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Illustrations by Patrick Thomas

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by Brian Knowlton*

Illustrations by Patrick Thomas



I. INTRODUCTION

"It is not once nor twice but times without number that the same ideas make their appearance in the world."

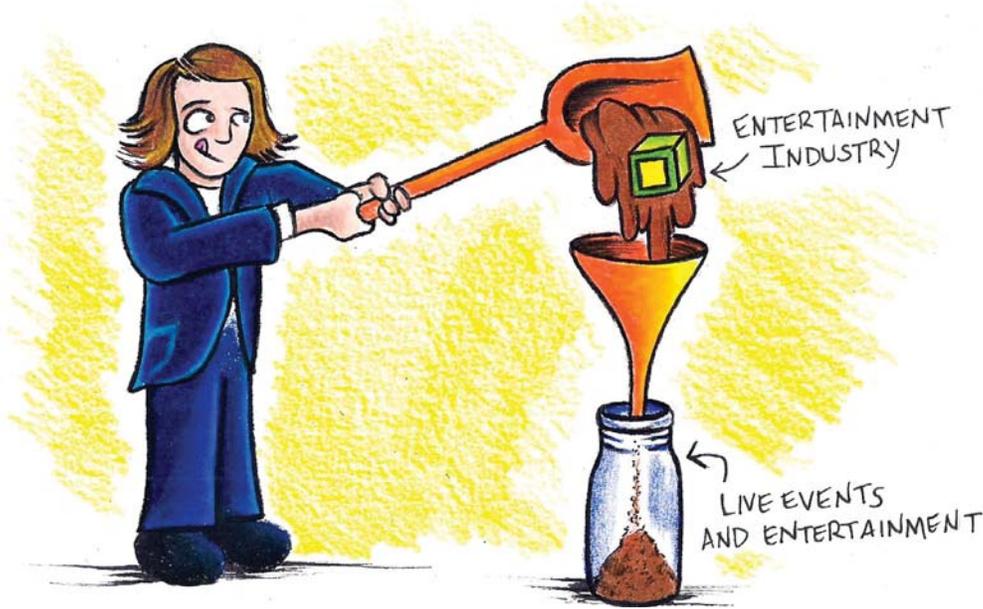
~ Aristotle ~

Ludwig Van Beethoven. There is perhaps no other artist, certainly no other musician, whose name is more synonymous with creative daring. Over one hundred and eighty years after his death, his life struggle continues to reverberate through western culture. Best known for having lost his hearing during the pinnacle of his career, Beethoven accomplished the artistic impossible: creating significant musical works while lacking the most basic of musical sensibilities. For Beethoven, composition ceased being a mere form of esthetic expression and his skill and artistry

elevated to a level of articulating raw ideas; weaving and untangling complex systems of process; communicating through forms and structures that could not otherwise be expressed and; reconciling his humanity through the craft of organizing sound.¹ Suicidal but with a life sustaining regard for his gift, Beethoven had the audacity to change western culture, not only through music but also with ideas, expression of ideas, and

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1. MARK EVAN BONDS, *AFTER BEETHOVEN: IMPERATIVES OF ORIGINALITY IN THE SYMPHONY* 9-27 (Harvard Univ. Press 1996).



his recognizable public personality: the quintessential tortured artist who brought wisdom and joy to the world.²

But even Beethoven copied. Even he stole the compositional processes of other artists.

There is an innate human sense that one's original idea, unique expression of an idea, belongs to them and that others should not assume compensation or acclaim for work that is not their own. It feels right. And, on first pass, knowing that Beethoven copied and stole somehow feels wrong. Of course, the sound of a Beethoven symphony only vaguely resembles that of one composed by Mozart, but Beethoven's 1st Symphony copied the harmonic structure and compositional process of his predecessor's Jupiter Symphony.³

Why would such a prolific and culture-changing composer need to copy from other composers? Does Beethoven's borrowing and Mozart's influence somehow

detract from his stature as an artist? If Beethoven needed to copy to produce musical works, what does that mean for the rest of us? How does this change our approach to using another's ideas, copying another's work or imitating how these works are presented to the public? "Therein lays the rub."⁴ Copying is a reality of most pure artistic creation. From this it is no surprise that copying is pervasive at other levels of artistic creation and, in particular, today's world of fast-paced and demanding commercial art. There is no area where these commercial artistic disciplines intersect in greater number and variety than today's live events and entertainment productions and thus, there is no territory more fertile for the infringement of trademarks, trade secrets and copyrights. The purpose of this article is to explore such intellectual property issues as they arise in the production of such events.

II. DEFINING THE SCOPE

"Think left and think right and think low and think high. Oh, the thinks you can think up if only you try!"

- Dr. Seuss -

At a time when a large part of daily entertainment is experienced virtually, either through movies, the internet, television or mobile devices, audiences seek an escape from this virtual reality to the actual-reality of live entertainment. However, they also bring with them the expectation that live experiences will

2. See LEWIS LOCKWOOD, *BEETHOVEN: THE MUSIC AND THE LIFE* (W. W. Norton and Co. 2003) (In a letter from Ludwig Van Beethoven to his brothers Carl and Johann known as the Heiligenstadt Testament, Beethoven writes, "... I would have ended my life -- it was only my art that held me back. Ah, it seemed to me impossible to leave the world until I had brought forth all that I felt was within me."); see also NICHOLAS COOK, *BEETHOVEN: SYMPHONY No. 9* (Cambridge Music Handbooks 1993).

3. See CARL SCHACHTER, *MOZART'S LAST AND BEETHOVEN'S FIRST: ECHOES OF K. 551 IN THE FIRST MOVEMENT OF OPUS 21 227* (Cliff Eisen ed., Oxford: Clarendon Press 1991) ("[A] close study of the first movements reveals an intriguing similarity in the tonal plans of their development sections. The similar feature is a rather unusual modulatory progression . . .").

4. WILLIAM SHAKESPEARE, *HAMLET* Act 3. Scene 1.

provide the same pacing, perfection and emersion as its virtual counterpart. Consumer demand for high-end experiences is not only met by large-scaled shows and events in major cities, but also by smaller tier production companies such as theme parks, cruise lines, community theaters, resorts, a variety of independent production companies, and other regional tourist destinations.

As the quality of these live events increases to meet the growing expectations of perfection and complete emersion, a gap between the business practices behind the productions and the legal protections of intellectual property rights becomes increasingly apparent. Whereas large revenue streams in New York, Las Vegas, and Hollywood allow businesses to carefully avoid infringement of intellectual property, producers with smaller budgets are often driven to use less expensive alternatives for certain types of production elements. Creatively using pre-recorded audio tracks and stock imagery, leveraging already popularized show-styles, adapting pre-existing content, and cross-utilizing up-and-coming design talent often causes unique intellectual property issues. In many ways, constrained budgets and repurposing ideas result in highly creative solutions, for true creativity is not the result of limitless resources, but manifests as solutions created by need and constraint. Although these smaller productions frequently produce bright and original ideas, they often do so through the use of the intellectual property of others. They lack the resources and established business practices to routinely avoid infringing on other's intellectual property, or even to properly protect their own intellectual property rights. So far these infringements have flown below the radar relative to the use of intellectual property in major Hollywood Blockbusters, Broadway Musicals and Las Vegas Shows.

The scope of this article is directed towards this smaller tier of production, and although it will only provide a cursory review of the law that protects intellectual property and a general overview of the process followed to create these live events, it is aimed precisely at those points where the law and production process intersect. It aims to give a producer a more thorough understanding of intellectual property rights and attorneys a clearer understanding of the business practices and needs of this unique demographic of clientele. It first gives an overview of the production process and provides a summary of current intellectual property law. After exploring practical examples, it reviews the various legal instruments available to ensure

the protection and safe use of intellectual property and discusses how they operate within the production process.

II. OVERVIEW OF THE PRODUCTION PROCESS

“There are two ways of being creative. One can sing and dance. Or one can create an environment in which singers and dancers flourish.”

~ Warren G. Bennis ~

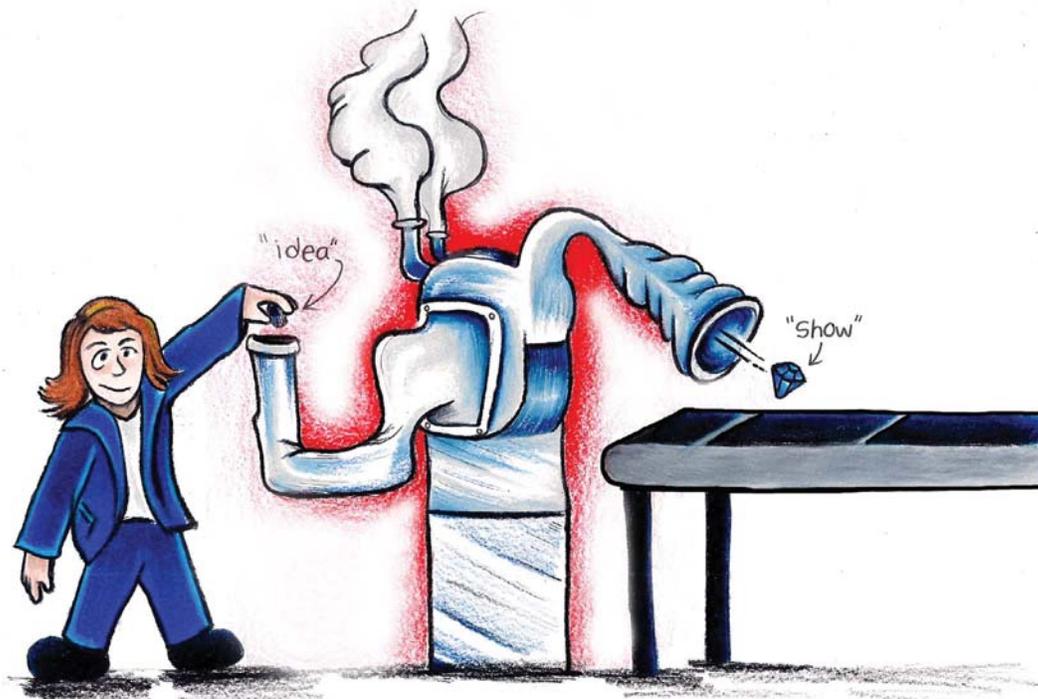
A general approach to the process of producing live entertainment and events can be divided into five parts, idea generation, concept development, production, rehearsals and performance. Although every project is unique, they all progress through the same five stages.

A. Idea Generation

As its name suggests, the idea generation phase occurs when the creative concepts behind the production are distilled. The process involves narrowing, focusing, and defining the parameters of each idea. To create a solution that meets a business need (“high-concept”), one must first understand that need. Market demands, fiscal objectives, and capital investment goals of a project all play into this calculation. Next, a creative team is assembled (they are frequently contracted as expert consultants from diverse disciplines) and the producer presents her objectives and leads the team in brainstorming feasible ideas. This can happen through formalized creative development meetings or informal conversations, within or between different business entities, in a defined amount of meeting time or over a period of years, and with strategic objectives or a general sense of goal. The culmination of the idea generation phase is an executive presentation, bid to a client or proposal for investors and in any case, is used to secure the final financial endorsement for the project. Regardless of how this phase is structured, it results in a high-concept, which is a solution to a business problem and realized through interactions between people.

B. Concept Development

The concept development phase of the production process is comprised of developing plans for the various creative elements that will ultimately become a part of the live show: script, scenic, music, video, costumes, lighting, and special effects. The producer hires designers through either an employee or contracted relationship, the latter of which sometimes subcontract



and/or hires employees to meet objectives. The producer also hires a show director who interfaces with designers and not only ensures that each designer is creating work that supports the high-concept, but also ensures that the diverse disciplines work together with coherence. The work-products that result from this phase include scripts, illustrations, music ‘scratch-tracks’, storyboards, costume designs, architectural drawings, engineering documents, sketches, and lighting plots. The concept development phase creates documents and plans that will be used to fabricate items that will ultimately be used in the show.

C. Production

It is in the production phase that the actual tangible elements for the show are created: scripts are printed; sets and costumes are built; music is recorded; video is filmed, animated, and edited; special effects are designed and constructed; lights are hung; and performing talent is cast. In addition to the designers from the concept development phase who oversee the production of their elements, various other entities are brought on-board: scenic companies; music studios and recording artists; video production teams; costume shops; electricians; stage managers; and stage crew. Each of these entities or individuals can be employed, contracted or sub-contracted.

D. Rehearsals

Once rehearsals begin, entities and individuals from the production phase begin to complete their work, the producer hires cast members and the director and her various assistants (choreographer, lighting designer, stunt coordinator, and effects coordinator) rehearse with performers and other live-action components of the show. Individually, these assistants interact within the scope of their specialty, but are frequently present during major on-the-spot decisions. Performers are consulted by the director when making creative decisions regarding the reality of whether a staging idea is possible, on-going performance challenges, and other content-based issues.

E. Performance

Finally, the concept becomes a reality and it is time for performance[s]. At this point, the design team steps away from the production and a group of stage managers and other operational personnel run the show. A live show can run anywhere from a single event to decades of continuous performances. The maintenance of a multi-run show can be contracted with entities and individuals who are entirely new to the production. Creative changes can occur for a variety of business reasons, each with the capacity to include new ideas, directors and designers.



III. OVERVIEW OF INTELLECTUAL PROPERTY RIGHTS

“No man acquires property without acquiring with it a little arithmetic also.”

~ Ralph Waldo Emerson ~

Those from whom Beethoven borrowed would have understood his copying. Mozart copied from maestro Franz Haydn, who copied from Johann Sebastian Bach, and Bach copied from a generation of Baroque composers.⁵ These masters understood that originality is developed through experience, and experience is merely interaction with what already exists. It is then no surprise that the world is full of influence, borrowing and the outright wholesale misappropriation of ideas. “Imitation contains a complex interplay of impulses: among these, in varying degrees, are the desire to learn, rivalry, and homage.”⁶ During a time when renowned composers lived with and were supported by aristocratic families, perhaps rising to a level of influence that resulted in others borrowing ideas was of benefit to a composer’s status, a status that determined the quality of their philanthropically-supported lifestyle. Today, however, artists are rewarded through direct financial compensation and generally do not benefit from the borrowing of others. So then, how does one ensure

they are compensated for their ideas or works and what if their intellectual property is infringed upon?

Amongst the powers enumerated to Congress in the United States Constitution is the authority “To regulate Commerce” and “To promote the Progress of . . . useful Arts, by securing for limited Times to Authors . . . the exclusive Right to their . . . writings . . .”⁷ The bundle of intellectual property rights with which the live entertainment production process most directly interacts includes the laws of trademark, copyright and trade secrets. These protections grant private property rights of intellectual assets in order to encourage artistic expression and promote economic growth.⁸ This section will give a broad overview of these doctrines, the general concepts of which will be discussed in more detail later, when applied to issues that arise during the production process.

A. Trademark

Trademark law protects the marketplace by restricting unauthorized use of marks associated with particular manufacturers in a manner that causes confusion as to the source of the goods.⁹ For example, a business cannot name a beverage “Coco-Cola” in an attempt to leverage the brand of “Coca-Cola.” Trade “marks” can be words, phrases, logos and symbols

5. See Jeremy Yudkin, *Beethoven’s “Mozart” Quartet*, 45 J. OF THE AM. MUSICOLOGICAL SOC’Y 30, 34 (1992) (“[W]hat a composer looked for in another’s work was usually not material itself, but ways of approaching the material, rhetorical strategies, ideas of span, control, expression, and coherence.” “Mozart’s String Quartet, K. 464, is one of the “Haydn” quartets, written as a deliberate homage to the older master.”).

6. *Id.* at 32.

7. U.S. CONST. art. I, § 8, cl. 8; PAUL GOLDSTEIN, COPYRIGHT, PATENT, TRADEMARK AND RELATED DOCTRINES 1 (Robert C. Clark 4th ed., Foundation Press 1999).

8. See *id.* at 6.

9. ARTHUR R. MILLER & MICHAEL H. DAVIS, INTELLECTUAL PROPERTY: PATENTS, TRADEMARKS, AND COPYRIGHTS IN A NUTSHELL 238-55 (West 1983).

used to identify goods.¹⁰ Trademarks are distinct from copyright and trade secrets because trademarks do not depend on novelty, invention, discovery, or any other intellectual creation; rather, the strength of a mark depends on the type of mark and impression of the consumer¹¹.

A trademark claim turns on the perception of the mark in the marketplace. The validity and strength of a mark is analyzed by whether it is fanciful, arbitrary, suggestive, descriptive, or generic.¹² All marks are considered inherently distinctive and protectable except for descriptive marks, which are protectable upon showing a secondary meaning, and generic marks, which are never protectable.¹³ A mark is inherently distinctive when it is capable of identifying a product source; secondary meaning exists only when consumers associate a mark with a single market source.¹⁴ Thus, a showing of secondary meaning places a greater burden on a plaintiff because it is not assumed that consumers associate a descriptive mark with a specific product.

To own a trademark, a party need merely use a mark in commerce to identify and distinguish a product or service.¹⁵ Registration is evidence of the registrant's right to use the mark in commerce.¹⁶ Ownership of an incontestable mark gives the registrant almost exclusive rights to use the mark.¹⁷

Trademark infringement occurs when there is a likelihood of confusion among the relevant class of customers with regard to a trademark.¹⁸ Courts may consider the following non-exhaustive list of factors to determine if infringement occurred: (1) the type of mark allegedly infringed upon, (2) the similarity between the two marks, (3) the similarity of the products or services, (4) the identity of the retail outlets and purchasers, (5) the identity of the advertising media used, (6) the defendant's intent, and (7) any evidence of actual confusion.¹⁹

Absent a showing of a likelihood of confusion, a party may enjoin an act that is likely to dilute a distinctive quality of a registered mark.²⁰ The party is



10. *See id.*

11. *See id.*

12. *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 9 (2nd Cir. 1976).

13. *Sicilia Di R. Biebow & Co. v. Cox*, 732 F.2d 417, 425 (5th Cir. 1984).

14. *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 768 (1992).

15. 15 U.S.C.A. § 1127 (2006).

16. 15 U.S.C.A. § 1115(a) (2002); *Soweco, Inc. v. Shell Oil Co.*, 617 F.2d at 1184; 15 U.S.C.A. § 1065 (2010).

17. *Pebble Beach Co. v. Tour 18, I Ltd.*, 155 F.3d 526, n.4 (5th Cir. 1998).

18. *See id.* at 543; 15 U.S.C.A. §§ 1114(1), 1125(a).

19. *Two Pesos, Inc. v. Taco Cabana, Inc.*, 932 F.2d 1113, 1122 n.9 (5th Cir. 1991); *Conan Properties, Inc. v. Conans Pizza, Inc.*, 752 F.2d 145, 149 (5th Cir. 1985).

20. *TEX. BUS & COM. CODE ANN.* § 16.29 (2011); *Service Merchandise Co. v. Service Jewelry Stores, Inc.*, 737 F. Supp.983, 993 (S.D.Tex. 1990).

able to do this because of anti-dilution statutes. The, “[p]urpose of an anti-dilution statute is to prevent the gradual ‘whittling away’ of a party’s distinctive trademark or trade name and a plaintiff must demonstrate ownership of a distinctive mark and a likelihood of dilution.”²¹ A mark can be diluted by tarnishment or blurring.²² A mark is tarnished when it is “linked to products of shoddy quality” and blurred when “customers . . . see the plaintiff’s mark used on a plethora of different goods.”²³

An infringing party can limit its risk of liability by using defenses pertaining to the limited area of use, the abandonment of a mark, the genericness of a mark, the functionality of a product, or the fair use of a mark. A limited area defense confers upon a user of the mark the right to the use of an otherwise infringing mark in a remote geographic area if a good faith continuous use without notice of infringement was established before the plaintiff’s use or registration; under this doctrine, the other user can not typically expand geographically.²⁴ A plaintiff is found to have abandoned a mark through non-use or not policing licenses.²⁵ Genericness is determined by whether or not the mark is understood by the relevant public to refer to a particular good.²⁶ A functionality defense alleges that a mark is attempting to control a product feature, considered functional, where such use would put competitors at a non-reputation-related disadvantage; courts look to whether the questioned functionality is (1) essential to the use or purpose or (2) affects the cost or quality of the article.²⁷ Unauthorized use of another’s mark may be fair-use if it is for the purpose of describing one’s goods or services, or to compare advertisements; a fair use defense requires that there is not a misrepresentation or likelihood that consumers will be confused as to the

source, identity or sponsorship of the product.²⁸

B. Copyright

The purpose of copyright law is to promote creativity by balancing the benefits of encouraging creation with the costs of restricting access and use in order to protect authorship.²⁹ Copyrights can be obtained for literary works, musical works, dramatic works, pantomime and choreography, pictorial works, graphic and sculptural works, motion picture and other audio-visual works, architectural works, and sound recordings.³⁰ The principals of copyright are distinguished from trademark and trade secret law in that copyright owners hold the exclusive right to reproduce works, prepare derivative works, distribute copies of works, and perform or display works publicly.³¹

Copyrighted subject matter must be an original work of authorship fixed in any tangible medium.³² The requirement for originality is independent creation plus a modicum of creativity.³³ An author is an entity “to whom anything owes its origin” and a work is considered fixed when “its embodiment . . . is sufficiently permanent or stable to permit it to be perceived, reproduced, or otherwise communicated for a period of more than transitory duration.”³⁴ A work must be a tangible expression of an idea. Because copyright protection never extends to “an idea, process, method of operation or concept,” the more ways an idea can be expressed, the greater chance it has of being held to be an expression and not merely an unprotectable idea.³⁵ A derivative work “based upon one or more preexisting works, such as a translation,

21. *Pebble Beach*, 155 F.3d at 550; *Fruit of the Loom, Inc. v. Girouard*, 994 F.2d 1359, 1363 (9th Cir. 1993); *Hormel Foods Corp. v. Jim Henson Productions, Inc.*, 73 F.3d 497, 506 (2d Cir. 1996).

22. *Deere & Co. v. MTD Prod., Inc.*, 41 F.3d 39, 43 (2d Cir. 1994); *Hormel Foods*, 73 F.3d at 506, 507.

23. *See id.*

24. 15 U.S.C.A. § 1115(b)(5) (2002); *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403, 415 (1916); *see United Drug Co. v. Theodore Rectanus Co.*, 248 U.S. 90 (1918).

25. PAUL GOLDSTEIN, *COPYRIGHT, PATENT, TRADEMARK AND RELATED DOCTRINES* 235-37 (Foundation Press, Robert C. Clark 4th ed. 1999).

26. 15 U.S.C.A. § 1052(e)(1); *H. Marvin Ginn Corp. v. Int’l Ass’n of Fire Chiefs, Inc.*, 782 F.2d 987 (Fed. Cir. 1986).

27. *Inwood Laboratories, Inc. v. Ives Laboratories, Inc.*, 456 U.S. 844, 851 n.10 (1982); *Qualitex Co. v. Jacobsen Products Co., Inc.*, 514 U.S. 159 (1995).

28. *Calvin Klein Cosmetics Corp. v. Lenox Laboratories, Inc.*, 815 F.2d 500, 503 (8th Cir. 1987); *G.D. Searle & Co. v. Hudson Pharm. Corp.*, 715 F.2d 837, 841 (3d Cir. 1983); *Hypertherm, Inc. v. Precision Products, Inc.*, 832 F.2d 697, 700 (1st Cir. 1987); *Zatarains, Inc. v. Oak Grove Smokehouse, Inc.*, 698 F.2d 786, 791 (5th Cir. 1983).

29. GOLDSTEIN, *supra* note 25, at 556-58; RALPH S. BROWN & ROBERT C. DENICOLA, *COPYRIGHT* 9-10 (Robert C. Clark ed., Foundation Press 2009).

30. 17 U.S.C.A. § 101 (2010); H. Clark Anawalt, *IDEAS IN THE WORKPLACE* 15-23 (Caroline Academic Press 1988).

31. 17 U.S.C.A. § 101 (2010).

32. 17 U.S.C.A. § 102(a) (2011).

33. *Feist Publications v. Rural Telephone Service Co.*, 499 U.S. 340 (1991); *Waldman Publ’g Corp. v. Landoll, Inc.*, 443 F.3d 775 (2d Cir. 1995).

34. *Feist Publications*, 499 U.S. at 340; *Burrow-Giles Lithographic Co. v. Sarony*, 111 U.S. 53 (1884) (internal quotations omitted); 17 U.S.C.A. § 101.

35. 17 U.S.C.A. § 102; *Baker v. Selden*, 101 U.S. 99 (1879); *Mazer v. Stein*, 347 U.S. 201, 217 (1954).



musical arrangement, dramatization, fictionalization, motion picture version, sound recording, [or] art reproduction” is considered to be an original work of authorship, but the copyright in the derivative work only covers the new elements and not the original expression on which the work was based.³⁶

The various types of subject matter protected under the Copyright Act are treated differently and thus a more in-depth understanding of each is necessary. Musical works not only include musical notation, but also “any accompanying words.”³⁷ However, because one can copyright a musical work by merely recording it (without notating it in tablature), ownership of lyrics may not vest as they would have through the process of notated composition. The lyrics may therefore be considered a literary work as well, in which case both the composer and lyricist receive an undivided fifty-percent interest in the copyrighted musical work.³⁸ Although a musical arrangement may be a derivative work from the original composition and deserving of a copyright regardless of the authorship of the underlying work, the arranged work must meet the requirement of originality and not merely re-arrange the form and

structure of the work.³⁹ Melodies (even melodies suggestive of prior works) and counter-melodies can rise to meet the creativity threshold while only some courts recognize creativity in harmony and rhythmic creativity is legally impossible; “fingerings, dynamics marks, tempo indications, slurs, and phrasing” do meet the standard of creativity.⁴⁰

To be considered an author of a sound recording (and thus a copyright holder), one needs to have made an original contribution. A producer of a sound recording (who likely does not make an original contribution) is the owner of a copyright if they obtain an express written and signed transfer or assignment from the performing artists, recording engineer, and employees of the music production company. Transfers can be recorded with the Copyright Office to ensure ownership.⁴¹

Copyrighted dramatic works must relate to a story as well as depict a story (through accompanying music, dialogue and/or action) independent from narration, and “any dramatic work other than a pantomime is also a literary work.”⁴² “Exhibitions,

39. *Id.* § 2.05[C] and [D]; *Anheuser-Busch, Inc. v. Elsmere Music, Inc.*, 633 F. Supp. 487 (S.D.N.Y. 1986).

40. NIMMER, § 2.05[D]; *Bridgeport Music, Inc. v. UMG Recordings, Inc.*, 585 F.3d 267, 272 n.1 (6th Cir. 2009) (Treatise cited).

41. NIMMER, § 2.10 and § 10.07.

42. *Id.* § 2.06.

36. 17 U.S.C.A. § 101 (2010).

37. MELVILLE NIMMER, NIMMER ON COPYRIGHT § 2.05[B] (Neil P. Myers ed., LexisNexis 2011)

38. *Id.* § 2.05[A].

spectacles, arrangements of scenic effects,” and choreography “devoid of story or content” are not considered dramatic works.⁴³ Pantomimes and choreography are “significant gesture[s] without speech” and are protectable whether or not the presentation is dramatic.⁴⁴ Jokes and gags can claim copyright protection if the work rises from the level of an idea to an actual expression (not an easy threshold because cleverness is idea-based) and stage direction remains un-litigated.⁴⁵

One does not need to author subject matter to become an owner of a copyright: she can also gain ownership within the context of a “work-made-for-hire” relationship with the author. A work-made-for-hire relationship is created through employment or if there is a written agreement that the work is work-made-for-hire and the work falls within one of nine limited categories: (1) a contribution to a collective work, (2) a part of a motion picture or other audiovisual work, (3) a translation, (4) a supplementary work, (5) a compilation, (6) an instructional text, (7) a test, (8) answer material for a test, or (9) an atlas.⁴⁶ Unless the work falls specifically under category (2), it is doubtful that it will obtain work-made-for-hire status in relationship to producing live entertainment.

Once an owner establishes her copyright, she proves infringement by showing the defendant (1) had access to the copyrighted work and (2) that the infringing work is substantially similar to the protected work.⁴⁷ Proof of access requires that the infringer had an “opportunity to copy the plaintiff’s works” and can be proven by (a) establishing a chain of events between the work and the access to the work or (b) showing that the work was widely available.⁴⁸ A work is substantially similar when an average lay observer would recognize a copy as having been appropriated from the copyrighted work.⁴⁹ To show substantial similarity, a copyright owner can show striking similarity, literal similarity,

fragmented literal similarity, or comprehensive non-literal similarity.⁵⁰ Striking similarity does not require a showing of access and, in the absence of direct proof, copying may be inferred from circumstantial evidence.⁵¹ Literal similarity is either verbatim copying or paraphrasing.⁵² Fragmented literal similarity “exists where ‘the work [copies] only a small part of a copyrighted work but does so word-for-word.’”⁵³ Comprehensive non-literal similarity is evident where the fundamental essence or structure of one work is duplicated in another.⁵⁴

Parties can also infringe vicariously if they (1) have the right or ability to control and (2) directly benefit from the infringing activity (landlords are generally not vicariously liable for the infringement of a tenant, i.e. owner of a property leased to a infringing dance club).⁵⁵ Contributory infringement requires that the infringer (1) had knowledge and (2) acted in furtherance of the infringement but is defeated if a non-infringing use is shown.⁵⁶

An otherwise infringing party can claim the affirmative defense of fair use. Courts consider: (1) the purpose and nature of the use, (2) nature of the work, (3) amount used, and (4) the effect on the potential market.⁵⁷ Parody can be a fair use defense wherein it “comment[s] upon or criticize[s] a prior work by appropriating elements of the original in creating a new artistic, as opposed to scholarly or journalistic work.”⁵⁸

43. *Id.*

44. *Id.* § 2.07.

45. *Id.* § 2.13.

46. STEPHEN P. KOCH & JOSEPH D. YAO, *Drafting Confidentiality Agreements*, INTELLECTUAL PROPERTY LAW 101 IP AGREEMENTS (TexasBar CLE 2011).

47. *Arnstein v. Porter*, 154 F.2d 464 (2d Cir. 1946).

48. *Sid and Marty Krofft Television Productions, Inc v. McDonald’s Corp.*, 562 F.2d 1157, 1172 (9th Cir. 1977).

49. *Warner Bros., Inc. v. American Broadcasting Co.*, 654 F.2d 204, 208 (2d Cir. 1981) (quoting *Ideal Toy v. Fab-Lu Ltd.*, 360 F.2d 1021, 1022 (2d Cir. 1966); MARK MILLER, COPYRIGHT INFRINGEMENT 25-6 (unpublished manuscript, sponsored by the Houston Univ. Houston Law Foundation).

50. *Letterese and Assoc. Inc. v. World Inst. Of Scientology Enter.*, 533 F.3d 1287 (11th Cir. 2008).

51. MILLER, *supra* note 49, at n.156; *Calhoun v. Lillenas Publ’g*, 298 F.3d 1228, 1232 n.6 (11th Cir. 2002).

52. MILLER, *supra* note 49, at n.156; *Letterese*, 533 F.3d at 1303 n.19.

53. MILLER, *supra* note 49, at n.156; *Palmer v. Braun*, 287 F.3d 1325, 1330 (11th Cir. 2002).

54. MILLER, *supra* note 46, at n.156 (unpublished manuscript, sponsored by the Univ. of Houston Law Foundation); *Warner Bros. Entertainment Inc. v. RDR Books*, 575 F. Supp. 2d 513 (S.D.N.Y. 2008).

55. *Warner Brothers, Inc. v. O’Keefe*, 468 F. Supp.16 (S.D. Iowa 1977).

56. *Sony Corp. of America v. Universal City Studios, Inc.*, 464 U.S. 417 (1984); *A&M Records, Inc. v. Napster, Inc.*, 239 F.3d 1004 (9th Cir. 2001); *Religious Technology Center v. Netcom On-Line Communication Services, Inc.*, 907 F. Supp.1361 (N.D. Cal. 1995).

57. 17 U.S.C.A. § 107.

58. MARK MILLER, COPYRIGHT INFRINGEMENT 183 (unpublished manuscript, sponsored by the Univ. of Houston Law Foundation); *Suntrust Bank v. Houghton Mifflin Co.*, 268 F.3d 1257 (11th Cir. 2001).

C. Trade Secret

Trade secrets are formulas, patterns, devices, or compilations of information used in one's business, which "derive independent economic value from not being generally known" and give one an advantage over competitors.⁵⁹ Trade secret is the only law (common law) that protects actual ideas.⁶⁰ Protection of trade secrets requires that the developer make continuous effort to protect economically valuable ideas by keeping them confidential.⁶¹ This protection is destroyed through disclosure (accidental or not). Courts look to whether the secret is ahead of industry awareness, the extent to which the information is known outside of the original business, the affirmative steps taken to guard the secret, the value of secret to the originator and competitor, the amount of resources expended in developing the secret, and the ease or difficulty with which the info can be acquired.⁶²

To protect a trade secret, a party might use confidentiality agreements, specifically identify secret information, require routine and special contact with employees who have access to secret information, create restrictions regarding outside contact, or debrief employees.⁶³ To infringe upon a trade secret, the defendant must have acquired (misappropriated) the information wrongfully through improper means or breach of confidence.⁶⁴

A potential defendant can limit their liability by (1) independent invention, (2) reverse engineering, (3) observation of the item in public, or (4) obtaining information from published literature.⁶⁵



59. H. Clarke Anawalt, *Ideas In the Workplace: Planning for Protection* 23-88 (Carolina Academic Press, 1988); *Metallurgical Industries v. Fourtek*, 790 F.2d 1195 (5th Cir. 1986).

60. *See id.*

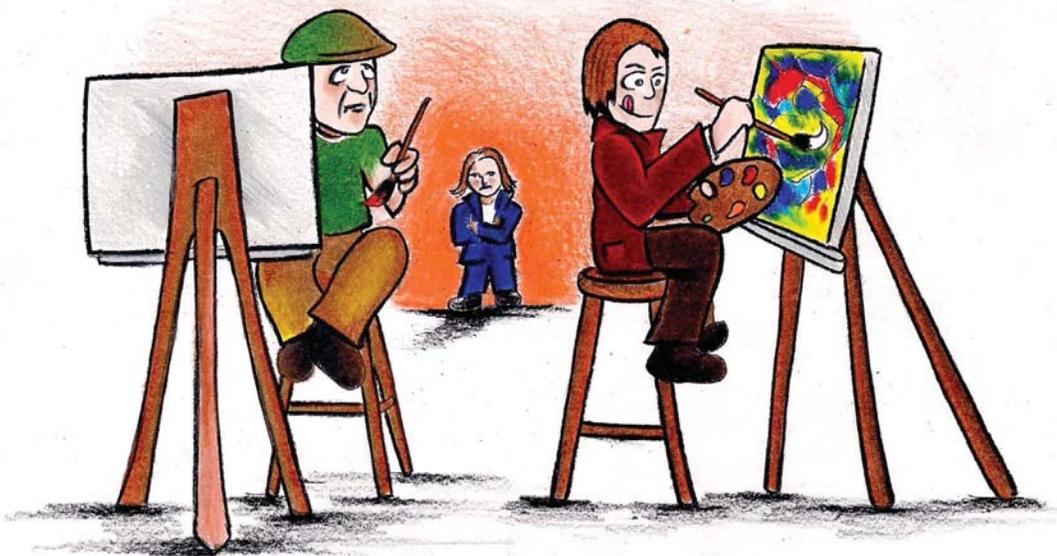
61. Restatement (First) of Torts § 757 (1939); *Tax Track Systems Corp. v. New Investor World, Inc.*, 478 F.3d 783 (7th Cir. 2007).

62. Restatement (First) of Torts § 757 (1939).

63. H. Clarke Anawalt, *Ideas In The Workplace: Planning for Protection* 23-88 (Carolina Academic Press, 1988).

64. *DuPont v. Rolfe Christopher*, 431 F.2d 1012 (5th Cir. 1970); *Smith v. Dravo*, 203 F.2d 369 (7th Cir. 1953).

65. *Kadant v. Seeley Machine*, 244 F. Supp. 2d 19 (N.D.N.Y. 2003).



IV. PRACTICAL APPLICATION OF INTELLECTUAL PROPERTY AND THE PRODUCTION PROCESS

“Semper idem, sed non eodem modo”
 (“Always the same, but not the same way”).
 ~ Heinrich Schenker ~

Understanding the legal protections for intellectual property can cause one to question the value in using the ideas, works, or marks of others. In the early 20th century, Pablo Picasso was amazing the world with the creativity inherent in his paintings and sculptures.⁶⁶ Picasso’s art, however, was more than influenced by the impressionistic founder Edgar Degas. Picasso copied themes, characters and processes from the impressionist leader. Picasso went so far as to move down the street from the older master and use the same models.⁶⁷ Why is it then that Picasso and Beethoven are held with such high regard?

At some point in their lives as artists, Beethoven’s and Picasso’s grappling with the creative processes of others grew into original works; “they [began] to convert the substance or riches of [the other] to [their] own use.”⁶⁸ Therefore, copying works and borrowing ideas is a natural part of the artistic process,

66. ELIZABETH COWLING & RICHARD KENDALL, *PICASSO LOOKS AT DEGAS* (2010).

67. *Id.*

68. Jeremy Yudkin, *Beethoven’s “Mozart” Quartet*, 45 J. AM. MUSICOLOGICAL SOC. 30, 34 (Spring 1992) (“In 1785, at fifteen, Beethoven imitated Mozart to absorb, to learn, to grow. In 1800, at thirty Beethoven imitated Mozart in order to deliberately to ‘misprise’ him, to ‘convert the substance or riches of [the other] to his own use.’”).

a reality reflected in the practice of producing live entertainment. The issue of borrowing works or ideas is not an ethical dilemma; rather, it is of the correctness of process.

A. The Process Gone Wrong

There is much to learn from the successes of The Walt Disney Company with their industry leading international entertainment portfolio. The unstoppable synergy between its motion picture division, animation studios, touring shows and theme parks continues to pioneer the industry. There is also a lot to be learned from the failures of Disney. In August of 2000, a judgment of 240 million dollars was entered in favor of All Pro Sports Camps against Disney for having misappropriated concepts for the Wide World of Sports Complex at Walt Disney World.⁶⁹ Although the plaintiff failed to show substantial similarity in its federal copyright claim, it was later held that the Copyright Act did not preempt the common law trade secret claim because the claim met the “extra element” of unfair competition or breach of confidential relationship and fiduciary duty.⁷⁰

All Pro submitted a written proposal and business plan for the creation of the sports complex and Disney and All Pro entered into a joint venture wherein Disney would provide the land, transportation, hotels,

69. Satisfaction of Judgment, *All Pro Sports Camps, Inc. v. Walt Disney Co.*, No. CI-97-134 (Fla. Cir. Ct. Sept. 16, 2002).

70. *All Pro Sports Camp, Inc. v. Walt Disney Co.*, 727 So. 2d 363, 367 (Fla. Dist. Ct. App. Florida 1999).



and golf course.⁷¹ It was noted during litigation that All Pro submitted architectural models and sketches while using Disney computers, printing facilities, and secretarial staff.⁷² Although Disney succeeded in the prior copyright litigation, they were not able to defeat All Pro's claim that the "integration of, [sic.] elements of sport, education and entertainment" were novel and not previously known to Disney.⁷³

*Again, this 240 million dollar judgment turned in part on whether Disney had previous knowledge of the idea of combining the elements of sports, education and entertainment.*⁷⁴

B. It Could Happen to You

How does one introduce themselves, their ideas, and/or their services to other entities without creating the type of disclosure that destroys the protection of trade secrets? How can a producer enlist the services of the creative team without destroying the same protection? Once in creative development meetings, how does the producer ensure that the creative team is not infringing copyrights? Members of the creative team often design for and are exposed to the work product of other entities in the marketplace, so how can the producer protect the project from these

entities from cross-pollinating ideas and expressions in violation of another's trade secret or copyright? Once tangible items are being produced, how does the producer ensure that the various companies contracted to fabricate the designs are taking the appropriate steps to ensure their sub-contractors and employees protect the project's intellectual property? What if some of these businesses use stock assets like pre-existing music, stock imagery or video, or literary content owned by a third party? What becomes of derivative works created from these assets? What if a composer edits an existing music track? What if that track is augmented with additional music or sound effects? What if a timeless musical hit needs "sweetening" by adding post-produced effects or additional sounds (full sounding kick-drums, synthetic bass-lines, or techno underscore)? If a director changes the plot of a show during rehearsals, what is his ownership right to that change? What if a performer's suggestion during a rehearsal becomes content within the show? What if a performer's likeness becomes an iconic and branded moment within the show? How does one safely market a show that is leveraging the brand of an established Vegas sensation? What if your newest sensation is being diluted or blurred by other production companies? After one navigates these issues and opens a show, how are they mitigated over the run of on-going performances?

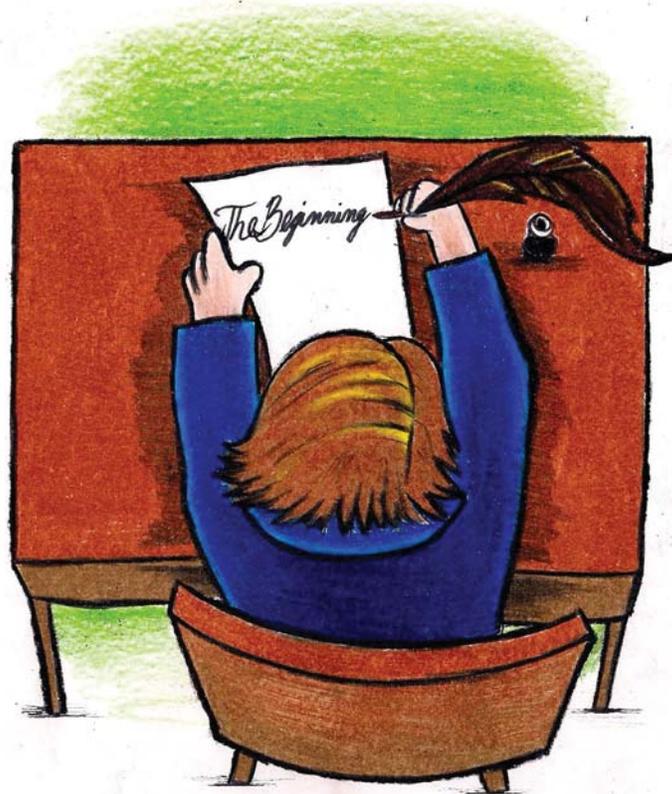
Most importantly, how does one produce a show that addresses these issues without depleting the budget or creative drive?

71. *Id.* at 364.

72. *Id.* at 364-65.

73. *Id.* at 368.

74. *Id.* ("Thus, the concept behind Sports Island may not, in fact, be 'generally known to . . . other persons who can obtain economic value from its disclosure or use.'").



C. It Starts at the Beginning

There are a few professional precautions, that when taken at the beginning of the production process, can help to reduce liability and ensure clear communication. Understanding who will own the rights to work product, who will obtain and maintain the rights to existing assets, and how future contributors will share in the rights of new and existing ideas and expressions will not only reduce liability and potential frustration, but also help to reduce both current and future production costs. The legal instruments typically used to accomplish this are employment agreements, work-for-hire agreements, non-compete clauses, non-disclosure/confidentiality agreements, and licensing agreements. All of these instruments are contracts or clauses within contracts and the purpose of each is to express the understanding between the parties of *who owns what in exchange for what*.

D. Employment/Work-for-Hire Agreements

Although authorship normally vests in the person who creates a work, an employer/contractee can acquire ownership of a work if it is prepared within the scope of an employment or independent contractor

relationship.⁷⁵ To create an employee relationship, courts consider the skill required to perform the job, the source of the instrumentalities and tools, the location of the work, the duration of the relationship, whether the hiring party has the right to assign ownership of the work to the hired party, the extent of the hired party's discretion over when and how long to work, the method of payment, the hired party's role in hiring and paying assistants, whether the hiring party is a business, the provision of employee benefits, and the tax treatment of the hired party.⁷⁶ For an independent contractor relationship to be a work-made-for-hire, the work must (1) fall within nine categories of work (as described above); (2) be commissioned (courts consider the motivating factor for commissioning); and (3) be contracted expressly by a written and signed instrument (some courts require the agreement be made prior to creation.)⁷⁷

75. Michael D. Paul, STATE BAR OF TEXAS, INTELLECTUAL PROPERTY LAW 101 IP AGREEMENTS, ch. 2 at 1-2 (2011); 17 U.S.C.A. § 101.

76. *Id.* at 2.

77. *Id.*; Playboy Enter. Inc. v. Dumas, 53 F.3d 549 (2d Cir. 1995); Schiller & Schmidt, Inc. v. Nordisco Corp., 969 F.2d 410, 413 (7th Cir. 1992).

E. Non-Compete Agreements

A non-compete agreement is a restrictive covenant and under common law, an exception to the general rule that an employer cannot prevent an employee from competing.⁷⁸ The agreement must (1) be contained within another contract (i.e. service or employment agreement), (2) be designed to protect a legitimate interest of the employer, (3) have adequate consideration, (4) be reasonably limited in scope (time and territory), (5) be supported by valid consideration and (6) not be harmful to the public.⁷⁹ Trade secrets, confidential information, good will, and unique and extraordinary skills are protected business interests while “covenant[s] . . . designed for some other purpose such as eliminating competition” are not.⁸⁰ Consideration for the overall contract is sufficient for the non-compete clause and the mere act of hiring an employee can be consideration (unless it is “at will” employment), but it is recommended that the employer give “more money, greater responsibility, or a new position.”⁸¹ Courts consider three factors when determining the reasonableness of the covenant: (a) whether the restriction is greater than necessary to protect the employer, (b) whether the restriction is oppressive to the employee, and (c) whether the restriction is injurious to the general public (the public’s right to choose).⁸²

F. Non-Disclosure and Confidentiality Agreements

Non-disclosure and confidentiality agreements are basically the same instrument and both serve similar purposes as non-compete agreements, “however, specific nondisclosure [and confidentiality] clauses are not subject to territorial limitations, and their reasonableness turns on the legitimacy of the employer’s business need to protect the information.”⁸³

78. Covenants Not To Compete §§ 1.01, 2.01 (Aspen Publishers 2007); 14 Williston, Contracts § 1643 (3d ed. 1972); 6A Corbin, Contracts § 139 (Supp. 1989); Hoddeson v. Conroe Ear, Nose & Throat Assocs., P.A., 751 S.W.2d 289 (Tex. App. 1988).

79. *Id.*

80. Covenants Not To Compete § 2.01 (Aspen Publishers 2007); Owens v. Penn Mut. Life Ins. Co., 851 F.2d 1053 (8th Cir. 1988); Harlan M. Blake, Employee Agreements Not To Compete, 73 HARV. L. REV. 625, 653-7 (1960); M. Jager, 1984 Trade Secrets Handbook § 13.05 (1984).

81. *Id.*

82. Covenants Not To Compete § 2.01 (Aspen Publishers 2007); Hamer Holding Group, Inc. v. Elmore, 560 N.E.2d 907 (1990).

83. Richard A. Lord, Williston on Contracts § 54:33 (Thomson Reuters 2011); Lee v. Environmental Pest & Termite Control, Inc., 516 S.E.2d 76 (Ga. 1999); Duracell Inc. v. SW Consultants, Inc., 126 F.R.D. 571 (N.D. Ga. 1989).

Although there is an implied duty of non-disclosure regarding trade secrets and confidential information, a confidentiality clause can help to clarify the scope of protection but cannot “make secret that which is already not secret.”⁸⁴ To determine if a confidentiality agreement is enforceable the courts generally consider whether (1) it is reasonably necessary for the protection of the employer’s business; (2) it is not unduly restrictive of the employee’s rights; (3) it is not prejudicial to the public interest; (4) the employer is attempting to protect confidential information relating to the business, such as trade secrets, methods of operation, names of customers, or personnel data—even though the information does not rise to the stature of a trade secret; (5) and the restraint is reasonably related to the protection of the information.⁸⁵ When negotiating a non-disclosure clause, one should consider: key terms; confidentiality periods; confidentiality obligations; exclusions to confidentiality; definitions of the access and use rights to the proprietary information and standard of care; the extent to which the information will be disclosed; statements as to whether the information will be returned; (for one-way agreements) a negation of reverse confidentiality obligation; a negation of implied licenses; negation of warranties and representations; a negation of implied commitment for further relationship; a negation of the right to use other party’s name; and the duration of confidentiality and continuing obligations.⁸⁶

G. Back to the Process

When a producer recruits a creative team, it is advisable that she execute non-compete and non-disclosure agreements, remembering that a non-compete agreement may only be effective once the creative team is contracted to work on the production. Similarly, a producer must execute these instruments when soliciting or receiving proposals for ideas that

84. Richard A. Lord, Williston on Contracts §54:33 (Thomson Reuters 2011); Structural Dynamics Research Corp. v. Engineering Mechanics Research Corp., 401 F. Supp. 1102 (E.D. Mich. 1975); Union Pacific R. Co. v. Mower, 219 F.3d 1069 (9th Cir. 2000).

85. Richard A. Lord, Williston on Contracts §54:33 (Thomson Reuters 2011); Coady v. Harpo, Inc., 719 N.E.2d 244 (1st Dist. 1999); Revere Transducers, Inc. v. Deere & Co., 595 N.W.2d 751 (Iowa 1999); Julius Hyman & Co. v. Velsicol Corp., 233 P.2d 977 (1951).

86. STEPHEN P. KOCH & JOSEPH D. YAO, STATE BAR OF TEXAS, INTELLECTUAL PROPERTY LAW 101 IP AGREEMENTS, ch. 1 at 3-8 (2011).

may be owned by other individuals or that may reveal the producer's trade secrets. This critical step can slow a process and create awkwardness in the pacing of conversation, but when done right, it can build a professional relationship. It is also wise to stay aware of when other contributors might be inadvertently discussing trade secrets from past projects that could later be construed as misappropriated. Similarly, as ideas become presentations, it is advisable to consider how their expression may need to be treated through either their tangible production or legal transfer of copyright so as not to create a copyright infringement.

Similar procedures need to be followed when hiring or contracting designers for the creative development phase. The producer also needs to consider how these designers are enlisting the services of their own design staff and using assets obtained from others. For example, under a transfer agreement with the producer, the designers are obligated to transfer the intellectual property rights associated with the work-product because of their work-for-hire status; however, if they sub-contract additional designers, without a transfer of copyright ownership from those sub-contractors, the authorship will vest the intellectual property right in the sub-contractor and the designer cannot transfer to the producer that which they do not own. Further, if a design firm uses stock imagery in their designs and executes a licensing agreement in perpetuity, they may assume they are meeting the producer's requirement of transferring ownership; but, although it might be in perpetuity, the licensing agreement may not provide for uses not yet imagined by the producer (i.e. print or video for marketing or derivative works). Another potential pitfall can arise from a composer who either unknowingly enlists the help of a lyricist without obtaining her fifty-percent joint interest in the composition or allows a recording artist to rise to the level of an author by their creative contribution in a recording session. In these examples, the producer has contracted for rights to be transferred to her, but the designers do not possess the rights they are attempting to convey. Although the producer has a breach of contract claim against the designers, through which she might be able to indemnify herself after she has settled with the actual copyright owner, she will no doubt incur damages because her use makes her, not the designer, the infringer.

Some of these risks can also be mitigated through the use of another type of legal instrument: a license.

Licensing Agreements. A license agreement

is a contract that grants a party permission to use another party's intellectual property for limited use, the consideration for which can include "a fixed payment, a royalty calculated as a percentage of licensee's sales or income derived from the licensed property, or a fixed payment upon execution of the agreement followed by the periodic payment of royalties."⁸⁷ The terms of the agreement should consider (1) how derivative works are to be handled (what derivative works are, whether derivative works are allowed, and whether the licensee will benefit from the licensor's derivative works), (2) whether the license is assignable, and (3) how each party will respond to claims of third party infringement or that the licensed property is infringing (duty of notice).⁸⁸ It is important for a producer to (1) understand the limits of liabilities within a licensing agreement (as she will want to know what penalties the project may suffer if she needs to terminate the contract), (2) obtain written authorization of the licensee's right to license the property and (3) secure warranties and indemnification from third party claims.⁸⁹

A party can license a trademark in order to "extend an existing and established trademark" (i.e. the owner of a trademarked brand can license another person to produce live entertainment based on that brand).⁹⁰ In the instance of casting an artist with equity in their likeness and stature, a producer will need to license that likeness, the terms of which will need to address the artist's name, likeness, biography, voice, and the artist's rendering of publicity services.⁹¹ When licensing moving images, the producer should secure: (1) the literary rights to the story, characters, and title; (2) the rights to underlying materials integrated such as other film/animation clips (3) performer's reuse rights; (4) music rights; (5) sequel rights; (6) the adaptation rights for existing assets used in the new product; (7) waivers of moral rights from the writer and director; and (8) rights necessary for marketing.⁹² When licensing still images, confirm the copyright or public domain status

87. Drafting License Agreements § 1.01 (1996).

88. *Id.* § 1.02; U.C.C. § 2-718(1) (1989); *JMD Holding Corp. v. Congress Fin. Corp.*, 828 N.E.2d 604 (N.Y. 2005); *Truck Rent-A-Center, Inc. v. Puritan Farms 2nd, Inc.*, 361 N.E.2d 1015 (N.Y. 1977); *McGann v. United Safari, Inc.*, 694 S.W.2d 332 (Tenn. Ct. App. 1985); *LTR Rental Corp. v. Simmons*, 595 P.2d 1283 (Or. Ct. App. 1979).

89. Drafting License Agreements § 8 (1996).

90. *Id.* § 10.01.

91. *Id.* § 11.01.

92. *Id.*

of a photograph, illustration, trademark, or other category of graphic art, which includes the term and the territory and secure (1) the adaptation rights for the image in the new product; (2) a waiver of moral rights from the artist(s); and (3) any “other rights necessary to promote the product and broaden the product’s market, such as advertising rights and merchandising rights.”⁹³

When licensing music, consider the following licenses: (1) a mechanical license; (2) a synchronization license; (3) a public performance license; (4) a license of dramatic work; and (5) an adaptation license.

1. A Mechanical License

A mechanical license (for non-dramatic work) derives its name from the need to license the mechanical reproduction of music in piano rolls.⁹⁴ One needs a mechanical license if a song is to be recorded for distribution and the license covers the right to record and distribute through a mechanical means (i.e. Compact Disk or MP3).⁹⁵ Most mechanical licenses are permitted by statute and once someone makes a sound recording, anyone can thereafter make their own sound recording: you merely tender the statutory royalties for the sound recordings you make.⁹⁶

2. A Synchronization License

A synchronization license is directly applicable to the use of music in live entertainment, but to date “ha[ve] been given little consideration by the courts.”⁹⁷ Distinct from performance rights, a synchronization license covers using a musical work in time relation with another expression (i.e. audiovisual works).⁹⁸ Although there are no specific instances of litigation regarding synchronization within the context of live entertainment, because live productions frequently use video within their productions and music is synced to other mechanically driven visual components (i.e. lighting, pyrotechnics, and other special visual effects), there is potential for future issues to arise. Courts have

held that synchronization licenses are required for the non-infringing use of syncing newly recorded music with video in video games and a voice recording with a control talking mechanisms in Teddy Ruxpin stuffed bears; it follows that the definition of “audiovisual work” may one day expand to works that are used within the context of the highly synchronized layers of a live production.⁹⁹

3. A Public Performance License

A public performance license is required to perform a musical composition publicly (i.e. background music and music festivals) and are available from performing rights societies such as ASCAP, BMI, and SESAC.¹⁰⁰

4. A License of Dramatic Work

A license of dramatic work is necessary if the music accompanies a dramatic performance (anytime the action tells a story).¹⁰¹ ASCAP and BMI expressly state they are not granted the rights to license a dramatic performance of the works of their musician client and thus, performing a musical work accompanied by dialogue, pantomime, dance, stage action or performed as a musical comedy, opera, play with music, revue or ballet requires a dramatic licenses from the owner of the work.¹⁰²

5. An Adaptation License

An adaptation license is necessary to alter to the musical work (i.e. the “juxtaposition of lyrics with an instrumental musical work” or two-track editing of a song into a different form or medley).¹⁰³

Although the Harry Fox Agency, ASCAP, BMI

99. *Romantics v. Activision Publ’g, Inc.*, 532 F. Supp. 2d 884 (E.D. Mich. 2008); *Worlds of Wonder, Inc. v. Vector Intercontinental, Inc.*, 653 F. Supp. 135 (N.D. Ohio 1986); *Worlds of Wonder, Inc. v. Veritel Learning Sys., Inc.*, 658 F. Supp. 351 (N.D. Tex. 1986).

100. *ASCAP Licensing Types*, THE AMERICAN SOCIETY OF COMPOSERS, AUTHORS AND PUBLISHERS, <http://www.ascap.com/licensing/general/types.aspx>; *Get a BMI Music License*, BROADCAST MUSIC INC., <http://www.bmi.com/licensing/>; *Obtain A SESAC License*, SESAC, <http://www.sesac.com/Licensing/obtainlicense.aspx>.

101. MELVILLE NIMMER, NIMMER ON COPYRIGHT § 2.06 (Neil P. Myers ed., LexisNexis 2011) (1963).

102. *Synchronization*, HARRY FOX AGENCY, <http://www.harryfox.com/public/LicenseSynchronization.jsp>; *Common Music Licensing Terms*, THE AMERICAN SOCIETY OF COMPOSERS, AUTHORS AND PUBLISHERS, <http://www.ascap.com/licensing/termsdefined.aspx> (select the drop-down link “Dramatic or Grand Rights or Dramatic Performances”); *BMI and Performing Rights*, BROADCAST MUSIC INC., <http://www.bmi.com/licensing/entry/C1289>; PATRY ON COPY § 3:94.

103. DRAFTING LICENSE AGREEMENTS § 10.01 (Michael A. Epstein & Frank L. Politano ed., 1996).

93. *Id.*

94. Gary Myers & George Howard, *The Future of Music: Reconfiguring Public Performance Rights*, 17 J. INTEL. PROP. L. 207, 214-15 (2010).

95. Drafting License Agreements § 10.01; Harry Fox Agency, MECHANICAL LICENSING, <http://www.harryfox.com/public/MechanicalLicenseslic.jsp> (last visited Nov. 10, 2011).

96. Drafting License Agreements § 10.01.

97. Lewis Rinaudo Cohen, *The Synchronization Right: Business Practices and Legal Realities*, 7 CARDOZO L. REV. 787, 788 (1986).

98. *Foreign & Domestic Music Corp. v. Licht*, 196 F.2d 627 (2d Cir. 1952); E. Scott Johnson, *Considering the Source: Licensing Threat to Performing Rights in Music Copyrights*, UNIVERSITY OF MIAMI ENT. AND SPORTS L. REV. 6, 7 (1989).

and SESAC have streamlined the process of obtaining various music licenses (namely performance and mechanical), they are not a complete solution; there is no agency solution to securing synchronization rights, rights to a dramatic performance or adaptation rights, which must be obtained directly from the holder of the copyright.¹⁰⁴

Because the purpose of this article is to address the needs of a specific tier of production companies, it must be stressed that this is a huge, mostly un-litigated liability and, as this area of the industry expands, will certainly be more closely policed by owners of intellectual property.

H. Intellectual Property During the Process

The marketing plan begins to develop during the idea generation phase of a project and the producer should ensure that the marketing strategy does not appear poised to infringe a trademark. In order to ensure profitability, smaller productions frequently leverage on new, but established brands. The way the show is interpreted by the consumers though will greatly influence the risk of infringement. Thus, the producer must strike a balance between (1) communicating to her audience the similarities between the experience she offers and that of the trademarked show or event of which they have a positive impression and (2) not creating a likelihood of confusion between the marks that could create liability. Non-compete clauses and non-disclosure agreements are also necessary during this phase so as to ensure the producer both protects her trade secrets and does not misappropriate the trade secrets of others during the creative development sessions.

It is important to consider a licensing strategy as soon as the creative development phase is underway so that the producer can ensure her budget can sustain the impact of the necessary, ongoing licensing agreements. In each instance, she should consider the ongoing cost of licensing to the higher cost of original creation. In one instance, a licensing fee in perpetuity might be significantly less than the expense of constructing an asset from scratch. While in another instance however, the impact of royalty payments, frequent licensing renewals, restrictions on the scope of use, increased costs for adaptations and synchronization, and the risk of inadvertently infringing could justify a larger capital commitment when compared to completely original works. Non-compete clauses, non-disclosure

agreements, and licensing agreements are also necessary during the production phase. During this phase, the addition of builders, musicians, and artists increases the risk of authorship manifesting in the work of sub-contractors. The risk of misappropriating the intellectual property of other production companies increases as scenic and costume companies, who have relationships with many other production companies, are brought into the project. As the designs manifest into tangible items, the difficulty of ensuring that assets are properly licensed also increases. If the producer sets a tone from the idea generation phase of the project, contracted entities will become accustomed to the intellectual property contract process and most will begin to think through their own liabilities. The process of insuring that intellectual property is protected will begin to flow naturally and, when followed, stimulates numerous new opportunities for negotiations. For example, for smaller projects, the producer now has the ability to create a relationship with a composer who will be compensated based on the success of the production (through royalties) and thus require less front-end capital cost.

The rehearsal process adds a few new issues to consider, the first of which is the addition of the cast. As the quality of these smaller tier productions grow, it is increasingly more important to ensure that the producer owns the likeness of the performers and (as discussed above) the performance agreement needs to address the artist's name, likeness, biography, voice, and publicity services. These are simple additions to the performance agreement, but invaluable once the show has earned brand equity. Another interesting, and mostly un-litigated question that arises during the rehearsal process is any potential authorship that might manifest from creative decisions made by the director or input from a cast member. A work created by this means could rise to the level of a derivative work or could create work of joint authorship because this tier of production can over-depend on the talent of a director to create a coherent show from a less-developed script.

Finally, it is imperative that all of these issues are resolved before performances begin because infringement occurs when the copyrighted work or trade secret is placed in commerce: the performance phase. Also, it is important to maintain awareness of how the ever-developing marketing plan flirts with trademark infringement. Now that the live production is operational, it contains intellectual property assets

104. *Id.* § 8.09[B][2].

that will need to be monitored with regard to others' infringing use. The same principles apply, but now your production is protecting its assets.

V. RECAPITULATION

"It seemed unthinkable for me to leave the world forever before I had produced all that I felt called upon to produce"
 ~ **Ludwig van Beethoven** ~

We find ourselves at an ending that closely resembles our beginnings. How and why do we borrow? How might we derive new creations from other's works? What is there to learn and borrow from the process of other artists? How are shows uniquely presented to audiences in relation to other events in ways that leverage popular inclinations? So we end where we begin, that is, with a blank slate and without these answers. But we know the questions and that every instance of another's work or idea is a color in the palette from which we create our works. All creativity is justifiably derived from some tangible experience. Master artists know this fact. It has been the intent of this article to show why it is permissible to exploit these influences and to give a legal perspective that ensures it is done with the least amount of risk, the

highest amount of integrity, and in ways that increases the likelihood of success, both creativity and financially. The law of intellectual property rights has but one ultimate goal: to encourage creation.

