

FIRST AMENDMENT—PETITIONING CLAUSE—PRELITIGATION THREATS MADE WITH PROBABLE CAUSE ENJOY THE SAME LEVEL OF PROTECTION FROM LIABILITY AS LITIGATION ITSELF UNDER THE *NOERR-PENNINGTON* PETITIONING IMMUNITY DOCTRINE—*Cardtoons v. Major League Baseball Players Ass'n*, 182 F.3d 1132 (10th Cir. 1999)

I. INTRODUCTION

The right of the people to petition the government for redress of grievances is found in the First Amendment.¹ In a republic form of government,² the open communication of citizens is crucial to govern effectively.³ Although few commentators have addressed the Petition Clause, antitrust is a context where it frequently arises.⁴ Under the *Noerr-Pennington* Doctrine, immunity is granted from antitrust liability to private parties who petition the government for redress, even if there is an anticompetitive purpose.⁵ Through application of *Noerr-Pennington*, the Supreme Court recognized that an individual has a right of access to the courts under the Petition Clause.⁶

However, imagine a scenario where an actual lawsuit is not initiated. Should all correspondences between private parties be afforded immunity from liability under the rubric of the Petitioning Clause? Does a petition to the government actually have to take the form of a complaint in order to trigger *Noerr-Pennington*? It is these questions that the Tenth Circuit

1. The First Amendment states: "Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof; or abridging the freedom of speech, or of the press; or the right of the people peaceably to assemble, and to petition the Government for a redress of grievances." U.S. CONST. amend. I (emphasis added). Additionally, the First Amendment right to petition applies to the states through the Fourteenth Amendment. See *Curtis Publishing Co. v. Associated Press*, 388 U.S. 130, 149 (1967).

2. A republic is defined as "a political order in which the supreme power lies in a body of citizens who are entitled to vote for officers and representatives responsible to them." THE AMERICAN HERITAGE COLLEGE DICTIONARY (3rd ed. 1997).

3. See Aaron R. Gary, *First Amendment Petition Clause Immunity From Tort Suits: In Search of a Consistent Doctrinal Framework*, 33 IDAHO L. REV. 67, 68 (1996).

4. See Carol Rice Andrews, *A Right of Access to Court Under the Petition Clause of the First Amendment: Defining the Right*, 60 OHIO ST. L.J. 557, 558-59 (1999).

5. See *Eastern R.R. Presidents Conference v. Noerr Motor Freight, Inc.*, 365 U.S. 127, 135-38 (1961); see also *United States Mine Workers of Am. v. Pennington*, 381 U.S. 657, 670 (1965).

6. See *California Motor Transp. Co. v. Trucking Unlimited*, 404 U.S. 508, 510 (1972).

Court of Appeals considered and decided in *Cardtoons v. Major League Baseball Players Ass'n*.⁷

II. *CARDTOONS v. MAJOR LEAGUE BASEBALL PLAYERS ASS'N* 182 F.3d 1132 (10TH CIR. 1999)

A. *Statement of the Case*

Cardtoons, L.C., (Cardtoons),⁸ an Oklahoma company, produces parody⁹ trading cards that depict caricatures of major league baseball players.¹⁰ Any person familiar with baseball can easily identify the players on the cards.¹¹ Indeed, the parody cards "use similar names, recognizable caricatures, distinctive team colors and commentary about individual players."¹² Also, the format of the parody cards is similar to traditional baseball cards.¹³

Upon completion of the cards, Cardtoons contracted with Champs

7. 182 F.3d 1132 (10th Cir. 1999).

8. Cardtoons is a commercial venture designed to procure profits for its principals. See *Cardtoons v. Major League Baseball Players Ass'n*, 838 F. Supp. 1501, 1507 (N.D. Okla. 1993).

9. A parody is defined as "a writing in which the language and style of an author or work is closely imitated for comic effect or in ridicule often with certain peculiarities greatly heightened or exaggerated." *Cardtoons v. Major League Baseball Players Ass'n* 868 F. Supp. 1266, 1268 (N.D. Okla. 1994).

10. See *Cardtoons v. Major League Baseball Players Ass'n*, 182 F.3d 1132, 1134 (10th Cir. 1999). Cardtoons obtained the services of several people, including a popular editorial cartoonist, a sports artist and a writer to create the cards. See *Cardtoons*, 838 F. Supp. at 1506. The company designed a set of 130 cards, of which seventy-one featured caricatures of active baseball players. See *id.* "The balance of the set includes 11 'political' cards, featuring no particular players, 10 'retired' player cards, 10 'Spectra' cards, 20 Big Bang Buck cards (which also feature facial caricatures of active players) and 8 'Standing' cards." *Id.*

11. See *Cardtoons v. Major League Baseball Players Ass'n*, 95 F.3d 959, 962 (10th Cir. 1996) (hereinafter *Cardtoons II*). For example, the card featuring "San Francisco Giants' outfielder Barry Bonds calls him 'Treasury Bonds' and features a recognizable caricature of Bonds, complete with earring, tipping a bat boy for a 24 carat gold 'Fort Knoxville Slugger'." *Id.* The court concluded that no one even remotely familiar with baseball would mistake "Treasury Bonds" with anyone other than Barry bonds. See *id.* at 963.

12. *Id.* at 962. For example, one caricature features "Ken Spiffy, Jr." who plays for the "Marinerds" (obviously, Ken Griffey Jr., who played for the Seattle Mariners at the time); other examples include "Egotisticky Henderson" of the "Pathetics" (Rickey Henderson, then of the Oakland Athletics), "Cloud Johnson," which is "a parody of six-foot-ten-inch pitcher Randy Johnson," and a back-flipping "Ozzie Myth," a parody of shortstop Ozzie Smith. *Id.*

13. See *id.* at 963. The cards are printed on cardboard measuring 2½ by 3½ inches. See *id.* Like traditional baseball cards, Cardtoons displays the images of the player on both the front and back of the cards, and include information about the player. See *id.* Moreover, "[c]ardtoons takes advantage of a number of trading card industry techniques to enhance the value of its cards, such as limiting production, serially numbering cases of the cards, and randomly inserting subsets and 'chase cards' (special trading cards) into the sets." *Id.*

Marketing, Inc., (Champs), a printer.¹⁴ Thereafter, Cardtoons developed a marketing plan that included placing an advertisement in the May 14, 1993 issue of *Sports Collectors Digest*.¹⁵ However, the Major League Baseball Players Association (MLBPA or Association) was the assignee of the publicity rights¹⁶ of current players and was empowered to authorize the use of the players' identities.¹⁷ Thus, the advertisement alerted the MLBPA of Cardtoons' intentions and thereby prompted it to write a cease-and-desist letter¹⁸ to both Cardtoons and Champs.¹⁹ Subsequently, Champs notified Cardtoons of its intent to stop printing the cards.²⁰

As a result, Cardtoons sought a declaratory judgment in federal district court just four days later to determine if production of the cards would violate the MLBPA's publicity rights and intellectual property rights.²¹ Additionally, Cardtoons desired damages from the Association for tortious interference with its contractual relationship with Champs.²² The parties

14. See *Cardtoons*, 95 F.3d at 963.

15. See *id.*

16. The right of publicity is "the right to prevent others from using one's name or picture for commercial purposes without consent." *Cardtoons*, 868 F. Supp. at 1269 (quoting *Douglass v. Hustler Magazine, Inc.*, 769 F.2d 1128, 1138 (7th Cir. 1985)).

17. See *Cardtoons*, 182 F.3d at 1134. In addition to being the assignee of the publicity rights of active ball players, the MLBPA is the exclusive collective bargaining agent for current players. See *id.*

18. A cease-and-desist letter is a directive to a person to prohibit a perceived unlawful activity. See BRYAN A. GARNER, A DICTIONARY OF MODERN LEGAL USAGE 141 (1995). A cease-and-desist letter has no governmental authority behind it, but does threaten legal action. See *id.* Conversely, a cease-and-desist order is an order by a governmental authority directing a person to stop violating a law. See *id.*

19. See *Cardtoons*, 95 F.3d at 963. A portion of the letter, written on June 18, 1993, by the MLBPA's attorney, stated the following:

It has come to our attention that you and others using the name "Cardtoons" are producing, advertising, distributing and selling color drawings of Major League baseball players in baseball trading card sets. Your use of the likeness of active Major League baseball players in this manner is for your commercial benefit. Your activities violate the valuable property rights of MLBPA and the players. On behalf of MLBPA, we request that you and all other individuals associated with "Cardtoons" immediately cease and desist the production, promotion, distribution and/or sale of baseball trading cards depicting Major League baseball players. . . . If I do not hear from you immediately confirming that you will agree to this request, I will have no alternative but to take all necessary action to enforce the rights of the playing [sic] and the MLBPA against infringement of their rights.

Cardtoons, 838 F. Supp. at 1506-07. The MLBPA also sent a letter to Champs that was virtually identical to the one sent to Cardtoons. See *id.* at 1507.

20. See *id.*

21. See *Cardtoons*, 182 F.3d at 1134. A declaratory judgment is defined as "a binding adjudication that establishes the rights and other legal relations of the parties without providing for or ordering enforcement." BLACK'S LAW DICTIONARY 846 (7th ed. 1999).

22. See *Cardtoons*, 182 F.3d at 1134. Originally, Cardtoons sought injunctive relief from the court to stop the MLBPA from interfering with third parties that were involved in the production of the cards. See *id.* at 1134 n. 2. Cardtoons withdrew this request because Champs decided to stop

stipulated that a magistrate conduct an evidentiary hearing for the declaratory judgment claim prior to adjudicating the tort claim.²³

The magistrate recommended judgment in favor of the MLBPA stating that Cardtoons violated the Oklahoma state statute creating a right of publicity.²⁴ The district court initially affirmed the recommendation, but subsequently vacated its original judgment and entered a decision in favor of Cardtoons.²⁵ The Court of Appeals for the Tenth Circuit affirmed the lower court's holding.²⁶ Once Cardtoons prevailed on the declaratory judgment claim, it returned to district court to pursue its tort claims against the Association.²⁷ All of Cardtoons' claims were predicated on the allegations contained in the Champs cease-and-desist letter.²⁸ The district court granted summary judgment to the MLBPA, holding that the letters were immune from liability under the *Noerr-Pennington* Doctrine.²⁹ Thus,

production of the cards, rendering injunctive relief moot. *See id.*

23. *See id.* at 1134. Cardtoons could not recover damages on the tortious interference claims unless it was entitled to produce and sell the cards, thus necessitating a decision on the declaratory judgment claim. *See id.*

24. *See Cardtoons*, 838 F. Supp. at 1511-20. The determination of the Magistrate involved a balancing of both the Cardtoons' First Amendment freedom in its "right of publication" and the MLBPA's "right of publicity." *See id.* at 1505. The Oklahoma right of publicity statute states the following:

A. Any person who knowingly uses another's name, voice, signature, photograph, or likeness, in any manner, on or in products, merchandise, or goods, or services . . . without such person's prior consent . . . shall be liable for any damages sustained by the person or persons injured as a result thereof, and any profits from the unauthorized use that are attributable to the use shall be taken into account in computing the actual damages. . .

Id. at 1511 (quoting OKLA. STAT. tit. 12, §1449(A) (1986)). The Magistrate determined that to violate the statute, the MLBPA must show that Cardtoons knowingly used the MLBPA's name or likeness on a product without the MLBPA's prior consent. *See id.* The court found that the MLBPA satisfied all the elements and consequently shifted the burden to Cardtoons to raise a valid defense, such as the First Amendment. *See id.* at 1511, 1513. However, the Magistrate posited that the First Amendment could not provide Cardtoons a defense because the cards were being used for a commercial venture. *See id.* at 1521.

25. *See Cardtoons*, 182 F.3d at 1135. The district court vacated its original judgment because in the interim of the two decisions, the United States Supreme Court decided *Cambell v. Acuff-Rose Music, Inc.*, 510 U.S. 569 (1994). *See Cardtoons*, 182 F.3d at 1135. In that case, the Court held that the commercial character of a song does not create a presumption against fair use, and is only one element to be considered. *See Cambell*, 510 U.S. at 572. However, the district court noted that the Magistrate's recommendations referred to the commercial nature of Cardtoons product repeatedly. *See Cardtoons*, 868 F. Supp. at 1271-72. Moreover, the court stated that "a parody sold for profit has a stronger First Amendment claim than a parody used to advertise another unrelated product." *Id.* at 1272. Accordingly, the court created a "parody exception" to the Oklahoma statute and held that Cardtoons did not violate the statute. *See id.* at 1275.

26. *See Cardtoons*, 95 F.3d at 976.

27. *See Cardtoons*, 182 F.3d at 1135. In addition to its tortious interference claim, Cardtoons brought claims for prima facie tort, libel and negligence. *See id.*

28. *See id.*; *see also supra* note 19 and accompanying text.

29. *See Cardtoons v. Major League Baseball Players Ass'n*, No. 93-C-576-E (N.D. Okla. Mar.

Cardtoons challenged the district court's application of the *Noerr-Pennington* Doctrine and its decision to stay discovery until disposition of MLBPA's summary judgment motion.³⁰

B. Prior Law

1. The *Noerr-Pennington* Doctrine and Its Sham Exception

The *Noerr-Pennington* Doctrine stems from a trilogy of cases. The doctrine and its sham exception were first seen in *Eastern Railroad Presidents Conference v. Noerr Motor Freight, Inc.*³¹ In *Noerr*, forty-one Pennsylvania truck operators and their trade association asserted violations of the Sherman Antitrust Act³² against twenty-four Eastern railroads.³³ The essence of the truckers' complaint was that the railroads conducted a publicity campaign designed to promulgate new laws that would be destructive to the trucking business.³⁴ However, the railroads argued that the Sherman Act could not apply to restraints of trade or monopolizations occurring from the passage of new laws.³⁵

The Supreme Court, through Justice Black, unanimously held that there is no violation of the Sherman Act if a monopoly or trade restraint results from valid government action.³⁶ Moreover, the court posited that

12, 1998). Moreover, the district court stayed discovery until it affirmatively ruled on the MLBPA's motion for summary judgment. *See id.* at 5-7.

30. *See Cardtoons*, 182 F.3d at 1135.

31. 365 U.S. 127 (1961).

32. 15 U.S.C. §§ 1-2 (1997). The truckers asserted violations of Sections 1 and 2 of the Act. *See Noerr*, 365 U.S. at 129. Section 1 provides the following: "Every contract, combination in the form of trust or otherwise, or conspiracy, in restraint of trade or commerce among the several States, or with foreign nations, is declared to be illegal." 15 U.S.C. § 1. Section 2 provides the following: "Every person who shall monopolize, or attempt to monopolize, or combine or conspire with any other person or persons, to monopolize any part of the trade or commerce among the several States, or with foreign nations, shall be deemed guilty of a misdemeanor." 15 U.S.C. § 2.

33. *See Noerr*, 365 U.S. at 129.

34. *See id.* The truckers characterized the railroads' campaign as an effort to eventually destroy the trucking industry as competitors in the long distance freight industry. *See id.*

35. *See id.* at 131. The railroad admitted to conducting a publicity campaign in order to influence the passage of new laws, but denied the allegations that their motivation was to destroy the trucking industry. *See id.* Contrary to the truckers' allegations, the railroad insisted the campaign was to further inform the public of the damage done to highways by truckers. *See id.* To this end, the railroad maintained that this type of campaign was not a violation of the Sherman Act. *See id.* at 131-32.

36. *See id.* at 136 (citing *United States v. Rock Royal Co-Op.*, 307 U.S. 533 (1939); *Parker v. Brown*, 317 U.S. 341(1943)). Moreover, the court reasoned that a violation of the Sherman Act could not be predicated by evincing attempts to influence the passage of new laws, because the Sherman Act only forbids trade restraints created by individuals or a combination of individuals. *See*

the Sherman Act does not prevent two or more individuals from attempting to pass a law that may produce a trade restraint or monopoly.³⁷ However, the Court did reason that "[t]here may be situations in which a publicity campaign, ostensibly directed toward influencing governmental action, is a mere sham to cover what is actually nothing more than an attempt to interfere directly with the business relationships of a competitor. . . ."³⁸ Therefore, this case represented the first time the *Noerr* Doctrine and its sham exception were introduced and at the same time set forth its application in the legislative context.³⁹

Four years later, the Court passed the second decision of the trilogy in *United Mine Workers of America v. Pennington*.⁴⁰ In this case, due to severe controversy in the mining industry, large coal operators and their union signed a wage agreement essentially eliminating smaller companies.⁴¹ The large companies and the union successfully lobbied the

id. at 135-36 (citing *Standard Oil Co. v. United States*, 221 U.S. 1 (1910)). Therefore, if a monopoly results as a passage of a law, there is no violation of the Act. *See id.* at 136.

37. *See Noerr*, 365 U.S. at 136. The Court stated that "[w]e think it equally clear that the Sherman Act does not prohibit two or more persons from associating together in an attempt to persuade the legislature or the executive to take particular action with respect to a law that would produce a restraint or a monopoly." *Id.* Commentators recognize this statement as the foundation of the *Noerr-Pennington* Doctrine. *See* James B. Perrine, Commentary, *Defining the "Sham Litigation" Exception to the Noerr-Pennington Antitrust Immunity Doctrine: An Analysis of the Professional Real Estate Investors v. Columbia Pictures Industries Decision*, 46 ALA. L. REV. 815, 820 (1995) (citing PHILLIP AREEDA & DONALD F. TURNER, *ANTITRUST LAW*, 202 (1978)). Indeed, the Court reasoned that in a representative government, the people can freely inform their legislators of their wishes. *See Noerr*, 365 U.S. at 137.

The Court declared that a contrary holding would impair the government's ability to take action through its legislative and executive branches that operate to restrain trade. *See id.* Given that the government acts on behalf of the people, Justice Black stated that "to hold that the government retains the power to act in [a] representative capacity and yet hold, at the same time, that the people cannot freely inform the government of their wishes would impute to the Sherman Act a purpose to regulate, not business activity, but political activity" having no basis in light of the legislative history of the Act. *Id.* Moreover, the Court opined that such a construction of the Act would raise constitutional concerns regarding the right of petition. *See id.* at 137-38. Specifically, the Justice reasoned that it is not unusual or illegal for a person to seek legislation that would benefit them while disadvantaging competitors. *See id.* at 139. Accordingly, the Court resisted a construction of the Sherman Act that would inhibit people from taking a position on matters in which they have a financial interest, as this result would both deprive the government of knowing what the people want and also deprive the people the right to petition the matters most important to them. *See id.*

38. *Id.* at 144. This dictum has been noted as the roots of the sham exception to the *Noerr* Doctrine. *See, e.g.*, PHILLIP AREEDA & DONALD F. TURNER, *ANTITRUST LAW*, 203a (1978); Gary Minda, *Interest Groups, Political Freedom, and Antitrust: A Modern Reassessment of the Noerr-Pennington Doctrine*, 41 HASTINGS L.J. 905, 922 (1990). The Court in *Noerr*, though, posited that the railroad was not engaging in sham litigation because they were making a genuine effort to influence the promulgation of legislation. *See Noerr*, 365 U.S. at 144.

39. *See Perrine, supra* note 37, at 820.

40. 381 U.S. 657 (1965).

41. *See id.* at 659-60. The reason purported for the elimination of smaller companies was the

Secretary of Labor to establish higher minimum wages, thereby making it harder for smaller companies to compete effectively in the market.⁴² The union filed suit to enforce the agreement, while one of the smaller companies, Phillips Brothers Coal Company, challenged the agreement as violative of the Sherman Antitrust Act.⁴³

Writing for the majority, Justice White concluded that the antitrust laws are not violated through joint efforts to influence public officials, even if intended to eliminate competition.⁴⁴ Although not the main issue of the case, the Court posited that *Noerr* precluded Phillips from recovering damages under the Sherman Act for the actions of the Secretary of Labor.⁴⁵ Specifically, the decision to set the minimum wage was the act of a public official, thereby exempting any harm caused as a result.⁴⁶ Hence, *Pennington* broadly expanded *Noerr* to include lobbying efforts to influence executive officials executing commercial and political functions as well as legislative actions.⁴⁷

Finally, the Supreme Court handed down *California Motor Transport Co. v. Trucking Unlimited*.⁴⁸ In *California Motor*, highway carriers operating solely in California brought suit against interstate highway

perception that the parties considered overproduction to be the main problem of the coal industry. *See id.* at 660. To eliminate smaller companies, the union agreed to allow companies to rapidly mechanize the mines (reducing employment), help finance the mechanization and impose the terms of the wage agreement notwithstanding a company's ability to pay. *See id.* The union would benefit by its workers having higher wages (due to mechanization of the larger companies and higher wages from smaller companies even if they did not mechanize) and would receive royalty payments to a welfare fund. *See id.*

42. *See id.*

43. *See Pennington*, 381 U.S. at 660-61.

44. *See id.* at 670. Moreover, the Court reasoned that "such conduct is not illegal, either standing alone or as part of a broader scheme itself violative of the Sherman Act." *Id.*

45. *See id.* at 671. The Court first concluded that the labor union was not exempt from the antitrust laws under the circumstances of this case. *See id.* at 661. The union would be able to make a wage agreement with a multiemployer bargaining unit and would be able to seek identical terms with other employers without violating the antitrust laws. *See id.* at 665. However, Justice White averred that the union would forfeit its exemption if it is clearly shown that it conspired with one group of employers to force a wage scale on other bargaining units. *See id.* at 665-66. Therefore, the Justice concluded that the wage agreement in the present action was not exempt from the antitrust laws. *See id.* at 669.

Justice Douglas, joined by Justice Black and Justice Clark, concurred in the judgment. *See id.* at 672 (Douglas, J., concurring). The concurring Justices declared that big business cannot itself create an oligopoly. *See id.* at 673 (Douglas, J., concurring). In the Justices' opinion, the Court was correct in enforcing a decision that adhered to a system of free enterprise that should be adhered to until Congress gave power to big business to remold the economy. *See id.* at 675 (Douglas, J., concurring).

46. *See id.* at 671.

47. *See Perrine, supra* note 37, at 821.

48. 404 U.S. 508 (1972).

carriers alleging that they violated antitrust laws by conspiring to "monopolize trade and commerce in the transportation of goods."⁴⁹ They claimed that the interstate carriers instituted court proceedings only when the intrastate carriers sought to acquire operating rights.⁵⁰ The Supreme Court stated that the present action was akin to *Noerr*.⁵¹ Moreover, Justice Douglas further extended the *Noerr* Doctrine to include petitioning activities to courts.⁵² Indeed, Justice Douglas expounded the view that the right of petitioning to the courts is protected by the First Amendment.⁵³ However, the Court noted that *Noerr* itself recognized that petitioning immunity would be lost if the practice was a sham.⁵⁴ Thus, the Court held

49. *Id.* at 509.

50. *See id.*

51. *See id.* The Court then reviewed the basis for the decision in *Noerr* and stated the following:

(1) In a representative democracy such as this, these branches of government act on behalf of the people and, to a very large extent, the whole concept of representation depends upon the ability of the people to make their wishes known to their representatives. To hold that the government retains the power to act in this representative capacity and yet hold, at the same time, that the people cannot freely inform the government of their wishes would impute to the Sherman Act a purpose to regulate, not business activity, but political activity, a purpose which would have no basis whatever in the legislative history of that Act.

(2) The right of petition is one of the freedoms protected by the Bill of Rights, and we cannot, of course, lightly impute to Congress an intent to invade these freedoms.

Id. at 510 (quoting *Noerr*, 365 U.S. at 137-38).

52. *See California Motor*, 404 U.S. at 510. Indeed, the Court opined that the right to petition extends to all branches of the Government, including the courts. *See id.* Therefore, the court reasoned the following:

[I]t would be destructive of rights of association and of petition to hold that groups with common interests may not, without violating the antitrust laws, use the channels and procedures of state and federal agencies and courts to advocate their causes and points of view respecting resolution of their business and economic interests vis-à-vis their competitors.

Id. at 510-11.

53. *See id.* at 513. Nonetheless, the Court declared that this right does not necessarily provide immunity under the antitrust laws if the First Amendment right is an integral portion of conduct used to violate a constitutional statute. *See id.* (citing *Giboney v. Empire Storage & Ice Co.*, 336 U.S. 490 (1949)). Therefore the Court postulated that the First Amendment cannot be used as a pretext to achieve substantive evils. *See id.* at 515. (citing *NAACP v. Button*, 371 U.S. 415 (1963)).

54. *See id.* (quoting *Noerr*, 365 U.S. at 144). The interstate highway carriers relied on *Pennington*, arguing that the *Noerr* Doctrine precludes liability under the Sherman Act for concerted efforts to sway public officials even if for an anticompetitive purpose. *See California Motor*, 404 U.S. at 511 (citing *Pennington*, 381 U.S. at 670)). However, Justice Douglas elucidated that the complaint did not merely allege that the interstate carriers sought to influence public officials, but rather that they initiated judicial proceedings without regard to the merits of the case. *See id.* Specifically, the Justice stated that the nature of the interstate carriers' views does not determine if First Amendment rights can be invoked, but rather, may evince a purpose to deprive rivals meaningful access to courts. *See id.* at 512. If this were the case, the Court concluded that it would fall into the sham exception of *Noerr*. *See id.*

that if the interstate carriers were engaged in a pattern of baseless, repetitive claims, then a judge could rationally conclude that the judicial process has been misused.⁵⁵

Following *California Motor*, the Court attempted to clarify the definition of sham petitioning activity.⁵⁶ Sixteen years after *California Motor*, the Court thoroughly defined the sham exception of *Noerr* in *Professional Real Estate Investors, Inc. v. Columbia Pictures Industries*.⁵⁷ Professional Real Estate Investors (PRE) operated a resort hotel in California.⁵⁸ PRE installed videodisks in the hotel rooms and desired to develop a market for videodisks in other hotels.⁵⁹ Columbia Pictures (Columbia) held the copyright to the movies recorded on the videodisks

55. See *California Motor*, 404 U.S. at 513. Moreover, the Justice opined that although a court may conclude that one claim is baseless, a pattern of these claims may lead the factfinder to rationally believe that the judicial process has been usurped. See *id.* Although, it may be a fine line to draw, once a pattern of baseless claims is established, it is a bar to utilize the courts. See *id.*

Justice Stewart, joined by Justice Brennan, concurred in the judgment of the Court. See *id.* at 516 (Stewart, J., concurring). The Justices did not join the majority's opinion because they believed that it was a retreat from the *Noerr* Doctrine, as well as an infringement upon First Amendment rights. See *id.* Justice Stewart stated that there is no difference between First Amendment rights and the antitrust laws, insofar as trying to influence executive officials and attempting to influence judicial bodies. See *id.* at 517 (Stewart, J., concurring). Moreover, the Justice was troubled that the Court conceded that the interstate carriers had a right of access to the courts, but in the same breath stated that exercising that right is not necessarily protected. See *id.* Indeed, Justice Stewart believed the majority's opinion was completely at odds with *Noerr* because *Noerr* stood for the proposition that the right to petition is a constitutional right that is provided immunity under the antitrust laws. See *id.* Although disagreeing with the Court's opinion, the concurring Justices joined the judgment because the case was remanded and the intrastate carriers could present evidence that the true intent of the interstate carriers was to deny meaningful access to the courts. See *id.* at 517-18 (Stewart, J., concurring).

56. This became necessary because circuit courts of appeal defined "sham" in contradictory and inconsistent ways. See *Professional Real Estate Investors, Inc. v. Columbia Pictures Industries, Inc.*, 508 U.S. 49, 55 (1993). For example, the *Professional Real Estate Investors* Court found some circuits to require a sham to be proved legally unreasonable. See *id.* at 55 n. 3 (citing *McGuire Oil Co. v. Mapco, Inc.*, 958 F.2d 1552, 1560 and n. 12 (11th Cir. 1992); *Litton Systems, Inc. v. American Tel. and Tel. Co.*, 700 F.2d 785, 809-12 (2d. Cir. 1983); *Hydro-Tech Corp. v. Sundstrand Corp.*, 673 F.2d 1171, 1177 (10th Cir. 1982); *Federal Prescription Service, Inc. v. American Pharm. Ass'n.*, 663 F.2d 253, 262, 266 (D.C. Cir. 1981)). However, the *Professional Real Estate Investors* Court also found that if the litigation was successful, by definition it could not be a scam. See *Professional Real Estate*, 508 U.S. at 55 n. 3 (citing *Eden Hannon & Co. v. Sumitomo Trust & Banking Co.*, 914 F.2d 556, 564-65 (4th Cir. 1990); *South Dakota v. Kansas City S. Indus., Inc.*, 880 F.2d 40, 54 (8th Cir. 1989); *Columbia Pictures Indus., Inc. v. Redd Horne, Inc.*, 749 F.2d 154, 161 (3d Cir. 1984)). Conversely, the *Professional Real Estate Investors* Court found circuit courts of appeal decisions regarding successful litigation as sham litigation. See *Professional Real Estate*, 508 U.S. at 55 n. 3 (quoting *Westmac, Inc. v. Smith*, 797 F.2d 313, 318 (6th Cir. 1986) ("genuine legal substance raises a rebuttable presumption of immunity"); *In re Burlington N. Inc.*, 822 F.2d 518, 528 (5th Cir. 1987) ("success on the merits is not immunized if there is no sincere desire for judicial aid")).

57. 508 U.S. 49 (1993).

58. See *id.* at 51.

59. See *id.* at 51-52.

that PRE purchased.⁶⁰ Consequently, Columbia sued PRE for alleged copyright infringement.⁶¹ PRE counterclaimed stating that Columbia's copyright action was a sham.⁶²

Justice Thomas then expounded the test to determine if a lawsuit is sham litigation.⁶³ The Justice opined that for litigation to be deprived of immunity and classified as sham, it must be objectively baseless.⁶⁴ Moreover, the Court declared that if a litigant uses objectively reasonable efforts to litigate, the lawsuit is not sham, despite subjective intent.⁶⁵ Therefore, the Court outlined a two-part test for sham litigation to provide guidance.⁶⁶ The first step is to determine whether the lawsuit is objectively baseless by asking whether a reasonable litigant could not expect to succeed on the merits.⁶⁷ Second, if the lawsuit is objectively baseless, the sham exception to the *Noerr-Pennington* Doctrine applies if the court determines that the litigant's subjective intent was to interfere

60. *See id.*

61. *See Professional Real Estate*, 508 U.S. at 52.

62. *See id.*

63. *See infra* notes 65-67 and accompanying text.

64. *See Professional Real Estate*, 508 U.S. at 51.

65. *See id.* at 57. The question of whether litigation can be sham because the litigant was not motivated by a subjective expectation of success was left open by *California Motors*. *See id.* Justice Thomas stated that from the time *California Motors* was decided, the court assumed that the sham exception contains an objective component, which is indispensable. *See id.* at 58. For example, the Justice articulated that the Court regarded sham as private action that is not genuinely intended to receive a favorable outcome. *See id.* (quoting *Allied Tube & Conduit Corp. v. Indian Head, Inc.*, 486 U.S. 366, 500 n. 4 (1973)). Also, Justice Thomas declared that case law dictated that the sham exception did not rely merely on subjective intent. *See Professional Real Estate*, 508 U.S. at 59.

In *Allied Tube*, the Court disallowed antitrust defendants to immunize themselves from unlawful trade restraints by pleading that they had a subjective intent to seek advantageous legislation. *See id.* (citing *Allied Tube*, 486 U.S. at 503)). Moreover, Justice Thomas declared that in *Columbia v. Omni Outdoor Advertising, Inc.*, 499 U.S. 365 (1991), the Court held that objective criteria is needed to resolve alleged sham petitioning activity. *See Professional Real Estate*, 508 U.S. at 59. Therefore, the Justice reasoned that precedent does not allow a purely subjective test for sham litigation because it would not provide a workable standard. *See id.* at 60 (quoting *Allied Tube*, 486 U.S. at 508 n.10).

66. *See Professional Real Estate*, 508 U.S. at 60. Even a plaintiff who satisfies the test must still prove the essential elements of an antitrust violation. *See id.* at 61. Moreover, the plaintiff has the obligation to prove all elements of the violation. *See id.*

67. *See id.* at 60. Specifically, the antitrust claim based on the sham exception will fail "[i]f an objective litigant could conclude that the suit is reasonably calculated to elicit a favorable outcome." *Id.* Also, the Court averred that a "winning lawsuit is by definition a reasonable effort at petitioning for redress and therefore not a sham." *Id.* at 61 n. 5. However, even if a defendant loses the lawsuit, a court must not use a *post hoc* rationalization and determine that the action must have been without foundation merely because they lost. *See id.* (quoting *Christiansburg Garment Co. v. EEOC*, 434 U.S. 412, 421-22 (1978)). In essence, a litigant may have a reasonable ground for bringing a lawsuit even if they ultimately lose. *See id.*

with the opposition.⁶⁸ Although, if probable cause exists to bring a lawsuit, the court is precluded from finding that the litigation was sham.⁶⁹

2. Whether *Noerr-Pennington* Applies to Prelitigation Threats

Although all of the aforementioned cases laid the basic doctrinal framework for the *Noerr-Pennington* Doctrine, the Court has not resolved whether petitioning immunity attaches to prelitigation threats. However, circuit courts have confronted the issue. In *Coastal States Marketing, Inc. v. Hunt*,⁷⁰ the Fifth Circuit held that prelitigation threats are protected by petitioning immunity.⁷¹ In this case, the Libyan government granted concessions to Nelson Bunker Hunt and his brothers to procure petroleum from a province in Libya.⁷² Subsequently, the Hunts assigned one-half of their interest to the British Petroleum Company (BP).⁷³ Upon discovering oil in the concession area, the Hunts began exporting and marketing the crude oil.⁷⁴ The Libyans, though, nationalized BP's interest in the crude

68. *See id.* at 60.

69. *See id.* at 62. At common law, the tort of wrongful civil proceedings required a plaintiff to evince that the defendant did not have probable cause to institute a lawsuit and brought it for a malicious purpose. *See id.* (citing *Stewart v. Sonneborn*, 98 U.S. 187, 194 (1879)). Since probable cause is a crucial element of wrongful civil proceedings, a determination of probable cause is a complete defense. *See id.* at 63 (citing *Crescent City Live Stock Co. v. Butchers' Union Slaughter-House Co.*, 120 U.S. 141, 149 (1887)).

Next, the Court held that Columbia had probable cause to sue because the law was clearly unsettled. *See id.* at 64-65. Therefore, any reasonable litigant would believe that it had a chance of winning, and Professional Real Estate failed to establish the objectively baseless prong. *See id.*

Justice Souter authored a concurring opinion in which he disagreed with the majority's discussion of the facts of this particular case by framing it in terms of probable cause. *See id.* at 66 (Souter, J., concurring). Instead, the Justice asserted that a probable cause determination is reviewed *de novo* and, therefore, concluded that on the undisputed facts, Columbia had probable cause. *See id.* Justice Souter's concern was that courts would interpret the opinion to mean that every procedural irregularity of the common law tort of wrongful civil proceedings would magically transform itself into an antitrust violation. *See id.* at 67 (Souter, J., concurring).

Justice Stevens, joined by Justice O'Connor, concurred with the Court's judgment and wrote to disavow themselves from the broad dicta of the Court. *See id.* (Stevens, J., concurring). The Justices specifically objected to "the Court's equation of 'objectively baseless' with the answer to the question of whether any 'reasonable litigant could realistically expect success on the merits.'" *Id.* Arguably, a litigant may expect to win on the merits, although it may be objectively unreasonable. *See id.* at 68 (Stevens, J., concurring). In Justice Stevens' view, the Court's holding sweeps too broad and could pose a problem if the Court is faced with a more complicated case. *See id.* Specifically, Justice Stevens stated the "the label 'sham' is appropriately applied to a case, or series of cases, in which the plaintiff is indifferent to the outcome of the litigation itself, but has nevertheless sought to impose a collateral harm on the defendant. . . ." *Id.*

70. 694 F.2d 1358, 1367 (5th Cir. 1983).

71. *See id.*

72. *See id.* at 1360.

73. *See id.*

74. *See Coastal States*, 694 F.2d at 1360.

oil and assigned it to Arabian Gulf Exploration Company (AGEC).⁷⁵ The plaintiff, Coastal States, entered into a contract with ACEG to purchase the crude oil.⁷⁶ However, the Hunts and BP began a worldwide campaign to notify people of their claim to the crude oil.⁷⁷ Specifically, the Hunts threatened to litigate in any place or at any time to protect their interest.⁷⁸

Judge Rubin began his analysis of the significance of a threat to litigate by stating that petitioning immunity protects acts that are "reasonably and normally attendant upon effective litigation."⁷⁹ Moreover, he posited that petitioning immunity should not attach merely when a party commences a lawsuit without warning.⁸⁰ Thus, as long as the threat is in good faith, the parties are essentially warned that possible litigation will take place.⁸¹ Also, the court rejected Coastal's allegations that the threats need to be indispensable to the litigation for petitioning immunity to attach.⁸² Therefore, the court held that petitioning immunity protected the publicity and threats of litigation.⁸³

Similarly, the First Circuit was confronted with the issue of whether

75. See *id.* Of course, BP rejected the Libyan action, publishing notices claiming title to the oil, as well as initiating lawsuits claiming title to the exported crude oil. See *id.*

76. See *id.*

77. See *Coastal States*, 694 F.2d at 1360. In addition, a representative of BP contacted Coastal and warned them against purchasing the crude oil. See *id.* Moreover, the Hunts also became involved because the Libyans nationalized their interest as well. See *id.* The resulting publicity campaign delayed Coastal's efforts to sell the oil, and frustrated potential sales. See *id.* at 1361. In addition, Coastal's bankers' would not extend any more credit due to the publicity received. See *Coastal States*, 694 F.2d at 1361. Finally, in August 1973, Coastal was in dire economic condition, and was forced to assign its right to the oil to another company. See *id.*

78. See *id.* Thus, in October 1974, Coastal filed an antitrust action against the Hunts. See *id.* The Hunts filed a counterclaim seeking damages for Coastal's conversion of the oil. See *id.* at 1362.

79. *Coastal States*, 694 F.2d at 1367. The fundamental question of Coastal's appeal was whether the *Noerr-Pennington* Doctrine immunizes the Hunts from antitrust liability. See *id.* at 1364. The Court first rejected Coastal's contention that petitioning immunity did not attach to boycotts. See *id.* The mere formation of a boycott due to petitioning activity does not obviate the immunity. See *id.* Next, the court stated that petitioning immunity applies to litigation brought in foreign courts because it is a limitation on the scope of the Sherman Act. See *id.*

80. See *Coastal States*, 694 F.2d at 1367.

81. See *id.* The judge stated that "[t]he litigator should not be protected only when he strikes without warning." *Id.*

82. See *id.* Coastal rested this contention on the work of Professors Areeda and Turner. See *id.* According to Coastal, the professors argue that threats of litigation must be indispensable to the litigation. See *id.* (citing 1 PHILLIP AREEDA & DONALD TURNER, ANTITRUST LAW ¶ 205, at 52 (1978)). However, the professors explained that "we do not mean to suggest that courts should try to make very refined judgments about what [sort of conduct] is 'unnecessarily harmful.' We merely mean to leave a safety route for condemning highly anticompetitive activities that are not justified by the necessities of political life." *Coastal States*, 694 F.2d at 1367-68. Therefore, the court averred that if the litigation is not a sham, then the conduct need not be indispensable to the litigation. See *id.* at 1368.

83. See *Coastal States*, 694 F.2d at 1367.

petitioning immunity attaches to prelitigation threats in *CVD, Inc. v. Raytheon Co.*⁸⁴ In this case, the plaintiffs, Donadio and Connolly, were employees of Raytheon.⁸⁵ As a condition of their employment, both signed employment agreements assenting to protect Raytheon's proprietary process for manufacturing zinc selenide and zinc sulfide.⁸⁶ After some years, the plaintiff's decided to form CVD, which would also make zinc selenide and zinc sulfide.⁸⁷ Raytheon's attorney asserted that Raytheon would sue if CVD began their manufacturing process because Raytheon's trade secrets would be compromised.⁸⁸

Chief Judge Re began with the proposition that individuals possessing trade secrets⁸⁹ can assert their rights against possible infringers and protect their rights in court.⁹⁰ However, the court reasoned that the antitrust laws are not furthered if a trade secret is alleged with knowledge that no trade secret actually existed.⁹¹ Analogously, the court averred that an agreement purporting to license trade secrets, but in reality is merely a sham, is not protected.⁹² Therefore, the court held that petitioning immunity did not protect threats of litigation that were both unfounded and in bad faith.⁹³

Additionally, the Eleventh Circuit confronted an identical issue in *McGuire Oil Co. v. Mapco*.⁹⁴ McGuire Oil sells branded gasoline while Mapco sells unbranded gasoline in three or four locations in the Mobile,

84. 769 F.2d 842 (1st Cir. 1985).

85. *See id.* at 847.

86. *See id.* Manufacturing zinc selenide and zinc sulfide requires a process called chemical vapor deposition. *See id.* at 847-48.

87. *See id.* at 848.

88. *See CVD, Inc.*, 769 F.2d at 848. There was a dispute over whether a trade secret existed in the first place. *See id.* Raytheon obviously claimed there was a trade secret and that CVD would be unable to manufacture its product without utilizing Raytheon's trade secrets. *See id.* Therefore, they required that CVD could not begin its process without obtaining a license from Raytheon and insisted on a royalty rate from CVD. *See id.* CVD asserted that no trade secret existed. *See id.*

89. Under Massachusetts law a trade secret is the following:

[A]ny formula, pattern, device or compilation of information which is used in one's business, and which gives him an opportunity to obtain an advantage over competitors who do not know or use it. It may be . . . a process of manufacturing. . . . A trade secret is a process or device for continuous use in the operation of the business. Generally it relates to the production of goods, as, for example, a machine or formula for the production of an article.

CVD, 769 F.2d at 850 (quoting *Eastern Marble Prod. Corp. v. Roman Marble, Inc.*, 372 Mass. 835 (1977)).

90. *See CVD*, 769 F.2d at 850 (citing *Eastern R.R. Presidents Conference v. Noerr Motor Freight*, 365 U.S. 127 (1961)).

91. *See CVD*, 769 F.2d at 851. Thus, an assertion of a trade secret in bad faith can violate antitrust laws. *See id.*

92. *See id.*

93. *See id.*

94. 958 F.2d 1552 (11th Cir. 1992).

Alabama area.⁹⁵ In 1984, the Alabama legislature passed the Alabama Motor Fuel Marketing Act (AMFMA), which established a price floor for motor fuel.⁹⁶ Subsequently, McGuire Oil contacted Mapco and demanded that it raise their gas prices, threatening litigation for non-compliance.⁹⁷

Mapco contended that McGuire Oil's threats could not be granted petitioning immunity because they used their threats as an anticompetitive device.⁹⁸ Judge Kravitch rejected Mapco's contention and held that "threats, no less than the actual initiation of litigation" are entitled to petitioning immunity.⁹⁹ In so holding, the court opined that there was no evidence to indicate that the plaintiffs sued for any other purpose than to elicit a favorable outcome from the courts.¹⁰⁰

C. *Opinion of the Cardtoons Court*

With this background, the Tenth Circuit held in *Cardtoons v. Major League Baseball Players Ass'n*¹⁰¹ that prelitigation threats, made with probable cause, regardless of whether a lawsuit is actually commenced, are entitled to petitioning immunity.¹⁰² The court began its analysis with a review of the *Noerr-Pennington* Doctrine as it was originally articulated.¹⁰³ Judge Lucero then noted that *Noerr-Pennington* immunity stands independent of its original roots because it stems from the First Amendment right of petition.¹⁰⁴ However, the court reasoned that *Noerr-*

95. See *id.* at 1554.

96. See *id.* The AMFMA states the following:

[I]t shall be unlawful for any person engaged in commerce in this state to sell or offer to sell motor fuel below cost or to sell or offer to sell it at a price lower than the seller charges other persons on the same day and on the same level of distribution, within the same market area, where the effect is to injure competition.

Id. (citing Ala. Code § 8-22-6).

97. See *McGuire Oil*, 95 F.2d at 1554.

98. See *id.* at 1558.

99. *Id.* at 1560.

100. See *id.*

101. 182 F.3d 1132 (10th Cir. 1999).

102. See *id.* at 1132, 1137.

103. See *id.* at 1135. The *Noerr-Pennington* Doctrine grants immunity to private parties for antitrust liability who petition the government for redress. See *id.* (citing *Noerr*, 365 U.S. at 135-38); see also *Pennington*, 381 U.S. at 670 (extended *Noerr* immunity to petitions of public officials); *California Motor Transp. Co.*, 404 U.S. at 510 (extending *Noerr-Pennington* immunity to the right of access to courts).

104. See *id.* at 1135. In *City of Lafayette v. Louisiana*, 435 U.S. 389, 399 (1978), the Supreme Court stated that the *Noerr-Pennington* Doctrine emanates from the First Amendment right of petition. Thus, *Noerr-Pennington* applies to situations other than antitrust. See, e.g., *Bill Johnson's Restaurants, Inc. v. NLRB*, 461 U.S. 731, 742-43 (1983) (immunizing employer from prosecution for unfair labor practice even if an otherwise valid suit against employee is driven by a retaliatory motive); *NAACP v. Claiborne Hardware Co.*, 458 U.S. 886, 913-14 (1982) (immunizing a

Pennington is not a shield for threats that are that are intended to interfere with the business relationships of competitors.¹⁰⁵ To constitute sham litigation, the Tenth Circuit utilized the Supreme Court's two-part test:¹⁰⁶ 1) the lawsuit must be objectively baseless¹⁰⁷ and 2) the litigant's subjective motivation must be an attempt to interfere with the business relationships of a competitor.¹⁰⁸

Judge Lucero, though, admitted that the present action was a case of first impression for the Tenth Circuit.¹⁰⁹ Moreover, the Supreme Court has not held that *Noerr-Pennington* immunity attaches to prelitigation threats, thus necessitating the court to turn to sister circuits for guidance.¹¹⁰ Judge Lucero reasoned that three other circuits confronted with the identical issue concluded that prelitigation threats enjoy the same immunity as litigation itself, as long as the threats are not a sham.¹¹¹ Therefore, the

nonviolent business boycott seeking to vindicate economic and equal rights); *South Dakota v. Kansas City S. Indus., Inc.*, 880 F.2d 40, 50 (8th Cir. 1989) (immunizing defendant from claim of interference with contractual relations).

105. See *Cardtoons*, 182 F.3d at 1136 (quoting *Noerr*, 365 U.S. at 144).

106. See *id.* at 1136. The test for sham litigation is articulated in *Professional Real Estate Investors, Inc.*, 508 U.S. at 60-61; see also *supra* notes 65-69 and accompanying text.

107. See *Cardtoons*, 182 F.3d at 1136. In investigating "baselessness," a court must determine whether a litigant had probable cause to begin the lawsuit. See *id.* (quoting *Professional Real Estate*, 508 U.S. at 62). If there is probable cause to initiate the lawsuit, the defendant is automatically entitled to *Noerr-Pennington* immunity without further scrutiny. See *Cardtoons*, 182 F.3d at 1136. A lawsuit is considered "baseless" if "no reasonable litigant could realistically expect success on the merits." *Id.* However, if an objective litigant could rationally conclude that a favorable outcome is possible, the suit is immunized under *Noerr-Pennington*. See *id.*

Probable cause to sue exists either when the law is unsettled or if the lawsuit is at the very least warranted by existing law or if there exists an objective good faith argument to extend existing law. See *id.* (quoting *Professional Real Estate*, 508 U.S. at 65). In the *Noerr-Pennington* context, a court may decide probable cause as a matter of law whenever the defendant raises the defense and so long as the predicate facts are not in dispute. See *id.* at 1137 (quoting *Professional Real Estate*, 508 U.S. at 63).

108. See *Cardtoons*, 182 F.3d at 1136. The second prong of the sham litigation test becomes irrelevant if a litigant has probable cause to initiate a lawsuit. See *id.* (quoting *Professional Real Estate*, 508 U.S. at 63). However, if a lawsuit is objectively baseless, the second prong is utilized to determine "whether the baseless lawsuit conceals 'an attempt to interfere directly with the business relationships of a competitor' through the 'use [of] the governmental process - as opposed to the outcome of that process - as an anticompetitive weapon.'" *Cardtoons*, 182 F.3d at 1136 (quoting *Noerr*, 365 U.S. at 144; *Columbia v. Omni Outdoor Advertising, Inc.*, 499 U.S. 365, 380 (1991)).

109. See *Cardtoons*, 182 F.3d at 1136.

110. See *id.*

111. See *supra* notes 70-100 and accompanying text. The Fifth Circuit in *Coastal States Marketing, Inc.*, 694 F.2d 1358, 1367 (5th Cir. 1983), held that the threats of litigation were protected under *Noerr-Pennington* petitioning immunity. Thus, the Fifth Circuit reasoned that petitioning immunity protects acts that are "reasonably and normally attendant upon effective litigation." *Id.*; see also *McGuire Oil Co. v. Mapco, Inc.*, 958 F.2d 1552, 1560 (11th Cir. 1992) (holding repeated threats of litigation are immune under *Noerr-Pennington*); *CVD, Inc. v. Raytheon Co.*, 769 F.2d 842, 851 (1st Cir. 1985) (holding that threats of litigation, as long as they are made in good faith, are

Tenth Circuit adopted the legal and policy rationales of the other circuits and held that even if a lawsuit is not consummated, threats of litigation are entitled to the "same level of protection from liability as litigation itself."¹¹² Furthermore, the court held that the *Professional Real Estate* sham litigation test applies to prelitigation threats as well.¹¹³

Next, the court turned to the issue of whether the MLBPA had probable cause to threaten Champs with litigation.¹¹⁴ The court opined that to determine whether the Association had probable cause required them to "consider the validity of the underlying threatened action."¹¹⁵ Based on the holding in *White v. Samsung Electronics America*,¹¹⁶ the court postulated that at the time of its prelitigation threats, the MLBPA did have a reasonable argument that its publicity rights trumped Cardtoon's free speech rights.¹¹⁷ Even though the MLBPA did not prevail in its

immunized); but see *Oahu Gas Serv., Inc. v. Pacific Resources, Inc.*, 460 F. Supp. 1359, 1386 (D. Haw. 1978) (holding that threats of litigation directed to a competitor's customer are per se unprotected).

112. *Cardtoons*, 182 F.3d at 1137. Moreover, the majority utilized the works of many commentators who advocate that *Noerr-Pennington* immunity should attach to prelitigation threats. See e.g., HERBERT HOVENKAMP, *FEDERAL ANTITRUST POLICY* § 18.3d at 644 (1994) (stating that even though a threat to sue does not involve a petition to the government, *Noerr-Pennington* immunity must attach because our system of resolution encourages parties to resolve their own differences without the interference of the court system); 1 PHILLIP E. AREEDA & HERBERT HOVENKAMP, *ANTITRUST LAW* § 205e at 237 (rev. ed. 1997) (stating that merely protecting the right to sue but not the right to threaten a lawsuit would be an anomaly and socially counterproductive).

113. See *Cardtoons*, 182 F.3d at 1137. Admittedly, the court stated that all the cases holding that prelitigation threats are immunized under *Noerr-Pennington* were decided before the test articulated by the Supreme Court in *Professional Real Estate*. See *id.* at 1137 n. 6. The court latched onto a statement by the Eleventh Circuit in *McGuire Oil*, which was decided after the Supreme Court had granted certiorari but before the Court passed its decision in *Professional Real Estate*. See *id.* In that case, the Eleventh Circuit reasoned that whatever test articulated by the Supreme Court for sham litigation under *Noerr-Pennington* must also apply to prelitigation threats. See *id.* (citing *McGuire Oil*, 958 F.2d at 1560-61 & n. 12).

114. See *Cardtoons*, 182 F.3d at 1137.

115. *Id.* Thus, in the present action, the court had to determine the viability of the MLBPA's infringement suit against *Cardtoons*, and then determine if a valid cause of action existed against *Champs*. See *id.*

116. 971 F.2d 1395 (9th Cir. 1992).

117. See *Cardtoons*, 182 F.3d at 1138. In *White v. Samsung Electronics America, Inc.*, Samsung ran an advertisement for its video-cassette recorders, depicting a robot wearing a wig, gown, and jewelry that was selected to resemble Vanna White, who is the hostess of the gameshow "Wheel of Fortune." See *White*, 971 F.2d at 1396. The robot stood next to a game board that was obviously the set of "Wheel of Fortune." See *id.* White did not consent to the ad nor was she paid for the use of her name. See *id.*

The Ninth Circuit first reasoned that television and media create celebrity identity value. See *id.* at 1399. Moreover, the court postulated that the law protects a celebrity's right to exploit this value, regardless of whether the celebrity had any part in creating the value. See *id.* at 1396. As a result, the court stated that White had alleged facts evincing that Samsung used her identity, and therefore was entitled to proceed on her common law right of publicity claim. See *id.*

underlying claim, the court reasoned that a litigant must merely show that there was a perceived chance of success.¹¹⁸

Additionally, the court rejected *Cardtoons* argument that even if *Noerr-Pennington* immunity attached to the threats against *Cardtoons*, the immunity could not attach to the threats made to Champs.¹¹⁹ The court focused its attention on Ohio's publicity rights law¹²⁰ and determined that even under this law, the MLBPA had a colorable claim for infringement.¹²¹

The *Cardtoons* court used *White* to show that there is a constitutional tension involving use of a celebrity parody and that *White* gave rise to the MLBPA believing they had a valid cause of action against *Cardtoons*. See *Cardtoons*, 182 F.3d at 1138. Therefore, the court reasoned that the MLBPA did have probable cause that *Cardtoons* violated the Association's publicity rights based on *White* and the prior opinion in *Cardtoons II*. See *id.*

118. See *Cardtoons*, 182 F.3d at 1138. Therefore, the district court could "reasonably conclude that the MLBPA's threats against *Cardtoons* were 'an objectively plausible effort to enforce rights' and deserved *Noerr-Pennington* protection." *Id.* (quoting *Professional Real Estate*, 508 U.S. at 65).

119. *Cardtoons* premised this argument on the fact that in *Cardtoons II*, Oklahoma's right of publicity statute was utilized against *Cardtoons*. See *Cardtoons*, 182 F.3d at 1138. However, they argued that to determine if *Noerr-Pennington* immunity attached to the Champs letter, Ohio's right of publicity statute must apply, as it is the locus of Champ's conduct and state of residence. See *id.* Moreover, the crux of *Cardtoons* argument was that Ohio's "incidental use" exception provides the MLBPA less protection for publicity rights than Oklahoma's statute. See *id.*

120. Under Ohio's "incidental use" exception, there is no liability when a person's likeness is utilized for purposes other than commercial advantage. See *id.* (quoting *Zacchini v. Scripps-Howard Broadcasting Co.*, 351 N.E.2d 454, 459 n. 4 (Ohio 1976), *rev'd on other grounds*, 433 U.S. 562 (1977)). The applicable principles are stated in Restatement (Second) of Torts, Section 652(C), and the comments. Section 652(C) states the following: "One who appropriates to his own use or benefit the name or likeness of another is subject to liability to the other for invasion of his privacy." RESTATEMENT (SECOND) OF TORTS § 652(C) (1979).

Comment (d) states the following:

Incidental use of name or likeness. The value of the plaintiff's name is not appropriated by mere mention of it, or by reference to it in connection with legitimate mention of his public activities; nor is the value of his likeness appropriated when it is published for purposes other than taking advantage of his reputation, prestige, or other value associated with him, for purposes of publicity. No one has the right to object merely because his name, or his appearance, is brought before the public, since neither is in any way a private matter, and both are open to public observation. It is only when the publicity is given for the purpose of appropriating to the defendant's benefit the commercial or other values associated with the name or the likeness that the right of privacy is invaded. The fact that the defendant is engaged in the business of publication, for example of a newspaper, out of which he makes or seeks to make a profit, is not enough to make such incidental publication a commercial use of the name or likeness. Thus a newspaper, although it is not a philanthropic institution, does not become liable under the rule stated in this Section to every person whose name or likeness it publishes.

RESTATEMENT (SECOND) OF TORTS § 652, cmt. d.

121. The court first noted that Oklahoma also contains a provision similar to the "incidental use" exception in Ohio. See *Cardtoons*, 182 F.3d at 1138; see also *supra* note 120. The majority proffered that in both states, the applicability of the exception depends on the degree to which the defendant obtains a commercial benefit from utilizing the plaintiff's likeness. See *id.*

Moreover, the court reiterated that the MLBPA did have a claim under Ohio law. See *id.* The court stated there was no difference between Oklahoma and Ohio law, therefore the decision in

Moreover, the court rejected Cardtoons argument that the Association lacked probable cause for the Champs letter because Champs was a passive actor and thus could only be liable if "it knew or had reason to know that it was aiding and abetting an infringement."¹²² The court averred that Cardtoons could not argue that Champs was not liable unless it was given notice, while at the same time arguing that the MLBPA lost its immunity under *Noerr-Pennington* by providing notice.¹²³

Cardtoons next argued that *Noerr-Pennington* immunity could not attach to its libel¹²⁴ claim against the MLBPA because rather than being based on the Association's threat of litigation, it was based on the allegations in the letter that Cardtoons had violated the law.¹²⁵ The court rejected this argument and held that a litigant who has probable cause to threaten litigation, like the MLBPA, and who has not made any assertions "beyond the legal and factual bases for the threats, may enjoy *Noerr-Pennington* immunity from a claim of libel."¹²⁶

Cardtoons II foreclosed the possibility that the "incidental use" exception was applicable because the court specifically noted that the players were selected by Cardtoons due to their market appeal. See *id.* at 1138-39 (quoting *Cardtoons*, 95 F.3d at 968). The court further articulated their reasoning based on Ohio case law by citing *Vinci v. American Can Co.*, 591 N.E.2d 793, 794 (Ohio Ct. App. 1990), in which the court applied the incidental use exception to a company that used an Olympic athlete's likeness and name on disposable drinking cups. The court found that this was historical and accurate information and was not intended to promote the cups. See *id.* Therefore, the court held that the use of the athlete's name and likeness were merely incidental to the selling of the cups. See *id.* Utilizing the rationale of both *Vinci* and *Cardtoons II*, the present court found that the MLBPA had a valid claim against Champs, even under Ohio law. See *Cardtoons*, 182 F.3d at 1139.

122. *Id.* Cardtoons relied on *Misut v. Mooney*, 124 Misc.2d 95 (1984). In that case, the court determined that a contract printer did not have an obligation to check facts or sources to determine if the materials were true. See *id.* at 99. Moreover, the court held that, in order to be liable, a printer must know or should know that publication of the material would be libelous. See *id.* at 100. Cardtoons also relied on *Maynard v. Port Publications, Inc.*, 297 N.W.2d 500 (1980). In that case, the Wisconsin court reasoned that, for fault to exist, a printer must know or have reason to know the materials are libelous. See *id.*

The *Cardtoons* majority reasoned that probable cause did exist for the MLBPA to assert a claim over Champs, precisely because the letter threatening litigation was the type of notice required by both *Misut* and *Maynard*. See *Cardtoons*, 182 F.3d at 1139.

123. See *id.* Therefore, the court stated that under Cardtoons conflict of law theory or publicity rights theory, the MLBPA had probable cause to pursue an infringement claim against Champs. See *id.*

124. Libel is defined as "a defamatory statement expressed in a fixed medium, esp. writing but also a picture, sign, or electronic broadcast." BLACK'S LAW DICTIONARY 927 (7th ed. 1999).

125. See *Cardtoons*, 182 F.3d at 1139.

126. *Id.* Moreover, the majority reasoned that this holding did not violate the Supreme Court decision in *McDonald v. Smith*, 472 U.S. 479 (1985). See *id.* In that case, the Court held that libelous petitions to the government are libelous and not immunized. See *id.* at 485. In so holding, the Court reasoned that baseless litigation is not protected under *Noerr-Pennington*. See *id.* at 484 (quoting *Bill Johnson's Restaurant*, 461 U.S. at 743). However, the *Cardtoons* court already determined that the MLBPA's threat of litigation was not baseless. See *Cardtoons*, 182 F.3d at 1139. Thus, the court

Finally, the court rejected Cardtoons argument that it was prejudiced when the district court stayed its request for discovery pending the outcome of the MLBPA's summary judgment motion.¹²⁷ The court espoused the view that because the Association's threats of litigation were not objectively baseless, and that it was immune from all of Cardtoons state law claims, the MLBPA's subjective intent was irrelevant.¹²⁸

In a vigorous dissent, Judge Ebel disagreed with the majority holding that all prelitigation threats enjoy the same level of immunity as litigation itself.¹²⁹ Moreover, he disagreed with the majority that the *Professional Real Estate Investors* sham litigation test applied to threats of litigation.¹³⁰ The judge criticized the majority's decision because it rendered all private correspondence between parties as petitions to the government, entitling it to *Noerr-Pennington* immunity.¹³¹ Judge Ebel argued that neither the text of the First Amendment nor the *Noerr-Pennington* Doctrine warrants that purely private correspondence is worthy of petitioning immunity.¹³² Therefore, he considered the majority's opinion as unduly extending *Noerr-Pennington* immunity to include all private correspondence between parties that objectively threaten litigation.¹³³

Next, Judge Ebel reasoned that the majority's extension of *Noerr-Pennington* immunity to purely private correspondence posed practical

determined that the statements Cardtoons claimed to be libelous were the same statements that the court already gave protection to under *Noerr-Pennington*. See *id.* Furthermore, the court reasoned that "if Cardtoons's argument prevails, a defendant would be exposed to libel claims even if his litigation or threat to litigate were supported by probable cause. By allowing an alternate cause of action against petitions that are otherwise eligible for immunity, the argument renders *Noerr-Pennington* a nullity." *Id.*

127. See *Cardtoons*, 182 F.3d at 1140. Cardtoons alleged that the stay effectively barred them from discovering whether the MLBPA had any subjective intent to file a lawsuit or had done any research prior to sending the letter. See *id.*

128. See *id.*

129. See *id.* (Ebel, J., dissenting). Judge Ebel posited that *Noerr-Pennington* only protects petitions to the government. See *id.* The judge asserted that the majority's opinion was flawed because not all threats of litigation constitute a petition to the government. See *id.*

130. See *id.* Indeed, the sham litigation test articulated by the Court only applies to actual petitions to the government. See *id.* Judge Ebel articulated that this test, though, does not help to determine whether a threat to litigate actually constitutes a petition to the government. See *id.*

131. See *id.*

132. See *Cardtoons*, 182 F.3d at 1140-41 (Ebel, J., dissenting).

133. See *id.* at 1140 (Ebel, J., dissenting). The judge opined that the majority's reasoning immunized a slew of prelitigation threats, even if they could not meet the threshold requirement of being petitions to the government. See *id.*

In fact, Judge Ebel asserted that there were no facts in the present action to evince that the MLBPA's conduct was a petition to the government. See *id.* at 1141 (Ebel, J., dissenting). The cease-and-desist letter was never sent to a governmental agency, nor did any litigation ever result. See *id.* Thus, the Judge believed it would be a stretch to consider the MLBPA's activities a petition to the government. See *id.*

problems.¹³⁴ Specifically, the judge averred that the majority's holding would be difficult to implement.¹³⁵ Also, Judge Ebel asserted the situation was exacerbated by the fact that no litigation ever took place.¹³⁶ Indeed, in Judge Ebel's view, the majority holding "declares open season for companies to engage in libelous, anticompetitive, or otherwise unlawful communications without fear of legal repercussion."¹³⁷

Therefore, Judge Ebel would have limited *Noerr-Pennington* immunity to prelitigation threats that have a "strong and compelling nexus to actual litigation such that the threat may be considered an incipient part of a petition to the government."¹³⁸ To accomplish this, the judge would utilize a three-part test¹³⁹ using both objective and subjective components to determine whether a prelitigation threat is immunized from liability.¹⁴⁰ The judge opined that each element was necessary and must be met before petitioning immunity is granted, so as to limit the reach of *Noerr-*

134. See *id.* One practical problem would be that the government is not in a good position to regulate private correspondences threatening litigation because it would rarely be brought to the attention of the government. See *id.* In contrast, if *Noerr-Pennington* is limited to actual petitions, the government is in a much better position to prevent the misuse of the court system. See *id.* For example, a court has supervisory powers to maintain the litigation and can sanction a litigant for its misuse. See *id.*

135. See *id.* Judge Ebel posed the following questions:

How far back in time should *Noerr-Pennington* immunity extend prior to an actual petition to the government? Litigation is often preceded by lengthy communications of an increasingly acrimonious nature. How early into the process would the majority extend immunity? Would the majority go back to include the first tentative statement of disagreement over the interpretation of a contract, perhaps even before litigation is contemplated? Would it apply *Noerr-Pennington* even earlier to the structuring of business deals in the first instance, where considerations of potential litigation are often spoken or unspoken factors? Does the word "litigation" have to be explicitly mentioned in the communication in order for it to be privileged, or may it be implied?

Id.

136. See *Cardtoons*, 182 F.3d at 1141 (Ebel, J., dissenting).

137. *Id.* Thus, Judge Ebel asserted that if a company has a practice of threatening smaller companies with litigation, without ever possessing any intent to file a lawsuit, this practice should not be afforded any immunity under *Noerr-Pennington*. See *id.*

138. *Id.* at 1142 (Ebel, J., dissenting).

139. See *id.* Judge Ebel would require the "party invoking *Noerr-Pennington* to show that its prelitigation threat was a 1) good faith 2) objectively reasonable 3) proximate prologue to actual or imminent litigation." *Id.*

140. See *Cardtoons*, 182 F.3d at 1142 (Ebel, J., dissenting). This test differs from the majority's analysis because the majority invokes *Noerr-Pennington* solely based on whether the threatened litigation is objectively reasonable. See *id.* Under Judge Ebel's test, additional hurdles of good faith and that the threat be proximate to actual litigation are needed prior to the invocation of *Noerr-Pennington*. See *id.* The majority criticized Judge Ebel's view that *Professional Real Estate* should not apply to prelitigation threats. See *id.* at 1137 n. 5. The court stated that this approach would create an incentive to litigate, rather than protect small entities. See *id.*

Pennington.¹⁴¹ The first prong, good faith, is necessary to prevent *Noerr-Pennington* from protecting an individual who never intends to file an actual petition, but does threaten litigation.¹⁴² Moreover, Judge Ebel asserted that the test he articulated was consistent with *Professional Real Estate's* sham litigation test because it would only apply to actual litigation and would have no applicability to prelitigation threats.¹⁴³ Next, the objectively reasonable prong is necessary to ensure that prelitigation threats that have no basis as an actual petition are not protected.¹⁴⁴ Last, the proximity element is necessary to provide petitioning immunity only to those threats that can be considered as the initial part of the petitioning process.¹⁴⁵

Applying this three-part test to the present action, Judge Ebel found that the record did not disclose whether the MLBPA's letter to Champs was in good faith or was proximate to actual litigation.¹⁴⁶ Therefore, Judge Ebel agreed with *Cardtoons* that they were prejudiced by the district court's decision to stay discovery.¹⁴⁷

III. CONCLUSION

The *Cardtoons* decision attempts to clarify the permissible scope of the application of the *Noerr-Pennington* Doctrine. The majority relies on prior case law as well as numerous commentators who advocate that petitioning immunity should attach to prelitigation threats. However, upon closer examination, the dissent's solution to grant immunity only to threats bearing a close nexus to actual litigation provides a much less drastic and more practical approach than the majority. In his dissenting opinion,

141. See *Cardtoons*, 182 F.3d at 1142 (Ebel, J., dissenting). First, good faith is needed so *Noerr-Pennington* immunity would not be granted to a private party that sends letters threatening litigation without any intent to ever follow through. See *id.* Moreover, the judge asserted that this requirement was consistent with the circuit courts that had confronted this issue. See *id.* (citations omitted).

142. See *id.*

143. See *id.* Judge Ebel argued that the sham litigation test provides no guidance as to what constitutes an actual petition. See *id.* Thus, requiring good faith would not run afoul of *Professional Real Estate*, because its test does not even come into play until it is determined that the prelitigation threat is actually a petition to the government. See *id.* at 1143 (Ebel, J., dissenting).

144. See *Cardtoons*, 182 F.3d at 1143 (Ebel, J., dissenting).

145. See *id.* The Judge argues that if no petition ever results, the proximity element would be harder to establish because the "party claiming immunity should have to show some intervening cause that aborted an otherwise imminent petition." *Id.*

146. See *id.* The Judge, though, did find that there was an objective basis to the threatened litigation. See *id.*

147. See *id.* Thus, due to the stay of discovery, the subjective motivations of the MLBPA were not discovered. See *id.* Therefore, Judge Ebel argued that this case be remanded to determine if the MLBPA acted in good faith and if the threatened litigation was in proximity to actual litigation. See *id.*

Judge Ebel argues that the majority ignores the initial step of the *Noerr-Pennington* Doctrine; namely, whether the conduct is a petition to the government in the first place. Indeed, the premise is so simple that it may easily be overlooked.

Moreover, Judge Ebel raises interesting questions as to the majority's analysis.¹⁴⁸ Specifically, the majority's analysis fails to provide any sort of guidance as to when immunity first attaches. In the sports industry, this general petitioning immunity may provide players associations' an absolute privilege to threaten litigation without ever questioning the association's subjective motivation. Unfortunately, this may be an unintended consequence of the decision in *Cardtoons*. Consequently, the Supreme Court may be compelled to evaluate the position taken by courts of appeal and commentators, and resolve the issue of what constitutes a petition to the government and at what point petitioning immunity should attach.

Sanjay Ibrahim

148. See *supra* note 135.