http://www.ibtimes.com/legalized-sports-gambling-americans-bet-95-billion-nfl-college-football-season-mostly-2089606> [<https://perma.cc/FV68-JV5D>].

¹¹ See Membership Information, FANTASY SPORTS TRADE ASSOCIATION, <http://fsta.org/membership/membership-information/> [<https://perma.cc/ZWP5-76XT>].

This tremendous growth has spurred investors eager to capitalize on the developing market. Venture capitalists and media companies have made significant investments in FanDuel and DraftKings, investing well over \$300 million into each company over the last year. FanDuel raised \$361 million from media conglomerates such as NBC Sports, Time Warner, and Comcast Ventures.¹² Rival DraftKings has kept pace, raising over \$375 million, including a \$300 million investment by Fox Sports.¹³

These groups are not the only companies partnering with or investing in DFS. Increasingly, professional sports leagues have found themselves doing the same.¹⁴ This is a significant development, as professional leagues have long been skeptical of variations on their games that involve gambling. However, it seems that the league's desire to drive eyes toward their games (even matchups without the luster of star players implicate fantasy matchups) has helped lead to increased interest in DFS companies. DraftKings' last investment round included investment from ESPN, Major League Soccer, the National Hockey League, the Kraft Group—owned by Robert Kraft of the New England Patriots—and Legends Hospitality, a stadium concession business owned by the New York Yankees and the Dallas Cowboys.¹⁵ In 2013, DraftKings and Major League Baseball agreed on a multiyear partnership deal, allowing DraftKings to offer co-branded MLB daily fantasy games.¹⁶ This agreement has led the companies to offer market-specific ballpark experiences, meaning that DFS is slowly becoming a

¹² See FanDuel, CRUNCHBASE, (January 31, 2016), <https://www.crunchbase.com/organization/fanduel>, [<https://perma.cc/V3XC-B7SS>].

¹³ See DraftKings, CRUNCHBASE, (January 31, 2016), <https://www.crunchbase.com/organization/draftkings#/entity>, [<https://perma.cc/98AB-9UXC>].

¹⁴ See Richard Sandomir, Fantasy Sports Website DraftKings adds \$300 Million in New Investment, NEW YORK TIMES (July 26, 2015), <http://www.nytimes.com/2015/07/27/sports/fantasy-sports-website-draftkings-adds-dollar300-million-in-new-investment.html> [<https://perma.cc/RP62-99WE>].

¹⁵ See *Id.*; Travis Hoium, DraftKings Scandal: You'll be shocked at who owns fantasy sports giants, THEMOTLEYFOOL (October 11, 2015), <http://www.fool.com/investing/general/2015/10/11/draftkings-scandal-youll-be-shocked-at-who-owns-fa.aspx> [<https://perma.cc/QYT3-TCY4>].

¹⁶ See Brian Flood, How Daily Fantasy Sports became a heavyweight in the advertising world, ADWEEK (July 6, 2015), <http://www.adweek.com/news/advertising-branding/how-daily-fantasy-sports-became-heavyweight-advertising-world-165704> [<https://perma.cc/2D32-JC35>].

formal part of the “normal fan experience.”¹⁷ Following MLB’s lead, in 2014, FanDuel announced an exclusive partnership with the NBA in exchange for an equity stake.

With this growth of players and investment, DraftKings and FanDuel have become extremely valuable companies. DraftKings has an estimated valuation of \$1.2 billion, posting revenues from 2014 of \$30 million. FanDuel has a slightly higher valuation, pricing at roughly \$1.3 billion after collecting \$57 million in revenues in 2014.¹⁸ Adding to their allure, fantasy sports companies have proven to be highly profitable, with margins greater than 37%.¹⁹

The growth of DFS has been precipitated by a massive media blitz by both DraftKings and FanDuel. In the first week of the NFL regular season, DraftKings spent more on television advertising than any other company in the United States.²⁰ In fact, according to Nomura analyst Anthony DiClemente, DraftKings and FanDuel spent more than \$150 million on TV and internet advertising in the quarter that included the beginning of the football season.²¹

It is not just effective advertising and smart partnerships that have allowed DFS to become so successful. Indeed, those who examine DFS credit its success to a range of factors, from the convenience of the format in comparison to season-length fantasy sports to the allure of large cash prizes (some contests advertise cash prizes of up to \$1 million), as well as the ready

¹⁷ *See id.*

¹⁸ *See* Sarah Needleman, Storm of Criticism Engulfs DraftKings, FanDuel, THE WALL STREET JOURNAL (October 6, 2015), <http://www.wsj.com/articles/storm-of-criticism-engulfs-draftkings-fanduel-1444107475> [<https://perma.cc/FP9M-JESQ>].

¹⁹ *See* Utpal Dholakia, Why Are FanDuel Television Advertisements So Effective? PSYCHOLOGY TODAY (October 13, 2015), <https://www.psychologytoday.com/blog/the-science-behind-behavior/201510/why-are-fanduel-television-advertisements-so-effective> [<https://perma.cc/P3QL-FDB4>].

²⁰ *See* Hayden Bird, You’re Not Crazy: DraftKing Commercials Really Are on All the Time, BOSTINNO (September 10, 2015), <http://bostinno.streetwise.co/2015/09/10/draftkings-advertising-stats-total-spending-in-2015-moves-to-number-one-in-time-for-nfl-kickoff/> [<https://perma.cc/5VS6-BKZM>].

²¹ *See* Myles Udland, Fantasy sports companies spend so much on commercials they’re moving the needle on TV ad spending, BUSINESS INSIDER (October 6, 2015), <http://www.businessinsider.com/draftkings-fanduel-daily-fantasy-sports-advertising-2015-10> [<https://perma.cc/2ECM-Y27U>].

adaptability of DFS formats to mobile devices.²² Authors have pointed out that part of the reason DFS was able to spread so quickly is that it harnessed the communal enjoyment aspect that is so crucial to the popularity of season-long fantasy leagues.²³ The structure and payouts of daily fantasy games have been designed in order to provide a feeling of “instant gratification” to players similar to that of traditional sports gambling and online poker.²⁴ Indeed, many players gain a great deal of personal satisfaction from engaging in DFS, as evidenced by the groundswell of support that DFS has received after efforts to regulate or prohibit it.²⁵

III. LEGAL ISSUES

While DFS initially flew under the radar, as the industry has grown, the sites offering daily fantasy games have continued to operate in a space of questionable legality.²⁶ At first glance, it appeared that DFS activities were exempted from traditional regulation of internet gambling, as they seemed to fit into an exception carved out by the Unlawful Internet Gambling Enforcement Act of 2006 (UIGEA). This act was added as Title VIII to the SAFE Port Act, which otherwise regulated America’s harbor and port security.²⁷ UIGEA “prohibits gambling businesses from knowingly accepting payments in connection with the participation of another person in a bet or wager that involves the use of the Internet and that is unlawful under any

²² See Drew Harwell, The rise of daily fantasy sports, online betting’s newest empire, THE WASHINGTON POST (July 28, 2015), <https://www.washingtonpost.com/news/wonk/wp/2015/07/28/how-daily-fantasy-sites-became-pro-sports-newest-addiction-machine/> [<https://perma.cc/7SPG-W7SE>]; *supra* note 12.

²³ See Mike Butcher, *FanDuel turns fantasy sports betting into a social game*, TECHCRUNCH (July 21, 2009), <http://techcrunch.com/2009/07/21/fanduel-turns-fantasy-sports-betting-into-a-social-game/> [<https://perma.cc/XB7V-SQGY>].

²⁴ See *id.*

²⁵ See Daily Fantasy Sports Supporters Rally In Front of NY Attorney General’s Office, CBS NEW YORK (November 13, 2015), <http://newyork.cbslocal.com/2015/11/13/daily-fantasy-sports-rally-fanduel-draftkings/> [<https://perma.cc/E3AX-98TJ>].

²⁶ See Sacha Feinman & Josh Israel, The Hot New Form Of Fantasy Sports Is Probably Addictive, Potentially Illegal And Completely Unregulated, THINKPROGRESS (May 7, 2015), <http://thinkprogress.org/sports/2015/05/07/3648832/daily-fantasy-sports-gambling/> [<https://perma.cc/U3SS-ESQM>].

²⁷ Security and Accountability For Every Port Act, 31 U.S.C. §§ 5361–5367 (2006).

federal or state law."²⁸ The act specifically excluded fantasy sports that met particular requirements as well as skill-based games and legal intrastate and inter-tribal gaming.

The act was largely considered to be a response to a 2002 United States Court of Appeals for the Fifth Circuit ruling that the Federal Wire Act did not prohibit internet gambling on a game of chance.²⁹ Federal regulation was helpful due to the online nature of many gambling businesses making it difficult for states to muster effective responses. The act contains specific language exempting traditional fantasy sports from regulation. The statute, 31 U.S.C.A. § 5362, exempted participation in any fantasy or simulation sports game or educational game or contest in which (if the game or contest involves a team or teams) no fantasy or simulation sports team is based on the current membership of an actual team that is a member of an amateur or professional sports organization (as those terms are defined in section 3701 of title 28) and that meets the following conditions: (i) all prizes and awards offered to winning participants are established and made known to the participants in advance of the game or contest and their value is not determined by the number of participants or the amount of fees paid by those participants. (ii) all winning outcomes reflect the relative knowledge and skill of the participants and are determined predominantly by accumulated statistical results of the performance of individuals (athletes in the case of sports events) in multiple real-world sporting or other events, and (iii) no winning outcome is based solely on any single performance of an individual athlete in any single real-world sporting or other event.³⁰

While DFS sites have pointed to this regulation to argue that they are legal, when the act passed, DFS was not being widely played or marketed to players. Indeed, it is unclear whether

²⁸ Unlawful Internet Gambling Enforcement Act of 2006 Overview, *available at* <https://www.fdic.gov/news/news/financial/2010/fil10035a.pdf> [<https://perma.cc/JWX4-N3FG>].

²⁹ *In re MasterCard Intern. Inc., Internet Gambling Litig.*, 132 F. Supp. 2d 468, 480 (E.D. La. 2001) *aff'd sub nom. In re MasterCard Intern. Inc.*, 313 F.3d 257 (5th Cir. 2002).

³⁰ 31 U.S.C.A. § 5362.

DFS even existed at this time. There is no evidence that legislators or drafters considered DFS, and it is only clear that the Act intended to exempt traditional, season-long, fantasy sports. Indeed, legal scholars writing about fantasy sports and UIGEA did not even mention daily fantasy sports.³¹

Despite this, DFS sites have pointed to the fantasy exception carved out by UIGEA as proof positive that their offerings are legal and aboveboard. Under these auspices, DFS has steadily grown, with few genuine challenges. Given the online nature of the games, it has been difficult to enforce state regulation of DFS. However, as DFS became increasingly popular, scrutiny ratcheted up, and state regulators began to take notice. Because “[f]ederal gambling laws . . . only facilitate the enforcement of state gambling laws,”³² the ultimate determinations of legality for DFS will rest with individual states.

A. Skill or Chance?

The distinction between games of skill and chance is often highlighted as a key feature determining whether or not a particular activity should be considered gambling or legal activity and is advanced by DFS companies as a key reason why their games are legal. State laws traditionally apply varying standards when determining whether a game is one of skill or of chance. Most base their determinations on whether the chance-based elements are predominant over the skill-based ones and on whether chance has more than an incidental impact on the

³¹ Geoffrey T. Hancock, *Upstaging U.S. Gaming Law: The Potential Fantasy Sports Quagmire And The Reality Of U.S. Gaming Law*, 31 T. Jefferson L. Rev. 317, 319 (2009); Anthony N. Cabot & Louis V. Csoka, *Fantasy Sports: One Form of Mainstream Wagering in the United States*, 40 J. Marshall L. Rev. 1195, 1199 (2007).

³² *Id.*

outcome of the game.³³ This determination is crucial, as many states allow people to pay money to participate in games of skill but forbid them from paying to enter games of chance.³⁴

Of course, most games have elements of both skill and chance, meaning that whether a given game is considered a game of chance or a game of skill will often depend on a subjective determination of which element is the dominant factor in the outcome. This highlights a major weakness of the skill vs. chance determination, as different individuals may arrive at vastly different conclusions.³⁵ Traditional hallmarks of games of skill include learned or developed ability, identifiable strategy or tactics that result in positive outcomes, and technical expertise. These factors combine to make it legal to bet on several games of skill. Some of the most common examples include certain card games such as gin rummy, pool, darts, and season-long fantasy sports leagues.

Opponents have argued that because athlete performance varies on a week-to-week basis, DFS contests involve little more than wagering on the performance of individual athletes during a given game. This is crucially different from traditional fantasy sports, which involves managing a team on a week-to-week basis across a season.³⁶ This distinction is mobilized to argue that DFS ultimately relies on chance.

In response, advocates have argued that preparing a daily fantasy team requires skill, as creating a successful team requires extensive knowledge. Players must not only be familiar with the sport,

³³ See Davey Alba, Does Winning at Fantasy Sports Require Skill or Dumb Luck?, WIRED (October 17, 2015), <http://www.wired.com/2015/10/does-winning-at-fantasy-sports-require-skill-or-dumb-luck/> [<https://perma.cc/U3VZ-6JKY>].

³⁴ See Ken LaMance, Games of Chance vs. Games Of Skill Lawyers, LEGALMATCH (February 6, 2016), <http://www.legalmatch.com/law-library/article/games-of-chance-vs-games-of-skill.html> [<https://perma.cc/JQB4-PJ9A>].

³⁵ Hancock, 31 T. Jefferson L. Rev. at 337.

³⁶ See Geoff Baker, Is it gambling? Why fantasy sports sites like DraftKings and FanDuel are illegal in Washington state, SEATTLE TIMES (November 11, 2015), <http://www.seattletimes.com/sports/seahawks/is-it-gambling-why-fantasy-sports-sites-like-draftkings-and-fanduel-are-illegal-in-washington-state/> [<https://perma.cc/DY5L-ZXP6>].

the individual players, and their respective performances, but they must possess the ability to utilize this knowledge to construct a team of top-performing players within the limitation of a salary cap. The data does seem to bolster the argument that DFS is a game of skill. One study by McKinsey & Company examined the first half of the 2015 MLB season.³⁷ The study estimated that 91% of winnings were won by only 1.3% of players.³⁸ This is far from the normal distribution that would be expected from a game whose outcome relies purely on chance. It is also clear that inexperienced players can be at a disadvantage due to the skill of their opponents.³⁹

Exact determinations of whether DFS is a game of skill or chance will ultimately rest on state law interpretations of these terms. This adds another wrinkle to determinations of the legality of DFS, as different states will interpret provisions differently, leading to variable outcomes. Indeed, the difficulty of determining whether a game is one of skill or chance is evident from the cases of poker,⁴⁰ horse racing,⁴¹ sweepstakes,⁴² and even carnival games.⁴³

To illustrate this problem, one can examine the question of whether DFS is a game of skill or chance under New York law. New York defines “contest of chance” to mean “any contest, game, gaming scheme or gaming device in which *the outcome depends in a material*

³⁷ See Ed Miller & Daniel Singer, For daily fantasy sports operators, the curse of too much skill, SPORTSBUSINESSJOURNAL (July 27, 2015), <http://www.sportsbusinessdaily.com/Journal/Issues/2015/07/27/Opinion/From-the-Field-of-Fantasy-Sports.aspx> [<https://perma.cc/A8WY-PYWT>].

³⁸ See Steven Stradbrooke, Just 1.3% of daily fantasy sports players earn 91% of player profits, Calvin Ayre (September 4, 2015), <http://calvinayre.com/2015/09/04/business/tiny-silver-daily-fantasy-sports-players-earn-bulk-profits> [<https://perma.cc/7JUK-RDJC>].

³⁹ See Barrabi, *supra* note 12.

⁴⁰ See Steven D. Levitt, Thomas J. Miles & Andrew M. Rosenfield, Is Texas Hold 'Em A Game of Chance? A Legal and Economic Analysis, 101 Geo. L.J. 581 (2013).

⁴¹ See Laura A. D'Angelo & Daniel I. Waxman, No Contest? An Analysis of the Legality of Thoroughbred Handicapping Contests Under Conflicting State Law Regimes, 1 Ky. J. Equine, Agric. & Nat. Res. L. 1 (2009).

⁴² See Tywanda H. Lord & Laura C. Miller, Playing the Game by the Rules: A Practical Guide to Sweepstakes and Contest Promotions, 29 Franchise L.J. 3 (2009).

⁴³ See J. Royce Fichtner, Carnival Games: Walking the Line Between Illegal Gambling and Amusement, 60 Drake L. Rev. 41, 53-54 (2011).

degree upon an element of chance, notwithstanding that skill of the contestants may also be a factor therein” (emphasis added).⁴⁴ New York Penal Law 225.00 defines gambling as when a person “stakes or risks something of value upon *the outcome of a contest of chance or a future contingent event not under his control or influence*” (emphasis added).⁴⁵

Thus, one can see that, under New York law, DFS could be a game of skill yet still be classified as gambling if Courts decide that the outcome of DFS games is determined by a “material degree of chance.” New York courts have no recent rulings defining exactly what level of chance would be considered material, but experts suggest that the court may choose to follow one of two opposing precedents.⁴⁶ Some highlight a decision from Missouri, where a court ruled that chance can be material without being the dominant element even when a game is more than 50% skill-based.⁴⁷ Alternatively, a New York case from the early 20th century required a *material degree of chance* to be the dominant element, meaning chance must be the controlling factor in a game.⁴⁸

While the determination made by the New York state court will be discussed below, it is clear that there is no “slam-dunk” legal answer to whether DFS is a game of skill or chance, even when we examine the law of just one state. This illustrates the difficulty of regulating DFS state by state; such a processes will result in a long period of uncertainty as many legal issues work their way through the courts and appellate procedures. Given that there is no clear answer for whether DFS should be considered a game of skill, chance, or a game of skill that nonetheless

⁴⁴ N.Y. Penal Law § 225.00 (McKinney); 35C N.Y. Jur. 2d Criminal Law: Principles and Offenses § 1744.

⁴⁵ *Id.*

⁴⁶ See Peter Hammon, Analyzing FanDuel’s Statistical Arguments On Skill Vs. Chance At The New York Hearing, LEGAL SPORTS REPORT (December 1, 2015), <http://www.legalsportsreport.com/6605/fanduels-skill-vs-chance-arguments> [<https://perma.cc/L856-TX64>].

⁴⁷ See *Thole v. Westfall*, 682 S.W.2d 33, 37, n. 8 (Mo. Ct. App. 1984) (holding that to satisfy Missouri’s material element test, “chance must be a material element in determining the outcome,” but “need not be the dominant element”).

⁴⁸ *People ex rel. Ellison v. Lavin*, 71 N.E. 753, 754 (N.Y. 1904) (holding that a lottery need not be determined exclusively by chance to be considered gambling).

relies on a “material degree of chance,” it is clear that the ultimate determination of legality under New York law is a difficult and subjective one.⁴⁹ Indeed, it is predictable that different courts might find different answers when examining this issue. Given that this determination is highly subjective and fact-specific, DFS continues to operate in a “grey area” of legality, lacking any clear legislative guidance on this issue.

IV. REASONS TO REGULATE

Beyond legal arguments, opponents point to several normative justifications for why DFS should face some level of regulation.

A. Addictive Potential

Recently, researchers have begun to examine DFS through a public health lens due to fears that games like DFS can exacerbate gambling addiction.⁵⁰ Indeed, in the cease and desist letter that Attorney General (AG) Eric Schneiderman of New York sent to DraftKings and FanDuel, he specifically highlighted that “[d]aily Fantasy Sports are creating the same public health and economic concerns as other forms of gambling.”⁵¹

Of particular concern is the fact that fantasy games primarily appeal to the demographic that researchers identify as most likely to develop gambling problems— young men. Research affirms that this same demographic is most likely to engage in high-risk behaviors⁵² and is most

⁴⁹ For another look at this difficulty, see Hammon, *supra* note 49.

⁵⁰ See Feinman, *supra* note 28.

⁵¹ See Jackie Wattles, Daily Fantasy sports are banned in New York, CNN MONEY (November 10, 2015), <http://money.cnn.com/2015/11/10/news/companies/fantasy-sports-ban-new-york> [<https://perma.cc/WF25-WQXX>].

⁵² See Valerie Reyna & Susan E. Rivers, Current theories of risk and rational decision making, 28 Dev. Rev. 1, 1 (2008).

vulnerable to developing problems with gambling.⁵³ Indeed, neuroscientific evidence supports that young men are at highest risk for developing improper neural reward pathways⁵⁴ which tend to result in addiction.⁵⁵ Furthermore, recent research suggests that gambling addiction has a high prevalence of harmful comorbidities, such as substance abuse disorders and other mental health problems, indicating that ready access to gambling can have untold negative effects on those most susceptible.⁵⁶ FanDuel readily admits that it targets millennials, and psychologists who analyze DFS advertisements highlight that the psychological mechanisms employed are particularly effective at persuading young men.⁵⁷ Indeed, the barrage of advertising has proven to be extremely effective.

There are already numerous stories of DFS exacerbating problems, or acting as a damaging enabling outlet, for those with serious gambling problems.⁵⁸ Stories of players racking up extremely high levels of debt are commonplace.⁵⁹ Furthermore, DFS companies have not been proactive in addressing the concerns related to gambling addiction. Indeed, neither FanDuel nor DraftKings mentions 1-800-GAMBLER, one of the most well regarded support hotlines for those suffering with gambling problems, on its website. While the sites include links to the National Center for Responsible Gaming, this group has come under fire recently for being funded, in part, by the casino industry.

⁵³ See William Feigelman et. al., Problem gamblers, problem substance users, and dual-problem individuals: an epidemiological study, 88 Am. J. Pub. Health 467, 467 (1998).

⁵⁴ See Peter Putman et al., Exogenous cortisol acutely influences motivated decision making in healthy young men, 208 Psychopharmacology 257, 260 (2010).

⁵⁵ See Andre Chambers & Marc N. Potenza, Neurodevelopment, impulsivity, and adolescent gambling, 19 J. of Gambling Stud. 53, 54 (2003).

⁵⁶ Felicity K. Lorains et. al., Prevalence of comorbid disorders in problem and pathological gambling: systematic review and meta-analysis of population surveys, 106 Addiction 490, 490 (2011).

⁵⁷ See *supra* note 21.

⁵⁸ See Walt Bogdanich & Jacqueline Williams, For Addicts, Fantasy Sites Can Lead to Ruinous Path, THE NEW YORK TIMES (November 22, 2015), <http://www.nytimes.com/2015/11/23/sports/fantasy-sports-addiction-gambling-draftkings-fanduel.html> [<https://perma.cc/SWB8-ECND>].

⁵⁹ See Steve Petrella, DFS player: How daily fantasy ruined my life, SPORTING NEWS (October 8, 2015), <http://www.sportingnews.com/fantasy-news/4657565-daily-fantasy-sports-dfs-gambling-addiction-regulation-lawsuit-industry-nfl> [<https://perma.cc/AL6L-7QQ4>].

B. Company Abuse and Practices

Beyond the nature of DFS games themselves, company practices at DraftKings and FanDuel have led to increased scrutiny and criticism of the industry.⁶⁰ A major scandal for DFS erupted when an employee at DraftKings admitted to inadvertently releasing data before the start of the third week of N.F.L. games.⁶¹ It was discovered that this employee, a midlevel content manager, won \$350,000 at FanDuel that same week. This raised legitimate fears of a form of “insider trading,” where employees at DFS companies could muster the knowledge they gained from employment to gain a competitive advantage in contests on competing sites. In many ways, DFS is akin to a form of day trading on athletes, so concerns related to insider trading are particularly salient.

While employees have always been banned from playing on their own website, this episode raised serious questions about which employees at daily fantasy companies have access to valuable proprietary data and how these employees are using this information. This data, including which players a majority of the money is being bet on, can offer significant advantages if utilized properly, because top prizes are often won by individuals with players who appear on fewer rosters in a given tournament. It should be noted that the fact that insiders are able to muster information to gain an advantage speaks against the notion that DFS is purely a game of chance.

After the discovery of the conduct of their employees, both DraftKings and FanDuel have been named in class-action lawsuits. The companies are accused of fraud, negligence, and false

⁶⁰ See Joe Drape and Jacqueline Williams, Scandal Erupts in Unregulated World of Fantasy Sports, THE NEW YORK TIMES (October 5, 2015), <http://www.nytimes.com/2015/10/06/sports/fanduel-draftkings-fantasy-employees-bet-rivals.html?ref=sports> [<https://perma.cc/4ZLT-C7NB>].

⁶¹ See *id.*

advertising.⁶² The case was brought by Adam Johnson of Kentucky,⁶³ who claims that daily fantasy games offered by the two companies are misrepresented as fair, in large-part because employees from rival sites were able to participate and gain a competitive advantage. This lawsuit is just one of several working its way through the courts.⁶⁴ Increased scrutiny has focused on DFS advertisements as being misleading, as some claim the ads make the chance of winning seem far greater than it really is—tantamount to false advertising to mislead potential players.⁶⁵

In response, a FanDuel spokesperson told ESPN.com that DraftKings employees have won only 0.3 percent of the money FanDuel has awarded in its entire history.⁶⁶ Both companies advanced new procedures to prohibit their employees from playing DFS on rival sites.⁶⁷

However, controversy remains, especially after recent allegations that DFS companies were aware their employees were playing on rival sites and did not take action to prevent it.⁶⁸

Controversy has continued as media outlets focusing on DFS “success stories” (players who win large sums of money) have found that major winners are few and far between.⁶⁹ Additionally, as FanDuel and DraftKings have been forced to argue that DFS is a game of skill, their advertising,

⁶² See Ilan Mochari, Why DraftKings and FanDuel Spent \$206 Million on Ads This Year, Inc. (October 9, 2015), <http://www.inc.com/ilan-mochari/fantasy-sports-betting-startups-206-million-tv-ads.html> [<https://perma.cc/9PTX-WDU9>].

⁶³ Johnson began by depositing \$100 into a DraftKings account.

⁶⁴ See Mike Chiari, Daily Fantasy Sports Customers File Class-Action Lawsuit in Florida, BLEACHER REPORT (November 21, 2015), <http://bleacherreport.com/articles/2584449-daily-fantasy-sports-customers-file-class-action-lawsuit-in-florida> [<https://perma.cc/WQ9G-86QT>].

⁶⁵ See Dan Adams, Daily fantasy sports companies offer differing messages to fans, courts, THE BOSTON GLOBE (November 30, 2015), <https://www.bostonglobe.com/business/2015/11/29/daily-fantasy-sports-companies-offer-conflicting-messages-fans-courts/vybJqhZXxIMGXdAPZJvStL/story.html> [<https://perma.cc/5CV9-9XTX>].

⁶⁶ See Darren Rovell, Class action lawsuit filed against DraftKings and FanDuel, ESPN (October 9, 2015), http://espn.go.com/chalk/story/_id/13840184/class-action-lawsuit-accuses-draftkings-fanduel-negligence-fraud-false-advertising [<https://perma.cc/WDH8-K9J4>].

⁶⁷ See *DraftKings, FanDuel amend employee policies after controversy*, SB NATION, (October 6, 2015), <http://www.sbnation.com/nfl/2015/10/6/9466057/draftkings-fanduel-amend-employee-policies-controversy>, [<https://perma.cc/PFU8-VNJW>]

⁶⁸ See Kevin Draper, FanDuel Told Employees Not To Win Too Much Money On DraftKings Or People Would Get Suspicious, DEADSPIN (November 20, 2015), <http://deadspin.com/fanduel-told-employees-not-to-win-too-much-money-on-dra-1743814536> [<https://perma.cc/AJU7-VFBV>].

⁶⁹ See Gregg Easterbrook, DraftKings and FanDuel are not your friends, THE NEW YORK TIMES (October 6, 2015), http://www.nytimes.com/2015/10/07/upshot/the-big-winners-in-fantasy-football-and-the-rest-of-us.html?_r=0 [<https://perma.cc/UND7-TRT6>].

which depicts even inexperienced players as having a good chance of winning, has come under increased scrutiny.⁷⁰

V. STATE RESPONSES

While DFS sites have pointed to the UIEGA as providing legal protection for DFS games, states have begun to increasingly seek actions to prohibit or regulate DFS. UIEGA does not prohibit states from deciding to regulate fantasy games, and recently Congressman Jim Leach, one of the authors of the UIEGA, explained that the fantasy sports carve-out was not intended to cover the present-day daily fantasy industry. The Congressman claimed, “it is sheer chutzpah for a fantasy sports company to cite the law as a legal basis for existing.”⁷¹ DFS has long operated on a state-by-state model due to the uncertain legality of DFS under state gambling laws. For instance, daily fantasy services have made residents of Arizona, Iowa, Louisiana, Montana, and Washington ineligible for participation.⁷²

A more interesting area for examination is to look at states that are currently deciding whether and how to regulate DFS. By examining two different models for regulation proposed by New York and Massachusetts, one can begin to understand the complexities and challenges of any scheme to reign in DFS. These two states were chosen due to the large size of their DFS markets, the fact that the companies are themselves based in New York (FanDuel) and Massachusetts (DraftKings), and the fact that the state responses have been very different.

⁷⁰ See Ed Miller and Daniel Singer, For daily fantasy-sports operators, the curse of too much skill, MCKINSEY & COMPANY (September, 2015), http://www.mckinsey.com/insights/media_entertainment/for_daily_fantasy_sports_operators_the_curse_of_too_much_skill [https://perma.cc/NV3R-MRLQ].

⁷¹ See Tim Dahlberg, Author of anti-gambling law says "sheer chutzpah" for daily fantasy sites to claim legitimacy, USNEWS (October 12, 2015), <http://www.usnews.com/news/sports/articles/2015/10/12/former-congressman-says-dfs-is-cauldron-of-daily-betting> [https://perma.cc/D592-8F82].

⁷² See Bob Hohler, An uncertain line between fantasy sports, gambling, THE BOSTON GLOBE (August 2, 2015), <https://www.bostonglobe.com/sports/2015/08/02/fantasy-games-draw-scrutiny-ban-sports-gambling-blurs/XxWUs2cwrveLvJe8bFt3wI/story.html> [https://perma.cc/ADJ9-KBWD].

A. New York

New York has taken an extremely aggressive approach to DFS, with Schneiderman issuing a cease-and-desist order to DraftKings and FanDuel on November 10th, 2015. The AG argued that DFS was illegal under state law, as players were risking “something of value” on a contest where they did not have “control or influence” over the outcome.⁷³ Invoking New York penal law, Schneiderman contended that winning or losing in DFS depends on numerous elements of chance to a “material degree” and characterized the DFS industry as being a “massive, multi-billion-dollar scheme intended to evade the law and fleece sports fans across the country.”⁷⁴

Schneiderman’s letter set off a firestorm of controversy. In response, DraftKings and FanDuel filed lawsuits against the state of New York, alleging that DFS was a game of skill and that the AG had denied the companies due processes by overstepping his power.⁷⁵ Both companies further alleged that Schneiderman had engaged in tortious interference by sending cease and desist notices to payment processors.⁷⁶ In response, a few days later, the AG filed a request for a temporary injunction to force DraftKings and FanDuel to halt service for players in New York. Schneiderman reiterated his argument that DFS was simply a “re-branding” of sports

⁷³ See Darren Rovell and David Purdum, New York Supreme Court judge rules against DraftKings, FanDuel, ESPN (December 11, 2015), http://espn.go.com/chalk/story/_/id/14342458/new-york-supreme-court-judge-bars-draftkings-fanduel-operating-state [https://perma.cc/WJD7-2M5V].

⁷⁴ See Darren Rovell and David Purdum, N.Y. AG declares DraftKings, FanDuel are illegal gambling, not fantasy, ESPN (November 11, 2015), http://espn.go.com/chalk/story/_/id/14100780/newyork-attorney-general-declares-daily-fantasy-sports-gambling [https://perma.cc/DD39-5KRJ].

⁷⁵ See Brent Schrottenboer, DraftKings, FanDuel file lawsuits in New York after cease-and-desist order, USA TODAY (November 13, 2015), www.usatoday.com/story/sports/fantasy/2015/11/13/draftkings-lawsuit-new-york-cease-desist-order/75705742/ [https://perma.cc/VK3B-M9JB].

⁷⁶ *Id.*

gambling, while also bringing up the insider trading scandal in accusing the two companies of “basic compliance issues.”⁷⁷

During hearings held on November 25, 2015, Judge Manuel J. Mendez of the New York Supreme Court was skeptical of assertions by DFS companies that a player's choice of athletes represents “control or influence” over the outcome. The Judge stated that players are ultimately “relying on someone else's skill” to determine the outcome.⁷⁸ On December 11, 2015, Mendez sided with Schneiderman and granted a temporary injunction forbidding DraftKings and FanDuel from “accepting entry fees, wagers or bets” from residents of the state of New York.⁷⁹ While holding that UIGEA has “no corresponding authority under New York State law,” Mendez highlighted that payment of an ‘entry fee’ as high as \$10,600 could “certainly be deemed risking ‘something of value.’”⁸⁰ This ruling seemed to set aside the question of skill or chance, as Mendez pointed out that even if DFS was a game of skill, it could still meet the requirements for prohibition under NY law.

Despite the ruling, Mendez granted a temporary stay, confirmed by the appellate court, pending adjudication on appeal.⁸¹ Prior to the appellate hearing, on January 4, 2016, Schneiderman amended the lawsuit to demand that the two companies pay restitution of over \$4 billion, which includes returning of all money collected from customers in New York State. Schneiderman alleged that this restitution was justified in part by the two companies’ deceptive

⁷⁷ New York seeks injunction to shut down DraftKings and FanDuel immediately, THE GUARDIAN (November 17, 2015), <http://www.theguardian.com/us-news/2015/nov/18/new-york-seeks-injunction-to-shut-down-draftkings-and-fanduel-immediately> [https://perma.cc/49T2-5H7D].

⁷⁸ See Daniel Roberts, Daily Fantasy Sports Hearing Ends Without Decision, FORTUNE (November 25, 2015), <http://fortune.com/2015/11/25/fantasy-sports-hearing-no-decision> [https://perma.cc/J5KY-VTE].

⁷⁹ *People v. Fanduel, Inc.*, No. 453056/15, 2015 WL 8490461, at *10 (N.Y. Sup. Dec. 11, 2015).

⁸⁰ See *id.* at *6.

⁸¹ Suzanne Barlyn & John McCrank, Fantasy sports sites allowed to operate in New York during appeal, REUTERS (January 11, 2016), <http://www.reuters.com/article/us-fantasysports-new-york-idUSKCN0UP27320160111> [https://perma.cc/E3AA-49XP].

advertising practices.⁸² Pending an appeals court ruling, DFS continues to operate in New York. Given the legal uncertainty, there has been a renewed push for a legislative response to DFS,⁸³ and State Senator Michael Ranzenhofer has introduced a bill that would end the legal drama by explicitly classifying daily fantasy sports as a game of skill.⁸⁴

B. Massachusetts

Another state that has begun to scrutinize DFS is Massachusetts, where Massachusetts AG Maura Healey proposed a new set of regulations for daily fantasy operators.⁸⁵ Rather than make DFS illegal, as Schneiderman wants to do, Healey proposes regulating the industry closely using a consumer protection framework. Healey has said that daily fantasy sports businesses are legal in the state but still constitute gambling.⁸⁶

Healey's proposal is outlined in 940 C.M.R. 34.00: Daily Fantasy Sports Contest Operators in Massachusetts. The purpose of the regulation is to “protect Massachusetts consumers who play Daily Fantasy Sports contests for prizes from unfair and deceptive acts and practices that may arise in the gaming process.” The regulation is also intended to “protect the families of persons who play Daily Fantasy Sports to the extent that they may be affected by

⁸² See Darren Rovell, New York attorney general amends lawsuit against daily fantasy sites, ESPN (January 2, 2016), http://espn.go.com/chalk/story/_/id/14458955/new-york-attorney-general-wants-draftkings-fanduel-return-profits [<https://perma.cc/QU7Q-YN7D>].

⁸³ See James Surowiecki, The Hypocritical Legal Campaign Against Daily Fantasy Sports, THE NEW YORKER (December 11, 2015), <http://www.newyorker.com/business/currency/hypocritical-legal-campaign-daily-fantasy-sports> [<https://perma.cc/KW3Z-Z9TR>].

⁸⁴ See Glenn Blain, N.Y. lawmaker introduces bill to protect FanDuel, DraftKings from shutdown in the state, NEW YORK DAILY NEWS (November 16, 2015), <http://www.nydailynews.com/sports/football/n-y-lawmaker-aid-fanduel-draftkings-article-1.2436626> [<https://perma.cc/JU5D-RGZQ>].

⁸⁵ See Cyndi R. Gonzalez & Jillian Fennimore, AG Healey Proposes Strong Consumer Protection Regulations for Daily Fantasy Sports Operations in Massachusetts, COMMONWEALTH OF MASSACHUSETTS (November 19, 2015), <http://www.mass.gov/ago/news-and-updates/press-releases/2015/2015-11-19-daily-fantasy-sports.html> [<https://perma.cc/4F6Y-RX97>].

⁸⁶ See Rachel Axon, How Massachusetts wants to change daily fantasy sports, USA TODAY (November 19, 2015), <http://www.usatoday.com/story/sports/2015/11/19/massachusetts-daily-fantasy-sports-consumer-protection/76046936> [<https://perma.cc/S6L9-P5G6>].

unfair and deceptive practices that lead to unaffordable losses.” Healey’s full list contains 14 bullet-point rules in four sections that range from “protecting minors” and “leveling the playing field” to “advertising and marketing” and “financial protections.”⁸⁷

The proposed regulations include measures that would not allow a DFS player to establish more than one username or more than one account. A rule like this, properly enforced, could help prevent some of the gambling binges that present the greatest danger to addicts.⁸⁸ The regulations also include a section specifically on truthful advertising and a requirement that ads include information regarding assistance available to problem gamblers.⁸⁹ Another element of the proposal is that playing be restricted to ages 21 and older and that users be limited to depositing \$1,000 a month.

Indeed, the protection of minors is a theme that runs throughout Healey’s proposal, which also wants to ban the companies from marketing on college campuses, a position that has already gained momentum in other corners. The SEC Network, one of ESPN’s channels, decided to stop running DraftKings and FanDuel ads.⁹⁰ Recently, ESPN and College Football Playoff officials agreed that there will be no advertising for daily fantasy games during the telecasts of the national semifinals or the national championship game.⁹¹

⁸⁷ See Daniel Roberts, Massachusetts Will Restrict Daily Fantasy Sports to Ages 21 And Up, FORTUNE (November 20, 2015), <http://fortune.com/2015/11/20/healey-fantasy-sports-regulation>.

⁸⁸ See The Personal and Professional Risks of a Gambling Binge, DES MOINE ADDICTION TREATMENT, <http://www.desmoinesaddictiontreatment.com/rehab-guide/the-personal-and-professional-risks-of-a-gambling-binge> [<https://perma.cc/45M5-QN3W>]; Alex Blaszczynski & Lia Nower, A pathway model of problem and pathological gambling, 97 ADDICTION at 487-499 (2002).

⁸⁹ Draft 940 C.M.R. § 34.07 (2016), available at <http://www.mass.gov/ago/docs/regulations/proposed/940-cmr-34-draft.pdf> [<https://perma.cc/DF8G-DAG2>].

⁹⁰ See Bryan Armen Graham, SEC Network bans ads for DraftKings and FanDuel citing gambling concerns, THE GUARDIAN (September 25, 2015), <http://www.theguardian.com/sport/2015/sep/25/sec-network-bans-ads-for-draftkings-and-fanduel-citing-gambling-concerns> [<https://perma.cc/Q33N-D4BL>].

⁹¹ See Marc Tracy, ESPN and College Football Playoff agree Not to Air Daily Fantasy Ads, THE NEW YORK TIMES (December 9, 2015), <http://www.nytimes.com/2015/12/10/sports/ncaafotball/espn-college-football-playoff-draftkings-fanduel-ads-daily-fantasy.html> [<https://perma.cc/3546-EJQC>].

While these proposed rules would arguably hamper revenues for daily fantasy companies in Massachusetts, both DraftKings and FanDuel quickly voiced support for Healey’s plan. Their receptiveness has most likely been tied to the fact that Healey’s proposal of regulation is clearly much friendlier than Schneiderman’s proposal in New York. Indeed, DraftKings called the proposal “a thoughtful and comprehensive approach,” while FanDuel argued that it made “a tremendous amount of sense.” Healey’s office cannot implement the new regulations immediately, but must accept public comments through January before making a final proposal.⁹² Thanks to the public comment period, the process will play out under a microscope, and hearings on DFS have already begun.

The examples of New York and Massachusetts provide an interesting window into how states can begin to deal with the reality of DFS. Of course these are not the only two models, as actions concerning DFS have accelerated in a number of states. For instance, in Nevada, where licensed gambling is legal, regulators ruled that DFS constitutes a form of gambling and is not a game of skill. State officials ordered DraftKings and FanDuel to stop operating immediately in the state until the companies and their employees receive state gambling licenses. Others highlight Illinois as the next battleground state after a court recently advised that DFS is illegal.⁹³

VI. CONCLUSION

The examples of Massachusetts and New York highlight that challenges to the standard operating practices of DFS will continue until the legal gray areas of DFS are clarified. If the industry of DFS is to survive, companies should strive to work with regulators rather than oppose

⁹² See AG Healey set to have hearing on daily fantasy sports in Mass., WCVB NEWS (January 10, 2016), <http://www.wcvb.com/news/ag-healey-set-to-have-hearing-on-daily-fantasy-sports-in-mass/37363008> [<https://perma.cc/A4XQ-AAYF>].

⁹³ See Sports and Gaming: Daily Fantasy Sports Contests as Gambling, Ill. Att’y Gen. Op. No. 15-006 (December 23, 2015), at *1 (holding that “it is my opinion that the contests in question constitute illegal gambling”).

them. Working with regulators to address legitimate concerns about public health and company practices will allow these companies to better avoid the wholesale prohibition advocated by some of the staunchest opponents. This begs the important question of whether DFS companies will be proactive and begin making changes to appease regulatory bodies, or whether they will put their efforts towards resisting legal intervention.

At the same time, regulators should view DFS as a potential opportunity. DFS has clearly struck a cord with consumers and fans, and there is no reason that it cannot continue, as long as responsible and common sense changes are made to ameliorate the legitimate concerns. For example, Massachusetts and Texas recently explored bills examining the possibility of allowing the lottery to run online, skill-based games, such as daily fantasy sports.⁹⁴

Most importantly, this is an issue that requires legislative guidance. DFS is not similar enough to traditional fantasy or gambling games to be considered by a group of inexpert judges under the existing rubric of gambling laws written well before the invention of DFS. Rather, this issue demands careful study and fact finding so that the scope of the problem and the true dimensions of DFS can be properly debated and discussed. These are clearly tasks that are best suited to the legislative branch, and there are already numerous examples of legislators introducing bills to prohibit, or allow, DFS.

There are signs that a sea change is coming for daily fantasy sports. In late March, FanDuel and DraftKings agreed to halt their business in New York, putting their hopes on a legislative avenue to make DFS legal. In contrast, in Massachusetts, the push for regulation continues, and the AG is expected to issue formal rules governing DFS in early April. These contrasting state models do not just serve as a lesson to DFS companies but should highlight the

⁹⁴ See Curt Woodward, Mass. AG 'reviewing' daily fantasy sports as lawmakers look into lottery expansion, THE BOSTON GLOBE (September 17, 2015), <http://www.betaboston.com/news/2015/09/17/mass-ag-reviewing-daily-fantasy-sports-as-lawmakers-look-into-lottery-expansion> [<https://perma.cc/BW8U-Q9GS>].

need for proper legislative guidance on this sensitive issue. Legislative guidance will allow the will of the people of each state to decide whether DFS is right for their particular circumstances while considering the perspective of diverse stakeholders. It will also enable common sense regulation in order to ameliorate the legitimate problems and concerns related to widespread access to DFS.