



Publications

CASES OF INTEREST

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IP/ENTERTAINMENT LAW WEEKLY CASE UPDATE FOR MOTION PICTURE STUDIOS AND TELEVISION NETWORKS

June 22, 2011

Table of Contents

- Dillinger, LLC v. Electronic Arts Inc.
- Murphy v. Millennium Radio Group LLC

Dillinger, LLC v. Electronic Arts Inc., USDC Southern District of Indiana, June 15, 2011

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- District Court dismissed plaintiff's right-of-publicity and unjust enrichment claims related to defendant's use of John Dillinger name in its videogame series, holding that Indiana's right-of-publicity statute does not apply retroactively to persons who predeceased the enactment of the statute, and also that the "literary works" exception in the statute covered videogames, but allows plaintiff's trademark claims to proceed.

Plaintiff Dillinger, L.L.C., alleged that it owns two registered U.S. trademarks for "John Dillinger," the notorious Indiana gangster. Under a 1994 Indiana statute that establishes a descendible right of publicity that survives for one hundred years following an individual's death, the plaintiff also claims the right to control Mr. Dillinger's "personality" rights – including the use of his name – for commercial purposes. Plaintiff sued defendant Electronic Arts for including references to Dillinger, in the form of names of two types of virtual weapons that players can acquire, in its series of videogames based upon *The Godfather* novel and films. One is the "Dillinger Level Three Tommy Gun," which players can acquire by playing the game, and the other is the "Modern Dillinger," an upgraded weapon that players can purchase over the internet. Plaintiff alleged that by continuing to include the Dillinger Level Three and Modern Dillinger in games after being put on notice of plaintiff's objections, defendant continued to knowingly and willingly violate the Plaintiff's trademark in John Dillinger and its control over Mr. Dillinger's personality rights. Plaintiff asserted various claims in its complaint, including violation of Indiana's right-of-publicity statute, unjust enrichment, trademark infringement, unfair competition and a claim under Indiana's Crime Victim Act ("ICVA").

The district court dismissed plaintiff's claim under the right-of-publicity statute, as well as the related unjust enrichment claim, reasoning that the Indiana Supreme Court would likely find that the statute does not apply to people who predeceased its enactment. The court also predicted that the state supreme court would adopt defendant's argument that videogames fell within the "literary works" exemption in the statute.



Publications

CASES OF INTEREST

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The Indiana statute prohibits the use of an aspect of a personality's right of publicity, including the personality's name, for a commercial purpose during the personality's lifetime or for one hundred (100) years after the date of the personality's death without previous written consent from a person vested with control of the personality's right to publicity.

Defendant EA argued that the statute did not apply to persons who died before the statute was enacted. Noting that neither the Indiana Supreme Court nor the Court of Appeals had yet considered the issue, and faced with conflicting decisions provided by the parties, the court predicted that Indiana Supreme Court would agree with *Shaw Family Archives, Ltd. v. CMG Worldwide, Inc.*, a New York district court case holding that the statute doesn't apply to personalities who died before its enactment. In *Shaw*, the court rejected an attempt by an entity claiming to have been given Marilyn Monroe's right of publicity in her will. The court reasoned that because publicity rights terminated at death at common law, Ms. Monroe's death before the Indiana statute was enacted meant that, at the time of her death in 1962, she lacked any publicity right to devise in her will.

The court rejected the reasoning of the *Scalf v. Lake County Convention & Visitors Bureau*, relied upon by plaintiff, in which an Indiana trial court applied the right-of-publicity statute retroactively to find liability against the Lake County Convention Center for referring to "Dillinger" in its tourism advertisements and running a "Dillinger" museum. According to the district court, the statutory provisions, individually and collectively, cited in *Scalf*, are ambiguous and can be read equally to protect only personalities who live and die after the statute's 1994 enactment, as they can be read to protect anyone who has lived at any time. Given that reading the statute to apply retroactively would provide causes of action for the heirs of the millions – and possibly billions – of people who died between 1894 and 1994 (*i.e.*, during the 100 year post-death period of protection), greatly expanding the potential liabilities that the statute creates, the court presumed that the Indiana Supreme Court would not endorse this result but would instead adopt the narrower reading.

The district court also rejected *Scalf* because, in recognizing publicity rights of individuals who died before 1994, the decision would effectively permit inheritances outside of probate, frustrating the important functions that probate serves, including taxation of inheritances, payment of creditors and determination of heirs.

The court also noted that the parties disputed the chain of intestate succession for Mr. Dillinger, an issue that might turn on the determination of which version of the Probate Code should govern intestate succession: the one in force when Mr. Dillinger died or the one when the General Assembly created the right-of-publicity. The question is one for a probate court and not federal court. Regardless of whether the statute applied retroactively or not, absent an allegation in the complaint that probate had been re-opened to permit the administration of the new property recognized in the right-of-publicity statute, the court



Publications

CASES OF INTEREST

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concluded that the complaint failed to state a claim.

The court also agreed with defendant EA that its videogames also came within the "literary works" exemption in the statute. To adopt the narrow definition plaintiff proposed – that "literary works" don't encompass videogames – would set the right-of-publicity statute up for a constitutional challenge that videogames have just as much protection under the First Amendment as does "highbrow literature." That the rest of the materials exempted from the statute were all also protected under the First Amendment (theatrical works, musical compositions, film, radio, or television programs, material that has political or newsworthy value, original works of fine art and promotional material or an advertisement for a news reporting or an entertainment medium), evidenced the General Assembly's "obvious attempt" to avoid constitutional challenges. The court predicted that the Indiana Supreme Court would interpret the statute to avoid constitutional issues and find that the definition of "literary works" covers videogames.

Having concluded that plaintiff failed to state a claim under the Indiana right-of-publicity statute, the court also dismissed plaintiff's unjust enrichment claim, which was premised on defendant's allegedly wrongful use of the Dillinger personality in violation of statute.

However, the court rejected defendant's argument to dismiss plaintiff's trademark claims, noting that EA did not challenge plaintiff's trademark in "John Dillinger," but argued instead plaintiff could not as a matter of law establish any likelihood of confusion because the complaint lacked any allegation that EA used John Dillinger as a trademark. Under Seventh Circuit precedent, a defendant's "non-trademark use" is an element of the fair-use affirmative defense. The lack of allegations that defendant used Dillinger as a trademark does not preclude plaintiff from establishing its prima facie case. The court also noted that the complaint does contain some allegations of EA's use of the Dillinger mark "in marketing, advertising, or other means of selling its product" in that players can connect to the internet and buy upgraded weapons from third-party websites, including a weapon that explicitly uses the "Dillinger" name. In a footnote, the court conceded that the complaint contained no allegation that EA actually controls the marketing or runs any advertisements for the game upgrades, but found that, on the present record, EA's alleged authorization of game content on the third-party websites constitutes an "other means of selling" its product. As a result, the court allowed plaintiff's trademark claims, and its related unfair competition claim, to proceed.

The court also dismissed plaintiff's claim for violation of the ICVA. Under the statute, civil plaintiffs who can prove, by a preponderance of the evidence, that they have been the victims of certain property crimes committed by defendants, whether they were ever criminally charged, can recover up to three times the amount of any pecuniary loss. Having dismissed plaintiff's right-of-publicity claim, the court focused on the alleged crimes related to trademark: conversion, theft and deception. The court found plaintiff's complaint lacked at least one requisite element of each of these crimes. For the conversion and theft crimes, plaintiff failed to allege that EA "exerted control" over the plaintiff's trademark – merely using plaintiff's mark without permission is not sufficient. The court also found that plaintiff's complaint lacked any allegation that EA used plaintiff's trademark with intent to defraud, a necessary element of its claim for misrepresenting the



Publications

CASES OF INTEREST

LOEB & LOEB adds Depth.

identity or quality of a product, or an allegation of any advertising by EA using the Dillinger name, a necessary element for a claim of false, deceptive or misleading advertising.

Murphy v. Millennium Radio Group LLC, USCA Third Circuit, June 14, 2011

 [Click here for a copy of the full decision.](#)

- In an action for copyright infringement and violation of the Digital Millennium Copyright Act, the Third Circuit reverses the district court's grant of summary judgment in favor of defendant radio station, finding that the station's removal of a gutter credit from the photograph may be considered removal of "copyright management information" for purposes of the DMCA, and that the stations' reproduction of the photograph was not protected as fair use.

Plaintiff Peter Murphy was hired by a magazine to take a photograph of two New Jersey radio shock jocks, Craig Carton and Ray Rossi, of the New Jersey radio station WKXW, owned by defendant Millennium Radio Group LLC. The photograph depicted Carton and Rossi behind a WKXW sign, apparently nude, and was used in a New Jersey publication highlighting the "Best of New Jersey." As it appeared in the magazine, the image contained a "gutter credit" along the side of the image crediting Murphy as the photographer.

A Millennium employee later scanned the photograph from the magazine and posted it to the WKXW website and to a second website, myspacetv.com. The gutter credit was removed from the image posted to the website and the caption referring to the "Best of New Jersey" award was omitted. The website invited visitors to alter the image digitally and to submit their versions of the photograph to WKXW. The radio station received numerous submissions and 26 of the altered photograph were posted on the station's website.

Murphy sued defendants for, among other things, violations of the Digital Millennium Copyright Act ("DMCA") and copyright infringement under the Copyright Act. The district court granted defendant's motion for summary judgment, but the Third Circuit reversed, finding that the station's removal of a gutter credit from the photograph may be considered removal of "copyright management information" for purposes of the DMCA, and that the stations' reproduction of the photograph was not protected as fair use.

The most well-known provision of the DMCA, § 1201, provides a cause of action for copyright owners against others who "circumvent a technological measure that effectively controls access to a work." In addition, § 1202 of the DMCA, which deals with "copyright management information" ("CMI"), provides, in part, a cause of action for the removal or alteration of CMI without the authority of the copyright owner, defining CMI as certain types of "information conveyed in connection with copies . . . of a work . . . , including in digital form," including "[t]he name of, and other identifying information about, the author of a work". Murphy claimed that, by removing the "gutter credit," from its reproduction of the photograph, Millennium had knowingly removed copyright management information from its reproduction of the photograph in violation of the DMCA.



Publications

CASES OF INTEREST

LOEB & LOEB adds Depth.

Millennium moved to dismiss Murphy's DMCA claim on the grounds that by removing the gutter credit it did not remove the type of automated copyright protection or management system that Congress intended to be considered CMI. The district court granted summary judgment for the radio station, finding that the legislative history was consistent with Millennium's reading of the DMCA. The Third Circuit, however, found that nothing in the DMCA requires that CMI be digital or electronic. Accordingly, the Third Circuit reversed the lower court's grant of summary judgment in the station's favor on Murphy's DMCA claim.

Millennium also moved to dismiss Murphy's copyright infringement claim, claiming that the reproduction of the photograph was protected as fair use. The lower court found that the radio station's use of the image was sufficiently "transformative" – in that it added new purpose, character, meaning, or message to the image – and constituted fair use. Again, the Third Circuit disagreed. In order for the work to be transformative, it must modify an element of or at least comment on the author's work. Although the station used the image to report a news story involving Carton and Rossi, it did not add any meaning or purpose to the image. The other "fair use factors" also favored Murphy, in that the radio station used Murphy's work in its entirety, for commercial purposes, and in a way that impacted the market for Murphy's work. Because WKXW's use of Murphy's image was not protected as a fair use, the Third Circuit reversed the lower court's grant of summary judgment in defendants' favor.

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