PROSKAUER ROSE LLP

Three Point Shot

Newsletter

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In this month's issue:

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Welcome to Three Point Shot, a newsletter brought to you by the Sports Law Practice Group at Proskauer Rose LLP. In Three Point Shot, we will attempt to both inform and entertain you by highlighting three sports law-related items and providing you with links to related materials. Any feedback, thoughts or comments you may have are both encouraged and welcome.

Pay Me if You Want to *Play* Me: Former Cornhusker Quarterback Seeks Payday for Virtual College Athletes

Like most college athletes, quarterback Sam Keller never enjoyed a big payday for his playing abilities. Despite an impressive three-year stint at Arizona State University and a record-setting season at the University of Nebraska, the former collegiate standout was not drafted and did not find a spot waiting for him on any NFL roster. However, Keller's recent off-the-field legal moves could result in him and other uncompensated college athletes finally reaching pay dirt.

On May 5, 2009, Keller filed a class action lawsuit – *Keller v. Electronic Arts,* No. 09-01967 – in the U.S. District Court for the Northern District of California against Electronic Arts ("EA"), the NCAA, and the NCAA's licensing arm – Collegiate Licensing Company ("CLC"). In his complaint, Keller attacks EA's use of video-game characters that he claims closely resemble real college athletes and alleges that the NCAA and CLC conspired with EA to deny players their right to control and profit from their likenesses.

Keller seeks to represent a class composed of "[a]ll NCAA football and basketball players listed on the official opening day roster of a school whose team was included in any interactive software produced by Electronic Arts, and whose assigned jersey number appears on a virtual player in the software." His lawsuit specifically challenges EA's use of college athletes' images and likenesses in its NCAA Football, NCAA March Madness, and NCAA Basketball video games in which, according to Keller, "virtually every real-life Division I football or basketball player in the NCAA has a corresponding player . . . with the same jersey number, and virtually identical height, weight, build, [] home state, … skin tone, hair color, and often even a player's hair style." According to Keller, this includes not only big-name college athletes like Georgetown basketball's Roy Hibbert, 2008 #1 NFL draft pick Jake Long from Michigan, and 2009 NFL draft 1st round pick Michael Crabtree

from Texas Tech, but also lesser known college athletes such as Yale's Travis Pinick and Kent State's Eugene Jarvis.

Although EA's college games do not include player names on jerseys or in player bios, Keller alleges that EA facilitates the use of players' real names in the games by allowing gamers to input names themselves or upload rosters from free websites. Once a user inputs a name or uploads a roster, according to Keller, "default jerseys in the game that contain only player numbers are replaced with jerseys that contain both the player's actual name and actual number and in-game announcers then refer to players by their real names."

In his complaint, Keller alleges seven separate causes of action. First, he alleges that the NCAA (headquartered in Indianapolis, Indiana) violated Indiana Code § 32-36-1-1 by conspiring to use the class members' likenesses without their consent for the purposes of selling EA's video games. Second, he asserts a novel breach of contract claim against the NCAA. The NCAA requires all student athletes to sign a contract agreeing that they understand that the NCAA bylaws prohibit the commercial licensing of an NCAA athlete's "name, picture, or likeness." Keller alleges that the NCAA has failed to uphold its end of the contract – the duty to honor the prohibition on commercial licensing of player likenesses, set forth in the NCAA's own bylaws. Keller also targets EA (headquartered in Redwood, California) in three exclusive causes of action: violation of (i) California Civil Code § 3344, (ii) the California common law right of publicity, and (iii) California's Unfair Competition Act (California Business and Professions Code § 17200 *et seq.*). Keller further states a cause of action for unjust enrichment against EA and CLC on the basis that both defendants have unjustly benefited from the unlawful use of the players' likenesses. And, finally, Keller asserts a cause of action for conspiracy against all of the defendants.

While Keller does not outline any specific damages in his complaint, the suit calls for a broad set of remedies that, if awarded, could change the face of college athletics. With respect to monetary damages, Keller hints at an amount the class of players might perceive as a fair value for the collective use of their names and likenesses by referencing the $35 million that EA paid to NFL Players in 2007 for the use of their names and likenesses in the Madden football video games. Aside from monetary relief, the complaint seeks: (1) an injunction against the future use of the names or likenesses of the class members in video games, (2) a declaration that any NCAA rule limiting the class members' right to receive compensation is void, and (3) an order for the seizure and destruction of the allegedly infringing games.

In response to Keller's complaint, on May 7, 2009, NCAA spokesman Bob Williams said in a statement that the NCAA is confident that it would be dismissed from the case. "Our agreement with EA Sports clearly prohibits the use of names and pictures of current student-athletes in their electronic games," he said. "We are confident that no such use has occurred." EA Sports has not issued a public statement on the matter.

The Northern District of California is not new to sports-related video-game litigation. Recently, in *Parrish v. National Football League Players Inc.*, 2009 U.S. Dist. LEXIS 4289 (N.D. Cal. Jan. 13, 2009), the court upheld a $28 million jury verdict in favor of retired

NFL players who sued the NFL Player's Association and its licensing arm in connection with the use of retired players' likenesses in EA's Madden games (and other licensing activities).

While Sam Keller's dreams of an NFL career may be behind him, the former quarterback might still find the hole that opens up cash flow opportunities for many college athletes.

Advantage, Agassi: Nevada District Court Grants Injunction Against Cybersquatters

For decades, Andre Agassi dominated the tennis court with his intense play and devastating service return. Agassi's accomplishments on the court included eight Grand Slam titles (including a victory in each of the U.S. Open, Australian Open, Wimbledon and French Open), an Olympic gold medal and over $31 million in career winnings. Off-the-court, Agassi was perhaps even more widely known from his numerous product endorsement and television deals (indeed, who could ever forget his "Image is Everything" campaign on behalf of Canon®). Today, the name "Andre Agassi" is well-known throughout much of the world and, like many well-known athletes and entertainers, Agassi and his licensing company – Agassi Enterprises Inc. (AEI) – appear to vigilantly police any unauthorized uses thereof.

Most recently, Agassi served up an ace against three domain names that incorporated Agassi's name without authorization. On May 20, 2009, the U.S. District Court for the Court of Nevada in *Agassi Enterprises Inc. v. andre-agassi.com, et al., case number 2:09-cv-00849* granted AEI a preliminary injunction, barring andre-agassi.com, andre-agassi.net, and andre-agassi.info from continuing to use Agassi's name in their URLs.

In the *in rem* action against the three domain names, AEI alleged that each was registered with the bad faith intent to profit from Andre Agassi's trademarked name, in violation of the Anticybersquatting Consumer Protection Act ("ACPA"). To establish the value of the Agassi's name, in its complaint, AEI detailed Agassi's various accomplishments and characterized him as "one of the greatest professional tennis players of all time" and alleged that the value of Aggasi's name increased through numerous endorsement deals and television appearances which continued even after his retirement in 2006.

Under the ACPA, a person is liable in a civil action by the owner of a mark if that person "has a bad faith intent to profit from that mark" and "registers, traffics in, or uses a domain name that" is "identical or confusingly similar to that mark." 15 U.S.C. § 1125(d)(1)(A). AEI alleged that the domain names exemplified bad faith intent as there had not been any use of the domain names in connection with the bona fide offering of any goods or services. Indeed, the sites were not even "live" and the people who registered the domain names could not be contacted. According to the complaint, AEI "has suffered and will continue to suffer, monetary loss and irreparable injury to its business, reputation and goodwill."

AEI's first volley impressed the Nevada court, which returned a grant of a preliminary injunction against the defendant domain names. The court agreed that AEI would "suffer

irreparable injury to its AGASSI trademark and the associated goodwill" if the defendants are not enjoined from transferring the domain names to other domain name registrars or other persons, as well as if they are not enjoined from owning or using domain names containing the AGASSI mark. Moreover, the court held that AEI is "likely to succeed on the merits of its claims for cybersquatting." The court also held that the balance of hardships is in AEI's favor, as a failure to issue an injunction would cause AEI to continue to suffer loss of control over its goodwill and reputation and "deprive AEI of opportunity to use domain names containing its trademark." According to the court, this loss outweighed the fact that an injunction would merely prevent the domain name registrants from linking the defendant domain names, which "are identical and/or confusingly similar to the AGASSI mark," to an active website. Finally, the court held that an issuance of a preliminary injunction is in the public interest as it would "protect consumers against deception and confusion arising from registration and/or use of the AGASSI mark by an entity other than AEI."

The Nevada court's decision continues the now well-established trend towards protecting professional athletes from the threat of cyber-squatters. *See, e.g.,* Daniel C. Marino, Jr. v. Video Images Productions, et al., WIPO Case No. D2000-0598; Serena Williams and Venus Williams v. Eileen White Byrne and Allgolfconsultancy, WIPO Case No. D2000-1673. This trend has not been limited to athletes; indeed, decisions finding that athletes may have common law trademark rights in their names are a subset of the cases that have found various celebrities, such as Julia Roberts, as well as businesses may have such rights. See Julia Fiona Roberts v. Russell Boyd, WIPO Case No. D2000-0210.

In the Agassi case, the domain names were all immediately transferred to AEI pending a full trial on the merits. However, given the court's holding, including the claim that AEI is "likely to succeed on the merits of its claims," Andre Agassi once again appears on the verge of winning another match point against an opponent.

At Least When it Comes to the Use of Names and Likenesses, the World of Sneakers May Not Be So Free

In 1980, NBA All-Star guard Lloyd Bernard Free (a/k/a the "Prince of Midair" or "All-World") officially changed his name to World B. Free ("Free") to promote peace and tranquility around the globe. Today, Free continues to spread the word through his off-court work in the communities of Philadelphia and the surrounding Delaware Valley, teaching the lessons of sports and life.

During his career, Free never failed to compete on the court. Most recently, in an effort to protect the use of his name and likeness, Free has moved his game onto a court of law. In April 2009, Free filed a complaint in the New Jersey Superior Court against, among others, Nike Inc ("Nike") and a sneakers magazine called Sole Collector, in which he alleges that Nike is marketing a commemorative basketball shoe, the Nike Blazer High LE, in Free's name without his consent. Nike was originally set to launch the shoe at the House Of

Hoops on June 12th in New York City, Chicago and Los Angeles, but it appears that the release may have been blocked as the result of Free's offensive moves.

In his complaint, Free states seven interrelated counts, alleging that the defendants have violated the federal Lanham Act and the New Jersey Consumer Fraud Act, have invaded his common law right to privacy and publicity, and have engaged in an unlawful conspiracy. According to Free, he never authorized the defendants to use his name or likeness and, by intentionally appropriating his likeness, Nike seeks to deceive consumers into believing that its products are authorized, sponsored, or at least related to Free. In a separate count, Free alleges that Nike has intentionally interfered with Free's contracts and prospective economic advantages. In support of this claim, Free alleges that Nike's planned June release of the World B. Free Nike Blazer sneaker was strategically timed to crush a small German company named K1X, which was scheduled around the same time to launch the authorized K1X World B. Free sneaker.

As remedies for the defendants' actions, Free seeks general, specific, and punitive damages, pre- and post-judgment interest, account and disgorgement of profits, fees and costs, as well as equitable and injunctive relief barring the defendants from using the likeness of Free in connection with any products or marketing. In his complaint Free also suggests that the defendants should be ordered, in each case, to seek authorization from retired NBA players like Free before using their likenesses in any of its products.

Free's case is not without precedent. For example, in Abdul-Jabbar v. General Motors Corp., 85 F.3d 407 (9th Cir. 1996), the former basketball star Kareem Abdul-Jabbar successfully argued that GMC violated his trademark and publicity rights by using his former name, Lew Alcindor, without his consent, in a television commercial aired during the 1993 NCAA men's basketball tournament. And, in broad strokes, his claims are similar to those asserted by former Nebraska Cornhusker quarterback, Sam Keller, against Electronic Arts *(discussed above)*.

To date, neither Nike nor the other defendants have responded to the complaint but, regardless of which side ultimately prevails, it appears that the use of "World's" name and likeness will not "B" so "Free."

Sports Law Group

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