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Protecting, valuing and licensing the famous

As the 2004 Chair of the IBA Sports and Entertainment Law Section's Executive Committee, I have a confession to make. I have often said during lectures that there is no such thing as "sports and entertainment law." Perhaps this is an opportune time to qualify that statement – considering that the Sports and Entertainment Law Section is launching a new initiative for 2004 known as the "Industry Professional Series."

Sports and Entertainment Law indeed exists in an industry specific context, but perhaps not in the capacity that many perceive. The phrase reflects an amalgam of practice areas, including contracts, intellectual property, unfair competition, and certain aspects of labor law; however, these individual components do not conjure the same glamorous associations as sports and entertainment law. To be sure, the sports and entertainment industries possess distinct customs and practices that are extremely complex, and which therefore shape the application of the law surrounding these industries.

The "Industry Professionals Series" is designed to illuminate these customs and practices. The series will allow attorneys to meet in small groups with authorities who will provide tips on and insight about the practice of sports and entertainment law.

The first program, "Protecting, Valuing and Licensing Intellectual Property," will be held on the northeast side of Indianapolis, at CMG Worldwide, Inc., on April 14, 2004. The program was created in response to the nationwide increase in litigation over unauthorized uses of celebrities and famous brands, and will cover the advanced aspects of policing, protecting and valuing such intellectual property.

Why has such litigation escalated? There are three factors: 1) there is an increasing

awareness of intellectual property in general; 2) there is a duty incumbent upon intellectual property owners to police against unauthorized uses; and 3) recoveries in unauthorized lawsuits can be significant. Ten million dollars seems to be de rigueur in complaints, although damages can be significantly higher at times. But determining how to monitor intellectual property, what to do in the event of an infringement, and how to value a prospective claim, can be daunting.

On the monitoring side, a basic policing program will involve a clipping service that reviews even obscure publications and a trademark watch that alerts to third-party applications for trademarks implicating your client's intellectual property. A policing program may also require attending tradeshows, probing trade journals, conducting Internet sweeps, utilizing eBay's VeRO program, and interacting with U.S. Customs.

Once an unauthorized use is uncovered, action must be taken; that usually translates to the issuance of a cease and desist letter. Such letters must be carefully crafted and issued in good faith.

Thereafter, the fun begins. Perhaps the parties are amenable to a settlement without the necessity of litigation, or perhaps the infringer would make an appropriate licensee after the unauthorized use is rectified. Alternatively, the infringer may resist on various grounds, including the heralded defense of "we didn't know" or "we didn't harm anyone" (corollaries to "it can't be stealing if it's so easy and everyone's doing it").

Ultimately, valuation of both the infringement and of the potential litigation often becomes dispositive in electing a course of action. Infringers usually do not have a realistic concept of the damages resulting from an



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unauthorized use. It can even be a challenge for the owner of the underlying intellectual property to make that determination.

How does one assess damages and fair market value? Contrary to what one might assume, celebrities or their heirs often underestimate the fair market value of an unauthorized use. Expert witnesses for valuation purposes often perform an integral role in providing an objective, substantiated market value assessment or damages evaluation.

We live in a time in which Aerosmith has its own roller coaster at Disney, Gene Hackman is the voice of Lowes, P. Diddy is designing a line of custom vehicles for Cadillac, LeBron James is paid \$90 million to endorse Nike, and Celine Dion's new release has the Chrysler logo prominently featured under the CD tray.

This year promises exciting developments in sports and entertainment law, and I am excited about the launch of the Industry Professionals Series. Despite proclamations that there is no such thing as sports and entertainment law, I must admit to its existence. In fact, it's not a bad practice area in which to work.