



PATENT, TRADEMARK & COPYRIGHT



Trademarks/State Laws

Federal Plaintiff Challenging 'Truth in Music' Act Was Entitled to Attorneys' Fees

A plaintiff challenging a state's "Truth in Music" statute in federal court was a prevailing party eligible for an award of attorneys' fees, the U.S. Court of Appeals for the Third Circuit ruled Aug. 5 (*Singer Management Consultants Inc. v. Milgram*, 3d Cir., No. 09-2238, 8/5/10).

Vacating a district court's refusal to award attorneys' fees, the appellate court noted that the lower court had issued a restraining order preventing the disputed statute's enforcement, and that the state attorney general had agreed to accept the plaintiff's interpretation of the statute.

A dissenting opinion rejected the court's ruling, emphasizing that the court never awarded judgment in the plaintiff's favor, and thus the plaintiff could not be a prevailing party.

Doo-Wop Groups Founded in 1950s Still Active. The Platters were a Los Angeles-based popular doo-wop music group that first performed under that name in 1953 with lead vocalist Cornell Gunter (also known as Cornell Gunther). Over the years, the group's lineup changed several times. By the 1960s, there were several groups performing under the name "The Platters" or a derivation. A 2002 court decision gave five different groups the right to perform under a derivative name.

Another Los Angeles doo-wop group, the Coasters, first performed together in 1955, and this group also experienced significant turnover. Former Platters member Gunter performed with the Coasters from 1958 to 1961. In 1963, Gunter split off to form another Coasters group, usually known as "The Fabulous Coasters." Gunter was murdered in 1990 but several of his fellow band members continued to use variations of these names.

In 2007, Live Gold Operations Inc., an entertainment management company, was managing two acts performing under the names "The Platters" and "The Cornell Gunter Coasters." Live Gold planned a concert featuring its Platters and Coasters to be held in Atlantic City, N.J.

New Jersey Statute. Jon Bauman is a vocalist who from 1970 to 1983 performed with the musical group Sha Na Na under the name "Bowzer." For several years, Bauman, as chairman of the Vocal Group Hall of Fame's Truth in Music Committee, has been lobbying legislatures to adopt laws restricting the use of musical group names when none of the original members of the group are any longer active. Such "truth in music" legislation has been adopted in 33 states, including New Jersey.

The New Jersey Office of the Attorney General informed Live Gold that its use of the names "The Platters" and "The Cornell Gunter Coasters" might be in violation of the New Jersey Deceptive Practices in Musical Performances Statute (Truth in Music Act), N.J. Stat. § 2A:32B0-1, et seq., which states:

A person shall not advertise or conduct a live musical performance or production through the use of an affiliation, connection or association between the performing group and the recording group unless:

- (a) The performing group is the authorized registrant and owner of a federal service mark for the group registered in the United States Patent and Trademark Office; or
- (b) At least one member of the performing group was a member of the recording group and has a legal right by virtue of use or operation under the group name without having abandoned the name or affiliation of the group; or
- (c) The live musical performance or production is identified in all advertising and promotion as a salute or tribute; or
- (d) The advertising does not relate to a live musical performance or production taking place in this State; or
- (e) The performance or production is expressly authorized by the recording group.

Live Gold asserted that it held licenses authorizing use of the names as unregistered trademarks and thus its use was valid under subsection (e). The attorney general's office advised the venue, the Hilton Atlantic City, that the use of the names might violate the state law because it did not allow for the use of unregistered marks by a licensee, and so the Hilton advertised the concert as a tribute or salute, as provided for in subsection (c).

Lower Court Retrains Enforcement. Singer Management Consultants Inc. and Live Gold sued the New Jersey attorney general in the U.S. District Court for the District of New Jersey, arguing that the statute as enforced was unconstitutional, and sought, among other things, a temporary restraining order and a preliminary injunction preventing enforcement of the state statute.

Following a hearing, Judge Dickinson R. Debevoise ruled that Live Gold had demonstrated a likelihood of success on the merits of its claim and granted a TRO.

According to the court, forcing Live Gold to label its acts as tribute acts interfered with its rights under the First Amendment and the Lanham Act, among other things.

Subsequently, at a preliminary injunction hearing, the New Jersey Office of the Attorney General agreed to accept Live Gold's interpretation of the statute such that use of an unregistered mark with express authorization of an original group member would not be prohibited. The court found that this interpretation would not run afoul of Live Gold's free speech and other rights and thus vacated the TRO and granted no further relief. The court ruled that Live Gold's claim was now moot and granted the state's motion to dismiss.

Live Gold then sought an award of attorneys' fees as a prevailing party under 42 U.S.C. § 1988(b). The court, however, ruled that Live Gold was not a prevailing party and denied the motion.

Live Gold appealed.

Plaintiff Won Relief on the Merits.

After reviewing the events of the preliminary injunction hearing, Judge Jane R. Roth held that "Live Gold obtained 'judicially sanctioned' relief 'on the merits' so that it was a prevailing party," as defined in *Buckhannon Board and Care Home v. West Virginia Department of Health and Human Resources*, 532 U.S. 598 (2001).

"By virtue of the TRO, the State was prohibited from enforcing its interpretation of the Truth in Music Act, and Live Gold's groups were able to perform without having to identify themselves as tribute groups," the court said. "This alone may have been enough to confer prevailing party status, as the TRO did more than preserve the status quo and arguably afforded Live Gold all the relief it sought."

The court emphasized that the state's change in stance regarding its interpretation of the statute was "impelled" by the district court's rejection of its arguments and its declaration that the state would be "bound" by its concession regarding treatment of unregistered marks. This constituted "the complete relief that Live Gold sought," the court said.

The court remanded the case with the instruction to the district court to award fees.

The court's opinion was joined by Judge Ruggero J. Aldisert.

Dissent: No Judgment in Plaintiff's Favor. Dissenting, Judge Thomas L. Ambro argued that Live Gold was not a prevailing party because the district court had not awarded a judgment on the merits of Live Gold's claim. Ambro pointed out that TROs and preliminary injunctions are determined using a different standard, one that requires demonstration of a "likelihood" of success on the merits, or a probability, and this does not guarantee ultimate success at the conclusion of a full evidentiary hearing and application of relevant law.

According to the dissent, the majority opinion represented an "attempt to circumvent" the standard set forth in *Buckhannon*. Ambro said:

This should end the analysis: *Buckhannon* holds that if the plaintiff "achieves the desired result because the lawsuit brought about a voluntary change in the defendant's conduct," it does not "prevail." ...To hold that Live Gold prevailed because the State changed its legal position, my colleagues resurrect the "catalyst theory" that was laid to rest in *Buckhannon*.

Furthermore, Ambro said, even though the state's change of stance might have been "prompted" by the court, it was not ordered by the court. The key is that the state's change was voluntary, he said.

States on Notice Regarding 'Truth in Music' Laws. William L. Charron of Pryor Cashman, New York, counsel for the plaintiff, told BNA that the outcome of this case "is really a warning" to other states that have enacted

similar laws "that they need to tread cautiously in how they go about interpreting this statute." Charron, in an article published in 2009 by BNA, argued that the "truth in music" laws were unconstitutional (78 PTCJ 548, 8/28/09).

If attorneys general in other states fail to give equal standing to the use of registered and unregistered trademarks by vocal groups, then they face "a real risk of having to pay the other side's attorneys' fees when all is said and done," according to Charron.

"What it means is that the Truth in Music acts are superfluous or redundant and that the law is as it was before these acts came into existence," Charron said. Groups using names of older musical acts "need to be mindful of the federal Lanham Act, they need to be mindful of federal trademark laws. If they satisfy federal laws then they can go about their business without harassment from the states under these Truth in Music laws."

Charron told BNA of his surprise at the attorney general's about-face when near the end of the preliminary injunction hearing, she agreed to accept the plaintiff's interpretation of the New Jersey statute.

"I'll never forget it; I'll probably never see anything like it again," he said. "The district court was rejecting every argument she made.... It was almost painful to watch.... And then she did a complete 180. She just gave in."

Live Gold was represented by William L. Charron of Pryor Cashman, New York. The State of New Jersey was represented by Anne Milgram, the New Jersey attorney general, Newark, N.J.

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