
Cowan, Liebowitz & Latman

Copyright Review
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“Recent Developments In Copyright”
Selected Annotated Cases

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I. JURISDICTION AND PROCEDURAL ISSUES

A. Subject Matter Jurisdiction

Segundo Suenos, LLC, v. Jones, No. 10-56257, 2012 U.S. App. LEXIS 18224 (9th Cir. 2012)

Ninth Circuit remanded case to district court to determine whether court had subject matter jurisdiction. Plaintiff Segundo Suenos, LLC sued musician Marshall Jones in federal court, seeking declaration that it had valid assignment of copyrights in Jones's musical works. Jones moved to dismiss, arguing that California Superior Court, affirmed by California Court of Appeal, decided same issue that was before district court, holding that assignment was invalid. District court agreed with Jones, holding Segundo was precluded by collateral estoppel from relitigating issue. Segundo appealed. Ninth Circuit *sua sponte* questioned whether district court had subject matter jurisdiction. Segundo's complaint alleged (1) federal question subject matter jurisdiction, alleging claim arose from Copyright Act; and (2) diversity subject matter jurisdiction, because Segundo was Texas limited liability company, and Jones was resident of Ohio. Court found federal question jurisdiction lacking because plaintiff's complaint sought declaratory judgment regarding royalties owned by Jones. In declaratory judgment action, court must look not at actual complaint filed, but at complaint that would be filed if it were suit for damages or injunction. Here, action would be concerning royalties under contract law, which would be state law claim. Court also noted question of copyright ownership is under state law, not federal law. As to diversity jurisdiction, court found complaint deficient, as citizenship of limited liability company is determined by citizenship of constituent members. Accordingly, court remanded case to district court to determine whether there was subject matter jurisdiction.

Murray Eng'g, P.C. v. Windermere Props. LLC, No. 12-52, 2013 U.S. Dist. LEXIS 61877 (S.D.N.Y. Apr. 30, 2013)

District court denied defendant's motion to dismiss for lack of subject matter jurisdiction. Works at issue were architectural plans. Under *T.B. Harms Co. v. Eliscu*, 339 F.2d 823 (2d Cir. 1964), suit arises under Copyright Act jurisdiction if "(1) '[t]he complaint is for a remedy expressly granted by the Act, e.g., a suit for infringement ...;' or (2) '[t]he complaint ... asserts a claim requiring construction of the Act.'" Defendant argued that court should look beyond complaint, and that plaintiff was asserting "garden variety contract claim." Court held that because plaintiff alleged that his copyrights were infringed and that he was entitled to injunction and damages under Copyright Act, court had subject matter jurisdiction.

Velvet Underground v. Andy Warhol Found. for the Visual Arts, Inc., 890 F. Supp. 2d 398 (S.D.N.Y. 2012)

Plaintiff sought declaration that defendant Andy Warhol Foundation had no copyright in banana image designed by Andy Warhol for cover of plaintiff's first album, *The Velvet Underground & Nico*. Banana image had become symbol of plaintiff, and plaintiff had used image in connection with merchandising and advertising, and licensed image to others. Defendant also claimed rights in image, and had similarly licensed image to third parties. Defendant claimed plaintiff's use of

banana image constituted copyright infringement; plaintiff countered that banana image was in fact trademark of, and had secondary meaning associated with, plaintiff. Plaintiff sued, and defendant moved to dismiss under Rule 12(b)(1). Prior to filing of amended complaint, wherein plaintiff requested declaratory relief, defendant agreed unconditionally and irrevocably not to sue plaintiff for copyright infringement for plaintiff's use of banana image. Broadly-worded covenant memorializing agreement would prevent suit against plaintiffs and those in privity with plaintiff. Plaintiff argued that despite covenant, justiciable controversy existed between parties because (1) defendant had alleged copyright in banana image; (2) defendant had asserted that its copyright in banana image trumped plaintiff's trademark rights; (3) defendant's copyright claims would have adverse economic effect on plaintiff's ability to license image; and (4) plaintiff sought accounting of revenues related to defendants' licensing of image. Court disagreed, reasoning that covenant eliminated any immediate, realistic prospect of injury to plaintiff, thereby eliminating justiciable controversy between parties. Accordingly, declaratory judgment claim was dismissed.

Andrews v. Daughtry, No. 12-441, 2013 U.S. Dist. LEXIS 24355 (M.D.N.C. Feb. 22, 2013)

Plaintiffs brought suit in North Carolina state court against their former "Absent Element" bandmate, *American Idol* contestant Chris Daughtry, seeking accounting for profits in connection with particular musical works. Plaintiffs alleged that in December 2004 all bandmates entered into partnership agreement, in which they agreed to share equally in profits from all songs written by any band member, regardless of extent of any one member's contribution to that song. In 2006 and 2009, after defendant gained significant fame from participation in *American Idol*, defendant released solo albums containing songs that plaintiffs claimed were subject to alleged partnership agreement, and for which defendant failed to account for any profits. In complaint, plaintiffs asserted various state-law causes of action, including constructive trust, statutory accounting under North Carolina law, and common-law accounting. After defendant removed case to federal court, plaintiffs moved to remand to state court on ground that federal court lacked subject matter jurisdiction. Court granted plaintiffs' motion to remand, finding there was no federal question jurisdiction. First, because plaintiffs based their state-law causes of action on alleged partnership agreement—agreement governed solely by North Carolina law—their claims did not require determination of any copyright issue, and thus did not "arise under" federal law. Defendant's contention that he owned copyrights in works at issue was irrelevant, because under well-pleaded complaint rule, federal question jurisdiction cannot arise in connection with defense. Second, plaintiffs' state-law causes of action were not preempted by Copyright Act such as to confer federal jurisdiction. Although musical works implicated by plaintiffs' claims were within scope of Act, plaintiffs' state-law causes of action required "extra element" to make those claims "qualitatively different" from exclusive rights protected under Act. Plaintiffs' causes of action made no claim of infringement or otherwise sought to vindicate rights equivalent to exclusive right available under Act. Instead, plaintiffs' causes of action were premised on defendant's alleged breach of purported partnership agreement, whose scope and terms would be decided by state law.

Shelton v. MRIGlobal, No. 11-2891, 2012 Dist. LEXIS 140515 (D. Colo. Sept. 28, 2012)

Plaintiffs entered into subcontract with defendants to provide design-build support services, which include providing defendants with plaintiffs' "3PQ RFP structure," described as proprietary format that assists owners in managing and controlling designing and construction of buildings. Plaintiffs alleged that defendants posted 3PQ RFP structure online without proper attribution in violation of Copyright Act. Defendants moved to dismiss for lack of subject matter jurisdiction, arguing that plaintiffs failed to allege plausible federal claims. Regarding copyright claim, plaintiffs argued that defendants' post was illegal derivative work of its 3PQ RFP structure. Court found copyright claim deficient on two grounds: (1) insofar as plaintiffs alleged infringement of format or structure, neither was protectable, as copyright does not protect process or set of ideas; and (2) plaintiffs failed to allege facts showing that material posted by defendants was substantially similar to plaintiffs' copyrighted material. Court therefore granted defendants' motion to dismiss for lack of subject matter jurisdiction.

Stevo Design, Inc. v. SBR Mktg. Ltd., 105 U.S.P.Q.2d 1925 (D. Nev. Jan. 24, 2013)

Plaintiffs, providers of electronically-distributed sports betting reports, brought suit for infringement against Costa Rican corporation that operated website publishing sports betting information. After court dismissed complaint for lack of subject matter jurisdiction, plaintiffs moved to alter or amend judgment under Rule 59(e). Court held that copyright claims had been properly dismissed, but for incorrect reasons. First, after noting split of authority regarding whether extraterritoriality functions as limit of court's subject matter jurisdiction or as element of copyright claim, court held that extraterritoriality should be considered element of copyright claim in absence of Congressional intent that such limitation was jurisdictional in nature. In its prior decision, court had dismissed claims on basis that plaintiffs alleged wholly extraterritorial infringement (i.e., no predicate activity in United States). However, court had erred in dismissing claims on that basis against individual defendant who had used corporate defendant's website, since he lived in Virginia. Nonetheless, court held that copyright claims against all defendants should be dismissed for failure to state claim because plaintiffs had alleged that both company and its websites owned copyrights in material at issue. Due to plaintiffs' inconsistent allegations concerning ownership element of their copyright claim, plaintiffs failed to plausibly allege material element necessary to state claim.

B. Personal Jurisdiction and Venue

Washington Shoe Co. v. A-Z Sporting Goods Inc., 704 F.3d 668 (9th Cir. 2012)

Ninth Circuit held lower court erred in dismissing copyright infringement action on personal jurisdiction grounds. Defendant had engaged in intentional acts that willfully infringed plaintiff's copyright, knowing such acts would adversely impact plaintiff in State of Washington. Plaintiff shoe manufacturer sued defendant, Arkansas retail store operator, in Western District of Washington for willful copyright infringement. District court dismissed action for lack of personal jurisdiction, and manufacturer appealed. On appeal, manufacturer alleged that store operator, which had single store in Arkansas, sold infringing copies of manufacturer's children's

boots. Ninth Circuit found that personal jurisdiction existed over operator under Wash. Rev. Code § 4.28.185 and Due Process Clause, based on allegations of willful infringement. Manufacturer alleged “intentional act” for jurisdictional purposes by claiming that operator intentionally purchased and sold allegedly infringing boots. Manufacturer presented evidence that operator willfully infringed copyright, knowing that it would adversely impact manufacturer in State of Washington, and knew or should have known about both existence of copyright and manufacturer’s connection to Washington. Operator’s alleged intentional acts were expressly aimed at manufacturer in Washington, and harm was felt in Washington. Accordingly, court found that Arkansas retailer was subject to personal jurisdiction in Washington, even though retailer’s only contact with state was claim that it had willfully violated copyright held by Washington corporation. Accordingly, district court’s judgment was reversed and matter was remanded.

Lizalde v. Advanced Planning Servs., 875 F. Supp. 2d 1150 (S.D. Cal. 2012)

District court denied motion to dismiss complaint for lack of subject matter jurisdiction. Defendants argued that confidentiality agreement between parties contained provision requiring any litigation to take place in state court. Plaintiff argued that it would be impossible to bring copyright infringement claim in state court since federal courts have exclusive subject matter jurisdiction. Court explained that one factor in overriding venue selection clause is availability of remedies in chosen forum. Moreover, although state court has strong interest in adjudicating claims based on state law, federal court has jurisdiction over pendant state law claims. Moreover, enforcing clause would require plaintiffs filing duplicate lawsuits in two different fora. Further, since state and federal courts were close to one another, federal court was as convenient as state court. Finally, defendants drafted confidentiality agreement that contained broader venue selection clause; as they were amenable to either federal or state court, as long as case were tried in San Diego, “their current complaint being haled into court in the Southern District of California carries little weight.”

Flava Works, Inc. v. Rowader, No. 12-7181, 2012 U.S. Dist. LEXIS 165260 (N.D. Ill. Nov. 16, 2012)

District court denied defendant’s motion to dismiss for lack of personal jurisdiction and improper venue. Plaintiff was online video service provider, incorporated in Florida, with offices in Miami and Chicago. Defendant, California resident, was paid member of plaintiff’s websites. Plaintiff claimed defendant infringed its copyrights by uploading plaintiff’s copyrighted videos onto file-sharing website without permission, and violated terms and conditions of membership. Plaintiff brought suit in Illinois, and defendant filed motion to dismiss under Rule 12(b)(2). Court found defendant’s position would likely be sustained under Illinois law if complaint relied solely on Copyright Act. Defendant stated in affidavit that he had “no continuous or systematic contacts with the State of Illinois,” and would thus not be amenable to personal jurisdiction in Illinois based on general jurisdiction. Nor was specific jurisdiction appropriate here, because defendant asserted that he did not conduct business that is targeted at Illinois. Nonetheless, defendant who consents to enforceable forum-selection clause may waive ability to challenge personal jurisdiction. Here, clause in user agreement incorporated mandatory language providing that claims “shall be brought in federal or state courts located in Chicago, Illinois or

Miami, Florida.” Court found agreement was in fact forum selection clause. As plaintiff was Illinois-based company, it had substantial relation to state, and local courts had interest in protecting copyright and contractual rights of Illinois businesses. Forum selection was enforceable. Although inconvenient venue, court would not interfere with contractual acceptance of forum selection clause, even without negotiation, as fact of modern life.

C. Pleadings

Palmer Kane LLC v. Scholastic Corp., 105 U.S.P.Q.2d 1973 (S.D.N.Y. 2013)

District court granted defendant’s motion to dismiss complaint. Plaintiff, stock photography agency, alleged that defendant, publisher of textbooks and other educational material, had used its copyrighted photographs, in some instances without licenses, and in other instances beyond scope of existing license agreements. Defendant’s motion to dismiss was granted on basis that complaint did not sufficiently plead copyrighted works at issue, infringing acts, and time period of allegedly infringing acts. Plaintiff provided spreadsheet listing its works and registration numbers for some of works, but alleged that copyright claims were not limited to these works. Court found that since list of works was not exhaustive, complaint failed to identify works at issue. Moreover, court found that complaint contained only broad conclusory statements of infringement, without sufficient factual allegations to support broad assertions and no specificity as to time period in which defendant allegedly infringed plaintiff’s works.

Schneider v. Pearson Educ., Inc., No. 12-6392, 2013 U.S. Dist. LEXIS 49727 (S.D.N.Y. Apr. 5, 2013)

Court denied defendant’s motion to dismiss. Plaintiff, photographer, brought action for copyright infringement against defendant, textbook publishing company, for using images without permission or beyond scope of license. Defendant contended that plaintiff failed to adequately plead which works were subject of copyright claim, and by what acts plaintiff’s copyrights were infringed. Along with alleging infringement of 10 specific works, complaint stated that full scope of infringing activities had not yet been ascertained, and that further investigation and discovery would yield evidence that defendant’s infringement of plaintiff’s images was not limited to works identified in complaint. Defendant argued these “excessively broad” paragraphs rendered complaint subject to dismissal. Court agreed with defendant that allegations were speculation, and found plaintiff failed to state claim for copyright infringement concerning works other than 10 specifically identified. Court, however, found that it would be inappropriate to “throw out those well-pleaded allegations, merely because Plaintiff’s Complaint may also contain a bit of bathwater.” While defendant argued that complaint did not explain how plaintiff infringed any particular photograph, court found that plaintiff’s allegations were specific enough to meet requirements of Rule 12(b)(6) and Rule 8.

Ranieri v. Adirondack Dev. Group, LLC, No. 11-4985, 2013 U.S. Dist. LEXIS 43223 (N.D.N.Y. Mar. 27, 2013)

District court granted certain defendants’ motion to dismiss, finding plaintiff failed to make any factual allegation in complaint linking such defendants to copyright infringement. Plaintiff

architect entered into contracts with several construction companies (“Adirondack”). Dispute arose between plaintiff and Adirondack, and Adirondack informed plaintiff that they were no longer using plaintiff’s plans. Plaintiff discovered Adirondack used plans for other projects, and sued Adirondack, along with “Prime” development companies, for direct and contributory infringement. Prime companies were expressly referenced only in section of complaint describing parties, describing Prime companies as New York corporations engaged in real estate development and construction, and alleging Prime companies each “participated in and/or had the right and ability to direct and control the wrongful conduct alleged in this Complaint and derived direct financial benefit from that conduct.” Prime companies moved to dismiss for failure to state claim. Court found statement regarding Prime companies to be legal conclusion, not factual allegation in support of plaintiff’s claim. Court also found that while plaintiff alleged ownership and registration of copyright, he failed to allege how Prime companies infringed copyright. Plaintiff argued that complaint included allegations regarding infringement against “defendants” collectively, which included Prime companies. Court, however, found plaintiff’s use of term “defendants” confusing, vague and inconsistent. For example, complaint alleged “defendants” failed to pay for use of work as required under agreement between parties, yet never alleged Prime companies were obliged to pay for designs. Court acknowledged that Rule 8 does not prohibit collective allegations against multiple defendants; however, Rule does require that each defendant be put on notice of what it is alleged to have done. Vague and inconsistent allegations in plaintiff’s complaint failed to put Prime companies on notice, and court therefore granted Prime companies’ motion to dismiss.

Teri Woods Publishing, L.L.C. v. Williams, No. 12-4854, 2013 U.S. Dist. LEXIS 52745 (E.D. Pa. Apr. 12, 2013)

Plaintiffs, author and independent publisher of several literary works, sued defendants, book manufacturer and publishing company, alleging defendants’ illegally manufactured bootleg copies of plaintiffs’ copyrighted works or derivative works. Plaintiffs’ complaint contained 14 separate counts, including copyright infringement. Defendants moved to dismiss complaint under Rule 12(b)(6). Defendants argued plaintiffs failed to “definitively demonstrate” ownership of copyright in materials at issue, noting that several names appear in documents plaintiffs provided purportedly establishing plaintiffs’ ownership of works. Court, having examined plaintiffs’ documents, noted plaintiffs were listed as “copyright claimants” on each document. Accordingly, court found that “at this early stage in the litigation and with due regard for the deference granted to plaintiffs regarding motions to dismiss ... Plaintiffs have satisfied the requirements of demonstrating ownership.” Court also noted defendants would have opportunity to examine plaintiffs’ ownership claims during discovery. Therefore, although court dismissed several counts of plaintiffs’ complaint for failure to state claim, court denied defendants’ motion to dismiss plaintiffs’ copyright infringement claims.

Lite Source, Inc. v. Int’l Lighting Corp., No. 12-689, 2013 U.S. Dist. LEXIS 31433 (W.D. Ky. Mar. 7, 2013)

District court denied defendant’s motion to dismiss, finding plaintiff adequately pled claim of copyright infringement. Plaintiff, wholesaler of medical and other specialty light bulbs, brought action for copyright infringement against defendant, competitor of plaintiff, who allegedly

copied and pirated numerous pictures, images and part numbers from plaintiff. Defendant filed motion to dismiss on basis that plaintiff did not identify each specific image to support its copyright claim, and that numerous images asserted by plaintiff in amended complaint were dated after publication date listed on plaintiff's copyright registration for its catalog, such that plaintiff failed to adequately plead that images in complaint were registered. In order to establish infringement, two elements must be proven: (1) ownership of valid copyright; and (2) copying of original elements of work. Court found that plaintiff adequately pled ownership of valid copyright in its catalog. Construing complaint in light most favorable to plaintiff, court found that inclusion in amended complaint of 37 images allegedly copied by defendant suggested that plaintiff plausibly claimed that defendant copied plaintiff's copyrighted work. Court found that defendant's arguments regarding registration of images after copyright date, failure to adequately plead that all images were included in copyright registration, and that part numbers are not appropriate matter for copyright registration, were not appropriate on motion to dismiss. Rather, they were questions of fact that remained to be determined by court or jury. Accepting all facts as true, and construing complaint in light most favorable to plaintiff, court held that complaint stated claim upon which relief may be granted.

Bradshaw v. Am. Inst. for History Educ., No. 12-441, 2013 U.S. Dist. LEXIS 24355 (M.D.N.C. Feb. 22, 2013)

Plaintiff brought suit for infringement of "Cool History" educational website and related work entitled "Cicero," on ground that defendant had misappropriated protected content for use in web-based teaching product known as "Cicero: History Beyond the Textbook." Defendant moved to dismiss on ground that plaintiff failed to state claim for relief. Court denied defendant's motion, finding that plaintiff had alleged plausible claim of infringement because plaintiff adequately stated necessary elements of ownership and copying. Plaintiff's certificates of registration constituted *prima facie* evidence of validity of copyright and of facts stated in certificates, sufficient to satisfy ownership element. Plaintiff pled sufficient facts to satisfy copying element even under specific pleading standard articulated in *Gee v. CBS, Inc.*, 471 F. Supp. 600 (E.D. Pa. 1979). Although defendants claimed that plaintiff failed to adequately identify how defendants had purportedly infringed, plaintiff referenced correlation chart in complaint that described similarities between items used in defendants' website and plaintiff's copyrighted works. Although complaint did not mention details set forth in correlation chart, plaintiff had previously provided copy of chart to defendants and, as such, defendants were on notice of nature of their allegedly infringing acts. Accordingly, plaintiff had alleged facts sufficient to withstand motion to dismiss.

D. Standing

Buday v. New York Yankees P'ship, 486 Fed. Appx. 894 (2d Cir. 2012)

Second Circuit affirmed district court decision dismissing complaint. Plaintiff alleged that Yankees failed to pay her uncle for logo he designed for team in 1930s, and revised in 1947. District court found plaintiff lacked standing to assert copyright claim. On appeal, plaintiff argued that district court failed to recognize that 1976 Copyright Act "grandfathered in" common law copyright claims such as plaintiff's, alleging infringement of unpublished work created

before 1978. Thus, to bring her copyright claim within scope of 1976 Act, plaintiff would have to allege facts supporting conclusion that logo was unpublished. Court found that allegations in complaint established that plaintiff had no such claim; alleged facts established that Yankees published logo by using it on team jerseys after plaintiff's uncle conveyed logo to Yankees, and authorized Yankees to publish it, all prior to effective date of 1976 Act. Court therefore lacked subject matter jurisdiction. Moreover, facts alleged by plaintiff clearly established that she did not have copyright interest in logo because logo was work for hire under 1909 Act. Yankees commissioned uncle to create logo; uncle created logo; Yankees accepted logo and commissioned uncle to revise logo, and uncle complied. Under 1909 Act, there is strong presumption against finding copyright interest in party who created work on behalf of another, which can be overcome by evidence of oral or written agreement to contrary. Second Circuit found that plaintiff did not plead facts sufficient to overcome presumption; she did not allege existence of agreement that would have preserved uncle's copyright interest in logo, and that would have allowed uncle to assign interest to plaintiff. Therefore, plaintiff lacked standing.

Overseas Direct Imp. Co. v. Family Dollar Stores, Inc., No. 10-4919, 2013 U.S. Dist. LEXIS 35684 (S.D.N.Y. Mar. 13, 2013)

In action brought by plaintiff vendor against vendor and retail store operator, plaintiff alleged infringement of certain tree designs ("Tree Designs") used on packaging for men's thermal underwear. Defendants moved for partial summary judgment dismissing copyright claims, arguing plaintiff lacked standing because plaintiff was not author of Tree Designs, and had not been validly assigned copyright in designs. Court held plaintiff had standing. Record demonstrated that creator of Tree Designs intended to transfer copyright ownership to plaintiff at time of creation, and later writing memorialized that agreement. As to copyright validity, court found questions of fact remained that could not be resolved on motion for summary judgment. Defendants had argued that copyright in Tree Designs was invalid because copyright registration form did not contain author's name, and erroneously listed Tree Designs as works made for hire. However, court cited case law establishing that this type of error does not invalidate registration, provided that error was not committed knowingly; since there was no evidence that plaintiff knowingly committed errors on copyright registration form, innocent-error rule, which permits corrections of technical defects or accidental omissions of information, was applicable. Accordingly, defendants' summary judgment motion was denied.

Minden Pictures, Inc. v. Pearson Educ., Inc., No. 11-5385, 2013 U.S. Dist. LEXIS 31047 (N.D. Cal. Mar. 5, 2013)

Plaintiff, stock photography agency, brought suit for infringement on behalf of individual photographers who had entered into license agreements with defendant publisher for use of copyrighted photographs in educational textbooks. Complaint alleged that publisher exceeded license limitations by printing thousands of unauthorized copies of licensed photographs. Defendant moved to dismiss on ground that plaintiff lacked standing to sue for infringement of photographs at issue. In opposing, plaintiff claimed that it was "co-owner" of copyrights by virtue of copyright assignment agreements executed with individual photographers prior to filing suit. Court granted motion to dismiss, finding that purported assignments only conveyed to plaintiff "bare right to sue," insufficient to confer standing. Under § 501(b) of Act, only legal or

beneficial owner of enumerated exclusive right may sue for infringement. As such, bare assignment of accrued cause of action fails to create standing. In analyzing purported assignments, court held that parties' use of label "co-owner" was attempt to disguise assignment of bare right to sue, and did not affect conclusion that agreements, when viewed as whole, made no transfer of legal title in underlying copyrights to plaintiff. Furthermore, parties' intent that plaintiff would only have right to bring suit was evidenced by absence of term specifying duration of license, and presence of term automatically terminating assignment upon conclusion of any litigation. Because plaintiff had not been assigned any rights in underlying copyrights, plaintiff lacked standing to sue on behalf of individual photographers.

Oceans of Images Photography, Inc. v. Foster & Smith, Inc., No. 11-1160, 2012 U.S. Dist. LEXIS 166375 (M.D. Fla. Nov. 21, 2012)

District court denied defendant's motion for partial summary judgment that plaintiff lacked standing. Following filing of complaint, original copyright owner executed written assignment purporting to memorialize pre-suit oral agreement between original copyright owner of photographs and plaintiff. Defendant argued that "[t]he Copyright Assignment is a belated effort to bolster [plaintiff's] standing." District court, relying on Eleventh Circuit's decision in *Imperial Residential Design*, held that "where there is no dispute between the copyright owner and the transferee about the status of the copyright, it would be unusual and unwarranted to permit a third-party infringer to invoke section 204(a) to avoid suit for copyright infringement," and denied motion.

Popovich v. Pelican Landing, Inc., No. 11-227, 2012 U.S. Dist. LEXIS 128260 (W.D. Pa. Sept. 10, 2012)

Plaintiff designer sued defendant restaurant owners for infringement of two-dimensional artwork. Defendants had commissioned plaintiff to create and install custom works, including three-dimensional sculpture of pelican, for restaurant. Parties agreed that plaintiff would retain all rights in original designs and artwork, and also that defendants would not be charged for any two-dimensional artwork created as part of design process. During design process, defendants asked plaintiff to alter design for pelican sculpture, indicating that they planned to base logo on design. Plaintiff informed defendants that original agreement did not include two-dimensional artwork for use as logo, but that parties could contract for such services and artwork under separate contract, for additional compensation. No such agreement was concluded. Plaintiff delivered work to defendants, including two-dimensional drawing of pelican sculpture, but before conclusion of work, plaintiff was fired as result of contract dispute. Defendant subsequently obtained copyright registration for pelican drawing. Soon thereafter plaintiff was contacted by defendants' attorney, accusing plaintiff of stealing original drawing and threatening legal action. Defendants, however, took no action. Several years later plaintiff learned that defendants were using pelican drawing to promote and advertise restaurant. Plaintiff sued, and defendants moved to dismiss, alleging plaintiff lacked individual standing to bring suit because basis of action was contract dispute between two companies. Court disagreed, finding that defendants mischaracterized claims, and that plaintiff properly pled infringement of artwork that was beyond scope of contractual agreement, and for which he held registration. Court held that, at this relatively early stage of litigation, and for purposes of this motion only, plaintiff

sufficiently alleged standing to bring copyright infringement claim. Accordingly, defendants' motion to dismiss was denied.

E. Miscellaneous

Scroggins v. Scroggins, No. 09-5735, 2012 U.S. Dist. LEXIS 110315 (E.D.N.Y. Aug. 3, 2012)

Three sisters co-wrote and performed songs together in 1980s. Deborah Scroggins sued sisters Renee and Valerie Scroggins as well as record company, alleging her co-authorship entitled her to royalties. Renee, Valerie and record company each moved to dismiss. Renee moved to dismiss based on lack of personal jurisdiction and failure to join indispensable parties. Court denied motion on both bases. Court had personal jurisdiction over Renee for accounting of royalties under "transacting business" section of New York long-arm statute, as Renee assigned her rights in songs at issue to BMI, which has its headquarters in New York. Court denied Renee's claim that Scroggins' parents and band manager were indispensable parties, finding it "could accord complete relief among the existing parties." Valerie moved to dismiss claim on ground that she "was never responsible for any of the band's contractual or financial negotiations." Court denied motion, finding that factual assertion had no bearing on case. Court also reasoned that because Valerie was co-author of songs, she may be liable to Deborah for back royalties. Court granted record company's motion to dismiss as Renee, not Deborah, licensed songs to record company. Licensee is not liable to non-licensing co-owner for use authorized by license. As Deborah did not allege sole authorship of songs, or dispute that Renee's license to record company was valid, Deborah could not state plausible claim against record company; Deborah could only seek her share of royalties from Renee. Court therefore dismissed claim against record company, and mandated mediation for dispute between sisters, finding case "unfortunate dispute among siblings" best resolved under "experienced and sensitive eye" of mediator.

II. COPYRIGHTABILITY

A. Originality

Soc'y of the Holy Transfiguration Monastery, Inc. v. Gregory, 689 F.3d 29 (1st Cir. 2012)

First Circuit affirmed district court's grant of summary judgment on each of former monastery's claims. Plaintiff monastery translated religious texts from original Greek to English. Defendant, previously affiliated with plaintiff, moved to Denver, where he formed his own monastery, and displayed portions of translated text on his website. Defendant argued that translated religious texts were owned by third party, Russian Orthodox Church Outside of Russia ("ROCOR"), since plaintiff was once part of ROCOR, and its secession in 1986 effectively transferred copyrights to ROCOR. Defendant contended that pursuant to Monastic Statutes (to which all member monasteries must agree when joining ROCOR), plaintiff expressly accepted that if it ever ceased being ROCOR monastery, its property would be transferred to ROCOR. Monastic Statutes

assert that “in case of [a monastery’s] closing or liquidation, its possessions will be handed over to the diocese.” Court found that because monastery never closed, liquidated or ceased its existence, it did not hand over its positions to ROCOR. Moreover, court interpreted statute such that on joining ROCOR, monasteries would remain owners of their property unless they became incorporated as entity of ROCOR. Since plaintiff never incorporated as entity of ROCOR, its property remained in its possession. Defendant asserted that translated texts were not original, and therefore not copyrightable, “because the Monastery’s translations are nothing more than a nearly identical, cobbling together of already translated religious texts.” However, law did not support defendant’s argument that derivative work or compilation cannot be copyrightable; courts consistently have held that such works may be copyrighted provided that there is originality in arrangement or selection. Court found that plaintiff had cleared “extremely low” creativity bar, and affirmed district court’s determination that works were original and copyrightable.

ALP Int’l, Ltd. v. Ad-Line Indus., Inc., No. 12-3050, 2012 U.S. Dist. LEXIS 178347 (N.D. Cal. Dec. 14, 2012)

Plaintiff, producer of soft foam and molded plastic toys known as “stress relievers,” brought suit for infringement against competitor, alleging competitor produced virtually identical versions of plaintiff’s copyrighted chicken, dog, penguin, cat, cow, dolphin, killer whale, ladybug, policeman and seal stress relievers. Defendant moved for judgment on pleadings on ground that plaintiff’s toy designs were not copyrightable as matter of law. Court denied motion, holding that plaintiff’s designs met low level of creativity necessary for copyright protection. Court rejected defendant’s claim that animal toy designs at issue comprised only generic ideas, since there were not so few variations among features of toy designs that generic “idea” of toy animal merged with expression. Court therefore concluded that “[plaintiff’s] humble heifer meets the low bar for copyrightability.” Using plaintiff’s cow toy design as example, court held that design’s protectible elements included “cartoonish thickness of its stubby legs,” specific pattern of black spots, and “particularized expression” of its head, eyes, ears, body, snout and hooves.

Granger v. ACME Abstract Co., 900 F. Supp. 2d 419 (D.N.J. 2012)

District court granted defendants’ motion for summary judgment on claim that defendants violated plaintiff’s copyright in title insurance calculators when they posted calculators on their website. Defendants argued that plaintiff’s copyrights were not valid because title insurance calculators are not copyrightable matter; title insurance rates are mandated by state title insurance rating bureaus, and those entities provide tables and calculations to determine proper rates. Defendants contended that plaintiff’s calculators simply used tables and rates provided by bureaus, and, because there was only one way to calculate title insurance rates, plaintiff has not created any original copyrightable expression. Plaintiff argued that (1) design of how calculation is effected in source code is copyrightable; (2) he created JavaScript or database program that calculated promulgated rates; (3) rate tables published in rate manuals did not contain equations for alleged “only way” to calculate title insurance rates; and (4) he could establish that he independently created equations for calculating title insurance rates. In order to determine whether defendants copied protectable aspects of calculators, jury must compare JavaScript source code that plaintiff claimed he originally created in his calculators with source code of

calculators found on defendants' website. Court found that it could not undertake required analysis of plaintiff's title insurance calculators because plaintiff had not provided any description of original source code and how it was copyrightable under idea-expression dichotomy. Thus, defendants demonstrated that plaintiff had not provided any evidence for "lay observer" jury to consider in determining whether title insurance calculators contained original, protectable matter. Accordingly, defendants were entitled to summary judgment on plaintiffs' copyright infringement claims.

Honeywell Int'l, Inc. v. West Support Group, No. 12-645, 2013 U.S. Dist. LEXIS 48865 (D. Ariz. Apr. 4, 2013)

Plaintiff, manufacturer and seller of products used in aerospace industry, sued defendant, aggregator and distributor of aircraft maintenance service manuals, alleging defendant infringed plaintiffs' copyright by copying and distributing copies of plaintiff's aircraft maintenance service manuals without authorization and in breach of prior settlement agreement. Defendant moved for summary judgment, claiming plaintiff did not hold valid copyrights because plaintiff's manuals lacked sufficient originality. Court held that, as matter of law, aircraft maintenance manual can possess sufficient originality to allow at least "thin" copyright protection, notwithstanding certain FAA regulations dictating content and format. According to court, FAA regulations do not "foreclose the possibility that the author of an aircraft maintenance manual can exercise at least some creative control over the choosing, ordering, and/or arrangement of facts and procedures included in an aircraft maintenance manual." Turning to plaintiff's particular manual at issue, court found defendant failed to meet burden of rebutting validity of plaintiff's registered copyright. Having evaluated originality of specific elements of plaintiff's manual, court found "presence of photographs, diagrams, and expressions of facts and procedures within [plaintiff's manual] give rise to a genuine issue of fact regarding the originality of [plaintiff's] manual." In addition, court found issue of whether defendant copied plaintiff's manual in its entirety was issue of fact in genuine dispute. Accordingly, court denied defendant's motion for summary judgment.

Am. Registry of Radiologic Technologists v. Bennett, No. 12-109, 2013 U.S. Dist. LEXIS 52149 (W.D. Tex. Apr. 11, 2013)

Court denied cross-motions for summary judgment. Plaintiff, developer and administrator of licensing exams, sued defendant, provider of study materials and exam prep courses, alleging infringement of exam questions. Defendant argued that plaintiff had not established valid copyright in questions at issue. On issue of copyrightability, court found (1) questions themselves were copyrightable since questions were "the original product of some author's labor"; and (2) particular questions at issue, although similar to versions by other authors, had requisite level of creativity to warrant protection. In Fifth Circuit, while finding of infringement is generally inappropriate at summary judgment stage, non-infringement may be determined as matter of law where no reasonable juror could find substantial similarity of ideas and expression. In comparing plaintiff's copyrighted materials with allegedly infringing works, court held that reasonable juror could find substantial similarity. Accordingly, court found that neither party had carried burden, and denied both motions for summary judgment as to infringement claims.

Denenberg v. LED Tech., LLC, No. 11-03155, 2012 U.S. Dist. LEXIS 140513 (D. Colo. Sept. 28, 2012)

Court granted summary judgment for plaintiff on issue of liability. Plaintiff plastic surgeon took patient “before and after” photos for use on website, and registered website content with Copyright Office. Defendant sold lamp advertised to provide anti-aging benefits. Defendant hired marketing company to create infomercial, and marketing company acquired plaintiff’s photographs and used them in infomercial. Plaintiff sued, and moved for summary judgment of infringement. Defendant admitted to using photographs without plaintiff’s permission, but disputed copyright validity and plaintiff’s copyright ownership. Defendant argued photos were not copyrightable because plaintiff merely performed mechanical function of operating camera, and did not contribute any creativity to photographs. Court found pictures were independent creations with at least modicum of creativity, meeting *Feist*’s low standard for copyrightability. In alternative, defendant argued that plaintiff could not claim copyright ownership because nurse may have taken photographs. Court found there was nothing to suggest that photographs, if taken by nurse, would be anything other than works made for hire; if photograph was taken by nurse and was work made for hire, copyright would still belong to plaintiff. Accordingly, whether plaintiff or nurse took photographs was immaterial.

B. Pictorial, Graphic and Sculptural Works

Jovani Fashion, Ltd. v. Fiesta Fashions, 104 U.S.P.Q.2d 1390 (2d Cir. 2012)

Second Circuit affirmed district court’s dismissal of lawsuit on ground that prom dress design was design of “useful article” not protected by Copyright Act, with no separable expressive elements. Court rejected plaintiff’s argument that dress design contained “design elements,” such as arrangement of decorative sequins and crystals on dress bodice, that were separable and protectible. Court held there was no physical separability, because those design elements could not be separately sold, and removal of those elements would adversely affect garment’s ability to function as prom dress. There was no conceptual separability because clothing, in addition to covering body, serves “decorative function,” such that any decorative elements are “intrinsic” to overall function of clothing, rather than separable from it. In case at bar, plaintiff’s “design elements” were used to enhance functionality of prom dress as “clothing for a special occasion,” and, as such, aesthetic elements fully merged with dress’s function of covering body in particularly attractive way.

Scholz Design, Inc. v. Sard Custom Homes, LLC, 691 F.3d 182 (2d Cir. 2013)

Second Circuit reversed grant of motion to dismiss claim of infringement of architectural drawings. Plaintiff created and registered copyrights in three architectural drawings (blueprints) of buildings. Plaintiff alleged that defendants posted copies of drawings on websites. Defendants argued that drawings were not protectible as architectural works because copyright registrations for drawings were granted prior to 1990 passage of Architectural Works Copyright Protection Act (“AWCPA”), and contained insufficient detail from which buildings could be constructed. Court rejected defendants’ “something more” argument, holding that for architectural drawings to be protectable as pictorial works, they need not be sufficiently detailed

to guide construction of depicted buildings. Court found that plaintiff's claim was "straightforward case of infringement" derived from general copyright law protection of pictorial works, which does not depend on any degree of detail but requires only independent creation and "some minimal degree of creativity." District court likely misunderstood distinction between scope of protection afforded pictorial works and that afforded architectural works, both before and after AWCPA, court found. Architectural drawings were protectible as pictorial, graphic, and sculptural works under both before and after passage of AWCPA. AWCPA did not affect scope of protection afforded drawings as pictorial works. Before AWCPA, use of architectural drawings to construct building did not constitute infringement. After AWCPA, however, such use could be infringing if certain factors were met. Because plaintiff's claim was based on § 102(a)(5), and drawings were protectable under that statute, AWCPA was inapplicable. Second Circuit therefore reversed grant of motion to dismiss.

Heptagon Creations Ltd. v. Core Group Mktg. LLC, No. 12-317, 2013 U.S. App. LEXIS 823 (2d Cir. Jan. 11, 2013)

Plaintiff brought suit for infringement of designs for high-end furniture. Second Circuit affirmed district court's dismissal of suit on ground that furniture designs were "useful articles" not protected by Copyright Act. Court rejected plaintiff's argument that furniture designs contained protectible "design elements." Court found relevant, although not dispositive, that Copyright Office had previously rejected plaintiff's attempt to register furniture line on ground that furniture was utilitarian. Moreover, plaintiff had failed to plausibly allege any facts showing that "design elements" were conceptually separable from furniture's utilitarian function. For example, particular choice of wood was dictated, at least in part, by functional concern that persons sitting in chair have surface on which to rest arms, while lamp's proffered design elements, such as texture of lamp shades, were related to its utilitarian functions as "devices used to combat darkness." Last, wood grain patterns in tables were not physically separable, nor were they conceptually separable from functional considerations, such as need to arrange wood pieces to form flat surface and support weight.

Proline Concrete Tools, Inc. v. Dennis, No. 07-2310, 2012 U.S. Dist. LEXIS 97662 (S.D. Cal. July 13, 2012)

District court granted motion to compel registration of copyright claims. Plaintiff sought to register copyright in rock and stone sculptures are used to make decorative stamps. Register rejected works as uncopyrightable. Plaintiff challenged Register's decision by filing infringement action and requesting judicial review of Register's decision as part of action. Court followed standard of review enunciated in *Batjac Productions v. GoodTimes Home Video Corp.*, 160 F.3d 1230 (9th Cir. 1998), to ask whether Register's rejection was reasonable. Register denied copyrightability on two bases. First, Register found works to be slavish copies of uncopyrightable objects that did not contain sufficient amount of original authorship. Register based its reasoning on fact that works were merely replicas of natural stones. Plaintiff argued that process by which sculptures were created did not involve molding of actual stones; rather, sculptures were artists' interpretations of stones and rocks that artist observed. Court agreed with plaintiff, finding works not to be slavish copies, but rather original sculptural works. Register's decision was therefore unreasonable, as it seemed to have misunderstood process of

creation. Register also denied registration of sculptures on basis that they were useful articles. Court disagreed, finding sculptures had no intrinsic utilitarian function other than to “portray the appearance” of sculptures. “The fact that they are made to serve some utilitarian purpose doesn’t change that. A painting isn’t any less copyrightable, for example, just because it is used to cover a hole in the wall.” Court again found Register’s conclusion likely resulted from confusion as to what plaintiff sought to copyright. As plaintiff sought to copyright underlying sculptures, and not actual stamps, court determined works to be copyrightable.

Inhale, Inc. v. Starbuzz Tobacco, Inc., 103 U.S.P.Q.2d 1066 (C.D. Cal. June 18, 2012)

Plaintiff brought suit for infringement of design of water container intended to function as hookah smoking product. Plaintiff’s disclaimer of copyright protection in skull and crossbones graphic placed on water container meant that only allegedly copyrightable material remaining was shape of water container itself. Upon defendants’ motion, court dismissed lawsuit on ground that water container was “useful article” intended to hold water and serve as base to attached hookah and, thus, was not protected by Copyright Act. Further, shape of water container was not physically or conceptually separable from any alleged protectible elements. Court held that any artistic aspects of water container shape, to extent they existed, were not separable from its utilitarian elements. Accordingly, defendants were entitled to judgment that they did not infringe plaintiff’s copyright.

Design Ideas, Ltd. v. Yankee Candle Co., 889 F. Supp. 2d 1119 (C.D. Ill. 2012)

District court granted defendant’s motion for summary judgment. Plaintiff created sculpture sets, consisting of individual glass sailboat sculptures that held small tea light candles. Defendant created and sold similar sailboat sculptures. Plaintiff sent demand letter and filed complaint, alleging copyright infringement. Plaintiff had copyright registration for catalog that included sailboat sculptures, but Copyright Office explicitly determined on several occasions that copyright protection did not extend to plaintiff’s tea light holders because they were useful articles that did not contain separable copyrightable features. Defendant moved for summary judgment, claiming work at issue was not entitled to protection. Before copyright suit can be brought, registration must be granted or refused. If refused, interpretation followed by Copyright Office, as agency responsible for administering copyright law, is entitled to respect as persuasive authority. Work was refused copyright protection by Copyright Office on numerous occasions. Plaintiff argued that Office determination was not entitled to deference because analysis by Office was unreasonable and conclusory. Court, noting that relevant authority specifically recognized that deference to agency opinion varied with “degree of the agency’s care, its consistency, formality, and relative expertness and ... the persuasiveness of the agency’s position,” found that Office made detailed and well-reasoned decisions; letter refusing registration on one occasion was written by Chief of Visual Arts & Recordation Division. Most importantly, opinion did not conflict with plain meaning of statute or applicable case law. Court found sculptures to be useful articles, and even if separable from their useful function, not sufficiently creative to warrant copyright registration. As works were not copyrightable, court granted defendant’s motion for summary judgment.

C. Compilations and Derivative Works

U.S. Auto Parts Network, Inc. v. Parts Geek, LLC, 692 F.3d 1009 (9th Cir. 2012)

Ninth Circuit reversed in part district court's grant of defendants' summary judgment motion, holding that jury could find that updates made to software were copyrightable derivative works owned by plaintiff. Defendant computer programmer licensed "Manager" e-commerce software to defendant online auto parts retailer. Programmer later was employed by retailer, and made updates to Manager during employment. Plaintiff competitor later acquired retailer and its intellectual property, including Manager. Plaintiff later hired programmer and retailer's founders, all of whom eventually ended employment with Plaintiff. Founders started new competing business, and contracted with programmer to develop new e-commerce software for new business. Plaintiff sued new business, founders and programmer, alleging new e-commerce software infringed rights that plaintiff acquired in Manager through acquisition. Defendants moved for summary judgment, alleging in part that updates were not copyrightable because they infringed programmer's exclusive right to create and authorize creation of derivative works of Manager. Ninth Circuit disagreed, concluding that jury could infer from facts that updates were authorized derivative works because (1) programmer provided both employers with implied, non-exclusive license to prepare derivative works of Manager because programmer willingly updated Manager during his employment in response to employers' requests; (2) at least one update was original and non-trivial because update, described as "material breakthrough," served integral purpose to retailer's business and thus likely required programmer to develop entirely new source code; and (3) update was "independent of, and [did] not affect or enlarge the scope" of programmer's preexisting copyright in Manager because retailer used Manager for several years prior to update, indicating that update added independent functionality, and thus programmer was free to license preexisting Manager without concern that preexisting software infringed plaintiff's updates.

Keeling v. New Rock Theater Prods., LLC, No. 10-9345, 2013 U.S. Dist. LEXIS 33347 (S.D.N.Y. Mar. 11, 2013)

Jury found that defendants infringed plaintiff's copyright in theatrical production *Point Break LIVE!*, parody of film *Point Break*, and court permanently enjoined defendants from staging additional infringing performances of work. Defendant moved to stay enforcement of injunction pending appeal with Second Circuit. Whether to stay enforcement of injunction pending appeal is in court's discretion. However, movant has burden of demonstrating that circumstances justify court's exercising discretion to grant stay. In considering whether movant has met burden, court considers (1) whether movant has made strong showing that it is likely to succeed on merits; (2) whether applicant will be irreparably injured absent stay; (3) whether stay will substantially injure other parties interested in proceeding; and (4) where public interest lies. Court recognized that permanent injunction could cause significant hardship for defendant, and that defendant would be more greatly injured by erroneous decision granting stay than plaintiff would be by erroneous decision granting stay. Nonetheless, importance of these considerations is conditioned upon defendant's likelihood of success on appeal. Court found that defendant's likelihood of success on appeal remote. Although defendant agreed that parody could be entitled to copyright protection, defendant argued that plaintiff's script consisted only of dialogue original to film

Point Break, with non-copyrightable elements such as stage directions and theatrical devices, such that there is no residue of copyrighted material in *Point Break LIVE!* Court found that even though production did not include any protectable content, copyright law protects, in addition to copyrightable elements, creative decision by author in arranging unprotectible elements. Therefore, plaintiff's script was entitled to copyright protection even if it contained only creative arrangement of unprotectible elements. Therefore, defendant's chances on appeal were low, and court denied defendant's motion to stay enforcement of permanent injunction.

Bikram's Yoga Coll. of India, L.P. v. Evolation Yoga, LLC, No. 11-5506, 2012 U.S. Dist. LEXIS 177671 (C.D. Cal. Dec. 14, 2012)

Plaintiff, developer of yoga system comprised of particular sequence of yoga poses performed in room heated to 105 degrees Fahrenheit, popularly known as "Bikram Yoga," brought suit for infringement against operators of yoga studios based on defendants' teaching of yoga classes utilizing plaintiff's allegedly protectible sequence of yoga poses. Plaintiff had obtained registrations for books describing yoga sequence, and had attempted to register audio-visual work depicting yoga sequence. Court granted defendants' motion for summary judgment on ground that plaintiff's sequence of yoga poses was not copyrightable as matter of law. Plaintiff's compilation of yoga poses did not fall into any category of authorship under § 102(a). Rather, as specifically held in official policy statement issued by Copyright Office, sequences of yoga poses—compilations of exercises—are functional systems or processes that are not copyrightable subject matter. Nor could plaintiff's yoga sequence be considered pantomime or choreographic work, in view of simplicity of sequence and because it was not "dramatic performance." Finally, plaintiff's registrations only issued for plaintiff's literary and audio-visual works depicting yoga sequence, not for sequence itself, which was instead deemed collection of nonprotectible facts and ideas.

Greene v. Ablon, No. 09-10937, 2012 U.S. Dist. LEXIS 131958 (D. Mass Sept. 17, 2012)

Plaintiff created Collaborative Problem Solving Approach ("CPS Approach") for resolving problems between children with social, emotional and behavioral challenges and their caregivers. In 1997-1998, plaintiff wrote book titled *The Explosive Child*. In 1999 plaintiff met defendant, and in 2002 plaintiff and defendant prepared prospectus of book geared towards clinicians trying to implement CPS Approach with patients. Plaintiff and defendant signed contract for book, later entitled *Treating Explosive Kids*. Contract listed both as authors, and stated that publisher would register copyright in both plaintiff's and defendant's names. Book was published, and copyright registrations were filed in name of publisher, not plaintiff and defendant. Plaintiff and defendant were both listed as co-authors in registration, however, and were identified as such in various locations in book itself. In 2008, relationship between plaintiff and defendant deteriorated, and plaintiff sued defendant for copyright infringement. Defendant filed motion for partial summary judgment. At issue was whether *Treating Explosive Kids* was derivative work of *The Explosive Child*. Court found record "sufficiently open-ended to permit a rational factfinder to conclude either that *Treating Explosive Kids* is a derivative work based on *The Explosive Child* or that *Treating Explosive Kids* is not a derivative work. Court noted that following evidence weighed in favor of not finding *Treating Explosive Kids* to be derivative

work: (1) copyright application was blank in sections that reference derivative works; (2) prospectus for *Treating Explosive Kids* made clear proposed work would borrow ideas, rather than expression, from *The Explosive Child*; and (3) contract signed by plaintiff and defendant with publishing company regarding *Treating Explosive Kids* did not reference *The Explosive Child*. However, court also noted plaintiff's argument that cursory glance at two books showed *Treating Explosive Kids* was derivative work. While court was not prepared to decide whether it agreed with plaintiff, fact that works appeared to be substantially similar could reinforce to jury that *Treating Explosive Kids* was derivative work of *The Explosive Child*.

Sun Entm't Corp. v. Music World Music, LLC, No. 11-625, 2012 U.S. Dist. LEXIS 95171 (M.D. Tenn. July 10, 2012)

Plaintiff owned compilation of master recordings contained in work entitled "Johnny Cash—The Complete Sun Recordings—1955-1958." Plaintiff and defendant had previously entered into exclusive license agreement whereby defendant was permitted to remix master recordings to include songs on new album. Under agreement, defendant would retain all rights in new album, while plaintiff would retain rights to underlying compositions used in remixed recording and to compilation of original master recordings. When defendant licensed remixed recordings of individual songs without providing plaintiff with its share of net receipts due under agreement, plaintiff brought suit for infringement and breach of contract. Defendant moved to dismiss infringement claim for failure to state claim, on ground that plaintiff owned copyright only in compilation of master recordings, and not in specific songs contained therein. Court granted defendant's motion, finding that plaintiff owned no protectible rights in specific recordings that comprised compilation at issue. First, court held that copyright protection for compilation as whole does not bestow copyright protection upon specific portions of compilation. Second, § 301 extended federal copyright protection only to sound recordings fixed after February 15, 1972; to hold that plaintiff owned protectible rights in its recordings fixed between 1955 and 1958 would violate that provision.

Metro. Reg'l Info. Sys., Inc. v. Am. Home Realty Network, Inc., 888 F. Supp. 2d 691 (D. Md. 2012)

Court denied defendant's motion to dismiss. Plaintiff provided "multiple listing services" by operating and maintaining database containing real estate listings and related content. Subscribers agreed to upload their content and assign copyright in photographs of listings to plaintiff. Plaintiff registered claim of copyright ownership with Copyright Office. Defendant owned and operated real estate search engine and provided real estate agent ratings and rankings. Plaintiff filed suit alleging that defendant without license or permission reproduced, publically displayed and created derivative works from plaintiff's database. Defendant contended that plaintiff did not have cause of action with respect to photographs because they were not registered individually with Copyright Office, and plaintiff did not list author or title of each photograph in its registrations for its database. However, court found that registration of compilation is sufficient to provide copyright protection to the underlying works those compilations encompassed. Moreover, Copyright Act does not require every application for compilation to include author and title of each underlying work, and could be read to require only listing of author and title of compilation. Court found that defendant's reliance on § 103(b)

was misplaced. While § 103(b) provides that copyright in compilation or derivative work extends only to material contributed by author of work, rather than preexisting material, this section covers subject matter of copyright, not registrations, and prevents compilation copyright holders from acquiring rights to other authors' works simply by including them in compilations. Here, however, plaintiff claimed copyright ownership of underlying works. Defendants argued further that assignments of copyrights to plaintiff from original authors were void because they were not in writing. However, court found that plaintiff submitted credible evidence that through their subscribers' electronic submission of photographs, relevant provision of Electronic Signatures in Global and National Commerce Act (ESIGN) was satisfied. Additionally, defendants argued that assignments were invalid because they failed to "clearly identify the deal and the basis parameters." However, court found that plaintiff's terms of use were clear, such that plaintiff had credible claim that subscribers intended to assign their rights to plaintiff.

III. OWNERSHIP

A. Works Made for Hire

Buday v. New York Yankees P'ship, 486 Fed. Appx. 894 (2d Cir. 2012)

Second Circuit affirmed district court decision dismissing complaint. Plaintiff alleged that Yankees failed to pay her uncle for logo he designed for team in 1930s, and revised in 1947. District court found plaintiff lacked standing to assert copyright claim. On appeal, plaintiff argued that district court failed to recognize that 1976 Copyright Act "grandfathered in" common law copyright claims such as plaintiff's, alleging infringement of unpublished work created before 1978. Thus, to bring her copyright claim within scope of 1976 Act, plaintiff would have to allege facts supporting conclusion that logo was unpublished. Court found that allegations in complaint established that plaintiff had no such claim; alleged facts established that Yankees published logo by using it on team jerseys after plaintiff's uncle conveyed logo to Yankees, and authorized Yankees to publish it, all prior to effective date of 1976 Act. Court therefore lacked subject matter jurisdiction. Moreover, facts alleged by plaintiff clearly established that she did not have copyright interest in logo because logo was "work for hire" under 1909 Act. Yankees commissioned uncle to create logo; uncle created logo; Yankees accepted logo and commissioned uncle to revise logo, and uncle complied. Under 1909 Act, there is strong presumption against finding copyright interest in party who created work on behalf of another, which can be overcome by evidence of oral or written agreement to contrary. Second Circuit found that plaintiff did not plead facts sufficient to overcome presumption because she did not allege existence of agreement that would have preserved uncle's copyright interest in logo, and that would have allowed uncle to assign interest to plaintiff.

U.S. Auto Parts Network, Inc. v. Parts Geek, LLC, 692 F.3d 1009 (9th Cir. 2012)

Ninth Circuit reversed in part district court's grant of defendants' summary judgment motion, finding that plaintiff had ownership interest in software developed by defendant computer programmer because updates were works made for hire. Defendant computer programmer licensed "Manager" e-commerce software to online auto parts retailer. Programmer later was

employed by retailer, and made updates to Manager during employment. Plaintiff competitor later acquired retailer and its intellectual property, including Manager. Plaintiff later hired programmer and retailer's founders, all of whom eventually ended employment with Plaintiff. Founders started new competing business and contracted with programmer to develop e-commerce software for new business. Plaintiff sued new business, founders and programmer, alleging new e-commerce software infringed rights that plaintiff acquired in Manager through acquisition. Defendants moved for summary judgment, alleging plaintiff had no ownership interest in Manager because programmer never transferred ownership interest in Manager and subsequent versions thereof to retailer or plaintiff. District court agreed, holding that plaintiff had no ownership interest and thus lacked standing. Plaintiff appealed, arguing that updates programmer made to Manager while working for retailer and plaintiff were works for hire, and thus plaintiff owned copyright in updates both as successor-in-interest and as employer. Ninth Circuit agreed, concluding jury could find that updates were works made for hire given that (1) modifications were kind of work programmer was hired to perform because while at retailer, programmer was "Director of eServices," and his responsibilities at both employers involved updating Manager at employers' request; (2) updates were done within authorized work hours and space because neither employer strictly differentiated between work and home office and hours, and despite dearth of evidence regarding whether updates occurred substantially within authorized time and space limits, this was not dispositive because when there is evidence that work was kind of work employee was hired to perform, "courts have tended to put little weight on evidence that 'the work was done at home during off-hours'" (quoting *Avtec Sys., Inc. v. Peiffer*, 21 F. 3d 568 (4th Cir. 1994)); (3) updates were based in part on purpose to serve employers, as programmer made some updates because they were helpful or needed by employers; and (4) there was no written agreement by parties that programmer would retain authorship of updates.

Fleurimond v. New York Univ., 876 F. Supp. 2d 190 (E.D.N.Y. 2012)

Plaintiff, graphic artist and former student-employee, sued defendant NYU alleging defendant infringed plaintiff's copyright by using and selling various items bearing plaintiff's NYU mascot design without consent. While attending NYU, plaintiff was employed as equipment room aide for NYU Athletics Department. Defendant then approached plaintiff to assist with various graphic design projects, including development of new bobcat mascot design. Over course of several months, plaintiff, both on her own initiative and at direction of NYU, created and proposed several versions of mascot design, one of which NYU ultimately used. Although plaintiff received compensation for work as equipment room aide, and separately for time spent on graphic design projects, plaintiff alleged she was not compensated specifically for work on mascot design. Sole issue on summary judgment was whether plaintiff owned valid copyright in design, or design was work made for hire owned by NYU. Since plaintiff was undisputedly employed by defendant as both equipment room aide and graphic designer when she created designs at issue, court focused on whether designs were created in scope of plaintiff's employment as graphic designer. Applying relevant factors, court found that "as an employee of the Athletic Department, employed to create promotional materials for the Athletic Department," defendant's request for plaintiff to assist in creation of new mascot design was not unrelated to plaintiff's job. Moreover, court noted that plaintiff received artistic direction from defendant in creation and revision of designs, such that defendant exercised control over plaintiff's work on

mascot design. Accordingly, court found work on mascot design was type of work plaintiff was employed to perform. Court also found mascot design was created within authorized time and space limits of plaintiff's graphic design job, as plaintiff's work on mascot design occurred substantially on defendant's time while plaintiff was employed by defendant. Record also showed that plaintiff was motivated to create mascot design largely to serve interests of NYU. Since "undisputed evidence shows that creation of [mascot design], although done at home and allegedly without compensation, was admittedly done 'at the request of NYU' and was part of the mascot design project that the plaintiff was working on during NYU's time," court held mascot design was work made for hire, and granted summary judgment for defendant.

Ward v. Mitchell, No. 12-3932, 2013 U.S. Dist. LEXIS 58917 (N.D. Cal. Apr. 24, 2013)

Magistrate judge granted plaintiff Ward's motion to dismiss defendant Farm Hand Productions, Inc.'s counterclaims for copyright infringement pursuant to Rule 12(b)(6). Farm Hand alleged that it entered into unsigned written agreement with Ward whereby Ward would provide musical compositions on work for hire basis, including album *End of Amnesia* and two subsequent albums. Farm Hand alleged that, in violation of agreement, Ward's second album, *Transfiguration of Vincent*, and third album, *Transistor Radio*, were subsequently delivered to third party production company. Ward registered copyrights for *End of Amnesia* album in 2005. Farm Hand alleged that (1) Ward was infringing its copyrights in subsequent albums, (2) all copyrights at issue were owned by Farm Hand, as they were created under as work for hire, and alternatively, (3) Farm Hand had non-exclusive copyright license to compositions and sound recordings of all three albums. Magistrate found that Farm Hand's pleading failed to state copyright infringement claim because (1) there had been no "preregistration or registration copyrights for the two albums at issue" and (2) Farm Hand failed to allege either (a) requisite employer-employee relationship, or (b) existence of signed written instrument expressly designating two albums as work for hire, and thus Farm Hand failed to sufficiently plead ownership under work for hire theory. Finally, magistrate found that non-exclusive license did not confer right of ownership for purposes of copyright infringement claim.

Capital Concepts, Inc. v. Mt. Corp., No. 11-36, 2012 U.S. Dist. LEXIS 182874 (W.D. Va. Dec. 30, 2012)

District court denied defendants' motion for summary judgment, finding that plaintiff owned copyrights in works, even though copyright registrations inaccurately described works as works made for hire. Plaintiff granted defendants license for unique designs for new line of outdoor-themed t-shirts. When license agreement terminated, defendants continued to sell clothing with plaintiff's designs, but sent royalties to plaintiff. Plaintiff sued defendants for willful infringement, and defendants moved for summary judgment, arguing that plaintiff did not own copyrights as copyright registrations were invalid. Plaintiff had executed agreement with graphic designer who created works, which stated designs were works made for hire. Based on agreement, plaintiff stated in copyright applications that works were works made for hire. As graphic designer who created works was not employee of plaintiff, and works did not fit in any of nine categories of specially ordered or commissioned works under statute, works were not actually works made for hire. Defendants argued copyright applications were thus invalid.

Court agreed that works were not works made for hire; however, court applied well-settled principle that mistake or omission in copyright application does not necessarily render registration invalid; defendants would have to prove fraud on Copyright Office to succeed on that basis. Here, plaintiff mistakenly relied on language in agreement, and therefore made harmless and immaterial mistake in copyright application by inaccurately describing works as works made for hire, rather than basing ownership claim on written assignment. As agreement was clearly in place when plaintiff filed for copyright registrations, and agreement assigned works to plaintiff, copyright registrations were valid, and plaintiff was entitled to jury trial on infringement claim.

Molinelli-Freytes v. Univ. of P.R., No. 09-1655, 2012 U.S. Dist. LEXIS 143262 (D.P.R. Sept. 30, 2012)

Court, adopting Magistrate Judge's Report and Recommendation *in toto*, granted summary judgment for defendants. Plaintiffs, professor and university program director, sued defendant university, alleging infringement based on defendant's use of plaintiffs' manuscript containing proposal for new academic program in creation of new graduate program at university. Court agreed with Magistrate Judge that work for hire doctrine applied here to vest ownership of plaintiff's proposal in defendant. Court noted that creation of proposal was "of the kind" of work plaintiffs were employed to perform, notwithstanding that plaintiffs developed proposal during spare time. Court also rejected plaintiffs' argument that defendant's Intellectual Property Policy constituted written instrument transferring ownership of proposal to plaintiffs, because defendant's policy document was not signed by both parties and was too broad to properly evidence consent to transfer property rights. Since court found plaintiffs' proposal was created in scope of plaintiffs employment and parties had not executed any agreement transferring rights to plaintiffs, court granted summary judgment to defendant.

B. Transfer of Ownership

Soc'y of the Holy Transfiguration Monastery, Inc. v. Gregory, 689 F.3d 29 (1st Cir. 2012)

Circuit court found that summary judgment was properly granted as to each of former monastery's claims. Plaintiff monastery translated religious texts from original Greek to English. Defendant, previously affiliated with plaintiff, moved to Denver where he formed his own monastery. Defendant displayed portions of translated text on his website. Defendant argued that translated religious texts were owned by third party, Russian Orthodox Church Outside of Russia ("ROCOR") since plaintiff was once part of ROCOR and its secession in 1986 effectively transferred copyrights to ROCOR. Defendant contends that pursuant to Monastic Statutes (to which all member monasteries must agree when joining ROCOR), Plaintiff expressly accepted that if it ever stopped being ROCOR monastery, its property would be transferred to ROCOR. Monastic Statutes assert that "in case of [a monastery's] closing or liquidation, its possessions will be handed over to the diocese." Court found that because monastery never closed, liquidated or ceased its existence, it did not hand over its positions to ROCOR. Moreover, court interpreted statute such that on joining ROCOR, monasteries would remain owners of their property unless they became incorporated as entity of ROCOR. Since plaintiff

never incorporated as entity of ROCOR, its property remained in its possession. Defendant asserted that translated texts were not original and therefore, not copyrightable because works are derivative of other works and plaintiff only made insignificant changes to its translations. However, according to Copyright Act, translations can be original and copyrightable even though they may be derivative of other works provided there is originality in arrangement and selection of work. Court found that plaintiff had cleared “extremely low” creativity bar and affirmed district court’s determination that works were original and copyrightable.

DC Comics v. Pacific Pictures Corp., No. 10-3633, 2012 U.S. Dist. LEXIS 149532 (C.D. Cal. Oct. 17, 2012)

Plaintiff, famous comic book company, brought suit to secure its claimed interest in Superman copyrights after heirs of illustrator, Joseph Shuster, served plaintiff with termination notice in November 2003 purporting to recapture early Superman works as of October 2013. Plaintiff moved for partial summary judgment on its claims seeking (1) declaration that termination notice was invalid; and (2) defendants’ agreements purporting to assign Superman copyrights to third party violated Copyright Act. Court granted plaintiff’s motion on both claims. First, court held that purported termination notice was not valid under § 304(d), which provides termination right for prior grant of copyright transfer made before January 1, 1978. Although parties did not dispute that Shuster had assigned exclusive right to use Superman characters and story to plaintiff in 1938, well before 1978, Court held that 1992 agreement between plaintiff and Shuster’s heir superseded all prior agreements concerning Shuster’s copyrights; re-granted plaintiff all “such rights” in Shuster’s copyrights; and released all claims, rights and remedies available to Shuster’s heir concerning those copyrights. Because 1992 agreement represented Shuster heirs’ sole opportunity to renegotiate prior grants of copyrights with plaintiff, and such grant occurred post-1978, it was not subject to termination under § 304(d). Second, Court held that defendants’ 2001/2003 agreements purporting to transfer Shuster’s copyrights to third party were invalid under § 304(c)(6)(D) because they pre-dated effective termination date in 2013, and thus as matter of law did not, and could not, transfer prospective copyrights that were purportedly subject to those agreements.

Capital Concepts, Inc. v. Mt. Corp., No. 11-36, 2012 U.S. Dist. LEXIS 182874 (W.D. Va. Dec. 30, 2012)

District court denied defendants’ motion for summary judgment, finding valid transfer of copyright was based on written agreement between designer of works and plaintiff. Plaintiff granted defendants license for unique designs for new line of outdoor-themed t-shirts. License agreement expressly stated plaintiff owned copyright for designs. Plaintiff registered 19 of 32 designs it licensed to defendants. When license agreement terminated, defendants continued to sell clothing with plaintiff’s designs, but sent royalties to plaintiff. Plaintiff sued defendants for willful infringement, and defendants moved for summary judgment, arguing that plaintiff did not own copyrights. Defendants argued that agreement executed between graphic designer who created designs and plaintiff did not transfer ownership of copyrights to plaintiff because agreement improperly classified works as works made for hire. Court agreed works were not works made for hire, but found agreement between designer and plaintiff sufficient to transfer ownership of copyrights under § 204(a). Section 204(a) allows parties to transfer copyrights

through written agreement, provided agreement is clear as to parties' intent. Agreement demonstrated mutual intent between graphic designer and plaintiff to transfer copyrights, and designer confirmed intent in deposition testimony. Further, while not necessary to defeat defendants' arguments, graphic designer executed subsequent "Memorandum of Terms" confirming intent to assign copyrights to plaintiff. Defendants did not have standing to challenge validity of agreement between plaintiff and graphic designer.

Metro. Reg'l Info. Sys., Inc. v. Am. Home Realty Network, Inc., 888 F. Supp. 2d 691 (D. Md. 2012)

Court denied defendant's motion to dismiss. Plaintiff provided "multiple listing services" by operating and maintaining database containing real estate listings and related content. Subscribers agreed to upload their content and assign copyright in photographs of listings to plaintiff. Plaintiff registered claim of copyright ownership with Copyright Office. Defendant owned and operated real estate search engine and provided real estate agent ratings and rankings. Plaintiff filed suit alleging that defendant without license or permission reproduced, publically displayed and created derivative works from plaintiff's database. Defendant contended that plaintiff did not have cause of action with respect to photographs because they were not registered individually with Copyright Office, and plaintiff did not list author or title of each photograph in its registrations for its database. However, court found that registration of compilation is sufficient to provide copyright protection to the underlying works those compilations encompassed. Moreover, Copyright Act does not require every application for compilation to include author and title of each underlying work, and could be read to require only listing of author and title of compilation. Court found that defendant's reliance on § 103(b) was misplaced. While § 103(b) provides that copyright in compilation or derivative work extends only to material contributed by author of work, rather than preexisting material, this section covers subject matter of copyright, not registrations, and prevents compilation copyright holders from acquiring rights to other authors' works simply by including them in compilations. Here, however, plaintiff claimed copyright ownership of underlying works. Defendants argued further that assignments of copyrights to plaintiff from original authors were void because they were not in writing. However, court found that plaintiff submitted credible evidence that through their subscribers' electronic submission of photographs, relevant provision of Electronic Signatures in Global and National Commerce Act (ESIGN) was satisfied. Additionally, defendants argued that assignments were invalid because they failed to "clearly identify the deal and the basis parameters." However, court found that plaintiff's terms of use were clear, such that plaintiff had credible claim that subscribers intended to assign their rights to plaintiff.

Robert Kubicek Architects & Assocs. v. Bosley, No. 11-2112, 2012 U.S. Dist. LEXIS 178236 (D. Ariz. Dec. 14, 2012)

District court granted in part and denied in part defendants' motion for summary judgment. Plaintiff ("RKAA") was architectural firm; individual defendant Bosley was architect, former president and member of board of directors at RKAA. For 10 years at RKAA, Bosley was principally responsible for managing work of client Bashas' Inc. ("Bashas"). Bosley resigned from RKAA, and started new firm, The Bosley Group Inc. ("TBG"). Bashas' hired TBG rather than RKAA for new work. RKAA sued Bosley, TBG and Bashas' for infringement, alleging

that when Bosley left firm, TBG acquired copies of RKAA's copyrighted architectural drawings related to Bashas' projects, and later unlawfully copied drawings for work on Bashas' projects. Defendants TBG, Bosley and Bashas' argued that RKAA transferred or waived copyright rights through conduct because Bashas' worked with RKAA for more than 20 years, and kept plans at own offices. Additionally, defendants argued RKAA licensed works to Bashas' through verbal agreements, waiving any rights to infringement claims, as Bashas' was able to use works in "whatever way they wanted," including with architects other than RKAA. RKAA did not deny that it provided copies of plans to Bashas' over years, or that it permitted Bashas' to use plans with other architects. RKAA argued instead that granting Bashas limited right to use works did not transfer ownership, particularly as there was no signed instrument transferring work from plaintiff to Bashas. RKAA also argued that it did not grant license to Bashas because its releases of work were provisional; RKAA only granted permission for Bashas to use particular drawings for particular purpose. Court concluded course of conduct and verbal agreements cited by defendants were not sufficient to show transfer of ownership. Additionally, court found RKAA raised issue of material fact as to whether RKAA granted Bashas' license to use drawings for work by other architects on other Bashas' projects, and whether such permission extended to TBG's use of works at issue in case. Court therefore denied defendants' motion for summary judgment with regard to RKAA's waiver of rights and transfer of ownership of copyrights.

C. Joint Works and Co-Ownership

Sprenkel v. Mohr, No. 11-8742, 2013 U.S. Dist. LEXIS 24701 (C.D. Cal. Feb. 21, 2013)

Sprenkel, licensed anesthesiologist, wrote book titled *Kaye's Chemo Book* when sister suffered from cancer. Mohr saw copy of book when visiting Sprenkel's sister, and proposed that she and Sprenkel work together. Mohr would manage day-to-day aspects of business, and Sprenkel would finish book and retain final creative veto power. Mohr and Sprenkel contributed as planned, and created final products, *ChemoCompanion Care Guide* and *ChemoCompanion Pocket Guide* ("Derivative Works"). Mohr did not write any text, aside from headings, and considered her contribution to be adding "look, tone and feel" of finished works. Mohr regularly and consistently referred to Sprenkel as "the" author in communications about works, and did not refer to herself as author until litigation commenced. Derivative Works were later published. All versions stated they were written by Sprenkel "with" Mohr, except German and Spanish versions, which contained translation error making both co-authors. Relationship between Sprenkel and Mohr eventually deteriorated, and Sprenkel sued Mohr for copyright infringement of Derivative Works. Mohr claimed she was joint author. As there was no binding contract regarding authorship, court assessed Mohr's claim under *Aalmuhammed v. Lee*, 202 F. 3d. 1227 (9th Cir. 2000). *Aalmuhammed* court laid out factors to determine whether work is joint: (1) superintendence by exercise of control; (2) objective manifestation of intent to be co-authors; and (3) audience appeal that turns on inextricably intertwined contributions. Author usually is "inventive or master mind who creates, or gives effect to the idea," and control is most important factor. Under *Aalmuhammed*, court found Mohr could not be joint author because her contributions to Derivative Works were not independently copyrightable. Mohr did not write any substantive text, and only contributed to titles, slogans, typographic ornamentation, lettering, coloring and ideas, which are not entitled to copyright protection. Even if contributions were

independently copyrightable, Mohr was not “author” because each factor articulated in *Aalmuhammed* weighed against finding of joint ownership. Accordingly, court found Sprengel sole author of Derivative Works.

Reinsdorf v. Skechers U.S.A., No. 10-7181, 2013 U.S. Dist. LEXIS 16223 (C.D. Cal. Feb. 6, 2013)

District court denied defendant’s motion for summary judgment dismissing copyright infringement, finding issue of fact as to whether certain advertisements were joint works by plaintiff and defendant. Defendant shoe company defendant hired plaintiff photographer to conduct several photo shoots. Plaintiff delivered raw photographs to defendant, and defendant modified photographs for use in its advertisements. No raw, unaltered photograph was ever incorporated into finished advertisement. Plaintiff, contending that he granted defendant limited license to use photographs, alleged copyright infringement based on defendant using his copyrighted photographs in violation of temporal and geographic limits of licenses. Defendant moved for summary judgment that advertisements were joint works; co-authors of joint work cannot be held liable to one another for infringement of copyright in joint work. Joint work is copyrightable work prepared by (1) two or more authors, who (2) make independently copyrightable contributions, and (3) intend that those contributions be “merged into inseparable or interdependent parts of a unitary whole.” Plaintiff argued in opposition that he did not make independently copyrightable contributions to final advertisements, and thus was not joint author of them. Criteria for joint authorship include (1) whether alleged author exercises control over work, serves as “the inventive or master mind,” or creates or gives effect to idea; (2) whether there exists “objective manifestation of a shared intent to be coauthors”; and (3) whether “audience appeal turns on both contributions and the share of each in its success cannot be appraised.” Court distinguished between intent to contribute to work and intent to be joint author. Finding evidence that parties’ behavior toward one another could indicate lack of intent to be joint authors of finished works, court found genuine dispute of material fact as to whether defendant’s finished advertisements were products of multiple authors.

Greene v. Ablon, No. 09-10937, 2012 U.S. Dist. LEXIS 131958 (D. Mass Sept. 17, 2012)

Court granted defendant’s motion for partial summary judgment, finding book was joint work. Plaintiff created Collaborative Problem Solving Approach (“CPS Approach”) for resolving problems between children with social, emotional and behavioral challenges and their caregivers. In 1997-1998, plaintiff wrote book titled *The Explosive Child*. In 1999 plaintiff met defendant, and in 2002 plaintiff and defendant prepared prospectus of book geared towards clinicians trying to implement CPS Approach with patients. Plaintiff and defendant signed contract for book, later entitled *Treating Explosive Kids*. Contract listed both as authors, and stated that publisher would register copyright in both plaintiff’s and defendant’s names. Parties disputed extent of defendant’s contribution to book. Plaintiff claimed defendant contributed less than 15 pages out of 226 pages of text, while defendant argued that he contributed to about 145 pages. Book was published, and copyright registrations were filed in name of publisher, not plaintiff and defendant. Parties were both listed as co-authors in registration, and were identified as such in various locations in book itself. In 2008, relationship between plaintiff and defendant

deteriorated, and plaintiff sued defendant for copyright infringement. Defendant filed motion for partial summary judgment that book was joint work. Plaintiff argued that factual dispute regarding defendant's contributions precluded summary judgment. Court disagreed, stating that extent of defendant's contribution was immaterial. Assuming truth of plaintiff's assertion that defendant contributed only 15 pages of book, such contribution was still "more than word or line" standard used to determine whether contribution is *de minimis*. Plaintiff also contended that dispute existed as to whether parties intended *Treating Explosive Kids* to be joint work at time book was created. Key question was not whether parties intended work to be joint in colloquial sense, but whether they intended their independent contributions to be "merged into inseparable or interdependent parts of unitary whole." Court stated that even though plaintiff's affidavit suggested frustration with defendant's contribution, there was no evidence that plaintiff believed work was anything other than unitary book. Court therefore found no genuine issue of material fact with regard to parties' intent that contributions be merged into unitary whole. Defendant argued that plaintiff's pleadings referenced defendant and plaintiff as co-authors; plaintiff countered that such arguments were in alternative. Court found arguments were not in alternative. However, because court has found that evidence in record was otherwise sufficient to establish defendant's entitlement to summary judgment that *Treating Explosive Kids* was joint work, court need not determine whether verified pleadings alone could provide sole, independent basis for foreclosing plaintiff's argument that *Treating Explosive Kids* was not joint work.

Richards v. Platz, No. 10-2262, 2013 U.S. Dist. LEXIS 13953 (N.D. Ga. Jan. 30, 2013)

In action between plaintiff screenwriters/producers and defendant authors concerning rights in screenplay written by plaintiffs based on defendants' manuscript, court held that screenplay did not infringe manuscript and was co-owned by both parties. However, plaintiffs' request for declaratory judgment that they had right to market and produce film version of screenplay was denied. Parties had joined forces initially to create screenplay based on defendants' original manuscript to be produced by plaintiffs' film production company. Parties memorialized relationship in agreement which stated in relevant part that "Copyright Holders and Writers/Producers shall own the script in full partnership." Relationship went sour after plaintiffs' draft screenplay—originally praised by Defendants—was rejected as unsatisfactory and unmarketable. Plaintiffs brought claim for summary judgment seeking, among other claims, declaratory judgment that (1) plaintiffs owned valid and enforceable copyright in screenplay; (2) screenplay did not infringe defendants' copyright in underlying manuscript; and (3) plaintiffs were entitled to market and produce film version of screenplay without interference from defendants. Defendants moved for summary judgment. Court held that screenplay was sufficiently original to be copyrightable as derivative work—taking into account additions, revisions and deletions made by plaintiffs—and, by virtue of express provision in agreement, parties were co-owners of copyright as matter of law. Court further found screenplay did not infringe defendants' manuscript because agreement between parties expressly provided that plaintiffs would use manuscript to create screenplay and thus did not *unlawfully* use preexisting material upon which it was based. However, court rejected plaintiffs' argument that, as co-owners, plaintiffs were free to make use of screenplay, including pre-existing material taken from manuscript, without involvement from defendants. Court reasoned plaintiffs' copyright in derivative work was limited solely to work contributed by plaintiffs and did not extend to any

material taken from manuscript. Further, movie would be derivative work of manuscript and would necessarily infringe defendants' copyright in manuscript unless defendants had granted permission to use manuscript. Court looked to parties' agreement and determined that defendants had not granted plaintiffs permission to use screenplay for future derivative works such as movie, therefore plaintiffs not entitled to declaratory judgment that they had right to use any materials in screenplay taken from underlying manuscript.

D. Contracts and Licenses

Baisden v. I'm Ready Prods., 693 F.3d 491 (5th Cir. 2012)

Fifth Circuit affirmed district court's grant of declaratory judgment for defendants. Plaintiff, author of novels *Men Cry in the Dark* and *Maintenance Men*, appealed judgment in favor of defendant production and entertainment companies on claims of copyright infringement with regard to plays adapted from novels, and sales of DVDs of plays. Parties entered into agreements whereby defendant was granted adaptation rights in to plays. Jury found that oral agreements renewed or extended licenses when they expired. Consent for implied license was supported by plaintiff's attendance at several of plays, and autographing copies of DVDs. Defendants testified that there was oral agreement to continue relationship under terms of license; evidence was sufficient for jury to find defendants were granted implied nonexclusive license. Extension did not have to be in writing as performance removed case from Texas statute of frauds, and new agreement was performed within one year. District court's declarations of rights were co-extensive with those of license, which limited defendant's copyright to materials it created, and preserved plaintiff's copyrights in novels, including whatever parts were taken from them and incorporated into plays.

Agence France Presse v. Morel, No. 10-2730, 2013 U.S. Dist. LEXIS 5636 (S.D.N.Y. Jan. 14, 2013)

Court granted defendant's motion for summary judgment that plaintiff-counterclaim defendant was liable for copyright infringement. Defendant was photojournalist who worked in Haiti and New York. When Haitian earthquake struck on January 12, 2010, defendant was in Haiti, and took first photos on scene. Defendant posted photos to Twitter using TwitPic, indicating they were available for purchase. Photos were copied by third party Lisandro Suero, who claimed them as his own copyrighted work and sold them to plaintiff, French newswire service. Plaintiff shared photos with Getty under licensing deal with Getty. Plaintiff/Getty licensed defendant's photos, credited to Suero, to news outlets all over world. Defendant hired lawyer and sent claim letter to defendant. Plaintiff responded by suing for declaratory judgment that it had not infringed; defendant counter-claimed for copyright infringement. Plaintiff argued that it was allowed to take pictures from Twitter for free because of Twitter's Terms of Service, which defendant had entered into. Terms of Service allowed for broad re-use rights; plaintiff argued that "this broad re-use is evidenced every day when Twitter/TwitPic posts are copied, reprinted, quoted, and republished by third parties." Plaintiff argued that defendant wanted to "inform the world of the disaster, and he did so using Twitter." Plaintiff pointed out that Twitter encourages use of tweets by media, and warns users that their tweets may well be featured by media. Court agreed; however, Terms of Service also tell users that "you own your content" and "what's yours

is yours—you own your Content (and your photos are part of that Content).” Court granted defendant’s motion for summary judgment, finding that plaintiff could not rely on Twitter’s Terms of Service for what it did with defendant’s photos. “Construing the Twitter TOS to provide an unrestrained, third-party license to remove content from Twitter and commercially license that content would be a gross expansion of the terms of the Twitter TOS.”

Powlus v. Hanover Direct, Inc., No. 09-10461, 2012 U.S. Dist. LEXIS 161349 (S.D.N.Y. Nov. 7, 2012)

District court found defendants to be licensees of plaintiffs’ photography pursuant to written release. Plaintiffs alleged direct and contributory infringement of photographs taken by plaintiff Novajosky to promote defendants’ home products. Defendants moved to dismiss complaint on ground that Novajosky granted defendants license to use photographs through written release. Plaintiffs opposed on grounds that payment in full of invoice was condition precedent to effectiveness of release, and that defendants’ failure to pay full amount owed prevented defendants from obtaining legal right to use photographs. Plaintiffs further argued that defendants’ failure to pay full amount was material breach of release, giving Novajosky right to rescind release. Court found that release did not contain express condition precedent concerning invoice and therefore, under terms of release, defendants became licensees and did not infringe plaintiffs’ copyrights. Court found further that plaintiffs were not entitled to rescind release because (1) defendants’ breach was not material; (2) complaint did not allege that plaintiffs engaged in affirmative act to rescind; and (3) there was no automatic rescission provision. Court, however, denied motion to dismiss, and allowed plaintiffs to attempt to prove at trial that oral condition precedent prevented release from becoming effective. Following jury trial, jury returned special verdict finding that there was no oral condition precedent to effectiveness of release. As such, under terms of release, defendants became licensees, and therefore did not infringe plaintiffs’ copyrights.

Fontana v. Harra, No. 12-10708, 2013 U.S. Dist. LEXIS 35067 (C.D. Cal. Mar. 12, 2013)

District court granted motion to dismiss copyright infringement claim without prejudice, with leave to amend complaint. Plaintiff, screenwriter and producer, filed suit against defendant, psychic, for copyright infringement regarding plaintiff’s screenplay entitled *Decoding Her Destiny—The Carmen Harra Story*. Plaintiff alleged that defendant was using screenplay without consent to make and promote film about defendant’s life story. Parties agreed that defendant requested creation of screenplay, and that plaintiff created screenplay and delivered it to defendant. Plaintiff contended that parties agreed that plaintiff would be employed on any film as “co-producer.” Plaintiff sought money damages and injunction preventing defendant from using screenplay to promote or produce film. Defendant moved to dismiss, arguing that under facts alleged by plaintiff, defendant received implied non-exclusive license to use plaintiff’s screenplay under parties’ oral agreement. Implied license is found if “(1) a person (the licensee) requests the creation of a work, (2) the creator (the licensor) makes that particular work and delivers it to the licensee who requested it, and (3) the licensor intends that the licensee-requestor copy and distribute his work.” *Asset Marketing Systems, Inc. v. Gagnon*, 542 F.3d 748, 754 (9th Cir. 2008). As to plaintiff’s intent, court must consider whether plaintiff, when he

authored screenplay, intended to allow defendant to use it to promote and create film. Plaintiff argued that he never intended to allow defendant to use script until he received payment in full. Plaintiff also argued that facts surrounding ongoing business relationship with defendant demonstrated that he did not intend to allow defendant to use screenplay to create and promote film. Court rejected plaintiff's first argument, finding no evidence that parties intended payment in full to operate as condition precedent to implied license. Court also found that ongoing producer relationship contemplated by parties did not indicate lack of intent to create implied license. Court, reviewing totality of facts, found that plaintiff wrote and delivered screenplay with intent that defendant would use it to create and promote film, and this intent gave rise to non-exclusive license that provided defendant with right to use screenplay. Finding that plaintiff's allegations did not state claim for copyright infringement, court granted plaintiff leave to amend complaint if he could demonstrate facts showing that plaintiff did not intend to allow defendant to use screenplay to create and promote film.

Craigslist Inc. v. 3Taps Inc., No. 12-3816, 2013 U.S. Dist. LEXIS 61837 (N.D. Cal. Apr. 29, 2013)

Plaintiff Craigslist brought direct and contributory copyright infringement claims against defendants, which "scraped" all content posted to Craigslist in real time, directly from Craigslist website, alleging that defendants improperly harvested and reproduced contents of Craigslist website by republishing ads and content via third-party websites and computer applications. Defendants moved to dismiss copyright claims on ground that Craigslist did not own valid copyrights in underlying works. Court determined that works in question—individual Craigslist posts, and compilations of posts—were sufficiently original to warrant protection. With regard to individual posts, however, court found that Craigslist had acquired exclusive license, necessary to assert copyright claims, only for period of time during which Craigslist had presented users with click-through notice of exclusive transfer of copyright. Accordingly, Craigslist's license to user-created posts submitted outside of that time period was non-exclusive, and Craigslist therefore could not sue for infringement of such posts. Craigslist Terms of Use, on their face, "do not give any indication that the license 'grant[ed] and assign[ed]' by users is exclusive." Court thus granted defendants' motion to dismiss claims with respect to user-created posts outside specified time frame.

Sprengel v. Mohr, No. 11-8742, 2013 U.S. Dist. LEXIS 24701 (C.D. Cal. Feb. 21, 2013)

Court, in bench trial, ruled in favor of affirmative defense to copyright infringement based on implied nonexclusive license. Sprengel, licensed anesthesiologist, wrote book titled *Kaye's Chemo Book* when sister suffered from cancer. Mohr saw copy of book when visiting Sprengel's sister, and proposed that she and Sprengel work together. Mohr would manage day-to-day aspects of business, and Sprengel would finish book and retain final creative veto power. Mohr and Sprengel contributed as planned, and created final products, *ChemoCompanion Care Guide* and *ChemoCompanion Pocket Guide* ("Derivative Works"). Mohr and Sprengel formed company Purposeful Press to market Derivative Works, and create additional works based on *Kaye's Chemo Book*. Parties signed operating agreement providing that Sprengel would contribute \$5,000 to company, while Mohr would contribute services worth same amount.

Operating agreement did not reference intellectual property rights or include any written assignment or written license. Relationship between parties deteriorated. Mohr continued to sell Derivative Works, and created additional works based on Derivative Works without Sprengel's knowledge or authorization. Sprengel sued for copyright infringement. Court previously granted partial summary judgment for Sprengel, finding she proved *prima facie* case of infringement as to Derivative Works, but denied summary judgment as to Mohr's affirmative defenses, including defense of implied nonexclusive license. In Ninth Circuit, under *Rano v. Sipa Press, Inc.*, 987 F.2d 580 (9th Cir. 1993), implied non-exclusive license, supported by consideration, for unspecified duration is subject to § 203(a), and is irrevocable until final five years of 35-year default license period. Implied license unsupported by consideration is revocable at will. Additionally, implied nonexclusive license subject to § 203(a) may be revoked by licensor if licensee materially breaches license agreement. Parties did not dispute that Sprengel granted Purposeful Press implied license to use aspects of *Kaye's Chemo Book* in Derivative Works, or that Derivative Works complied with license when originally published. Parties disputed scope of license, and whether it was revocable. Court found license authorized Purposeful Press to (1) exploit *Kaye's Chemo Book* by publishing and selling Derivative Works; and (2) develop additional derivative works with Sprengel's approval. While evidence supported finding that license allowed for additional derivative works, court found parties intended those works to be created in same fashion as Derivative Works; *i.e.*, Mohr would handle business aspects, and Sprengel would have final say on creative aspects. Court found that creation of works over Sprengel's objection would exploit *Kaye's Chemo Book* in "unanticipated and likely unappreciated ways." Accordingly, new works beyond Derivative Works, created without Sprengel's approval, were improper. As to revocability, court noted operating agreement failed to address contributions beyond initial contributions. However, company relied on Sprengel continuing to allow book to be exploited, and on Mohr continuing to work beyond \$5,000 worth of time. As both Sprengel and Mohr continued to contribute in such respects, court found exchanges of promises amounted to sufficient consideration to render license irrevocable. Court then analyzed whether Mohr committed material breach of agreement, triggering Sprengel's right to revoke license. Court found that while Mohr may have breached operating agreement, she did not materially breach license. Mohr did not entirely fail to perform her end of bargain with regard to implied license because she rendered managerial services far in excess of \$5,000. Accordingly, court ruled in favor of Mohr's affirmative defense of implied nonexclusive license.

ZilYen, Inc. v. Rubber Mfg. Ass'n, No. 12-0433, 2013 U.S. Dist. LEXIS 47279 (D.D.C. Apr. 2, 2013)

District court granted defendant's motion to dismiss copyright claim. Plaintiff compact disc manufacturer and defendant trade association entered into contract under which plaintiff would design, produce, and deliver to defendant 200,000 CDs, with content supplied by defendant, for distribution among members. Contract provided for payment of 50% of cost of CDs on execution, with balance due on delivery, and included provision that plaintiff could not be held responsible for accuracy of information supplied by defendant, or accuracy of information in material prepared by plaintiff and approved by defendant. Defendant paid plaintiff 50% of estimated cost on execution of contract. On receiving CDs, defendant's employees ran CD software on their computers, which required copy to be made in RAM. On same day, defendant contacted plaintiff alleging that CDs as delivered contained error in link to Adobe Reader X

software on CD. Defendant did not pay balance of contract amount. Plaintiff brought suit alleging breach of contract and copyright infringement. Defendant counterclaimed for breach of contract and breach of warranties, and parties filed cross-motions to dismiss. Defendant did not contest validity of copyright or that use of CDs by its employees constituted “copying” of original elements of work within meaning of § 501, but argued that its actions did not constitute infringement because defendant had implied license to inspect and test-run CDs on its computers. Nonexclusive license arises from conduct of the parties when (1) licensee requests creation of work; (2) licensor makes particular work and delivers it to licensee who requested it; and (3) licensor intends that licensee-requestor copy and distribute work. Allegations in complaint established that plaintiff granted implied license to defendant to use CDs, and thus, CD software. Parties entered into agreement for plaintiff to “design, produce, and deliver” CDs for defendant. Plaintiff created master CD, which included copyrighted computer program, arranged for production of copies, and arranged for delivery of CDs to defendant and to shipping agent designated by defendant. Plaintiff did not dispute that parties contemplated defendant’s distribution of CDs containing plaintiff’s work. Accordingly, court found that plaintiff granted defendant implied license to use and thus necessarily copy CD software.

AVKO Educ. Research Found. v. Morrow, No. 11-13381, 2013 U.S. Dist. LEXIS 49463 (E.D. Mich. Apr. 5, 2013)

District court granted summary judgment to defendants. Plaintiffs, creator and publisher of educational materials, alleged that defendants infringed plaintiffs’ materials by publishing works without license and by failing to attribute plaintiff as author. Court rejected those arguments, observing that non-exclusive license to reproduce and sell copyrighted material is not transfer of copyright ownership, and is not, therefore, subject to writing requirement of § 204. Thus, non-exclusive license to publish copyrighted material may be granted orally, or may be implied from conduct. Court found statements made by plaintiffs established that non-exclusive license to publish works had been granted to defendants. Court further found that plaintiffs’ second claim for infringement—that defendants had failed to properly attribute plaintiffs’ works to plaintiffs—even if true, was not grounds for infringement claim. Accordingly, defendants’ motion for summary judgment was granted.

IV. FORMALITIES

A. Registration

Latin American Music Co. Inc. v. Media Power Group, Inc., 705 F.3d 34 (1st Cir. 2013)

First Circuit affirmed district court’s grant of defendant’s summary judgment motion, holding that plaintiffs failed to produce evidence of copyright registrations as required. Plaintiffs music publisher and performance-rights society alleged defendant radio broadcaster infringed plaintiffs’ copyrights in 21 songs defendant played on air without permission. As to four of those songs, district court held plaintiff failed to show compliance with registration requirement. Plaintiffs appealed, alleging, *inter alia*, that certificates of recordation containing assignments of

rights to songs at issue were sufficient evidence of registration. Circuit court disagreed, holding that certificate of recordation does not fulfill registration requirement because it “merely indicates that the document attached was recorded in the Copyright Office on a specific date” and does not indicate that work itself was registered. Accordingly, circuit court affirmed grant of summary judgment.

Kernel Records Oy v. Mosley, 694 F.3d 1294 (11th Cir. 2012)

Eleventh Circuit found district court erred by granting defendant’s motion for summary judgment, but affirmed grant of summary judgment based on different grounds. Plaintiff sued defendant alleging infringement of plaintiff’s then-unregistered musical composition, *Acidjazzed Evening*, claiming work first published in “online magazine” outside United States qualified as foreign work exempt from statutory registration requirement. Plaintiff’s work was allegedly first published in Australian-based “online magazine.” District court, having assumed that all publication “online” results in simultaneous worldwide publication, granted summary judgment to defendant, finding work qualified as United States work subject to registration requirement. Court of appeals found record insufficient to establish geographic scope of online publication necessary to determine if work qualified as foreign work exempt from registration requirement. However, because plaintiff failed to meet its burden of proof that work was foreign work exempt from registration requirement, court affirmed grant of summary judgment for defendant, finding failure to register work prior to filing suit fatal to plaintiff’s ability to sue for copyright infringement.

Overseas Direct Imp. Co. v. Family Dollar Stores, Inc., No. 10-4919, 2013 U.S. Dist. LEXIS 35684 (S.D.N.Y. Mar. 13, 2013)

In action brought by plaintiff vendor against vendor and retail store operator, plaintiff alleged copyright infringement of certain tree designs (“Tree Designs”) used on packaging for men’s thermal underwear. Defendants moved for partial summary judgment dismissing copyright claims, arguing plaintiff lacked standing because plaintiff was not author of Tree Designs, and held invalid assignment of copyright in designs. Court held plaintiff had standing; record demonstrated creator of Tree Designs intended to transfer ownership of copyright to plaintiff at time created, and later writing memorialized that agreement. As to copyright validity, court held that questions of fact remained that could not be resolved on motion for summary judgment. Defendants had argued that copyright in Tree Designs was invalid because copyright registration form did not contain author’s name, and erroneously listed Tree Designs as works made for hire. However, court cited case law establishing that this type of error would not invalidate registrations provided that error was not committed knowingly, and found that, since there was no evidence indicating plaintiff knowingly committed errors on copyright registration form, innocent-error rule, which permits corrections of technical defects or accidental omissions of information from forms, was applicable. Accordingly, defendants’ summary judgment motion was denied.

Klauber Bros. v. Russell-Newman, Inc., No. 11-4985, 2013 U.S. Dist. LEXIS 42758 (S.D.N.Y. Mar. 26, 2013)

Plaintiff sued defendant for sale of underwear that incorporated plaintiff's copyrighted lace designs. Defendant moved to dismiss, arguing copyright at issue was not registered with Copyright Office. Plaintiff had registered several lace designs with Copyright Office, but based infringement claim on derivative work of registered designs that was unregistered. Owner of derivative work may maintain copyright action against infringer based on infringement of pre-existing work from which derivative work is derived. Court, however, must compare allegedly infringing work with registered, not unregistered, work. Defendant argued that *Well-Made Toy Mfg. Corp. v. Goffa Int'l Corp.*, 354 F.3d 112 (2d Cir. 2003), stood for proposition that § 411(a) bars claim based on unregistered derivative work. Court disagreed; *Well-Made Toy's* holding turned on fact that allegedly infringing work only copied expressive elements of unregistered derivative work that did not appear in registered work. Here, unregistered work was simply section of larger registered work. Unregistered work therefore contained protectable elements of registered work, which defendant allegedly copied. Under circumstances, defendant's alleged infringement of underlying work, through copying of derivative work, could serve as basis for action based on registration of underlying work.

Lead It Corp. v. Tallapalli, No. 12-3099, 2013 U.S. Dist. LEXIS 12282 (C.D. Ill. Jan. 29, 2013)

Court denied defendant's motion to dismiss for failure to state claim. Plaintiff asserted claim of copyright infringement for infringement of text on its website. Defendant moved to dismiss since, although application was filed, copyright registration had not issued at time of filing of complaint as required under 17 U.S.C. § 411(a). Upon receiving registration, plaintiff moved to supplement response defendant's motion, and motion was granted. Court denied motion and held that, although Seventh Circuit had not yet held whether application approach or registration approach is proper, that issue need not be decided because plaintiff received certificate of registration "back-dated" to date of filing.

North Jersey Media Group, Inc. v. Sasson, No. 12-3568, 2013 U.S. Dist. LEXIS 1536 (D.N.J. Jan. 4, 2013)

Plaintiff, news reporting company, brought copyright infringement claim against former employee who now operated blog. Defendant allegedly posted entries on his blog that contained works, news story and two photographs, owned by plaintiff. Defendant moved to dismiss, asserting that plaintiff had only applied for, and had not yet received, certificates of registration for works at issue, and thus failed to state *prima facie* claim of infringement. Court found that none of exceptions to § 411(a) registration requirement were present: works were U.S. works; claims did not concern rights of attribution and integrity under § 106A; and plaintiff had not attempted to register works and been refused by Copyright Office. Court acknowledged split over pre-suit registration requirement, with some courts taking "application approach," in which application for registration is sufficient, and others requiring registration certificate. Court, consistent with other cases in District of New Jersey, adopted "registration approach," under which application for copyright registration is insufficient to state claim of infringement. Court

dismissed claims concerning works for which plaintiff had not yet received certificates of registration.

V. INFRINGEMENT

A. Access

Bldg. Graphics, Inc. v. Lennar Corp., 708 F.3d 573 (4th Cir. 2013)

Fourth Circuit affirmed grant summary judgment to defendant since plaintiff lacked sufficient evidence to support *prima facie* case of infringement of several home designs. Plaintiff argued that defendant conducted due diligence in which defendant studied home building market when it entered such market. Defendant's representative testified that he was not aware of whether defendant studied plaintiff's designs during due diligence. Circuit held that district court correctly ruled that evidence of due diligence only established "mere possibility" of access. Moreover, defendant's diligence routinely only included studying new homes that were currently on offer and being built, and only small number of homes based on plaintiff's copyrighted designs were ever built.

Webb v. Stallone, No. 11-7517, 2012 U.S. Dist. LEXIS 182319 (S.D.N.Y. Dec. 26, 2012)

District court granted defendant Sylvester Stallone's motion for summary judgment, finding no reasonable juror could conclude Stallone copied plaintiff Marcus Webb's screenplay for movie *The Expendables*. David Callaham, screenwriter and co-author of *The Expendables* had blind commitment to write script for Warner Brothers about American mercenaries taking on foreign dictator. Callaham wrote three drafts of script, and sent last draft, entitled *Barrow*, to Warner Brothers. Subsequently, Webb wrote screenplay and short story *The Cordoba Caper*, about American mercenaries taking on Latin American dictator General Garza, and registered copyrights. In 2008, Stallone's agents obtained numerous scripts, including *Barrow*, for Stallone to review for new film. Stallone wrote his own screenplay about group of mercenaries who bring down Latin American dictator General Garza, using *Barrow* as starting point. Stallone denied ever seeing *The Cordoba Caper*. Stallone argued (1) *Barrow* was written before *Cordoba*, showing independent creation; (2) Webb could not show Stallone had access to *Cordoba*; and (3) there are no similarities between works. Court denied first argument, noting independent creation is affirmative defense that requires "strong, convincing and persuasive evidence." Court questioned Stallone's reliance on *Barrow*, as he initially denied using work until he lost mediation between himself and Callaham. Further, even if Stallone's claim was truthful, copying one screenplay did not inoculate him from claim he copied second. Court found for Stallone on second argument, finding Webb's claim that Stallone had access to work weak at best. Webb was not professional screenwriter, and his only evidence of access is that he entered screenplay into well-known competitions. Even though Stallone admitted *The Expendables* had thousands of contributors, all of whom he could not identify, Webb failed to create genuine issue of fact as to access. Court also denied Webb's claim of "striking similarity" in effort to overcome lack of evidence of access. Standard for striking similarity requires

showing similarities between works that would not be expected if works had been independently created. Webb pointed to 20 examples of similarities between works, including name of Latin American dictator character, characteristics of heroine character, and sequences of action scenes. Court, however, found name of dictator was popular Latin name, idea of heroine was common, and action sequences are scenes a fair. Accordingly, as Webb could not provide evidence of access and failed to show striking similarity between works, Webb's claim failed as matter of law.

Martinez v. McGraw, No. 08-738, 2013 U.S. Dist. LEXIS 34621 (M.D. Tenn. Mar. 13, 2013)

District court granted defendants' motion for summary judgment dismissing claim that defendants' song "Everywhere" infringed plaintiff's copyrighted song "Anytime, Anywhere Amanda." Plaintiff attempted to show access by suggesting that defendant learned of song through series of people who knew one another, but adduced no specific evidence of anyone communicating with one another regarding copyrighted work. Court held that access could not be based on mere speculation and conjecture without providing any probative proof of anyone giving copy of copyrighted work to anyone else. Moreover, court held there was "no competent expert proof" that two works were strikingly similar, so as to raise inference of access and copying.

Whitaker v. Stanwood Imps., No. 10-539, 2013 U.S. Dist. LEXIS 7612 (D. Utah Jan. 17, 2013)

Court granted defendants' motion for summary judgment. Plaintiffs controlled rights to copyrighted work entitled Double Spinner, wind sculpture created by plaintiff Whitaker ("Whitaker Sculpture"). Plaintiffs allege that defendants' wind sculpture ("Stanwood Windmill") infringed copyright in Whitaker Sculpture. As there was no dispute that plaintiffs own valid copyright, court focused on element of actual copying. There was no direct evidence of copying. To indirectly prove copying, plaintiffs must show access to copyrighted material and substantial similarities between copyrighted material and allegedly copied material. Plaintiffs presented three arguments to show that defendants had reasonable opportunity to view or copy Whitaker Sculpture. First, plaintiffs argued that Whitaker Sculpture was widely disseminated, and that such dissemination provided circumstantial evidence of access. Court found, however, that although plaintiffs presented evidence of sales of over 7,000 Whitaker Sculptures, plaintiffs failed to present evidence of wide dissemination of Whitaker Sculptures to areas where defendants might have seen them. Second, plaintiffs argued that defendants' use of name "Double Spinner" provided evidence of access. Court found evidence that defendants copied name "Double Spinner" from third-party product, OSH Model Double Spinner, and further that term "Double Spinner" is clearly descriptive of product. Third, plaintiffs argued that Stanwood Windmill was copy of OSH Model Double Spinner, which was in turn copy of Whitaker Sculpture, and that copy of copy was still actionable. While it was undisputed that defendants copied OSH Model, plaintiffs failed to present evidence that maker of OSH Model had access to or copied Whitaker Sculpture. Therefore, court found that plaintiff failed to provide sufficient evidence of access, and thus failed to survive summary judgment.

B. Copying and Substantial Similarity

DiTocco v. Riordan, 496 Fed. Appx. 126 (2d Cir. 2012)

Second Circuit affirmed district court's dismissal of copyright infringement complaint for failure to state claim. Appellate court, reviewing *de novo*, found no substantial similarity between plaintiff's *Percy Jackson & the Olympians* book series and defendant's books *The Hero Perseus* and *Atlas' Revenge*, as matter of law. Because subject matter contained protectable and unprotectable elements, court applied "more discerning ordinary observer" test, and extracted unprotectable elements to determine whether protectable elements, standing alone, were substantially similar. Subject matter of plaintiff's and defendant's work necessitated significant reliance on Greek mythology, which is in public domain. Otherwise, there was no substantial similarity between works, and district court did not err in dismissing complaint.

Muller v. Anderson, No. 11-1694, 2012 U.S. App. LEXIS 23033 (2d Cir. Nov. 8, 2012)

Second Circuit affirmed district court's grant of summary judgment to defendant. Plaintiff screenwriter sued defendant film producer, alleging defendant's film *Alien vs. Predator* infringed copyright in plaintiff's script titled *The Lost Continent*. Following thorough examination of works at issue, district court granted summary judgment for defendant. Second Circuit found district court did not err in granting summary judgment; district court "amply explained why [plaintiff] failed to adduce facts from which a reasonable jury could find actual copying or improper appropriation." Court noted plaintiff "could not prove access, probative similarity, striking similarity, or any element that would support a finding of appropriation." Following reasoning of district court, court affirmed grant of summary judgment to defendant.

L.A. Printex Indus. v. Aeropostale, Inc., No. 10-56187, 2012 U.S. App. LEXIS 12033 (9th Cir. June 13, 2012)

Ninth Circuit reversed district court's grant of summary judgment in favor of defendant on copyright infringement of floral fabric pattern. Regarding copying, ninth circuit held that selling 50,000 yards of fabric creates genuine dispute of material fact as to whether copyrighted work was widely disseminated. Ninth circuit based its conclusion on fact that plaintiff and defendant were based in same city and dissemination of copyrighted work occurred over four year period immediately preceding alleged infringement. Regarding substantial similarity, Ninth Circuit applies two-part test. Extrinsic test is "objective comparison of specific expressive elements," which focuses on "articulable similarities" between two works. Intrinsic test is "subjective comparison that focuses on whether the ordinary, reasonable audience would find the works substantially similar in the total concept and feel of the works." District court pointed out various differences between copyrighted work and allegedly infringing design. Ninth Circuit, relying on Second Circuit's decision in *Knitwaves, Inc. v. Lollytogs Ltd.*, explained that it is improper for court to dissect fabric designs into separate components and only compare those elements which are copyrightable. Ninth circuit held that although certain elements of copyrighted work are not protectable, original selection, coordination and arrangement of such elements is protectable. Ninth circuit explained that in light certain similarities, differences

pointed out by district court support conclusion that there is dispute of material fact under extrinsic test. As to intrinsic test, ninth circuit held that satisfaction of extrinsic test is sufficient to survive judgment on issue of substantial similarity and “a court’s attempt to apply [the intrinsic test’s] subjective and fact-oriented standard, bypassing decision by the trier of fact, is not correct.”

Peters v. West, 692 F.3d 629 (7th Cir. 2012)

Circuit court affirmed district court judgment denying claim of copyright infringement. Plaintiff alleged that defendant, Kanye West, infringed his song “Stronger.” Plaintiff pursued close friend of Kanye West in search for executive producer and shared some recordings of his songs with him including “Stronger.” Executive producer agreed to be plaintiff’s executive producer, but project fell through because plaintiff was unable to secure funding. Months after plaintiff and executive producer’s meeting, Kanye West released song called “Stronger.” In absence of direct evidence of copying, plaintiff must demonstrate that defendant had access to original, and that two works are substantially similar to support find of copyright infringement. While court found that fact that executive producer had access to plaintiff’s song and had close relationship with Kanye West was sufficient to support inference of Kanye West’s access to copy Plaintiff’s song “Stronger,” court found that alleged similarities between works did not rise to level of copyright infringement since songs share little more than cosmetic similarities. Plaintiff alleged that combination of songs’ similar hooks, shared title, which is derived from Nietzsche’s phrase “what does not kill me, makes me stronger” and references to Kate Moss allow for finding of infringement. However, court found that Nietzsche’s maxim has appeared repeatedly in lyrics throughout past century. Court also found that similar rhyme pattern insufficient to support infringement claim because copyright protects actual expression not methods of expression. Finally, court found that both songs reference to Kate Moss does not constitute substantial similarity because lyrics are completely different; referring to models as “shorthand for beauty, is for better or for worse, commonplace in our society;” and selection of world renowned Kate Moss, is insufficient to constitute protectable expression.

Harney v. Sony Pictures Television, Inc., 704 F.3d 173 (1st Cir. 2013)

Plaintiff-photographer brought suit against television production company for infringement of plaintiff’s now-iconic photograph of father and daughter emerging from Palm Sunday church service. Father featured in plaintiff’s photograph was Christian Gerhartsreiter, subsequently revealed to be “professional” imposter who had passed himself off as member of Rockefeller family named “Clark Rockefeller.” When Gerhartsreiter later abducted daughter during custodial visit, plaintiff’s photograph was used in FBI “Wanted” Poster and also distributed to media as abduction saga unfolded amidst massive media coverage. Thereafter, defendant produced made-for-television film based on Gerhartsreiter’s identity deception, which featured new image, created by defendant, that was meant to simulate plaintiff’s famous photograph. On appeal, court affirmed lower court’s grant of summary judgment in favor of defendant upon finding no substantial similarity between photographs at issue. First, court ruled that elements of plaintiff’s photograph such as daughter’s piggyback pose and shot of Church of the Advent were nonprotectible “facts.” Accordingly, court held there was no substantial similarity among photograph’s protectible elements, such as framing, brightness, and composition, since

photographs differed in lighting and coloring and defendant's photograph, lacking any religious detail (e.g., Palm Sunday symbols), did not recreate plaintiff's original composition of father-daughter, Beacon Hill and Palm Sunday. Although defendant's photograph did copy plaintiff's placement of father and daughter in middle of frame, that was insufficient, without more, to find substantial similarity. Finally, court rejected plaintiff's argument that his photograph uniquely expressed "haunting deception of the lie that was Clark Rockefeller's life." Such argument sought to improperly enlarge scope of copyright protection by attributing to plaintiff's photograph idea – Gerhartsreiter's deception – that was not discernible from photograph itself. Newfound interest in plaintiff's photograph resulting from subsequent events, i.e., discovery of Gerhartsreiter's deception, did not transform otherwise unoriginal elements of photograph into protectible subject matter.

Winstead v. Jackson, No. 11-3771, 2013 U.S. App. LEXIS 869 (3d Cir. Jan. 11, 2013)

Third Circuit affirmed dismissal of copyright infringement action against rapper/songwriter Curtis Jackson a/k/a Fifty Cent. Plaintiff author alleged that defendant Jackson's album, *Before I Self-Destruct*, and companion film of same name had derived their contents from, and infringed copyright in, plaintiff's book. Defendants moved to dismiss complaint because works were not substantially similar as matter of law. District court dismissed complaint. Plaintiff appealed arguing district court applied wrong standard in dismissing on Rule 12(b)(6) motion. On appeal, Third Circuit found lower court properly examined works themselves in reaching decision and, accordingly, had before it all that was necessary to make required determination concerning substantial similarity. Third Circuit further held there was no actionable copying of plaintiff's work because lay observer would not believe Jackson's album/film copied protectible aspects of plaintiff's book, reasoning (1) although works "shar[ed] similar themes and setting, story of an angry and wronged protagonist who turn[ed] to a life of violence and crime ha[d] long been a part of public domain"; (2) plaintiff's book and Jackson's works were different "with respect to character, plot, mood, and sequence of events"; and (3) phrases that plaintiff contended were directly copied from his book were either too common in general or too common with respect to hip hop culture to enjoy copyright protection. Accordingly, district court properly dismissed complaint.

Miller's Ale House, Inc. v. Boynton Carolina Ale House, LLC, 702 F.3d 1312 (11th Cir. 2012)

Eleventh Circuit affirmed dismissal of plaintiff restaurant chain's claims where plaintiff brought suit alleging that floor plan of defendant's sports bar infringed upon plaintiff's copyrighted floor plan. District court granted summary judgment to defendant holding that no reasonable jury, limiting its consideration to "standard features" of architectural work, could find defendant's floor plan substantially similar to plaintiff's restaurant. Plaintiff appealed. Fourth Circuit observed that copyright protection for architectural work is thin and noted that in light of limited scope of protection available to architectural works, "modest dissimilarities are more significant that they may be in other types of art works." While floor plans of parties shared certain similarities, those alleged common features were standard for sports bar or restaurant and, as such, were not copyright protectible as architectural work. Further, differences between

establishments were dramatic and overwhelming, and similarities between floor plans existed only at broad conceptual level. Accordingly, judgment of district court was affirmed.

Charles W. Ross Builder, Inc. v. Olsen Fine Home Building, LLC, 496 Fed. Appx. 314 (4th Cir. 2012)

Plaintiffs filed complaint asserting copyright infringement on ground that defendants' home was substantially similar to plaintiff's model home. Fourth Circuit found that district court did not apply correct test for determining whether allegedly infringing material was substantially similar, and therefore vacated and remanded case. District court applied "more discerning observer" test, distinguishing between protectable and not protectable elements and removing non-protectable elements from consideration, and then determining whether remaining elements of works are conceptually similar. However, Fourth Circuit found that appropriate test for evaluating substantial similarity is test from *Universal Furniture Int'l Inc. v. Collezione Europa USA, Inc.*, 618 F.3d 417 (4th Cir. 2010). Court found analytic similarity in present case and *Universal Furniture*. Specifically, furniture and architectural works in respective cases incorporated design elements from historical style and contained combination of unoriginal and unprotectable, and original and protectable, elements. Moreover, both architectural works and furniture derive their copyright protection as compilations. Under *Universal Furniture* test, to prove substantial similarity, plaintiff must show that works are (1) "extrinsically similar because they contain substantially similar ideas that are subject to copyright protection," and (2) "intrinsically similar in sense that they express those ideas in a substantially similar manner from the perspective of the intended audience of the work." Under test, extrinsic similarity is objective inquiry requiring consideration of external factors of substantial similarities in both ideas and expression. Intrinsic similarity is subjective inquiry, where court evaluates total concept and feel of works, as seen through eyes of intended audience of plaintiff's work.

Blehm v. Jacobs, 702 F.3d 1193 (10th Cir. 2012)

Tenth Circuit affirmed grant of summary judgment in favor of appellees, two brothers and their "Life is Good" company, in copyright infringement action brought by commercial artist and creator of simple stick figure cartoon character, "Penmen." Artist contended that company's depiction of its stick figure cartoon character "Jake" on t-shirts infringed his copyrighted posters that featured Penman character engaged in various activities. Tenth Circuit agreed with district court's finding that copyrighted and accused works were not substantially similar. Artist's copyright protection extended only to his original expression and not to ideas embodied in that expression pursuant to § 102(b). Specifically, Artist had no copyright over everyday activities like holding birthday cake, catching Frisbee or skateboarding, or over common anatomical features, and natural poses because they were ideas that belonged to public domain. Separating unprotected ideas from protectable expression, court concluded that no reasonable juror could determine Company's "Life is Good" character was substantially similar to protected expressive choices artist used for Penman character. Copying alone was not infringement because infringement determination depended on what was copied. Assuming company copied artist's images when it produced its images, substantial similarity analysis showed it copied ideas rather than expression, which made company copier but not infringer under copyright law. Accordingly, grant of summary judgment was affirmed.

Bollfrass v. Warner Music Group Corp., No. 12 Civ. 6648, 2013 U.S. Dist. LEXIS 49761 (S.D.N.Y. Apr. 1, 2013)

District court granted motion to dismiss copyright infringement claim for failure to state claim. Plaintiff alleged that “Exogenesis: Symphony,” song published by defendant, infringed plaintiff’s copyright in his screenplay, “Panspermia/ExoGenesis.” Screenplay included characters, dialog, plot development, and stage and camera directions; screenplay did not contain any music. Plaintiff argued that “Exogenesis: Symphony” was substantially similar to “Panspermia/ExoGenesis” because two works had similar plots involving planetary breakdown and use of astronauts and space travel in attempt to spread human life to other planets. “Exogenesis: Symphony” was three-movement song; while it had liner notes that described story told by song, song lyrics were sparse and contained no discernible narrative, and song had no dialog or characters. Court found that any similarity between two works lay in their concepts, abstracted to high degree of generality. Music, apart from its lyrics, cannot infringe copyright in written work. Lyrics of “Exogenesis: Symphony” did not express plot; thus, they did not infringe. Also, liner notes described plot that was far too abstract and general to infringe plaintiff’s copyright. Thus, plaintiff failed to state claim for copyright infringement.

Klauber Bros. v. Russell-Newman, Inc., No. 11-4985, 2013 U.S. Dist. LEXIS 42758 (S.D.N.Y. Mar. 26, 2013)

District court granted defendant’s motion to dismiss, finding fabric designs at issue not substantially similar as matter of law. Plaintiff was designer, manufacturer and seller of knit fabrics. Defendant was retail clothing store that sold women’s underwear. Plaintiff sued defendant for sale of women’s underwear that incorporated lace designs that allegedly infringed plaintiff’s copyrights. Court, applying ordinary observer test, found works not substantially similar. Ordinary observer test asks whether average lay observer would recognize alleged copy as having been appropriated from copyrighted work. Defendant argued court should use “more discerning” test, which in Second Circuit applies to copyrighted works that are not “wholly original,” but rather incorporate elements from public domain. “More discerning” test requires court to eliminate unprotectable elements from consideration, and ask whether protectable elements, standing alone, are substantially similar. Defendant argued “more discerning” test was appropriate because works at issue contained unprotected idea of roses and leaves and stems arranged in pattern. Court disagreed, finding flowers in plaintiff’s patterns “not simply the [unprotectable] depiction of a flower as it would appear in nature ... [but] an artistic rendering that has its own unique qualities.” Court analyzed flower designs and found enough differences in individual elements of flowers (*i.e.*, length of plant sprigs, amount of leaves, stylizations) that “total concept and feel” of works was different. No reasonable jury could find average lay observer would recognize defendant’s work to be appropriated from plaintiff’s work. In making determination, court considered fabric cases in Second Circuit, and found cases that found infringement all involved presence of similar or identical color scheme. As there was no similar or identical color scheme in works, and designs were different, works were not substantially similar.

Hallford v. Fox Entm't Group, Inc., No. 12-1806, 2013 U.S. Dist. LEXIS 19625 (S.D.N.Y. Feb. 13, 2013)

District court granted defendants' motion to dismiss complaint for failure to state claim for copyright infringement. Plaintiff sued claiming that defendants' television program *Touch* infringed copyright in his screenplay *Prodigy*. In order to establish claim of copyright infringement, plaintiff must demonstrate that (1) defendant actually copied plaintiff's work; and (2) substantial similarity exists between defendant's work and protectible elements of plaintiff's work. Standard test for substantial similarity is whether ordinary observer would be recognize alleged copy as being appropriated from copyrighted work. Moreover, substantial similarity involves many aspects of work including "total concept and theme, characters, plot, sequence, pace and setting." Court found that plots, sequence, characters, setting and pace of works were not substantially similar. While both works contained theme of interconnectedness, interconnectedness is not protectible theme; themes in two works are similar only in that each addresses non-protectible idea. Finally, court found that total concept and feel of works not similar.

Mena v. Fox Entm't Group, No. 11-5501, 2012 U.S. Dist. LEXIS 143964 (S.D.N.Y. Sept. 27, 2012)

Court granted defendants' motion to dismiss. Plaintiff screenwriter sued defendant entities, alleging defendants' hour-long television series *Past Life* infringed plaintiff's copyrighted screenplay *Transience*. Defendants moved to dismiss complaint for failure to state claim. Facts established that plaintiff provided defendants with copy of *Transience* and worked with defendant to revise screenplay prior to defendants' development of *Past Life*. Since parties did not dispute defendants' access to *Transience*, sole issue before court was substantial similarity. Court compared works under both "more discerning observer" test and "total concept and feel" analysis. Applying "more discerning observer" test to individual protectable elements of *Transience*, court found numerous differences between setting, mood, themes, plot points, particular scenes and sequences, characters and character development of works. Accordingly, "no discerning observer would conclude that *Past Life* had appropriated protected elements from *Transience*." Court also found no substantial similarity under "total concept and feel" analysis, noting court was "unable to pinpoint any sufficiently original aesthetic decisions that appear to have been copied by [defendants]." In conclusion, court found "no reasonable jury, properly instructed, could find that the two works are substantially similar," and dismissed complaint under Rule 12(b)(6).

Effie Film, LLC v. Pomerance, No. 11-7087, 2012 U.S. Dist. LEXIS 179030 (S.D.N.Y. Dec. 18, 2012)

Plaintiff, film production company, recently shot motion picture due to be released in 2013, *Effie*, based on screenplay written by Emma Thompson, that revolves around famous Victorian love triangle. In response to threat of litigation, plaintiff brought suit against defendant, author of two screenplays based on same Victorian love triangle, seeking declaration of non-infringement. Historical drama of parties' works was based on real-life events that occurred in Victorian England, involving two major figures of Victorian art world, John Ruskin and John

Everett Millais, and woman named Euphemia (“Effie”) Gray, who, at cost of great notoriety, married Millais after annulling marriage to Ruskin on scandalous ground of non-consummation. In remarkably detailed opinion, court granted plaintiff’s motion for judgment on pleadings and held that plaintiff was entitled to declaratory judgment that neither film *Effie* nor screenplay on which it was based infringed either of defendant’s works. Under governing precedent set by *Hoehling v. Universal City Studios, Inc.*, 618 F.2d 972 (2d Cir. 1980), which held that works of historical “fact” and “interpretation” are entitled to narrow scope of copyright protection, court first took judicial notice of nonprotectible historical “facts” (e.g., Ruskin-Gray union led to “unhappy marriage”; Gray and Millais fell in love while Ruskin was away delivering lectures in Scotland; Ruskin-Gray marriage ended when Gray sought and received annulment based on ground of non-consummation). All such historical “facts” were necessarily disregarded from analysis of substantial similarity. Further, court held that aspects of literary works such as basic plot structure and identities of main characters were nonprotectible elements. Accordingly, court’s finding of lack of substantial similarity was based on numerous differences found among protectible elements, namely expression of central scenes, pace and narrative structure, themes, central literary references, and characterization. For example, court held that five most significant fictionalized scenes differed materially in their expression (e.g., setting and dialogue); *Effie* focused on dominant themes of perfection and escape that were channeled through Ovid, whereas dominant themes in defendant’s works relied on Shakespearean grammar keyed to *Hamlet* and also introduced strong notes of pedophilia and oedipal desire; and specific characterizations of characters, including John Ruskin, were markedly different in parties’ respective works. Because of these pervasive differences in reference to important scenes, pace, themes, and characterization, court held that overall “concept and feel” of works defeated any claim of substantial similarity.

Quirk v. Sony Pictures Entm’t Inc., No. 11-3773, 2013 U.S. Dist. LEXIS 47954 (N.D. Cal. Apr. 2, 2013)

Plaintiff, author of novel entitled *Ultimate Rush*, sued defendants, producer, screenwriter and director of film entitled *Premium Rush*, alleging defendants’ unauthorized adaptation of plaintiff’s novel infringed plaintiff’s copyright. Defendants did not dispute plaintiff’s ownership of valid copyright or defendants’ access to plaintiff’s novel, but moved for summary judgment on basis that works were not substantially similar. Preliminarily, court noted that plaintiff based arguments on flawed legal premise that proving defendants “adapted” plaintiff’s novel established defendants’ liability for infringement. Addressing plaintiff’s flawed reasoning, court noted that copyright “protects expression, not ideas,” and held that “even assuming defendants used [plaintiff’s] novel as a starting point, and ‘copied’ from it as they worked, the final film does not include substantial similarities to any copyrightable expressions of the novel.” Having evaluated plaintiff’s 35-page listing of alleged substantial similarities between works, court found works “differ greatly in many large and small details as well as in their overall mood, style, and structure,” and noted that plaintiff relied on subjective and often highly unfair characterizations of material in book and movie to create “highly strained purported ‘similarities.’” According to court, “[u]pon filtering out all the non-protectable elements and disregarding characterizations not fairly supported by the two works, [plaintiff] simply has not pointed to sufficient commonalities of expression from which a reasonable fact-finder could

conclude the movie and the book contain substantially similar protectable expression.” Therefore, court granted defendants’ motion for summary judgment.

Hobbs v. John, No. 12-3117, 2012 U.S. Dist. LEXIS 154452 (N.D. Ill. Oct. 29, 2012)

District court granted defendants’ motion to dismiss claim that defendants Elton John and Bernie Taupin’s song “Nikita” infringed copyright in plaintiff’s song “Natasha.” Plaintiff claimed that songs were substantially similar based on shared theme of impossible love between Western man and Communist woman during Cold War; both songs having descriptions of woman’s pale eyes; both songs referencing sending of correspondence in mail; both songs repeating and emphasizing concept of events that never happened—word “never” appears 12 times in “Natasha” and 11 times in “Nikita”; in chorus, title names are each repeated four times and then combined with phrases “You’ll never know,” “you will never know,” “to hold you,” and “I need you”: phrase “to hold you” is repeated three times in plaintiff’s song, and four times in defendants’ song; each song has one-word, phonetically-similar title consisting of three-syllable Russian name, both beginning with letter “N” and ending with letter “A”; and title name is repeated 13 times in “Natasha” and 14 times in “Nikita.” Court held that themes were not protectable under *scènes à faire* doctrine because they were rudimentary, commonplace and standard. Regarding various similar lyrics, court held they were too generic to constitute original protectable expression. Moreover, short phrases are not subject to copyright protection.

Rucker v. Harlequin Enterprises, Ltd., No. 12-1135, 2013 U.S. Dist. LEXIS 26299 (S.D. Tex. Feb. 26, 2013)

Plaintiff author sued defendant, leading publisher of romance novels, for infringement of plaintiff’s novel *How to Love a Billionaire*, featuring romance between green-eyed, red-haired beauty and tall, dark handsome wealthy man. Plaintiff alleged that defendant’s novel *The Proud Wife* featured similar characters and contained “over 40 instances of direct copyright infringement.” Plaintiff further alleged that defendant obtained access to plaintiff’s novel when plaintiff entered it into romance novel competition for which Harlequin editor served as judge. Defendant moved to dismiss complaint. Court did not reach issue of access, because court found no actionable similarity between works. Court opined that, although recitation of generalized and basic plot—in both works, love overcomes trials and tribulations, and beautiful wealthy couple endures miscarriage, separates, reunites, rediscovers love and attraction for each other, recommits, and at end is expecting another child—emphasized works’ similarities, comparing works “leads to the conclusion that the expression of these ideas and the resulting ‘feel’ of the two works are significantly different.” Any similarities between two works were in generic elements—features, plots, characters, and elements found in many romance novels—and thus were themes common to romance novels, or were *scènes à faire*, and not legally protected elements. Court accordingly granted motion to dismiss without leave to amend, noting that amendment would be futile.

LaTele TV C.A. v. Telemundo Communs. Group, LLC, No. 12-22539, 2013 U.S. Dist. LEXIS 43488 (S.D. Fla. Mar. 26, 2013)

District court denied defendants’ motion to dismiss copyright infringement action. Plaintiff, Venezuelan television network, sued defendant, producer of Spanish-language programming,

alleging that defendants' *El Rostro* telenovela, written by one of same authors as plaintiff's *Maria Maria* telenovela, were so similar, sharing core plot, exposition, conflict, climax, and closure, as to infringe plaintiff's copyright. Court rejected defendants' argument that complaint failed to identify specific original work that was subject of infringement claim, holding that plaintiff had adequately identified work as 198 episodes of *Maria Maria* telenovela. Nor was complaint deficient for failure to attach all 198 episodes of work and English translations of same, especially where copyright registration for *Maria Maria* plainly identified work. Complaint adequately alleged substantial similarity where plaintiff pointed to website where viewers of both telenovelas had observed similarities, and where level of parallel between details of works was high: main characters were alleged to be virtually same, plot for each work was alleged to be essentially identical, common events in works happened in precisely same order. Court observed that while plot contained "certain ideas that may be considered standard in telenovelas—a fiery car crash, plastic surgery, mistaken identity, amnesia, and infidelity—the level and number of similarities in details, and particularly in the sequence of events, as set forth in both works, removes the similarities from realm of ideas and propels them into the arena of expression of ideas." Court also held that plaintiff had pleaded sufficient factual allegations to support contributory and vicarious infringement claims. Accordingly, motion to dismiss complaint was denied.

Harter v. Disney Enters., 104 U.S.P.Q.2d 1547 (E.D. Mo. 2012)

District court granted defendant's motion for summary judgment. Plaintiffs wrote Christmas story called *Santa Paws: The Story of Santa's Dog*, which their agents showed to various entities, including defendant. More than 10 years later, defendant distributed two videos: *Santa Buddies: The Legend of Santa Paws* and *The Search for Santa Paws*, which plaintiffs alleged infringed their work. Since plaintiffs did not present direct evidence of copying, plaintiff had to establish that defendant had access to plaintiffs' work and that there was substantial similarity between ideas and expression in allegedly infringing work and copyrighted work. Since defendant conceded access, court focused on substantial similarity. Court determined substantial similarity through two-step test: (1) court assesses similarity of ideas extrinsically by focusing on objective similarities in work; and (2) if there is similarity in ideas, court evaluates similarity of expression using intrinsic test depending on response of reasonable person to specific forms of expression. While court found that there were some general similarities between works (e.g., plots of both stories involved threat to Christmas holiday or spirit, which is saved by talking dog; dogs named "Paws," "Santa Paws," or "Puppy Paws"; other similar characters such as talking dogs and elves; antagonist who is trying to ruin Christmas or cause some other trouble; plaintiffs' magical icicle and defendant's magical ice crystal; and that both works featured Christmas tree), court found that works did not have substantially similar ideas, and that most similarities between works were not protected because they involved nothing more than "general plot idea."

Marenem, Inc. v. Jump, No. 12-212, 2013 U.S. Dist. LEXIS 55426 (M.D. Ga. Apr. 18, 2013)

District court denied defendant's motion for summary judgment that works were not substantially similar as matter of law. Plaintiff, who created phonics education program called

Secret Stories—Cracking the Reading Code, brought claim for copyright infringement against defendant, who created educational material called *Spelling Chunks*, also intended to teach phonics to children, on basis that text and illustrations in defendant’s work were substantially similar to text and illustrations in plaintiff’s work. Court stated “substantial similarity exists where ‘an average lay observer would recognize the alleged copy as having been appropriated from the copyrighted work.” Out of 31 phonetics lessons in both works, 26 were for same letters or letter combinations, and 16 lessons depicted some similarity in text and/or illustrations. Since similarities in works were substantial from perspective of lay observer, court could not find as matter of law that reasonable jury could not deem works to be substantially similar.

C. Contributory/Vicarious Infringement

Luvdarts, LLC v. AT&T Mobility, LLC, 710 F.3d 1068 (9th Cir. 2013)

Ninth Circuit affirmed district court’s dismissal of plaintiff’s case for failure to state claim. Plaintiff publishers sued defendant mobile wireless carriers, alleging vicarious and contributory infringement. Plaintiffs alleged that they were in business of selling commercial multimedia-messaging content designed to be transmitted over multimedia messaging service (“MMS”) networks to and from mobile devices. Defendants owned MMS networks. Plaintiffs alleged that defendants were liable for infringement committed by third parties over defendants’ networks under either vicarious or contributory liability theory. Appellate court determined that vicarious infringement claim failed because plaintiff publishers did not adequately allege that defendants had necessary right and ability to supervise infringing conduct since, *inter alia*, complaint stated only that defendants should establish metadata system of digital rights management, without explaining how defendants could plausibly implement system at low enough cost to justify imposition of vicarious liability. Contributory infringement claim failed because plaintiffs did not allege adequately that defendants had necessary specific knowledge of infringement.

Blank Prods. v. Warner/Chappell Music, Inc., No. 11-7927, 2013 U.S. Dist. LEXIS 1202 (S.D.N.Y. Jan. 3, 2013)

Court denied plaintiffs’ partial motion to dismiss counterclaims for contributory and vicarious infringement. Plaintiffs brought action seeking declaratory judgment that their use of various musical works to create karaoke recordings did not violate defendants’ copyright in those works, under theory that license agreement between defendants and non-party purchaser of plaintiff’s recordings included authorization for third parties to use defendant’s musical works. To state claim for contributory infringement, plaintiff must allege that party, with knowledge of infringing activity, “induce[d], cause[d], or materially contribute[d] to the infringing conduct of another.” Court found that facts alleged constituted adequate claim that plaintiffs committed contributory infringement. Specifically, plaintiffs’ used musical works, in some of which defendants held copyrights, as source material for creating karaoke recordings. By distributing, marketing and selling recordings, plaintiffs provided third parties with opportunity to commit direct infringement and knew that such infringement occurred. Party infringes vicariously “by profiting from direct infringement while declining to exercise a right to stop or limit it”; knowledge is not required. Court found that defendant pled sufficient facts to support claim for vicarious infringement. Plaintiffs had right and ability to control third party’s infringing conduct

because plaintiffs created karaoke recordings using copyrighted works without licenses, and sold recordings to other users. Plaintiffs also had full control of contents of their recording catalogs and sale of recording with infringing recordings to third parties, and plaintiffs profited from infringement by third parties.

Coach, Inc. v. Swap Shop Inc., No. 12-60400, 2012 U.S. Dist. LEXIS 184417 (S.D. Fla. Sept. 21, 2012)

Plaintiff, luxury handbag and leather goods manufacturer, sued defendants, property owners, lessors, lessees, and operators of flea market in Florida, for copyright infringement arising from sale of counterfeit Coach products by vendors at defendants' flea market. Defendants moved to dismiss plaintiff's claims pursuant to Rule 12(b)(6). Preliminarily, court drew distinction between defendant owners of property who merely lease property and defendant lessees and flea market operators. Court found former could not be held contributorily or vicariously liable for infringement because property ownership alone does not establish requisite exercise of control over sale of infringing products sold on property. Accordingly, court granted motion to dismiss as to defendant property owners and lessors. With respect to remaining defendants, lessees and operators of flea market, court found such defendants could be held contributorily and vicariously liable for infringement because these defendants provided means for vendors to engage in sale of infringing products, including leasing of space to vendors for booths and storage containers. Since plaintiff alleged sufficient facts establishing such defendants' knowledge of infringing activities by vendors, that defendants' had right and ability to supervise premises, and that defendants' obtained direct financial benefit from infringing activity, court denied motion to dismiss claims against defendant lessees and flea market operators.

Broadcast Music, Inc. v. Nolan Enters., No. 11-705, 2013 U.S. Dist. LEXIS 4918 (S.D. Ohio Jan. 11, 2013)

Plaintiff performing rights organization sued defendant strip club operator for infringement arising from defendant's performance of four copyrighted musical compositions at defendant's club without license or permission. Following discovery, plaintiff moved for summary judgment. Defendant did not contest plaintiff's ownership of copyright in works, or its infringement of works at issue; defendant argued only that infringement was not willful. Court found defendant's self-serving affidavit stating it did not willfully disregard or infringe plaintiff's copyrights insufficient to establish genuine issue of material fact. Court found defendant corporation liable for infringement regardless of whether it had knowledge of music played at club. Court noted defendant operated club, and therefore had direct financial interest in and right and ability to direct and control activities of club. Court also found defendant's sole owner and corporate officer vicariously liable, since officer had direct financial interest in and ability to control and direct activities, as well as ability to supervise employees, at club. Court enjoined defendants from further unauthorized performances of plaintiff's compositions, noting plaintiff had established past infringement by defendants and persistent disregard of plaintiff's offers to license works to defendants. Court, noting plaintiff had established defendants' willfulness, awarded plaintiff statutory damages in amount of \$20,000, and attorneys' fees in amount of \$15,370.91.

Robert Kubicek Architects & Assocs. v. Bosley, No. 11-2112, 2012 U.S. Dist. LEXIS 178236 (D. Ariz. Dec. 14, 2012)

District court granted in part and denied in part defendants' motion for summary judgment. Plaintiff ("RKAA") was architectural firm; individual defendant Bosley was architect, former president and member of board of directors of RKAA. For 10 years at RKAA, Bosley was principally responsible for managing work of client Bashas' Inc. ("Bashas'"). Bosley resigned from RKAA, and started new firm, The Bosley Group Inc. ("TBG"). Bashas' hired TBG instead of RKAA for new work. RKAA sued Bosley, TBG and Bashas' for direct, contributory and vicarious infringement, alleging that when Bosley left firm, TBG acquired copies of RKAA's copyrighted architectural drawings related to Bashas' projects, and later unlawfully copied drawings for work on Bashas' projects. Defendants argued that plaintiff's claim of direct infringement against Bosley failed because RKAA did not point to any evidence showing Bosley copied or made use of copyrighted materials at issue. Court agreed, finding RKAA failed to point to any evidence that Bosley either personally copied or obtained relevant protected materials after he resigned from RKAA, or that he authored or contributed to TBG drawings and plans that purportedly infringed such materials. While Bosley e-mailed himself documents from RKAA, none of documents were related to registrations at issue. Court therefore found that contributory infringement claim against TBG also failed, as it was based on claim of direct infringement by Bosley. Court found, however, that RKAA presented sufficient evidence that TBG engaged in direct infringement, and that Bosley contributed to infringement. Court reasoned that Bosley had years of experience in overseeing work done by RKAA for Bashas', and thus would likely have recognized misappropriation of RKAA work in TBG work he reviewed. Finally, defendants argued RKAA's claim against Bosley for vicarious liability failed because he had no direct financial interest in any of TBG's employees' committing infringement. Court disagreed, finding that Bosley as owner and founder of TBG had direct financial interest in TBG securing and retaining Bashas' as client. As TBG's alleged use of copyrighted materials was directly related to work it performed on behalf of Bashas', Bosley's financial interest in exploiting materials was obvious and direct. Court therefore denied defendants' motion for summary judgment on RKAA's claim of vicarious infringement against Bosley.

D. Miscellaneous

Coach, Inc. v. Horizon Trading USA Inc., No. 11-3535, 2012 U.S. Dist. LEXIS 160528 (S.D.N.Y. Nov. 7, 2012)

District court granted plaintiffs' motion for summary judgment on claim of copyright infringement. Plaintiff served defendants with Requests for Admissions under Fed. R. Civ. P. 36(a)(1), requesting that defendants admit that they had access to and copied plaintiffs' design elements of its copyrighted "Signature C" design, and that design elements on defendants' products are substantially similar to plaintiffs' copyrighted works. Defendants failed to respond to Request for Admissions within 30 days after being served and thus each proper request was deemed admitted under Fed. R. Civ. P. 36(a)(3). Defendants argued that they did not receive requests but court rejected defendants' argument based on plaintiffs' proof of service as well as New York Law which establishes "that mailing a letter creates a presumption that the addressee received it," and granted plaintiffs' motion for summary judgment on copyright infringement.

Daggs v. Bass, No. 11-30070, 2012 U.S. Dist. LEXIS 165612 (D. Mass. Nov. 20, 2012)

Plaintiff brought claim for copyright infringement and “[a]lthough she does not refer to it as such, ... claim under 17 U.S.C. § 1101, known as the ‘Anti-Bootlegging Statute,’” on basis that defendants recorded her live musical performances and broadcast them on Comcast public-access television. District court granted defendant Comcast’s motion for summary judgment on basis that it was shielded from liability under Cable Communications Act of 1984 (“Cable Act”) and because it had blanket license agreement with ASCAP to broadcast plaintiff’s performances. Under Cable Act, cable operators must set aside channels for independent commercial, public, educational or governmental programs and cannot edit programs carried on these channels. Because cable operators cannot edit such programs, they are shielded from civil liability in connection with these programs. Thus, since Comcast was cable operator and programming at issue was within scope of Cable Act, court found that Comcast was immune from civil suit involving such programming. Moreover, since Comcast had blanket license agreement with ASCAP providing that Comcast could broadcast any music in ASCAP’s repertory, including plaintiff’s, Comcast had valid public performance license, and could not be held liable for copyright infringement.

Martinez v. McGraw, No. 08-738, 2013 U.S. Dist. LEXIS 16621 (M.D. Tenn. Feb. 7, 2013)

District court granted defendant’s motion to exclude expert reports and testimony of purported expert. Plaintiff alleged that defendant country music star Tim McGraw’s song violates plaintiff’s copyrighted song. Under *Daubert*, scientific testimony or evidence must be reliable. Purported expert offered opinion regarding access and substantial similarity. As to purported expert’s access opinion, court held his opinion was nothing more than statement regarding numerous hearsay statements of third parties and is thus merely speculative. As to substantial similarity, court granted defendant’s motion to exclude since purported expert’s CV was inaccurate and misleading as to his knowledge of music, and he had little knowledge regarding music theory.

Denenberg v. LED Tech., LLC, No. 11-03155, 2012 U.S. Dist. LEXIS 140513 (D. Colo. Sept. 28, 2012)

Court granted in part and denied in part defendant’s motion for partial summary judgment. Plaintiff plastic surgeon took patient “before and after” photos for use on website, and registered website content with Copyright Office. Defendant sold lamp advertised to provide anti-aging benefits. Defendant hired marketing company to create infomercial, and marketing company acquired plaintiff’s photographs, which did not contain copyright notice or other notice of origin, and used them in infomercial. Plaintiff sued, and moved for summary judgment of willful infringement. Defendant moved for partial summary judgment that any infringement committed was not willful, but rather innocent. Court found plaintiff offered no evidence that defendant knew that pictures “were copyrighted.” Defendants’ affidavits declared that defendant had no knowledge that using photographs violated copyright law. Pictures did not contain copyright notice, watermark, or other notice of origin or copyright. Court held that plaintiff had not shown

genuine issue of material fact that defendant acted willfully. Defendant argued it was innocent infringer because it paid marketing company to create infomercial, and billing included line item charge of \$350 for “library stock.” Defendant contended it was therefore reasonable to assume that marketing company had acquired license for photographs. Defendant also submitted affidavits from its co-founders stating that company had policy of not using copyrighted works without authorization, and routinely purchased licenses to use in advertising materials. However, plaintiff offered evidence that some of infringing photographs were not used in infomercial prepared by marketing, and argued that even if they were, this did not give defendant reason to believe photographs could be used in additional advertising materials. Because there was fact dispute about where defendant acquired photographs and how they were used, summary judgment was not appropriate as to innocent infringement. Accordingly, defendant’s motion was granted as to willful infringement and denied as to innocent infringement.

VI. DEFENSES/EXEMPTIONS

A. Fair Use

Cariou v. Prince, No. 11-1197, 2013 U.S. App. LEXIS 8380 (2d Cir. Apr. 25, 2013)

Plaintiff brought suit for infringement against defendant, well-known “appropriation artist” who takes photographs produced by others and incorporates them into new paintings and collages of his own. Defendant had appropriated several of plaintiff’s classical portraits and landscape photographs, taken by plaintiff while living among Rastafarians in Jamaica; altered them by various means (*e.g.*, painted “lozenges” over subjects’ facial features); and thereafter incorporated images into series of paintings and collages exhibited in New York and reproduced in exhibition catalog. District court granted summary judgment in plaintiff’s favor, rejecting defendant’s fair use defense. Second Circuit reversed, and held that all but five of defendant’s 30 allegedly infringing artworks were protected under fair use doctrine. Court’s holding was based primarily on its finding that defendant’s use of plaintiff’s photographs was “transformative” in nature. First, court held that fair use doctrine does not require that defendant’s work “comment on” original work or author to be considered transformative; it merely needs to alter original work with “new expression, meaning, or message.” Court held that 25 of defendant’s artworks would be perceived by “reasonable observer” to have “added something new” by “present[ing] images with a fundamentally different aesthetic” from plaintiff’s photographs—including identifiable differences in composition, presentation, scale, color palette, and media—such that they were transformative as matter of law. Further, court held that defendant’s use of protected photographs had no effect on potential market for plaintiff’s artworks, since plaintiff and defendant had different target audiences. While defendant’s works sold in range of millions of dollars and drew attention of wealthy celebrities, plaintiff had not actively marketed his images nor sold them for significant sums. Finally, while facts that defendant’s works were commercial in character, plaintiff’s works were creative and published, and defendant had used “key portions” of plaintiff’s images, all weighed against finding of fair use, court held that those factors were outweighed by overall “transformative purpose” of defendant’s works sufficient to find fair use.

SOFA Entm't, Inc. v. Dodger Prods., 709 F.3d 1273 (9th Cir. 2013)

Plaintiff copyright owner sued defendant musical theatre producer for copyright infringement based on use of seven-second clip from *The Ed Sullivan Show* in live performances of musical *Jersey Boys*, biographical account of lives and career of The Four Seasons. On cross-motions for summary judgment, district court granted summary judgment to defendant on fair use defense, and awarded defendant \$155,000.00 in attorneys' fees. Plaintiff appealed. Ninth Circuit noted that clip was used in context of show to demonstrate band's enduring prominence in American music. By using clip as "biographical anchor," defendant had "put the clip to its own transformative ends," and because use of clip was transformative, fact that musical was commercial production was of little significance. Clip was not qualitatively significant segment of overall television show episode; "[w]hile entire episode of *The Ed Sullivan Show* or individual performances may be near to the core of copyright, the clip [by itself, conveyed] mainly factual information—who was about to perform." Show host Ed Sullivan's gesticulation and style were not copyrightable. Producer's use of clip advanced its own original creation without any reasonable threat to copyright owner's business model. Ninth Circuit affirmed lower court's judgment.

Monge v. Maya Magazines, 688 F.3d 1164 (9th Cir. 2012)

Ninth Circuit reversed district court's grant of summary judgment to defendant, finding defendant did not meet burden of establishing that its unauthorized publication of plaintiff's previously unpublished celebrity wedding photographs constituted fair use. Plaintiffs, Latin American celebrities, sued defendant, publisher of Latin American gossip magazine, for infringement based on defendant's unauthorized publication of stolen photographs of plaintiff's clandestine wedding ceremony in Las Vegas. Defendant claimed publication of photographs was fair use, and district court granted summary judgment to defendant, finding balance of fair use factors weighed in favor of defendant. On appeal, court found district court erred in balancing of "amount and substantiality" and "market harm" fair use factors. While district court found defendant's publication of only six out of over 400 stolen photographs supported fair use, Ninth Circuit found "amount and substantiality" factor "weighs decisively against fair use," because "[defendant copied 100 percent of the copyrighted photos as issue ... far more than was necessary to corroborate its story." Additionally, while district court found no potential market harm based on plaintiffs' then-present intent not to publish photographs at issue, Ninth Circuit disagreed, noting that "the potential market for the photos exists independent of the [defendant's] present intent." According to the court, defendant's "unauthorized 'first and exclusive' publication of the images substantially harmed the potential market because the publication directly competed with, and completely usurped, the [plaintiffs'] potential market for first publication of the photos." Having rebalanced fair use factors, court reversed grant of summary judgment for defendants.

Balsley v. LFP, Inc., 691 F.3d 747 (6th Cir. 2012)

Sixth Circuit affirmed district court's denial of defendant's motion for judgment as matter of law. While on vacation in Florida, news anchor entered "wet t-shirt" contest at bar and ultimately danced nude. Without plaintiff's knowledge, amateur photographer took several

photographs of plaintiff in various states of undress. Photographer posted photographs on website. Plaintiff, who eventually lost her news anchor position because of photographs, acquired ownership of photographs from photographer, and registered copyright in photographs. Magazine published one of photographs in monthly column called “Hot News Babes,” which featured contest inviting readers to nominate young, attractive female news reporters to be featured in column. Photograph was submitted by reader. Plaintiff sued publisher, who asserted fair use defense. As to first fair use factor, court held that use was clearly for commercial purpose, finding that column in which photograph appeared was designed to generate interest, sales and profits as it encouraged reader involvement and promoted illicit pictures of women in public eye. Court rejected defendant’s argument that column was noncommercial, informative commentary on plaintiff, given contest aspect of column, nature and description of photograph appearing in column, and fact that incident depicted in photograph was three years old, and not newsworthy. Court also concluded that use was not transformative because photograph was unaltered except for minor cropping, merely reprinted in different medium, was essentially market replacement and did not add creative message or meaning to photograph. Court further noted that defendant’s purpose for using photograph was same as photographer’s, to “shock, arouse and amuse.” As to second factor, defendants argued that photograph was factual and not creative work because photographer neither directed plaintiff nor created background for images. Whether photographs are factual or creative was issue of first impression for Sixth Circuit; court thus looked to sister circuits to conclude that photographs have varying degrees of creativity, and that photograph at issue had both factual and creative elements. Court concluded that reasonable jury could find that second factor weighed slightly in plaintiff’s favor or was neutral. Defendant argued that third factor weighed in its favor because it only used one of plaintiff’s photographs. Court disagreed, concluding plaintiff used essentially all of photograph at issue, and such wholesale copying militates against finding of fair use. Court, citing *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417 (1984), found that fourth factor weighs in plaintiff’s favor if she can “show that the purpose or character of the use was commercial,” because “every commercial use of copyrighted material is presumptively an unfair exploitation of the monopoly privilege that belongs to the owner of the copyright.” To rebut presumption, defendant argued that because plaintiff had no present intention to use photograph, there was no harm to potential market. Court rejected this argument, concluding that plaintiff’s intention was immaterial; that there was sufficient evidence of vast market for photograph; and defendant’s use of photograph competed for share of that market. Accordingly, court affirmed district court’s denial of defendant’s motion for judgment as matter of law.

Capitol Records, LLC v. ReDigi Inc., No. 12-95, 2013 U.S. Dist. LEXIS 48043 (S.D.N.Y. Mar. 30, 2013)

Court denied fair use defense. Defendant ReDigi marketed self as “world’s first and only online marketplace for digital used music.” To sell music on ReDigi site, user would download “Media Manager” to computer. Media Manager would analyze user’s computer to build list of digital music files eligible for sale. File was eligible only if purchased on iTunes or from another ReDigi user; music downloaded from CD or other file-sharing website was ineligible. After validation process, Media Manager continually ran on user’s computer and attached devices to ensure that user had not retained music sold or uploaded for sale. However, Media Manager could not detect copies stored in other locations. Central issue was upload process. ReDigi

asserted that process involved “data migration” packet by packet, “analogous to train.” Court found that, semantics aside, at end of process there was digital music file on ReDigi’s server and not on user’s computer, so reproduction had occurred; under laws of physics it was simply impossible that same material object could be transferred over Internet. First sale defense is, by its own terms, limited to distribution right, so first sale did not immunize ReDigi’s violation of plaintiff’s reproduction right. Nor did first sale doctrine protect ReDigi’s distribution of plaintiff’s recordings, because digital music file sold on ReDigi was not “lawfully made under this title,” but was new phonorecord unlawfully fixed by user on ReDigi server. Court had “little difficulty” concluding that ReDigi’s reproduction and distribution of plaintiff’s copyrighted works fell “well outside” fair use defense. Plaintiff did not contest “oblique” claim that uploading to and downloading from ReDigi Cloud server for storage and personal use were fair use. Plaintiff asserted, and court agreed, that uploading to and downloading from ReDigi server incident to sale fell outside ambit of fair use. Use was “plainly” not transformative; upload, sale, and download of digital music files on ReDigi’s website do not add something new, with further purpose or different character, to copyrighted works. Use was also “undoubtedly commercial”; ReDigi and uploading user directly profit from sale of digital music file, and downloading user saved significantly on price of song in primary market. Court found unavailing ReDigi’s assertion that downloads for personal, and not public or commercial, use must be characterized as noncommercial, nonprofit activity. When user downloads purchased files from ReDigi server, resultant reproduction is essential component of ReDigi’s commercial enterprise. Second factor also weighed against fair use, as creative works like sound recordings are close to core of intended copyright protection and far removed from factual or descriptive work more amenable to fair use. Third factor suggested similar outcome because ReDigi transmits works in their entirety, negating any claim of fair use. Finally, ReDigi’s sales were likely to undercut market for or value of copyrighted work; accordingly, fourth factor cut against finding of fair use. Product sold in ReDigi’s secondary market is indistinguishable from that sold in legitimate primary market save for lower price; clear inference is that ReDigi would divert buyers away from that primary market. ReDigi “incredibly” argued that plaintiff was preempted from making market-based argument because plaintiff itself condones downloading of its works on iTunes. Plaintiff, as copyright owner, does not forfeit its right to claim copyright infringement merely because it permits certain uses of its works. In sum, ReDigi facilitates and profits from sale of copyrighted commercial recordings, transferred in their entirety, with likely detrimental impact on primary market for these goods. Accordingly, fair use defense did not permit ReDigi users to upload and download files to and from Cloud Locker incident to sale. Court granted plaintiff’s motion for summary judgment on claims of direct, contributory and vicarious infringement of distribution and reproduction rights.

Associated Press v. Meltwater U.S. Holdings Inc., No. 12-1087, 2013 U.S. Dist. LEXIS 39573 (S.D.N.Y. Mar. 21, 2013)

Court granted AP summary judgment on direct infringement claim against “Meltwater News” Internet news clipping service. Defendant used internet crawlers to search for, scrape and index material including AP’s copyrighted news articles. Customers received daily email messages labeled “News Reports,” containing excerpts from online articles that mentioned keywords customer entered into Meltwater news platform. Meltwater contended that its use of articles was fair because Meltwater News functioned as Internet search engine, providing limited amounts of

copyrighted material to subscribers in response to their queries, thereby pointing subscribers to source of information online. On first factor, court found neither purpose nor use of Meltwater News, nor its excerpts from articles, was transformative. Meltwater copied AP content in order to make money directly from undiluted use of copyrighted material. Taking of copyrighted material was not more defensible because related to preamble purposes of news reporting and research; news reporting and research was done by AP, not Meltwater. Public interest weighed against Meltwater, insofar as permitting Meltwater to take fruit of AP's labor for its own profit, without compensating AP, injured AP's ability to perform essential function of democracy. "In short, use of an algorithm to crawl over and scrape content from the Internet is surely not enough to qualify as a search engine engaged in transformative work." On second factor, court found that AP's articles were news stories and therefore more amenable to fair use than works of fiction, and moreover, were already published. On third factor, Meltwater had not shown that its taking from articles was defensible from either quantitative or qualitative perspective. Meltwater took between 4.5% and 61% of articles, and automatically took lede, "meant to convey the heart of the story," from every AP story. Fourth factor weighed strongly against Meltwater. By refusing to pay licensing fee, Meltwater not only deprived AP of licensing fee in established market for AP's work, but also cheapened value of AP's work by competing with companies that did pay licensing fee to use AP content in same way that Meltwater did. Meltwater, court found, was "a classic news clipping service. This is not a transformative use."

Morris v. Guetta, No. 12-684, 2013 U.S. Dist. LEXIS 15556 (C.D. Cal. Feb. 4, 2013)

Plaintiff photographer sued defendant appropriation artist claiming defendant infringed copyright in plaintiff's photograph of Sex Pistols bassist Sid Vicious by copying and modifying photograph to make seven separate pop-art works. Plaintiff moved for summary judgment of infringement based on defendant's admission that he altered plaintiff's photograph to create his works. Defendant cross-moved for summary judgment, contending use of photograph was fair use. Court found plaintiff's inability to produce negative for photograph did not defeat plaintiff's ownership of valid copyright, and found defendant's direct admission of copying sufficient to establish infringement. On fair use, court found defendant's use of plaintiff's photograph not sufficiently transformative, as defendant's works remained at core pictures of Sid Vicious making same distinct facial expression as depicted in plaintiff's photograph. Moreover, court found defendant's use of photograph unjustified because evidence did not show defendant created works as commentary on plaintiff's photograph. Accordingly, court denied defendant's motion for summary judgment, finding balance of factors weighed against fair use, and granted plaintiff's motion for summary judgment of infringement.

Northland Family Planning Clinic, Inc. v. Ctr. for Bio-Ethical Reform, 868 F. Supp. 2d 962 (C.D. Cal. 2012)

District court granted defendant's motion for summary judgment on fair use. Copyrighted work was video promoting abortion. Plaintiff, which ran family planning clinics in greater Detroit area, created video titled "Every Day, Good Women Choose Abortion" with professed intent to de-stigmatize abortion; message of video "is that abortion is not uncommon, and that women are good regardless of how they exercise their reproductive rights." Defendants made series of videos using unaltered segments of plaintiff's video. In allegedly infringing videos, narrative

from plaintiff's video continued while "screen showed graphic, up-close images of the surgical procedure of dismembering and removing fetuses, many of which have discernible limbs or appear to be nearly viable." As to first fair use factor, court held that work was clearly transformative, since it added something new, with further purpose or different character, in that video, unlike copyrighted work, was anti-abortion. Court also held that video was parody of copyrighted work; it targeted copyrighted work by using segments of copyrighted work with macabre images of abortion procedures to deride original work's message that abortion is "normal," and that good women choose to terminate pregnancy. Court held second factor not terribly significant in fair use balancing, particularly in parody context, but found it weighed slightly in favor of plaintiff since copyrighted work was "informational, functional, and creative." Regarding third factor, court held amount used was not excessive since copyrighted video was not well-known, and not easy to conjure up in sound-byte. As to fourth factor, court held harm plaintiff suffered was "not cognizable because it stems from an 'aim at garroting the original,' not a usurpation of the original's market." Thus, court granted defendant's motion for summary judgment on fair use.

Fox Broad. Co. Inc. v. Dish Network, LLC, 105 U.S.P.Q.2d 1541 (C.D. Cal. Nov. 7, 2012)

Plaintiffs, owners of copyrights in various television programs airing on Fox Network, entered into non-exclusive license agreement with defendant in 2002 permitting defendant to retransmit Fox broadcasts to defendant's subscribers. One decade later, in 2012, defendant announced two new subscriber features: (1) "PrimeTime Anytime" ("PTAT"), enabling subscribers to record all prime time programming available on four major broadcast networks, including Fox, every night of week; and (2) "AutoHop," enabling subscribers to "skip" commercials in PTAT recordings through use of remote control. Plaintiffs brought suit for direct and derivative copyright infringement and moved for preliminary injunction on copyright claims. Upon review of governing factors, court denied plaintiffs' motion for preliminary injunction. First, court ruled that plaintiffs had not shown likelihood of success on derivative infringement claims. Court reasoned that under precedent set by *Sony Corp. v. Universal City Studios*, 464 U.S. 417 (1984), which held that provision of copying equipment that could be used for "legitimate, unobjectionable purposes" did not create contributory liability, plaintiffs had failed to identify theory under which defendant's subscribers could be held liable for direct infringement since there was no evidence that consumers used PTAT copies for anything other than private time-shifting in their homes or on their mobile devices. Without evidence of direct infringement by subscribers, plaintiffs' derivative infringement claims necessarily failed. Next, court examined plaintiffs' likelihood of success on direct infringement claims. First, with respect to distribution right, because evidence showed that copies of works were made locally and disseminated only within individual households, defendant's accused technologies did not infringe plaintiffs' distribution right. Second, with respect to reproduction right, court examined each accused technology in turn. First, while there were indicia that defendant exercised "control" over copying process in connection with PTAT technology, since ultimately it was defendant's subscribers who took initial step to make copies of copyrighted works, such as to render them "the most significant and important cause" of copying, defendant did not directly infringe through PTAT technology. However, court held that AutoHop technology infringed plaintiffs' reproduction right. Defendant's use of copies of plaintiffs' works was not protected by fair use

doctrine, since (1) copies were made for commercial purpose of “providing a high-quality commercial skipping product”; (2) copyrighted works at issue were primarily creative works; (3) copyrighted works were duplicated in their entirety; and (4) AutoHop technology threatened to reduce value of right to copy plaintiffs’ television programs and undermine plaintiffs’ relationships with licensees who pay for that right. Court noted that defendant’s infringing conduct caused plaintiffs some degree of harm, but held nonetheless that harm was not irreparable in nature, but instead was economic, “essentially contractual” injury that was compensable by money damages. Thus, despite showing of likelihood of success on merits, court denied plaintiffs’ motion for preliminary injunction due to lack of irreparable injury.

Elsevier, Inc. v. Comprehensive Microfilm & Scanning Servs., No. 10-2513, 2013 U.S. Dist. LEXIS 51443 (M.D. Pa. Apr. 10, 2013)

District court denied defendants’ motion for summary judgment. Plaintiffs alleged that defendants violated plaintiffs’ copyright rights when defendants copied unprocessed microfilm with images of hard-bound journals for third-party defendants, so that third-party defendants could profit from sale of original printed materials to various buyers. Third-party defendants admitted to “engaging in acts of copyright infringement, including a scheme of making deals with hundreds of libraries to provide the library with a microfilm version of a journal in exchange for the paper journal, wherein [third-party defendants] would take apart the binding of the paper journal, photograph each page at [third-party defendants] with [third-party defendants] resources, send film to [defendants] for processing and then sell the paper journals.” Defendants moved for summary judgment that their activities with regard to reproduction of microfilm constituted fair use under § 108. Section 108(a) provides narrow exception for “library or archives, or any of its employees acting within the scope of their employment, to reproduce no more than one copy or phonorecord of a work.” Library exception applies only if (1) reproduction or distribution is made without any purpose of direct or indirect commercial advantage; and (2) collections of library or archives are (i) open to public, or (ii) available not only to researchers affiliated with library or archives or within institution of which it is part, but also to other persons doing research in specialized field. Court found that both parties failed to provide undisputed evidence to support finding that defendants may or may not take advantage of protections afforded under § 108. Defendants admitted that they charged money for processing and reproduction of microfilm, indicating that defendants engaged in acts of reproducing microfilm for commercial profit. Because numerous issues of material fact existed as to whether defendants could take advantage of library exception under § 108, court denied summary judgment.

Bouchat v. NFL Props. LLC, Nos. 11-2878, 12-1495, 12-1905, 2012 U.S. Dist. LEXIS 164623 (D. Md. Nov. 19, 2012)

District court granted in part and denied in part defendant’s summary judgment motion on fair use. Plaintiff alleged defendants’ stadium picture displays, documentary videos and video game including drawing infringed plaintiff’s copyright in logo. Regarding stadium picture displays, as to first fair use factor, court found in favor of fair use, since displays were not commercial, as they were not meaningful part of incentive for patron to buy game ticket; and use was transformative, since purpose was to show history. As to second factor, court held that although

nature of work tended to weigh against fair use, where use is substantially transformative, factor does not weigh against fair use. As to third factor, court held that use of entire copyrighted work was neutralized by transformative nature of use. Court found effect of factor to be minimal based on transformative nature and minimal commerciality of use. Thus, court held that use of stadium picture displays was fair. Regarding videos, as to first factor, court found that logo was used selectively as necessary, and was sufficiently transformative, as there was commentary and criticism; there was nothing to put in doubt defendants' good faith belief that uses were fair. Thus, court found first factor weighed in favor of fair use. As to second factor, although nature of copyrighted work tended to weigh against fair use, due to substantial transformative use, factor did not weigh against fair use. As to third factor, although entirety of work was used, factor was neutralized by transformative nature of use. As to fourth factor, court found use minimally commercial and offset by substantially transformative nature of use. Thus, use of logo in documentary videos was fair use. Regarding game, court found first factor weighing heavily against fair use, since logo was not used as necessary to present historical artifacts or events; game was purely commercial, logo was displayed for commercial purpose, and game was on low end of transformative use, since it was making same use as copyrighted work. Second factor weighed against fair use. As to third factor, entirety of work was used and was not neutralized by transformative use. As to fourth factor, although plaintiff could not exploit copyrighted work, court found factor either neutral or weighing slightly in favor of fair use. Thus, court held use of logo in game not fair use.

Nat'l Football Scouting, Inc. v. Rang, No. 11-5762, 2012 U.S. Dist. LEXIS 176905 (W.D. Wash. Dec. 13, 2012)

Plaintiff, scouting organization whose sole purpose is to provide NFL teams with reports of prospective professional football players, brought suit for infringement against blogger for publishing articles that disclosed plaintiff's "Player Grades." Plaintiff compiled yearly scouting reports of college football players, in which plaintiff provided six pages of information on each prospective draftee, along with overall "Player Grade" representing each player's likelihood of success in NFL. Defendant moved for summary judgment dismissing infringement claim on ground that Player Grades were not copyrightable and, alternatively, that defendant's use of Player Grades was protected by fair use doctrine. Court held that plaintiff's Player Grades exhibited requisite level of creativity to be copyrightable, since they were numeric expressions of plaintiff's professional opinion based on expertise and weighing of several subjective factors. Nonetheless, court held that defendant's use of Player Grades was fair use, since (1) defendant's use of copyrighted material was "transformative" insofar as defendant merely recited Player Grade as "jumping off point" in order to provide his own original commentary on players and their draft prospects; (2) only small portion of work was infringed, since defendant published Player Grades of only eighteen players out of hundreds; and (3) defendant's articles were not considered "market substitute" for plaintiff's scouting reports, and thus did not decrease market value of plaintiff's reports, because defendant's articles did not compete directly with extensive, six-pages worth of material found in plaintiff's reports. Although unpublished nature of plaintiff's works weighed in plaintiff's favor, court held that balancing of factors supported application of fair use.

Ascend Health Corp. v. Wells, No. 12-83, 2013 U.S. Dist. LEXIS 35237 (E.D.N.C. Mar. 14, 2013)

Plaintiffs, operators of private psychiatric hospital in Texas, sued defendant, former patient of hospital, alleging defendant infringed plaintiffs' copyrights by posting images taken from plaintiffs' website on defendant's blogs and social media web pages devoted to criticizing plaintiffs' hospital. Defendant moved to dismiss complaint, claiming fair use. Focusing on first statutory factor, court found purpose and character of defendant's use of images was to criticize plaintiffs' business practices. Court also found defendant's use of images transformative because defendant used images to criticize plaintiff companies, whereas plaintiff used images to promote plaintiffs' services and attract customers. Fact that defendant copied plaintiffs' images in their entirety, and did not alter images, did not preclude defendant's use of images being transformative. Moreover, court found defendant's use of images was non-commercial, because defendant did not charge to view blogs or otherwise profit from posting of images. Turning to fourth statutory factor, court found no potential effect or harm to market for plaintiffs' images, as distinct from market for plaintiffs' services, resulting from defendant's posting of images, because plaintiffs' images had no intrinsic market value. Since second and third fair use factors were neutral, and first and fourth fair use factors weighed in favor of defendant, court found defendant's use of images to be fair and dismissed complaint.

B. Statute of Limitations

Scorpio Music (Black Scorpio) S.A. v. Willis, No. 11-1557, 2013 U.S. Dist. LEXIS 29141 (S.D. Cal. Mar. 4, 2013)

Plaintiffs, music publisher and rights administrator, sued defendant, original lead singer of The Village People, challenging validity of defendant's notice of termination relating to defendant's alleged rights in English translations of and/or alternative lyrics for 33 musical compositions. Defendant counterclaimed for declaratory judgment as to validity of termination notice, and claiming ownership of 50% of 24 copyrights at issue. Plaintiff moved to dismiss counterclaim as time-barred. Court denied plaintiff's motion to dismiss, finding issue of fact as to when defendant's claim accrued. Following Ninth Circuit's holding in *Zuill v. Shanahan*, 80 F.3d 1366 (9th Cir. 1996), court noted that defendant's claim accrued "when plain and express repudiation of [defendant's] claim to ownership of 50% of the copyright interests was communicated to [defendant]." Defendant argued claim could not have accrued until he exercised his termination right, because his right did not vest until he served notice of termination. Court found "fact that [defendant's] future rights to the disputed works vested upon service of the notice of termination does not mean that [defendant] could not have brought his co-ownership claim earlier." Therefore, under *Zuill*, court found defendant's claim accrued when plain and express repudiation of defendant's 50% ownership claim was communicated to him. However, court found record, at this stage, insufficient to establish when plain and express repudiation was communicated to defendant. Accordingly, court denied plaintiff's motion to dismiss counterclaim.

Popovich v. Pelican Landing, Inc., No. 11-227, 2012 U.S. Dist. LEXIS 128260 (W.D. Pa. Sept. 10, 2012)

Plaintiff designer sued defendant restaurant owners for infringement of two-dimensional artwork. Defendants had commissioned plaintiff to create and install custom works, including three-dimensional sculpture of pelican, for restaurant. Parties agreed that plaintiff would retain all rights in original designs and artwork, and that defendants would not be charged for any two-dimensional artwork created as part of design process. During design process, defendants asked plaintiff to alter design for pelican sculpture, indicating that they planned to base logo on design. Plaintiff informed defendants that original agreement did not include two-dimensional artwork for use as logo, but that parties could contract for such services and artwork under separate contract for additional compensation. No such agreement was concluded. Plaintiff delivered work to defendants, including two-dimensional drawing of pelican sculpture, but before conclusion of work, plaintiff was fired as result of contract dispute. Defendant subsequently obtained copyright registration for pelican drawing. Soon thereafter plaintiff was contacted by defendants' attorney, who accused plaintiff of stealing drawing and threatened legal action. Defendants, however, took no action. Several years later plaintiff learned that defendants were using pelican drawing to promote and advertise restaurant. Plaintiff sued, and defendants moved to dismiss on ground that complaint was untimely. Court opined that while plaintiff's claim accrued first time defendants misused pelican drawing, since plaintiff did not know date of such misuse, discovery rule could toll running of limitations period. Defendants argued that facts including contract dispute and threatened litigation constituted "storm warnings of culpable activity," such that plaintiff should have been on notice of potential acts of infringement, and that plaintiff failed to exercise reasonable due diligence. Court disagreed, finding that plaintiff's awareness that business relationship ended badly, and threat of litigation, were not enough. It was not plaintiff's duty to continually monitor defendants' business activities to discover whether defendants were misusing copyrighted work. Accordingly, statute of limitations was tolled, and motion to dismiss was denied.

Master Mind Music, Inc. v. Block Enters., LLC, No. 12-162, 2012 U.S. Dist. LEXIS 179221 (N.D. Ga. Dec. 18, 2012)

Plaintiff, music production company, brought suit for infringement and declaratory relief against music distributor based on plaintiff's alleged ownership rights in master recordings of musical artist professionally known as Yung Hoc. Plaintiff alleged that defendant misappropriated artist's master recordings through, *inter alia*, commercial release of artist's debut album without plaintiff's authorization and without giving plaintiff "co-executive producer" credit. Court granted defendant's motion to dismiss both infringement and declaratory judgment claims on ground that claims were barred as matter of law. First, plaintiff's declaratory judgment claim, seeking declaration that plaintiff was sole owner of copyrighted albums at issue, was barred under 17 U.S.C. § 507(b)'s three-year statute of limitations since plaintiff had been put on notice of potential infringement claim at least as early as 2007, in view of (1) wide commercial release of artist's first album (in which defendant expressly asserted ownership of copyrighted materials at issue), (2) defendant's publicly available copyright registration for material on that album, and (3) plaintiff's prior state court lawsuit against defendant based on similar facts and allegations. Because three years had passed since point in time that plaintiff, with reasonable diligence, had

reason to know of injury, plaintiff's ownership claim was time-barred. Additionally, because plaintiff's claim that it owned copyrights at issue was "fundamental" to its infringement claim, finding that ownership claim was time-barred also barred plaintiff's infringement claim as matter of law.

Peterson v. Harley-Davidson, Inc., No. 12-381, 2012 U.S. Dist. LEXIS 106369 (E.D. Wis. July 31, 2012)

District court denied motion to dismiss plaintiff's complaint as barred by statute of limitations. Plaintiff, freelance artist, produced graphic works for Harley-Davidson in 1985 and 1991. Plaintiff alleged he owned copyrights in works, and only granted Harley "one time one run" license. Harley used works on hundreds, if not thousands, of runs of products, packaging and marketing materials. In 2012, plaintiff brought suit, and Harley moved to dismiss, arguing that statute of limitations barred any claims based on acts that occurred more than three years before plaintiff filed suit, and plaintiff's copyright claims were based on acts of infringement that occurred before April 25, 2009. General rule is statute of limitations is affirmative defense; and as long as complaint states claim, it may not be dismissed on basis of affirmative defense unless plaintiff "admits all the ingredients of an impenetrable defense." Plaintiff contended that under "continuing violation" doctrine he was entitled to recover damages for entire course of conduct. While *CSC Holdings, inc. v. Redisi*, 309 F.3d 988 (7th Cir. 2002), favored Harley, court was bound by *Taylor v. Meirick*, 712 F.2d 1112 (7th Cir. 1983). In *Taylor*, defendant copied plaintiff's maps and continued to sell maps until plaintiff filed suit. Even though initial copying occurred prior to three years before plaintiff filed suit, court found defendant's actions qualified as continuing wrong and plaintiff was entitled to suit based on entire series of infringement. As *Taylor* had not been overruled, court refused to dismiss instant case based on statute of limitations; plaintiff's complaint alleged that Harley was engaged in single course of infringement that began in mid 1980s and continued to present day.

C. First Sale Doctrine

Kirtsaeng v. John Wiley & Sons, Inc., 133 S. Ct. 1351 (2013)

Supreme Court held that first sale doctrine applies to copies of copyrighted work lawfully made abroad. Wiley assigned to its wholly-owned foreign subsidiary rights to publish, print, and sell foreign editions of Wiley's English-language textbooks abroad. Wiley Asia's books stated that they were not to be taken without permission into U.S. Supap Kirtsaeng moved from Thailand to U.S. to study mathematics, and asked friends and family to buy foreign-edition English-language textbooks sold at low prices in Thai bookshops, and mail them to him in U.S., where he sold books on eBay at profit. Wiley sued, alleging Kirtsaeng's unauthorized importation and resale of foreign-edition books infringed § 106(3) distribution right and § 602 importation right. District court held first sale doctrine did not apply to goods manufactured abroad; jury found that Kirtsaeng had willfully infringed Wiley's copyrights. Second Circuit affirmed, concluding that § 109(a)'s "lawfully made under this title" language indicated that first sale doctrine does not apply to copies of American copyrighted works manufactured abroad. Supreme Court reversed, finding that § 109(a)'s language, context and common-law history favored reading "lawfully made under this title" as imposing non-geographical limitation—made "in accordance with" or

“in compliance with” Act, so that first sale doctrine applies to copies made abroad with copyright owner’s permission. Simple reading promotes traditional copyright objective of combatting piracy and makes word-by-word linguistic sense. In contrast, geographical interpretation “bristles with linguistic difficulties.” Historical and contemporary statutory context indicate that Congress did not have geography in mind when writing § 109(a). For example, “manufacturing clause,” which limited importation of many copies printed outside U.S., was phased out to equalize treatment of copies made in America and copies made abroad. “Equal treatment” principle is difficult to square with geographical interpretation that would grant American copyright holder permanent control over American distribution chain with respect to copies printed abroad, but not those printed in U.S. Non-geographical reading is also supported by canon of statutory interpretation that, when statute covers issue previously governed by common law, it is presumed that Congress intended to retain substance of common law; common-law “first sale” doctrine made no geographical distinctions. Court found “parade of horrors” attributed to geographical interpretation by Kirtsaeng and *amici* too serious, extensive, and likely to come about to be dismissed as insignificant, particularly in light of the ever-growing importance of foreign trade to U.S.

Capitol Records, LLC v. ReDigi Inc., No. 12-95, 2013 U.S. Dist. LEXIS 48043
(S.D.N.Y. Mar. 30, 2013)

Court granted plaintiff’s motion for summary judgment on claims of direct, contributory and vicarious infringement of distribution and reproduction rights. ReDigi marketed self as “world’s first and only online marketplace for digital used music.” To sell music on ReDigi site, user would download “Media Manager” to computer. Media Manager would analyze user’s computer to build list of digital music files eligible for sale. File was eligible only if purchased on iTunes or from another ReDigi user; music downloaded from CD or other file-sharing website was ineligible. After validation process, Media Manager continually ran on user’s computer and attached devices to ensure that user had not retained music sold or uploaded for sale. However, Media Manager could not detect copies stored in other locations. Central issue was upload process. ReDigi asserted that process involved “data migration” packet by packet, “analogous to train.” Court found that, semantics aside, at end of process, there was digital music file on ReDigi’s server and not on user’s computer, so reproduction had occurred; under laws of physics it was simply impossible that same material object could be transferred over Internet. First sale defense is, by its own terms, limited to distribution right, so first sale did not immunize ReDigi’s violation of plaintiff’s reproduction right. Nor did first sale doctrine protect ReDigi’s distribution of plaintiff’s recordings, because digital music file sold on ReDigi was not “lawfully made under this title,” but was new phonorecord unlawfully fixed by user on ReDigi server. It was impossible for user to sell user’s “particular” phonorecord on ReDigi. “The first sale defense does not cover this any more than it covered the sale of cassette recordings of vinyl records in a bygone era.” ReDigi argued that since technological change had rendered literal terms ambiguous, Act must be construed in light of basic purpose of incentivizing creative work for ultimate cause of promoting broad public availability of literature, music, and other arts. Court disagreed; while technological change may have rendered Section 109(a) unsatisfactory to many contemporary observers and consumers, it had not rendered it ambiguous. Statute plainly applies to lawful owner’s “particular” phonorecord, which by definition cannot be uploaded and sold on ReDigi’s website. Amendment of Copyright Act in line with ReDigi’s proposal is

legislative prerogative that courts are unauthorized and ill-suited to attempt. Court noted that there are many reasons limitation of first sale doctrine to physical world may be desirable. It is left to Congress, not court, to deem them outmoded.

D. Res Judicata/Collateral Estoppel

Latin American Music Co. Inc. v. Media Power Group, Inc., 705 F.3d 34 (1st Cir. 2013)

First Circuit affirmed jury verdict and grant of defendant's summary judgment motion, holding that plaintiffs were collaterally stopped from litigating ownership of copyright in four songs. Plaintiffs, music publisher and performance-rights society, alleged defendant radio broadcaster infringed plaintiffs' copyrights in 21 songs defendant played on air without permission. District court held plaintiffs were collaterally stopped from litigating ownership of four of those songs. Plaintiffs were parties to unrelated infringement case involving same four songs. There, First Circuit affirmed district court's dismissal of plaintiffs' infringement claims, holding that plaintiffs did not make prima facie showing of ownership of 11 songs, four of which were at issue here. Defendant therefore argued that plaintiffs should be collaterally stopped from litigating ownership of those songs. Plaintiffs did not dispute that collateral estoppel requirements were all met; present issue was litigated in prior action, and issue was determined by valid and binding final judgment and was essential to final judgment. However, plaintiff argued that prior action decided issue without benefit of additional evidence, certificate of recordation showing assignment of copyrights to plaintiffs, that plaintiffs untimely submitted in prior action. Court rejected argument, holding that party cannot avoid collateral estoppel by presenting additional evidence that was available to party during prior action. Court therefore concluded that plaintiffs were estopped from litigating ownership of four songs at issue.

Young Money Entm't, LLC v. Digerati Holdings, LLC, No. 12-07663, 2012 U.S. Dist. LEXIS 163619 (C.D. Cal. Nov. 15, 2012)

Court denied defendant's motion to dismiss based on collateral estoppel and *res judicata*. Plaintiffs sued defendant for copyright infringement, contributory copyright infringement, unfair competition and accounting for using plaintiffs' copyrighted music without authorization in documentary film about plaintiff Duane Michael Carter, Jr.'s stage persona "Lil Wayne." Defendants moved to dismiss complaint on basis that Plaintiffs' claims are barred by issue and claim preclusion on basis that plaintiffs improperly seek to relitigate claims decided by Southern District of New York. In earlier case, filed by other plaintiffs against defendants in this action, court found that Carter, not party to that action, had granted defendants valid, non-exclusive license to use musical compositions in film, and thus plaintiffs in that action who were co-owners were barred from suing for infringement. Defendants asked court to create new legal principle finding privity between coowners of copyrighted work for purposes of collateral estoppel and *res judicata*. However, court found that coowners in copyrighted work did not have substantial legal relationship creating privity for purpose of collateral estoppel and *res judicata* because plaintiff Carter was not represented in prior action and plaintiffs in prior action were not trustee guardians or other fiduciaries by virtue of coownership in copyrighted work.

Tilmon-Jones v. Bridgeport Music, Inc., No. 11-13002, 2012 U.S. Dist. LEXIS 138675 (E.D. Mich. Sept. 26, 2012)

Court granted defendants' motion dismissing complaint and for sanctions in dispute involving ownership of various musical compositions. Songwriter and recording artist Abrim Tilmon entered into several agreements with defendants assigning his interest in musical compositions. Copyrights for compositions came up for renewal after Tilmon's death, and plaintiffs contended that these copyrights vested in Tilmon's estate, not defendants. Plaintiffs brought suit for copyright infringement, declaratory judgment and other state claims, alleging that defendants falsely and fraudulently claimed and continued to claim ownership and renewal of musical works by, among other things, renewing with Copyright Office. Court held that plaintiffs' claims were barred by unambiguous settlement agreement and broadly worded release executed in earlier action brought by plaintiffs against defendants on similar grounds, in connection with different set of songs. Plaintiffs argued that settlement and release should be set aside because obtained through fraud, but court found argument had already been addressed and rejected by court in earlier action. Court further held that claims brought in current action were barred by *res judicata* because they could have been brought previously.

E. Miscellaneous

WPIX, Inc. v. IVI, Inc., 691 F.3d 275 (2d Cir. 2012)

Second Circuit affirmed district court's order granting plaintiffs' preliminary injunction as to defendants' § 111 "cable system" defense. Plaintiffs are producers and owners of copyrighted television programming. Defendants operated website which streamed plaintiffs' works via Internet to subscribers for monthly subscription fee without plaintiffs' consent. Defendants argued that website was "cable system" entitled to compulsory licensed under § 111 of Act, which allows cable systems to publicly perform and retransmit signals of copyrighted television programming, provided they pay government-regulated royalties to copyright owners. Since Copyright Office is charged with overseeing § 111, court applied *Chevron*. As to *Chevron* step one, court held that statute was ambiguous. Act defines "cable system" to be "a facility . . . [that] makes secondary transmissions [of television broadcast programs] . . . by wires, cables, microwave or other communications channels to subscribing members of the public who pay for such service." 17 U.S.C. § 111(c)(1). Defendants argued that it had facility as required by § 111, including "a physical encoder hardware, located in a state, [which] then retransmitted from a headend also located in a state." Court appeared to reject this argument because defendants have "not identified the location or nature of its facility." Court also noted that it is "unclear whether the Internet itself is a facility." In looking to legislative history and legislative intent, court found that Congress intended to support localized, not nationwide systems and did not intend for § 111 to cover Internet retransmissions. To extent there was doubt as to Congress's intent, court proceeded to *Chevron* step two and held that Copyright Office has "consistently concluded that Internet retransmission services are not cable systems and do not qualify for § 111 compulsory licenses." Thus, Second Circuit affirmed preliminary injunction.

Petrella v. Metro-Goldwyn-Mayer, Inc., 695 F.3d 946 (9th Cir. 2012)

Ninth Circuit affirmed decision of United States District Court for Central District of California dismissing claim for copyright infringement as barred by defense of laches. Author collaborated with retired boxer Jake LaMotta to produce book and two screenplays, in 1963 and 1973, about LaMotta's life. Defendants acquired motion picture rights and produced movie *Raging Bull* in 1980. In 1981, author died, and renewal rights in 1963 screenplay passed to his heirs. In 1991, daughter-heir filed renewal application. In 1998, plaintiff's attorney contacted defendants, asserting that plaintiff had obtained rights to 1963 screenplay, and that exploitation of any derivative work, including *Raging Bull*, was infringement. Plaintiff and defendants exchanged series of letters in which plaintiff accused defendants of infringing copyrights, and defendants insisted they were not, (1) claiming 1963 screenplay was collaboration between author and LaMotta, so defendants retained all necessary rights in script under their agreement with LaMotta; and (2) denying 1963 screenplay and film were substantially similar. Plaintiff repeatedly threatened to take legal action, but did not file suit until 2009. Ninth Circuit determined that equitable defense of laches barred plaintiff's copyright infringement claim because (1) reasons she gave for delays in notification and in filing suit due—her brother's disability, her mother's illness, inability of her family to afford lawsuit, and "defendants' affirmative conduct in telling her the film's financial position was hopeless"—were unreasonable; and (2) defendants established expectations-based prejudice, since they incurred significant investments in promoting film. Court, accordingly, held that plaintiff's copyright infringement claim was barred by laches.

Evergreen Safety Council v. RSA Network, Inc., 697 F.3d 1221 (9th Cir. 2012)

Ninth Circuit affirmed grant of summary judgment dismissing defendant's counterclaim for infringement based on laches. Both declaratory plaintiff and defendant published pilot escort vehicle operator training manuals used for mandatory state certification programs. Plaintiff consulted with defendant on development of plaintiff's training manual, and mailed draft manual to defendant for review prior to publication. Defendant received draft manual from plaintiff, but did not open envelope or review draft manual at time. Ten years later, defendant became aware that plaintiff's manual contained similarities to defendant's copyrighted manual, and sent demand letters to plaintiff. Thereafter, plaintiff sued defendant seeking declaratory judgment of non-infringement. Defendant counterclaimed, asserting willful infringement. In response, plaintiff asserted affirmative defense of laches, and district court dismissed claim as barred by laches. Ninth Circuit affirmed, finding plaintiff had demonstrated requisite unreasonable delay. Court found laches began to run when defendant received draft manual sent by plaintiff, even though defendant did not open envelope of review draft manual at that time, because "that is the date on which [defendant] knew, or should have known, of the allegedly infringing content." Plaintiff, court found, demonstrated both evidentiary prejudice and expectations-based prejudice, further supporting application of laches. Court declined to apply willful infringement exception to laches, because evidence showed plaintiff acted in good faith and reasonable belief that allegedly infringing works were non-infringing and/or produced under license or implied license resulting from plaintiff's prior consultation with defendant.

ZiYen, Inc. v. Rubber Mfg. Ass'n, No. 12-0433, 2013 U.S. Dist. LEXIS 47279 (D.D.C. Apr. 2, 2013)

District court granted defendant's motion to dismiss copyright claim. Plaintiff compact disc manufacturer and defendant trade association entered into contract under which plaintiff would design, produce, and deliver to defendant 200,000 CDs, with content supplied by defendant, for distribution among members. Contract provided for payment of 50% of cost of CDs on execution, with balance due on delivery, and included provision that plaintiff could not be held responsible for accuracy of information supplied by defendant, or accuracy of information in material prepared by plaintiff and approved by defendant. Defendant paid plaintiff 50% of estimated cost on execution of contract. On receiving CDs, defendant's employees ran CD software on their computers, which required copy to be made in RAM. On same day, defendant contacted plaintiff alleging that CDs as delivered contained error in link to Adobe Reader X software on CD. Defendant did not pay balance of contract amount. Plaintiff brought suit alleging breach of contract and copyright infringement. Defendant counterclaimed for breach of contract and breach of warranties, and parties filed cross-motions to dismiss. Defendant did not contest validity of copyright or that use of CDs by its employees constituted "copying" of original elements of work within meaning of § 501, but argued that its actions did not constitute infringement because copying was "essential step" in utilization of computer program and therefore affirmative defense under § 117 applied. Court, following *Krause v. Titleserv, Inc.*, 402 F.3d 119 (2d Cir. 2005), found facts alleged in complaint established that defendant was "owner" entitled to claim § 117(a) defense. Contract provided that plaintiff would work collaboratively with defendant to create, print and deliver CDs. Plaintiff's employees designed CD software, pursuant to agreement and in consultation with defendant, and revised software at defendant's request. There was no language in agreement restricting defendant's use of CDs; defendant apparently had right to indefinitely possess CDs or to dispose of CDs entirely. Agreement did not provide plaintiff with right to repossess CD software, and divested plaintiff of liability for accuracy of information contained on CDs. And plaintiff received significant consideration from defendant for CDs. Facts collectively showed "sufficient incidents of ownership" required by § 117(a). Failure to pay the total amount due under contract did not defeat defendant's § 117(a) defense; whereas lack of intent to pay for computer program in general raises inference regarding parties' intentions as to ownership of program, non-payment due to alleged defect does not. Having found that defendant was "owner," court had no difficulty finding complaint established remaining elements of § 117(a) defense. Because creation of random access memory copy was necessary in order to properly run CD on computer, creation of copy was essential step in utilization of computer program in conjunction with machine. Plaintiff did not allege that defendant used RAM copies it created for any purpose other than utilizing computer program itself on its own computers in order to review CDs following delivery. Copies were thus "used in no other manner" than as essential step permitting defendant's personal use of CDs, conduct that did not violate any term of parties' agreement. Court accordingly found that defendant satisfied all requirements of § 117(a)(1), and creation of RAM copies on its computers did not constitute infringement.

Leventhal v. Schenberg, No. 11-4614, 2013 U.S. Dist. LEXIS 6888 (N.D. Ill. Jan. 17, 2013)

Court granted defendants' motion to dismiss copyright claim on ground of judicial estoppel. Plaintiff was former officer of two Illinois corporations, BitzMart and Primecom. Defendant resigned as BitzMart's Chief Marketing Officer in 2002 and took, without authorization, computer files containing proprietary lists of customer information and sales information that belonged to plaintiff, and that were made available to BitzMart. Plaintiff alleged that defendant infringed plaintiff's copyright in list of contacts and additional sales and marketing materials. Defendants argued that plaintiff's copyright claims were barred by doctrine of judicial estoppel, because plaintiff failed to allege copyright ownership and copyright claims during proceedings in bankruptcy court. Debtors in bankruptcy proceedings who deny owning assets cannot realize on no-disclosed asset after end of bankruptcy proceeding. Court found that plaintiff was undeniably aware at time that he filed petition for Chapter 7 bankruptcy that he owned alleged copyright in proprietary lists of customer information and sales information, given that he asserted ownership in copyright of lists and customer information in separate copyright case filed against defendant in 2003. Moreover, plaintiff took no action to amend his bankruptcy schedules or reopen bankruptcy proceedings to include potential copyright assets. As such, court applied doctrine of judicial estoppel and found that plaintiff was not permitted to litigate matter.

Peterson v. Harley-Davidson, Inc., No. 12-381, 2012 U.S. Dist. LEXIS 106369 (E.D. Wis. July 31, 2012)

District court declined to dismiss plaintiff's complaint based on affirmative defense of laches. Plaintiff, freelance artist, produced graphic works for Harley-Davidson in 1985 and 1991. Plaintiff alleged that he only granted Harley "one time one run" license. Harley used works on hundreds, if not thousands, of runs of products, packaging and marketing materials. In 2012, plaintiff brought suit, and Harley brought motion to dismiss. Harley's principal ground for dismissal was doctrine of laches. Laches is affirmative defense; general rule is that as long as complaint states claim, it may not be dismissed on basis of affirmative defense unless plaintiff "admits all the ingredients of an impenetrable defense." For laches, party asserting defense must demonstrate (1) unreasonable lack of diligence by complaining party; and (2) prejudice arising therefrom. Although plaintiff waited long time to file suit, court could not state time was unreasonable as matter of law. Reasonableness depends on totality of circumstances, which could not be shown by pleading alone. As to prejudice, while it would be reasonable to infer plaintiff's delay caused prejudice to Harley, court did not find complaint to establish that was only reasonable inference. As all inferences are made in favor of non-moving party, court denied motion to dismiss case based on laches.

Zuffa, LLC v. Kamranian, No. 11-36, 2013 U.S. Dist. LEXIS 41237 (D.N.D. Mar. 25, 2013)

District court granted plaintiff's motion for summary judgment. Plaintiff owned copyright in "Ultimate Fighting Championship" event broadcast. Broadcast originated via satellite uplink for transmission by satellite signal to cable systems and satellite communications companies, for commercial distribution either by closed circuit television or encrypted satellite signal.

Defendant was sole shareholder of Reza's Pitch, small sports bar in Bismarck, North Dakota featuring "burgers and beer" with soccer theme. On night of broadcast, Defendant found streaming broadcast of event on website, and fed broadcast to three large monitors that were connected to his laptop in restaurant. Defendant admitted he did not purchase license to publicly perform broadcast. Plaintiff sued for infringement, and defendant argued he was not liable based on "homestyle" exemption under § 110(5)(A), which exempts from liability public performance or display of copyrighted work if work is performed or displayed on single receiving apparatus of kind "commonly used in private homes." Primary determinant of qualification for exemption is equipment used to perform or display work. Court must view entire package of equipment used, and equipment must be configured in way commonly used in home. Defendant argued that equipment here, *i.e.*, computer, monitors and connection video cable, are ubiquitous in home use, and thus exemption applied. While court agreed equipment used was common, it found *manner* in which components were configured was uncommon. Court determined that use of computers to stream video may be borderline "common"; however, use of multiple large external monitors to display streaming video, separate from or in addition to small monitor or screen was uncommon. Court held defendant did not meet burden of proving such use was common, and therefore found exemption was not available.

VII. REMEDIES

A. Damages and Profits

Capitol Records, Inc. v. Thomas-Rasset, 692 F.3d 899 (8th Cir. 2012)

Eighth Circuit vacated judgment of United States District Court for District of Minnesota, and remanded with directions to enter judgment for damages award in amount of \$222,000 and injunction that precludes respondent from making any of appellant record companies' recordings available for distribution to public through Internet. Record companies argued that district court erred in holding that Due Process Clause limited statutory damages to \$2,250 per infringed work, limiting total damages to \$54,000. Record companies sought award of \$222,000, amount awarded by jury in first trial, and broader injunction that barred Thomas-Rasset from making any of their sound recordings available to public. In cross-appeal, Thomas-Rasset argued that *any* statutory damages would be unconstitutional. Infringement was found to be willful, and Thomas-Rasset's subsequent efforts to conceal her actions showed proclivity for unlawful conduct. Reviewing court is directed to consider three factors in determining whether award of punitive damages is excessive and unconstitutional: (1) degree of reprehensibility of defendant's misconduct; (2) disparity between actual or potential harm suffered by plaintiff and punitive damages award; and (3) difference between punitive damages awarded by jury and civil penalties authorized or imposed in comparable cases. However, punitive damages guideposts are not applicable in context of statutory damages because issue of fair notice does not apply to statutory damages, which are already identified and constrained by authorizing statute. Congress set statutory damages range for willful copyright infringement at \$750 to \$150,000 per work infringed. Statutory damages award of \$9,250 for each of 24 works infringed, for total of \$222,000, did not contravene Due Process Clause; award was not so severe and oppressive as to be wholly disproportioned to offense or obviously unreasonable.

Tattoo Art, Inc. v. TAT Int'l LLC, No. 11-2014, 2012 U.S. App. LEXIS 25315 (4th Cir. Dec. 10, 2012)

Fourth Circuit affirmed award of both actual damages for breach of license agreement and statutory damages for copyright infringement. Plaintiff licensor sued licensee/owner for copyright infringement of tattoo art designs and breach of license agreement. District court granted licensor partial summary judgment, and awarded both statutory damages and damages for breach of contract. Fourth Circuit affirmed, holding licensee's alteration of licensor's tattoo designs by changing color scheme exceeded scope of license agreement, and therefore constituted copyright infringement. Further, licensee's continued use of altered designs for promotional purposes after agreement had been terminated constituted infringement, because licensee was contractually required to immediately cease all sales of designs post-termination. District court awarded \$20,000 per work infringed, for total of \$480,000. Court justified sizable award, reasoning that while it could not "conclude definitively" that licensee "willfully" engaged in infringement, licensee's conduct fell closer to "willful end of spectrum than innocent end" and so large award was warranted. District court correctly rejected plaintiff's contention that "each individual recolored image" constituted separate work for calculation of statutory damages. Although parts of a compilation may be regarded as independent works for other purposes, for purposes of statutory damages, they constitute one work. Fourth Circuit rejected defendant's contention that district court's award was improper because it awarded both actual and statutory damages for infringement, reasoning that statutory damages were for infringement, while actual damages were for breach of contract. Accordingly, damages award was proper.

Cullum v. Diamond A. Hunting, Inc., 484 Fed. Appx. 1000 (5th Cir. 2012)

Appellate court affirmed district court's various rulings based on cross summary judgment motions. Defendant ranch "somehow obtained" compact disc of plaintiff photographer's photographs, and used them on website and in promotional material. After relationship deteriorated, plaintiff claimed copyright and demanded defendant cease use. After suit was filed, defendant removed photographs from website, but continued use in brochures. Parties moved for summary judgment. District court found plaintiff granted oral license, which was revoked upon filing of lawsuit; and that defendant infringed copyright through continued use in brochures. Court awarded plaintiff \$950 in statutory damages. Plaintiff appealed determination of oral license, damages, and denial of attorneys' fees. Appellate court found no reversible error. Although district court did not explain, and possibly contradicted, finding of oral license, any error on point was harmless because plaintiff only sought summary judgment relief with respect to continued use of photographs after his filing suit. District court did not abuse its discretion in treating photographs as compilation instead of individual works for purposes of calculating statutory damages. As to damages amount, district court "has virtually unfettered discretion in deciding the quantum of damages to award in a copyright infringement case." Award of \$950 was well within statutory range, and was made after considering detailed report and recommendation from magistrate judge.

Lucerne Textiles, Inc. v. H.C.T. Textiles Co., No. 12-5456, 2013 U.S. Dist. LEXIS 7820 (S.D.N.Y. Jan. 17, 2013)

Plaintiff textile company sued defendant for infringement of plaintiff's fabric designs. Default judgment was entered, and plaintiff sought statutory damages. Magistrate judge found that because defendant defaulted, infringement was deemed willful, and therefore statutory award should incorporate not only compensatory, but also punitive component to discourage further wrongdoing by defendant and others. Court also found that statutory damages award proper here because defendant continued selling infringing fabric after having received two cease-and-desist letters and after complaint was filed. Magistrate recommended award of \$30,000, maximum statutory damages award for non-willful infringement of single work.

Psihoyos v. John Wiley & Sons, Inc., No. 11-1416, 2012 U.S. Dist. LEXIS 162822 (S.D.N.Y. Nov. 7, 2012)

Plaintiff photographer sued defendant publisher for copyright infringement resulting from defendant's unauthorized publication of four of plaintiff's photographs. In unanimous verdict, jury found non-willful infringement as to one photograph, and willful infringement as to two others, awarding plaintiff \$130,000 in damages. Defendant brought Motion for Remittitur challenging jury's damages award. Defendant argued that (1) plaintiff presented insufficient evidence of willful infringement; (2) statutory damages award was not rationally related to plaintiff's actual loss; (3) jury erred in calculation of statutory damages; (4) award lacked deterrent purpose; and (5) award shocked the conscience. In denying defendant's motion, court noted "whenever a court contemplates encroaching on the role of the jury, it should recall that the jury is central to the democratic system envisioned by our Founding Fathers." Court found evidence at trial sufficient to establish willful infringement, as defendant "made no effort to curb its infringement after becoming aware that plaintiff's photographs had been used without license or that books had been printed exceeding defendant's license." With respect to jury's calculation of damages, court did not consider disparity between actual harm and statutory damages award. Rather, given evidence at trial establishing willful infringement, jury has discretion to award statutory damages not only for compensatory and restitutionary purposes, but also punitive and deterrent purposes. Accordingly, court found "to the extent that the jury's award was intended in part to deter and punish defendant," award was neither erroneous nor excessive, and did not "shock the conscience."

CJ Prods., LLC v. Your Store Online, LLC, No. 11-9513, 2012 U.S. Dist. LEXIS 143336 (S.D.N.Y. Oct. 2, 2012)

District court adopted magistrate judge's Report and Recommendation for damages in copyright infringement suit. Plaintiff sued defendants for copyright infringement of plaintiff's "Pillow Pets." Defendant defaulted, and plaintiff sought damages in amount of \$2,109,314.36. Damages request consisted of statutory damages of \$150,000 for each of 14 registered copyrights, attorneys' fees of \$8,475.67, and costs of \$838.69. Matter was referred to magistrate judge, who issued Report and Recommendation granting plaintiff's request in part. Court found parties' failure to object to Report and Recommendation constituted waiver of objections. Court found magistrate judge properly determined maximum statutory damage award of \$150,000.00 per

work was not appropriate in this case because (1) defendant was not put on notice by court; (2) defendant ceased sales once it was sued; and (3) plaintiff failed to provide evidence of defendant's profits from infringements. Court found magistrate judge's recommendation of statutory damages in amount of \$25,000.00 per work infringed appropriate based on precedent. Court also agreed with magistrate judge that attorneys' fees were not appropriate in this case, as it is well-settled principle in Second Circuit that court cannot award such fees without contemporaneous time records. Finally, court agreed with magistrate judge's recommendation that costs should be awarded in amount of \$390.00—\$350.00 for filing fee, and \$40.00 for service of process fee—because plaintiff failed to provide any documentation as to why it deserved \$838.69. Court therefore adopted Report and Recommendation in its entirety, granting plaintiff \$350,000 in statutory damages, and \$350.00 in costs.

Sony BMG Music Entm't v. Tenenbaum, No. 07-11446, 2012 U.S. Dist. LEXIS 119243 (D. Mass. Aug. 23, 2012)

District court upheld jury's statutory damages award of \$675,000, finding it reasonable and not offensive to due process. Plaintiff record companies sued individual defendant for copyright infringement based on defendant's downloading and distributing of 30 copyrighted works through peer-to-peer file sharing software. Jury awarded damages in amount of \$22,500 per infringement, and defendant moved for new trial or common law remittitur, arguing excessiveness of award offended due process. District judge bypassed issue of remittitur, but lowered award, finding it unconstitutionally excessive under *BMW of N. Am. V. Gore*, 517 U.S. 559 (1996), which provides guideposts for reasonableness of punitive damage awards. First Circuit affirmed district court's finding of liability and granting of injunctive relief, but vacated ruling that damage award violated due process, holding doctrine of constitutional avoidance required court to consider whether remittitur was appropriate before considering due process challenge. First Circuit reinstated jury award, and remanded case for consideration of defendant's motion for common law remittitur. On remand, district court found no basis for remittitur. Remittitur is only appropriate if award is "grossly excessive, inordinate, shocking to the conscience of the court, or so high it would be a denial of justice to permit it to stand." Here, jury determined award after evaluating harm caused to music industry, and willfulness of defendant's actions, as infringement period lasted eight years and defendant continued to infringe despite warnings from various sources, including Sony. Jury found ample evidence of willfulness and need for deterrence, and awarded damages not only at low end of statutory range for willfulness, but below statutory maximum for non-willful infringement. Court then turned to question of due process challenge. Court stated First Circuit found lower court's reliance on *Gore* inappropriate, as *Gore* involves punitive awards, rather than statutory penalties. Court therefore relied on *St. Louis, I.M. & S. Ry. Co. v. Williams*, 251 U.S. 63 (1919), under which statutory damages awards comport with due process provided they "cannot be said to be so severe and oppressive as to be wholly disproportioned to the offense or obviously unreasonable." Court considered Congress' basis for establishing statutory damages in copyright infringement cases, including public harm caused by such infringement. Due to deference afforded to Congress' statutory award determination in copyright cases, defendant's willfulness in this particular case, and fact that damages were at low end of statutory range, court upheld award.

Bouchat v. Balt. Ravens, L.P., No. 08-397, 2012 U.S. Dist. LEXIS 182053 (D. Md. Dec. 27, 2012)

District court awarded reasonable compensation, rather than injunction, to plaintiff in infringement case against Baltimore Ravens for “Flying B Logo.” Plaintiff Bouchat created potential logos for Ravens when team moved to Baltimore in 1995. Logos were sent to NFL and Ravens, who used Bouchat’s design to create “Flying B Logo.” Bouchat sued successfully, but was awarded no damages, and in 1999 Ravens adopted new logo. However, in 2008, Bouchat discovered that Ravens used Flying B Logo in three ways: (1) sale of season highlight films showing 1996-98 Ravens; (2) display at football games of film clips of Ravens’ team from 1996-98; and (3) display at Ravens team headquarters of photographs of players and memorabilia. Bouchat sued, and district court found uses were fair. Fourth Circuit reversed in part, finding use in highlight films and in clips shown at games were not fair use, and remanded case to district court. District court relied on *Abend v. MCA*, 863 F.2d 1465 (9th Cir. 1988), in which court found movie *Rear Window* to have infringed copyright in literary work, but injunction was found to be inappropriate, as success of movie was based on factors in addition to underlying literary work (i.e. performances of actors); court therefore awarded copyright owner reasonable compensation rather than injunction. Court analogized instant case to *Abend*, and determined that Bouchat should be awarded fair market value of license for infringing use. Court, considering all evidence relevant to hypothetical negotiations between Bouchat and Ravens, determined that Ravens would pay one-time royalty fee for use of logo in highlight film. Court found that Ravens would offer more than plaintiff could rationally hope to recover in litigation, and would pay “premium” based on ability to avoid “gap” in collection of highlight films for sale. Court calculated \$721.65 to be reasonable amount. Court also assessed amount Bouchat would recover for use of logo in clips at Ravens’ games. Court found no principled basis to determine fair amount, and instead found it reasonable to permit future use of clips at games, provided Ravens pay Bouchat \$100.00 per use.

Broadcast Music, Inc. v. Nolan Enters., No. 11-705, 2013 U.S. Dist. LEXIS 4918 (S.D. Ohio January 11, 2013)

Plaintiff performing rights organization sued defendant strip club operator for infringement arising from defendant’s performance of four copyrighted musical compositions at defendant’s club without license or permission. Following discovery, plaintiff moved for summary judgment. Defendant did not contest plaintiff’s ownership of copyright in works, or its infringement of works at issue; defendant argued only that infringement was not willful. Court found defendant’s self-serving affidavit stating it did not willfully disregard or infringe plaintiff’s copyrights insufficient to establish genuine issue of material fact. Turning to liability, court found defendant corporation liable for infringement regardless of whether it had knowledge of music played at club. Court enjoined defendants from further unauthorized performances of plaintiff’s compositions, noting plaintiff had established past infringement by defendants and persistent disregard of plaintiff’s offers to license works to defendants. Court, finding that plaintiff had established defendant’s willful infringement, also awarded plaintiff statutory damages in amount of \$20,000, and attorneys’ fees in amount of \$15,370.91. Court emphasized plaintiff’s efforts to avoid litigation, having sent defendant more than 20 letters, called

defendant's club 79 times, and sent representatives to defendant's club on four occasions over course of two years.

Broadcast Music, Inc. v. Edcon Enters., LLC, No. 11-1950, 2012 U.S. Dist. LEXIS 162544 (E.D. Mo. Nov. 14, 2012)

Plaintiff performing rights organization brought suit for infringement based on defendants' unauthorized public performance of seven copyrighted musical compositions at neighborhood bar. Court previously ruled that defendant was liable for infringement based on those public performances. Plaintiff thereafter sought statutory damages of \$35,000 (or \$5,000 per musical composition). Court held that defendant's pattern of repeatedly ignoring plaintiff's offers of license and, later, plaintiff's cease-and-desist letters occurring over period of at least 16 months, at minimum constituted reckless disregard for plaintiff's copyrights sufficient to support finding of willfulness. Nonetheless, while recognizing deterrent purpose of statutory damages, court held that plaintiff's requested statutory damages award was well in excess of general trend of awarding damages of approximately three times plaintiff's lost license fee. Further, because infringement occurred only at small neighborhood bar, and defendants had entered into licensing agreement with plaintiff within months of filing of lawsuit, these facts supported lower award. Accordingly, court awarded plaintiff statutory damages of \$5,950, or \$850 per copyrighted work, which approximated three times plaintiff's estimated lost license fees that would have been owed by defendant.

New Atlas Dot Com, Inc. v. Pizza Inn I-40 West, Inc., No. 11-149, 2013 U.S. Dist. LEXIS 14603 (W.D. Okla. Feb. 4, 2013)

Court found defendant pizza parlor liable for three times minimum award of statutory damages for infringement of plaintiff's copyrighted maps. Defendant displayed unauthorized copies of maps in pizza parlor, and workers relied on maps for delivery orders. Plaintiff sought statutory damages in amount of \$15,000.00. Defendant argued damages should be reduced to statutory minimum of \$200.00 under § 502(c)(2) because defendant was unaware he was infringing copyright. Court found defendant did not meet burden to prove he was innocent infringer because (1) copyright notice was on maps; (2) defendant was informed of infringement prior to suit; (3) defendant was informed of infringement by initiation of suit and default judgment; and (4) defendant acknowledged notice of infringement in letter to plaintiff responding to suit. Despite repeat notices, defendant never removed maps from wall and continued to deny infringement even during trial. Court stated award of \$2,250 was reasonable because it would impress upon defendant legal protections afforded to copyright law. Award was reasonable even though plaintiff's actual damages were minimal because plaintiff established that it suffered loss due to infringement, and provided court with undisputed evidence that defendant benefitted from infringement.

B. Attorneys' Fees

Mattel, Inc. v. MGA Entm't Inc., 705 F.3d 1108 (9th Cir. 2013)

Ninth Circuit affirmed district court's award of fees to defendant under Copyright Act. According to Ninth Circuit, most important factor in determining whether to award attorneys' fees is whether award of attorneys fees furthers purpose of Copyright Act. According to district court, defendant secured public's interest in "a robust market for trendy fashion dolls populated by multiple toy companies" and defendant's "failure to vigorously defend against Mattel's claim could have ushered in a new era of copyright litigation aimed not at promoting expression but at stifling the 'competition' upon which America thrives." Therefore, Ninth Circuit found that district court did not abuse its discretion in granting defendant attorneys' fees. Ninth Circuit found that plaintiff's argument that its claim was objectively reasonable, and that therefore, defendant is not entitled to fees, is not proper standard since copyright defendants no longer must show that plaintiff's claim was frivolous or made in bad faith in order to be entitled to fees. Therefore, circuit court found that even if plaintiff's claims were objectively reasonable, district court did not abuse its discretion in awarding fees to defendant.

SOFA Entm't, Inc. v. Dodger Prods., 709 F.3d 1273 (9th Cir. 2013)

Plaintiff copyright owner sued defendant musical theatre producer for copyright infringement based on use of seven-second clip from *The Ed Sullivan Show* in live performances of musical *Jersey Boys*, biographical account of lives and career of The Four Seasons. On cross-motions for summary judgment, district court granted summary judgment to defendant on fair use defense, and awarded defendant \$155,000.00 in attorneys' fees. Plaintiff appealed. Ninth Circuit affirmed fair use finding and held award of attorneys' fees was justified, noting that "[i]n light of the education SOFA received as the plaintiff in *Elvis Presley Enterprises [Inc. v. Passport Video]*, 349 F.3d 622 (9th Cir. 2003)], SOFA should have known from the outset that its chances of success in this case were slim to none." Court agreed with district court that lawsuits of this nature have chilling effect on creativity insofar as they discourage fair use of existing works in creation of new ones. When fee award encourages defendant to litigate meritorious fair use claim against unreasonable infringement claim, policies of Act are served. Court therefore concluded that award of attorney fees to Dodger was justified.

Ramirez v. Nichols, 496 Fed. Appx. 383 (5th Cir. 2012)

Fifth circuit vacated and remanded attorneys' fees award under 17 U.S.C. § 505. Circuit acknowledged that attorneys' fees awards under § 505 are "the rule rather than the exception and should be awarded routinely." Appellant argued that district court ignored his argument regarding 17 U.S.C. § 412, which proscribed fees for "any infringement of copyright in an unpublished work commenced before the effective date of its registration; or any infringement . . . commenced after first publication of the work and before the effective date of its registration, unless such registration is made within three months after the first publication of the work." Court held that since district failed to provide detailed analysis regarding § 412, fees award was vacated and case was remanded.

Pearson Education, Inc. v. Almgren, 685 F.3d 691 (8th Cir. 2012)

Eighth Circuit affirmed denial of award of attorneys' fees with respect to successful infringement claims against bankruptcy estate. Defendant contacted plaintiff publishers and represented himself as college professor in need of instructor's solutions manuals for textbooks. Publishers provided manuals, and defendant sold them through websites, realizing about \$5,000 in gross profits. On learning of defendant's trafficking in unlicensed copies, publishers did not send cease and desist letters, but instead filed infringement suit in Southern District of New York, seeking to "make an example of" defendant through litigation. Cost of litigation rendered defendant insolvent, and he filed for Chapter 7 bankruptcy protection in District of Minnesota. Publishers initiated adversarial proceeding in bankruptcy court, seeking declaration that any damages owed on their copyright claims were non-dischargeable in bankruptcy. Bankruptcy court made finding of willful infringement, but struck demand for jury trial and awarded minimum \$14,250 in statutory damages, deemed non-dischargeable in bankruptcy. Bankruptcy court denied publishers' motion for attorney's fees, reasoning that publishers could have caused defendant to cease activities without spending \$90,000 in litigation. Publishers appealed decision to district court, and district court affirmed, finding publishers waived right to jury trial on copyright liability and damages by filing proofs of claim in bankruptcy court, and that bankruptcy court relied on appropriate factors in denying fees. Eighth Circuit affirmed. While, as general matter, right to jury trial includes right to have jury determine amount of statutory damages in copyright case, here publishers relinquished right when they filed claims against bankruptcy estate, under U.S. Supreme Court precedent in *Langenkamp v. Culp*. Bankruptcy court found award of fees inappropriate because (1) publishers likely could have stopped defendant prior to litigation with simple cease-and-desist letter; (2) publishers filed suit "in the busiest, largest, and furthest away court they could find" in effort to scare defendant; (3) publishers resisted court's efforts to encourage settlement; and (4) publishers' "spare-no-expenses" litigation strategy was unreasonable. "While a different court might have weighed the factors in this case differently, we cannot say that the bankruptcy court committed a clear error of judgment in finding that an award of attorney's fees would not 'advance considerations of compensation and deterrence' in these 'particular circumstances.'"

Effie Film, LLC v. Pomerance, No. 11-7087, 2013 U.S. Dist. LEXIS 58813 (S.D.N.Y. Apr. 24, 2013)

Plaintiff, film production company, brought suit against defendant, author of screenplays, seeking declaration of non-infringement concerning plaintiff's motion picture *Effie*, based on famous Victorian love triangle, due to be released in 2013. Court previously granted plaintiff's motion for summary judgment of non-infringement, holding that overall "concept and feel" of works defeated any claim of substantial similarity. Plaintiff moved for attorneys' fees. Upon review of governing factors, court denied plaintiff's motion. First, court held that defendant's copyright concerns were not "objectively unreasonable," since works of history and historical fiction present unique complexities; governing copyright case, *Hoehling v. Universal City Studios, Inc.*, 618 F.2d 972 (2d Cir. 1980), had generated significant debate and controversy among scholars and practitioners; and there was scarce precedent squarely addressing copyright issues involved. Further, plaintiff's original script, against which defendant had first raised copyright concerns, was significantly more similar than its subsequent versions, and therefore

defendant's initial copyright case would have been "stronger." Second, defendant litigated her claims in proper manner, and did not employ any dilatory, vexatious or other harassing tactics. Third, because defendant's position was not objectively unreasonable, there was strong presumption that award of attorneys' fees would not promote purposes of Copyright Act. Rather, in helping to present court with opportunity to address unique issue of copyright law, defendant furthered policy of "bringing further clarity to the law."

Authors Guild, Inc. v. Hathitrust, No. 11-6351, 2013 U.S. Dist. LEXIS 22370 (S.D.N.Y. Feb. 14, 2013)

After granting defendant libraries/inventors' motions for summary judgment, court denied motions for costs and attorneys' fees. In underlying action, court had balanced fair use factors and concluded that defendants' participation in certain digitization projects and libraries constituted fair use. Court reasoned that copyright law's goal of promoting scientific progress would be better served by allowing use than preventing it. However, court rejected defendants' arguments that they alone should "be rewarded for advancing the purposes of copyright in this litigation," by award of costs and attorneys' fees. Court reasoned that it was "plaintiffs and defendants together who by their advocacy helped delineate the respective rights of creators and users," and while plaintiffs' arguments were ultimately unpersuasive, that did not mean that they were necessarily legally or factually unreasonable. Court opined that purposes of copyright law would not be furthered by penalizing authors for protecting their rights and court encouraged authors to protect their rights in future. Accordingly, motion for costs and attorneys' fees was denied.

Keeling v. New Rock Theater Prods., LLC, No. 10-9345, 2013 U.S. Dist. LEXIS 33349 (S.D.N.Y. Mar. 11, 2013)

Court denied plaintiff's motion for attorneys' fees, finding defenses were not unreasonable. Jury found that defendants infringed plaintiff's copyright in theatrical production *Point Break LIVE!*, parody of film *Point Break*, and court permanently enjoined defendants from staging additional infringing performances of work. Copyright Act provides that in court's discretion, reasonable attorney's fees can be granted to prevailing party in copyright infringement suit. Court considers (1) frivolousness of non-prevailing party's claims or defenses; (2) party's motivation; (3) whether claims or defenses were objectively unreasonable; and (4) compensation and deterrence. Court gave substantial weight to whether claims or defenses were objectively unreasonable. While defendant's claim that work of parody was not protectable by copyright law was completely devoid of merit, court found that defendant had other arguments that were not objectively unreasonable. Specifically, defendants argued that *Point Break LIVE!* was joint work and that on its face, testimony of alleged coauthor lent some evidentiary support to defendants' assertion that alleged coauthor was joint author of work, such that defense was not unreasonable. Similarly, court found that defendant raised legitimate factual issue regarding whether one of defendants owned or controlled defendant theater company and whether he could be vicariously liable for other defendants' infringement.

Gordon v. McGinley, No. 11-1001, 2013 U.S. Dist. LEXIS 49794 (S.D.N.Y. Mar. 27, 2013)

Court granted defendants' motion for attorneys' fees. Court had dismissed underlying suit, which concerned alleged copying by defendant photographer of 150 images previously published by plaintiff, for failure to meet basic pleading threshold for copyright infringement. Defendants sought attorneys' fees on grounds that plaintiff's action was objectively unreasonable, and that award of fees would serve interests of compensation and deterrence. Court agreed, holding plaintiff's action objectively unreasonable because (1) numerous differences of coloration, orientation, subject, and medium added up to radically different total concepts and overall feels in respective artists' works, and (2) plaintiff, evidently recognizing dissimilarity between works, resorted to manipulating works in order to make defendant photographer's images appear more similar to her own. Court further held that awarding attorneys' fees would also serve twin interests of compensating defendants for costs and deterring plaintiffs from bringing unreasonable copyright actions. Accordingly, court granted motion for fees. However, court awarded only \$10,000, despite estimated fees of \$250,000, reasoning that plaintiff's financial distress mitigated in favor of awarding reduced amount, since award of full amount would be "ruinous debt Defendant likely could never repay."

Zaleski v. T.P. Builders, Inc., Nos. 10-876, 11-1156, 2012 U.S. Dist. LEXIS 166263 (N.D.N.Y. Nov. 21, 2012)

District court granted but reduced defendants' motions for attorneys' fees and costs. Plaintiff's third amended complaint for copyright infringement of architectural work was dismissed and judgment was entered for defendants. District court held that third amended complaint was not objectively unreasonable since there was no clear circuit law on "the threshold between those architectural works that are sufficiently specific to warrant protection" as well as "the appropriate test for substantial similarity where the work is only protectable as a compilation." Thus, court held that third amended complaint "will contribute to demarcation of the boundaries of copyright law" and was not objective unreasonable. However, as to first three complaints, court held that defendants were entitled to fees in defending against complaints since "the description of the alleged infringement is nearly unintelligible," complaints did not include copies of works or proof of copyright registration, plaintiff named defendants that "bore no culpability," and complaints were "strewn with legal conclusions." However, district court found attorneys' fees excessive and reduced reasonable hourly rates to \$275 per hour for partners, \$200 per hour for attorneys with at least four years of experience, \$170 per hour for attorneys with less than four years of experience, and \$90 per hour for paralegals.

DC Comics v. Pacific Pictures Corp., No. 10-3633, 2013 U.S. Dist. LEXIS 49119 (C.D. Cal. Apr. 4, 2013)

Plaintiff, famous comic book company, brought suit to secure its claimed interest in Superman copyrights after heirs of illustrator, Joseph Shuster, served plaintiff with termination notice purporting to recapture early Superman works. Court previously granted plaintiff's motion for partial summary judgment on its claims seeking (1) declaration that termination notice was invalid, and (2) judgment that defendants' agreements purporting to assign Superman copyrights

to third party violated Copyright Act. Plaintiff now moved for attorneys' fees only with respect to latter claim against individual defendant Marc Toberoff, who had served as Shuster heirs' attorney. Upon review of governing factors, court denied plaintiff's motion for fees. First, plaintiff had achieved only "limited" success on claim, since disposition of claim merely provided plaintiff with freedom to unilaterally negotiate with Shuster family without heirs' consent. Second, defendants' position was neither frivolous nor objectively unreasonable because it rested on several primary and secondary authorities and "sought to explore the boundaries of a relatively green area of copyright law." Third, defendants' motivation to defend against lawsuit was understandable since they risked losing their multimillion-dollar Superman rights. In contrast, plaintiff's seeking attorneys' fees solely against defendant Toberoff based on narrow claim involving contract that he had signed only as heirs' attorney "smack[ed] of animus" toward defendant Toberoff. Fourth, considerations of compensation and deterrence did not favor award. Because millions of dollars were at stake, potential copyright claimants such as plaintiff possessed incentives to bring suit independent of attorneys' fees award. Further, there was no infringement to deter; case instead involved good-faith copyright ownership dispute. Finally, balance of equities weighed against awarding requested attorneys' fees, as granting such award would send improper message to copyright defendants that "litigating a claim with good-faith, supported defenses is wrong."

Nat'l Ctr. for Jewish Film v. Riverside Films LLC, No. 12-44, 2012 U.S. Dist. LEXIS 178363 (C.D. Cal. Dec. 14, 2012)

District court granted defendants' motion for costs and attorneys' fees. Court had previously granted defendants' motion for summary judgment that use of copyrighted film materials was fair use. Court held that in light of circuit law on transformative use, plaintiff's claims were "objectively unreasonable, bordering on frivolous." Moreover, defendants brought relevant case law to attention of plaintiff. Court also found that plaintiff used sharp discovery tactics designed to coerce settlement, and further held that litigating nuisance value lawsuits inherently has aspects of bad faith. Court held that defendants were entitled to \$4,177.57 in costs, and attorneys' fees in amount of \$129,807.50.

Design Ideas, Ltd. v. Yankee Candle Company, Inc., No. 10-3217, 2013 U.S. Dist. LEXIS 4447 (C.D. Ill. Jan. 11, 2013)

Plaintiff sued defendant for distributing glass sculptures that copied plaintiff's "Regatta" sculptures. Court granted defendant's motion for summary judgment, finding works not subject to copyright protection. Defendant moved for attorneys' fees as prevailing party, and argued that 28 U.S.C. § 1927 provided additional basis for award of attorneys' fees because plaintiff's intentional failure to disclose to both court and defendant that copyright application for sculptures had been rejected by Copyright Office prolonged litigation and resulted in defendant incurring unnecessary fees. Court compared attorneys' rates to other attorneys in region, reduced billed time for secretarial tasks, irrelevant tasks, and tasks where two attorneys' time was billed for single telephone conference, and awarded defendants total of \$118,305 pursuant to Copyright Act, \$25.96 in costs and \$342.50 in expenses. Court then analyzed defendant's claim under § 1927, and found plaintiff's counsel misled defendants and court by alleging plaintiff had valid registration for sculptures, when Copyright Office had refused plaintiff's request. Had true

status of registration been disclosed, defendants could have avoided research. Court concluded that award of attorneys' fees under § 1927 was warranted, and ordered plaintiff's counsel to pay \$10,000 of total attorneys' fees award to defendants, as joint obligation of plaintiff's attorneys and plaintiff.

Estate of Brown v. Arc Music Group, No. 10-7141, 2012 U.S. Dist. LEXIS 116394 (N.D. Ill. Aug. 17, 2012)

District court granted defendant's motion for attorneys' fees. Plaintiff's copyright infringement action against defendant centered on musical compositions "This New Generation," "Dark Road Blues," and 77 other compositions. Court found that for "This New Generation" and "Dark Road Blues," plaintiff alleged copyright infringement against co-author, making liability impossibility. For remaining compositions, plaintiff alleged infringement without first establishing copyright ownership or satisfying registration prerequisite for infringement actions. Court granted defendants' motion to dismiss for failure to state claim for copyright infringement. On defendants' motion for attorneys' fees, court addressed its discretion under Copyright Act to award prevailing party reasonable attorneys' fees. Under *Assessment Techs. of WI, LLC v. WIREData, Inc.*, 361 F.3d 434 (7th Cir. 2004), two important considerations are strength of prevailing party's case and amount of relief obtained by prevailing party. When claim is frivolous, and prevailing party is defendant who has not otherwise obtained monetary relief (through counterclaim, for example), presumption in favor of attorneys' fees award is "compelling." Court found that plaintiff's filing of infringement claims against admitted co-author of some works, and failing to even allege ownership of other works, merited granting attorneys' fees to defendant.

Jacobs v. Memphis Convention & Visitors Bureau, No. 09-2599, 2012 U.S. Dist. LEXIS 137344 (W.D. Tenn. Sept. 7, 2012)

Magistrate judge issued report recommending that plaintiff be awarded reasonable attorneys' fees and costs. Copyrighted works at issue were photographs. Plaintiff obtained jury verdict of \$54,000 for copyright infringement. Court held that plaintiff was prevailing party, even though plaintiff did not succeed on all claims and recovery was modest. Defendant argued that billing for two experienced attorneys' time for depositions and preparation for mediation was unreasonable. Court held that it was reasonable for two attorneys to be present at deposition, but unreasonable for both to prepare for mediation. Defendant also argued that plaintiff should not recover attorneys' fees for work performed on unsuccessful claims. Plaintiff argued that work for successful and unsuccessful claims was mostly related. Court found that most claims were not sufficiently distinct to parse successful claims from unsuccessful claims, and held most claims to be reasonable. Defendant argued that plaintiff's award should be reduced for his unsuccessful claim for indirect profits, and plaintiff conceded point.

Cambridge Univ. Press v. Becker, No. 08-1425, 2012 U.S. Dist. LEXIS 123154 (N.D. Ga. Aug. 10, 2012)

Court awarded defendants their reasonable attorneys' fees after finding defendants infringed in only five of 126 alleged instances of copyright infringement. Publisher plaintiffs brought suit for

infringement against state officials for public university system. Both sides sought award of their attorneys' fees in litigation. To make award of attorneys' fees, court must determine which side is prevailing party. Here, both sides succeeded as to certain of their objectives. Court found that while defendants changed state university system's copyright policy in response to lawsuit, to benefit of plaintiffs, and plaintiffs were thus successful in that respect. On other hand, defendants prevailed on all but five copyright claims that were at issue when trial of case began. Court thus found that defendants were prevailing parties. Copyright Act leaves award of costs and attorneys' fees to court's discretion. Eleventh Circuit has held that in copyright cases, "the only precondition to the award of attorney's fees is that the party be a prevailing one." *Sherry Mfg. Co. v. Towel King of Fla., Inc.*, 822 F.2d 1031, 1034 (11th Cir. 1987). Prevailing party is not required to show that losing party acted in bad faith or attempted to maintain frivolous claim. Plaintiffs chose to litigate 99 claims out possible 126 claims up to beginning of trial. Plaintiffs then dropped 25 claims, and added one, during trial. As to remaining 75 claims, no *prima facie* case was proven in 26 instances, no digital permissions were unavailable in 33 instances, and no digital or hard copy permissions were available in 18 instances. Court did not doubt plaintiffs' good faith in bringing suit, and there was no controlling authority governing fair use in nonprofit educational setting; however, plaintiffs' failure to narrow their individual infringement claims significantly increased cost of defending suit. Accordingly, court awarded defendants their reasonable attorneys' fees.

New Atlas Dot Com, Inc. v. Pizza Inn I-40 West, Inc., No. 11-149, 2013 U.S. Dist. LEXIS 62721 (W.D. Okla. May 2, 2013)

District court denied plaintiff's motion for attorneys' fees and costs. Court entered judgment in favor of plaintiff on copyright infringement claim, awarded statutory damages of \$2,250.00, and ordered defendant to return all infringing copies of copyrighted works at issue. Clerk also taxed costs in amount of \$698.70. Plaintiff sought award of attorneys' fees in amount of \$25,484.00. Defendant opposed motion on grounds that no award was warranted, and amount sought was excessive. Copyright Act authorizes award of reasonable attorneys' fees to prevailing party as matter of court's discretion. Supreme Court-endorsed list of nonexclusive factors to guide courts as to whether fees are appropriate includes frivolousness, motivation, objective unreasonableness and need in particular circumstances to advance considerations of compensation and deterrence. In considering such factors, courts must be faithful to purposes of Copyright Act, to encourage creative work and promote broad public availability. Neither party expressly acknowledged pertinent factors. Plaintiff argued defendant relied on frivolous defenses, and refused to cease infringing conduct for months after being served process. Plaintiff stated purposes of Copyright Act would be furthered by imposing fees and costs because defendant burdened court with litigation, claiming its purposeful acts were innocent. Defendant argued that it presented substantial defense, and plaintiff's position regarding damages prevented mutual compromise and settlement. Defendant also argued it incurred substantial amount of fees in defense, and urged court to find each party should bear own fees. Court found that defendant did not put on frivolous defense. Additionally, court found that while plaintiff sued to stop defendant from infringing, its argument that its litigation was motivated by defendant's refusal to stop infringement was not supported. Defendant offered to return infringing maps from first time its representative appeared in case, but plaintiff demanded substantial damages. Court agreed with defendant that plaintiff's request for high statutory damages was ungrounded, and only minimal

damages were appropriate. Court therefore found that purposes of Copyright Act would not be served by awarding attorneys' fees; parties each bore responsibility for course of litigation, and each achieved some measure of success.

C. Injunction/Impoundment

WNET v. Aereo, Inc., Nos. 12-2786, 12-2807, 2013 U.S. App. LEXIS 6578 (2d Cir. Apr. 1, 2013)

Plaintiffs, owners of copyrights in programs broadcast on network television, brought suit for infringement against defendant who offered “Aereo” service that enabled subscribers to watch broadcast television programs over Internet for monthly subscription fee. Plaintiffs moved for preliminary injunction on ground that defendant’s transmission of programs while still airing infringed their public performance right. Second Circuit affirmed lower court’s denial of preliminary injunction, primarily owing to plaintiffs’ failure to show likelihood of success on merits. Court held that its prior decision in *Cartoon Networks LP v. CSC Holdings, Inc.*, 536 F.3d 121 (2d Cir. 2008) (“*Cablevision*”), holding that *Cablevision*’s Remote Storage DVR system did not infringe plaintiffs’ public performance right, was controlling. In *Cablevision*, court narrowly construed “transmit clause” by holding that courts must look to who is “capable of receiving” particular transmission to determine if performance is public. *Cablevision* identified that transmission of unique copy of program, accessible and transmitted only to user who requested that copy, limited potential audience of that transmission. Therefore, because DVR technology at issue in *Cablevision* involved discrete transmission of each user’s unique playback copy of television program to that user, potential audience “capable of receiving” that performance was limited to that user, thereby rendering it private—not public—performance. In instant case, court held that defendant’s service was not materially distinguishable from service at issue in *Cablevision* and, accordingly, defendant’s transmissions did not infringe plaintiffs’ public performance right. As in *Cablevision*, defendant’s “Aereo” service created unique copy of each television program for each subscriber who requested that program; each transmission ultimately made to subscriber came from that unique copy; and transmission of that unique copy was made solely to requesting subscriber, such that performance was directed to limited, non-public audience. Furthermore, court’s factual determination that antennas which transmitted programs functioned “independently” from one another reinforced holding that copies were “unique” and transmitted only to particular users. Court rejected plaintiffs’ attempts to distinguish instant case from *Cablevision*, finding that plaintiffs improperly gave controlling significance to facts (*e.g.*, time-shifting) upon which *Cablevision*’s holding did not rely. Due to overall factual similarity between defendant’s “Aereo” Internet service and *Cablevision*’s DVR service, court concluded that “[defendant’s] service falls within the core of what *Cablevision* held lawful,” and thus held that plaintiffs failed to show likely success on merits. With respect to other preliminary injunction factors, while court held that plaintiffs demonstrated irreparable harm absent injunction, balance of hardships did not tip decidedly in plaintiffs’ favor because defendant had made substantial investments in developing and launching service that was likely lawful in nature. Accordingly, on balance, plaintiffs did not demonstrate entitlement to preliminary injunction.

Keeling v. New Rock Theater Prods., LLC, No. 10-9345, 2013 U.S. Dist. LEXIS 33347 (S.D.N.Y. Mar. 11, 2013)

Jury found that defendants infringed plaintiff's copyright in theatrical production *Point Break LIVE!*, parody of film *Point Break*, and court permanently enjoined defendants from staging additional infringing performances of work. Defendant moved to stay enforcement of injunction pending appeal with Second Circuit. Whether to stay enforcement of injunction pending appeal is in court's discretion. However, movant has burden of demonstrating that circumstances justify court's exercising discretion to grant stay. In considering whether movant has met burden, court considers (1) whether movant has made strong showing that it is likely to succeed on merits; (2) whether applicant will be irreparably injured absent stay; (3) whether stay will substantially injure other parties interested in proceeding; and (4) where public interest lies. Court recognized that permanent injunction could cause significant hardship for defendant, and that defendant would be more greatly injured by erroneous decision granting stay than plaintiff would be by erroneous decision granting stay. Nonetheless, importance of these considerations is conditioned upon defendant's likelihood of success on appeal. Court found that defendant's likelihood of success on appeal remote. Although defendant agreed that parody could be entitled to copyright protection, defendant argued that plaintiff's script consisted only of dialogue original to film *Point Break*, with non-copyrightable elements such as stage directions and theatrical devices, such that there is no residue of copyrighted material in *Point Break LIVE!* Court found that even though production did not include any protectable content, copyright law protects, in addition to copyrightable elements, creative decision by author in arranging unprotectible elements. Therefore, plaintiff's script was entitled to copyright protection even if it contained only creative arrangement of unprotectible elements. Therefore, defendant's chances on appeal were low, and court denied defendant's motion to stay enforcement of permanent injunction.

Rovio Entm't Ltd v. Royal Plush Toys, Inc., 105 U.S.P.Q.2d 1107 (N.D. Cal. Nov. 6, 2012)

Plaintiff, developer of video game "Angry Birds," brought action against defendant toy manufacturers alleging that defendants were intentionally and willfully selling infringing and unauthorized knockoff plush toys in violation of plaintiff's copyrights. Court denied plaintiff's *ex parte* motion for temporary restraining order ("TRO") holding plaintiff failed to show immediacy of harm, and therefore had not shown good cause to be excused from notice requirement of Fed. R. Civ. P. 65(b)(1). Court reasoned that, contrary to plaintiff's assertions, mere allegation that defendant is engaged in counterfeiting and thus has incentive to destroy evidence, without more, is insufficient for granting *ex parte* TRO or seizure order. Court also found plaintiff had not demonstrated requisite good cause justifying expedited discovery because: (1) information sought was not necessary to obtain preliminary injunction; (2) plaintiff had not shown it might lose opportunity for meaningful discovery due to defendants' deceptive practices; and (3) plaintiff had not shown that discovery request was narrowly tailored to obtain information relevant to preliminary injunction determination. Court, however, granted plaintiff's request for order to show cause why preliminary injunction should not issue, construing plaintiff's *ex parte* motion for TRO as motion for preliminary injunction, and noting that evidence submitted by plaintiff raised serious issues of counterfeiting.

Fox Broad. Co. Inc. v. Dish Network, LLC, 105 U.S.P.Q.2d 1541 (C.D. Cal. Nov. 7, 2012)

Court denied plaintiffs' motion for preliminary injunction despite showing of likelihood of success on merits. Plaintiffs, owners of copyrights in various television programs airing on Fox Network, entered into non-exclusive license agreement with defendant in 2002 permitting defendant to retransmit Fox broadcasts to defendant's subscribers. One decade later, in 2012, defendant announced two new subscriber features: (1) "PrimeTime Anytime" ("PTAT"), enabling subscribers to record all prime time programming available on four major broadcast networks, including Fox, every night of week; and (2) "AutoHop," enabling subscribers to "skip" commercials in PTAT recordings through use of remote control. Plaintiffs brought suit for direct and derivative copyright infringement and moved for preliminary injunction on copyright claims. Upon review of governing factors, court denied plaintiffs' motion for preliminary injunction. First, court ruled that plaintiffs had not shown likelihood of success on derivative infringement claims. Court reasoned that under precedent set by *Sony Corp. v. Universal City Studios*, 464 U.S. 417 (1984), which held that provision of copying equipment that could be used for "legitimate, unobjectionable purposes" did not create contributory liability, plaintiffs had failed to identify theory under which defendant's subscribers could be held liable for direct infringement since there was no evidence that consumers used PTAT copies for anything other than private time-shifting in their homes or on their mobile devices. Without evidence of direct infringement by subscribers, plaintiffs' derivative infringement claims necessarily failed. Next, court examined plaintiffs' likelihood of success on direct infringement claims. First, with respect to distribution right, because evidence showed that copies of works were made locally and disseminated only within individual households, defendant's accused technologies did not infringe plaintiffs' distribution right. Second, with respect to reproduction right, court examined each accused technology in turn. First, while there were indicia that defendant exercised "control" over copying process in connection with PTAT technology, since ultimately it was defendant's subscribers who took initial step to make copies of copyrighted works, such as to render them "the most significant and important cause" of copying, defendant did not directly infringe through PTAT technology. However, court held that AutoHop technology infringed plaintiffs' reproduction right. Defendant's use of copies of plaintiffs' works was not protected by fair use doctrine, since (1) copies were made for commercial purpose of "providing a high-quality commercial skipping product"; (2) copyrighted works at issue were primarily creative works; (3) copyrighted works were duplicated in their entirety; and (4) AutoHop technology threatened to reduce value of right to copy plaintiffs' television programs and undermine plaintiffs' relationships with licensees who pay for that right. Court noted that defendant's infringing conduct caused plaintiffs some degree of harm, but held nonetheless that harm was not irreparable in nature, but instead was economic, "essentially contractual" injury that was compensable by money damages. Thus, despite showing of likelihood of success on merits, court denied plaintiffs' motion for preliminary injunction due to lack of irreparable injury.

D. Sanctions

AF Holdings LLC v. Doe, No. 12-6636, 2013 U.S. Dist. LEXIS 16924 (C.D. Cal. Feb. 7, 2013)

District court issued order to show cause to counsel for plaintiff to appear before court to justify Rule 11 violations. In several actions brought by plaintiff against various Does for infringement of pornographic materials over Internet, court ordered plaintiff to show cause why it failed to timely serve defendant. In response, plaintiff asserted that any delay was because it waited to receive response from subscriber of IP address associated with alleged act of infringement. If subscriber remained silent, plaintiff conducted investigation of subject household and determined “likely infringer,” and filed amended complaint to substitute “likely infringer” for Doe. By presenting pleading to court, attorney certifies that, after conducting reasonable inquiry, factual contentions in pleading have evidentiary support or, if specifically so identified, will likely have evidentiary support after reasonable opportunity for further investigation or discovery. Court found that plaintiff failed to demonstrate reasonable investigation in light of working understanding of underlying Internet technology. First, with regard to investigating whether copyright infringement activity even occurred, plaintiff’s reliance on mere “snapshot evidence” of IP address observed in BitTorrent swarm to establish copyright infringement claims was misplaced. Reasonable investigation should include evidence showing that defendants downloaded at least usable portion of copyrighted work, which cannot be demonstrated with “snapshot evidence.” Second, with regard to investigating actual infringer’s identity, court found plaintiff’s method of identifying actual infringers as members of subscriber’s household (and not subscriber himself or anyone else), with knowledge of only subscriber’s IP address, name of BitTorrent client used, alleged time of download, and unresponsive subscriber’s identify, did not demonstrate requisite reasonable investigation. Court understood plaintiff’s investigation to entail no more than determining “if the subscriber is 75 years old or female, then plaintiff looks to see if there is a pubescent male in the house; and if so, he is named as the defendant”; and found plaintiff’s “factual analysis” to be no more than hunch. Thus, plaintiff’s attorney violated Rule 11(b)(3) by filing pleading that lacked factual foundation.

Games Workshop Ltd. v. Chapterhouse Studios, LLC, No. 10-8103, 2013 U.S. Dist. LEXIS 46466 (N.D. Ill. Apr. 1, 2013)

District court award defendant \$1,039.00 in out-of-pocket costs incurred in obtaining previously undisclosed correspondence between plaintiff and Copyright Office. Plaintiff sued defendant alleging infringement of certain designs of “Assault Squad” shoulder pads. Defendant had requested that plaintiff produce “all correspondence with any government agency or private copyright registration service” concerning any work at issue. Plaintiff responded that it believed it had disclosed all responsive documents, but agreed to supplement its production. Thereafter, defendant undertook its own investigation into correspondence between plaintiff and Copyright Office, and received from Copyright Office correspondence regarding “Assault Squad” shoulder pad applications, which revealed several communications between plaintiff and Copyright Office. Plaintiff did not produce any of this correspondence until prompted to in response to later motion by defendant. Federal Rule of Civil Procedure 26(e) imposes upon party who has responded to request for production of documents duty to supplement its response “in a timely

manner” once party learns that response is incorrect or incomplete. If party fails to comply with Rule 26(e)’s requirements, court may order payment of reasonable expenses caused by failure, unless failure “was substantially justified or is harmless.” Courts consider (1) any prejudice or surprise to other party; (2) party’s ability to cure that prejudice; (3) likelihood of disruption to trial; and (4) evidence of bad faith or willfulness involved in not disclosing evidence earlier. Having considered those factors, court concluded that plaintiff should pay expenses incurred in obtaining correspondence with Copyright Office. Court reasoned that beyond duty to supplement that Rule 26(e) imposes, sanction should be imposed because defendant specifically asked plaintiff to supplement. Rather than do so, plaintiff withheld correspondence that it knew defendant had not received.

Gordon v. Dreamworks Animation SKG, Inc., No. 11-10255, 2013 U.S. Dist. LEXIS 45723 (D. Mass. Mar. 28, 2013)

District court granted in part and denied in part defendants’ motion to dismiss on grounds of spoliation. In 2008, defendants released *Kung Fu Panda*, animated film featuring giant panda who becomes kung fu warrior. Plaintiff artist claimed to have created film’s main characters in late 1980s and early 1990s as part of his “Panda Power” material, in which he owned several copyright registrations, including 2008 registration for “Book of P.U.” Plaintiff sued defendants alleging direct, contributory and vicarious copyright infringement. In 2008, after viewing promotional trailer for *Kung Fu Panda*, plaintiff took all of preexisting “Panda Power” materials and compiled them into book entitled “Book of P.U.” Plaintiff then shredded all preexisting materials and registered “Book of P.U.” with Copyright Office. Defendants argued that court should dismiss plaintiff’s claims because he deliberately destroyed all preexisting materials used to compile his 2008 copyright registration. Spoliation is intentional, negligent, or malicious destruction of relevant evidence. Dispute centered on whether plaintiff shredded materials at time when he had duty to preserve them, which arises when litigation is reasonably anticipated. Because plaintiff saw trailer that allegedly contained his artwork and characters, and immediately set about to “preserve” his work with Copyright Office before film’s release, court found plaintiff acted while under duty to preserve. Filing registration is statutory prerequisite to copyright infringement suit, and certificate of copyright serves as *prima facie* evidence that registrant independently created work. Furthermore, plaintiff acknowledged contacting his attorneys in 2008, possibly even before filing 2008 copyright registration. Primary considerations in determining appropriate sanction are prejudice to non-spoliating party and degree of fault of offending party. Dismissal is appropriate only when party maliciously destroys relevant evidence for sole purpose of preventing adverse party from examining it. Court concluded that appropriate spoliation sanction was exclusion from evidence of plaintiff’s 2008 copyright registration. Such sanction rectified defendants’ prejudice in losing opportunity to examine materials that led to creation of “Book of P.U.” Court declined to dismiss case because it was unclear that plaintiff acted in bad faith.

Tilmon-Jones v. Bridgeport Music, Inc., No. 11-13002, 2012 U.S. Dist. LEXIS 138675 (E.D. Mich. Sept. 26, 2012)

Court granted defendants’ motion dismissing complaint and for sanctions in dispute involving ownership of various musical compositions. Songwriter and recording artist Abrim Tilmon

entered into several agreements with defendants assigning his interest in musical compositions. Copyrights for compositions came up for renewal after Tilmon's death, and plaintiffs contended that these copyrights vested in Tilmon's estate, not defendants. Plaintiffs brought suit for copyright infringement, declaratory judgment and other state claims, alleging that defendants falsely and fraudulently claimed and continued to claim ownership and renewal of musical works by, among other things, renewing with Copyright Office. Court held that plaintiffs' claims were barred by unambiguous settlement agreement and broadly worded release executed in earlier action brought by plaintiffs against defendants on similar grounds, in connection with different set of songs. Plaintiffs argued that settlement and release should be set aside because obtained through fraud, but court found argument had already been addressed and rejected by court in earlier action. Court further held that claims brought in current action were barred by *res judicata* because they could have been brought previously. Finding plaintiffs filed unmeritorious action lacking factual and legal support, court awarded costs and reasonable attorneys' fees to defendants.

E. Miscellaneous

Star Pac. Corp. v. Star Atl. Corp., No. 08-4957, 2013 U.S. Dist. LEXIS 22644 (D.N.J. Feb. 20, 2013)

Defendant appealed district court's grant of summary judgment to plaintiff on copyright infringement claims. Plaintiff moved for appeal bond of \$47,500. Court noted that Fed. R. App. P. 7's purpose is to protect appellees from appellants that pose payment risks, and stated that because plaintiff already obtained \$4.5 million final judgment against defendant, appeal bond would not further ensure appellant's payment of costs on appeal. Court therefore denied appeal bond motion.

VIII. PREEMPTION

Forest Park Pictures v. Universal TV Network, Inc., 683 F.3d 424 (2d Cir. 2012)

Second Circuit vacated Order of United States District Court for Southern District of New York granting defendant's motion to dismiss on grounds that breach of contract action was preempted by Copyright Act, and remanded for further proceedings. Plaintiffs developed idea for television series, created writing that embodied it, and submitted idea to defendant. Plaintiffs alleged implied promise by defendant to pay reasonable compensation if idea was used. When television series allegedly embodying their concept was aired without consent or compensation, plaintiffs sued, alleging breach of implied contract. District court granted defendant's motion to dismiss, finding that Copyright Act preempted breach of implied contract claim. Plaintiffs appealed, arguing that rights granted by contract's implied promise to pay were not equivalent to those protected by Copyright Act. Although subject matter requirement for preemption was met, because complaint alleged that defendant used ideas embodied in written works, and ideas that were subject of claim were fixed in writing, Second Circuit found Act did not preempt claim, because equivalency requirement was not met, since (1) there were several qualitative differences between claim involving implied-in-fact agreement requiring defendant to pay for

use of idea and copyright violation claim, and (2) alleged contract required defendant to pay for use of plaintiffs' ideas, and did not simply require defendant to honor plaintiffs' exclusive rights under Copyright Act.

Gordon v. McGinley, Nos. 11-3711, 11-3766, 2012 U.S. App. LEXIS 23273 (2d Cir. Nov. 13, 2012)

Pro se plaintiff appealed dismissal of claims for infringement of plaintiff's photographs. Second Circuit upheld district court's dismissal of copyright claims, finding that although photograph may comprise original expression subject to copyright protection, similarity between plaintiff's images and allegedly infringing images was outweighed by works' numerous and significant differences. Defendants cross-appealed from portion of trial court's judgment declining to exercise supplemental jurisdiction over plaintiff's state law claims, arguing that trial court should have exercised jurisdiction over those claims, and should have dismissed them with prejudice as completely preempted by Copyright Act. Second Circuit agreed, reasoning that while district courts generally have discretion to decline to exercise supplemental jurisdiction over state law claims, where state law claims are completely preempted by federal law such discretion is lacking. Accordingly, Second Circuit vacated district court's judgment dismissing plaintiff's state law infringement claims and remanded with instructions that district court determine which claims were completely preempted by federal law and then decide whether to exercise supplemental jurisdiction over any state law claim surviving preemption.

GlobeRanger Corp. v. Software AG, 691 F.3d 702 (5th Cir. 2012)

Fifth Circuit reversed district court's dismissal of plaintiff's claims as preempted by Copyright Act, holding that plaintiff's claims were not limited to alleged copying of copyrightable subject matter (*i.e.*, software). Plaintiff developed radio frequency identification (RFID) software, utilization of which required use of certain systems involving "tags and readers." Plaintiff sued subcontractors and software company in state court, alleging misappropriation of trade secrets, conversion, unfair competition, conspiracy and tortious interference, claiming, *inter alia*, that defendants misappropriated defendant's RFID technology and gave it to co-defendant competitor, copied its procedures and methods of operations, and misrepresented that it developed Navy's RFID technology. Plaintiff further alleged that because of defendant's conduct, plaintiff lost bid on Navy RFID contract. Defendants removed to federal district court, alleging that claims were preempted. District court granted defendants' motion to dismiss based on preemption. Fifth Circuit noted that, while it is settled law that case may not be removed to federal court on basis of federal defense, including defense of preemption, under "independent corollary" to well-pleaded complaint rule, known as "complete pre-emption" doctrine, court on occasion has concluded that preemptive force of statute is so "extraordinary" that it converts ordinary state common-law complaint into one stating federal claim for purposes of well-pleaded complaint rule. As Fifth Circuit had yet to determine whether Copyright Act was "extraordinary" statute, court turned to precedent of sister circuits, and held that § 301(a) completely preempts substantive field, and thus state law claims that are preempted arise under federal law. Plaintiff argued that claims were broader than subject matter of copyright, as RFID system at issue was "process, system, method of operation" which was outside scope of copyright protection under Section 102(b). Plaintiff's claims included allegations that

defendants “could see how [plaintiff] went about actually deploying on site, how it set up its readers, how it tagged its product, how it incorporated business process into the design of the warehouse, and how it had trained sailors.” Defendants countered that copyright protection extends not solely to literal elements of programs but also to nonliteral elements, e.g., program architecture, structure, sequence and organization, operational modules and computer-user interface, and that RFID system at issue was “structure, sequence and organization” related to plaintiff’s RFID software, and thus plaintiff was merely recasting copyrightable work as noncopyrightable subject matter. Observing difficulty in distinguishing between literal and nonliteral elements of software, court noted that nonliteral elements may be within scope of copyright inasmuch as they are expressions of software at issue and its nonliteral elements. However, court held that here some of plaintiff’s claims involved “procedures, processes, systems, and methods of operation” that were not necessarily limited to specific expression, and thus plausibly were outside scope of copyright protection. Accordingly, court reversed grant of motion to dismiss.

Faktor v. Yahoo! Inc., No. 12-5220, 2013 U.S. Dist. LEXIS 55719 (S.D.N.Y. Apr. 16, 2013)

District court dismissed plaintiff’s claim for unjust enrichment, finding it preempted. Plaintiff Faktor met with representatives of SCORE, charitable entity that provided “business mentoring services,” to pitch idea for social-driven web series to help American small businesses. Faktor spoke on phone with SCORE employees regarding series, and subsequently sent additional information about proposal by confidential email. Email included detailed one-pager that Faktor had shared with participating companies. SCORE informed Faktor that it did not want to participate in venture. Five months later SCORE announced, with Yahoo!, series entitled “Remake America.” Faktor alleged Remake America “replicated” concept he pitched to SCORE and sued for unjust enrichment. Defendants argued claim was preempted. Section 301 preempts state law claim when (1) work at issue comes within subject matter of copyright; and (2) right asserted is equivalent to any exclusive rights within general scope of copyright. First prong, “subject matter requirement,” is satisfied when state law claim applies to work of authorship fixed in tangible medium of expression and falling within ambit of one of categories of copyrightable works. Here, idea was fixed in writing. Second prong, “general scope requirement,” is satisfied when state-created right may be abridged by act that would “in and of itself” infringe exclusive right provided by federal copyright law. If state law claim requires “extra element” making it different than copyright claim, it is not preempted. Here, Faktor’s unjust enrichment claim was that defendants obtained, adapted and enriched themselves by exploiting his idea. Second Circuit has held that unjust enrichment claim does not contain “extra element” to differentiate from copyright claim. Accordingly, court dismissed claim as preempted.

Miller v. Loibl, No. 11-2182, 2013 U.S. Dist. LEXIS 35709 (S.D.N.Y. Mar. 13, 2013)

District court dismissed defendant’s counterclaims as preempted. Plaintiff brought action for copyright infringement based on defendant’s selling of movies and other materials promoting naturist lifestyle by naturist filmmaker Peter Dietrich. Plaintiff contended that he was granted exclusive rights to distribute certain of Dietrich’s films and photographs in North America, and

accordingly had registered and maintained copyrights to them. Plaintiff alleged that defendant infringed copyrights by distributing several naturist films that consisted largely of compilations of excerpts from other Dietrich films, including those to which plaintiff owned copyright. Defendant claimed that it was previously granted exclusive distribution rights to all of Dietrich's films. Therefore, defendant argued, Dietrich could not have conveyed to plaintiff rights he sought to enforce against defendant. Defendant brought counterclaims for breach of contract, tortious interference with prospective economic advantage and contract, and for accounting of plaintiff's sales in violation of defendant's exclusive distribution rights. State law cause of action is preempted by federal copyright law to extent that "it is merely based on allegations that the defendant did something that the copyright laws reserve exclusively to the plaintiff." Court found that defendant's counterclaims alleged nothing more than that plaintiff violated defendant's exclusive distribution rights. Fact that plaintiff did so in violation of contract did nothing to change that conclusion, since infringed contractual right was congruent with right under copyright law. Court dismissed defendant's first three counterclaims as preempted, and, because fourth counterclaim was for accounting of plaintiff's sales in violation of rights asserted by defendant in previous three counts, dismissed it as well.

Ardis Health, LLC v. Nankivell, 104 U.S.P.Q.2d 1856 (S.D.N.Y. 2012)

Court dismissed defendant's state law counterclaim for conversion of website as preempted. Copyright Act preempts state law claim when (1) work falls into type of work protected by Act; and (2) state law claim "seeks to vindicate legal or equitable rights that are equivalent to one of the bundle of exclusive rights already protected" by Act. If cause of action contains extra element beyond rights that fall into general scope of copyright, then state law claim does not fall into general scope of copyright. Here, plaintiff registered copyright in website to which defendant claimed she had ownership rights, and sought to protect her right to display work publicly. Since parties did not dispute that website fell within subject matter of copyright, court had only to ascertain whether conversion claim contained extra element. Under New York law, conversion is "unauthorized assumption and exercise of the right of ownership over goods belonging to another to the exclusion of the owner's rights." Defendant argued that conversion claim contained extra elements because (1) counter-defendant breached fiduciary duty; (2) plaintiff did not own any property interests in website; and (3) plaintiff's copyright registration was invalid. Court found that defendant's argument failed because elements of cause of action, rather than facts alleged to prove them, determine whether claim is preempted. Defendant's assertion of such "extra elements" only reinforced court's conclusion that claim was "copyright action in disguise."

Paramount Pictures Corp. v. Puzo, No. 12-1268, 2012 U.S. Dist. LEXIS 139827 (S.D.N.Y. Sept. 26, 2012)

District court denied plaintiff's motion to dismiss defendant's breach of contract counterclaims as preempted. Plaintiff had purchased from defendant certain rights in novel *The Godfather*. Plaintiff brought action seeking declaratory relief and damages for ongoing violations of Copyright Act based on defendant's creation and publication of sequels to *The Godfather*. Copyright Act governs claim when (1) particular work in claim falls within type of works protected by Copyright Act; and (2) claim seeks to vindicate legal or equitable rights that are

equivalent to one of exclusive rights protected by copyright. Court found that subject matter requirement was met because literary works and motion pictures are expressly protected by copyright. However, claim sought to vindicate rights not equivalent to exclusive rights protected by copyright. Specifically, defendant sought to enforce right derived from covenant of good faith and fair dealing, not to enforce exclusive rights provided by federal copyright law. Second, defendant's claim required proof of elements that are qualitatively different from copyright infringement claim. Defendant's claim did not involve use or copying; rather, to prevail on claim defendant must show that plaintiff had contractual obligation not to interfere with defendant's exercise of its book publishing rights, and that plaintiff breached that obligation. Moreover, defendant's claimed contractual right was asserted only against plaintiff and not against world, as copyright is, such that only plaintiff was bound to comply with provisions. As such, court found that contract did not require only that plaintiff honor defendant's exclusive copyrights and therefore, defendant's breach of contract claim was not preempted. Motion to dismiss defendant's breach of contract claim was denied.

Design Data Corp. v. Unigate Enter., No. 12-4131, 2013 U.S. Dist. LEXIS 12060 (N.D. Cal. Jan. 29, 2013)

District court granted motion to dismiss state law claim of breach of contract implied in law/*quantum meruit* as preempted. Plaintiff alleged infringement of copyrighted software. Court held that plaintiff had not alleged claim including "extra element"; claim based on implied-in-law, as opposed to implied-in-fact, contract has no "extra element" and is thus equivalent to right protected by copyright infringement.

Lewis v. Activision Blizzard, Inc., 104 U.S.P.Q.2d 1872 (N.D. Cal. 2012)

Court granted defendant's motion to dismiss state law claim for misappropriation of voice as preempted. Plaintiff recorded her voice and asserted that defendant used such recording without plaintiff's authorization. Plaintiff did not assert that defendant used or imitated any aspect of her voice not contained in recordings. Court held that plaintiff asserted rights equivalent to those protected within general scope of copyright and granted motion to dismiss state law claim. Court granted leave to amend if plaintiff can allege commercial misuse of her voice *not* fixed in recording.

Metabyte, Inc. v. Nvidia Corp., No. 12-0044, 2013 U.S. Dist. LEXIS 58213 (N.D. Cal. Apr. 22, 2013)

District court granted defendant's motion to dismiss plaintiff's state Unfair Competition Law (UCL) claim as preempted. Plaintiff alleged that defendant created and sold products including plaintiff's copyrighted source code. State law claims are preempted if (1) rights plaintiff asserts are rights equivalent to those protected by Copyright Act; and (2) work involved falls within subject matter of Copyright Act. Court held that rights plaintiff asserted under UCL—reproduction of copyrighted works, preparation of derivative works and distribution of copies to public—were equivalent to rights protected under Copyright Act. Thus, district court dismissed UCL claim as preempted.

Reinicke v. Creative Empire, LLC, No. 12-1405, 2013 U.S. Dist. LEXIS 9793 (S.D. Cal. Jan. 24, 2013)

District court granted defendant's motion to dismiss state law claim for conversion as preempted. Defendant contracted with plaintiff to create specific online text content for German language learning services software. Plaintiff alleged that text content constituted "creative Work." Plaintiff alleged that Work constituted personal property of plaintiff, and also claimed that defendant converted her property "by using and misappropriating the Work" into its "online language learning services" software. Defendant moved to dismiss conversion claim pursuant to Rule 12(b)(6). Copyright Act preempts any other legal or equitable rights that are equivalent to any of exclusive rights within general scope of copyright. Conversion claim is preempted when claim is based on rights protected under Act, such as publishing, reproduction or adaptation of copyrighted material, and not when claim is based merely on possession of said material or violation of other rights not covered under Act. Plaintiff's theory of recovery was based on intangible property, alleged infringing distribution and sale of software comprising text content through Internet. Court concluded, accordingly, that plaintiff's cause of action for conversion was preempted, and granted defendant's motion to dismiss conversion claim.

NTD Architects v. Baker, No. 12-20, 2012 U.S. Dist. LEXIS 89160 (S.D. Cal. June 12, 2012)

Plaintiff, architectural firm, sued former employees and competing architectural firm in California state court alleging theft of physical property and trade secrets during process of defendants' departure from plaintiff's firm. Plaintiff also separately sued defendants in federal court claiming copyright infringement based on same underlying facts as state court action. After defendants successfully removed state court action to federal court, plaintiff moved to remand, arguing claims in state action were not preempted. Court denied plaintiff's motion to remand, finding plaintiff's state law action completely preempted by Copyright Act. Court noted that neither Supreme Court nor Ninth Circuit had decided whether Copyright Act completely preempts related state law claims. Accordingly, court looked to relevant decisions from Second, Fourth and Sixth Circuit for guidance. Here, although plaintiff's did not plead copyright claims in state action complaint, court found materials alleged in plaintiff's state action complaint and plaintiff's copyright claim in federal action to be largely identical, and therefore falling under Copyright Act. Court also found plaintiff's claim for conversion in state action complaint asserted rights equivalent to rights falling under Copyright Act, because "[t]he action for conversion does not rest merely on the tangible object, but the information within the object as well, may it be trade secret material or copyrighted works." Court found plaintiff's state action conversion claim completely preempted by Copyright Act. Noting that "preemption of just one claim is sufficient to warrant removal," court denied plaintiff's motion to remand.

Cambridge Group Techs., Ltd. v. Motorola, Inc., No. 12-7945, 2013 U.S. Dist. LEXIS 30161 (N.D. Ill. Mar. 5, 2013)

Plaintiff, software developer, entered into license agreement with defendant regarding its speech technology products. Plaintiff brought suit in state court, claiming that defendant breached agreement, and therefore was unjustly enriched, and later filed amended complaint that included

new unjust enrichment claim. Defendants filed notice of removal based on new unjust enrichment claim. Plaintiff moved to remand. After action has been filed in state court, it can be removed to federal court if it “arises” under federal law. Federal question jurisdiction is appropriate if substantial, disputed federal law question is necessary element of claim. Courts determine whether there is federal question jurisdiction through “well pleaded complaint rule,” meaning there is federal jurisdiction only when federal question is presented on face of plaintiff’s well-pleaded complaint. Two exceptions allowing state claims to be removed to federal court are (1) when Congress expressly allows it; and (2) when federal statute displaces state law cause of action through complete preemption. Court found that in this case, rights protected by unjust enrichment claim were not equivalent to those protected by Copyright Act. Right under state law is equivalent to one of rights within general scope of copyright if it is violated by exercise of any of rights set forth in § 106. Under Illinois law, to state a claim for unjust enrichment, plaintiff must allege that defendant voluntarily accepted benefit that would be inequitable for defendant to retain without compensating plaintiff. Court found unjust enrichment claim not based on unfair copying or derivative works or any other right under copyright. Therefore, unjust enrichment claim was not preempted.

Capital Concepts, Inc. v. Mt. Corp., No. 11-36, 2012 U.S. Dist. LEXIS 182874 (W.D. Va. Dec. 30, 2012)

Plaintiff and defendants entered into numerous agreements relating to defendants’ use of plaintiff’s designs, text and tag-lines for defendants’ outdoor-themed apparel. One agreement granted defendants license for unique designs combined with tag-lines for new line of outdoor-themed t-shirts. Following execution of license agreement, defendants sought to license additional text and creative tag-lines to combine with defendants’ own images. Plaintiff agreed to license tag-lines in separate license agreement. After license ended, defendants were allowed to sell goods bearing designs and tag-lines for three-month sell-off period. Defendants sold goods beyond sell-off period, and did not pay plaintiff royalties. Plaintiff sued for copyright infringement, breach of contract, tortious interference with contract and unjust enrichment. Defendants argued that breach of contract and tortious interference claims were preempted. Preemption under Copyright Act does not apply to content or materials not subject to copyright protection. As plaintiff’s breach of contract claims and tortious interference claims only concerned defendants’ use of plaintiff’s taglines and text, but not designs, court found claims not preempted. Unjust enrichment claim was also not preempted. Unjust enrichment claim can survive preemption if defendants were enriched by “material beyond copyright protection.” Here, plaintiff’s claim involved both material protected by copyright (designs) and material not protected by copyright (text and tag-lines). As such, plaintiff’s breach of contract, tortious interference with contract, and unjust enrichment claims were not preempted.

Ultraflo Corp. v. Pelican Tank Parts, Inc., No. 09-782, 2012 U.S. Dist. LEXIS 127503 (S.D. Tex. Sept. 7, 2012)

Court granted defendant’s motion to dismiss state law claims as preempted. Copyrighted works at issue were valve drawings. Plaintiff asserted claims of, inter alia, unfair competition by misappropriation and conversion. Plaintiff relied on “distinction between a useful article and a drawing of a useful article” in attempt to revive its state law claims; district court found

argument unpersuasive, explaining that plaintiff was not asserting state law claims based on physical drawings themselves, nor valves, but rather from loss of intellectual property contained in graphic representations of valves and valve dimensions. Court held claims preempted.

RSR Sale, Inc. v. Lowe's Cos., No. 12-10719, 2013 U.S. Dist. LEXIS 62824 (E.D. Mich. May 2, 2013)

Plaintiff, designer and importer of home and garden products, brought suit against defendant home improvement retailer, alleging copyright infringement of plaintiff's "gazing globes," as well as claim under Michigan Consumer Protection Act, unfair competition claim, and unjust enrichment claim. Defendant filed motion to dismiss several state law claims on grounds they were preempted. Claim is preempted if (1) work is within scope of subject matter of copyright; and (2) rights granted under state law are equivalent to any exclusive rights within scope of federal copyright. Claim is not "equivalent" if an extra element is required to prove state law claims. Court reasoned that "gazing globe," work upon which plaintiff's state law claims were based, was clearly within subject matter of copyright. In addition, no extra element was needed to prove any state law claims. Accordingly, claims were dismissed as preempted.

Kano Labs., Inc. v. Clenair Mfg., No. 12-1209, 2013 U.S. Dist. LEXIS 59094 (M.D. Tenn. Apr. 25, 2013)

District court denied defendant's motion to dismiss plaintiff's trade dress claims as preempted by Copyright Act. Plaintiff alleged that it was manufacturer of penetrating oil products called "Kroil" branded as "Aerokroil," "Silikroil," and "Penephite." Plaintiff asserted that it used specific trade dress for its products, including orange can with black and silver top, oil drop graphic, italicized product font, and bullet-point text below product name. Plaintiff alleged that defendant began selling competitive penetrating oil product called "Penetroil," and had adopted trade dress substantially similar to plaintiff's. Plaintiff's claims for trademark, trade name and trade dress infringement did not fall within scope of Copyright Act, and thus were not preempted, court found. Issue in trademark law is largely about protecting consumers from confusion, which was sufficiently pled by plaintiff.

Philotechnics, Ltd., v. Ecology Services, Inc., No. 12-180, 2013 U.S. Dist. LEXIS 17774 (E.D. Tenn. Feb. 11, 2013)

Plaintiff filed complaint in state court alleging, inter alia, violations of Federal Computer Fraud and Abuse Act ("CFAA"). Defendants removed action to district court, relying solely on subject matter jurisdiction based on CFAA claim. Plaintiff sought to amend complaint to withdraw CFAA claim and to remand action to state court, arguing that after withdrawal of CFAA claim, action rested exclusively on state law, and district court no longer had subject matter jurisdiction. In opposition to remand, defendants raised new argument that action was preempted by Copyright Act. Noting that "notice of removal, like a complaint, is not a revolving door that remains open in perpetuity," court held that because defendants failed to assert preemption as basis for removal, defendants waived that defense. Court also rejected defendants' argument that copyright-related matters cannot be tried in state court, holding that preemption is triggered only when (1) subject matter falls within scope of Copyright Act and (2) state law claims are

commensurate to rights protected under § 106. Court held that state courts can therefore hear claims touching on subject of copyright if both elements are not met, and court was not convinced that both elements were met. Relying on Sixth Circuit's "rule of thumb," court also held that remand was proper because plaintiff acted quickly to remand action (three weeks); there was no substantive activity in district court (except for instant ruling); and because remaining causes of action were state actions, and thus state court was most appropriate forum.

Bridgetree, Inc. v. Red F Marketing, LLC, No. 10-228, 2013 U.S. Dist. LEXIS 15372 (W.D.N.C. Feb. 5, 2013)

Plaintiff sued defendants for conversion and other causes of action arising from defendant's resignation from plaintiff. Jury found defendants liable for conversion of plaintiff's computer files. Court *sua sponte* addressed whether plaintiff's state law conversion claim was preempted by federal copyright law. Court first considered whether defendants waived preemption defense by failing to raise it during proceedings. Noting that was issue of first impression in Fourth Circuit, court found that courts in sister circuits hold that defendants waive preemption defense if it is not timely raised. Court therefore held that defendants waived preemption defense.

WJ Global LLC v. Farrell, No. 12-745, 2013 U.S. Dist. LEXIS 59554 (E.D.N.C. Apr. 17, 2013)

Court denied plaintiffs' motion to remand case to Wake County Superior Court because conversion, constructive trust, and permanent injunction claims were preempted by Copyright Act. Plaintiffs contended that defendant deleted emails and made copies of software and other intellectual property owned by plaintiffs. State law claim is are preempted when (1) claim falls within subject matter of copyright and (2) claim protects rights that are equivalent to exclusive rights protected by copyright. Prong two is not satisfied when state law claim contains "extra element" beyond rights protected by federal copyright. Prong one was satisfied because plaintiffs' claims all related to software and related intellectual property. Under North Carolina law, conversion is defined as "unauthorized assumption and exercise of right of ownership over goods or personal property belonging to the alteration of their condition or to the exclusion of the owner's rights." Court found that since conversion claim only related to intangible property, it was preempted. Moreover, plaintiffs' claim for constructive trust, which was properly framed as remedy for unjust enrichment claim, was preempted because only property at issue was subject to copyright. Plaintiffs' claim for permanent injunction was preempted as remedy provided by Copyright Act.

IX. DIGITAL MILLENNIUM COPYRIGHT ACT

UMG Recordings, Inc. v. Veoh Networks, Inc., 106 U.S.P.Q.2d 1253 (9th Cir. 2013)

In 2007, UMG sued Veoh and several of its backers in Central District of California for unauthorized uploading of its copyrighted works by Veoh users. District court found that Veoh was protected by § 512(c) safe harbor. In December 2011 Ninth Circuit affirmed; Veoh qualified for safe harbor because it did not have "actual knowledge" of infringing content. Ninth Circuit rejected various "red flags" that UMG argued showed that Veoh should have known that

infringing content was being posted, including tagging of user-supplied content with titles like “music videos”; users’ purchasing of Google AdWords that included names of well-known recording artists; and communications from UMG that complained generally about infringing content. Court also rejected argument that Veoh had actual knowledge of infringement based on its hosting “music” category, under theory that since Veoh didn’t hold any licenses from any major music producers, Veoh must have known that “music” category would be full of infringing content. UMG petitioned for rehearing and rehearing *en banc*. In meantime, Second Circuit’s *Viacom v. YouTube* opinion issued. Ninth Circuit requested additional briefing from parties in light of *Viacom* regarding distinction between actual knowledge and red flag knowledge for purposes of eligibility for § 512(c) safe harbor. Ninth Circuit withdrew December 2011 opinion, granted UMG’s petition for panel rehearing, and issued superseding opinion that again found that DMCA safe harbor was applicable. Court found there was still no genuine issue of fact regarding Veoh’s actual knowledge of infringement or awareness of facts or circumstances from which infringing activity was apparent. Court found Veoh had not received any financial benefit from infringing activity over which it had right and ability to control. Ninth Circuit cited *Viacom* for proposition that “a service provider cannot willfully bury its head in the sand to avoid obtaining such specific knowledge.” However, evidence did not show that Veoh had buried its head; when Veoh acquired specific knowledge of infringement, it acted to remove such material in prompt manner. Ninth Circuit endorsed *Viacom*’s holding that “the actual knowledge provision turns on whether the provider actually or ‘subjectively’ knew of specific infringement, while the red flag provision turns on whether the provider was subjectively aware of facts that would have made the specific infringement ‘objectively’ obvious to a reasonable person.” There was no evidence, however, that Veoh had had either kind of knowledge. Court also followed *Viacom* to find that “right and ability to control” under § 512(c)(1)(B) requires “something more” than general ability to locate infringing material and terminate users’ access; i.e., the ISP must “exert substantial influence on the activities of users.” “Substantial influence” may include high levels of control over activities of users, or purposeful conduct, such as inducing infringement. Even though Veoh could remove infringing material on its website, and was able to use filtering technology to identify some infringement, and could have actively searched for infringement, this did not amount to “substantial influence” under *Viacom*.

Columbia Pictures Indus. v. Fung, 710 F.3d 1020 (9th Cir. 2013)

Ninth Circuit affirmed district court’s finding that defendants were liable on inducement theory for contributing to customers’ infringement of plaintiff’s copyrights. Defendant Fung operated several sites, including isoHunt site, devoted to downloading material using BitTorrent technology. “Inducement rule,” enunciated in *Metro-Goldwyn-Mayer Studios, Inc. v. Grokster, Ltd.*, 545 U.S. 913 (2005), has four elements: (1) distribution of “device” or “product”; (2) acts of infringement; (3) with object of promoting its use to infringe copyright; and (4) causation. Fung argued he did not develop or distribute any “device,” so was not liable under inducement rule. Court disagreed, finding inducement doctrine applies to services as well as to devices or products. Evidence of actual infringement by isoHunt users was so overwhelming that “any reasonable jury would have to conclude that the vastly predominant use of Fung’s services has been to infringe copyrights.” Court found that there was more than enough un rebutted evidence in summary judgment record to prove that Fung offered his services with object of promoting their use to infringe copyrighted material. IsoHunt prominently featured list of “Box Office

Movies,” containing 20 highest-grossing movies then playing in U.S. theaters. Fung also posted numerous messages to isoHunt forum requesting that users upload torrents for specific copyrighted films; in other posts, he provided links to torrent files for copyrighted movies, urging users to download them—all, Ninth Circuit found, designed to stimulate others to commit copyright violations. Court adopted “loose causation theory,” under which plaintiff need only prove that “acts of infringement by third parties” were caused by product distributed or services provided. Court found Fung was not eligible for protection under the § 512(c) safe harbor. Fung had “red flag” knowledge of broad range of infringing activity. Record was replete with instances of Fung actively encouraging infringement, by urging users to both upload and download particular copyrighted works, providing assistance to those seeking to watch copyrighted films, and helping users burn copyrighted material onto DVDs. Fung admitted that he personally used isoHunt website to download infringing material. Court found connection between infringing activity and Fung’s revenue stream from advertising sufficiently direct to meet “financial benefit” prong under subsection (B). Regarding Fung’s “right and ability to control,” court applied Second Circuit standard it adopted in *Veoh* requiring “something more” than general ability to locate infringing material and terminate users’ access; i.e., the ISP must also exert substantial influence on activities of users. Here, “overwhelming” evidence that Fung engaged in inducing activity showed that his ability to control infringing activity on his websites went well beyond locating and terminating users’ access to infringing material. Accordingly, Fung was not eligible for protection under § 512(c) safe harbor.

Lenz v. Universal Music Corp., 105 U.S.P.Q.2d 1635 (N.D. Cal. 2013)

District court denied cross-motions for summary judgment. Plaintiff posted video of her young child “dancing” to defendant’s copyrighted song on YouTube. Defendant sent DMCA takedown notice to YouTube and plaintiff responded with DMCA counter-notice. Plaintiff and defendant moved for summary judgment on plaintiff’s claim of misrepresentation under 17 U.S.C. § 512(f). Plaintiff argued that defendant’s procedures for evaluating copyright infringement ignored fair use, and thus defendant could not have formed good faith belief as to fair use, and accordingly was willfully blind. Court denied plaintiff summary judgment on willful blindness theory, since plaintiff had not shown that defendant had *willfully* blinded itself. Court also denied defendant summary judgment as to willful blindness theory, since defendant had not shown it lacked *subjective* belief that there was high probability that any given video might make fair use of copyrighted song. Defendant also argued that even if takedown notice contained material misrepresentation, plaintiff could not prove damages; court held, however, that electricity to power plaintiff’s computer, internet and telephone bills and like, as well as plaintiff’s attorney’s *pro bono* work, were damages within meaning of DMCA.

Perfect 10, Inc. v. Yandex N.V., No. 12-1521, 2013 U.S. Dist. LEXIS 65802 (N.D. Cal. May 7, 2013)

Plaintiff created copyrighted adult entertainment photographs. Defendant owned family of companies offering range of search functions over Internet. Perfect 10 alleged Yandex websites violated copyrights by copying Perfect 10’s images and displaying them to Internet users, and by linking to, storing and placing ads around such images without permission. Perfect 10 sent hundreds of DMCA takedown notices to Yandex, requesting it remove links to thousands of

allegedly infringing images. Perfect 10 did not send typical DMCA notices. Instead, notice contained cover email attaching notice and PDF file. PDF file contained DMCA letter describing contents of notice, and requesting that images be taken down. Letter was followed by several pages of screenshots from Yandex's own site showing allegedly infringing content, and grid of images of Perfect 10's copyrighted images. Perfect 10 moved for partial summary judgment that three "sample" DMCA notices were compliant with notice requirements of DMCA. Yandex argued sample notices could not be considered in isolation, and needed to be aggregated in single notice based on contemporaneous transmissions. First sample notice, for instance, was only 11 pages long, but all notices sent within 10-minute period totaled 225 pages. Court dismissed Yandex's argument, stating there must be way for party to efficiently comply with DMCA requirements in circumstances where thousands of images are allegedly infringed. Alleged infringer should not be allowed safe harbor because voluminous misconduct would require voluminous takedown notices. Yandex specifically objected to first notice, stating it was burdened because notice did not comply with § 512(c)(3). Court rejected argument, stating that Yandex merely preferred notices in different format, *i.e.*, list of URLs, and § 512(c)(3) does not require particular format for notice. Additionally, Yandex argued sample notice was deficient because it failed to adequately identify copyrighted work. Yandex argued each notice showed 16 copyrighted images, and burden for Yandex was excessive as it had to match those with its own images. Court found process required only few seconds of effort per notice, and dismissed argument, stating any manual process for reviewing alleged infringements on large scale would require substantial time. Yandex also argued that sample notice failed to sufficiently identify location of allegedly infringing materials because links were sometimes truncated in screenshots. Court disagreed, finding screenshots were only meant to show infringing work, not identify location. As notice explained, exact links were available by clicking on images listed in search results. Court therefore found that first sample notice complied with statute. As to third sample notice, Yandex made same arguments as to first notice, and also argued that alleged authorized copy of work and alleged infringement were not identical. Court found that while there was no express requirement that DMCA notice include image of exact authorized copy of allegedly infringing work, Perfect 10's voluntary inclusion of incorrect version of work raised question as to notice. Court accordingly denied summary judgment on third notice. Finally, Perfect 10 moved for partial summary judgment that Yandex was not protected by safe harbor during period it did not designate DMCA copyright agent. Court agreed, and granted in part plaintiff's motion for partial summary judgment.

Tuteur v. Crosley-Corcoran, No. 13-10159, 2013 U.S. Dist. LEXIS 51606 (D. Mass. Apr. 10, 2013)

Plaintiff, former physician and author, sued defendant, midwife and author, alleging abuse of DMCA by defendant. During prolonged course of "escalating polemic between two bloggers who have diametrically opposed views on the safety and virtues of home birthing," plaintiff re-posted photograph of defendant taken from defendant's blog on plaintiff's blog. After defendant served plaintiff with DMCA takedown notice, plaintiff preemptively sued defendant, claiming defendant made material misrepresentation of infringement in her DMCA takedown notice. Defendant, Illinois resident, moved to dismiss for lack of personal jurisdiction, claiming she lacked sufficient minimum contacts with Massachusetts. Rather than address jurisdictional question, court reviewed merits of claim as stated in Complaint, noting its authority to avoid

complex jurisdictional question where, as here, merits can be readily resolved in favor of party challenging jurisdiction. Court noted defendant's takedown notice conformed to letter of DMCA requirements. Moreover, court noted "there is no requirement in the DMCA that a notice-giver inform the service provider of an infringer's possible affirmative defenses, only that she affirm (as appears to be the case here) that the copyrighted material is being used without her (or her agent's) permission." Accordingly, court found nothing improper with defendant's DMCA takedown notice, as purpose of defendant's notice was "to stop what she believed was an infringement of her copyrighted likeness, while the means that she chose, sending the notice to the service provider, was one explicitly authorized by the statute." Therefore, court issued order to show cause why complaint should not be dismissed on merits and/or jurisdictional grounds.

UMG Recordings, Inc. v. Escape Media Group, Inc., 964 N.Y.S.2d 106 (1st Dep't Apr. 23, 2013)

Plaintiff, owner of copyrights in sound recordings, brought suit for infringement against developer of Internet-based music streaming service called Grooveshark. In its defense, defendant asserted that it was shielded from liability for infringement of pre-1972 sound recordings under "safe harbor" provisions of Digital Millennium Copyright Act ("DMCA"), codified at § 512. Such "safe harbor" provisions immunize certain Internet service providers from monetary liability for unauthorized use of copyrighted materials uploaded by or at direction of third-party users. Plaintiff moved to dismiss defense on ground that DMCA "safe harbor" provisions do not apply to pre-1972 sound recordings, since those works are excluded from protection of Copyright Act. Lower court denied plaintiff's motion to dismiss on ground that scope of DMCA was not expressly limited to only post-1972 sound recordings. On appeal, New York Appellate Division reversed and held that DMCA "safe harbor" provisions do not apply to pre-1972 sound recordings. Court held that to apply DMCA against pre-1972 sound recordings would "directly violate" Section 301(c) of Copyright Act, which forbids Act from "annul[ing]" or "limit[ing]" common-law rights and remedies of owners of sounds recordings "fixed" prior to February 15, 1972. Were DMCA to apply to those pre-1972 recordings, plaintiff's right to immediately commence action for common-law infringement would be eliminated; instead, owner could only serve DMCA "take-down notice" on defendant. Court thus concluded: "Any material limitation, especially the elimination of the right to assert a common-law infringement claim, is violative of section 301(c) of the Copyright Act." Reading of plain language and statute as whole reinforced this conclusion. For example, in defining "copyright infringer," DMCA identified only rights conferred by Act; because Act excludes pre-1972 recordings from its protection, so too should those works be excluded from DMCA's "safe harbor" protection. Finally, while court recognized defendant's concerns that this holding could create "uncertainty" for Internet service providers, court held that, if necessary, Congress should amend DMCA to clarify its intent. Court, however, could not "do so by fiat."

X. MISCELLANEOUS

A. Visual Artists Rights Act

Wilson v. New Palace Casino, L.L.C., No. 11-447, 2013 U.S. Dist. LEXIS 31293 (S.D. Miss. Mar. 7, 2013)

District court granted defendants' motion for partial summary judgment on plaintiff's VARA claim. Copyrighted work at issue was painting of fish. Defendants moved for partial summary judgment on plaintiff's claim for violation of his rights of attribution or integrity under VARA. Defendants argued that since original painting had been reproduced in large numbers, it did not qualify as "work of visual art" under 17 U.S.C. § 101. Plaintiff argued that basis for his claim under Copyright Act was original watercolor painting authored by him, and that any reproductions were derivative works. Court did not resolve question, but held that plaintiff had not asserted viable VARA claim with respect to original painting, since he did not allege that defendants had incorrectly attributed authorship of original painting, or that they had modified or distorted original painting in any way. Court also held that even if original painting constituted "work of visual art," images defendants allegedly copied were not copies of original painting but of derivative works. Court found further that defendants' purported use of work on plastic drinking cups, menus, signage, t-shirts worn by employees and for sale, drink huggers and advertisements fell outside scope of VARA. "Each of Defendants' alleged uses of the wahoo involved merchandising or qualified as advertising or promotional materials as described in subparagraph (A) of § 101's definition of 'work of visual art.' The plain language of § 106A(c)(3) would therefore seem to exclude these uses from VARA."

B. Insurance

Trax, LLC v. Cont'l Cas. Co., No. 10-6901, 2012 U.S. Dist. LEXIS 123141 (N.D. Ill. Aug. 29, 2012)

Court found defendant insurance company breached its duty to defend plaintiff in suit for copyright infringement when it failed to cover settlement. Plaintiff Trax provided testing services for U.S. Government, and developed and maintained software simulation systems for U.S. power plants. Defendant sold Trax insurance policy with general and claim limit of \$5 million. Policy provided coverage for risk of liability for breach of duty, error or omission in conduct of its technology services business. Third party nHance Technologies, Inc. sued Trax for copyright infringement, alleging Trax sold and distributed power plant simulation software, called "Pro-TRAX," that used source code copied from nHance's software product. Trax and nHance settled nHance's claims for \$1.95 million and mutual releases. Defendant did not contribute to settlement payment. Trax brought suit against defendant, alleging breach of duty under insurance policy. Court found that nHance's copyright infringement suit against Trax was precise liability Trax sought to protect against with policy. Moreover, court explained that nHance was not seeking some novel and uninsurable type of damages from Trax; Copyright Act provides that where infringement is found, copyright owner is entitled to recover "any profits of the infringer that are attributable to the infringement and are not taken into account in computing the actual damages." Court found that nHance did not seek restitution or disgorgement, but

rather Trax's profits, which it was permitted to recover under Copyright Act. Therefore, court ruled, profits nHance sought from Trax were not uninsurable, and defendant breached its duty to defend Trax when it failed to cover settlement.

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