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Three Point Shot

July 2011

One Expensive "Hangover": Studio May Be Forced to Pay Up for Iron Mike's Ink

Over the course of four decades in the public eye, there have been many faces of Mike Tyson: heavyweight champion of the world, "baddest man on the planet," reformed felon, fledgling actor, and, most recently, speech therapist. But since 2003, there has been one element of the Mike Tyson persona that has never changed – he is the owner of one of the world's most famous face tattoos.

Recently, Tyson's ink has brought two combatants into the legal ring. The artist who created the notorious tattoo has sued Warner Bros. Entertainment, the studio behind the film, "The Hangover Part II," for copyright infringement, claiming that the face tattoo sported by one of the characters in the movie copied his signature design. In the movie, the character, played by Ed Helms, wakes up after a debauched night in Bangkok with a tattoo reminiscent of Tyson's along the left side of his face.

The artist, S. Victor Whitmill, who lived in Las Vegas at the time he designed the Tyson tattoo and now lives in rural Missouri, originally filed suit on April 28 in U.S. District Court in Missouri, requesting an injunction halting the release of the film. The judge denied that request, after the studio argued that an injunction would inflict irreparable harm on the studio, which had spent over $80 million to promote the film in advance of its May 26 opening. The Hangover Part II went on to gross $137.4 million in its first five days of release, more than any R-rated film in history; to date, the movie has raked in over $562 million (and counting) in worldwide ticket sales.

Motion picture studios often find themselves on the receiving end of copyright infringement lawsuits, and in most cases they knock out their opponents like Tyson in his prime. But there may be signs that this lawsuit is no Glass Joe.

Whitmill claimed that he conceived of the Maori-inspired design for Tyson, called it "tribal tattoo," and after inking the former heavyweight champion, claimed it as a copyrighted work. Under copyright law, the creator of the original expression in a work is its author, unless there is a written agreement, commonly known as "work-for-hire," by which the author assigns the copyright to another person or entity, such as a publisher. In the case of a work-for-hire, the commissioning party is considered to be the author. Tyson and Whitmill did not enter into a work-for-hire arrangement when Whitmill created the tattoo.

Warner Bros. could argue as potential defenses at trial that the copyright is invalid, that the studio sufficiently altered the design to avoid infringement, that the depiction is covered by the doctrine of "fair use," or that the depiction in the movie was a parody of the Tyson tattoo. However, in denying the injunction, Judge Perry also declined to dismiss the suit and suggested that Whitmill would likely prevail.

In June, a trial date was set for February 21, 2012; Whitmill had requested an August 2011 trial, in part to resolve the dispute in advance of a DVD release of the movie. But Warner Bros. submitted documents saying an expedited trial was not necessary because the studio already plans to digitally alter the tattoo on Helms' face in every frame of the DVD version. Reports have estimated that it could cost Warner Bros. more than $1 million to make such alterations.

For his part, Whitmill took great pains to avoid entangling Tyson in his complaint, stating "this case is not about Mike Tyson, Mike Tyson's likeness, or Mike Tyson's right to use or control his identity." For Whitmill, this was a commendable legal – and personal – strategy: after all, you do not want to make Mike Tyson angry.

Bookies and Wise Guys Continue to Defy the Odds in New Jersey

Tony Soprano and the rest of the New Jersey underworld had reason to celebrate recently, when a lawsuit challenging the constitutionality of the federal law banning sports betting was tossed out of court. On the other side of the table, the proponents of legalized sports gambling in New Jersey are in the red, but not quite out of chips yet. It remains to be seen whether they will stay in the game and ante up again, or cut their losses and walk away.

The law in question, the Professional and Amateur Sports Protection Act of 1992 ("PASPA"), makes it unlawful for a government entity, or an individual acting pursuant to a law authorized by a government entity, to sponsor, operate, advertise or promote "a lottery, sweepstakes, or other betting, gambling, or wagering scheme" based on games played by amateur or professional athletes or the individual performances of amateur or professional athletes in such games. PASPA includes multiple grandfather provisions which exempt states that had been conducting sports betting prior to the passage of the Act (Nevada, Delaware, Oregon and Montana), and also provided certain states with a one year window to bypass PASPA and institute their own exempt sports betting schemes.

In case of an alleged violation of PASPA, the United States Attorney General, or the sports organization whose game is alleged to be the basis of the violation, may bring an action for injunction. When PASPA was enacted, New Jersey lawmakers considered taking advantage of the bypass provision but failed to act within the required time period.

On March 23, 2009, New Jersey State Senator Raymond Lesniak and a group of pro-gambling organizations, including Interactive Media Entertainment & Gaming Association, the New Jersey Thoroughbred Horseman's Association and the Thoroughbred Breeders Association of New Jersey, brought suit in the United States District Court of New Jersey challenging the constitutionality of PASPA. The complaint alleged that the federal ban on sports betting denies New Jersey the ability to collect millions of dollars that would arise as a result of the taxation of legalized sports betting, and that illegal bookmaking and underground sports gambling represents "incursions of illegal activity which are injurious to athletes and the public…" Further, the complaint alleged that in a declining economy, many of the businesses represented by the plaintiff organizations, particularly those associated with horseracing "face imminent financial ruin" that could be averted if they were allowed to accommodate additional forms of sports gambling.

In their attempt to invalidate PASPA, the plaintiffs put forth several constitutionally based theories. First, they alleged that in allowing only select states to have legalized sports betting, PASPA violates the Commerce Clause by failing "to legislate uniformly amongst the several states," and also the Equal Protection Clause by prohibiting citizens from the remaining states "from enjoying the same privilege of engaging in multiple forms and platforms for Sports Betting." Second, the plaintiffs alleged that PASPA is unconstitutionally overbroad and impermissibly vague, in violation of the Fifth and Fourteenth Amendments. Third, the plaintiffs argued that PASPA violates the Tenth Amendment because the right to raise revenue "by means of state laws authorizing Sports Betting is a right reserved to the individual states." Finally, the plaintiffs claim that allowing an action to be brought against the State of New Jersey by a sports organization is a violation of New Jersey's Eleventh Amendment right to sovereign immunity.

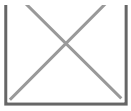
Unfortunately for the plaintiffs, who were joined in February of 2011 by the New Jersey Senate (represented by Senator Stephen Sweeney in his official capacity as the Senate president), the court did not even review any of their substantive claims. In March, in Interactive Media Entertainment & Gaming Association, Inc. v. Holder (D.N.J. Mar. 7, 2011), Chief Judge Garrett E. Brown of the United States District Court of New Jersey dismissed the suit for lack of standing, opining that "any civil enforcement action at this stage would be premature, because New Jersey law does not permit the sports gambling sought." Because sports gambling is illegal, there is no imminent threat of legal action from the Attorney General or an interested sports organization under PASPA's enforcement provisions. Thus, at this point the potential for injury to those wanting to promote or engage in sports gambling remains speculative. Further, even if the court were to find PASPA unconstitutional, the plaintiffs and their members still would not be able to engage in sports betting. So a favorable ruling for the plaintiffs would fail to redress the injury plaintiffs claim to suffer.

Despite this setback, proponents of sports betting in New Jersey may be able to double down and take another shot at PASPA. In November 2010, the New Jersey legislature passed Senate Concurrent Resolution No. 132, which, if approved by an upcoming referendum of New Jersey voters, would amend the New Jersey constitution to allow the legislature to authorize sports betting at "casinos or gambling houses in Atlantic City" or at "current or former running and harness horse racetracks," as long as such betting does not include games taking place in New Jersey or involve New Jersey collegiate teams. So at this point, it is up to the people of New Jersey to make the next move. If SCR 132 is approved, the plaintiffs and other proponents of sports betting may go from longshot to favorite, giving them the motivation (and procedural standing) they need to throw their chips back into the pot. Until then, the odds remain stacked against them, and the smart money in New Jersey will be on the sidelines -- or in Vinnie the Goomba's pockets.

Nike Calls Illegitimate Goaltending on Point 3's Attempt to Stuff its Jordan Fly Wade Sneakers

Nike's Jordan Brand basketball shoes have been getting serious air since they were first introduced in 1985. One of the brand's latest models, the Dwyane Wade-endorsed Jordan Fly Wade, however, faces the threat of being permanently grounded.

On April 21, 2011, Point 3 Basketball Inc. stepped on the court in the Southern District of New York, seeking to put the smackdown on Nike Inc. for allegedly infringing Point 3's trademarked logo:



Point 3, which manufactures and sells basketball apparel, owns a federally registered trademark of a stylized "3" with a round dot in the middle of its left side. According to the company, the Point 3 logo is prominently displayed on all of Point 3's goods, as well as in all its advertising and promotional materials. The complaint alleges that Point 3 has been using the mark on its products since as early as April 2010.

Nike's allegedly infringing logo is a similarly stylized "3" with a small dot positioned in the same location as Point 3's. Unlike Point 3's logo, however, Nike's features a background of a basketball, a crosshairs, and a "D"-shaped dot.



Point 3's complaint alleges that Nike is liable for trademark infringement under common law and 15 U.S.C. § 1114, false designation of origin and unfair competition in violation of common law and 15 U.S.C. § 1125(a), common law misappropriation, and unfair and deceptive trade practices.

In particular, Point 3 asserts that "the Point 3 Logo has become uniquely associated with Point 3, the basketball apparel products that it sells, and the concept of an evolution in basketball apparel" and claims that, by using a highly similar design on its Jordan Fly Wade shoes, Nike is leading consumers to confuse those shoes with Point 3's brand.

Point 3 has asked the court to preliminarily and permanently enjoin Nike from using the "3" design logo and "deliver up for destruction" any Nike possessions bearing the logo as well as all means of making such items. Point 3 has also requested punitive damages and money to undertake corrective advertising.

Them's fightin' words.

Nike's answer, filed on June 8, 2011, makes Point 3's complaint look like an air ball granny shot lobbed from half-court.

After denying the allegations of Point 3's claims in its answer, Nike's answer presents eleven affirmative defenses. Among other things, Nike claims that it adopted and used the D3 basketball graphic in good faith at about the same time as Point 3's first commercial use of its purported trademark. Nike also argues that its use of the D3 basketball graphic does not cause any likelihood of confusion with Point 3 or Point 3's purported trademark and therefore does not constitute infringement. According to Nike, the logo distinctly represents Dwyane Wade's codename, "Agent D3," which is derived from Wade's first name initial and Miami Heat jersey number. Nike's answer states that Nike has used Wade's Agent D3 designation in its marketing efforts since October 2010, portraying Wade in its promotional videos and advertisements as a secret agent tasked with the mission of "bringing the [championship] rings back to Miami."

More fundamentally, Nike challenges Point 3's claims on the basis that its purported trademark is invalid because the Point 3 logo, the number 3 with a point, is generic, or at best merely descriptive, and has not achieved secondary meaning. Nike also claims that Point 3's federal trademark registration is invalid because Point 3 claimed commercial use in footwear when the mark has never been used in connection with footwear. Furthermore, citing the declaration under oath of Michael Luscher, founder and chief executive officer of Point 3, that Point 3 had used the Point 3 logo in connection with footwear, Nike argues that Point 3 committed fraud in making such false representations during the prosecution of the trademark application.

Finally, Nike drives hard to the hoop with counterclaims against Point 3, asking the court to declare Point 3's trademark invalid under federal, state, and common law, to disallow Point 3 from ever re-registering that mark, and to rule that Nike's use of its D3 logo does not infringe Point 3's supposed trademark.

On June 9, 2011, the day after filing its answer, Nike released a new wave of Jordan Fly Wade styles, which display the allegedly infringing logo. As of this writing, Nike and Point 3 hang in the air in suspended animation, waiting to see whether the Jordan Fly Wades will soar and score or get stuffed by Point 3's suit

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