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**Cowan, Liebowitz & Latman**

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**Copyright Review  
2018**

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*“Recent Developments In Copyright”  
Selected Annotated Cases*

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**with**

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**These annotations cover cases reported since our report at  
the 41<sup>st</sup> Copyright Society Annual Meeting of 2017.**

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## I. JURISDICTION AND PROCEDURAL ISSUES

### A. Subject Matter Jurisdiction

*Pastime LLC v. Schreiber*, No. 16-8706, 2017 U.S. Dist. LEXIS 199943 (S.D.N.Y. Dec. 5, 2017)

District court denied defendant's motion to dismiss plaintiffs' claim for declaratory judgment as to ownership rights in copyrighted work because plaintiff's claim for declaration of parties' respective ownership rights turned on interpretation and application of Copyright Act, and therefore gave court subject matter jurisdiction over parties' dispute. Under employment agreement with plaintiffs' predecessors in interest, defendant agreed to rewrite book of musical play *Once Upon a Pastime*. Agreement provided that defendant's contribution would be work for hire. Defendant subsequently received copyright registration as sole author of book. Plaintiffs' complaint sought declaratory judgment as to ownership rights in subject work. Although complaint did not expressly state claim, plaintiffs sufficiently requested adjudication of plaintiffs' ownership of copyright at issue. Because plaintiffs' claim turned on whether defendant's revision of book constituted work for hire, it would require interpretation of Copyright Act provisions, affording court subject matter jurisdiction over dispute.

*Bell v. Henderson*, No. 16-2488, 2017 U.S. Dist. LEXIS 110047 (S.D. Ind. July 17, 2017)

District court dismissed copyright infringement suit against Purdue University employee as barred by Eleventh Amendment, which deprived court of subject matter jurisdiction. Plaintiff alleged that one of his registered photographs had been published without authorization on Purdue website in presentation titled "Keeping Cattle in the Books." Plaintiff initially sued Purdue only. First Amendment Complaint named Purdue's President as sole defendant, while Second Amended Complaint ("SAC") named Purdue's Director of Extension, defendant Henderson, as sole defendant. Henderson moved to dismiss for lack of subject matter jurisdiction. Eleventh Amendment renders non-consenting State, as well as that State's agencies or officials acting in their official capacities, immune from federal suits. Because Purdue was "arm of the state," plaintiff's claims against it were barred as matter of law. Plaintiff attempted to circumvent prohibition by suing Henderson in his individual capacity. Court, however, was required to determine whether sovereign (in this case, Purdue) was "real party in interest" to determine whether suit was barred by sovereign immunity. Court found that Purdue was "obviously" real party in interest: plaintiff initially sued Purdue, then Purdue's President, and finally Henderson, conspicuous chain of events that suggested that plaintiff was trying to find way to lawfully sue Purdue; SAC was identical to original complaint except that "Purdue" was replaced with Henderson; plaintiff's sole cause of action arose out of copyrighted photo that appeared on Purdue-owned website; and plaintiff sought to have Henderson account for Henderson's profits, even though Henderson could not have personally profited from distribution of presentation at issue. Court thus

concluded that Eleventh Amendment prevented it from exercising subject matter jurisdiction over plaintiff's action.

*Chilly Panda Media, LLC v. Britt Interactive, LLC*, No. 17-1544, 2017 U.S. Dist. LEXIS 140959 (S.D. Ind. Aug. 11, 2017)

Magistrate recommended remanding matter to state court. Court found case was "all about 'who owns what,'" arising out of license agreements between plaintiff and defendant. "Very heart" of disputes was extent of each side's rights to community newsletter or magazine publications, as governed by license agreements. Because copyright claim depended on resolving how license agreements should be applied to determine who owned what, claim arose out of state contract law, not federal copyright law, and did not provide basis for court to exercise federal question jurisdiction.

*Diebold Inc. v. QSI, Inc.*, No. 16-2481, 2017 U.S. Dist. LEXIS 118871 (N.D. Ohio July 28, 2017)

Court denied motion to dismiss counterclaim. Plaintiffs provided customers with ATMs and owned rights to certain ATM software programs; defendant serviced ATMs and purchased parts from plaintiff. Plaintiffs brought suit for infringement based on allegation that defendant copied software program. Defendant counterclaimed for declaratory judgment that licensing agreement between plaintiff and customer allowed defendant to make copies of program. Plaintiff moved to dismiss counterclaim under Rule 12(b)(1) on basis that defendant lacked standing to make claim because it was not party to or third-party beneficiary of contracts with customers. Court found counterclaim alleged sufficient facts to make declaratory judgment appropriate. Court further found that Rule 12(b)(1) does not permit factual attack on subject matter jurisdiction that implicates merits of claim; and in this case, whether defendant was third-party beneficiary of contracts or otherwise was authorized to make copies of works implicated merits of defendant's claim, "not the Court's ability to adjudicate the claim."

## **B. Personal Jurisdiction and Venue**

*McDermott v. Monday Monday, LLC*, No. 17-9230, 2018 U.S. Dist. LEXIS 28664 (S.D.N.Y. Feb. 22, 2018)

Plaintiff filed infringement suit against Idaho limited liability company based in Idaho. Defendant served offer of judgment on defendant in amount of \$1,000, then filed motion to dismiss for lack of personal jurisdiction. In response, plaintiff voluntarily dismissed action without prejudice to refile. Defendant subsequently moved for costs and fees pursuant to § 505. Plaintiff opposed on basis that defendant was not "prevailing party" under Act. Court found that in opposing fees motion, "plaintiff does not suggest that he had any non-frivolous reason to believe that there was personal jurisdiction over the defendant in this district. Based on the record before the Court, it appears that the filing in this district was 'frivolous, unreasonable, or groundless.'" Plaintiff's counsel, court noted, was "known copyright 'troll,'

filing over 500 cases in this district alone in the past twenty-four months. Thus, whether or not an attorney's fee award could be properly awarded against the plaintiff under Section 505, such an award against plaintiff's counsel may be appropriate in an exercise of this Court's inherent power." Court in its discretion declined to award fees on this occasion. However, if plaintiff's counsel "files any other action in this district against a defendant over whom there is no non-frivolous basis to find that there is personal jurisdiction, the outcome may be different."

*Narrative Ark Entm't LLC v. Archie Comic Publ'ns, Inc.*, No. 16-6109, 2017 U.S. Dist. LEXIS 143480 (S.D.N.Y. Sept. 5, 2017)

Court granted defendant's motion to dismiss complaint for lack of personal jurisdiction. Plaintiff sued defendants Archie and Sega of America, Inc. alleging copyright infringement and New York state law claims. Sega moved to dismiss for lack of personal jurisdiction. In early 1990s, Archie and Sega entered license agreement to create and sell comic books based on characters including "Sonic the Hedgehog." Archie hired third-party defendant as staff editor for period of time, and then third-party defendant worked as freelancer for Archie. During time as freelancer, third-party defendant alleged he created and developed, in whole or in part, stories, characters, and art for "Sonic the Hedgehog" series of comic books. Third-party defendant also collaborated with non-party Archie freelancer to work on comic book series. At certain point non-party informed third-party defendant that Archie was reprinting stories they created, and was continuing to use characters they created. Third-party defendant then filed copyright applications and later assigned copyrights and intellectual property rights to plaintiff. On Sega's motion to dismiss for lack of personal jurisdiction, court first considered jurisdiction under CPLR 302(a)(1), and found that Sega's agreement with Archie, which was not negotiated or executed in New York; did not provide for Sega to perform in New York; contained California venue and choice of law clauses; and stated that Sega would be paid in California, did not provide for personal jurisdiction. Court found personal jurisdiction would similarly be improper under CPLR 302(a)(3)(i), because CPLR 302(a)(3)(i) presents higher bar than CPLR 302(a)(1), and plaintiff did not show jurisdiction was proper under CPLR 302(a)(1). As to CPLR 302(a)(3)(ii), plaintiff did not allege any action Sega took that infringed plaintiff's copyrights or any other tort Sega committed. Plaintiff did not allege that Sega supervised freelance contributions to comic books or other works in case. In fact, Sega argued first notice of dispute between third-party defendant and Archie was when plaintiff filed complaint. Court found that Sega could not have anticipated suit in New York based on agreement with Archie, and granted Sega's motion to dismiss.

*Carsey-Werner Co. v. BBC*, No. 17-8041, 2018 U.S. Dist. LEXIS 33862 (C.D. Cal. Feb. 23, 2018)

District court granted motion to dismiss for lack of personal jurisdiction. Plaintiff television companies owned series including *The Cosby Show*. Defendant Sugar Films, UK company, produced program entitled *Bill Cosby – Fall of an American Icon*, which included clips and musical cues from *The Cosby Show*, and was broadcast by defendant, UK corporation.

Defendants' program was broadcast in June 2017 and available for 30 days on BBC's iPlayer website, where users from U.S. using VPN or proxy servers could view program. Plaintiff sued for infringement, and defendants moved to dismiss for lack of personal jurisdiction and/or improper venue. Court found that defendants' conduct lacked sufficient ties to California to subject them to personal jurisdiction there. That some individuals in California might have viewed program did not show that defendants directed conduct toward state, particularly because defendants attempted to prevent such viewership. Fact that BBC's technological measures were not always successful did not mean company purposefully directed its conduct to California. Court rejected as speculative plaintiff's argument about number of viewers of program, and was not persuaded by plaintiff's argument that program was so "California-centric" as to supply "something more" required to turn release of program on iPlayer service into conduct targeting California. Court found it could not exercise jurisdiction over defendants pursuant to Fed. R. Civ. P. 4(k)(2) because exercise would not comport with due process. Plaintiff did not allege, let alone provide evidence of, any contacts between defendants and U.S. beyond those discussed for California. Court rejected plaintiff's request for jurisdictional discovery because plaintiff did not explain what discovery it would conduct or why it would be helpful. Court dismissed for lack of personal jurisdiction, and denied as moot motion to dismiss for improper venue.

*L.A. Gem & Jewelry Design, Inc. v. An & Assocs. Co.*, No. 17-2417, 2017 U.S. Dist. LEXIS 201918 (C.D. Cal. Dec. 6, 2017)

District court denied Canadian defendants' motion to dismiss for lack of personal jurisdiction and improper venue, holding that it could exercise jurisdiction over defendants based on their contacts with U.S. as whole, and that because court had personal jurisdiction, venue was also proper. California-based plaintiffs claimed that Canadian defendants marketed, sold and distributed jewelry that infringed plaintiffs' registered designs. Defendants operated fully interactive websites aimed at customers in U.S., deployed nationwide advertising of allegedly infringing products in U.S., and shipped products directly to customers in U.S. Ninth Circuit courts can exercise personal jurisdiction over defendant if (1) defendant purposefully directed its activities to forum; (2) plaintiff's claim arises from defendant's forum-directed activities; and (3) exercise of jurisdiction would be reasonable. Court held that it could not exercise personal jurisdiction over defendants based on their contacts with California, because defendants did not target their advertising toward California and made only isolated sales to California, and further because plaintiffs' copyright claims did not arise from defendants' activities in California. However, court could exercise nationwide personal jurisdiction over defendants under Fed. R. Civ. P. 4(k)(2). Under Rule 4(k)(2), federal court can exercise personal jurisdiction over defendant if (1) plaintiff's claim arises under federal law; (2) defendant is not subject to personal jurisdiction of any state court; and (3) exercise of jurisdiction comports with due process. Because first two prongs were undisputed, court focused on due process element, which is nearly identical to traditional personal jurisdiction analysis except that contacts with nation as whole are considered. Because defendants expressly aimed their activities toward U.S., and plaintiffs' claims arose out of defendants' U.S.-related conduct, and further defendants did not show that exercise of jurisdiction would

be unreasonable, court held that it could exercise jurisdiction over defendants under Rule 4(k)(2). Because Ninth Circuit interprets Act's venue provision as allowing venue in any district where defendant is subject to personal jurisdiction, venue in district was also proper.

*Dale Tiffany, Inc. v. Meyda Stained Glass, LLC*, No. 17-536, 2017 U.S. Dist. LEXIS 163941 (C.D. Cal. Oct. 2, 2017)

Court found plaintiff failed to make *prima facie* showing of jurisdictional facts to justify assertion of personal jurisdiction over defendants. Plaintiff brought copyright infringement action against two defendants, Meyda and 55 Oriskany. Plaintiff alleged that defendants sold, distributed and displayed certain Tiffany-styled stained glass lamps that infringed plaintiff's copyright. Defendants moved to dismiss for lack of personal jurisdiction. Plaintiff asserted that Meyda was 55 Oriskany's *alter ego*. To satisfy *alter ego* test, plaintiff must make out *prima facie* case that (1) there is such unity of interest and ownership that separate personalities of two entities no longer exist; and (2) failure to disregard their separate identities would result in fraud or injustice. Court found plaintiff made no factual allegations and presented no evidence to support exercise of personal jurisdiction over Meyda on *alter ego* theory. With respect to 55 Oriskany, plaintiff argued that 55 Oriskany purposely directed its activities toward California by (1) willfully infringing on plaintiff's copyrighted work; (2) operating interactive website; (3) utilizing online-third-party retailers such as Amazon and Houzz.com; and (4) hiring sales representative for Southern California. Regarding willful infringement, court found plaintiff's allegation that defendants had "long been well aware" of plaintiff's copyrighted works and principal place of business in California, because they often attended same tradeshow and exhibitions, to be bare allegation insufficient to demonstrate willfulness. Regarding website activity, court used "sliding scale" approach, in which likelihood that personal jurisdiction can constitutionally be exercised is directly proportionate to nature and quality of commercial activity that entity conducts over Internet. Court found plaintiff had not presented sufficient evidence to support its assertion that website allowed dealers to contact and place orders with 55 Oriskany directly. Regarding use of online third-party retailers, court found that, although several infringing products were sold on Amazon and Houzz.com, because none of third-party sellers were affiliated with 55 Oriskany, and plaintiff had failed to produce evidence that defendants were directly selling any products using these websites, defendant's contacts were "attenuated." Court thus rejected exercise of specific jurisdiction. Regarding hiring of sales representative, plaintiff provided no evidence that sales representative was involved in marketing or sale of any of infringing products at issue in action. Court found, nevertheless, that plaintiff had demonstrated basis for jurisdictional discovery, and granted plaintiff's request for jurisdictional discovery for 30-day period.

*BWP Media USA, Inc. v. Vensoft, Inc.*, No. 17-5456, 2017 U.S. Dist. LEXIS 128188 (C.D. Cal. Aug. 11, 2017)

District court ordered plaintiff to show cause why action should not be dismissed for lack of personal jurisdiction or transferred for lack of proper venue, where plaintiff merely alleged in

conclusory manner that Arizona-based defendant “purposely directs substantial activities at the residents of California by means of [its] Websites,” and that Websites “are targeting California residents.” Court noted that plaintiff alleged neither specific contacts between defendant and California, nor facts suggesting defendant did “something more” than maintain passive website. Therefore, plaintiff must show cause why action should not be dismissed for lack of personal jurisdiction or transferred for lack of proper venue.

*Bell v. Moawad Grp., LLC*, No. 17-73, 2017 U.S. Dist. LEXIS 101842 (W.D. Tex. June 30, 2017)

Texas resident, self-described “internationally recognized sports psychologist and sports performance consultant,” sued Arizona-based defendants for copyright infringement. Plaintiff alleged that defendants reproduced, displayed and distributed 219-word excerpt from plaintiff’s book on Twitter, Instagram and Facebook. Plaintiff alleged that defendants posted excerpt without authorization and used it to promote their services and interact with their followers, some of whom lived in Texas, and that one or more Texas residents who followed defendants on social media interacted with infringing posts through retweets, likes, shares and comments. Defendants moved to dismiss for lack of personal jurisdiction. Court granted motion to dismiss because defendants could not reasonably anticipate being haled into Texas court based on posting of allegedly infringing excerpt on social media accounts. Court noted that plaintiff could not point to evidence suggesting that defendants’ posts were directed to Texas or specifically curated for Texas audiences, or that defendants knew plaintiff resided in Texas. Although plaintiff alleged that one Texas resident independently shared excerpt posted by defendants, court found that such contact with Texas was too attenuated to impose personal jurisdiction over defendants.

*Ramirez v. Grp. Servs.*, No. 16-1831, 2017 U.S. Dist. LEXIS 95265 (M.D. Fla. Jun. 20, 2017)

Court denied defendant’s motion to dismiss for lack of personal jurisdiction. Plaintiff, Florida resident, alleged that defendant Puerto Rico corporation infringed plaintiff’s copyright by using photographs on Internet to promote its business. Defendant moved to dismiss, arguing that its presence on Internet provided insufficient contacts with Florida to establish personal jurisdiction. Court found that plaintiff had sufficiently established that defendant’s use of photographs on webpages and social media accounts constituted intentional tort of copyright infringement, which caused harm to plaintiff’s intellectual property rights in Florida, where plaintiff resided and where photographs were accessed. Further, plaintiff sufficiently established that (1) defendant intentionally targeted Florida travelers through its websites and social media pages, which sites and pages were integral to plaintiff’s copyright infringement claim; and (2) defendant knew or should have known that plaintiff would be injured in Florida where he resides. Motion to dismiss was denied.

*Devnani v. DKM Solutions*, No. 17-10810, 2017 U.S. Dist. LEXIS 172202 (E.D. Mich. Oct. 18, 2017)

Court dismissed action for lack of personal jurisdiction over defendants. Defendant DKM, Texas company, hired plaintiff to create website. Plaintiff claimed infringement based on defendants' unauthorized use of website, including source code, software and designs, in violation of verbal agreement between parties, as well as interference with plaintiff's administrative access to cloud hosting account with RackSpace, company with headquarters in Texas and no alleged presence in Michigan. Defendants moved to dismiss for lack of personal jurisdiction. Court found plaintiff did not meet burden to show purposeful availment. Plaintiff's copyright claim was based on defendants' use of work in Texas and defendants' change of passwords on cloud host, also headquartered in Texas. Defendants never entered Michigan, and believed that plaintiff was working in Oregon out of Oregon company. Even if defendants knew of plaintiff's Michigan driver's license and phone number and relative who lived there, under *Calder v. Jones* it was insufficient to state that defendants could have surmised plaintiff might feel effects of conduct in Michigan. Because plaintiff did not establish purposeful availment, court did not assess other prongs of jurisdictional inquiry, and granted motion to dismiss.

*Jason Scott Collection Inc. v. Trendily Furniture LLC*, No. 17-2712, 2017 U.S. Dist. LEXIS 177722 (D. Ariz. Dec. 7, 2017)

Plaintiff, Arizona furniture company, alleged that defendants, Texas furniture companies, sold unauthorized imitations of plaintiff's furniture, thereby infringing plaintiff's copyrights. Defendants moved to dismiss action for lack of personal jurisdiction. Plaintiff contended that Arizona had specific jurisdiction over defendants. To prove specific jurisdiction, plaintiff must show nonresident defendant purposefully directed activities at forum state and that claim arose out of or results from those activities. Plaintiff's evidence established that defendants committed intentional acts by designing and manufacturing infringing furniture and selling pieces in same market, and that such acts were aimed at Arizona. Evidence showed that defendants willfully infringed plaintiff's copyrights from time they received plaintiff's cease-and-desist letters, if not before, and knew impact would be felt in Arizona, thereby expressly aiming at forum state. Court found exercise of personal jurisdiction over defendants comported with constitutional principles of due process. Court therefore denied defendants' motion to dismiss.

*Hydentra HLP Int., Ltd. v. Sagan Ltd.*, 266 F. Supp. 3d 1196 (D. Ariz. 2017)

Plaintiffs, companies organized under laws of Republic of Cyprus and producers of pornographic material, asserted claims for copyright infringement against defendants, residents of Seychelles, Barbados and Canada associated with website Porn.com. Defendants filed motion to dismiss for lack of personal jurisdiction. Fed. R. Civ. P. 4(k)(2) provides that court may exercise personal jurisdiction over defendant if (1) claim arises under federal law, (2) defendant is not subject to jurisdiction in any state court of general jurisdiction, and (3) exercising jurisdiction is consistent with U.S. Constitution. Defendants

conceded that first and second factors were satisfied. Under third factor, due process analysis is nearly identical to traditional personal jurisdiction analysis except that, rather than considering contacts between defendant and forum state, court considers contacts with U.S. as whole. To establish first element of specific jurisdiction, purposeful direction, plaintiffs must show that defendants knew they were causing harm likely to be suffered in U.S. Plaintiffs, foreign corporations based in Cyprus, provided no more than bare-bones assertions to support claim that they had operations in U.S. or that foreseeable harm to them in U.S. was jurisdictionally significant. Accordingly, even assuming that operators of Porn.com intentionally acted in manner targeting U.S., plaintiffs had not shown that foreseeable harm occurred to them in forum, and therefore failed to satisfy purposeful direction element of personal jurisdiction analysis. Court accordingly granted defendants' motion to dismiss for lack of personal jurisdiction.

*Blueberry Hill LLC v. Shalom Int'l Corp.*, No. 17-385, 2017 U.S. Dist. LEXIS 189321 (D. Utah Nov. 15, 2017)

Court granted defendant's motion to dismiss for lack of personal jurisdiction. Plaintiff, creator of infant clothing, alleged that defendant, New Jersey corporation, requested its products and shortly afterward began making infringing products. Defendant moved to dismiss for lack of personal jurisdiction. As initial matter, court rejected plaintiff's argument that defendant waived its right to challenge jurisdiction and venue because it filed answer month before filing 12(b) motion; court found defendant preserved defenses by including them in answer. Court noted that Utah long-arm statute allows for exercise of jurisdiction co-extensive with Constitution, so court need only ask whether jurisdiction comports with due process – whether defendant has minimum contacts with forum such that defendant purposefully directed activities to forum state's residents and whether plaintiff's injuries arise out of contacts with forum. Court applied *Calder v. Jones* test to determine if defendant purposefully directed activity toward forum. Court assumed intentional act prong was fulfilled. On express aiming prong, court found that plaintiff conclusorily alleged that defendant directed activities towards Utah, but did not show that actions following single online purchase were directed at Utah. As to allegation that defendant copied photographs from plaintiff's website, court found that copyrighted works on website do not have *situs* for purposes of jurisdiction. Intentional tort against Utah resident is not enough to satisfy this prong of analysis. On knowledge related to brunt of injury prong, plaintiff conclusorily alleged that defendant sold its products with knowledge that products would be sold in Utah. As defendant presented evidence refuting allegation, court found plaintiff did not meet burden. There had thus been no showing of "purposeful direction" for purposes of personal jurisdiction. Court found plaintiff also did not meet burden of showing that injuries arose out of defendant's forum-related conduct, as purchasing plaintiff's products online does not constitute infringement; online photos do not have *situs* for jurisdictional purposes; alleged copying of plaintiff's products was done in New York and/or New Jersey and alleged infringing products were manufactured in China; and defendant did not knowingly sell infringing goods directly into forum state. Court granted defendant's motion to dismiss.

*Franklin Covey Co. v. Commer. Metals Co.*, No. 16-1221, 2017 U.S. Dist. LEXIS 129938 (D. Utah Aug. 15, 2017)

Court granted motion to dismiss. Plaintiff, Utah corporation, sued defendant, Delaware corporation with principal place of business in Texas, for infringement based on allegedly protectable content in “employee training sessions.” Defendant moved to dismiss for lack of personal jurisdiction and improper venue. Court found plaintiff did not make *prima facie* showing of specific jurisdiction. Defendant was headquartered in Texas; materials were prepared in Texas; seminars attended by Utah employees occurred in Arizona; and plaintiff provided no support, other than individual’s belief, for conjecture that defendant’s Utah employees intended and instructed that their employees use allegedly infringing material in Utah. Plaintiff otherwise did not show any relevant contacts between defendant and forum state. In sum, court found plaintiff failed to meet first two prongs of *Calder v. Jones* effects test, and plaintiff did not otherwise show defendant’s purposeful direction of conduct toward Utah. Because there was no showing of purposeful direction, defendant lacked minimum contacts with forum. Court found jurisdictional discovery would be futile because one category of discovery requested would not affect jurisdiction, and as to second category of discovery, plaintiff had not alleged facts that, if proven, would create substantial connection between defendant’s allegedly wrongful conduct and Utah.

*Ahrens v. Pecnick*, No. 15-2034, 2017 U.S. Dist. LEXIS 107512 (D. Nev. July 11, 2017)

Plaintiff, creator of “pregnancy pornography,” brought suit against foreign defendant website for allowing users to upload and download infringing videos to and from its website. Following entry of default by Clerk, plaintiff moved for default judgment. Court denied motion because it found that it did not have jurisdiction, rejecting plaintiff’s argument that tortious conduct on nationally accessible website is expressly aimed at any forum in which website can be viewed. Plaintiff provided no other allegations of purposeful direction other than fact that defendant infringed copyright owned by U.S. resident, which court found insufficient. For same reason, court found that claim did not arise out of activities related to forum, or that exercising jurisdiction would accord with fair play and substantial justice.

### **C. Pleadings**

*Jose Luis Pelaez, Inc. v. McGraw-Hill Glob. Educ. Holdings LLC*, No. 16-5393, 2017 U.S. Dist. LEXIS 125955 (S.D.N.Y. Aug. 8, 2017)

District court denied defendants’ motion to dismiss plaintiff’s Second Amended Complaint (“SAC”) for failure to comply with pleading requirements of Rules 8(a) and 12(b)(6) of Federal Rules of Civil Procedure. Plaintiff photographer alleged that defendant publishers, which had license to use some of his works, infringed his copyrights by use beyond scope of license. Under Second Circuit law, plaintiffs’ complaint was required to give defendants “fair notice” of plaintiffs’ copyright infringement claim by alleging (1) which specific original works are subject of copyright claim; (2) that plaintiffs own copyrights in these

works; (3) that copyrights have been registered in accordance with statute; and (4) by what acts during what time defendants infringed copyright. Plaintiffs' SAC attached Exhibit 2, which was excerpt of search results from defendants' internal database listing all uses of plaintiffs' photographs in defendants' publications; Exhibit 3, which excerpted defendants' internal search listing all other uses of plaintiffs' photographs; and Exhibit 4, which contained photocopies of various publications that allegedly infringed plaintiffs' works. Defendants moved to dismiss works in Exhibit 2 on ground that plaintiffs had failed to plead registration status of said works, and works in Exhibits 3 and 4 on ground that they were not accompanied by "particularized identification" of infringed works. Court held that, because SAC stated that plaintiffs owned copyrights in images in Exhibits 1-4, plaintiffs had adequately alleged registration status of Exhibit 2 works. Court further held that images in Exhibits 3 and 4, though somewhat overlapping, provided sufficient notice and information for defendants to identify all images at issue. Court therefore denied defendants' motion to dismiss.

*Automated Mgmt. Sys. v. Rappaport Hertz Cherson Rosenthal, P.C.*, No. 16-4762, 2017 U.S. Dist. LEXIS 139728 (S.D.N.Y. Aug. 30, 2017)

District court granted defendant's motion to dismiss. Plaintiff, developer and licensor of software products, claimed that defendant had infringed its copyright in one of its software products by creating and using unauthorized copies of licensed product and maintaining them on its server. Defendant moved to dismiss claims. Court found that plaintiff failed to identify with any specificity registered copyrighted work that defendant allegedly copied. It also found that plaintiff failed to identify with sufficient specificity portions of its registered works allegedly copied by defendants. Court granted plaintiff leave to replead facts sufficient to demonstrate that alleged infringement was of work covered by registered copyright.

*Grecco v. Associated Press*, No. 16-6240, 2017 U.S. Dist. LEXIS 105264 (S.D.N.Y. July 7, 2017)

Plaintiff photographer, owner of copyright in behind-the-scenes photograph from "Xena: Warrior Princess," sued for infringement and related claims. Defendants moved for judgment on pleadings dismissing plaintiff's claims for statutory damages and attorneys' fees because alleged infringement commenced prior to effective date of copyright registration. Court denied defendant's motion because plaintiff did not include date of first infringement in complaint, which was "curiously devoid of facts that one would normally expect to see in such a complaint," and date appeared to be disputed fact.

*Lauter v. Rosenblatt*, No. 15-8481, 2017 U.S. Dist. LEXIS 201079 (C.D. Cal. Dec. 6, 2017)

Plaintiff acquired distribution rights to movies and licensed those rights to other distributors. Plaintiff and defendant Echo Bridge Entertainment entered into Digital Agreement with respect to 10 films. Plaintiff alleged Echo Bridge later breached Digital Agreement. In

course of time, Echo Bridge shut down, and defendants acquired Echo Bridge's assets. Plaintiff asserted copyright infringement claim against defendants. Defendants moved to dismiss. Defendants first contended that plaintiff did not allege that defendants copied any of his works, but rather premised copyright claim against defendants on allegation that Echo Bridge infringed. Court, however, found plaintiff adequately alleged that defendants were successors to Echo Bridge. Defendants then alleged digital rights at issue were not part of Digital Agreement, but were part of separate Video Agreement with another party, in which defendants obtained interest. Court, however, found that distinction between rights at issue in Digital Agreement and Video Agreement did not warrant dismissal of plaintiff's copyright claims. Finally, defendants alleged that plaintiff failed to properly allege foundational assumption that digital rights to films were assigned to defendants. Court, however, found that plaintiff did allege that digital rights were assigned to defendants, and that possible infirmities in plaintiff's allegations regarding assignment of digital rights to defendants had no bearing. Accordingly, motion to dismiss was denied.

*Gajo v. Brand*, No. 17-380, 2017 U.S. Dist. LEXIS 88404 (N.D. Cal. June 8, 2017)

District court dismissed without prejudice plaintiff's infringement claims for failure to identify copyrighted works at issue and whether they were registered. Plaintiff and defendants entered into royalty agreement that allegedly required plaintiff to find new manufacturer for, and pay plaintiff royalties on sales of, wrench. Complaint contained only vague allegations that defendants had infringed plaintiff's copyrights. Court granted defendants' motion to dismiss these claims because complaint did not make clear what copyrighted works were or whether they had been registered.

*Norfolk Div. Parks v. Figures Toy Co.*, No. 16-522, 2017 U.S. Dist. LEXIS 196488 (E.D. Va. Nov. 29, 2017)

Court denied defendants' motion to dismiss infringement claim. Plaintiff designed and created wrestling championship belts for defendant Ring of Honor ("ROH"). After ROH approached plaintiff about licensing belt designs for replicas, plaintiff provided its designs to defendant Figures Toy Co. ("Figures"), though ROH and plaintiff never agreed to final terms. Without consulting plaintiff, ROH and Figures began creating and selling replica items based on plaintiff's designs, removing plaintiff's copyright notice and replacing it with copyright notice for ROH. Plaintiff brought suit alleging copyright infringement, violation of DMCA, breach of contract, tortious interference with contract/business expectancy, business conspiracy and fraudulent inducement. Two of plaintiff's copyrighted designs were registered prior to filing of action, and third received registration during action's pendency. Defendants argued that plaintiff's infringement claim as to one of registered designs should be dismissed because plaintiff did not attach copy of image to complaint, making it impossible for defendants to assess plaintiff's claim. Court held plaintiff's claim sufficiently supported by other images attached to complaint, including pictures of design documents sent to defendants, original belts in defendants' possession, and images of allegedly infringing replicas.

*Kashi v. McGraw-Hill Glob. Educ. Holdings*, No. 17-1818, 2017 U.S. Dist. LEXIS 168716 (E.D. Pa. Oct. 12, 2017)

Court denied defendant's motion to dismiss. Plaintiff photographer sued defendant for allegedly using his copyrighted photos in publications in excess of license terms. For several photos at issue, plaintiff alleged that defendant, after accessing plaintiff's photographs, "used them in additional publications without permission, or in excess of permission granted, but Plaintiff has no way of discovering these additional unauthorized uses." For several others, plaintiff claimed infringement without identifying any specific photographs or any publications in which unidentified photographs were published. Defendant moved to dismiss, alleging that plaintiff "inadequately pled second element of the *prima facie* case for copyright infringement – unauthorized use of the original, constituent elements of Plaintiff's works – with respect to ... all claims premised on 'additional publications,'" and those in which infringing publications were not identified by name. District court examined whether plaintiff pled "sufficient factual matter to plausibly state his claims," noting that "well-pled facts must 'raise a reasonable expectation that discovery will reveal evidence of the necessary element.'" As to first group of images, court noted that plaintiff had no way of discovering "additional unauthorized uses" at this stage of proceeding, and pleading "upon information and belief" was thus proper and sufficient to avoid dismissal. As to second group, complaint did not identify allegedly infringing publications by name, but did indicate image ID number, registration number and invoice details sufficient to allow defendant to determine that third party may have been responsible for image dissemination. Therefore, reading complaint in entirety, claims as to these images were entirely plausible, and dismissal improper.

*Bob Daemmrich Photography, Inc. v. McGraw-Hill Global Educ. Holdings, LLC*, No. 15-1098, 2017 U.S. Dist. LEXIS 89550 (W.D. Tex. June 12, 2017)

Plaintiff photographer sued defendant alleging infringement of stock photographs. Defendant moved to partially dismiss complaint on ground that two exhibits to complaint in which allegedly infringed works were described contained insufficient information to satisfy Rule 8(a) pleading standard. First exhibit listed ISBN number of publication in which infringing photograph was found; title of publication; stock ID number; photograph credit included in publication; and any invoice information available. Exhibit did not include thumbnail version of allegedly infringed image or copyright registration number. Second exhibit provided unique identification number of book in which image was found from defendant's records; author, title, edition and ISBN number of publication in which photograph was printed; exact location of work in publication; and licensor listed in defendant's records. Second exhibit did not provide thumbnail image, stock ID number, or copyright registration number for allegedly infringed image. Defendant argued that plaintiff's exhibits were insufficient because first exhibit failed to include thumbnail images of allegedly infringed works, and second exhibit failed to provide stock ID number or thumbnail images of allegedly infringed works. Court denied defendant's motion to dismiss because Rule 8 did not require information sought by defendant in pleadings, and plaintiff had sufficiently identified works at issue. Furthermore, plaintiff's claim that images were

subject of registered copyright was sufficient for pleading purposes even though plaintiff did not provide specific registration numbers or copies of registration certificates.

*Psychic Readers Network, Inc. v. Take-Two Interactive Software Inc.*, No. 17-61492, 2018 U.S. Dist. LEXIS 19435 (S.D. Fla. Feb. 5, 2018)

Plaintiff asserted infringement claims against defendant video game creator stemming from defendants' alleged unauthorized reproduction of copyrighted materials for character "Auntie Poulet" in video game titled *Grand Theft Auto: Vice City*. According to plaintiff, Auntie Poulet infringed its copyright in "Miss Cleo," widely known television infomercial psychic created by plaintiff. Characters used same faux Jamaican accent, shared visual and other similarities (e.g., Afro-Caribbean origin, mysticism, training in Voodoo, link to occult), and were voiced by same actress. Defendants moved to dismiss, arguing that complaint was frivolous, that characters were not substantially similar and that plaintiff had no protectable interest in Miss Cleo. Court denied defendants' motion to dismiss infringement claim because defendants arguments centered on factual disputes rather than sufficiency of pleading. Therefore, dismissal on motion to dismiss was improper.

*Conceivex, Inc. v. Rinovum Women's Health, Inc.*, No. 15-14239, 2017 U.S. Dist. LEXIS 129502 (E.D. Mich. Aug. 15, 2017)

Court granted plaintiff's motion to file amended complaint to add infringement claims against CEO of defendant company. Court rejected defendant's objection that CEO could not be personally liable under Act, and therefore amended complaint would be futile. Court noted plaintiff had properly alleged all factors that must be met for infringement claim to apply to corporate officer, namely that CEO was personally involved in development of infringing products and use of plaintiff's copyright; that CEO personally directed other defendants and employees to engage in alleged infringing activities; that CEO directed and controlled defendants' sales of alleged infringing product; and that all defendants including CEO profited financially from infringement.

*Baker v. Warner/Chappell Music*, No. 14-22403, 2017 U.S. Dist. LEXIS 159765 (S.D. Fla. Sept. 28, 2017)

Plaintiffs brought third amended complaint against defendants for direct, contributory, and vicarious infringement concerning number of songs. Defendants moved to dismiss, arguing that plaintiffs did not sufficiently allege contributory or vicarious infringement. Court found contributory infringement claim properly pleaded because plaintiffs alleged that group of defendants knowingly induced, contributed or caused another defendant to infringe two songs by fraudulently licensing songs for use in phonorecord; that group of defendants granted "exclusive publishing administration license" in two songs to other defendant without plaintiffs' authorization; and that recipient defendant fraudulently licensed songs to other defendant for use on phonorecord. However, court found vicarious infringement claim insufficiently pleaded because allegations were conclusory, and accordingly dismissed claim.

*Marimar Textiles, Inc. v. Jude Clothing & Accessories Corp.*, No. 17-2900, 2017 U.S. Dist. LEXIS 163458 (D.N.J. Oct. 2, 2017)

District court denied defendants' motion to dismiss plaintiff's copyright infringement claim, finding plaintiff sufficiently pleaded that it owned copyright registrations for textile patterns at issue, and that defendants had infringed plaintiff's copyrights by using said patterns without plaintiff's authorization.

*Bell v. Powell*, No. 16-2491, 2017 U.S. Dist. LEXIS 89587 (S.D. Ind. June 12, 2017)

Plaintiff, attorney and photographer, owned copyright in photograph of Indiana skyline, which he published online. Midwest Regional Network for Intervention with Sex Offenders ("MRNISO"), non-moving defendant, downloaded photograph and published it without authorization in brochure promoting conference. Complaint alleged that individual defendant, executive director of Indiana Prosecuting Attorney's Council ("IPAC"), allowed employees to republish conference brochure with photo to IPAC's website without plaintiff's authorization. Individual defendant moved to dismiss on basis that there were no facts to support individual liability for copyright claim. Plaintiff maintained that individual defendant was liable for infringement on IPAC and MRNISO's websites because he had duty to control and oversee content on website and to supervise IPAC employees and their distributed content. Court found allegations improperly speculative, such that they could not support infringement claim against individual defendant. Plaintiff additionally alleged that individual and MRNISO were vicariously liable for third party-downloads of photograph, but court found vicarious liability claim insufficiently pleaded. Court dismissed complaint as to individual defendant, granting plaintiff 30 days to replead.

*Barber v. Vance*, No. 16-2105, 2017 U.S. Dist. LEXIS 157816 (D. Or. Aug. 25, 2017)

Magistrate judge recommended dismissal of *pro se* plaintiff's infringement claim, brought against ex-wife and Oregon Attorney General, Director of State Higher Education Coordinating Commission and Director of State Health Authority ("State Defendants"), for failure to state *prima facie* case. Plaintiff allegedly produced consensual pornographic audio and video images of himself and ex-wife for commercial purposes while married. After their divorce, plaintiff uploaded entire contents of computer, including intimate images, to Internet. Plaintiff was found guilty of five counts of Unlawful Dissemination of an Intimate Image under state law, and was ordered to destroy all copies of images. Plaintiff alleged that defendants willfully infringed copyright in pornographic materials by restricting his right of publication and ordering destruction of such images, and sought statutory damages in amount of \$150,000 per item infringed. Plaintiff failed to establish *prima facie* case because (1) no evidence in record that plaintiff owned copyright in pornography; and (2) no allegations or evidence of copying or publishing of copyrighted material.

*Livia v. Sly, Inc.*, No. 17-2235, 2018 U.S. Dist. LEXIS 7476 (N.D. Ohio Jan. 17, 2018)

Court granted defendant's motion to dismiss for failure to state claim. *Pro se* plaintiff alleged that she was author and copyright owner of "digital business tool," and that defendant used her digital business tool in "sales process" of defendant's products. All plaintiff alleged was that she "learned about [Defendant's] products of subject registration," and that "training manual" was "based on [her] proof-of-concept manuscript ... and the Copyright here claimed." Plaintiff had not alleged any specific facts describing her copyrighted work, defendant's allegedly infringing work, or any instances of copying. Because plaintiff had not alleged facts that give defendant fair notice of grounds upon which plaintiff's claim rested, court dismissed plaintiff's complaint.

*Art of Design, Inc. v. Pontoon Boat, LLC*, No. 16-595, 2017 U.S. Dist. LEXIS 133672 (N.D. Ind. Aug. 22, 2017)

On motion to dismiss, district court dismissed plaintiff's direct infringement and inducement claims because plaintiff failed (1) to describe designs allegedly infringed, (2) to identify defendants' allegedly infringing works, and (3) to describe how defendants' designs infringed on plaintiff's. Plaintiff, designer of custom artwork for vehicles, created two "Shatter Graphics" and painted same on limited number of Bennington Marine's boats, pursuant to contract with Bennington. Plaintiff alleged that, after this transaction was complete, Bennington continued to market, sell and distribute products with Shatter Graphics design (or substantially similar designs), and that Bennington also passed designs to another marine products retailer, Hawkeye Boat Sales, for marketing, sale and distribution, all without plaintiff's authorization. Plaintiff alleged that defendants Bennington and Hawkeye both committed direct infringement, and further that Bennington induced Hawkeye's infringement. Direct infringement requires plaintiff to show ownership of valid copyright and copying of that work's original elements. Inducement of infringement, meanwhile, requires plaintiff to show that defendant distributed device with object of promoting its use by third parties to infringe copyright. Both direct infringement and inducement claims require plaintiff to identify allegedly infringed work. In instant case, plaintiff provided only copyright registration numbers, without any descriptions or explanations as to what copyrighted designs were or looked like. Registration numbers, without deposit copies, were insufficient because process to retrieve complete registrations from Copyright Office is cumbersome and potentially futile, as not all deposited works are retained. Moreover, plaintiff failed to identify any allegedly infringing works produced by defendants or provide any description of how defendants' works infringed plaintiff's designs. Court therefore dismissed plaintiff's claims without prejudice.

*Brooks-Ngwenya v. Mind Trust*, No. 16-193, 2017 U.S. Dist. LEXIS 88572 (N.D. Ind. June 8, 2017)

District court dismissed *pro se* plaintiff's claim for direct infringement. Court previously dismissed plaintiff's contributory infringement claim, as prior complaint failed to allege facts

suggesting that two works at issue shared enough unique features to give rise to “breach of the duty not to copy another’s work.” Second Amended Complaint alleged direct infringement, claiming defendant used materials derived from copyrighted materials to create additional materials. Court held plaintiff did not allege facts suggesting any similarities between her copyrighted materials and those of defendant, and dismissed plaintiff’s claim.

#### **D. Standing**

*John Wiley & Sons, Inc. v. DRK Photo*, 882 F.3d 394 (2d Cir. 2018)

Second Circuit affirmed district court holding that DRK, assignee of photographers’ right to sue for infringement, did not have standing to sue for infringement of photographs, as DRK did not hold and never held any exclusive rights in copyrighted works. DRK, non-exclusive agent of numerous photographers, brought suit against Wiley for exceeding scope of licenses. Agreements with photographers made DRK one of potentially many agents of each photographer, and did not make DRK sole and exclusive agent of any photographer. Agreements conveyed only (1) interest in images for registration purposes, and (2) bare right to sue for infringement, neither of which is exclusive right under Copyright Act. Act gives legal or beneficial owner of exclusive right under copyright right to institute action for infringement; lack of language affording such right to assignee of bare right to sue indicates that right was not intended by Congress. Since non-exclusive agency agreements between DRK and photographers did not convey any exclusive right, nor did DRK hold such right when Wiley was alleged to have committed infringing acts, summary judgment in favor of Wiley was affirmed.

*DRK Photo v. McGraw-Hill Global Educ. Holdings, LLC*, 870 F.3d 978 (9th Cir. 2017)

Ninth Circuit affirmed grant of summary judgment in favor of defendants, finding plaintiff was nonexclusive licensing agent for photographs at issue, and failed to demonstrate ownership interest in copyrights sufficient to confer standing. In 2008 plaintiff endeavored to register copyrights for photographs in its collection. Photographers executed identical agreements entitled “Copyright Assignment, Registration, and Accrued Causes of Action Agreement” providing that photographer grants to plaintiff “all copyrights and complete legal title in images,” and that plaintiff “agrees to reassign all copyrights and complete legal title back to the undersigned immediately upon completion of the registration of the Images ... and resolution of infringement claims brought by plaintiff relating to the Images.” Parties disputed whether assignment agreements actually transferred copyright ownership along with accrued claims. Court rejected plaintiff’s contention that defendants were precluded from challenging effect of agreements; although third party may not raise noncompliance with § 204(a) writing requirement as defense where parties to transfer do not dispute its existence, third party is not foreclosed from challenging plaintiff’s ownership for purposes of standing. Court held that language purporting to transfer ownership is not conclusive. Court must consider substance of transaction; i.e., it must consider agreements in conjunction with

ongoing relationship between plaintiff and photographers. Plaintiff conceded that following execution of agreements, photographers could continue to market and sell covered photographs themselves and through other means; and photographers did not pay royalties or fees of any kind to plaintiff. Plaintiff's admitted course of dealing with photographers demonstrated that each party retained rights it had under nonexclusive representation agreements; photographers retained exclusive rights to photographs and plaintiff retained nonexclusive license to authorize use. Thus, substance and effect of assignment agreements was merely transfer of right to sue on accrued claims, which cannot confer standing.

*Stross v. Redfin Corp.*, No. 17-50046, 2018 U.S. App. LEXIS 8913 (5th Cir. Apr. 9, 2018)

Court of Appeals reversed grant of summary judgment to defendant. Plaintiff was architectural photographer and real estate broker who regularly licensed his photographs to real estate agents for marketing use. Plaintiff licensed number of photographs to ACTRIS, Austin-area multiple listing service. Under ACTRIS rules, users who upload their listing data "license" data to ACTRIS for use in accordance with ACTRIS Rules. To download listings from ACTRIS, realtors and brokers must sign Participant Content Access Agreement (PCAA). PCAA incorporated ACTRIS Rules, and provided "non-exclusive, limited-term, revocable license," expressly subject to compliance with Rules. Defendant, online real estate brokerage company, entered Austin market in 2012, but claimed it became ACTRIS Participant in 2010. When defendant became ACTRIS Participant, it gained access to MLS contents, including plaintiff's previously sold listings as well sold listings from other realtors to whom plaintiff had licensed photographs directly. In May 2013, plaintiff found that defendant had displayed more than 1,800 of his copyrighted photographs, and sued for direct and contributory infringement. District court granted defendant's motion for summary judgment, holding (1) that plaintiff lacked standing to sue because he was not party to PCAA between ACTRIS and defendant, and (2) that defendant's licensed use of plaintiff's photographs was defense to infringement claims. Court of Appeals reversed, noting that whether plaintiff may sue for copyright infringement is separate question from whether defendant can prove (under state law) that it has meritorious license defense. District court conflated these inquiries, holding that plaintiff lacked standing to sue defendant because he was neither party to, nor third-party beneficiary of, PCAA between ACTRIS and defendant. Plaintiff, however, did not bring contract claims and did not seek contractual remedies; he sued solely for copyright infringement. Because plaintiff fulfilled statutory requirements of Act, he had valid claim; he did not lose right to bring claim because defendant raised downstream sublicense in its defense. District court erred by focusing primarily on whether plaintiff had contractual standing to sue defendant. Circuit court found further that genuine issues of material fact existed as to whether defendant had license to use plaintiff's photographs before April 2012 and whether defendant exceeded scope of license, and reversed district court's order granting summary judgment on this point. Court remanded for further proceedings consistent with opinion.

*Hacienda Records, L.P. v. Ramos*, No. 16-41180, 2018 U.S. App. LEXIS 211 (5th Cir. Jan. 4, 2018)

Fifth Circuit affirmed lower court judgment dismissing certain individual plaintiffs from case for lack of standing, in light of those plaintiffs' execution of documents assigning to attorney who initiated lawsuit partial interest in copyrighted works and cause of action, as well as "exclusive right to enforce any legal rights in respect of the Works [at issue] and administer any and all rights and revenue received or recovered as a result of the Works, whether as the result of litigation or otherwise ... including the exclusive right to negotiate, issue licenses, collect revenue and enforce rights in respect of the Works." Court found that broad and inclusive language in documents was sufficient to satisfy Fifth Circuit rule requiring specific language to transfer interest in prior-accrued copyright claims, so that dismissed plaintiffs lacked standing to pursue copyright claims regardless of whether such claims accrued prior or subsequent to assignment.

*Budiyanto v. My Vintage Venue, LLC*, No. 17-1410, 2017 U.S. Dist. LEXIS 180148 (D. Ariz. Oct. 31, 2017)

Plaintiffs brought suit against 33 defendants for direct, contributory and vicarious infringement and DMCA violations based on defendants' allegedly creating, sharing and/or posting flyer with image taken by wedding photographer of plaintiffs "standing under the gazebo" at their wedding reception. Prior to suit, plaintiffs registered copyright in "photograph, Wedding Photograph Compilation." When plaintiffs did not file amended complaint by court-ordered deadline, set of defendants moved to dismiss. Instead of filing opposition, plaintiffs filed amended complaint without leave of court, but pleading was stricken due to untimeliness. Defendants filed notice of non-opposition due to fact that no response was filed to motion to dismiss, and plaintiffs filed motion for leave to file amended complaint and response to defendants' notice. Court found dismissal appropriate under factors associated with Rule 41(b). Plaintiffs never filed response to motion to dismiss. Court found plaintiffs lacked standing to bring claim because neither complaint nor amended complaint contained allegations showing that they owned copyright in photograph at time alleged infringement took place, and defect could not be cured. Under terms of contract, photographer owned copyright to photos, and no assignment was alleged. While plaintiffs and photographer executed backdated version of contract altered to read as "work made for hire" agreement under which plaintiffs owned copyright, court found that this "novation" did not show assignment or transfer of accrued claims from photographer to plaintiffs. Further, as "novation" was not signed on date purported, and made no reference to original agreement that was actually signed on that date, backdated agreement itself could serve as grounds for dismissal of action, under court's "inherent power to dismiss an action when a party has willfully deceived the court and engaged in conduct utterly inconsistent with the orderly administration of justice."

*Baker v. Warner/Chappell Music*, No. 14-22403, 2017 U.S. Dist. LEXIS 159765 (S.D. Fla. Sept. 28, 2017)

Plaintiffs brought third amended complaint against defendants for direct, contributory, and vicarious copyright infringement concerning number of songs. Defendants moved to dismiss, arguing that plaintiffs lacked standing because they did not own copyright in 14 songs. Court denied motion, finding plaintiffs sufficiently pleaded that they were beneficial owners of song copyrights, and therefore had standing to bring infringement claims. Court also found that registration formality was complied with because beneficial owner him/herself does not need to register copyright.

*Fathers & Daughters Nev., LLC v. Zhang*, 284 F. Supp. 3d 1160 (D. Or. 2018)

Court granted defendant's motion for summary judgment. Plaintiff brought suit alleging defendant copied and distributed film *Fathers & Daughters* through BitTorrent. Defendant moved for summary judgment on grounds that plaintiff was not legal or beneficial owner under Act and therefore did not have standing. Plaintiff was author and registrant of film, and, in 2013 executed sales agreement with Goldenrod Holdings and its sub-sales agent Voltage Pictures, wherein Goldenrod and Voltage were licensed most exclusive rights in work. In 2015, Goldenrod executed distribution agreement with Vertical Entertainment, LLC. Court rejected plaintiff's argument that it was legal owner because copyright was registered in its name. Court found, based on language of agreement, that Vertical was granted exclusive license in distribution agreement. Vertical, accordingly, was legal owner. Court similarly found that Vertical was legal owner of rights at issue in suit based on digital rights granted to Vertical in distribution agreement. Plaintiff argued that it was beneficial owner because it received royalties for licensing to Vertical. Court, however, found that licensor in distribution agreement was Goldenrod. Plaintiff's submissions did not show that it received royalties from sales agreement or from distribution agreement, and therefore it failed to raise issue of material fact as to being beneficial owner. Plaintiff also pointed to reservation of right to sue in distribution agreement to argue that it had standing. Court rejected argument on grounds that reservation was to Goldenrod and not plaintiff, and that contracts and assignments cannot convey right to sue apart from exclusive right under copyright.

*Handshoe v. Perret*, No. 15-382, 2017 U.S. Dist. LEXIS 151853 (S.D. Miss. Sept. 19, 2017)

*Pro se* plaintiff was alleged publisher of Slabbed New Media, LLC's "regionally noted website." Plaintiff alleged § 512(f) violations based on defendants' serving DMCA notices requiring plaintiff to take down posts that plaintiff alleged were "self-evident non-infringing fair use." Various defendants moved to dismiss, and Slabbed moved to intervene. Court found allegations sufficient to show Article III standing, but found for number of claims that plaintiff lacked statutory standing because takedown notices were related to Slabbed's posts, not plaintiff, who claimed he had no individual connection to posts. While plaintiff had constitutional and statutory standing to bring one claim, court found complaint lacked

sufficient facts to withstand 12(b)(6) motion to dismiss as to one defendant because there were no facts indicating that defendant was involved with takedowns. Plaintiff brought additional claims for declaratory judgment of copyright misuse and plaintiff's fair use, but court found claims not justiciable because future infringement dispute or litigation did not yet exist. Court found complaint did not contain sufficient factual matter to state plausible misuse defense. Finally, court denied Slabbed's motion to intervene as untimely, and as to remaining claims found that statute of limitations would have expired prior to intervention, such that intervention would also be futile. Additionally, Slabbed did not establish constitutional or statutory standing for one claim because allegations concerned plaintiff's own account, and even if statute of limitations had not run on this claim, intervention would multiply proceedings.

### **E. Miscellaneous**

*Spanski Enters. v. Telewizja Polska, S.A.*, 883 F.3d 904 (D.C. Cir. 2018)

Court of Appeals affirmed district court's holding that where foreign broadcaster uploads copyrighted content to its website and directs that content onto computer screen in U.S. at user's request, broadcaster commits actionable domestic violation of Copyright Act. Defendant, public television broadcaster in Poland, owned content for Polish-language channels, including TVP Polonia. Through license, plaintiff had exclusive broadcasting rights for TVP Polonia content in North and South America. During relevant time period, defendant's default geoblocking technology prevented users from accessing its content in North and South America unless program editor deliberately chose other instruction. When plaintiff found that TVP Polonia content was incorrectly geoblocked, allowing users to view it in North and South America on defendant's video-on-demand system, plaintiff brought suit for infringement of public performance right. After five-day bench trial, district court found that episodes were available because of defendant's employees' volitional conduct of removing geoblocking. Court found infringement was not solely extraterritorial because programs could be viewed domestically. D.C. Circuit affirmed. As initial matter, court dismissed as unsupported defendant's argument that trial court clearly erred in finding that its employees deliberately removed geoblocking from works. Court rejected defendant's argument that its service did not constitute infringement because viewer selected which content to watch, finding argument inconsistent with text of Act and undermined by *American Broadcasting Cos. v. Aereo, Inc.* Court noted that "[w]hether an infringing performance that originates abroad but that ultimately reaches viewers in the United States can be actionable under the Copyright Act is a question of first impression in the federal appellate courts." Court rejected defendant's argument that even if it did infringe, imposing liability would amount to extraterritorial application of Act, because its actions took place abroad. Drawing guidance from recent Supreme Court case *RJR Nabisco, Inc. v. European Community*, court looked first to conduct on which Act focuses, and found that Act's focus is "on policing infringement or, put another way, on protecting the exclusivity of the rights it guarantees." Even though defendant uploaded and formatted episodes in Poland, infringement occurred when episodes were viewed in U.S. Accordingly, conduct of Act's

focus occurred domestically, so court may domestically apply Act even if other actions occurred extraterritorially.

*Adlife Mktg. & Communs. Co. v. Best Yet Mkt., Inc.*, No. 17-2978, 2017 U.S. Dist. LEXIS 168367 (E.D.N.Y. Oct. 11, 2017)

Plaintiff licensor of photographs sued defendant supermarket chain for alleged infringement of 61 images that defendant used for over two years without plaintiff's permission. Some of allegedly infringed images were subject of registered copyrights; others were subject only of applications. Defendant moved to dismiss on multiple grounds including that plaintiff had not obtained registrations for certain images upon which complaint was based. Court agreed with majority of courts in Second Circuit that pending copyright application is insufficient basis to state claim for infringement under Copyright Act, and granted defendant's motion, dismissing without prejudice.

*Baker v. Warner/Chappell Music*, No. 14-22403, 2017 U.S. Dist. LEXIS 169204 (S.D. Fla. Oct. 12, 2017)

Court granted motion to intervene by alleged legal owners of songs. Plaintiffs brought suit against defendants for direct, contributory and vicarious infringement of songs of which plaintiffs claimed to be beneficial owners. Court found motion was timely because parties would not be prejudiced by intervention, noting that if case had proceeded past pleading stage, intervenors' main reason for delay – need for time to fundraise – would not have been sufficient. Court also found no prejudice, even though intervenors “could raise new issues, defenses, and additional discovery and expert needs,” because case had not proceeded past pleadings. Court additionally found that individual intervenor's lengthy incarceration, in combination with lack of prejudice to current parties and possible prejudice to intervenors, militated in favor of allowing motion. Because there were common questions of law and fact, court allowed permissive intervention. However, court directed intervenors to file amended intervenor complaint limited to parties and songs currently in case, rejecting intervenors' attempts to add party previously dismissed by court, and claims, two of which were previously dismissed by court.

*Knowledge Based Sols., Inc. v. Van Dijk*, No. 16-13041, 2017 U.S. Dist. LEXIS 144729 (E.D. Mich. Sept. 7, 2017)

Plaintiff was software company that previously licensed software to Delft University of Technology in Netherlands. Defendant was graduate student at University who used plaintiff's software for research. Under non-disclosure/non-compete agreement, defendant obtained confidential information about plaintiff's software, and plaintiff alleged that after defendant received information, he created competing product and licensed software to university. Plaintiff brought infringement claim. Defendant moved to dismiss for lack of personal jurisdiction, or in alternative under *forum non conveniens* doctrine. Court found jurisdiction proper over claim that defendant breached non-compete agreement, and that it could exercise pendent jurisdiction over infringement claims, since establishing factual basis

for claim of breach would likely establish much of factual basis for infringement claims. As to *forum non conveniens*, substantial deference is owed to plaintiff's choice of forum and, save for claim under Dutch copyright law, defendant had not shown that forum was so inconvenient as to overcome deference. As to Dutch copyright claim, court was unfamiliar with foreign laws, plaintiff did not plead act of infringement in United States, and court was unclear whether Dutch court would recognize its judgment on Dutch copyright. Accordingly, court conditionally dismissed Dutch copyright claim under *forum non conveniens* doctrine.

*Paisley Park Enters. v. Boxill*, No. 17-1212, 2017 U.S. Dist. LEXIS 181576 (D. Minn. Oct 26, 2017)

District court granted in part and denied in part defendants' motion to dismiss. Copyright infringement claims arose out of defendants' release of recordings of musical performances by deceased musician Prince that were not released during Prince's lifetime. Defendants argued that copyright infringement claims failed as matter of law because plaintiffs had only submitted applications, and lacked valid copyright registrations for recordings. Eighth Circuit had not directly addressed whether plaintiff can institute action for infringement after plaintiff has filed application but before registration has issued. Court adopted "registration rule," that plaintiff cannot initiate copyright infringement lawsuit unless it has obtained valid registration from Copyright Office, or applied for registration and been refused. Court rejected Ninth Circuit "application rule," allowing infringement claims to proceed where application has been filed but no registration or refusal has been received.

*Cell Film Holdings LLC v. Acosta*, No. 16-1853, 2017 U.S. Dist. LEXIS 195864 (D. Nev. Nov. 29, 2017), *Cell Film Holdings LLC v. Galang*, No. 16-2142, 2017 U.S. Dist. LEXIS 195858 (D. Nev. Nov. 29, 2017), *Cell Film Holdings LLC v. McCray*, No. 16-2089, 2017 U.S. Dist. LEXIS 196624 (D. Nev. Nov. 29, 2017)

Plaintiff brought action against various defendants for infringement of movie *The Cell* using BitTorrent. Court ordered plaintiff to show cause why all claims against defendants other than first listed defendant should not be severed and dismissed, and subpoenas pertaining to defendants other than first listed defendant should not be quashed. Court, after reviewing other courts' findings as to whether "swarm joinder" is proper under Fed. R. Civ. P. 20(a)(2), found that downloading identical movie with BitTorrent during "relatively short period of time" did not indicate that defendants acted in concert in identical series of transactions or occurrences. Court, accordingly, found that plaintiff did not show cause, and severed and dismissed all claims against and subpoenas related to defendants other than first listed defendant.

## II. COPYRIGHTABILITY

### A. Originality

*Fisher v. Forrest*, No. 14-1304, 2017 U.S. Dist. LEXIS 109682 (S.D.N.Y. July 14, 2017)

Plaintiff, inventor of Fischer’s Bee-Quick, product used to facilitate honey harvesting, allegedly created brochure that included compilation of four ordinary phrases, such as “Are you tired of your spouse making you sleep in the garage?” Defendants, owners of Brushy Mountain Bee Farm, purchased Fischer’s Bee-Quick and resold it through catalog and website, using brochure language. In 2010 defendants began to sell “Natural Honey Harvester,” comparable product that performed same function, using ad language. Defendant argued that ordinary phrases are not copyrightable. Court held that, while ordinary phrases are not themselves copyrightable, “use in a sequence of expressive words does not cause entire passage to lose protection.” Court accordingly found that brochure, and four phrases as whole, was copyrightable creative work.

*GoPro, Inc. v. 360Heros, Inc.*, 291 F. Supp. 3d 1060 (N.D. Cal. 2017)

District court granted plaintiff GoPro’s motion for summary judgment on infringement claim, rejecting defendant’s argument that subject photos lacked sufficient originality to be copyrightable because “photos’ arrangements – centered, using rule of thirds, and portraying both the front and back of an object – is not original”; because “use of white background, a partial mirrored reflection, and retouching are ... commonly used in photography”; because decision to show objects in “on” position is functional not aesthetic choice; and because bow is commonly used to suggest holiday gift. Court noted that registration certificates established rebuttable presumption of originality, and that Ninth Circuit found evidence of originality in similar circumstances, and held photos to be copyrightable.

*Anand Vihar LLC v. Evans Grp., Inc.*, No. 16-841, 2017 U.S. Dist. LEXIS 110369 (M.D. Fla. July 17, 2017)

District court denied plaintiff’s motion for summary judgment and defendant’s partial motion for summary judgment. Plaintiff brought state court declaratory judgment action to determine its rights in defendant-created conceptual site drawings for residential community. Defendant removed case, and counterclaimed for infringement and breach of contract. Defendant created conceptual drawings pursuant to contract, but parties could not agree on terms for creation of final drawings. Plaintiff later retained another architect to finish construction drawings, and defendant claimed that drawings created by other architect infringed its conceptual drawings. On defendant’s partial motion for summary judgment on copyright claim, court found that defendant did not meet burden to show that other architect’s drawings infringed protectable portions of conceptual drawings, finding lack of evidence regarding originality.

*ABRO Indus. v. INEW Trade, Inc.*, No. 14-1984, 2017 U.S. Dist. LEXIS 179792 (N.D. Ind. Oct. 30, 2017)

District court held that plaintiff's label layout and product name were not copyrightable, though label's carburetor image and instructions/warnings were sufficiently original for copyright protection. Plaintiff ABRO alleged that defendants had infringed plaintiff's copyrights in plaintiff's "Carb & Choke Cleaner" product label, which featured ABRO at top, product name immediately below, realistic carburetor image below that, and instructions and legally mandated warnings wrapped around remainder of packaging. Plaintiff claimed copyrights in label's layout as whole, as well as in each constituent element. Court, noting that originality is *sine qua non* of copyrightability, held that there was nothing original about label's layout as whole, which was natural result of chosen subject matter. "Carb & Choke Cleaner" not copyrightable because it is short phrase, and abbreviation of carburetor as "carb" is common industry practice. Plaintiff's carburetor image itself was copyrightable because plaintiff had chosen "reflections of expression" such as perspective, angle and lighting. Plaintiff's precise arrangement of instructions and warnings entitled to narrow copyright protection.

*38 Films, LLC v. Yamano*, No. 16-198, 2017 U.S. Dist. LEXIS 179329 (N.D. Miss. Oct. 30, 2017)

Court denied defendants' motion for summary judgment dismissing copyright claim. Plaintiffs sued alleging defendants' documentary *It's Time* infringed copyright in plaintiffs' documentary *Undefeated*, about Chucky Mullis, University of Mississippi athlete who was injured when he tackled Vanderbilt player in 1989, and died two years later. Plaintiffs claimed that defendants (1) violated plaintiffs' protected expression of Chucky Mullins story, and (2) violated plaintiffs' copyright by using protected digitized footage from *Undefeated* in *It's Time*. Defendants argued that plaintiffs' digitized media was not copyrightable and did not belong to plaintiffs, as material consisted of footage and photographs from third-party sources. Court found that digitizing media for film "is a process that requires skill and labor on the part of the Plaintiffs or those working for the Plaintiffs," and, under Fifth Circuit precedent, could be protectable. Plaintiffs allegedly altered footage from its original form in digitization and production process. By removing images of Confederate flag being waved in Ole Miss stadium, "presumably to avoid uncomfortable plot ironies," plaintiffs altered media from its original state, instilling "more culturally sensitive graphics to the footage, changing the picture to fit their hagiographic narrative." Whether that "originality or creative expression" was sufficient to make footage copyrightable was question for jury. As to plaintiffs' "story" claim, court found that reasonable juror could determine that plaintiffs' "selection and order of interviews, stories, and historical footage in *Undefeated* is an original work of authorship, and further, that the Plaintiffs' expression of Mullins' story is protected under copyright law." Because material questions of fact existed, court denied motion for summary judgment.

## **B. Pictorial, Graphic and Sculptural Works**

*Jetmax Ltd. v. Big Lots, Inc.*, No. 15-9597, 2017 U.S. Dist. LEXIS 138041 (S.D.N.Y. Aug. 28, 2017)

Court denied cross-motions for summary judgment. Plaintiff brought action alleging infringement of plaintiff's Tear Drop Light Set. Defendant moved for summary judgment that Tear Drop Light Set was uncopyrightable because it was useful article and lacked originality. Applying two-part *Star Athletica* test, court determined that decorative covers of Tear Drop Light Set "can be identified separately from, and are capable of existing independently of, the utilitarian aspects of the [Tear Drop Light Set]." Decorative covers were sculptural works capable of existing apart from utilitarian aspect of light set, i.e., light bulbs and other components that cause Tear Drop Light Set to light room. Primary purpose of cover is artistic; once covers are removed, remainder is functioning but unadorned light string. Court found that while it appeared that Tear Drop Light Set was likely original, there were nevertheless genuine disputes of material fact existing on issue, and reserved judgment on issue for trial.

*Design Ideas, Ltd. v. Meijer, Inc.*, No. 15-3093, 2017 U.S. Dist. LEXIS 94489 (C.D. Ill. June 20, 2017)

Court affirmed that partial summary judgment in favor of plaintiff was properly granted. Both plaintiff and defendant were creators and manufacturers of clothespins with bird design on top. In 2016 court granted partial summary judgment for plaintiff, finding bird design was both physically and conceptually separable from utilitarian aspect of clothespins. Defendant brought motion to reconsider in light of *Star Athletica, L.L.C. v. Varsity Brands, Inc.*, 137 S. Ct. 1002 (2017). Applying *Star Athletica* test, court found bird portion could be perceived as three-dimensional work of art separate from useful article, and that bird portion would qualify as protectable sculptural work on its own if imagined separately from useful article; bird portion would be eligible for copyright protection as pictorial, graphic, or sculptural work had it been originally fixed in some tangible medium other than attached to clothespin. Court rejected defendants' argument that bird portion of clip was not entitled to copyright protection because it was itself useful article; "once the bird portion is removed from the clothespin, what is the usefulness of hanging the bird from a rod or hanging the bird on a string by its beak?" Therefore, under test articulated by *Star Athletica*, plaintiff was entitled to partial summary judgment.

## **C. Compilations and Derivative Works**

*Joint Comm'n on Accreditation of Healthcare Orgs. v. Fortis Bus. Media LLC*, No. 16-4724, 2017 U.S. Dist. LEXIS 144217 (N.D. Ill. Sept. 6, 2017)

Court denied defendant's motion to dismiss plaintiff's claim for copyright infringement. Plaintiff did not dispute that its copyright registration for its Comprehensive Accreditation Manual for Hospitals covered only new material that plaintiff added as "updates" to prior

version of Manual, and did not cover preexisting material carried forward from prior versions of Manual, which were also registered. Defendant argued that plaintiff could not succeed on its infringement claim unless it showed substantial similarity between defendant's works and new material in update covered by plaintiff's derivative copyright, rather than substantial similarity between defendant's works and any material appearing in update, and that plaintiff had failed to do so – despite fact that plaintiff owned registered copyright in underlying work. Court rejected defendant's argument, citing to doctrine that, where copyright in pre-existing work owned by plaintiff is not registered, plaintiff can use copyright registration for derivative work to assert copyright infringement claim based on both pre-existing and derivative works. Court found defendant's argument “odd one for an alleged infringer to make: claiming non-infringement of a derivative copyright that is unenforceable because the work on which the derivative copyright is based is also copyrighted. ... Why would having two copyrights (primary and derivative) provide less copyright protection than having only one?” Infringement claims were therefore not limited to material that appeared for first time in derivative work.

#### **D. Miscellaneous**

*Flo & Eddie, Inc. v. Sirius XM Radio, Inc.*, No. 15-13100, 2018 U.S. App. LEXIS 339 (11th Cir. Jan. 5, 2018)

Eleventh Circuit affirmed district court's judgment after Supreme Court of Florida, in response to certified question, confirmed that Florida common law does not recognize exclusive performance right in pre-1972 sound recordings. Florida Supreme Court further responded that, even if such right were recognized, defendant would not have infringed it by making back-up or buffer copies of plaintiff's recordings for defendant's internal use. Finally, Florida Supreme Court concluded that plaintiff's Florida state law claims (for unfair competition and misappropriation, common law conversion and statutory civil theft) were based on its common law copyright claim. As result, appellate court affirmed district court's grant of summary judgment to defendant on plaintiff's common law copyright claim.

*Davidson v. United States*, No. 13-942, 2017 U.S. Claims LEXIS 841 (Fed. Cl. July 18, 2017)

Plaintiff created replica of Statue of Liberty on property of New York, New York Hotel & Casino in Las Vegas. Postal Service used picture of head of replica on stamp, believing it to be picture of original Statue of Liberty. Plaintiff sued for infringement, and both plaintiff and defendant moved for summary judgment. On plaintiff's motion, court found material questions of fact as to protectability of plaintiff's work. There was no question that plaintiff was invoking Statue of Liberty in replica, but plaintiff argued that his intent was not merely to copy, and that face, which was only aspect copied in stamp at issue, was intentionally not perfect copy of original. Questions of fact included “differences between the original and the replica, [and] whether those differences relate to the copied elements.” Additionally, defendant raised fair use defense, and court found weighing of factors in this case was not

appropriate for summary judgment. Defendant moved for summary judgment of non-infringement due to exemption from liability for pictorial representations of “architectural work[s]” in § 120. Defendant argued that replica was part of larger unitary architectural work, New York, New York Hotel & Casino. Court rejected argument, noting that § 120 was meant to extend protection, not truncate it, and that replica did not meet definition of “building” in regulations as “humanly habitable structure.” Defendant assumed only relevant protection for replica was as architectural work, completely ignoring independent protection for sculptural works. Court denied both parties’ motions and set date for trial.

### III. OWNERSHIP

#### A. Works Made for Hire

*784 8th St. Corp. v. Ruggiero*, No. 13-5739, 2018 U.S. Dist. LEXIS 5405 (E.D.N.Y. Jan. 10, 2018)

On competing summary judgment motions, magistrate judge found that plaintiffs were authors of copyrighted marketing materials, holding them to be works for hire because they were created by defendant while she was plaintiffs’ employee. Plaintiffs had started Zan’s Kosher Delicatessen (“Zan’s”) in 2004 pursuant to settlement agreement with owners of Ben’s Kosher Deli, which plaintiff Ruggiero had previously operated at same location as Zan’s. Ruggiero, in conjunction with defendant and two others, created Zan’s logo and various marketing materials (“Zan’s Materials”). As defendant conceded in affidavit filed in unrelated litigation, she was employed by plaintiffs at time Zan’s Materials were created. Moreover, although plaintiffs had been using Zan’s Materials since 2004, defendant never claimed ownership of them until she obtained copyright and trademark registrations for same in 2014. Magistrate held that, because defendant’s earlier sworn affidavit stated that she was employed by plaintiffs at time Zan’s Materials were created, and further because defendant had submitted no sworn denial of this statement, there was no genuine dispute regarding fact that defendant was plaintiffs’ employee when Zan’s Materials were created. Undisputed facts thus showed that defendant was plaintiffs’ employee when she participated in creation of Zan’s Materials.

*Myers v. Harold*, 279 F. Supp. 3d 778 (N.D. Ill. 2017)

Plaintiff choreographer brought suit against dance studio, claiming it infringed her copyright in five dances she created while working there as dance instructor. Defendants did not deny performing at least some of dances at public recital; rather, defendant challenged plaintiff’s claim of ownership on basis that (1) one of dances not fixed in tangible medium; and (2) all dances were works made for hire. Court found that video evidence submitted by plaintiff defeated defendant’s first argument. In evaluating whether dances were works made for hire, court found that *Reid* factors weighed against finding work for hire relationship. Work is work made for hire if it is: (1) prepared by employee within scope of his or her employment, or (2) specially ordered or commissioned for use as a contribution to collective work, part of

motion picture or other audiovisual work, as translation, supplementary work, compilation, instructional text, test, answer material for test, or as atlas, if parties agree in written instrument signed by them that work shall be considered work made for hire. As to prong (1), defendant primarily paid plaintiff using IRS Form 1099s, listed her earning as “non-employee compensation,” did not withhold taxes, and did not provide benefits. Defendant dictated “the type of dance (such as jazz, tap, or lyrical), set the time and location of dance class and retained final decision-making authority about whether [its] students would perform the dances at the recital,” but there was no evidence in record that defendant “exercised any creative or technical control over the choreography.” Court emphasized that “appropriate focus is on control of creative aspects of dance – the copyrighted material itself – into which [defendant] had essentially no input.” It found, despite certain factors tending to suggest employer-employee relationship, on balance, no genuine dispute that plaintiff was independent contractor rather than employee. Because there was no signed written instrument in which parties agreed that dances were to be works made for hire, and choreographic works are not among nine categories of works enumerated in § 101(2), defendant also could not prevail under prong 2, and court granted summary judgment for plaintiff on work made for hire issue.

*Bell v. Maloney*, No. 16-1193, 2017 U.S. Dist. LEXIS 111867 (S.D. Ind. July 18, 2017)

District court denied cross-motions for summary judgment, finding genuine dispute of material fact existed as to ownership of copyright at issue. Plaintiff Bell, general partner at law firm Cohen & Malad (“C&M”) at relevant times, signed website development agreement with West Publishing on C&M’s behalf on February 8, 2000. Bell then exchanged emails with West employees from work email account during normal business hours concerning C&M website, including exchange in which Bell rejected using stock photos of Indianapolis skyline because he felt that his photos were better. On March 8, 2000, Bell took photograph of Indianapolis skyline (“Indianapolis Photo”) while outside of C&M’s property. On August 22, 2000, Bell submitted Indianapolis Photo to West for inclusion on C&M’s website. In May 2015, Bell discovered that defendant Maloney had published Indianapolis Photo on Maloney’s website in 2013, and sued for copyright infringement. Parties disputed whether Bell had established first element of copyright infringement claim, ownership of valid copyright. Copyright ownership vests initially in work’s author, who, as general rule, is party who actually creates work. Under “work made for hire” exception, however, author of copyrighted work is employer or other person for whom work was prepared. Work is properly classified as made for hire if it is prepared by employee within scope of his or her employment. Because Bell was employee of C&M at relevant time, Indianapolis Photo would be work for hire (and C&M would own copyright) if Bell was acting within scope of his employment when he took it. Under Restatement (Second) of Agency test generally used by courts, employee’s conduct is within scope of his employment where it (1) is of kind he is employed to perform; (2) occurs substantially within authorized time and space limits; and (3) is actuated, at least in part, by purpose to serve employer. Court analyzed factors in turn. First, although Bell was hired by C&M not as photographer but as attorney, Bell’s position

as partner meant that he was responsible for attracting clients, including via C&M's website, as well as representing them. Bell corresponded with West employees via his office email account during normal business hours about using photographs of Indianapolis on C&M's website, so it was unclear whether taking Indianapolis Photo was type of conduct Bell was employed to perform. Second, though Bell was not on C&M's property when he took Indianapolis Photo, Bell did so during normal work hours on normal work day, so potentially within authorized time and space limits. Finally, Bell's intent in taking Indianapolis Photo was unclear: although his taking Photo appears to have followed naturally from his discussions with West employees about C&M website, and he allowed C&M to use Photo for free, Bell also delayed submitting Photo to West for five months. Court concluded that facts of case gave rise to competing inferences, which precluded court from deciding, as matter of law, whether Bell acted within scope of his employment in taking Indianapolis Photo. Finding genuine dispute of material fact as to whether Bell or C&M owned copyright to Indianapolis Photo, court denied cross-motions for summary judgment.

## **B. Transfer of Ownership**

*Johnson v. Storix, Inc.*, No. 16-55439, 2017 U.S. App. LEXIS 25682 (9th Cir. Dec. 19, 2017)

Ninth Circuit affirmed district court's denial of plaintiff's motion for summary judgment. Plaintiff signed 2003 Annual Report that he personally drafted, which stated "All assets from Storix Software were transferred to Storix Inc., as of its incorporation as of February 24, 2003." Court noted that § 204(a) can be satisfied by oral assignment that is later confirmed in writing. Writing does not require any "magic words"; "one-line pro forma statement will do." Annual Report qualified as "note or memorandum" that was signed by plaintiff, and memorialized transfer of assets.

*Leadership Studies, Inc. v. Blanchard Training & Dev., Inc.*, No. 15-1831, 2017 U.S. Dist. LEXIS 157969 (S.D. Cal. Sept. 25, 2017)

Court granted in part defendant's motion for summary judgment, dismissing plaintiff's copyright infringement claims relating to two written works because undisputed facts showed that plaintiff did not own copyrights in those works. Court found with respect to first work that because pre-1976 copyright law recognized freelance author's copyright in published articles only when article was printed with copyright notice in author's name, and first work was published in 1969 with copyright notice naming third party as owner, plaintiff was not original owner of work. In addition, letter to plaintiff and certain licensing agreements did not assign copyright in work to plaintiff because original owner was not party to those papers. With respect to second work, neither original copyright claimant nor renewal owners ever executed written, signed instrument conveying work to plaintiff. Moreover, renewal owner could not have transferred work to plaintiff via 1992 letter because renewal owner did not become renewal owner until 2005.

*Estate of Maier v. Goldstein*, No. 17-2951, 2017 U.S. Dist. LEXIS 191294 (N.D. Ill. Nov. 20, 2017)

District court denied defendants' motion to dismiss infringement claim. Estate of photographer Vivian Maier commenced action against defendant Jeffrey Goldstein and his company, alleging infringement based on defendants' unauthorized copying, exhibition and commercial exploitation of Maier's unpublished photographs. Estate owned copyright in all Maier's works of authorship. Defendants acquired, exhibited, distributed, licensed and sold sizable number of Maier's photographic prints and negatives without plaintiff's authorization. Plaintiff provided *prima facie* evidence of copyright ownership by submitting copies of its registrations for photographs. Defendants argued that, because they had acquired photographs before Maier's death, they had claim to ownership of same. Ownership of copyright is distinct from ownership of any material object in which work is embodied, so even if defendants acquired copies of certain works prior to Maier's death, they were not entitled to copyright in works. Court therefore denied defendants' motion to dismiss.

### **C. Termination of Transfers**

*Ennio Morricone Music Inc. v. Bixio Music Grp.*, No. 16-8475, 2017 U.S. Dist. LEXIS 177643 (S.D.N.Y. Oct. 6, 2017)

Ennio Morricone was composer of certain scores and assigned copyrights to plaintiff. Defendant was assignee of copyrights from Italian music publishing business, Edizioni Musicali Bixio. In 1970s and 80s, Bixio and Morricone executed agreements concerning musical scores; Bixio was middleman between Morricone and third-party filmmaker who needed score for film. In 2012, plaintiff served notice of termination pursuant to § 203. Plaintiff sued seeking declaratory judgment that it was sole owner of copyrights in six film scores, and eligible to terminate assignment of those copyrights. Question before court was whether exception in § 203, which allows for termination of assignment of rights in copyrighted work "other than a work made for hire," applied to scores at issue. Parties and court agreed that Italian law applied to determination of whether works were for hire, as agreements were executed in Italy by Italians. Crediting expert testimony of plaintiff over that of defendant, court found scores were commissioned works under Italian law; "the legal effect is the same as the American equivalent of work for hire." Court noted that agreements between Bixio and film producers gave ownership of score and music producer role to Bixio; agreement between Morricone and Bixio requested creation of score to accompany existing film, and included instructions and deadlines for Morricone; agreement between Morricone and Bixio set forth operation and time periods for score's production and transferred to Bixio all rights of economic use, anywhere in world, for works, for maximum time period under laws of all countries in world; and agreement provided Bixio and film producer ability not to use Morricone's work without obligation; Morricone would receive amount of money regardless of whether scores were used. As scores were works for hire, they were not subject to termination under § 203, and court granted summary judgment in favor of defendant.

#### D. Joint Works and Co-Ownership

*BMG Rights Mgmt., LLC v. Atl. Recording Corp.*, No. 16-7443, 2017 U.S. Dist. LEXIS 136404 (S.D.N.Y. Aug. 24, 2017)

District court granted in part defendants' motion to dismiss. Plaintiffs, along with recording artist Chris Brown, were co-owners of song "Came to Do." Brown was also co-author, with defendants DJ Mustard and Omarion, of song "Post to Be." Plaintiffs alleged that "Post to Be" was unauthorized derivative work of "Came to Do," based on "(a) the two-measure synthesized bass line is the main instrumental feature in the opening four measures of both compositions, inclusive of similar syncopated rhythms; (b) the pre-chorus parts contain substantially similar vocal melodies, and are introduced at the same time in both; (c) claps or snaps in the backbeats are introduced at the same time in both; (d) 'oh' and 'oo' backing vocals commence exactly at the same time in both; (e) chanted or whispered background vocals commence at precisely the same time in both; (f) a more complex drum pattern is introduced at the same time in both; and (g) the tempo of both compositions is nearly identical with allegedly identical 'itches, intervals, rhythmic durations and beat placement' for the melodies of the title lyrics." Defendants moved to dismiss. Court found that as joint author and owner of "Came to Do," Brown could not be sued by fellow joint owner for any allegedly derivative work created or licensed granted concerning "Post to Be." Court also rejected plaintiffs' claim that Brown was obligated to grant co-creators of "Post to Be" license to create and produce song because co-authors of underlying works do not acquire ownership in allegedly derivative work. Additionally, court held that if Brown could not infringe, then his co-authors also could not infringe. Court noted, and defendants concurred, that if "Post to Be" was derivative of "Came to Do," then joint owners of "Post to Be" must account for profits derived from exploiting "Came to Do." Accordingly, court granted motion to dismiss in part, finding no infringement, and ordered discovery to go forward on issue of whether "Post to Be" was derivative work.

*Farkas v. Rich Coast Corp.*, No. 14-272, 2017 U.S. Dist. LEXIS 88267 (M.D. Pa. June 7, 2017)

Magistrate judge recommended that plaintiff's motion for summary judgment be denied, and defendant's motion for summary judgment be granted. Plaintiff provided film editing services for movie *Caveat*, which was written, cast, filmed and compiled by defendants. At certain point, relationship between plaintiff and defendants soured, and litigation commenced. Plaintiff then filed application for copyright registration based on film editing. Initially, plaintiff described work as work for hire, but after Copyright Office informed her that copyright would be owned by employer, plaintiff modified application, which matured into registration. Plaintiff then brought suit for direct, contributory and vicarious infringement. Defendants counterclaimed for declaration that plaintiff's copyright was invalid and that plaintiff committed fraud on Copyright Office. Court, citing *16 Casa Duse, LLC v. Merkin*, 791 F.3d 247 (2d Cir. 2015), found that plaintiff could not copyright editing contribution divorced from other creative aspects of unitary work, motion picture. "[T]o hold otherwise would require courts to arbitrarily segment a single creative work, a motion

picture, into a host of creative – and often combative – sub-parts. Such an approach would convert a unitary film work into a ragtag coalition of copyrights in a fashion which would wholly undermine the purposes of copyright protection, and create a chaos out of the orderly process of protecting intellectual property.” Court found that facts, viewed in light most favorable to plaintiff, permitted at most finding that plaintiff and defendants were joint authors of *Caveat*, and that plaintiff could not bring infringement action against co-authors. While registration made out *prima facie* showing of validity, court found presumption overcome because Copyright Office erred in granting registration based on plaintiff’s film editing, which is not independently subject to copyright, and plaintiff provided “materially incomplete” information to Copyright Office, such that Office might well have rejected application. Court recommended that plaintiff’s motion for partial summary judgment be denied and defendants’ cross-motion for partial summary judgment be granted.

### **E. Contracts and Licenses**

*Great Minds v. FedEx Office & Print Servs.*, 886 F.3d 91 (2d Cir. 2018)

Second Circuit affirmed dismissal of copyright infringement action. Plaintiff non-profit organization created educational materials, which it sold in book form and released to public for free, subject to Creative Commons “public license” that allowed “[a]ny member of the public [to] download, reproduce, and distribute [the Materials] pursuant to the terms of the [ ] License, which is made available to all on the same terms without the need to negotiate.” License provided that “[e]very recipient of the [Materials] automatically receives an offer from the Licensor to exercise the Licensed Rights under the terms and conditions of this [ ] License,” and granted “worldwide, royalty-free, non-sublicensable, non-exclusive, irrevocable license to ... reproduce and Share the [Materials], in whole or in part, for NonCommercial purposes only.” Plaintiff discovered that FedEx stores reproduced Materials at request of school districts, and sued for copyright infringement. District court dismissed action, finding that unambiguous terms of license permitted FedEx to provide for-profit copying services on behalf of school district exercising noncommercial use rights under license. Second Circuit noted that public license did not explicitly address whether licensees may engage third parties to assist them in exercising their own noncommercial use rights under license. Applying “long-established principles of agency law,” Court of Appeals held that, absent clear license language to contrary, licensees may use third-party agents such as commercial reproduction services in furtherance of their own permitted noncommercial uses. Because FedEx acted as mere agent of licensee school districts when it reproduced materials, and school districts themselves sought to use materials for permissible purposes, FedEx’s activities did not breach license or infringe plaintiff’s copyright.

*LimeCoral, Ltd. v. CareerBuilder, LLC*, No. 17-1733, 2018 U.S. App. LEXIS 12022 (7th Cir. May 8, 2018)

Seventh Circuit affirmed grant of summary judgment for defendant. Defendant operated online employment website where employers listed job openings, and job seekers posted résumés, browsed job openings and submitted employment applications. Defendant offered

employers “premium job branding” that incorporated customized HTML and graphics into job postings. Plaintiff design firm entered into independent contractor agreement with defendant to prepare custom graphic designs on behalf of defendant’s employer clients, which designs would be “sole and exclusive property” of defendant. Agreement expired, and parties were unable to reach new agreement, but continued doing business without written agreement. For six years plaintiff prepared media files incorporating custom graphic designs at request of defendant, in exchange for design fee. As there was no longer written agreement transferring ownership, plaintiff retained copyright in designs. If employer wanted to stick with original design but make revisions to it, defendant would pay plaintiff flat fee for modifications. District court granted summary judgment to defendant, finding defendant acquired implied non-exclusive license to use plaintiff’s designs, and that, contrary to plaintiff’s assertions, there was no subsequent oral agreement that imposed any conditions on that license. Seventh Circuit affirmed. Plaintiff granted defendant implied license to use designs: plaintiff created designs at defendant’s request, and conveyed them to defendant with understanding that defendant would use them on website. Absent limitation imposed on license at time works were delivered, license impliedly granted would encompass all rights of plaintiff as copyright holder. In view of defendant’s payment for job brandings, license was also irrevocable. Court rejected plaintiff’s contention that license was conditioned on defendant’s agreement to pay plaintiff renewal fee for every branding that was renewed beyond initial one-year term. Evidence showed that defendant was paying plaintiff for revisions to job branding requested at time of renewal. Contrary to plaintiff’s contentions, plaintiff was never paid renewal fees as such; plaintiff knew this, and license it conveyed to defendant was never conditioned on payment of such fees. License was thus unconditional and irrevocable, and encompassed rights to use and distribute job brandings as defendant and its customers wished. District court properly granted summary judgment to defendant on plaintiff’s copyright claims.

*Stross v. Redfin Corp.*, No. 17-50046, 2018 U.S. App. LEXIS 8913 (5th Cir. Apr. 9, 2018)

Court of Appeals reversed grant of summary judgment to defendant. Plaintiff was architectural photographer and real estate broker who regularly licensed his photographs to real estate agents for marketing use. Plaintiff licensed number of his photographs to ACTRIS, Austin-area multiple listing service. Under ACTRIS rules, users who upload their listing data “license” data to ACTRIS for use in accordance with ACTRIS Rules. To download listings from ACTRIS, realtors and brokers must sign Participant Content Access Agreement (PCAA). PCAA incorporates ACTRIS Rules, and provides “non-exclusive, limited-term, revocable license,” expressly subject to compliance with Rules. Defendant, online real estate brokerage company, entered Austin market in 2012, but claimed it became ACTRIS Participant in 2010. When defendant became ACTRIS Participant, it gained access to MLS contents, including plaintiff’s previously sold listings as well sold listings from other realtors to whom plaintiff had licensed photographs directly. In May 2013, plaintiff found that defendant had displayed more than 1,800 of his copyrighted photographs, and sued for direct and contributory infringement. District court granted defendant’s motion for summary

judgment, holding (1) that plaintiff lacked standing to sue because he was not party to PCAA between ACTRIS and defendant, and (2) that defendant's licensed use of plaintiff's photographs was defense to infringement claims. Court of Appeals reversed, noting that whether plaintiff may sue for copyright infringement is separate question from whether defendant can prove (under state law) that it has meritorious license defense. District court conflated these inquiries, holding that plaintiff lacked standing to sue defendant because he was neither party to, nor third-party beneficiary of, PCAA between ACTRIS and defendant. Plaintiff, however, did not bring contractual claims and did not seek contractual remedies; he sued solely for copyright infringement. Because plaintiff fulfilled statutory requirements of Act, he had valid claim; he did not lose right to bring claim because defendant raised downstream sublicense in its defense. District court erred by focusing primarily on whether plaintiff had contractual standing to sue defendant. Circuit court found further that genuine issues of material fact existed as to whether defendant had license to use plaintiff's photographs before April 2012 and whether defendant exceeded scope of license, and reversed district court's order granting summary judgment on this point. Court remanded for further proceedings consistent with opinion.

*Al Hirschfeld Found. v. Margo Feiden Galleries, Ltd.*, No. 16-4135, 2017 U.S. Dist. LEXIS 181257 (S.D.N.Y. Nov. 1, 2017)

Plaintiff foundation was successor to cartoonist Al Hirschfeld's rights and obligations under 2000 settlement agreement with defendant Galleries. "Central question" before court was whether Foundation had validly terminated settlement agreement. Foundation asserted it had valid cause to terminate based on eight material breaches by Galleries: (1) infringement of Foundation's copyright rights; (2) exceeding permissions granted to use Hirschfeld's name and likeness; (3) failing to comply with reasonable requests to return artwork belonging to Foundation; (4) failing to maintain gallery of same quality as original gallery space on Madison Avenue; (5) failing to employ person knowledgeable in arts; (6) losing, destroying, or otherwise failing to properly care and account for artworks; (7) failing to maintain proper insurance coverage; and (8) putting Galleries' own interests ahead of Foundation's, in violation of Galleries' fiduciary obligations. Court found Galleries' creation and sales of *giclée* prints of Hirschfeld works violated settlement agreement, which did not give Galleries unconditional authority to "reproduce works," but rather created limited carve-out to permit Galleries to reproduce works in connection with "promotion, advertising and marketing." Court rejected Galleries' argument that as "exclusive licensee" they could not be held liable for infringing copyrights conveyed to them. While licensee's use pursuant to license cannot give rise to infringement claim, licensee's use beyond scope of license can. And even if Galleries were correct that Foundation must sue in contract and not under copyright laws, Foundation *had* brought contract claim. Court rejected Galleries' "new use" defense, finding that even if *giclées* could fall within "Photostatic Reproductions" medium discussed in license, settlement agreement did not suggest that parties wanted medium to include future uses. Additionally, where Second Circuit has upheld "new use" as authorized under preexisting license, new use was foreseeable but not in existence at time of license, whereas *giclées* were known and available technology at time of settlement agreement. Third, court

found Galleries' estoppel argument inapplicable due to no-waiver provision of settlement agreement. After assessing additional breach of settlement agreement, finding both breaches material, and finding no breaches by plaintiff, court entered declaratory judgment that settlement agreement was validly terminated.

*Boatman v. Honig Realty, Inc.*, No. 16-8397, 2017 U.S. Dist. LEXIS 142601 (N.D. Ill. Sept. 5, 2017)

District court granted in part and denied in part defendant's motion to dismiss. Plaintiff, professional photographer, sued defendant realty company for direct and contributory infringement and violation of DMCA. Plaintiff photographed houses for defendant, and licensed defendant to use photos for "listing and marketing" of houses, with license agreement expiring upon sale of home. License stated, in part, "Nontransferable to any 3rd party for any reason without prior written consent from the author and copyright owner Mike Boatman." Defendant uploaded works to real estate websites, and some photos remained on sites after homes were sold. Defendant moved to dismiss infringement claims. As to direct infringement claim, defendant argued that uploading works was allowed under terms of license; plaintiff claimed it was violation because distribution of photographs without his consent exceeded scope of license. Court found "only reasonable interpretation of the license is that [defendant] could not transfer the license itself to a third party. It does not prevent [defendant] from distributing the photographs for the stated purpose of listing and marketing the homes." Accordingly, court dismissed direct infringement claim. As to contributory claim, court found that plaintiff sufficiently alleged that having photos on websites after termination of agreement was in violation of license and could therefore be infringement. Court also found plaintiff sufficiently pleaded knowledge at pleading stage, and accordingly denied motion as to claim.

*Atlantis Servs. v. Asigra, Inc.*, No. 16-10864, 2017 U.S. Dist. LEXIS 174723 (D. Mass. Oct. 23, 2017)

On motion for judgment on pleadings, court found that defendant's provision of consideration for plaintiff's agreement to incorporate plaintiff's software code into defendant's product meant that plaintiff could not proceed on theory of copyright infringement for defendant's alleged improper use of plaintiff's code outside scope of parties' agreement. Plaintiff had claimed that it unilaterally revoked defendant's nonexclusive license to use plaintiff's software code when defendant failed to implement purported agreement that plaintiff asserted was consideration for defendant's use of code; plaintiff argued that defendant infringed plaintiff's copyright in code by making unauthorized use of code following revocation of license. Court noted that implied non-exclusive license is revocable where no consideration has been given, but may be irrevocable if supported by consideration, and found that defendant provided partial consideration for plaintiff's agreement to incorporate plaintiff's code into defendant's product by paying some (but not all) of certain invoices, payment of which was term of agreement between parties. Court granted in part defendant's motion for judgment on pleadings.

*Joseph Paul Corp. v. Trademark Custom Homes, Inc.*, No. 16-1651, 2017 U.S. Dist. LEXIS 188697 (N.D. Tex. Nov. 15, 2017)

Court denied plaintiff's motion for partial summary judgment with respect to copyright infringement claims. Plaintiff, custom home designer and builder, claimed that defendants improperly appropriated original elements of its architectural plans, drawings and work for house design. Defendant claimed plaintiff granted it nonexclusive license to use copyrighted elements. Defendants presented undisputed evidence that defendant homeowners requested plaintiff to create plans for custom home; and plaintiff created the plans and provided them to homeowners without any restrictions regarding use. Plaintiff presented no evidence to support its interpretation of parties' communications and its contention that builder's reliance on homeowners' statement regarding payment for the plans was not objectively reasonable. Court refused to grant plaintiff's motion for summary judgment because there was genuine dispute of material fact as to whether plaintiff's providing defendant with copy of house design without restrictions was sufficient to create nonexclusive license, and whether such license was irrevocable once granted. Accordingly, genuine dispute of material fact existed as to plaintiff's copyright infringement claims.

*Philpot v. Media Research Ctr. Inc.*, 279 F. Supp. 3d 708 (E.D. Va. 2018)

Photographer plaintiff sued defendant non-profit organization, alleging copyright infringement based on defendant's use of two photographs of Kenny Chesney and Kid Rock in concert. Plaintiff's photographs were posted on website where they were available for use subject to Creative Commons attribution license. Defendant used photographs in free articles without attribution to plaintiff. Defendant filed motion for summary judgment, arguing that plaintiff waived right to sue for infringement by licensing photographs. While granting nonexclusive license normally waives copyright holder's right to sue for infringement, where nonexclusive license is terminated, copyright owner may sue. Creative Commons license automatically terminated upon licensee's breach; court concluded that defendant's failure to provide attribution violated and thus terminated license, and defendant's continued use of photographs after termination of license gave plaintiff grounds for infringement action.

#### **IV. FORMALITIES**

##### **A. Registration**

*Roberts v. Gordy*, 877 F.3d 1024 (11th Cir. 2017)

Eleventh Circuit held that district court erred in dismissing copyright infringement action based on allegedly invalid copyright registration, because good faith inaccuracies lack *scienter* required to invalidate registration. Appellants undisputedly authored rap song "Hustlin'" that was allegedly sampled by one set of appellees in popular dance song "Party Rock Anthem," later used by other appellees in car commercial. Appellants, at time of filing

suit, owned three registrations for subject song, each of which contained minor inaccuracies: one stated that song was unpublished, though promotional copies had been provided to disk jockeys, while other two stated incorrect creation date and failed to mention prior registration(s). Under § 411(b), inaccurate information in registration does not invalidate it unless inaccurate information (1) was included with knowledge of its inaccuracy (so-called *scienter* of intentional or purposeful concealment) and (2) if known, would have caused Register to refuse registration (i.e., inaccurate information was material). District court had asked Copyright Office whether errors in appellees' registrations, if known, would have caused registrations to be refused. Although Copyright Office responded that it would have refused application to register song as unpublished work if it had known it was published, and would have refused registration if creation dates were known to be inaccurate, it appeared that these errors could have been easily rectified by communication with appellees. Moreover, Eleventh Circuit concluded, based on absence of motive for deception, that errors in registrations were made in good faith and thus lacked *scienter* necessary to invalidate of registration. Eleventh Circuit reversed district court's dismissal and remanded for further proceedings.

*Mobley v. Fermont-Langlais*, No. 16-12340, 2017 U.S. App. LEXIS 12841 (11th Cir. 2017)

Eleventh Circuit affirmed dismissal for failure to state claim. *Pro se* plaintiff alleged that Claire Fermont-Langlais, Marc Jacobs International, and Coty, Inc. wrongfully appropriated materials from her "autobiography, wardrobe, and personal history," which, she alleged, inspired "Daisy," "Lola," "Daisy Dream," "Daisy Dream Forever" and "Oh, Lola" perfumes. Although plaintiff repeatedly disavowed intent to bring copyright infringement claim, district court, construing complaint liberally, considered whether plaintiff stated copyright claim as potential ground for relief. District court determined that such copyright claim had not been properly stated because Mobley did not own copyright registrations for any of her works. Eleventh Circuit agreed.

*Archie MD, Inc. v. Elsevier, Inc.*, 261 F. Supp. 3d 512 (S.D.N.Y. 2017)

District court denied defendant's motion for summary judgment. Plaintiff and defendant entered into license agreement relating to 3-D medical animations. Plaintiff then filed for copyright registration for collection of unpublished works and received registration. License agreement lapsed, but defendant continued use, and created derivative works. Plaintiff sued for copyright infringement, and defendant moved to dismiss on ground that plaintiff did not possess valid registration, arguing that registration contained inaccuracy because animations were published prior to registration as part of unpublished collection. Under § 411(b)(2), in any case in which inaccurate information included on certificate of registration is alleged, court shall request Register of Copyrights to advise court whether inaccurate information, if known, would have caused Register to refuse registration. Court, accordingly, referred to Register question whether fact that plaintiff had licensed animations to defendant before applying to register them in collection of unpublished works would have caused Register to refuse registration. Register responded that had Office known work had been published prior

to registration, Office would have refused registration under unpublished collections option. Under § 411(b)(1), certificate of registration supports infringement claim regardless of whether certificate contains any inaccurate information, unless (A) inaccurate information was included on application for copyright registration with knowledge that it was inaccurate; and (B) inaccuracy of information, if known, would have caused Register of Copyrights to refuse registration. Clause (B) was not in dispute because Register had already advised court that Office would have refused registration of work as part of unpublished collection had Office known work was published. Court concluded that plaintiff's licensing and delivery of work to defendant constituted publication. Court nevertheless found that while registration contained material inaccurate information, in that it described published work as unpublished, inaccurate information was not included with knowledge that it was inaccurate, and therefore registration could serve as prerequisite for copyright claim.

*Pastime LLC v. Schreiber*, No. 16-8706, 2017 U.S. Dist. LEXIS 199943 (S.D.N.Y. Dec. 5, 2017)

District court granted defendant's motion to dismiss plaintiffs' claim for cancellation of defendant's copyright registration because no such private right of action exists. Under employment agreement with plaintiffs' predecessors in interest, defendant agreed to rewrite book of musical play *Once Upon a Pastime*. Agreement provided that defendant's contribution would be work for hire. Defendant subsequently received copyright registration as sole author of book. Plaintiffs' complaint sought, *inter alia*, cancellation and nullification of defendant's registration. Significantly, § 1324 of Act does grant federal courts authority to cancel registrations for "original designs"; however, Act does not grant courts general authority to cancel registrations, and neither does any other federal statute. Because no private cause of action for cancellation of copyright registration exists, court granted defendant's motion to dismiss plaintiffs' claim for cancellation of defendant's registration.

*Chic Home Design, LLC v. New Journey Grp. Ltd.*, No. 15-9468, 2017 U.S. Dist LEXIS 139897 (S.D.N.Y. Aug. 30, 2017)

Court denied defendant's motion for summary judgment dismissing plaintiff's claims for copyright infringement of three registered textile designs, rejecting defendant's arguments that plaintiff's copyright registrations were invalid. Court noted that plaintiff's "lawsuit transformed from claiming an original-design copyright to claiming a derivative-design copyright." Plaintiff's registrations listed as "Author" third-party textile manufacturer and in "Copyright Claimant" field asserted that copyright was transferred to plaintiff by third-party manufacturer "by written agreement." Defendant argued, supported by affidavits from employees of manufacturer, that rights to designs were never transferred to plaintiff. Although registrations did not categorize textile designs as derivative works, plaintiff argued in response that registrations covered derivative works of which plaintiff was author, on account of plaintiff's own involvement in modifying original textile designs created by third-party manufacturer to produce registered designs. Defendant objected that registrations were invalid because plaintiff's current claims were inconsistent with plaintiff's statements in registrations and because third party manufacturer never actually transferred ownership of

designs at issue to plaintiff. Plaintiff argued that inaccuracies in registrations were unintentional. Court, viewing facts in light most favorable to plaintiff, found material issues of fact existed as to whether plaintiff truly intended to register derivative work or intentionally submitted copyright application containing inaccurate information, and denied defendant's motion for summary judgment.

*FameFlynet, Inc. v. Shoshanna Collection, LLC*, 282 F. Supp. 3d 618 (S.D.N.Y. 2017)

District court granted summary judgment in favor of plaintiff. Plaintiff photojournalism corporation owned rights to multitude of photographs, primarily featuring celebrities, which it licensed to online and print publications. Plaintiff alleged that defendants posted two of its pictures of celebrity Emmy Rossum without license. Plaintiff claimed it had copyright registration for photos, as it registered photos with Copyright Office as part of group registration. Defendants argued that plaintiff could not establish *prime facie* case of infringement because there was no evidence that registration covered Rossum photos. Court found registration met technical requirements for group registration of published photographs, and that defendants had submitted "no other evidence suggesting the Registration's invalidity," and had not alleged that plaintiff defrauded or made deliberate misrepresentation to Copyright Office.

*Argento v. Santiago*, No. 16-6172, 2017 U.S. Dist. LEXIS 207814 (W.D.N.Y. Dec. 18, 2017)

Marilyn Santiago was widow of Rochester artist Ramón Santiago, and sole beneficiary of his estate. Plaintiff, Marilyn Santiago's nephew, entered into agreement with his aunt in 2002 for marketing and sale of Santiago's artwork. Plaintiff then began affixing seal to Santiago's prints. Seal stated "Estate of Ramón Santiago" and had stylized design that Santiago used on his works during his lifetime. Relationship between plaintiff and his aunt broke down, and she cancelled agreement and began to sell Santiago's work on eBay, using estate seal. Plaintiff sent aunt cease-and-desist letter alleging that she was violating plaintiff's intellectual property rights, as estate seal included "distinctive and copyrightable design." Marilyn Santiago continued selling artwork, and plaintiff brought suit, and amended complaint to add All That Jazz, antiques and collectibles cooperative. After mediation, plaintiff settled with Marilyn Santiago. All That Jazz moved for summary judgment, and plaintiff did not respond to motion. All That Jazz argued that court had reason to invalidate copyright because plaintiff failed to advise Copyright Office of fact that might have occasioned rejection of application, namely that Santiago was author of stylized component of work. Court applied § 411(b), under which court, before invalidating copyright registration must determine first, whether inaccurate information was included on application with knowledge that it was inaccurate, and second, whether inaccuracy of information, if known, would have caused Register of Copyrights to refuse registration. Court found that plaintiff provided inaccurate information to Copyright Office with knowledge that it was inaccurate. As person who was at one point in charge of selling works, plaintiff would have seen stylized component, and it was not logical to believe that plaintiff, by coincidence, drew

same stylized component without copying. Additionally, Santiago had been using stylized component since 1993, so plaintiff knew that stating he was author, with creation date of 2002, was inaccurate. Plaintiff did not rebut those facts, and court could not devise any alternative explanation plaintiff could give. On second prong of § 411(b), court must refer to Register inquiry whether or not inaccurate information, if known, would have caused refusal of registration. Accordingly, court deferred ruling on motion for summary judgment until it received response from Register.

*Joint Comm'n on Accreditation of Healthcare Orgs. v. Fortis Bus. Media LLC*, No. 16-4724, 2017 U.S. Dist. LEXIS 144217 (N.D. Ill. Sept. 6, 2017)

Court denied defendant's motion to dismiss plaintiff's claim for copyright infringement. Plaintiff did not dispute that its copyright registration for its Comprehensive Accreditation Manual for Hospitals covered only new material that plaintiff added as "updates" to prior version of Manual, and did not cover preexisting material carried forward from prior versions of Manual, which were also registered. Defendant argued that plaintiff could not succeed on its infringement claim unless it showed substantial similarity between defendant's works and new material covered by plaintiff's derivative copyright registration, rather than simply substantial similarity between defendant's works and any material appearing in work covered by asserted copyright registration, and that plaintiff had failed to do so – despite fact that plaintiff owned registered copyright in underlying work. Court rejected defendant's argument, citing to doctrine that, where copyright in pre-existing work owned by plaintiff is not registered, plaintiff can use copyright registration for derivative work to assert copyright infringement claim based on both pre-existing and derivative works. Court found defendant's argument "odd one for an alleged infringer to make: claiming non-infringement of a derivative copyright that is unenforceable because the work on which the derivative copyright is based is also copyrighted. ... Why would having two copyrights (primary and derivative) provide less copyright protection than having only one?" Infringement claims were therefore not limited to material that appeared for first time in derivative work.

*Energy Intelligence Grp., Inc. v. Kayne Anderson Capital Advisors, LP*, No. 14-1903, 2017 U.S. Dist. LEXIS 116754 (S.D. Tex. Jul. 26, 2017)

Defendant moved for referral to Register under § 411(b). Defendant argued that (1) plaintiff's work, subscription newsletter, was not eligible for group registration using Form G/DN because plaintiff did not either author or possess exclusive rights to all of content contained in registered issues; and (2) if plaintiff's work did qualify for group registration, plaintiff provided inaccurate information by failing to identify works (newsletter issues) as "compilations." Regarding (1), Form G/DN may be used for group registration of daily newspapers and newsletters meeting conditions prescribed by 37 C.F.R. § 202.3(b)(9): works must be essentially all new collective works or all new issues that had not been published before; and each issue must be work made for hire. Defendant alleged that issues of plaintiff's work submitted for group registration contained articles authored by foreign authors, and republished articles for which plaintiff did not have exclusive rights. Court found defendant misapplied term "work" to contributions within each issue, rather than

issues themselves. Independent authorship of, or nonexclusive rights to, component parts such as articles or editorial content does not preclude use of group registration. Defendant did not dispute that plaintiff directed, controlled, and supervised creation of each issue as whole, or that plaintiff's employee ultimately prepared each issue. Regarding (2), defendant argued that by failing to check box marked "Compilation," plaintiff knowingly providing inaccurate information and attempted to assert copyright in content that plaintiff did not author. Court found that because majority of content contained in plaintiff's work consisted of previously unpublished articles created by reporters and editors employed by plaintiff, plaintiff contributed sufficient amount of written expression to each issue to support claims in "Text" and "Editing" of each issue. Because court was not persuaded that plaintiff's content selection showed sufficient creative expression to require, or even entitle, plaintiff to claim in compilation, defendant failed to demonstrate that plaintiff provided inaccurate information by leaving "Compilation" box unchecked. Finally, court found that, even assuming plaintiff's applications contained inaccurate information, because plaintiff could reasonably have interpreted Copyright Office's guidance in same way that court did, defendant had not demonstrated that plaintiff knew of inaccuracies.

*Casa Dimitri Corp. v. Invicta Watch Co. of Am.*, 270 F. Supp. 3d 1340 (S.D. Fla. 2017)

Plaintiff, foreign company, claimed that defendant, company based in U.S., infringed its copyrighted eyewear designs. It was undisputed that plaintiff did not have U.S. copyright registration for designs. Plaintiff argued that registration precondition in Copyright Act did not apply to it because designs at issue were not "United States works." To support argument, plaintiff submitted affidavit stating that its designs were first published in Venezuela, Colombia and Mexico, and therefore could not be considered United States work. Court found that affidavit alone was insufficient to establish that work was foreign work. Court also stated that conclusory attestation that work was published at some undefined point in time lacked probative value. Defendant's motion for summary judgment was granted.

*Farkas v. Rich Coast Corp.*, No. 14-272, 2017 U.S. Dist. LEXIS 88267 (M.D. Pa. June 7, 2017)

Magistrate judge recommended that plaintiff's motion for summary judgment be denied, and defendant's motion for summary judgment be granted. Plaintiff provided film editing services for movie *Caveat*, which was written, cast, filmed and compiled by defendants. At certain point, relationship between plaintiff and defendants soured, and litigation commenced. Plaintiff then filed application for copyright registration based on film editing. Initially, plaintiff described work as work for hire, but after Copyright Office informed her that copyright would be owned by employer, plaintiff modified application, which matured into registration. Plaintiff then brought suit for direct, contributory and vicarious infringement. Defendants counterclaimed for declaration that plaintiff's copyright was invalid and plaintiff committed fraud on Copyright Office. Court, citing *16 Casa Duse, LLC v. Merkin*, 791 F.3d 247 (2d Cir. 2015), found that plaintiff could not copyright editing contribution divorced from other creative aspects of unitary work, motion picture. "[T]o

hold otherwise would require courts to arbitrarily segment a single creative work, a motion picture, into a host of creative – and often combative – sub-parts. Such an approach would convert a unitary film work into a ragtag coalition of copyrights in a fashion which would wholly undermine the purposes of copyright protection, and create a chaos out of the orderly process of protecting intellectual property.” Court found that facts, when viewed in light favorable to plaintiff, permitted at most finding that plaintiff and defendants were joint authors of *Caveat*, and that plaintiff could not bring infringement action against co-authors. While registration made out *prima facie* showing of validity, court found presumption overcome because Copyright Office erred in granting registration based on plaintiff’s film editing, which is not independently subject to copyright, and plaintiff provided “materially incomplete” information to Copyright Office, such that Office might well have rejected application. Court recommended that plaintiff’s motion for partial summary judgment be denied and defendants’ cross-motion for partial summary judgment be granted.

*Hawkins v. Fishbeck*, No. 17-32, 2017 U.S. Dist. LEXIS 170678 (W.D. Va. Oct. 16, 2017)

Defendants’ motion to dismiss was granted in part. Plaintiff and one of defendants founded three software development companies, but later partners split up. Plaintiff alleged that defendants used resources from companies for themselves. Plaintiff brought action for infringement. Court found that infringement claim was not cognizable because plaintiff did not have registration. Plaintiff argued that it was “defendants’ collective fault” that he had been unable to register copyright. Court, however, would not assume that Congress intended courts to read unmentioned, open-ended, equitable exceptions into statute that it wrote. Result was supported by fact that Congress did choose to provide some exceptions to registration requirement – where work is not U.S. work, where infringement claim concerns rights of attribution and integrity under § 106A, or where holder attempted to register the work and registration was refused – “just not any that would benefit Plaintiff.” Court dismissed infringement claim.

*ABRO Indus. v. INEW Trade, Inc.*, No. 14-1984, 2017 U.S. Dist. LEXIS 179792 (N.D. Ind. Oct. 30, 2017)

District court held that plaintiff’s copyright registration certificates did not create presumption of valid copyright because registrations issued more than five years after first publication, and plaintiff failed to produce deposit materials to establish registrations’ scope. Plaintiff alleged that defendants had infringed plaintiff’s copyrights in plaintiff’s “Carb & Choke Cleaner” product label. Plaintiff argued that its registration certificates entitled it to presumption of validity. Court noted that plaintiff had failed to produce certificates until opposition to defendants’ summary judgment motion (after close of discovery), which arguably rendered certificates inadmissible. Even if certificates were admissible, plaintiff was not entitled to presumption of validity because plaintiff admitted that it did not register works within five years after first publication. Court declined to exercise discretion to conclude that untimely certificates constituted *prima facie* evidence of validity, while acknowledging that most courts do so. Court’s decision was based on fact that plaintiff had

failed to produce deposit copies that would have aided in determining registrations' scope. Court thus declined to accord presumption of validity to any of plaintiff's claimed copyrights.

*Acupuncture & Wellness Ctr., P.S. v. Whisnat*, No. 17-269, 2018 U.S. Dist. LEXIS 3152 (W.D. Wash. Jan. 8, 2018)

Plaintiff claimed defendant published book that copied elements of online seminar published by plaintiff. Court found plaintiff's copyright was presumptively valid because work had been registered within five years of its initial publication. However, court granted defendant's motion to dismiss in part, allowing plaintiff's infringement claim to proceed but holding that plaintiff was not entitled to statutory damages because copyrighted work was not registered before infringement commenced.

*Etrailer Corp. v. Onyx Enters., Int'l Corp.*, No. 17-1284, 2017 U.S. Dist. LEXIS 110065 (E.D. Mo. Jul. 17, 2017)

Court denied defendant's motion to dismiss for failure to state claim. Plaintiff filed suit against defendant, alleging that defendant engaged in willful infringement by copying and displaying thousands of plaintiff's photos on defendant's website to sell products depicted in photos. Defendant moved to dismiss, arguing plaintiff failed to state claim with respect to photos with only applied-for registrations. Court noted that "Registration" with Copyright Office is required to entitle copyright holder to bring infringement action under Copyright Act. Court also noted that there was currently split among federal circuit courts on whether applied-for registration satisfies precondition for infringement claim under Copyright Act. Court held that "application approach" – "copyright owner may not sue for infringement under the federal Copyright Act until the owner has delivered 'the deposit, application, and fee required for registration' to the United States Copyright Office" – was better-reasoned approach because application approach is consistent with § 410(d)'s mandate that effective registration date is day complete application is received, not approved, and because approach "better fulfills Congress's purpose of providing broad copyright protection while maintaining a robust federal register."

*Estate of Barré v. Carter*, No. 17-1057, 2017 U.S. Dist. LEXIS 116590 (E.D. La. July 25, 2017)

Court denied defendants' motion to strike plaintiffs' request for statutory damages and attorneys' fees. Plaintiffs Estate of Anthony Barré and Angel Barré brought suit against defendants, including Beyoncé, based on claims that writers and performers of song "Formation," "Lemonade" album, and "Formation World Tour" used Anthony Barré's voice and protectable works, specifically, YouTube videos "Booking the Hoes from New Wildings" and "A 27 Piece Huh?" Defendants requested that court strike request for statutory damages and attorneys' fees because plaintiffs' works were published in 2010, alleged infringement occurred in February 2016, and registrations were obtained in April 2016. Plaintiffs claimed that they might be entitled to statutory damages and fees for

infringements that occurred after registrations received in April 2016, if defendants' live performances that commenced after April 25, 2016 were found to be separate acts of infringement. Plaintiffs pointed out that first "Formation World Tour" performance occurred on April 27, 2016, after copyrights were registered, and last performance was on October 7, 2016. Court denied motion to strike, finding defendants did not make showing required under Rule 12(f) that pleading to be stricken has "no possible relation to the controversy," and noting plaintiffs' allegations of continuing post-registration infringement.

*Energy Intelligence Grp., Inc. v. CHS McPherson Refinery, Inc.*, No. 16-1015, 2018 U.S. Dist. LEXIS 7048 (D. Kan. Jan. 17, 2018)

Plaintiff published for energy sector, selling subscriptions to *Oil Daily* newsletter. Between 2004 and 2016, plaintiff registered *Oil Daily* with Copyright Office using Form G/DN. Plaintiff brought suit for willful infringement, alleging that defendant distributed publications to employees by copying and distributing them as attachments to email. Parties filed cross-motions for summary judgment, and defendant moved for referral to Register under § 411(b). Court found that before referral to Register is made, movant must show (1) that application contained inaccurate information and (2) that applicant knowingly included such inaccurate information. Defendant argued that plaintiff made misrepresentations on Form G/DN for *Oil Daily* because (a) plaintiff was neither author nor exclusive licensee of all of *Oil Daily*'s content; (b) *Oil Daily* was not essentially all-new collective work; and (c) text and editing of publication was not work for hire. On question of authorship, court agreed with plaintiff's position that although content was combination of articles penned by employees of plaintiff, licensed from Reuters, and previously published in plaintiff's other publications, plaintiff produced whole issue of *Oil Daily*, and so was author for purposes of registration. Court also rejected defendant's argument that plaintiff had duty to disclaim Reuters articles, because (1) Form G/DN does not have area for applicant to identify preexisting works, and (2) plaintiff submitted deposit materials containing complete issues of all *Oil Daily* newsletters claimed in applications, and issues in which Reuters articles appeared "gave proper and noticeable attribution." On requirement that work be "essentially all new collective works or all new issues that have not been published before," court found defendant's position – that because certain articles had been published before, issues could not qualify for Form – too narrow because issue as whole was not previously published. Court rejected defendant's position that each component of issue must be work for hire, and found each *Oil Daily* issue to be work for hire. Court held that knowledge prong requires showing of intent to defraud. Court found that even if it assumed plaintiff included inaccurate information in applications, defendants did not show intent to defraud. Court denied motion for referral to Register under § 411(b).

## V. INFRINGEMENT

### A. Access

*Design Basics, LLC v. Lexington Homes, Inc.*, 858 F.3d 1093 (7th Cir. 2017)

Seventh Circuit affirmed grant of summary judgment dismissing architectural design infringement claim, in case that “shows the challenge in administering intellectual property law to discourage so-called intellectual property ‘trolls’ while protecting genuine creativity.” Plaintiff, which “has been party to over 100 federal lawsuits,” sued defendants for infringement, alleging that four of defendant’s home plans infringed four of plaintiffs’ designs. District court granted defendant summary judgment, finding no evidence that defendant received or reviewed plans at issue, and that parties’ plans were not so strikingly similar as to permit inference of copying without separate proof of access. Seventh Circuit noted that to prove circumstantial case of copyright infringement, plaintiff must separately prove both access and substantial similarity. “In this case, Design Basics’ proof falls short in both ways.” Court found that “Lexington’s accused plans resemble Design Basics’ plans, but only because both sets resemble common home designs one might observe throughout the suburbs of Milwaukee, Chicago, Indianapolis, or many other communities. There are only so many ways to arrange a few bedrooms, a kitchen, some common areas, and an attached garage, so ‘not every nook and cranny of an architectural floor plan enjoys copyright protection.’” Court also noted plaintiff’s repeated reliance, in lieu of third-party expert testimony, on conclusory declaration drafted by employee who submitted remarkably similar opinion in other Design Basics cases, and who stood to receive fee if plaintiff won case. Plaintiff had not offered evidence from which reasonable jury could conclude that defendant’s plans were substantially similar to protectable expression in plaintiffs’ plans, let alone strikingly similar. Court also would affirm on basis that plaintiff did not show that defendant or defendant’s agents had reasonable possibility of access. Plaintiff relied on (1) weak circumstantial evidence that defendant’s agents may have known about plaintiffs’ other plans, and (2) plaintiffs’ touted “user-friendly” website. Court found that plaintiffs’ circumstantial evidence did not support its allegations regarding access; there was no evidence that plaintiffs sent plans at issue or catalogs of plans to defendant. Court also found that “existence of the plaintiff’s copyrighted materials on the Internet, even on a public and ‘user-friendly’ site, cannot by itself justify an inference that the defendant accessed those materials.” Court affirmed grant of summary judgment for defendant.

*L.A. T-Shirt & Print, Inc. v. Rue 21, Inc.*, No. 16-5400, 2017 U.S. Dist. LEXIS 131845 (S.D.N.Y. Aug. 17, 2017)

District court denied defendants’ motion to dismiss. Plaintiffs alleged that defendants infringed copyrights by selling T-shirts featuring designs “identical or substantially similar” to plaintiff’s designs featuring polar bears and teddy bears. Since plaintiffs did not allege direct copying or access, they were required to show that defendants’ works were strikingly similar to theirs. Defendants argued that copyright protection did not extend to plaintiffs’

“depictions of animals,” which they argued were mere “basic ideas.” Court disagreed; while copyright does not protect depictions of animals that are dictated by animal’s anatomy or physiology, it may protect original expressions of animal’s appearance. Court held that certain elements of plaintiff’s designs were copyrightable, including complex patterns on bears that constituted copyrightable fabric designs, placement of accessories, including red sunglasses and feathered headdresses, on depictions of bears, and pose and posture of animals on T-shirts. Viewed in light most favorable to plaintiffs, it was “at least plausible” that defendants’ designs were “strikingly similar” to protected elements of plaintiffs’ works.

*Halper v. Sony/ATV Music Publ’g, LLC*, 2017 U.S. Dist. LEXIS 188980 (M.D. Tenn. Nov. 15, 2017)

*Pro se* plaintiff claimed that defendants, including recording artist Sam Smith, infringed his song, “Don’t Throw Our Live Away” by using phrase “stay with me” repeatedly in work “Stay with Me.” Defendants filed motion to dismiss. After writing song in 1984, plaintiff recorded demo in 1986, and second demo in 2013; plaintiff registered copyright in 2015. Plaintiff argued that defendants gained access to song through “wide dissemination” of demos to “some of the most successful music producers and recording artists of that time.” Magistrate judge, erroneously conflating copyright and registration, found that “Because Plaintiff did not have a copyright on ‘Don’t Throw Our Love Away’ when ‘Stay With Me’ was released, ‘Stay With Me’ cannot be said to have infringed on Plaintiff’s copyright. For this reason alone Defendants’ Motion should be granted.” Magistrate judge found further that distribution of demos “to these few people” did not show wide dissemination, and plaintiff did not allege facts to connect recipients to defendant, or allege how his song could have made its way to named defendants. Court also found that other than both songs having phrases “stay with me’ and “lay with me,” plaintiff did not allege works were substantially or strikingly similar. Magistrate judge recommended that motion to dismiss be granted.

*Kelly Tracht, LLC v. Dazzle Up, LLC*, No. 17-80434, 2017 U.S. Dist. LEXIS 172004 (S.D. Fla. Oct. 18, 2017)

Plaintiff, artist whose work included colorful turtle images, sued defendants for copyright infringement. Plaintiff alleged that defendants launched line of apparel and accessories that included designs of turtles that were substantially similar to plaintiff’s copyrighted works. Plaintiff and defendant sold their goods through similar channels of trade. Defendants moved to dismiss copyright claims due to “failure to allege access.” Court, noting that access may be alleged by demonstrating “widespread dissemination” of work, and by showing that third party who had access to copyrighted works had concurrent dealings with both defendant and plaintiff, concluded that plaintiff sufficiently alleged access based on fact that plaintiff and defendants offered sale of goods at several of same brick-and-mortar stores and via Etsy, and by pointing to plaintiff’s presence and followers on social media, among other evidence. Court found defendants’ contentions that plaintiff’s evidence of access merely demonstrated limited sale and distribution of plaintiff’s work to be inappropriate at this stage in proceedings, and denied defendants’ motion to dismiss with respect to copyright claims.

*Apps v. Universal Music Grp., Inc.*, No. 16-1132, 2017 U.S. Dist. LEXIS 156754 (D. Nev. Sept. 25, 2017)

Court granted summary judgment dismissing copyright infringement suit, holding that plaintiff had not presented sufficient evidence for reasonable jury to conclude that song “Love Me Again,” written by John Newman and Steve Booker, copied plaintiff’s song “Need to Know.” Court rejected plaintiff’s claims regarding defendants’ access to song. Since plaintiff could not provide direct evidence of copying, she could prove access by showing chain of events linking her work and defendants, or by showing that song was widely disseminated. Court found plaintiff’s chain-of-events theory, involving Jay-Z and Tony Swain, highly attenuated and speculative. Court also rejected plaintiff’s argument that song was widely disseminated; various performances over one-year span in Los Angeles, posting of song on YouTube, taxi advertisements and distributing 2,000 CDs were not sufficient.

*Ducks Unlimited, Inc. v. Boondux, LLC*, No. 14-2885, 2017 U.S. Dist. LEXIS 132383 (W.D. Tenn. Aug. 18, 2017)

Plaintiff, non-profit dedicated to waterfowl and wetlands conservation, brought suit against defendants for copyright infringement based on defendants’ use of duck logo in advertisements and promotions, as well as sale and distribution of goods with said logo. Following bench trial, court made findings of fact and conclusions of law. Plaintiff’s ownership of copyright was undisputed. Court found that individual defendant had opportunity to observe plaintiff’s logo before designing his logo; court found plaintiff’s denial of pertinent facts not credible, and other evidence, namely plaintiff’s national presence as well as presence in individual defendant’s state, suggested access. Court additionally found that individual defendant observed and relied on plaintiff’s logo when he created his logo. Court rejected independent creation defense, finding individual defendant copied plaintiff’s logo in creating his logo. Court further found defendants’ logo substantially similar to protectable portions of plaintiff’s logo, including “distinctive duck head shape.”

*Arnett v. Jackson*, No. 16-872, 2017 U.S. Dist. LEXIS 128672 (E.D.N.C. Aug. 14, 2017)

Court granted defendants’ motion to dismiss amended complaint. In 2001 plaintiff wrote song “Remember Me,” inspired by death of his niece and September 11. Defendant Alan Jackson copyrighted song “Remember When” in 2003. Plaintiff sued, claiming “Remember When” infringed copyright in “Remember Me.” Court rejected argument that defendant had access based on plaintiff’s posting of song on Internet, noting that existence of materials on Internet cannot by itself justify inference of access. Court rejected access based on plaintiff’s sale of unspecified number of copies, finding that at best it amounted to allegation of “mere possibility that Jackson had the opportunity to listen to or copy Remember Me via [plaintiff]’s distributed recordings.” As to plaintiff’s claim that Jackson had access to song because people who knew Jackson had access to it, court noted that it could infer reasonable possibility of access if third party and alleged infringer maintained “close relationship.”

However, Fourth Circuit has rejected mere speculative reasoning as basis for proving access, especially when intermediaries are involved. Theoretical possibility that third-party intermediary could have sent protected work to alleged infringer does not suffice. Reasoning is similarly speculative where nothing establishes that alleged infringer had contact with third-party intermediary during period when alleged infringer was working on allegedly copied work. Court additionally rejected argument that “Remember When” is strikingly similar to “Remember Me,” finding allegations of striking similarity were speculative and did not nudge claim into realm of plausibility.

## **B. Copying and Substantial Similarity**

*Williams v. Gaye*, 885 F.3d 1150 (9th Cir. 2018)

Divided Ninth Circuit panel affirmed in part and reversed in part district court’s judgment after jury trial ruling that Pharrell Williams and Robin Thicke’s 2013 hit song “Blurred Lines” infringes defendants’ copyright in 1976 Marvin Gaye song “Got To Give It Up.” At trial, both sides relied heavily on expert reports and testimony. Finell, Gaye family’s expert, testified to existence of “constellation” of eight similarities between works at issue – signature, phrase, hooks, hooks with backup vocals, Theme X (repeated four-note backup vocal in “Got To Give You Up”), backup hooks, bass melodies, keyboard parts, and unusual percussion choices. In contrast, Wilbur, Thicke parties’ expert, opined no substantial similarities between melodies, rhythms, harmonies, structures, and lyrics of the works, and disputed each area of similarity identified by Finell. District court compared testimony and, pursuant to extrinsic test, “meticulously filtered out elements Wilbur opined were not in the deposit copy, such as the backup vocals, Theme X, descending bass line, keyboard rhythms, and percussion parts,” having found defendants’ copyright limited, under 1909 Act, to sheet music deposited with Copyright Office. Court additionally subtracted unprotectable elements such as use of cowbell, hand percussion, drum set parts, background vocals, and keyboard parts. Only then did court analyze harmonic and melodic similarities between songs. Ultimately, court considered remaining areas of dispute – similarity of signature phrases, hooks, bass lines, keyboard chords, harmonic structures and vocal melodies – when it denied Thicke parties’ motion for summary judgment before trial. Jury ultimately found that that “Blurred Lines” did infringe copyright in “Got To Give It Up.” On appeal, Thicke parties sought review of district court’s order denying motion for summary judgment, contending that court erred in its application of extrinsic test. Majority denied motion on procedural grounds, noting that, under *Ortiz v. Jordan*, 562 U.S. 180 (2011), courts cannot review motions for summary judgment following full trial on merits. Thicke parties argued court could nonetheless review denial of summary judgment under exception for legal error; majority, setting aside survival of exception post-*Ortiz*, found present case “hardly present[s] ‘purely legal’ issues capable of resolution ‘with reference only to undisputed facts.’” Because “district court’s application of extrinsic test for substantial similarity was a factbound inquiry far afield from decisions resolving ‘disputes about the substance and clarity of pre-existing law’” it clearly fell outside of any exception to rule. Judge Nguyen, dissenting, harshly criticized majority’s “uncritical deference to music experts,” and argued

that infringement finding cannot stand because works at issue are not substantially similar. Judge noted that few features common to both – repeated notes, two- and three-note melodic snippets, rhythmic similarity and melisma – are not individually protectable, stating in sum that “majority allows the Gayes to accomplish what no one has before: copyright a musical style.”

*Rentmeester v. Nike, Inc.*, 883 F.3d 1111 (9th Cir. 2018)

Ninth Circuit affirmed dismissal of infringement action. Plaintiff photographer created posed image photograph of Michael Jordan when Jordan was student at University of North Carolina. Defendant Nike requested transparencies of plaintiff’s work, and parties entered into limited license for defendant’s use of transparencies “for slide presentation only.” Defendant hired different photographer to create photograph of Jordan inspired by plaintiff’s work, and used photo on advertisements and in promoting its Air Jordan brand. Plaintiff threatened suit for breach of license, and parties entered into new agreement for use in North American advertisements for two years. Plaintiff claimed defendant used work beyond two-year limit, and later created logo based on outline of figure in defendant’s photo. Plaintiff brought claims for direct, vicarious and contributory infringement. Court considered whether complaint plausibly claimed defendant copied protected elements of plaintiff’s work to amount to unlawful appropriation. Court noted that filtering process for photographs differed from filtering process for works such as novels, because photographs are not amenable to separation of protected and unprotected elements as other works are. For example, elements like pose and camera angle are not protected when viewed by themselves. Instead, like compilations of fact, protection for photographs comes from combination of unprotected elements. Court concluded that works were not substantially similar as matter of law because defendant’s photographer made number of creative selections in creating work. Defendant’s photograph differed from plaintiff’s work in number of ways: extension of Jordan’s limbs, positioning of basketball hoop and lack of foreground object, background, lack of sun, lighting of figure, lighting and angling of basketball hoop, and centering and prominence of subject. Similarities between works related to ideas or concepts. Court found that its conclusion also applied to defendant’s logo. Court rejected plaintiff’s additional arguments for reversal, finding that discovery would not change outcome, that “inverse ratio rule” did not bear on question of unlawful appropriation, and that dismissal with prejudice without leave to amend was not abuse of discretion because amendment would be futile. One judge dissented in part, on basis that substantial similarity is factual question and majority’s determination was premature.

*Design Basics, LLC v. Lexington Homes, Inc.*, 858 F.3d 1093 (7th Cir. 2017)

Seventh Circuit affirmed grant of summary judgment dismissing architectural design infringement claim, in case that “shows the challenge in administering intellectual property law to discourage so-called intellectual property ‘trolls’ while protecting genuine creativity.” Plaintiff, which “has been party to over 100 federal lawsuits,” sued defendants for infringement, alleging that four of defendant’s home plans infringed four of plaintiff’s designs. District court granted defendant summary judgment, finding no evidence defendant

received or reviewed plans at issue, and that parties' plans were not so strikingly similar as to permit inference of copying without separate proof of access. Seventh Circuit noted that to prove circumstantial case of copyright infringement, plaintiff must separately prove both access and substantial similarity. "In this case, Design Basics' proof falls short in both ways." Court found that "Lexington's accused plans resemble Design Basics' plans, but only because both sets resemble common home designs one might observe throughout the suburbs of Milwaukee, Chicago, Indianapolis, or many other communities. There are only so many ways to arrange a few bedrooms, a kitchen, some common areas, and an attached garage, so 'not every nook and cranny of an architectural floor plan enjoys copyright protection.'" Court also noted plaintiff's repeated reliance, in lieu of third-party expert testimony, on conclusory declaration drafted by employee who submitted remarkably similar opinion in other Design Basics cases, and who stood to receive fee if plaintiff won case. Plaintiff had not offered evidence from which reasonable jury could conclude that defendant's plans were substantially similar to protectable expression in plaintiffs' plans, let alone strikingly similar. Court also would affirm on basis that plaintiff did not show that defendant or defendant's agents had reasonable possibility of access. Plaintiff relied on (1) weak circumstantial evidence that defendant's agents may have known about plaintiffs' other plans, and (2) plaintiffs' touted "user-friendly" website. Court found that plaintiffs' circumstantial evidence did not support its allegations regarding access; there was no evidence that plaintiffs sent plans at issue or catalogs of plans to defendant. Court also found that "existence of the plaintiff's copyrighted materials on the Internet, even on a public and 'user-friendly' site, cannot by itself justify an inference that the defendant accessed those materials." Court affirmed district court's grant of summary judgment for defendant.

*Nobile v. Watts*, 289 F. Supp. 3d 527 (S.D.N.Y. 2017)

District court granted defendants' motion to dismiss. Plaintiff claimed best-selling novel and film *The Light Between Oceans* infringed his unpublished screenplay, alternately titled *The Rootcutter* and *A Tale of Two Humans*. Defendants moved to dismiss for failure to state claim, arguing works were "strikingly dissimilar." Court assumed access and considered only substantial similarity, examining similarities in "total concept and feel, theme, characters, plot, sequence, pace, and setting." Court found no substantial similarity in plot, sequence or pace; pace was "dramatically different," as screenplay takes place over course of few weeks while novel spans decades. While some elements of plot were "generally the same," their expression was quite different. Plaintiff pointed to list of similarities in sequence; however, court found similarities both randomly chosen and also scenes a faire, flowing naturally from identical situations. Regarding setting, court held setting of remote storm-swept island not copyrightable. Screenplay was set entirely on populated Irish island, while novel was set on Australian island, where characters live in total isolation. Court held setting "neither substantially similar nor does it arise from protectable elements." Regarding characters, court noted bar for substantial similarity in character is set quite high. Court found screenplay protagonists not well-developed, and to degree that they were developed, palpably different from novel protagonists. Regarding theme, similarity related to unprotectable idea of childless couple finding seemingly motherless baby. Finally, court

held total concept and feel of works dramatically different. In sum, court found setting, characters, theme, plot, sequence, pace and total concept and feel not substantially similar. Plaintiff thus failed to state claim against defendants, and defendants' motion to dismiss was granted.

*Penguin Random House LLC v. Colting*, 270 F. Supp. 3d 736 (S.D.N.Y. 2017)

District court granted summary judgment to plaintiffs on nine counts of infringement. Plaintiffs were owners and exclusive licensees of novels *Breakfast at Tiffany's*, *The Old Man and the Sea*, *On the Road*, and *2001: A Space Odyssey*. Defendants created "KinderGuides," illustrated children's books based on condensed versions of plaintiffs' works. Court found undisputed facts easily established actual copying, as defendants admitted reading plaintiffs' works in creating KinderGuides, displayed titles of plaintiffs' works on KinderGuides, and conceded that KinderGuides were based on plaintiffs' works. Court described "variety of special tests that courts sometimes apply to assess substantial similarity," but found that none of tests was needed to show substantial similarity because "defendants' Guides are not even superficially distinct from the respective Novels." Court rejected defendants' argument that characters, plots, and settings of plaintiffs' works were "'fictional facts'" and not original expression, finding argument "exercise in sophistry." Court rejected argument that characters in plaintiffs' work were mere "stock characters," not worthy of protection, finding plaintiffs' characters sufficiently delineated to be original. Defendants contended further that plaintiffs' plots were scenes a faire, arguing, *inter alia*, that "*The Old Man and the Sea* is a classic 'man versus nature' story." Court dismissed argument, noting that "on defendants' absurd theory, the plot of *Don Quixote* is simply Cervantes' hackneyed version of *The Odyssey*." Plaintiffs also alleged that defendants violated their right to prepare derivative works. Court noted that "depending on its nature, a 'guide' may or may not qualify as a derivative work." Court found that while KinderGuides contained additional pages at end of summaries, such as pages of "Analysis," they were primarily dedicated to retelling plaintiffs' stories. Accordingly, court found KinderGuides infringed plaintiffs' rights of reproduction and preparation of derivative works.

*Betty, Inc. v. PepsiCo, Inc.*, 283 F. Supp. 3d 154 (S.D.N.Y. 2017)

District court granted in part and denied in part defendants' motion to dismiss. Plaintiff ad agency alleged that defendant's 2016 Super Bowl commercial infringed its copyrighted advertisement pitch. In October 2015 plaintiff presented defendant with ideas for commercial to air during halftime of Super Bowl 2016. One "refined concept" plaintiff presented was entitled "All Kinds/Living Jukebox." Defendant advised plaintiff it would "move forward with different concepts," but plaintiff alleged that 2016 Super Bowl halftime commercial was "fundamentally based on" All Kinds/Living Jukebox advertising storyline plaintiff presented to defendant. Among similarities plaintiff highlighted were: "single powerful performer (hero character) is used to perform all music renditions, genres and fashion changes as she dances seamlessly from room to room"; "the commercial follows a hero character moving from room to room through each doorway used in the complete set design"; and "every time the hero character enters a new room, the genre of music

immediately changes to reflect a new vibe.” Defendant moved to dismiss infringement claim, arguing there was no substantial similarity “because the setting, characters, and theme of the two works are different.” Court, however, could not find works not substantially similar as matter of law. Defendant also argued that even if substantial similarities were present, similarities related only to non-protectable portions of concept. Court found that “Plaintiff’s unique combination of the elements comprising the ‘All Kinds/Living Jukebox’ concept is protectable,” and that court need not parse plaintiff’s claim in detail at current stage. “For now, it is sufficient that Plaintiff’s concept contains protectable elements and that the works ‘share a similarity of expression.’” Court denied motion to dismiss infringement claim.

*Brown v. Time Warner, Inc.*, 287 F. Supp. 3d 380 (S.D.N.Y. 2017)

District court granted defendants’ motion to dismiss. Plaintiff, author of short story *Thank You, Jesus*, alleged that defendants’ television series *Black Jesus* infringed his work. Defendants moved to dismiss. Court found that no reasonable juror, properly instructed, could find substantial similarity of protected expression between works. Court found “no similarities between the two works beyond the abstract and unprotected idea of an African American male protagonist named Jesus who believes he is the Son of God.” As to plot, court found “concept of an African American Jesus who engages in allegedly ‘un-Jesuslike’ conduct is an abstract idea, which is illustrated and expressed differently by entirely different stories in each work.” Alleged similarities in characters were far too general to support infringement claim, and settings were dissimilar. While both works loosely embodied religious themes, most prominent themes were not substantially similar. Finally, court found total concept and feel of works substantially dissimilar.

*Dickerson v. WB Studio Enters*, 276 F. Supp. 3d 167 (S.D.N.Y. 2017)

District court granted defendants’ motion to dismiss for failure to state claim. Plaintiff brought copyright infringement suit against defendants alleging defendants’ *Barbershop* television series infringed plaintiff’s copyright in script to play titled *Scissors Cut the Devil Loose* and in video recording thereof. Court found plaintiff failed to show substantial similarity between copyrighted work and allegedly infringing work. Standard test for substantial similarity is whether ordinary lay observer would recognize alleged copy as having been appropriated from copyrighted work. Plaintiff presented to court long list of alleged similarities. District court found, as matter of law, that comparison of “total concept and overall feel” of works made differences between them plain. Court identified elements plaintiff identified as similar as stock elements, or scenes a faire, which are not protectable. Plaintiff also failed to show “comprehensive non-literal similarity,” which can be shown by demonstration that defendant has “appropriated the fundamental essence or structure of plaintiff’s work,” since similarities plaintiff identified did not speak to fundamental essence of either work; “by picking and choosing among small aspects of each work in search of comparable elements, plaintiff only highlights the degree to which the works are, at their core, highly distinct creative works.”

*King Zak Indus. v. Toys 4 U USA Corp.*, No. 16-9676, 2017 U.S. Dist. LEXIS 202784 (S.D.N.Y. Dec. 8, 2017)

Court granted in part and denied in part defendant's motion for judgment on pleadings. Plaintiff was manufacturer and distributor of party goods, including Illuminations collection of disposable tableware displaying Chanukah-themed artwork. Defendant purchased Chanukah-themed goods from plaintiff, and plaintiff alleged that it discovered defendant was selling plaintiff's products below wholesale cost, and was using plaintiff's products as loss leader to generate foot traffic in defendant's toy stores for holiday shopping season. Plaintiff then refused to sell goods to defendant, and defendant began to sell its own Chanukah-themed party goods. Plaintiff alleged that defendant's goods were copied from and substantially to goods in Illuminations collection and/or that defendant knowingly and willfully acquired goods due to their substantial similarity to plaintiff's goods. Defendant moved for judgment on pleadings on plaintiff's infringement claim. Court declined to apply "abstraction-filtration-comparison" test defendant urged, finding it unnecessary in evaluating products before it. For plates and paper cups, court could not find at current procedural posture that similarity related to non-protectable elements or that no reasonable jury would find works substantially similar. As to napkins and tablecloths, however, court, assessing total concept and feel, found no reasonable jury could find goods substantially similar. Accordingly, court granted defendant's motion and dismissed infringement claim as to napkin and tablecloth, but denied motion as to plate and paper cup.

*Marcus v. ABC Signature Studios, Inc.*, 279 F. Supp. 3d 1056 (C.D. Cal. 2017)

Court granted defendants' motion to dismiss claim for infringement involving pilot script for ABC show *Black-ish*. In 2013, former defendant in litigation sponsored script writing contest called "Search for America's Newest Screenwriter." In response, plaintiff submitted script called *Across the Tracks*, detailing story of black family moving to neighborhood with white residents. Plaintiff claimed he never heard from contest organizers in response to his submission, but that defendants subsequently released *Black-ish*, which plaintiff claimed was "virtually identical" to plaintiff's submission. Although court dismissed plaintiff's claims because plaintiff did not respond to defendants' motion to dismiss, court nevertheless analyzed plaintiff's copyright claim by comparing works at issue. Court found that two scripts were not substantially similar, as they contained different plot lines, themes, characters, dialogue, mood, setting and pace. Any similarities, including characters "acting black," lessons of owning up to mistakes, and two families feeling out of place in predominantly white area, flowed necessarily and naturally from basic plot premise and did not amount to substantial similarity.

*CSI Litig. Psychology, LLC v. DecisionQuest, Inc.*, No. 16-3255, 2018 U.S. Dist. LEXIS 9166 (N.D. Tex. Jan. 19, 2018)

Court denied plaintiff's motion for partial summary judgment. Parties were competing jury consulting companies. Plaintiff contended that defendant's article *A Brief Primer on the Reptile Theory of Trial Strategy: Plaintiff Psychology and the Defense Response*

“plagiarized” plaintiff’s articles *Derailing the Reptile Safety Rule Attack: A Neurocognitive Analysis and Solution* and *Debunking and Redefining the Plaintiff Reptile Theory*. Plaintiff claimed that copied 90 out of 110 words from plaintiff’s work “in mostly the same order” and maintained that “original ordering of any unoriginal sentences demonstrates similarity.” Defendant claimed that plaintiff took most of language from common sources. After viewing evidence in manner most favorable to defendant, court found it possible that reasonable minds might differ as to probative similarity or substantial similarity, and denied plaintiff’s motion.

*ABRO Indus. v. INEW Trade, Inc.*, No. 14-1984, 2017 U.S. Dist. LEXIS 179792 (N.D. Ind. Oct. 30, 2017)

District court held defendants entitled to judgment as matter of law that defendants’ product label as well as constituent components not substantially similar to those of plaintiff. Plaintiff alleged that defendants’ product label infringed plaintiff’s copyrights in plaintiff’s “Carb & Choke Cleaner” product label, which featured, *inter alia*, carburetor image and instructions/warnings. Because parties did not dispute access, plaintiff required only to show that defendants’ label was substantially similar to protectable portions of plaintiff’s label. In Seventh Circuit, accused work is substantially similar to plaintiff’s work where ordinary reasonable person would conclude that defendant unlawfully appropriated plaintiff’s protectable expression by taking material of substance and value. Court held that, even if plaintiff’s label layout were copyrightable (which it was not), defendant’s label was not substantially similar: labels shared only common color scheme, and used different fonts, background images, carburetor images and copy placement. These differences were not trivial, given economic and functional constraints on label designers, as well as vast body of similar public domain designs. Carburetor image on defendants’ label was not substantially similar to that on plaintiff’s where each party’s carburetor was of different model with divergent color schemes, mechanical parts, positioning and viewing angle. Similarly, defendants’ warnings and instructions were clearly and substantially different from plaintiff’s, despite sharing small portion of text verbatim, which was unavoidably needed to communicate required warnings and describe how to use product. Because defendants’ label and select constituent parts not substantially similar to plaintiff’s, defendants were entitled to judgment as matter of law on plaintiff’s copyright claims.

### **C. Contributory/Vicarious Infringement**

*BMG Rights Mgmt. (US) LLC v. Cox Communs., Inc.*, 881 F.3d 293 (4th Cir. 2018)

Plaintiff owned copyrights in certain musical compositions; defendants were high-speed Internet providers. After two-week trial, jury found defendant liable for willful contributory infringement and awarded \$25 million in statutory damages to plaintiff. On appeal, defendants objected to jury instructions. Defendants argued they could not be liable for contributory infringement because service was “capable of substantial noninfringing uses,” and because provision of service that is capable of substantial non-infringing uses does not

amount to material contribution. Court rejected arguments as misstatement of law. In fact, providing product with “substantial non-infringing uses’ can constitute material contribution to infringement. What matters is whether product is distributed with intent to cause infringement. Next, defendants argued that trial court erred by instructing jury that it could find defendants liable for contributory infringement “if the jury found ‘Cox knew or should have known of such infringing activity.’” Court agreed that this was erroneous instruction, holding that at least willful blindness, not mere negligence, is required to show contributory infringement. Because there was reasonable probability that incorrect jury instruction affected verdict, court remanded for new trial. Third, defendants argued, and court agreed, that trial court erred in instructing jury that it could find defendants contributorily liable based on showing “‘direct infringement of BMG’s copyrighted works by users of Cox’s Internet services’ and that Cox knew ‘of such activity,’” finding that such “generalized knowledge” did not suffice, and that instead “instruction should require that Cox knew of specific instances of infringement or was willfully blind to such instances.” Similarly, court agreed with defendants that instruction on willful blindness should require determination “that [defendants] consciously avoided learning about specific instances of infringement, not merely that [defendants] avoided confirming the fact that ‘Cox users were infringing BMG’s copyrights’ in general.” Despite finding errors in instructions, court declined to award defendants judgment as matter of law. Fourth, defendants argued that district court’s willfulness instruction was erroneous because it focused on defendants’ knowledge of customers’ behavior instead of knowledge of its behavior constituting infringement, but court rejected argument, finding that infringing contributorily with knowledge of customers’ infringing behavior “is consistent with at least reckless disregard for the copyright holder’s rights.” Court reversed, vacated, and remanded for new trial.

*Broad. Music, Inc. v. Second Chance Operating Ventures, LLC*, No. 16-3096, 2017 U.S. Dist. LEXIS 110180 (D. Md. July 17, 2017)

Court granted in part plaintiffs’ motion for summary judgment. Plaintiff BMI was assignee of public performance licensing rights from non-party creators of musical compositions. Defendant Second Chance was bar in Maryland that played live and recorded music. Individual defendants were owner of Second Chance and liquor licensee for Second Chance. Parties agreed that bar performed four musical compositions without license, and there was no dispute as to bar and owner’s direct and vicarious liability. Court, however, found material issue of fact as to vicarious liability of liquor licensee, who was neither owner nor operator of, nor employed by, Second Chance, “includ[ing] whether he had the ‘right and ability to supervise’ or had ‘an obvious and direct financial interest in the exploited copyrighted materials.’”

#### D. Miscellaneous

*Goldman v. Breitbart News Network, LLC*, No. 17-3144, 2018 U.S. Dist. LEXIS 25215 (S.D.N.Y. Feb. 15, 2018)

“That technology and terminology change means that, from time to time, questions of copyright law will not be altogether clear.” Plaintiff, photographer who took picture of Tom Brady that went “viral” on internet, filed suit claiming defendants, online news outlets and blogs that embedded tweets featuring plaintiff’s photograph within articles about Tom Brady, violated his public display right. It was undisputed that defendants did not actually download, copy or host photograph on their own websites’ servers, but merely embedded photo by including necessary embed code in HTML instructions. Defendants argued that under “Server Test” adopted by Ninth Circuit in *Perfect 10, Inc. v. Amazon.com, Inc.*, 508 F.3d 1146 (9th Cir. 2007), merely providing instructions did not constitute “display” as matter of law. Court declined to adopt Server Test, finding “no basis for a rule that allows the physical location or possession of an image to determine who may or may not have ‘displayed’ a work within the meaning of the Copyright Act.” Court found further that *Perfect 10* was heavily informed by two factors: fact that defendant operated search engine, and fact that user made active choice to click on image before it was displayed, suggesting that broad reading was inappropriate. Copyright Act’s definition of public display includes transmission of works by “any device or process,” and steps defendants took to embed image within their own articles constituted “process.” Court granted partial summary judgment for plaintiff.

*Leader’s Inst., LLC v. Jackson*, No. 14-3572, 2017 U.S. Dist. LEXIS 193555 (N.D. Tex. Nov. 22, 2017)

Defendant-counterclaimant Magnovo Training Group brought infringement claim against plaintiff-counterdefendant The Leader’s Institute (“TLI”), claiming that TLI committed infringement by “framing” Magnovo’s copyrighted content. TLI argued that “framing” was not infringement as matter of law. “Framing” occurs when “webpage includes code that instructs web browser to retrieve code from another computer and to display that information at the same time as information retrieved from the first computer. In such a situation, the user would see the website she has visited framing the content the website instructed the web browser to retrieve from the other computer.” Court held that TLI was incorrect that “framing” is not infringement – in framing Magnovo’s content, they publicly displayed it by “‘show[ing] a copy’ of the works via a ‘process.’” Case was distinguishable from *Perfect10 Inc. v. Amazon.com, Inc.*, 508 F.3d 1146 (9th Cir. 2017), because in contrast to non-infringing conduct in *Perfect10*, “TLI did not merely provide a link by which users could access Magnovo content but instead displayed Magnovo’s content as if it were its own.” Court further rejected TLI’s argument “that they cannot have committed copyright infringement because they have no copies of Magnovo’s work,” stating that possession of copy is not requisite to finding of infringement of public display right.

*Caracol TV, S.A. v. TVmia Int'l Corp.*, No. 16-23486, 2017 U.S. Dist. LEXIS 204575 (S.D. Fla. Dec. 11, 2017)

District court granted plaintiffs' motion for summary judgment as to defendant who operated web streaming service through which plaintiffs' copyrighted television programs were accessible. Plaintiffs produced and compiled television programs in Colombia that were transmitted throughout world. In 2011, defendant Bucci created TVmia International Corp., which, without authorization from any television networks, retransmitted television signals from one country to another, granting users access to programs through *satelitecolombia.com* website for fee. Bucci served as TVmia's president until 2014, when he ostensibly sold website to another; magistrate judge later found sale to be sham because Bucci continued to control website. Court held that plaintiffs had established, as to Bucci, two elements of infringement claim, namely, ownership of valid copyright and copying of work's original constituent elements. First, plaintiffs had provided certificates of registration from Copyright Office for 11 of their programs, and Bucci had not disputed existence or validity of plaintiffs' copyrights. Second, Bucci did not dispute that website under his control rebroadcast plaintiffs' content without license or permission. Court further held that Bucci's infringement was willful because he was on notice since at least 2012. Therefore, court granted summary judgment on plaintiffs' copyright infringement claim against Bucci.

*Design Basics, LLC v. Petros Homes, Inc.*, No. 14-1966, 2017 U.S. Dist. LEXIS 102931 (N.D. Ohio July 3, 2017)

On plaintiff's motion to exclude expert testimony, district court permitted defendants' expert to testify to matters within scope of his professional expertise to assist in deciding issue of substantial similarity, but prohibited expert from offering opinions on law or ultimate issues of fact. Plaintiff claimed that defendants copied protected residential home design plans. Because court previously found that plaintiff had valid copyrights in its design plans, remaining issue was whether defendants had copied original or protectable aspects thereof. Parties did not dispute that defendants had access to plaintiffs' designs; case thus turned on whether parties' design plans were substantially similar. Sixth Circuit determines substantial similarity by applying two-part filtering test: first, court must identify which aspects of plaintiff's work are protectable by copyright, and second, court must determine whether allegedly infringing work is substantially similar to those protectable elements. Defendants offered report of Kraly, architectural expert, who described those elements of plaintiff's designs that are considered standard, examined each of plaintiff's pleaded designs, and opined that designs consisted solely of non-protectable elements. Plaintiff did not challenge Kraly's qualifications as architect, but sought to exclude Kraly's report because he was not expert in copyright law, his understanding of relevant legal concepts was flawed, his legal sources did not support his conclusions and his methodology was unreliable. Court held that Kraly was not expected to be expert in copyright law, and his identification of standard design elements and analysis of their combination were relevant to substantial similarity analysis. However, court excluded those portions of Kraly's report that offered opinions on validity or value of plaintiff's copyrights or otherwise related to ultimate issue to be decided.

## VI. DEFENSES/EXEMPTIONS

### A. Fair Use

*Fox News Network, LLC v. TVEyes, Inc.*, 883 F.3d 169 (2d Cir. 2018)

Defendant media company continuously recorded essentially all television broadcasts as they happened, compiled recorded broadcasts into text-searchable database, and enabled clients, for \$500 per month, to search for, view, archive, download and email to others 10-minute clips. Defendant also copied closed-captioned text of imported content, allowing its clients to search for clips by keyword as well as by date and time. Client could “archive” videos permanently on defendant servers, and download videos directly to client’s computer. District court found that some, but not all, of defendant’s service was fair use. Second Circuit reversed. First factor favored defendant, albeit slightly. Service was modestly transformative insofar as it enabled users to isolate material responsive to their interests from “ocean of programming,” and access that material with targeted precision, enabling nearly instant access to material that would otherwise be retrievable only through prohibitively inefficient means. However, defendant’s clients used plaintiff’s news broadcasts for same purpose that plaintiff’s viewers used those broadcasts. Second factor as usual played no significant role. Third factor clearly favored plaintiff because defendant made available virtually all of plaintiff’s programming that defendant’s users wanted to see. Court noted that defendant’s “Watch” function was radically dissimilar to service at issue in *Google Books*, which made available only snippets that were so abbreviated that it would be nearly impossible for user to discern what author originally intended to convey to readers. Defendant, in contrast, redistributed plaintiff’s news programming in ten-minute clips, which, given brevity of average news segment, likely provided users with all programming that they sought and entirety of message conveyed to authorized viewers of original. On fourth factor, court found defendant had usurped market that properly belongs to copyright holder. By providing plaintiff’s content to clients without payment to plaintiff, defendant was effectively depriving plaintiff of licensing revenues; and plaintiff might wish to exploit market for such service itself, rather than license it to others. At bottom, court found, defendant was unlawfully profiting off work of others by commercially redistributing all of that work that viewer wished to use, without payment or license. Court remanded to district court to revise injunction pursuant to court’s opinion.

*Disney Enters. v. VidAngel, Inc.*, 869 F.3d 848 (9th Cir. 2017)

Ninth Circuit affirmed preliminary injunction entered by district court. Plaintiffs Disney Enterprises, LucasFilm Limited, Twentieth Century Fox Film Corporation and Warner Brothers Entertainment brought suit against defendant, operator of streaming service that removed objectionable content from music and television episodes, for infringement and violation of DMCA. Defendant asserted fair use defense. Defendant purchased multiple authorized DVDs or Blu-ray discs for thousands of titles. It assigned each disc unique barcode and stored it in locked vault. Defendant used software program to decrypt one disc

for each title and uploaded digital copy to computer as “gold master file.” After decryption, defendant created “intermediate” files, converting them to streaming format and breaking them into segments to be tagged for inappropriate content. Once tagged, segments were encrypted and stored in cloud servers. Customers “purchased” specific physical disc from inventory; selected disc was removed from inventory and “ownership” transferred to customer’s unique ID, although defendant retained possession of disc on behalf of purchasers. After purchase, defendant streamed filtered work to customer with objectionable content removed. Work was streamed from filtered segments stored in cloud servers, not original discs. Filtered segments were deleted after streaming. After viewing, customer could “sell” disc to defendant for partial credit of purchase price. Ninth Circuit agreed with district court that plaintiff was likely to prevail on merits. As to fair use defense, defendant conceded that second and third factors weighed against fair use. Defendant claimed, however, that district court abused its discretion with respect to first and fourth factors. As to first factor, district court’s determination that defendant’s use was not transformative was not clearly erroneous. Ninth Circuit noted that removal of objectionable content does not necessarily “add something new” or change expression, meaning or message of film, and neither does reproducing films’ discs in digital streaming format. As to fourth factor, district court’s presumption of market harm was not clearly erroneous because use was commercial and not transformative. Ninth Circuit rejected defendant’s argument that its service benefited plaintiffs by expanding audience for works, because surveys suggested 49% of viewers would view works without filters. Further, Ninth Circuit rejected argument that space-shifting is “paradigmatic example of fair use,” noting that law of fair use does not sanction broad-based space-shifting or format-shifting. Ninth Circuit affirmed entry of preliminary injunction, finding plaintiff likely to prevail on merits of infringement claim.

*Oracle Am., Inc. v. Google LLC*, 886 F.3d 1179 (Fed. Cir. 2018)

Plaintiff initially filed suit alleging that defendant’s unauthorized use of 37 packages of plaintiff’s Java application programming interface (“APIs”) in Android operating system infringed plaintiff’s patents and copyrights. District court found Java packages uncopyrightable and patents not infringed. Federal Circuit reversed, holding packages copyrightable, and case was remanded to consider whether defendant’s use was fair use. In second trial, jury found defendant’s use was fair use. Plaintiff appealed, and Federal Circuit again reversed. Federal Circuit held that (1) whether court applied correct legal standard to fair use inquiry is question of law; (2) whether findings relating to any relevant historical facts were correct are questions of fact; and (3) whether use at issue is ultimately fair is question of law. Regarding first factor, purpose and character of use, Federal Circuit found that highly commercial and non-transformative nature of defendant’s use strongly supported conclusion that factor weighed against fair use. Regarding second factor, nature of copyrighted work, court found reasonable jury could have concluded that functional considerations were both substantial and important, leading to this factor weighing in favor of fair use – but second factor “typically has not been terribly significant in the overall fair use balancing.” Regarding third factor, amount and substantiality of portion used, Federal Circuit found no reasonable jury could conclude that what was copied was qualitatively

insignificant and that defendant conceded it could have written APIs differently to achieve same functions, but did not. As such, Federal Circuit found factor at best neutral, and arguably weighing against finding fair use. Finally, regarding fourth factor, effect upon potential market, Federal Circuit found that given record evidence of actual and potential harm, unrestricted and widespread conduct of sort engaged in by defendant would result in substantially adverse impact on potential market for original and its derivatives. As such, fourth factor weighed heavily against finding fair use. Balancing factors, Federal Circuit concluded defendant's use was not fair use, and remanded for trial on damages.

*Oyewole v. Ora*, 291 F. Supp. 3d 422 (S.D.N.Y. 2018)

Plaintiff, founding member of spoken-word group The Last Poets, wrote "When the Revolution Comes" in 1968. Song included chanted phrase "But until then you know and I know n\*\*\*\*\*s will party and bullshit and party and bullshit and party and bullshit and party and bullshit and party..." In 1993, Christopher Wallace, p/k/a "The Notorious B.I.G." or "Biggie Smalls," released song "Party and Bullshit," with chorus "Dumbing out, just me and my crew / Cause all we want to do is... / Party... and bullshit, and..." In 2012, Rita Ora released song "How We Do (Party)," which repeats lines, "I wanna party and bullshit / And party and bullshit / And party and bullshit / And party, and party" several times. Plaintiff claimed "Party and Bullshit" sampled "When the Revolution Comes" and remixed refrain "party and bullshit" without authorization, and that "How We Do (Party)" borrowed "refrain, punch line, crescendo, and text hook 'Party and Bullshit.'" Defendants moved to dismiss for failure to state claim. Court, assuming *arguendo* that phrase "party and bullshit" was protectable expression and that works were substantially similar, considered whether fair use doctrine applied. Court found that both of defendants' songs transformed purpose of phrase "party and bullshit" from one of condemnation to one of glorification; in neither secondary work does it evince criticism or foreboding, as in original. Moreover, plaintiff himself contended that use of phrase in defendants' songs was intended to contravene "original purpose" of phrase, which was to discourage people from partaking in "party and bullshit." On third factor, court found phrase not critically important to original song's message, which focused on upcoming revolution, describing what will happen and repeating "when the revolution comes"; criticism of those who "party and bullshit" was not essential to that message. Under factor four, because defendants' songs were different in character and purpose from original work, they did not provide public with substitute, and were unlikely to usurp market, for "When the Revolution Comes." Defendants' motions to dismiss copyright infringement claims were granted.

*Lombardo v. Dr. Seuss Enters., L.P.*, 279 F. Supp. 3d 497 (S.D.N.Y. 2017)

Plaintiff, author of comedic play *Who's Holiday*, which made use of characters, plot and setting of Dr. Seuss' *How the Grinch Stole Christmas!* "to make fun of it and to criticize its qualities, i.e., to parody it," sought declaration that play constituted fair use. Defendant counterclaimed for infringement, and plaintiff filed motion for judgment on pleadings pursuant to Rule 12(c). Defendant argued that whether play was fair use could not be resolved on Rule 12(c) motion because determination requires more than side-by-side

comparison. Court concluded that fair use can be decided at this stage, and that all that is needed is pleadings, copies of works and relevant case law. Court held that play was “parody of *Grinch*, and thus transformative.” Given that use was transformative, it was of little significance that use was also commercial. Although second factor favored defendant because *Grinch* was creative work, court declined to give much weight to factor in light of play’s parodic nature. Under third factor, although play incorporated substantial elements of *Grinch* characters, setting, plot and style, but play engaged in “distorted imitation” in order to mock original. Use of *Grinch* was not excessive in relation to parodic purpose of copying. Court found no likelihood of market harm; “virtually no possibility that consumers will go see the Play in lieu of reading *Grinch* or watching an authorized derivative work.” Nor was there likely any impact on potential licensing opportunities for derivative works in traditional, reasonable, or likely to be developed markets. Plaintiff’s motion for judgment on pleadings and dismissal of counterclaims granted.

*Penguin Random House LLC v. Colting*, 270 F. Supp. 3d 736 (S.D.N.Y. 2017)

District court rejected fair use defense. Plaintiffs were owners and exclusive licensees of novels *Breakfast at Tiffany’s*, *The Old Man and the Sea*, *On the Road*, and *2001: A Space Odyssey*. Defendants created “KinderGuides,” illustrated children’s books based on condensed versions of plaintiffs’ works. Plaintiffs moved for summary judgment on liability, and defendants cross-moved on liability and on fair use defense. Court granted summary judgment for plaintiffs on nine counts of infringement and denied defendants’ fair use defense. On first fair use factor, defendants argued works were transformative because they condensed plaintiffs’ works, made works appropriate for younger audience, and added to plaintiffs’ works through addition of pages dedicated to analysis. Court found that abridgement and making works appropriate for younger audience did not constitute fair use. While works of criticism and commentary provide new insights and understandings that are *sine qua non* of transformative use, defendants’ inclusion of minimal additional material did not qualify as fair use because reproduced material was not included to allow for commentary. Defendants’ story summaries did not recount plaintiffs’ novels in service of literary analysis; rather, they provided literary analysis in service of trying to make KinderGuides qualify for fair use exception. Court found first factor to tilt in plaintiffs’ favor. Second factor also favored plaintiffs because novels were creative. On third factor, court found that most of KinderGuides were devoted to telling plaintiffs’ stories, with minimal additional analysis, and therefore found factor to militate in favor of plaintiffs. On fourth factor, court dismissed defendants’ argument that KinderGuides did not interfere with market for plaintiffs’ works, noting that plaintiffs and defendants agreed there was market for children’s versions of adult works, with publishers frequently licensing works to fill market. Court was unconvinced by contention that plaintiffs did not create, market or license works like defendants’ works; even if true, it was not sufficient to show plaintiffs had not been active in derivative market, because they could change their minds. Court granted summary judgment to plaintiffs on all infringement counts, rejecting fair use defense.

*Hosseinzadeh v. Klein*, 276 F. Supp. 3d 34 (S.D.N.Y. 2017)

Court granted defendants' motion for summary judgment. Plaintiff was filmmaker who posted original video content on YouTube. Plaintiff's video "Bold Guy vs. Parkour Girl" video showed Bold Guy flirting with and chasing woman through various sequences. Defendants posted video titled "The Big, The BOLD, The Beautiful" in which defendants "comment on and criticize" plaintiff's video, playing portions of it in process. Defendants' video included mockery of plaintiff's performance and what defendants considered unrealistic dialog and plotlines, and referred to plaintiff's video as "quasi-pornographic and reminiscent of a 'Cringetube' genre of YouTube video known for 'cringe'-worthy sexual content." Court found defendants' video "roughly equivalent to the kind of commentary and criticism of a creative work that might occur in a film studies class." Plaintiff submitted DMCA takedown notice to YouTube, and YouTube took down defendants' video. Defendants submitted DMCA counter notification, challenging takedown on basis that video was "fair use and noncommercial." Plaintiff then filed suit, alleging infringement and misrepresentation under § 512(g). Defendants asserted fair use defense. Court found first fair use factor favored defendants because video was "quintessential criticism and comment." On second factor, defendants argued that plaintiff's video skit was factual rather than creative in nature because plaintiff "said he draws inspiration for the character from his own experiences and personality." Court disagreed; plaintiff's video was entirely scripted and fictional, regardless of whether plaintiff drew on himself for Bold Guy character. Since video was creative work, second factor weighed against fair use. On third factor, amount of material taken from plaintiff's work, standing alone, is not determinative. Court noted that defendants had to use actual clips from plaintiff's work in order comment on and critique it, and court found "extent" and "quality and importance" of clips used by defendants reasonable to accomplish transformative purpose of critical commentary. Accordingly, court found factor neutral. On fourth factor, court found that defendants' work did not usurp market for plaintiff's work because defendant's work was not substitute for plaintiff's. Fourth factor thus weighed in favor of fair use. Court granted defendants' motion for summary judgment.

*Goldman v. Breitbart News Network, LLC*, No. 17-3144, 2017 U.S. Dist. LEXIS 136270 (S.D.N.Y. Aug. 21, 2017)

Court denied defendants' motion to dismiss based on fair use. Plaintiff, owner of copyright in photograph of Tom Brady walking with Boston Celtics players, alleged that defendant media organizations infringed by displaying plaintiff's work on their websites without license. Court noted that photo was newsworthy "on its face." However, fair use is defense, and is most commonly resolved on summary judgment or at trial; court needs to review four factors, and allegations in complaint are typically insufficient. While there are cases where use is "so truly transformative that fair use is clear as a matter of law," that was not true in this case. Construing plaintiff's allegations most favorably, internet articles took place of any authorized use plaintiff would have made (or chosen not to make) of photo; photo was portrayed in full, and was widely disseminated, leaving little for plaintiff. Conversely, it

might turn out that plaintiff's intended use was so different from defendants' that there was no market impact. "That needs to be developed in a factual record."

*Cruz v. ABC*, No. 17-8794, 2017 U.S. Dist. LEXIS 196317 (S.D.N.Y. Nov. 17, 2017)

Court ordered plaintiff photographer to show cause why order should not be entered requiring plaintiff to post security for costs including attorneys' fees as condition of proceeding with copyright infringement action against ABC. Photographer captured photograph of alleged terrorist who drove truck down bike path beside West Side Highway in Manhattan, killing eight people and injuring 11 more before being shot by police. ABC displayed plaintiff's photograph in its news reporting on attack, and plaintiff brought action claiming use infringed his copyright. Court, citing Local Civil Rule that provides that court on its own initiative may order party to file bond for costs or additional security for costs, noted that security often has been required where merits of plaintiff's case are questionable and there is doubt as to plaintiff's ability to satisfy any costs judgment that ultimately may be imposed. Court found reasonable possibility that ABC would prevail on fair use defense and would be entitled to recover costs, including attorneys' fees, in that event, and entered order to show cause against plaintiff.

*Hirsch v. CBS Broad. Inc.*, No. 17-1860, 2017 U.S. Dist. LEXIS 123468 (S.D.N.Y. Aug. 4, 2017)

District court denied defendants' motion to dismiss plaintiff's copyright infringement claim. Plaintiff photojournalist owned copyright in photograph of Justin Massler, man accused of stalking Ivanka Trump, that was featured in episode of television show *48 Hours* titled "Stalked." Work appeared in episode for approximately two seconds, rotating slowly on screen. Because fair use analysis turned on assessment of context and content of episode, rather than visual inspection, court could not conclude as matter of law that defendants' use of photo was fair. One issue would be whether use qualifies as "news reporting" or "commentary," and thus favored use under statute. Discovery of episode's overall context and content would enable more careful assessment of whether use of photo served public by providing access to important information. Defendants' claim that use of photo was "transformative" was not self-evidently correct based on visual inspection; inclusion of "heart" of photo in discussion of events from some seven years ago did not obviously imbue photo with character different from that for which it was created. Newsworthiness of subject matter is not enough. Court therefore denied defendants' motion to dismiss claim based on fair use.

*Barcroft Media, Ltd. v. Coed Media Grp., LLC*, No. 16-7634, 2017 U.S. Dist. LEXIS 182024 (S.D.N.Y. Nov. 2, 2017)

Plaintiffs, owners of copyrighted celebrity and human interest photographs, brought infringement suit against owner of celebrity gossip and entertainment websites, alleging unauthorized display of several images. District court, after bench trial, awarded injunctive relief and actual and statutory damages to plaintiffs. In analyzing fair use, court analyzed

offending uses of images one-by-one, and found that defendant copied all or significant part of plaintiff's images without adding new information or meaning, for same commercial purpose that plaintiffs originally intended, displacing and superseding market for original works. Court therefore concluded that use was not fair, and defendant was liable for infringement.

*Dr. Seuss Enters., L.P. v. ComicMix LLC*, No. 16-2779, 2017 U.S. Dist. LEXIS 202013 (S.D. Cal. Dec. 7, 2017)

Defendant filed motion to dismiss "because the copyright claim cannot overcome Defendants' fair use." Plaintiff brought infringement suit based on defendant's use of various elements of plaintiff's work *Oh, the Places You'll Go* in defendant's work *Oh, the Places You'll Boldly Go!* In prior order court found factor one to weigh in favor of defendants; factor four to weigh in favor of plaintiff, "thus finding factors one and four to stand in equipoise"; factor two to weigh slightly in favor of plaintiff; and factor three to be neutral. Court found that, given procedural posture and near-perfect balancing of factors, without relevant evidence regarding factor four defendants' fair use defense failed as matter of law. Plaintiff filed amended complaint, and defendants argued that allegations in amended complaint "tilt further toward fair use." Only new information in amended complaint bearing on copyright claim related to fourth factor. Court concluded fourth factor still weighed in plaintiff's favor. Plaintiff's licensing program allowed for third parties to publish books based on plaintiff's books and characters. Even though defendant's use of plaintiff's work and characters was as mash-up, there was potential for future literary mash-ups involving plaintiff's work, which would be adversely impacted by defendant's mash-up. Court therefore found that there was potential harm to plaintiff's market for derivative works. Relevant information in amended complaint "if anything, shifts the balance more in Plaintiff's favor due to the allegations regarding potential market harm." Court denied motion to dismiss.

*Peteski Prods. v. Rothman*, 264 F. Supp. 3d 731 (E.D. Tex. 2017)

Court *sua sponte* granted summary judgment for plaintiff on issue of fair use. Defendant, former employee of plaintiff production company, worked as Segment Director for *The Doctor Phil Show* for number of years. Prior to suing star of show, Dr. Phil McGraw, and plaintiff in state court for false imprisonment, intentional infliction of emotional distress, retaliation and wrongful termination, defendant recorded nine-second clip of McGraw from archive of unaired footage of *The Doctor Phil Show*. Clip was defendant's "attempt to document a 'bona fide example of Dr. McGraw's conduct for her lawsuit.'" Plaintiff registered copyright in clip, and sued defendant for infringement. Defendant filed motion to dismiss or alternatively for summary judgment on basis of fair use. As to first factor, court found that "defendant's conduct" weighed against finding of fair use because ample evidence of defendant's bad faith (e.g., willingness to sell clip to *The National Inquirer*, breach of employment and confidentiality agreements) and her intention to use clip solely for her lawsuit, rather than to serve greater public good. Defendant argued that use was transformative because many courts had found that using work in judicial proceeding is

generally fair use. However, court noted that “few courts have addressed whether copying an entire work in preparing a complaint is transformative.” If it was, court noted, it was not highly transformative. As to “commercial/non-commercial use,” court found that use of work in judicial proceeding was not, in this case, commercial. In sum, court found that purpose and character of use weighed against fair use. With respect to second factor, court found clip to be unpublished, and both factual and creative in nature. Second factor weighed strongly against fair use. On third factor, parties agreed that defendant copied entire work by recording nine-second video from *Show* archives. Therefore, factor weighed against fair use. Fourth factor weighed in favor of fair use because plaintiff failed to present evidence from which jury could conclude that copying impacted potential market for work. Accordingly, court denied defendant’s motion to dismiss or, alternatively, for summary judgment on issue of fair use, and granted plaintiff summary judgment on fair use.

*Philpot v. Media Research Ctr. Inc.*, 279 F. Supp. 3d 708 (E.D. Va. 2018)

Photographer plaintiff sued defendant non-profit organization, alleging infringement based on defendant’s use of two photographs of Kenny Chesney and Kid Rock in concert. Plaintiff’s photographs were posted on website where they were available for use subject to Creative Commons attribution license. Defendant used photographs in free articles without attribution to plaintiff. Defendant filed motion for summary judgment, arguing that use was fair use. Court found defendant’s use of photographs was fair use. Under first factor, defendant’s use of work was transformative since defendant’s purpose in using photographs was different from plaintiff’s intended use. Plaintiff was professional photographer of musicians, and took Chesney and Kid Rock photos to depict musicians in concert. By contrast, defendant used images for purposes of news reporting and commentary on issues of public concern: informing citizens about pro-life celebrities and conservative celebrities running for political office. Despite receiving very small amount of revenue, defendant’s use was not commercial. Second factor was neutral, as plaintiff’s works were both factual and creative. Under third factor, defendant used all or nearly all of plaintiff’s works, weighing against fair use. And under fourth factor, there was no current market for photographs. “Given the paramount importance of the first and fourth factors, the limited weight of the second and third factors when the work is transformative, and copyright’s purpose ‘[t]o promote the Progress of Science and useful Arts,’ the facts alleged in this case make out a fair use defense as a matter of law.”

*Corbello v. DeVito*, 262 F. Supp. 3d 1056 (D. Nev. 2017)

Court found defendants entitled to judgment of fair use as matter of law. Plaintiff brought copyright infringement claims against writers of musical *Jersey Boys*. Plaintiff’s deceased husband assisted defendant Tommy DeVito in writing unpublished autobiography, which was later used to create script for *Jersey Boys*. Court began with “most important” fourth factor, noting that to extent autobiography might be profitable today, it was almost certainly only because of *Jersey Boys*, which consists of over 50% musical works (by running time) in which plaintiff has no interest, and remainder of which is comprised of “less than 1% of creative expression found in” autobiography and “uses less than 1% of” autobiography. If

anything, court found, *Jersey Boys* had increased value of autobiography. Thus “fourth, most important factor strongly favors a finding of fair use.” Court found first factor “weighs against fair use in the present case as it does in most cases, because the producers of the Play have profited from exploitation of the copyrighted material without paying the customary price.” Biographical nature of work weighed in favor of fair use under second factor, and unpublished nature of work did not “overshadow its biographical nature”; “work that is only unpublished because it is unpublishable despite great efforts ... is an atypical situation.” Under third factor, amount of protectable, creative material copied in relation to work as whole was “very small, less than 1%.” Court also found that play was transformative because its purpose was primarily to entertain, while purpose of biography was to vindicate Tommy DeVito and reveal hidden truths. Court accordingly granted in part renewed motion for judgment as matter of law as to fair use.

*James Castle Collection & Archive, LP v. Scholastic, Inc.*, No. 17-437, 2017 U.S. Dist. LEXIS 181801 (D. Idaho Oct. 30, 2017)

District court denied plaintiff’s motion for temporary restraining order because plaintiff unlikely to prevail on merits. Plaintiff sought to enjoin defendant from releasing “imagined biography” of artist James Castle, who was deaf from birth and never learned to communicate orally or in writing. Book contained approximately 150 images drawn by illustrator Allen Say in style of James Castle. Among images were 28 which were Say’s copies of Castle’s work; remainder were Say’s depictions of Castle’s life. First factor in evaluating propriety of TRO is whether “facts and law clearly favor the moving party.” Court thus evaluated infringement claim in light of defendant’s fair use defense. As to first factor, court found use in book to be transformative because it combined images with text in “attempt by Say to ‘see the young [Castle’s] silent world through his eyes.’” Court found second factor weighed for plaintiff, but carried little import due to transformative nature of use. Third and fourth factors weighed toward defendant because “copying was necessary to enhance the biographical narrative, told largely through Say’s own illustrations that were not exact copies, but mimicked Castle’s style,” and because plaintiff would not have licensed works to defendant if they had asked, thus minimizing effect of use on potential market for or value of works. Because plaintiff unlikely to prevail on merits, district court denied motion for temporary restraining order.

*Estate of Barré v. Carter*, No. 17-1057, 2017 U.S. Dist. LEXIS 116593 (E.D. La. July 25, 2017)

Plaintiffs brought suit against defendants including Beyoncé, based on claims that writers, performers, producers, record labels, distributors and publishers who produced song “Formation,” album “Lemonade” and “Formation World Tour” used Anthony Barré’s “actual voice” and protectable works, specifically, YouTube videos “Booking the Hoes from New Wildings” and “A 27 Piece Huh?” Defendants moved to dismiss based on fair use. Court rejected plaintiff’s argument, purportedly based on *Bridgeport v. Dimension Films*, that fair use doctrine does not apply to “sampling case of an artist’s voice unaltered.” On first factor, court found plaintiffs sufficiently alleged facts to support finding that use was not

transformative and that it was commercial, and that first factor could ultimately weigh against fair use. On second factor, court found plaintiffs sufficiently alleged that works were creative, such that factor could militate against fair use, despite fact works were published. On third factor, court found that even if defendants were right that amounts taken were quantitatively small, plaintiffs alleged facts sufficient to show that amounts taken were not qualitatively insignificant. On fourth factor, plaintiffs argued that there was “vibrant sampling licensing market” and that defendants recognized necessity of obtaining license when they obtained license through unknown person one week before “Formation” was released. Court noted that plaintiffs did not include these allegations in amended complaint, and did not appear to make any allegations that defendants’ uncompensated appropriation of YouTube videos would adversely affect market or potential market for plaintiffs’ copyrighted works. However, court found that even assuming fourth factor could ultimately favor fair use, plaintiffs’ allegations related to other factors overcame defense at motion to dismiss stage.

*Buchanan v. Shapard Research, LLC*, No. 17-633, 2017 U.S. Dist. LEXIS 171517 (W.D. Okla. Oct. 17, 2017)

District court denied defendant’s motion to dismiss infringement claim. Plaintiff alleged that defendant copied copyrighted photograph in its online polling publication; defendant moved to dismiss infringement claim based on fair use. Court analyzed fair use factors, finding: (1) there was plausible argument that defendant’s use was commercial in nature because defendant presumably would only include plaintiff’s copyrighted photo on site if it felt image would help drive traffic to website; (2) there was evidence to support extensive work and creativity entailed in capturing image in question, and evidence of past license to use work; (3) dispute regarding whether defendant copied work in its entirety; and (4) dispute regarding defendant’s impact on “copyright’s value.” Viewing factors in totality and in light most favorable to plaintiff, court found that plaintiff presented plausible rebuttal to defendant’s fair use defense, and thus denied defendant’s motion to dismiss.

## **B. Statute of Limitations**

*Papazian v. Sony Music Entm’t*, No. 16-7911, 2017 U.S. Dist. LEXIS 164217 (S.D.N.Y. Sept. 28, 2017)

Court granted defendant’s motion for partial summary judgment. Defendant used plaintiff’s photograph in album case liner beginning in June 2005, ceasing use in July 2005. Any sales after July 2005 were by third parties and did not result in revenue to defendant. Defendant argued that plaintiff’s claims were time-barred. Court noted that Second Circuit follows discovery rule, such that claim does not accrue until copyright holder discovers or should have discovered infringement. Since plaintiff only discovered infringement within three years of filing action, claims were not time-barred. However, since Second Circuit also follows rolling approach, whereby plaintiff is entitled to recover damages only for infringing acts occurring up to three years before filing complaint, and none of alleged infringement

occurred within three years prior to filing of action, plaintiff was barred from recovering damages. Plaintiff argued that even if actual damages were precluded, plaintiff was entitled to statutory damages. Court concluded that statutory damages and attorneys' fees were also precluded because alleged infringement took place before plaintiff registered copyright in May 2007.

*Monsarrat v. Zaiger*, 286 F. Supp. 3d 253 (D. Mass. 2017)

Plaintiff created graduation photograph on June 2, 2000. Plaintiff alleged defendant posted graduation photograph on Encyclopedia Dramatica website in or about 2008. From then on, defendant repeated process of taking graduation photograph down and reposting it again. Plaintiff further alleged that in January 2013, he sent DMCA takedown notice to defendant's domain registrar and defendant's Romanian agent. Plaintiff filed copyright infringement action on March 2, 2017. Court found plaintiff's claim barred by three-year statute of limitations. Plaintiff knew of act that was basis for claim as early as May 11, 2013. Plaintiff argued that accrual does not occur until aggrieved party knows identity of infringer, but cited no authority for proposition. Plaintiff's copyright infringement claim therefore was time-barred.

*Hale v. Bunce*, No. 16-2967, 2017 U.S. Dist. LEXIS 175209 (N.D. Ohio Oct. 23, 2017)

Court denied defendant's motion for summary judgment that claim for declaration of authorship was time-barred. *Pro se* plaintiffs alleged that they co-authored musical compositions with defendant when they were in band together. Court construed complaint as attempting to allege three causes of action, two of which were not cognizable. Court construed third claim as declaratory action seeking identification of plaintiffs as co-authors of compositions, and accounting of resulting profits. Defendant argued that claim was barred by statute of limitations. Court noted difference in triggering events for declaratory, as opposed to infringement, claims, whereby claim for declaration of copyright ownership is barred three years from time of "plain and express repudiation" of ownership. Defendant's only evidence of such repudiation was affidavit that one plaintiff attended performance in 2008 and was provided CD with materials stating that all songs, including those subject of suit, were authored by defendant. Plaintiffs claimed that they did not see, have, or hear about CD until within three years of filing of complaint. Accordingly, court found question of fact regarding plaintiffs' awareness of CD and materials, and denied defendant's motion.

*Kelly v. Maricopa Cty. Sheriff's Office*, No. 15-2572, 2017 U.S. Dist. LEXIS 201432 (D. Ariz. Dec. 7, 2017)

District court granted defendant's motion for summary judgment. Plaintiff, who owned copyright in photo taken at 2001 World Series, entered into agreement with third party, Young, giving Young right to distribute photograph. Young violated terms of contract, and in 2006 plaintiff sued Young in state court for breach of contract and won default judgment for \$1.125 million. Plaintiff filed complaint against Sheriff Joe Arpaio and Maricopa County

Sherriff's Office, alleging that defendants sold copies of photograph given to defendants by Young in violation of plaintiff's copyright. Since plaintiff filed suit in December 2015, more than three years after plaintiff learned about alleged infringement in Spring 2012, statute of limitations barred recovery for any infringement before December 2012. Because plaintiff also failed to create issue of fact with respect to infringement after December 2012, court found there were no genuine issues for trial and granted defendant's motion for summary judgment.

*Mitchell v. Capitol Records, LLC*, No. 15-174, 2017 U.S. Dist. LEXIS 207051 (W.D. Ky. Dec. 18, 2017)

Plaintiff songwriter alleged unauthorized use of 1989 composition "Star in the Ghetto" in song "If It Ain't Ruff" by N.W.A. Plaintiff alleged that defendants had infringed his copyrights "since the late 1980's," but claimed he did not know, and could not have known, of alleged infringement until May 2014. Defendants argued that *Petrella* equated accrual of claim with occurrence of infringement, rather than discovery, precluding plaintiff from recovering damages for any infringement that occurred more than three years prior to initiation of suit. Court held that discovery rule remains standard to be applied in copyright infringement cases in Sixth Circuit and that, since plaintiff presented evidence that he did not discover copying until May 2014, his claims did not accrue until then. Further, plaintiff was not precluded from recovering damages for any claims that accrued within three years of commencement of action, regardless of date of occurrence.

### **C. Res Judicata/Collateral Estoppel**

*C.D.S., Inc. v. Zetler*, 288 F. Supp. 3d 551 (S.D.N.Y. 2017)

Plaintiff brought action seeking declaratory judgments that defendants' copyright registrations for software "Agencypad" and its underlying computer code and database were void, and that plaintiff was sole owner of copyright in software. Plaintiff argued that it owned rights to copyright supporting computer code "Agendypad Data" because Agencypad was created by plaintiff's employees within scope of their employment. Defendants argued Agencypad was extension of its software "Portfoliopad," and that its copyright for Agencypad was valid and enforceable. In related French action, French court found ownership of Agencypad Data not governed by Exclusive Distributorship Agreement (EDA). Court found this issue to have been fully litigated and adjudicated on merits in French action, and defendants to be collaterally estopped from arguing that ownership of supporting computer code was governed by EDA.

*Boehm v. Svehla*, No. 15-379, 2017 U.S. Dist. LEXIS 158530 (W.D. Wisc. Sept. 27, 2017)

Court granted in part and denied in part motions for summary judgment. Plaintiff sports photographers brought claims for direct and contributory infringement against retail defendants and defendants who distributed and created memorabilia. Plaintiffs previously

brought suit for infringement against entity and two individuals, which concluded in settlements with releases. Individuals and entity from prior case provided reproductions and digital copies of plaintiffs' works to defendants in instant litigation. Court, assessing whether claim preclusion applied, found that suit arose out of same transaction and that stipulation of dismissal with prejudice was final judgment. Defendants who received works from prior individual defendants were in privity with them because they were joint tortfeasors, Wisconsin UCC mandated that prior individual defendants indemnify current defendants, and settlement agreement provided that plaintiffs released claims against prior individual defendants, including "all persons in concert or participation with them," and that plaintiffs would not sue prior individual defendants indirectly, which court construed as covering defendants. Therefore, claims made before date of final judgment in prior litigation against current defendants who received works from prior individual defendants were precluded. New copies of plaintiffs' works made after that date inflicted injuries sufficiently distinct to regard them as not arising from core of operative facts in prior litigation. But continued public display or distribution of previously made copies was merely ongoing manifestation of injury addressed in prior litigation.

#### **D. First Sale Doctrine**

*Geophysical Servs. TGS-NOPEC Geophysical Servs.*, No. 14-1368, 2017 U.S. Dist. LEXIS 192803 (S.D. Tex. Nov. 21, 2017)

Court denied defendant's motion for dismissal based on first sale doctrine. Plaintiff, Canadian company, asserted copyright interest in seismic data it created. Under Canadian law, to obtain permit to conduct seismic surveys in Canadian waters, company must submit copies of seismic data it obtains from surveying to Canadian government. Data is kept confidential for defined period, then released on specific request. Sixteen years later, defendant, U.S. company, requested copies of data plaintiff submitted, made derivative works, and licensed works to oil and gas companies. Plaintiff sued for direct and contributory copyright infringement. Issue in case was which law governs on whether copy of seismic data that defendant requested was "lawfully made" under § 109(a). Court interpreted "lawfully made under this title" to mean that copy is lawful if it was made in U.S. in compliance with Title 17 or in foreign country in manner that would comply with Title 17 if U.S. copyright law applied. Court found U.S. regulatory regime that governs submission and disclosure of processed seismic data not part of Title 17. Similarities between U.S. and Canadian regulatory regimes on seismic survey data did not establish that, as matter of law, seismic copies were "lawfully made" under Title 17 because they complied with Canadian licensing regulations on seismic survey data. Applying § 109's "lawfully made under this title" standard to case, creation of seismic data copies in Canada would not have been authorized under Title 17. Defendant's motion to dismiss on ground that copies were "lawfully made under this title" was denied.

## E. Misuse

*Oracle USA, Inc. v. Rimini St., Inc.*, 879 F.3d 948 (9th Cir. 2018)

Plaintiff licensed its software for one-time payment and sold its licensees maintenance contracts including software updates on annual basis. Defendant allegedly copied plaintiff's copyrighted software to create its software updates. In district court, jury found in favor of plaintiff. Defendant appealed, challenging jury's finding of infringement on ground that holding it accountable for alleged conduct would "condone copyright misuse." Defendant argued that district court's construction of licensing terms, as embodied in jury instructions, would foreclose competition in aftermarket for third-party maintenance because it would limit copies made by third parties to those made solely for archival and emergency backup purposes, and because software could not be serviced simply by making exact copies. Ninth Circuit was unpersuaded, noting that licenses at issue did not preclude third parties from developing competing software or providing competing support services, but instead required third parties to do so in ways that did not disregard plaintiff's exclusive rights under copyright law. Such construction of licenses did not preclude defendant from creating development environments for licensee for various purposes *after* that licensee had become customer of defendant. Ninth Circuit also considered whether it would be copyright misuse to forbid defendant from creating development environments for licensees *before* they had become customers. Ninth Circuit followed Supreme Court's holding in *Harper & Row* that just as copyright holder has "right of first publication," it also must enjoy right of "first copy." Giving head start to plaintiff in creating development environments is entirely consistent with Supreme Court's teaching in *Harper & Row*. Ninth Circuit affirmed district court's judgment that defendant infringed plaintiff's copyrighted software.

## F. Miscellaneous

*Oracle USA, Inc. v. Rimini St., Inc.*, 879 F.3d 948 (9th Cir. 2018)

Plaintiff licensed its software for one-time payment and sold its licensees maintenance contracts including software updates on annual basis. Defendant allegedly copied plaintiff's copyrighted software to create its software updates. In district court, jury found in favor of plaintiff. Defendant appealed, challenging jury's finding of copyright infringement on ground that its activities were permissible under terms of licenses. Ninth Circuit noted success of defendant's affirmative defense of express license turned on whether defendant's accused acts came within scope of licenses held by its customers. Pertinent portions of licenses provided that licensee may make copies of software for archival and support purposes, and may outsource archival and support work to third parties. Since license agreement for each licensee included identical language, defendant claimed making of development environment under color of license held by one identifiable customer for another identifiable customer that also held license was within scope of license. However, Ninth Circuit found that each license at issue "pointedly limits copying and use to supporting the *Licensee*." Any work that defendant performs under license held by customer for other

existing customers cannot be considered work in support of that particular customer. Ninth Circuit affirmed district court's judgment that defendant infringed plaintiff's software copyright.

*Hirsch v. CBS Broad. Inc.*, No. 17-1860, 2017 U.S. Dist. LEXIS 123468 (S.D.N.Y. Aug. 4, 2017)

District court denied defendants' motion to dismiss plaintiff's claim for copyright infringement. Plaintiff photojournalist owned copyright in photograph of Justin Massler, man accused of stalking Ivanka Trump, that was featured in episode of television show *48 Hours* titled "Stalked." Work appeared in episode for approximately two seconds, rotating slowly on screen. Defendants argued that use was *de minimis* such that, as matter of law, it could not support claim for infringement. Court noted that substantial similarity necessary for infringement has qualitative and quantitative components. Because episode included exact copy of work, qualitative component satisfied. Regarding quantitative component, "copying of work does not constitute unlawful infringement when they copying is *de minimis*, that is, copying that 'has occurred to such a trivial extent as to fall below the quantitative threshold of substantial similarity.'" Court analyzed quantitative component, hinging on "observability" of work in episode considering factors of focus, lighting, camera angles and prominence, and found reasonable jury could find defendants' use of work met test of substantial quantitative similarity and was not *de minimis* as matter of law. Therefore, court denied defendants motion to dismiss on this basis.

*H-D U.S.A., LLC v. SunFrog, LLC*, 282 F. Supp. 3d 1055 (E.D. Wis. 2017)

Plaintiffs, Harley-Davidson entities, brought action against defendants alleging copyright infringement. Defendants operated online marketplace where third party sellers could "upload designs and logos onto clothing, hats, mugs, or other items and sell them." Some items on defendants' website bore plaintiffs' logos. Defendants moved to dismiss for failure to state claim. Defendants claimed they were protected from copyright claim by DMCA safe-harbor provisions for ISPs. Safe harbor provides protection for ISPs where ISP does not know material is infringing; is not aware of facts that would make infringement apparent; upon learning of infringement acts expeditiously to remove infringing material; does not receive financial benefit from infringing activity; and terminates repeat offenders. Defendants claimed they were not responsible for users' infringement because they did not generate designs, and took them down when notified. Safe harbor provision is affirmative defense to be pleaded and proved by defendant. Motion to dismiss can only succeed if complaint itself establishes facts necessary to sustain defense. Court held that plaintiffs did not establish such facts; if anything, plaintiffs' allegations refuted each element of defendant's defense since on face of complaint it appeared that defendants knew of infringing material, profited from activity, were slow to take down infringing material and, despite ability to control infringing activity, allowed it to continue. Motion to dismiss was wholly without merit, and as such, was denied.

*Justad v. Bank of Am. Corp.*, No. 17-219, 2017 U.S. Dist. LEXIS 125644 (M.D.N.C. Aug. 9, 2017)

Magistrate recommended denying defendants' motion for judgment on pleadings. Plaintiff was owner of registration for "Host Robot" computer program that functioned as "PC-to-Mainframe automation tool." Around 2000, plaintiff served as consultant to Bank of America and used Host Robot for certain activities. Plaintiff was terminated in 2001. Plaintiff was again hired by Bank of America as consultant 12 years later, and was terminated again in 2015. Plaintiff alleged that Bank of America had installed Host Robot on number of servers and used and copied modules from Host Robot from 2001 onward. Defendants moved for judgment on pleadings, arguing that "General Release and Program Agreement," which plaintiff executed to receive severance benefits, barred plaintiff's claim. Defendants contended that plaintiff could not contest Agreement's validity because he accepted its benefits, and as general rule acceptance of severance benefits precludes challenge to validity of severance agreement. Court found that complaint did not mention Agreement or severance payment, and therefore found that validity was contested issue that could not be determined on motion. Court also could not conclude on motion that language of Agreement barred infringement claim based on conduct postdating Agreement.

## **VII. REMEDIES**

### **A. Damages and Profits**

*Williams v. Gaye*, 885 F.3d 1150 (9th Cir. 2018)

Divided Ninth Circuit panel affirmed in part and reversed in part district court's judgment after jury trial ruling that Pharrell Williams and Robin Thicke's 2013 hit song "Blurred Lines" infringed copyright in 1976 Marvin Gay song "Got To Give It Up." Jury found that Williams and Thicke infringed copyright in "Got To Give It Up," and awarded \$4 million actual damages and \$1.6 million in profits from Williams, and \$1.8 million in profits from Thicke. Post-trial, district court remitted award of actual damages and Williams' profits, and ultimately entered judgment of (1) \$3.2 million in actual damages; (2) profits of \$1.8 million against Thicke; (3) profits of \$357,630 against Williams; and (4) running royalty of 50% of future songwriter and publishing revenues received by Williams, Thicke and Clifford Harris, Jr. (a.k.a T.I., rapper who separately wrote and recorded rap verse that was added to "Blurred Lines" seven months after its initial recording). On appeal, Ninth Circuit applied "clearly erroneous" standard and upheld district court's apportionment of infringer's profits. Williams and Thicke contended that award of profits amounting to approximately 40% of non-publishing revenue was excessive, and that evidence supported award of only 5% because their expert testified that less than 5% of "Blurred Lines" contained elements allegedly similar to elements in "Got To Give It Up." Court affirmed award, noting that it had affirmed similar profits award in *Three Boys Music* case, where defendant presented evidence that only 10-15% of profits were attributable to song's infringing elements. In this case, court noted, Williams and Thicke bore burden of proof and jury was free to evaluate

competing expert testimony in granting award; “jury’s choice to ‘apportion[] less than 100% of the profits but more than the percentage estimates of [the Thicke Parties’] expert[] does not represent clear error.” Additionally, majority found that district court did not abuse its discretion in awarding 50% publishing revenues because award was based on expert testimony and not unduly speculative. Therefore, court affirmed awards of both profits and publishing revenue.

*Graham v. Prince*, 265 F. Supp. 3d 366 (S.D.N.Y. 2017)

Plaintiff brought action against Richard Prince, Gagosian Gallery, Inc., and Lawrence Gagosian for copyright infringement arising out of Prince’s failure to seek permission to use Graham’s photograph “Rastafarian Smoking a Joint” in creating “appropriation art.” Prince’s “Untitled (Portrait)” was large print of screenshot, showing post by Instagram user, consisting of unauthorized, cropped copy of plaintiff’s photograph along with text representing transliteration of portion of song by Stephen Marley, Bob Marley’s son, and emoji. Post attributed post to other Instagram user. Prince then commented on post with his own text, which he described as “gobblygook” and “inferior language” that “sounds like it means something,” and emoji, took screen shot of post, and printed screen shot onto canvas. Gagosian Gallery displayed and promoted work as part of Prince’s “New Portraits” exhibition, and bought “Untitled” at end of exhibition. Plaintiff registered photo only after learning about Prince’s appropriation. Thereafter, plaintiff sent Prince and Gagosian Gallery cease and desist letter. Prince then allegedly had agent create and exhibit billboard containing “Untitled,” which was visible from active New York City highway. Following commencement of suit, Prince made various Twitter posts, including compilation post allegedly containing copy of plaintiff’s work. Defendants moved to limit plaintiff’s damages, limit statutory damages, attorneys’ fees and costs, and to prevent plaintiff from pursuing punitive damages. Court denied defendants’ request to limit plaintiff’s damages to profits on “Untitled” because factual dispute existed as to whether plaintiff’s actual damages were greater than defendants’ profits from infringement, and because defendants’ infringing profits could include profits beyond those from sale of “Untitled” because plaintiff alleged nexus between infringement and indirect profits. Plaintiff conceded that he could not recover statutory damages or attorneys’ fees because “Untitled” was created and displayed before effective date of plaintiff’s registration. However, court declined as premature to limit attorneys’ fees and statutory damages for other alleged infringements in Twitter post and billboard. Court could award costs for all infringements despite date of registration. Finally, court denied plaintiff’s conditional request for punitive damages award if plaintiff cannot recover statutory damages; punitive damages are never available for copyright infringement actions.

*Fortune v. Flavorpill Prods. LLC*, No. 16-9022, 2018 U.S. Dist. LEXIS 9075 (S.D.N.Y. Jan. 17, 2018)

Court granted plaintiff photographer’s motion for default judgment and referred case to magistrate for inquest on damages. Plaintiff requested \$25,000 in statutory damages, purportedly five times licensing fee for photograph. Court noted that contention was

inconsistent with affidavit submitted by plaintiff stating that photograph was never licensed and was available for sale for \$3,500. Plaintiff provided no backup for \$3,500 figure, or documentary evidence showing license fees paid for similar photographs used in similar ways. There was thus inadequate proof as to licensing fee that could have been obtained by plaintiff had anyone sought to license photo. Given that photo had been in existence since 1975 and apparently no one had had interest in licensing or purchasing it, \$3,500 did not appear to correlate with market value of photograph, which appeared to have little to no market value. Further, plaintiff did not provide documentary evidence showing license fees paid for similar photographs used in similar ways. Court recommended \$2,250 statutory damages award, three times \$750 statutory minimum, taking into account assumed willfulness of defendant based on default.

*Cengage Learning, Inc. v. Bhargava*, No. 14-3174, 2017 U.S. Dist. LEXIS 135381 (S.D.N.Y. Aug. 22, 2017)

Magistrate judge recommended that court award plaintiff publishers total of \$10,550,000 in statutory damages. Plaintiffs brought suit for copyright infringement based on defendants' importation and distribution of counterfeit textbooks. District court previously entered default judgment as to liability against all defendants except one, found infringement was willful, ordered permanent injunction, and referred matter to magistrate for inquest on damages. Although plaintiffs sought statutory damages under Copyright and Lanham Acts, and, in fact, sought more in damages under Lanham Act, because goods at issue were textbooks, court found that copyright rather than Lanham Act damages were appropriate. Plaintiffs sought maximum statutory damages, but court found request unsupported because no evidence regarding defendants' profits was presented. Request for over \$30 million in damages was disproportionate based on defendants' \$12,175,000 in sales. Instead, court found that award of \$50,000 per infringement, for total of \$10,550,000, was appropriate, considering facts of case, "including the Groups' total sales numbers on eBay and Amazon.com, potential expenses saved, the Groups' undercutting the Publisher's market, and the Groups' repeated attempts at copyright infringement." Court also found that prejudgment interest should be awarded, from date of complaint through date of judgment.

*Barcroft Media, Ltd. v. Coed Media Grp., LLC*, No. 16-7634, 2017 U.S. Dist. LEXIS 182024 (S.D.N.Y. Nov. 2, 2017)

Plaintiffs, owners of copyrighted celebrity and human interest photographs, brought infringement suit against owner of celebrity gossip and entertainment websites, alleging unauthorized display of several images. District court, after bench trial, awarded actual and statutory damages in amount of \$10,880. In calculating actual damages for certain images, court based award on licensing fee paid by defendant's competitor on first day that any publication paid to display images, rather than license fee paid by larger, more established publication. In calculating statutory damages for remainder of images, court focused on damages needed to discourage wrongful conduct, and awarded statutory minimum or five times reasonable licensing fee, whichever was greater. Relevant to this analysis were: defendant's swift action in removing images after receipt of demand letter; plaintiffs'

relatively lax approach to enforcing copyrights; defendant's casual approach to working with copyrighted works; and fact that paparazzi photographs are common target of infringement, resulting in need for general deterrence.

*Cohen v. G&M Realty L.P.*, No. 13-5612, 2018 U.S. Dist. LEXIS 22662 (E.D.N.Y. Feb. 12, 2018)

District court awarded maximum statutory damages under Visual Artists Rights Act for each of 45 works of visual art wrongfully and willfully destroyed. Plaintiffs – 21 graffiti artists – brought suit against defendant Gerald Wolkoff and related entities seeking preliminary injunction under VARA to stave off demolition of 5Pointz and their artwork on structures. In 2013, court denied preliminary injunction and stated that opinion would issue soon thereafter. Although opinion issued eight days later, Wolkoff whitewashed works, destroying most of them, without waiting for opinion. Case proceeded to three-week trial, and, before summation, plaintiffs, with consenting defendants, waived jury rights. Rather than summarily dismiss jury after it had sat through entire trial, court converted it to advisory jury. Court now issued findings of fact and conclusions of law after jury rendered verdict on 98-page sheet. Court rejected defendants' position that VARA does not protect temporary works like plaintiffs' works, finding no support in statute or case law. As to whether works were of "recognized stature," court looked at evidence that curator selected works of street art among many others, and noted that all plaintiffs were recognized outside of 5Pointz as shown in presented folios of their works. Court also credited plaintiffs' expert and discredited defendants' expert on topic. Of 49 works, court found that 45 were of recognized stature. Court found that plaintiffs failed to establish reliable market value for works, and did not award actual damages. Jury found that Wolkoff acted willfully, and court agreed. Under statute, Wolkoff could have given plaintiffs 90 days' notice to allow for attempted salvage of works, but did not do so. After structure was whitewashed, Wolkoff refused plaintiffs entry onto property to recover surviving works, and tried to have them arrested when they tried to enter. In sum, court found "only logical inference" from Wolkoff's behavior after denial of preliminary injunction "was that it was an act of pure pique and revenge for the nerve of the plaintiffs to sue to attempt to prevent the destruction of their art. This is the epitome of willfulness." Court then assessed statutory damages factors, and found each tipped in favor of award of high statutory damages. Wolkoff acted willfully; profited indirectly when 5Pointz increased in value after he obtained variance following his plan to turn site into profitable luxury condominium; and whitewashing had negative effect on plaintiffs' careers. Court placed special emphasis on need for deterrence, as Wolkoff remained unrepentant. Court also found that Wolkoff's behavior during whitewashing and in court and plaintiffs' good behavior during trial militated in favor of high award. Court awarded statutory damages of \$150,000 for each of 45 works, for total of \$6,750,000.

*Greg Young Publ., Inc. v. Zazzle, Inc.*, No. 16-4587, 2017 U.S. Dist. LEXIS 180285 (C.D. Cal. Oct. 27, 2017)

Plaintiff brought infringement action against online service that allowed individuals to upload designs to website and sell goods bearing uploaded designs. After trial, defendant

moved for judgment as matter of law on willfulness. Court did not rule on motion, and gave willfulness instruction to jury. Jury awarded statutory damages for each work infringed, with awards between \$200 and \$66,800. Defendant renewed motion for judgment as matter of law on willfulness with respect to five works as to which damages awards were more than statutory limit for non-willful infringement. Court found willful infringement not sufficiently shown: defendant showed it had policy against infringement; required users to warrant that designs were authorized; employed team to enforce infringement policy; responded to each of plaintiff's takedowns; and tried to find and remove other infringements in catalogue. Moreover, defendant would ask for additional information when it was concerned about authorization of upload. Court granted motion, finding that plaintiff did not show recklessness or willful blindness, and reduced awards for five works to maximum, non-willful statutory amount of \$30,000 each.

*Adobe Sys. v. Tanvir*, No. 16-6844, 2017 U.S. Dist. LEXIS 108934 (N.D. Cal. July 13, 2017)

Adobe System brought infringement claim against owner and operator of eBay store for allegedly advertising, offering for sale, selling and or distributing computers that were pre-loaded with software infringing on Adobe-branded products. Court granted default judgment to Adobe when defendant failed to appear in action, but declined to award maximum statutory damages for willful infringement concluding that it would be "windfall." Instead, court used its discretion to award \$3,750 (five times minimum statutory damages) for derivative copyrighted work and each of five additional copyrighted works identified by Adobe.

*Beachbody, LLC v. Jadee Invs. Corp.*, No. 17-2067, 2017 U.S. Dist. LEXIS 172740 (C.D. Cal. Oct. 18, 2017)

Plaintiff, company that created, sold, and distributed home-based "fitness, weight loss and health products and services," alleged that defendant willfully sold and distributed counterfeit copies of home-based fitness kits and DVDs online. Court determined that default judgment was appropriate. Plaintiff requested \$150,000 in statutory damages for continued sale of kit even after plaintiff sent notice. Court, however, found plaintiff's request for maximum amount of \$150,000 in statutory damages excessive, as plaintiff had "adduced minimal evidence or argument as to why a \$150,000 award is appropriate." Court instead awarded plaintiff \$30,000 for defendants' willful infringement, "observing that many courts have awarded \$30,000 for willful infringement under similar circumstances."

*Adobe Sys., Inc. v. Gray*, No. 16-2830, 2017 U.S. Dist. LEXIS 112664 (N.D. Cal. June 22, 2017)

Plaintiff, developer and distributor of computer software, brought infringement claims against defendant for advertisement and sale of unauthorized and counterfeit products. District court granted default judgment in plaintiff's favor. Plaintiff sought \$30,000 in statutory damages for each copyrighted work allegedly infringed by defendant. Court

explained that amount of statutory damages requested should bear plausible relationship to plaintiff's actual damages, and found plaintiff's request for \$30,000 for each of two infringed-upon copyrights to be reasonable.

*Monster Energy Co. v. Peng*, No. 17-414, 2017 U.S. Dist. LEXIS 175287 (N.D. Ill. Oct. 23, 2017)

Court granted plaintiff's motion for summary judgment. Plaintiff owned copyright in "Claw Icon" design used on its branded drinks and other items. Defendants sold unauthorized products bearing copies of plaintiff's design through their Internet stores. Plaintiff brought suit against various defendants for, *inter alia*, copyright infringement. Plaintiff moved for summary judgment, and defendants failed to respond. Court granted plaintiff's motion on infringement claim. Court found no issue of fact as to plaintiff's ownership of valid copyright, and no issue of fact as to copying; defendants' products "are virtually identical to and/or are substantially similar to the look and feel of the Monster Energy Copyrighted Design." Additionally, court found no issue of fact on willfulness due to fact that design was famous and defendants' design was practically identical; "only reasonable inference from this evidence is that Defendants were, at the very least, aware of the possibility that they were selling infringing products." Plaintiff requested \$50,000 in statutory damages for infringement, and court found request was reasonable, would not give plaintiff windfall, and could serve to deter defendants from engaging in further infringements. Court also entered permanent injunction.

*Ali v. Final Call, Inc.*, No. 13-6883, 2017 U.S. Dist. LEXIS 165928 (N.D. Ill. Oct. 6, 2017)

Seventh Circuit reversed district court's judgment for defendant, finding that defendant sold unauthorized copies of plaintiff's "Minister Farrakhan Painting," and remanded with instructions to assess damages. Plaintiff sought statutory damages of \$100,000, and defendant asked court to award statutory damage of \$200, arguing that it was not aware and had no reason to believe that it was infringing. Court held infringement was willful, finding that defendant acted intentionally or, at minimum, in reckless disregard of plaintiff's copyright; defendant's history of infringement weighed in favor of finding that defendant acted willfully or with reckless disregard. Given facts and circumstances, district court awarded statutory damages of \$25,000.

*Epic Tech, LLC v. Lara*, No. 15-1220, 2017 U.S. Dist. LEXIS 196705 (S.D. Tex. Nov. 30, 2017)

District court awarded maximum statutory damages for willful infringement of six copyrighted works. Plaintiff, owner of six copyrights in "Lucky Duck" and "Ritzy Kitty" sweepstakes software, alleged that defendants illegally copied and distributed software. Plaintiff moved for default judgment, requesting statutory damages, permanent injunction, and attorneys' fees. Court found default judgment appropriate. Court next found that defendants' infringement was willful "because they were familiar with licensing schemes,

made spare defense efforts, and did not try to avoid infringement.” In calculating damages, court assessed willfulness of defendants’ conduct, whether award would deter others, copyrights’ value, defendants’ lack of cooperation in providing records to assess value of infringing content, plaintiff’s losses, and counsel’s argument, and determined award should be \$150,000 per infringement, for total of \$900,000. Court also found permanent injunction, enjoining defendants from engaging in further offending conduct, appropriate and not overbroad.

*Adobe Sys. V. SKH Sys.*, No. 17-18, 2017 U.S. Dist. LEXIS 212321 (W.D. Tex. Dec. 27, 2017)

Plaintiffs obtained copyright registrations for assortment of software products for use in variety of technology. Defendant sold refurbished laptops preloaded with plaintiffs’ software products (unlicensed) and used computer program to bypass software products’ activation system. Plaintiffs hired private investigator to uncover evidence of defendant’s sales and act of bypassing activation system. Defendant admitted to copyright infringement. Court found defendant’s conduct willful, as record indicated defendant acted knowingly and intentionally. Plaintiffs requested statutory damages of \$150,000 per work infringed, but court reduced award to \$25,000 per work, as there was no evidence of value of copyrights, value of infringing material, or any losses sustained by plaintiffs other than attorneys’ fees and costs in suit. Court also awarded maximum statutory damages of \$2,500 for one occasion of circumvention for which plaintiffs provided evidence.

*Broad. Music, Inc. v. McCarty’s Finish Line, Inc.*, No. 16-2233, 2017 U.S. Dist. LEXIS 140532 (M.D. Pa. Aug. 31, 2017)

District court granted plaintiff’s motion for default judgment. Plaintiff held right to license public performance of over 10 million copyrighted musical compositions. Defendant was restaurant featuring live musical performances. After more than 40 attempts to enter into license agreement with defendant, plaintiff brought suit alleging five claims of willful infringement based on public performances of plaintiff’s copyrighted works in presence of plaintiff’s agent. Court issued permanent injunction and awarded statutory damages. Plaintiff sought statutory damages in amount equal to four times amount of defendants’ unpaid licensing fees. Court noted that defendants repeatedly and consistently refused to cooperate, refused to purchase proffered licenses, sometimes doing so in “profane language,” ignored scores of messages, voicemails, and letters, and seemingly dared plaintiff to bring instant action. “Egregious behavior” justified award slightly higher than those in recent copyright infringement cases in Circuit; therefore, requested award of \$25,313.40 was granted.

*China Cent. TV v. Bhalla (In re Bhalla)*, No. 16-265, 2017 Bankr. LEXIS 2337 (M.D. Fla. Aug. 18, 2017)

Court granted in part plaintiffs’ motion for summary judgment. Two of plaintiffs owned exclusive rights to Chinese television programs; third plaintiff distributed Chinese-language

television channels and programs, originally broadcast in China, in U.S. through “Great Wall Package” bundle. Defendant debtor was owner, officer and director of Asha Media Group, Inc., whose revenue came from sales of “TVpad” through which purchaser could receive plaintiffs’ programs on internet. When TVpad users added software to device, they could receive plaintiffs’ programs from China and other countries at no charge. Plaintiffs previously brought suit against debtor and Asha, and court entered default judgment of over \$6 million in statutory damages, finding that Asha willfully infringed. Defendant then filed for bankruptcy, and plaintiffs brought proceeding arguing that under 11 U.S.C. § 523(a)(6), debtor’s liability to plaintiffs for copyright infringement was not dischargeable. Court found that debtor caused willful injury because “Debtor engaged in deliberated acts which were substantially certain to injure Plaintiffs,” including communicating with customers to state that they could access plaintiffs’ channels and programs at no charge legally; promoting TVpad as way to view plaintiffs’ content; and knowingly steering customers to make use of infringing apps by providing them with USB drive with infringing apps so they could access plaintiffs’ programs at no charge. In response defendant failed to raise genuine question of material fact. Court also found debtor caused malicious injury, stating “one who intentionally infringes protected copyrights and trademarks knows that injury to the holder is substantially certain to result.” Plaintiffs sought statutory damages for contributory and vicarious infringement. As to contributory liability, court found that debtor knew of infringement and “intentionally induced, caused and materially contributed to that infringement.” As to vicarious liability, court found that debtor benefitted financially from sale of TVpad with infringing apps, and could have ceased or limited infringement. Plaintiffs sought \$15,000 for each of 459 programs infringed; debtor argued for \$750 per program, if any award was appropriate. Court noted that debtor was not innocent infringer, but weighed infringement against purpose of bankruptcy and found \$15,000 per work excessive. Instead, court looked to evidence that Asha realized \$2.15 million in revenue due to infringement, and awarded \$5,000 per work, for total of \$2,295,000.

*Broad. Music Inc. v. Hemingway’s Café, Inc.*, No. 15-6806, 2017 U.S. Dist. LEXIS 99969 (D.N.J. Jun. 28, 2017)

Court granted plaintiff’s motion for summary judgment and awarded statutory damages and attorneys’ fees against defendants, “premiere nightlife venue at the Jersey Shore with live entertainment, some of the greatest local DJs and bands, and the largest dance floor at the Jersey Shore,” and its president and manager, based on unauthorized public performance of musical compositions. To assess appropriate amount of statutory damages, court considered (1) expenses saved and profits reaped by infringer; (2) revenues lost by plaintiff; (3) strong public interest in insuring integrity of copyright laws; and (4) whether infringement was willful and knowing or innocent and accidental. Appropriate basis to measure statutory damages, court found, was amount in licensing fees defendants would have paid for two annual periods during which infringements occurred, with multiplier of two to five times amount that defendant should have paid. Court found infringing conduct to be willful, and awarded \$58,740.00, three times amount defendants would have paid in licensing fees.

*Bell v. AI Luxury Limousine of S. Fla. Inc.*, No. 16-2536, 2017 U.S. Dist. LEXIS 132231 (S.D. Ind. Aug. 18, 2017)

District court granted default judgment and awarded maximum statutory damages for copyright infringement to plaintiff. Defendant posted plaintiff's copyrighted photograph on its website, along with common copyright language in which defendant claimed to be copyright owner. In absence of argument to contrary, court found evidence of willful infringement sufficient to support maximum statutory damages because copyright marking language on bottom of website could be considered to indicate that defendant possessed rights to all material on website, and because defendant failed to distinguished itself from owner of copyrighted photo.

*Goldman v. Asaad*, No. 15-1586, 2017 U.S. Dist. LEXIS 127452 (D. Nev. Aug. 9, 2017)

Court granted plaintiff, author of "West Coast Love," "work of art constituting a social commentary upon the rap music industry," default judgment against defendants Asaad, Storey, and Epic Records for infringement of artwork. Defendants used artwork without permission on cover of Asaad single "Boss Status," released by Epic. Cover was clearly reproduction of plaintiff's work. Court award \$150,000 in statutory damages for willful infringement, and \$25,103.45 in attorneys' fees and costs.

*Ahrens v. Pecnick*, No. 15-2034, 2017 U.S. Dist. LEXIS 107512 (D. Nev. July 11, 2017)

Plaintiff, creator of "pregnancy pornography," brought suit against foreign defendant website for allowing users to upload and download infringing videos to and from its website. Following entry of default by Clerk of Court, plaintiff moved for default judgment. Court found that it did not have jurisdiction over defendant; but even if it did, plaintiff did not establish that default judgment was appropriate. Plaintiff derived \$527,479.40 damages figure from hypothetical license theory, but offered virtually no evidence to support hypothetical license rate or how it should apply to defendant. Only evidence provided was one licensing deal, which was insufficient to show reasonableness of fee, and plaintiff did not provide information about other terms of license. Moreover, other allegations showed that under license plaintiff did not receive entire cost of download, but instead received percentage. Even if plaintiff showed rate was reasonable, court found application of rate speculative because it was based on number of individuals who viewed webpage with infringing video, rather than number of downloaded videos. Plaintiff also calculated defendant's profits by stating his "belief" that 90% of website users paid for "premium downloading plan" and stated entitlement to profits from selling those plans to users who downloaded infringing content. Court found that plaintiff provided no evidence for claims that 90% of users paid for premium downloading plan, that every user who viewed webpage with infringing content downloaded videos, and that all profits from selling premium downloading plan were due to infringing content.

*Estate of Barré v. Carter*, No. 17-1057, 2017 U.S. Dist. LEXIS 116590 (E.D. La. July 25, 2017)

Court denied defendants' motion to strike plaintiffs' request for statutory damages and attorneys' fees. Plaintiffs Estate of Anthony Barré and Angel Barré brought suit against defendants, including Beyoncé, based on claims that writers and performers of song "Formation," "Lemonade" album and "Formation World Tour" used Anthony Barré's voice and protectable works, specifically, YouTube videos "Booking the Hoes from New Wildings" and "A 27 Piece Huh?" Defendants requested that court strike request for statutory damages and attorneys' fees because plaintiffs' works were published in 2010, alleged infringement occurred in February 2016, and registrations were obtained in April 2016. Plaintiffs claimed that they might be entitled to statutory damages and fees for infringements that occurred after registrations issued in April 2016, if defendants' live performances that commenced after April 25, 2016 were found to be separate acts of infringement; plaintiffs pointed out that first "Formation World Tour" performance occurred on April 27, 2016, after copyrights were registered, and last performance was on October 7, 2016. Court denied motion to strike, finding defendants did not make showing required under Rule 12(f) that pleading to be stricken has "no possible relation to the controversy," noting plaintiffs' allegations of continuing post-registration infringement.

*Drewry v. Cox*, No. 16-1307, 2017 U.S. Dist. LEXIS 133171 (W.D. Okla. Aug. 21, 2017)

District court denied defendant's motion for summary judgment on plaintiff's claim for actual damages. In 2014, defendant produced 200 copies of album featuring defendant's recording of plaintiff's copyrighted song "Sleeping My Blues Away." Although defendant gave away 175 copies of album and did not realize any profits thereon, defendant admitted that he sold some of albums. Because plaintiff sought only actual damages, defendant moved for summary judgment because plaintiff had not suffered damages and defendant had made no profits. Court denied defendant's motion because defendant's admission that he had sold some albums with plaintiff's protected song was sufficient evidence to show plaintiff's entitlement to actual damages.

## **B. Attorneys' Fees**

*Cortes-Ramos v. Sony Corp. of Am.*, No. 16-2441, 2018 U.S. App. LEXIS 11718 (1st Cir. May 4, 2018)

First Circuit reversed order granting motion for attorneys' fees. Plaintiff sued alleging claims including copyright claims in connection with songwriting contest that Sony co-sponsored. District court dismissed all claims with prejudice on ground that they were subject to mandatory arbitration pursuant to agreement plaintiff signed when he entered contest. First Circuit affirmed dismissal. Defendants then moved for attorneys' fees; district court granted motion and awarded \$47,601.78 in fees. Court of Appeals reversed on ground that defendants did not qualify as prevailing parties under § 505. Supreme Court made clear

that “touchstone of the prevailing party inquiry [is] the material alteration of the legal relationship of the parties in a manner which Congress sought to promote in the fee statute.” *Sole v. Wyner*, 551 U.S. 74 (2007). Here there had been no such alteration. Court previously affirmed dismissal of copyright claims with prejudice, but did so solely because it was affirming district court’s order compelling arbitration; claims had not been extinguished but had been merely left to arbitrator. Thus, only material alteration in parties’ legal relationship concerning Copyright Act arose from ruling regarding forum in which copyright claims must be heard. Copyright Act, unlike Federal Arbitration Act, reflects no congressional policy favoring or disfavoring arbitration of claims. There thus had been no material alteration of legal relationship of parties in manner Congress sought to promote when it enacted § 505. Court therefore reversed grant of attorneys’ fees to defendants.

*McDermott v. Monday Monday, LLC*, No. 17-9230, 2018 U.S. Dist. LEXIS 28664 (S.D.N.Y. Feb. 22, 2018)

Plaintiff filed infringement suit against Idaho limited liability company based in Idaho. Defendant served offer of judgment on defendant in amount of \$1,000, then filed motion to dismiss for lack of personal jurisdiction. In response, plaintiff voluntarily dismissed action without prejudice to refile. Defendant subsequently moved for costs and fees pursuant to § 505. Plaintiff opposed on basis that defendant was not “prevailing party” under Act. Court found that in opposing fees motion, “plaintiff does not suggest that he had any non-frivolous reason to believe that there was personal jurisdiction over the defendant in this district. Based on the record before the Court, it appears that the filing in this district was ‘frivolous, unreasonable, or groundless.’” Plaintiff’s counsel, court noted, was “known copyright ‘troll,’” filing over 500 cases in this district alone in the past twenty-four months. Thus, whether or not an attorney’s fee award could be properly awarded against the plaintiff under Section 505, such an award against plaintiff’s counsel may be appropriate in an exercise of this Court’s inherent power.” Court, in its discretion, declined to award fees on this occasion. However, if plaintiff’s counsel “files any other action in this district against a defendant over whom there is no non-frivolous basis to find that there is personal jurisdiction, the outcome may be different.”

*Barcroft Media, Ltd. v. Coed Media Grp., LLC*, No. 16-7634, 2018 U.S. Dist. LEXIS 4541 (S.D.N.Y. Jan. 10, 2018)

District court denied prevailing plaintiffs’ motion for attorneys’ fees and costs because (1) defendant’s defenses not frivolous or wasteful; (2) defendant did not exhibit bad faith; (3) fees unnecessary to deter future infringement or pursuit of unmeritorious infringement defenses; and (4) plaintiff offered no evidence specific to case that fees award would further purposes of Act. In reaching its decision, court noted that defendant did not waste resources by disputing use of copyrighted images without prior authorization, removed offending images from website as soon as it was contacted by plaintiff, and sought to settle in good faith. If any party in suit engaged in troubling litigation tactics, court noted, it was plaintiffs. Court therefore declined to award fees and costs.

*Manhattan Review LLC v. Yun*, No. 16-102, 2017 U.S. Dist. LEXIS 155508  
(S.D.N.Y. Sept. 21, 2017)

Magistrate judge recommended granting defendants' motion for attorneys' fees, with certain adjustments, because defendants had prevailed in plaintiffs' action, which magistrate held to be frivolous and conducted in troubling manner. Plaintiff Manhattan Review ("MR") was founded by plaintiff Meissner and defendant Yun. In December 2011, after falling out, Yun filed Certificate of Cancellation of MR's status as LLC in Delaware. In March 2012, Meissner, individually and derivatively on MR's behalf, sued MR and Yun in New York state court. In July 2015, New York court dismissed derivative claims, holding that, because MR's Certificate of Cancellation had not been properly rescinded or nullified under Delaware law, Meissner had no standing to sue on MR's behalf. Later that month, Meissner filed Certificate of Correction in Delaware attesting that MR's Certificate of Cancellation was not authorized by MR, thereafter receiving Certificate of Good Standing for MR. In October 2015, New York state court denied Meissner's motion to vacate July order because Meissner had not shown that Certificate of Good Standing nullified or revoked Certificate of Cancellation. In January 2016, after appealing state court's orders and one day after filing one copyright registration application, Meissner filed federal court action derivatively on MR's behalf, alleging copyright and trademark infringement along with numerous state law claims. Court denied defendants' first motion to dismiss, based on lack of standing, as premature. However, court granted second motion to dismiss, which was premised on argument that state court orders were preclusive as to plaintiffs' capacity to sue on MR's behalf. Copyright Act permits award of fees to prevailing party in light of various factors, including objective unreasonableness, frivolousness, motivation, and dual goals of compensation and deterrence. Magistrate held that, because MR was, in present form, incapable of maintaining suit in any forum and because plaintiffs' action was frivolous, defendants should be considered prevailing parties. Plaintiffs' derivative suit, brought after state court's October order that Meissner could not sue on MR's behalf, was frivolous. Plaintiffs' litigation conduct was troubling because plaintiffs sued without having copyright registration, and plaintiffs' complaint did not mention prior state court action. Magistrate also found that defendants should be compensated for costs of defending against claims that should not have been brought because plaintiffs lacked capacity to sue. After awarding attorneys' fees using lodestar method, magistrate recommended reducing fee amount to account for legal work performed by Yun on her own behalf, thus on non-compensable *pro se* basis. Magistrate also reduced attorneys' fees to eliminate work done in connection with state law claims and in connection with plaintiffs' first motion to dismiss, which was unreasonable mistake that unnecessarily extended litigation.

*Creazioni Artistiche Musicali, S.r.L. v. Carlin Am., Inc.*, No. 14-9270, 2017 U.S. Dist. LEXIS 124082 (S.D.N.Y. Aug. 4, 2017)

Court denied defendant's request for attorneys' fees. Italian composer Piero Umiliani entered into written agreement with plaintiff to compose and record music for film. Under agreement, Umiliani transferred all rights to use music composed under agreement to plaintiff, "so long as [Umiliani's] rights are not prejudiced or limited." Plaintiff brought suit

claiming that defendant's publication of songs allegedly derivative of those created under agreement infringed its copyright. District court, relying on Italian law, dismissed complaint on basis that plaintiff did not possess exclusive rights to music, and thus lacked standing to sue under Act. Court analyzed defendant's request for attorneys' fees pursuant to nonexclusive *Fogerty* factors, including (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, noting that in order to best promote Act's goals, third factor should be given substantial weight. In this case, plaintiff's positions on interpretation of agreement, choice of law issue, and U.S. law and Italian law were not objectively unreasonable or frivolous. There was no evidence of improper motive, and deterrence was not required.

*Konangataa v. ABC*, No. 16-7382, 2017 U.S. Dist. LEXIS 95812 (S.D.N.Y. June 21, 2017)

District court granted defendants' joint motion for attorneys' fees. Plaintiff had publicly live-streamed on Facebook 45-minute video of his partner giving birth to their child in hospital delivery room. News outlets used very brief excerpts of Video: 30 seconds for NBC, 22 seconds for ABC and Yahoo, screen-grab for CMG. Court previously dismissed copyright infringement actions brought by plaintiff against these news outlets, granting defendants' motions to dismiss on ground of fair use. Defendants now brought joint motion for awards of attorneys' fees pursuant to § 505. Court granted defendants' motion, finding that no reasonable lawyer with any familiarity with law of copyright could have thought that fleeting and minimal uses defendants made of tiny portions of 45-minute Video, in context of news reporting and social commentary, were anything but fair. Court concluded awards of attorneys' fees to defendants would much better serve purposes of Copyright Act than denial of such awards.

*Kanongataa v. ABC*, No. 16-7382, 2017 U.S. Dist. LEXIS 169534 (S.D.N.Y. Oct. 4, 2017)

District court awarded attorneys' fees to prevailing defendants in full amount sought. Plaintiff had publicly live-streamed on Facebook 45-minute video of his partner giving birth to their child in hospital delivery room. News outlets used very brief excerpts of video: 30 seconds for NBC, 22 seconds for ABC and Yahoo, screen-grab for CMG. Court previously dismissed copyright infringement actions brought by plaintiff against news outlets, granting defendants' motions to dismiss on ground of fair uses, and granted defendants' joint motion for attorneys' fees. Plaintiff deployed number of arguments to avoid or reduce amounts sought. Plaintiff first claimed in unsworn memorandum that he was "person of limited means," and that full fee award could result in bankruptcy. Court noted that "aims of the statute are compensation and deterrence where appropriate, but not ruination," but found that plaintiff had submitted no evidence at all as to his financial circumstances. Moreover, court found plaintiff had brought three other cases based on substantially same events, and that these three other cases had settled, which court saw as evidence that plaintiff obtained additional monies in consequence of settling. In all circumstances – lack of evidence of

plaintiff's financial situation, compounded by nondisclosure of benefits he derived from other litigation based on these events – court declined to deny or adjust otherwise appropriate amount of attorneys' fees on basis of plaintiff's financial condition, as it had no competent evidence as to what it actually was. Defendants ABC and Yahoo! thus jointly recovered \$60,000.00; NBCUniversal \$30,630.00; and CMG \$30,839.00.

*Broad. Music, Inc. v. Rider Rock's Holding, LLC*, No. 16-1398, 2017 U.S. Dist. LEXIS 109383 (N.D.N.Y. July 14, 2017)

District court entered default judgment in plaintiff's favor in amount of \$28,650 plus statutory interest where plaintiffs alleged infringement of four songs and defendant failed to appear in action. Finding that plaintiffs met "modest threshold burden of establishing entitlement to default judgment" on liability, court awarded damages and attorneys' fees on basis of plaintiff declarations that defendants were indebted in amount of \$24,000, and additional \$4,650 in fees based on reasonable hours worked and reasonable hourly rate for experienced partner in district.

*Phoenix Techs., Ltd. v. VMware, Inc.*, No. 15-1414, 2018 U.S. Dist. LEXIS 22835 (N.D. Cal. Feb. 12, 2018)

District court denied defendant's motion for attorneys' fees. Jury returned verdict finding defendant not liable for copyright infringement. Defendant filed motion for attorneys' fees and costs. Section 505 permits court in its discretion to allow recovery of full costs or award reasonable attorney's fee to prevailing party. Court considered nonexclusive factors outlined in *Kirtsaeng*. Regarding degree of success, court found that since defendant achieved total success in case, factor, while not deciding issue, weighed in defendant's favor. Regarding objective unreasonableness, court found plaintiff's claims not objectively unreasonable, since they hinged on disputed facts sufficient to reach jury. Factor weighed in plaintiff's favor. Regarding motivation, court found pecuniary motive not improper. Copyright law celebrates profit motive, recognizing that incentive to profit from exploitation of copyrights will redound to public benefit by resulting in proliferation of knowledge. Factor was neutral. Regarding deterrence and compensation, court did not find plaintiff so "lacked a reasonable chance of success" that its infringement suit improperly obstructed defendant's business. Court found case did not rise to level of requiring deterrence or compensation; factor was neutral. Finally, court considered other factors, such as purpose of Copyright Act, chilling effect of attorneys' fees award, and equities, and found all to be neutral. Court accordingly denied motion for attorneys' fees and costs.

*Marcus v. ABC Signature Studios, Inc.*, No. 17-148, 2017 U.S. Dist. LEXIS 192889 (C.D. Cal. Nov. 20, 2017)

District court granted prevailing defendants' motion for attorneys' fees. Following court's grant of defendants' motion to dismiss, defense counsel contacted plaintiff to discuss anticipated motion for attorneys' fees. Plaintiff emailed defense counsel informing him that he had obtained new counsel. Defense counsel spoke with plaintiff's new counsel and

informed him of defendants' intent to move for fees, offering to forgo fees if plaintiff ceased pursuing his claims. Plaintiff's new counsel informed defense counsel that plaintiff agreed to forgo claims in exchange for defendants' forgoing fees, and defense counsel prepared draft agreement and sent it to plaintiff's counsel. Next day, defense counsel received email from plaintiff's counsel stating that counsel no longer represented plaintiff. Plaintiff then emailed defense counsel with six-figure settlement demand, and did not respond to further communications from defense counsel. Defendants filed fees motion, and court granted it, noting plaintiff did not oppose motion, and failure to oppose "may be deemed consent" to granting motion. Furthermore, fees were warranted on merits. First, defendant prevailed on merits. Second, plaintiff's assertion that defendant had access to subject work was objectively unreasonable, as was refusal to dismiss claim after receiving clear evidence negating element of copyright claim. Third, plaintiff's "failure to cooperate with defendant while simultaneously refusing to actively participate in this litigation," coupled with his repeated demands for large settlement, "shows clear motivation only for monetary gain." Fourth, award of fees "may be only way to deter [p]laintiff from continuing his bad faith conduct in this Action and any further litigation." Therefore, fees award was warranted. Further, court found amount of requested fees and costs to be reasonable. Accordingly, court awarded \$101,916 in attorneys' fees and \$310.36 in costs to prevailing defendant.

*Erickson Prods. v. Kast*, No. 13-5472, 2017 U.S. Dist. LEXIS 137232 (N.D. Cal. Aug. 25, 2017)

Court previously determined that plaintiffs should be awarded fees and costs, but ordered further briefing on the reasonableness of requested fees. Court found rates of \$500 and \$550 per hour for attorney time and \$75 per hour for paralegal time reasonable, based on counsel's education and experience, as well as American Intellectual Property Law Association's Economic Survey Benchmark Tool, Valeo Attorney Hourly Rates Database, and amounts other courts had accepted. As to reasonableness of hours, court found following deductions necessary: (1) time that duplicated amounts incurred in New York, where plaintiff initially sued; (2) time for duplicative entries; and (3) excessive time spent on certain tasks. Court did not require deduction for unfiled sanctions motion challenging defendant's fair use defense, finding it reasonable, even if court did not find defense frivolous. Court also found 10% deduction warranted for block-billing entries. Court found award of costs reasonable, but disallowed filing and serving costs that were also requested in New York litigation, as well as costs for which there was no explanation. In sum, court awarded \$182,961 in fees and \$3,225.58 in costs.

*Clear Skies Nev., LLC v. Hancock*, No. 15-6708, 2017 U.S. Dist. LEXIS 135511 (N.D. Ill. Aug. 23, 2017)

Court awarded fees to defendant. Plaintiff owned rights in movie *Good Kill*, and brought infringement claims against 30 defendants, alleging defendants distributed work using BitTorrent. Claims against 29 other defendants settled or were voluntarily dismissed. Plaintiff moved for voluntary dismissal under Rule 41(a)(2), and defendant objected to dismissal without prejudice. Court then ordered briefing on why dismissal should be with

prejudice, and defendant submitted brief, and also requested attorneys' fees. Plaintiff requested dismissal without prejudice and objected to fee award, and requested that if court conditioned dismissal on fees award, plaintiff be offered opportunity to withdraw voluntary dismissal motion. Because defendant had expended significant amount in defending lawsuit, plaintiff delayed throughout litigation, and plaintiff did not provide reason for dismissal, court exercised discretion to dismiss with prejudice. In assessing request for attorneys' fees, court found that although pleading was not frivolous or objectively unreasonable, defendant thereafter produced evidence showing that infringement may not have originated with her IP address. Further, plaintiff did not examine defendant's computer or show that defendant engaged in distribution through BitTorrent. Accordingly, court found continued litigation frivolous and objectively unreasonable. Court also found motivation in bringing suit questionable due to number of suits that quickly settled, particularly because of small amount of damages plaintiff could receive from successful litigation; plaintiff could not receive statutory damages because alleged infringements took place before effective date of registration, and plaintiff alleged that individual could purchase or rent work for between \$2.99 and \$14.99 at time of alleged infringement. Court also found granting fees award could deter similarly situated plaintiffs from bringing weak claims with hope of settling them, and not granting fees might incentivize plaintiffs to continue litigation practice under which possibly innocent defendants settle rather than defend themselves in court. Finally, court denied plaintiff's request that it be allowed to withdraw dismissal. Court provided plaintiff ample opportunity to withdraw motion when it set briefing schedule on question whether case should be dismissed with or without prejudice, but plaintiff did not withdraw.

*Mallon v. Marshall*, 268 F. Supp. 3d 264 (D. Mass. 2017)

Court denied defendants' motion for attorneys' fees. Court rejected plaintiff's argument that because § 505 is titled "Remedies for Infringement" it did not apply to instant case, authorship dispute that did not include infringement claims. Such interpretation imputes meaning to section heading that is contrary to plain language of statute, which provides for fee award "[i]n any civil action under this title." Underlying action sought declaratory judgment that plaintiff was co-author and co-owner of work, and was ultimately disposed of on summary judgment under § 101. Defendants argued that plaintiff's position that he was co-author, and thus had right to retract publication, was objectively unreasonable. Court, however, did not find argument convincing. Defendants also argued bad faith and deterrence as reasons to shift fees. Court disagreed because there was no evidence of bad faith, and "no grounds for specific or general deterrence to favor fee-shifting," as there was no reason to believe plaintiff would file series of similar suits if not punished by fee-shifting.

*Heritage Capital Corp. v. Christie's, Inc.*, No. 16-3404, 2018 U.S. Dist. LEXIS 5577 (N.D. Tex. Jan. 12, 2018)

District court found that party who succeeded in compelling arbitration of infringement claim did not qualify as "prevailing party" under § 505. In reaching this conclusion, court applied Fifth Circuit test and examined whether defendant "(1) obtain[ed] actual relief that (2) materially alters the legal relationship between the parties and (3) modifies the [opposing

party's] behavior in such a way that benefits the [moving party] at the time of the judgment." Court held that defendant did not qualify as prevailing party because compelling arbitration was procedural victory that did not materially alter legal relationship between plaintiff and defendant. Regarding legal claims, defendant still potentially liable for infringement, but determination would be made by arbitrator rather than court. Therefore, defendant was not entitled to costs or attorneys' fees.

*Home Design Servs. v. Turner Heritage Homes, Inc.*, No. 08-355, 2017 U.S. Dist. LEXIS 136980 (N.D. Fla. Jul. 26, 2017)

Plaintiff brought suit alleging infringement of architectural home design. Court denied motions for summary judgment and at trial, jury found for plaintiff. Parties renewed their motions for judgment as matter of law, and court found for defendant, overturning jury's verdict. In granting defendant's motion, court relied on *Intervest Construction, Inc. v. Canterbury Estate Homes, Inc.*, 554 F.3d 914 (11th Cir. 2008), noting that same dissimilarities that existed in *Intervest* also existed in present case. Plaintiff appealed to Eleventh Circuit, and Eleventh Circuit affirmed. Following appeal, defendant filed motion for fees and full costs. Supreme Court in *Fogerty* identified certain factors to guide court's discretionary determination of whether to award fees and costs under § 505: frivolousness, motivation, objective unreasonableness, and need to advance considerations of compensation and deterrence. Court found plaintiff's suit not frivolous. Frivolousness exists when plaintiff claiming infringement does not even own copyright or has granted license to alleged infringer, but sues nonetheless. Court noted that plaintiff waited until after construction of 165 allegedly infringing homes, significantly increasing its claim for damages. Court found delay in bringing suit was course of action focused on recovery of large damages award rather than solely to vindicate copyright protection for its most popular home design. Objective unreasonableness weighs clarity of law with respect to losing party's position at time that losing party pressed its argument. Court found that plaintiff ignored legal standard set out in *Intervest*, when it should have been clear that present case was very similar to and controlled by *Intervest*, and plaintiff pressed forward for another six years after *Intervest* had clearly staked out boundaries of copyright law as applied to architectural plans. Court thus found plaintiff's infringement claims were objectively unreasonable. Finally, court considered whether imposition of fees would further goals of Copyright Act. Court found because plaintiff's claims were objectively unreasonable, award of fees would deter plaintiff and others from bringing claims of copyright infringement when, as in present case, there are substantial differences between their works and alleged infringers' works that would result in finding of no infringement.

*Malibu Media, LLC v. Doe*, No. 15-3185, 2018 U.S. Dist. LEXIS 3479 (D. Md. Jan. 5, 2018)

Magistrate judge recommended denial of motion for attorneys' fees. Plaintiff alleged that defendant, through BitTorrent, downloaded, copied, and distributed at least one bit from each of 16 of plaintiff's adult films. Clerk of Court entered default. Plaintiff requested \$1,500 in statutory damages per work for total of \$24,000, which court recommended granting, due to

lost business and as deterrent to defendant and other possible infringers. Plaintiff also sought fees of \$1,182 and costs of \$450. Court noted that identical amounts were requested in plaintiff's other cases in Maryland and Indiana, and that all were submitted with identical supporting charts, despite fact different attorneys represented plaintiff in different cases. Court scheduled hearing and requested additional submissions for fee request. Counsel claimed that he maintained calendar until submission of declaration for fees and then disposed of calendar, and because of this court could not review records. Counsel stated that every action taken in Malibu Media cases was done in bulk, and was recorded in his calendar at end of each week. Counsel then averaged amount to bill per case, which court interpreted as flat fee billing practice. Court surveyed cases brought by plaintiff over four years in seven states, with representation by eight different attorneys. Court was troubled that in every case where plaintiff sought fees following default same chart was presented with attorneys' fees request, with same number of hours billed and tasks completed, with only date changing. Court found "[t]here is only one plausible explanation for this multi-state event. General counsel is dictating the fees to be charged and the tasks to be recorded in each declaration seeking an award of fees." Counsel, in fact, did state at hearing that plaintiff's general counsel prepares declaration for fees and sends to local counsel to be approved. Court particularly notes that "[it] is concerned that Counsel is simply a conduit for legal work prepared by others who are not members of the bar of this Court or licensed to practice in Maryland." Court recommended denying request for fees.

*Moffat v. Acad. of Geriatric Physical Therapy*, No. 15-626, 2017 U.S. Dist. LEXIS 152489 (W.D. Wis. Sep. 20, 2017)

Plaintiffs brought copyright infringement claim against defendant. Court granted summary judgment in favor of defendant dismissing infringement claim, and defendant moved for attorneys' fees. In awarding attorneys' fees to defendant, court considered several factors. First, defendant prevailed and recovered nothing, entitling defendant to presumption that it should recover its fees. Second, plaintiffs' case was substantively weak. Plaintiffs conceded ownership of two of eight copyrighted works, and remaining six works were derivative works. Reasonable litigant should have recognized this fundamental flaw. Third, plaintiffs' litigation conduct was wasteful, weighing heavily in favor of awarding fees. Plaintiffs filed lawsuit in New York when they had no intent to actually litigate there; insisted on numerous false factual assertions; and were uncooperative in discovery. Finally, court gave little weight to plaintiffs being individuals rather than business entity, as plaintiffs provided no evidence of personal resources. On balance of factors, motion for attorneys' fees was granted. Regarding amount, although court found prevailing attorneys' hourly rate and hours spent reasonable, court nevertheless reduced amount by excluding fees related to defendant's counterclaims, for which defendant agreed to pay its own fees as part of stipulation, and by one-third for defendant's share of responsibility for failure to settle ownership issue up front with clear written contracts. Court denied request for sanctions under 28 U.S.C. § 1927 against plaintiff's former counsel, as errors of counsel reflected something akin to negligence, but not objective bad faith.

*ABRO Indus. v. INEW Trade, Inc.*, No. 14-1984, 2017 U.S. Dist. LEXIS 179792 (N.D. Ind. Oct. 30, 2017)

District court held defendants entitled to attorneys' fees as prevailing party. Court held that defendants' product label did not infringe plaintiff's copyrights in "Carb & Choke Cleaner" product label as matter of law, rendering defendants prevailing party. In Seventh Circuit, prevailing party is entitled to strong presumption in favor of receiving attorneys' fees, though fees are not to be awarded as matter of course. Instead, courts must look to number of factors, including frivolousness, motivation, objective reasonableness and considerations of compensation and deterrence; most important factors are strength of prevailing party's case and amount of damages obtained. Plaintiff's case bordered on frivolous because plaintiff unreasonably relied on similarity of parties' labels as whole despite not having registered copyright for its own label and because plaintiff argued substantial similarity between label components that were clearly different. Court thus held defendants entitled to reasonable attorneys' fees for defending against plaintiff's copyright infringement claim.

*Healthmate Int'l, LLC v. French*, No. 15-761, 2017 U.S. Dist. LEXIS 180031 (W.D. Mo. Oct. 31, 2017)

Plaintiff and entity defendant sold TENS (Transcutaneous Electrical Nerve Stimulation) units; plaintiff owned three registrations for graphical displays on units it sold. Plaintiff prevailed on two of three copyright claims against entity defendant, for which jury awarded it \$750 per claim. Entity defendant successfully defended against one copyright claim, and individual defendant successfully defended against three copyright claims. Parties now moved for attorneys' fees. Court found defendants not prevailing parties and not entitled to fees under § 505. Because defendants proceeded without differentiating between individual and entity defendants, determination of prevailing party should be made by considering defendants jointly. When considered jointly, plaintiffs won on two of three copyright claims, and therefore defendants were not prevailing. Court noted its decision would not change if defendants were considered separately, because entity defendant lost two claims and was ordered to pay damages. Individual defendant could have been considered prevailing party, but defendants did not separate out how much was spent on individual's defense separate and apart from entity. Plaintiff did not seek fees because it prevailed on two copyright claims. Court thus denied motions for fees and costs.

*Christ Ctr. of Divine Philosophy, Inc. v. Elam*, No. 16-65, 2017 U.S. Dist. LEXIS 154161 (W.D. Okla. Sept. 21, 2017)

District court granted in part and denied in part plaintiff's motion for attorneys' fees and costs. Plaintiff filed action alleging that defendant willfully infringed its copyrights in 31 publications by publishing and selling three books containing copyrighted material in four of the works. Defendant was served with summons and complaint, but failed to respond, and default judgment was entered. Attorneys' fees in copyright cases are discretionary, with courts typically considering factors including (1) frivolousness of losing party's case; (2) improper or bad faith motivation of losing party; (3) objective unreasonableness of losing

party's case; and (4) need in particular circumstances to advance considerations of compensation and deterrence. Court found plaintiff entitled to award of fees since defendant, by failing to defend case, effectively admitted to facts in complaint, demonstrating that defendant deliberately and knowingly infringed plaintiff's copyrights. Court, finding minimal reduction required, awarded attorneys' fees in amount of \$30,476.25.

*Broad. Music, Inc. v. Steele's Rest., Inc.*, No. 16-155, 2017 U.S. Dist. LEXIS 118456 (N.D. Miss. July 28, 2017)

On plaintiff's unopposed motion, district court awarded attorneys' fees to plaintiff prevailing on default judgment in copyright infringement suit. In Fifth Circuit, attorneys' fees awards to prevailing party in copyright infringement action are "rule rather than the exception and should be awarded routinely." Court noted that U.S. Supreme Court precedent required it to weigh objective reasonableness of losing party's position as well as other circumstances, such as frivolousness, motivation and objective unreasonableness. Court must then calculate lodestar, i.e., reasonable number of hours expended multiplied by reasonable rate. Applying foregoing, court held that plaintiff was entitled to attorneys' fees because there was "no frivolity, improper motivation, or objective unreasonableness in the submitted invoice." Moreover, court found lodestar used to be reasonable in light of diligent work done by plaintiff's attorney in obtaining relief for plaintiff. Therefore, court granted plaintiff's motion.

*ACEMLA de P.R., Inc. v. Banco Popular de P.R., Inc.*, No. 13-1822, 2017 U.S. Dist. LEXIS 119130 (D.P.R. July 26, 2017)

Court previously granted defendants' motion for summary judgment, finding claims barred by statute of limitations for certain songs and by res judicata/collateral estoppel for songs "Ojos Chinos" and "Boricua en la Luna." Court previously awarded defendants attorneys' fees. Plaintiffs moved for reconsideration of attorneys' fees order, arguing (1) that court did not use proper standard in determining motion; (2) that court did not consider effect of fee award on plaintiffs' business; and (3) that court did not consider reasonableness of billing rates. As to first argument, plaintiffs cited *Kirtsaeng v. John Wiley & Sons, Inc.* to argue that they acted reasonably. Court, however, noted that in *Kirtsaeng* Supreme Court found objective reasonableness to be important, but not controlling, factor in assessing fee application. Court reaffirmed its earlier position that plaintiffs' claim was not reasonable, as there were no new issues of fact or law. Court cited additional *Kirtsaeng* factor, deterrence, which militated in favor of fee award. As to second argument, court found that plaintiffs never previously raised issue that fee award would ruin company, and further found that evidence submitted did not support argument. As to third argument, court noted that in initial fee award, plaintiff did not oppose on ground of reasonableness of hourly rates. However, court found that moving firms did not provide information concerning prevailing rates in community as required, and ordered firms to submit additional evidence.

### C. Injunction/Impoundment

*BMaddox Enters., LLC v. Oskouie*, No. 17-1889, 2017 U.S. Dist. LEXIS 146766 (S.D.N.Y. Sept. 8, 2017)

Magistrate judge recommended dissolution without prejudice of asset restraining order, based on plaintiff's failure to demonstrate that it would suffer irreparable harm absent such order. Plaintiff alleged that defendants had unlawfully accessed copyrighted and commercially sensitive information on plaintiff's website, then used it to operate competing website. After plaintiff was granted temporary asset restraining order against certain of defendants' assets, defendants moved to dissolve or modify it. To justify continued injunctive relief, plaintiff had burden of demonstrating (1) likelihood that plaintiff will suffer irreparable harm if TRO is not continued (*sine qua non* of TRO or preliminary injunction); (2) likelihood of success on merits; (3) that balance of hardships is in plaintiff's favor; and (4) that relief is in public interest. Court stated that, while *prima facie* case of copyright infringement gives rise to presumption of irreparable harm, presumption applies to consequences of defendant's continued infringement, not to need to restrain defendant's cash assets. Moreover, because monetary injury generally does not constitute irreparable harm, plaintiff had to show either that defendants took steps to frustrate future judgment or that defendants are, or imminently will be, insolvent. Magistrate held that plaintiff had failed to demonstrate irreparable harm because, as threshold matter, plaintiff offered only its counsel's unsworn statements in briefs and correspondence, which did not constitute evidence. Further, even if plaintiff's unsworn assertions were credited, plaintiff offered no evidence that defendants attempted to conceal their identities or to secrete assets in effort to frustrate future judgment, rather than to hide their alleged infringement. Because plaintiff did not meet its burden of demonstrating irreparable harm, magistrate ended analysis and recommended that TRO be dissolved without prejudice to renewed application by plaintiff.

*784 8th St. Corp. v. Ruggiero*, No. 13-5739, 2018 U.S. Dist. LEXIS 5405 (E.D.N.Y. Jan. 10, 2018)

Magistrate judge recommended that plaintiffs be granted declaratory judgment that they were owners of copyrighted works at issue, but not to permanent injunction barring defendant's use of works. Magistrate had found that defendant was plaintiffs' employee, and thus that copyrights in certain marketing materials ("Zan's Materials") created by defendant were owned by plaintiffs. However, there was no evidence of record that defendant had ever used Zan's Materials in commerce. As such, magistrate held that plaintiffs were entitled to declaration that they were owners of copyrights and trademarks in Zan's Materials, and that defendant's copyright registration for same was invalid (noting that court lacked authority to cancel same). However, because there was no competent evidence showing that defendant used Zan's Materials, plaintiffs were not entitled to permanent injunction, because they had not established that they would suffer irreparable harm in absence of injunction.

*Clark v. Childs*, No. 17-4895, 2017 U.S. Dist. LEXIS 155847 (E.D.N.Y. Sept. 22, 2017)

Court denied plaintiff's motions for injunctive relief. Plaintiff, author of books titled *Thugs and the Women Who Love Them* and *Every Thug Needs a Lady*, sought preliminary injunction to prevent defendants from producing and reproducing works based on books, and subsequently moved for TRO. In her motion for preliminary injunction, plaintiff argued that irreparable harm was presumed in copyright cases, argument court found "simply untenable" under *Salinger v. Colting*, 607 F.3d 68 (2d Cir. 2010). Court also rejected plaintiff's argument that she had demonstrated irreparable harm, "in light of Plaintiff's abject failure to adduce any evidence of harm whatsoever." Further, even if it credited plaintiff's allegations, court would nonetheless find that allegations could not support injunctive relief, because harm could be cured by monetary damages. Because plaintiff did not show irreparable harm, court did not review likelihood of success prong. Court denied motions for preliminary injunction and TRO.

*MD Helicopters, Inc. v. Aerometals, Inc.*, No. 16-2249, 2018 U.S. Dist. LEXIS 9066 (E.D. Cal. Jan. 19, 2018)

Court denied plaintiff's motion for preliminary injunction. Plaintiff alleged that defendant used its designs for helicopter parts in defendant's applications to Federal Aviation Administration ("FAA"). Plaintiff moved for preliminary injunction requiring that defendant withdraw all applications pending before FAA that contained plaintiff's works. Plaintiff's arguments in support of irreparable harm fell within two categories, price erosion and harm to reputation. On price erosion, plaintiff submitted declaration of CPA who concluded that defendant offered prices lower than plaintiff on most products it manufactured, explaining that price erosion arose when plaintiff then lowered its own prices, but defendant's prices still remained lower despite defendant maintaining its prices. Court found declaration unpersuasive, however, because it relied on price comparisons between plaintiff's and defendant's products already available in market, and speculated that new products would be priced by defendant in way that would cause price erosion and loss of market share. Additionally, use of price comparison showed that calculation of monetary damages was possible, and plaintiff did not address why erosion could not later be compensated through monetary damages. As to reputational damage, plaintiff argued that it had customer service and defendant did not, citing to *Apple, Inc. v. Psystar Corp.*, 673 F. Supp. 2d 943 (N.D. Cal. 2009), for support. Court found that reputational harm argument was speculative, and plaintiff did not show how *Psystar* applied to new products on motion for preliminary injunction. Additionally, plaintiff did not show how infringing use of drawings led to harm related to customer service. Finally, plaintiff argued that it would lose goodwill because it would have to lower prices to compete with defendant, but then it would increase prices after issuance of injunction. Court rejected argument, noting that in that circumstance harm is caused by issuance of injunction, not by lack of injunctive relief. Finding plaintiff did not meet burden in showing irreparable harm, court denied motion for preliminary injunction.

*Heralds of the Gospel Found. Inc. v. Varela*, No. 17-22281, 2017 U.S. Dist. LEXIS 98513 (S.D. Fla. June 23, 2017)

Magistrate judge recommended that defendants be temporarily enjoined from accessing, distributing, copying or commenting on certain copyrighted videos because plaintiffs had shown that they were likely to succeed on merits of copyright infringement claim. Plaintiffs recorded videos of confidential meetings of members of plaintiffs' religious group, including some that took place in Brazil. Defendant Varela and other unknown individuals posted videos on various publicly accessible websites without plaintiffs' consent. Magistrate held that plaintiffs had presented evidence that videos were subject to U.S. Copyright Act's protection, and further that plaintiffs had demonstrated ownership of video copyrights and defendant Varela's unauthorized reproduction of videos. Plaintiffs were thus likely to succeed on merits of their copyright infringement claim, satisfying one element required for temporary injunction.

*Compulife Software v. Newman*, No. 16-81942, 2017 U.S. Dist. LEXIS 89674 (S.D. Fla. Jun. 12, 2017)

Plaintiff, creator of software program that allowed individuals to compare term life insurance products and rates, filed copyright infringement suit against defendants, and sought preliminary injunction. To obtain preliminary injunction, plaintiff must establish (1) substantial likelihood of success on merits; (2) irreparable injury will be suffered unless injunction issues; (3) threatened injury to plaintiff outweighs whatever damage proposed injunction may cause defendants; and (4) if issued, injunction would not be adverse to public interest. Court found plaintiff failed to present any legal argument for likelihood of success on merits of infringement claim. Plaintiff also failed to establish it would suffer irreparable injury. Court noted that establishing substantial likelihood of success of merits would not entitle plaintiff to presumption of irreparable injury. Court noted that even if plaintiff were entitled to presumption of irreparable injury, evidence before court was sufficient to rebut such presumption. To extent that plaintiff presented evidence of such injuries as cost of measures taken to stop further trade secret misappropriation and copyright infringement, loss of new business, loss of revenue stemming from payments for use of software, lost traffic at website, and general downturn in business, such injuries may be undone through monetary remedies, and were therefore not irreparable.

*D.P. Dough Franchising, LLC v. Southworth*, No. 15-2635, 2017 U.S. Dist. LEXIS 157951 (S.D. Ohio Sept. 26, 2017)

Court denied motion for preliminary injunction. Plaintiff was national franchise that sold calzones near large colleges and universities; defendants were former franchise owner of plaintiff and his current company, which also operated calzone restaurants near college campuses. Before defendant defected from plaintiff to start his own restaurants, another of plaintiff's franchisees shared menu with defendant, but later transferred copyright in menu to plaintiff. Plaintiff registered copyright in text used on LinkedIn, as well as photographs and text on menu. Plaintiff sued for copyright infringement, and moved for preliminary

injunction. In assessing likelihood of success, court noted plaintiff's evidence that it owned copyright in particular menu, and defendant's admission that he used menu as template for his restaurant; court found reasonable observer could easily conclude that menus were substantially similar if not identical. Plaintiff also presented evidence that defendants copied text from plaintiff's LinkedIn page and website. Defendant argued that (1) transfer of copyright from original owner of menu copyright to plaintiff was invalid for lack of consideration; and (2) original owner of copyright allowed him to use menu as template. Court found consideration offered to original owner was ability to bring lawsuit against defendant for infringement. As to second argument, court found that even if transfer was not valid and defendant was given permission to use menu, evidence showed that any license from original copyright owner to use menu was limited to use in plaintiff's franchise. However, court did not find irreparable harm, because defendants stopped using allegedly infringing content after filing of lawsuit.

*Healthmate Int'l, LLC v. French*, No. 15-761, 2017 U.S. Dist. LEXIS 179786 (W.D. Mo. Oct. 31, 2017)

Court denied plaintiff's motion for permanent injunction. Plaintiff and entity defendant sold TENS (Transcutaneous Electrical Nerve Stimulation) units; plaintiff owned three registrations for graphical displays on units it sold. Plaintiff prevailed on two of three copyright claims against entity defendant, for which jury awarded it \$750 per claim. Jury found that individual defendant was not liable for infringement. Plaintiff moved for accounting, permanent injunction, and destruction. Plaintiff requested equitable relief related to units sold by defendant "identifie[d] as any model number '7t212x, where 'x' is any combination of letters, numbers or symbols including but not limited to 'a' and 'si,' and any model number '7t424x, where 'x' is any combination of letters, numbers or symbols including but not limited to 'a' or any other model with screens derived from these products." Court found that plaintiff's citation solely to trial judgment and sections of Act related to injunctions and impoundment, without any supporting case law, was reason alone to deny motion. Further, court found that relief requested was broader than could be supported by verdict related to multiple models of TENS units, even though there was no evidence or jury determination that all models in sequence infringed, and jury found some models not to infringe. Moreover, because plaintiff offered conflicting evidence on which registration related to each configuration, parties disputed which units jury found not to infringe. Court found it inappropriate to enjoin sale or to order units destroyed because of uncertainty related to jury's verdict.

*James Castle Collection & Archive, LP v. Scholastic, Inc.*, No. 17-437, 2017 U.S. Dist. LEXIS 181801 (D. Idaho Oct. 30, 2017)

District court denied plaintiff's motion for temporary restraining order because plaintiff was unlikely to prevail on merits. Plaintiff sought to enjoin defendant from releasing "imagined biography" of artist James Castle, who was deaf from birth and never learned to communicate orally or in writing. Book contained approximately 150 images drawn by illustrator Allen Say in style of James Castle. Among images were 28 which were Say's

copies of Castle's work; remainder were Say's depictions of Castle's life. Court evaluated plaintiff's TRO motion according to *Winter* factors: (1) likelihood of success on merits; (2) likelihood of irreparable harm in absence of preliminary relief; (3) whether balance of equities tips in favor of injunction; (4) whether injunction in public interest. Because plaintiff unlikely to prevail on merits, court denied TRO without evaluating factors two through four.

*CSS, Inc. v. Herrington*, No. 16-1762, 2017 U.S. Dist. LEXIS 120396 (S.D. W. Va. Aug. 1, 2017)

District court denied plaintiff's motion for preliminary injunction. Plaintiff, which provided software and related support services to local government entities, alleged that defendant, former employee of plaintiff and now owner of competing software provider, copied plaintiff's software to develop defendant's software. While court found that plaintiff owned valid copyrights and defendant had access to the copyrighted work, court, using Second Circuit's abstraction-filtration-comparison (AFC) test, did not find substantial similarity in programs' expression. Fact that both programs used same coding language was not evidence of substantial similarity. Court could not complete abstraction step of AFC test with respect to structure, architecture and design of program because plaintiff did not distinguish copyrightable expressive aspects of its software from underlying ideas. District court found that plaintiff was unable to show likelihood of success on any claims before court, that irreparable harm would occur absent injunction, that balance of hardships weighed in its favor, or that injunction was in public interest.

#### **D. Miscellaneous**

*BMG Rights Mgmt., LLC v. Atl. Recording Corp.*, No. 16-7443, 2017 U.S. Dist. LEXIS 182018 (S.D.N.Y. Nov. 2, 2017)

District court held plaintiffs not entitled to accounting from defendant in absence of fiduciary or confidential relationship where defendant was not co-owner of plaintiffs' copyrighted work. Plaintiffs sued defendant for infringement, alleging that defendant's song "Post to Be" infringed plaintiffs' copyright in "Came to Do." Court previously dismissed plaintiffs' infringement claim because non-party Chris Brown was copyright owner in both songs, but held that defendant could be liable for accounting of profits from "Post to Be"; defendant moved for reconsideration of latter holding. Under governing New York law, accounting claim requires existence of fiduciary or confidential relation and breach thereof. Moreover, copyright co-owner may bring accounting claim against other co-owners for profits made from exploiting copyright. Plaintiffs did not allege fiduciary or confidential relationship between themselves and defendant, and it was undisputed that parties were not co-owners of either "Came to Do" or "Post to Be." As such, plaintiffs had no viable accounting claim against defendant.

*Cranbrook Custom Homes LLC v. Fandakly*, No. 17-11060, 2018 U.S. Dist. LEXIS 5583 (E.D. Mich. Jan. 12, 2018)

District court granted defendants' motion to cancel notice of *lis pendens* and impose sanctions. Plaintiff, custom homebuilding company, alleged that defendants copied plaintiff's copyrighted architectural plans, building plans and brochures for home built by defendants. In connection with filing of complaint, plaintiff filed notice of *lis pendens*. Defendants argued that *lis pendens* notice was improper in copyright infringement case; plaintiff asserted that it was appropriate because it sought destruction or impoundment of defendants' home pursuant to § 503(a) and (b). Court held that § 503 may be relied upon for destruction of infringing copies where such copies are "movable articles," but cannot be relied upon as remedy to destroy real property. Court found counsel engaged in vexatious litigation tactics by filing *lis pendens* notice with full knowledge that such action had no support in law, and awarded defendants costs and attorneys' fees incurred as result of plaintiff's filing *lis pendens* notice.

## VIII. PREEMPTION

*Baiul v. NBC Sports*, No. 16-1616, 2017 U.S. App. LEXIS 17435 (2d Cir. Sept. 7, 2017)

Second Circuit affirmed lower court decision dismissing figure skater Oksana Baiul's complaint for copyright infringement on ground that Copyright Act preempted New York state law claims for unjust enrichment, conversion and accounting because work forming basis of Baiul's claims, video of *Nutcracker on Ice*, fit within category of "motion pictures and other audiovisual works" under Act, even if video contained material, such as Baiul's performance, that may not be copyrightable, and state law claims sought to vindicate rights that were protected by Copyright Act.

*OpenRisk, LLC v. MicroStrategy Servs. Corp.*, 876 F.3d 518 (4th Cir. 2017)

Fourth Circuit affirmed district court's judgment that state-law claims were preempted. Plaintiff company contracted with defendant company to create cloud environment that would host plaintiff's data and programming. Plaintiff became insolvent, and three of its principal officers resigned and formed new company, Spectant. Plaintiff alleged that defendant copied data from plaintiff's cloud environment and transferred it to new environment established for Spectant, then deleted data from plaintiff's environment. Plaintiff sued defendant for Virginia state-law claims of conversion of intellectual property; computer fraud by embezzlement, larceny, and conversion under Virginia Computer Crimes Act ("VCCA"). District court held state-law claims arising from copying and transfer of plaintiff's computer data preempted. Court of Appeals affirmed. Computer fraud claims are preempted because, at their core, they seek to impose liability for unauthorized copying and distribution of data on cloud environment, and thus are not "qualitatively different" from copyright infringement claims. Section 301 sets up two-prong inquiry to determine when

state law claim is preempted. First, work at issue must be within scope of subject matter of copyright. If it is, then state-law claim is preempted if rights granted under state law are equivalent to those protected by federal copyright. There was no question as to first prong; materials fell within scope of subject matter of copyright. To extent that state-law claims turn on allegation that defendant made unauthorized copies of plaintiff's data, then transferred that data to Spectant, claims were precisely "equivalent" to copyright's prohibition of unauthorized reproduction and dissemination, and hence preempted. Conversion claim rests on allegation of wrongful copying and distribution of intellectual property, and is "equivalent" to copyright infringement claim and thus preempted. VCCA computer fraud claims fared no better. VCCA provides that any person who uses computer or computer network without authority and embezzles or commits larceny is guilty of crime of computer fraud. Court reasoned that when claim is predicated on copying of computer data, statutory requirement of "use of computer" does not "qualitatively change nature" of claim so that it is no longer preempted, because use of computer is necessary condition to copying. So too for requirement that copying be done "without authority," which also is necessary condition to copyright infringement. Court rejected plaintiff's argument that embezzlement under Virginia law requires showing that defendant was "entrusted" with property that he or she then wrongfully appropriated, and that extra element of "entrustment" is enough to save its claim from preemption. Court disagreed; in fact, embezzlement claim under Virginia law does not include element of special relationship of trust or confidence that might qualitatively distinguish it from copyright infringement claim. Substance of embezzlement claim was based on same underlying conduct that would support copyright infringement claim. Any additional element required to prove state-law embezzlement relates to scope of action and not to its nature. Court rejected plaintiff's contention that VCCA claim predicated on larceny is qualitatively different from copyright infringement because it involves taking of property without owner's consent. Copyright claim also necessarily involves unauthorized reproduction, "so this 'extra element' is not 'extra' at all." Finally, court affirmed grant to defendant of judgment as matter of law on Virginia business conspiracy claims because state-law violations on which they are predicated are preempted.

*Motion Med. Techs., L.L.C. v. ThermoTek, Inc.*, 875 F.3d 765 (5th Cir. 2017)

Fifth Circuit affirmed that unfair competition claim was preempted. ThermoTek, responsible for design, manufacture and sale of VascuTherm system, medical device and thermal and compression wrap, won jury verdict for unfair competition, based on claim that Mike Wilford and related companies misappropriated ThermoTek's information in creation and sale of "Recovery + system." Trial court granted defendants judgment as matter of law, finding unfair competition claim preempted. On appeal, ThermoTek first argued that preemption defense was waived because it was not pleaded in answer. Court found ThermoTek received adequate notice of preemption before and during trial. ThermoTek also appealed merits of preemption claim. On first prong of two-factor test, court found that misappropriated items, including reports and manuals, fell within scope of copyright's subject matter, rejecting ThermoTek's argument that trial court should have required evidence that items at issue were not covered by § 102(b), and that district court should have

required defendants to classify works under § 102(a) categories. On second prong, court found unfair competition by misappropriation contained no extra element beyond copyright claim, rejecting argument that common law claim required showing of “improper means.”

*SCO Grp., Inc. v. IBM*, 874 F.3d 1172 (10th Cir. 2017)

Tenth Circuit reversed district court’s grant of summary judgment dismissing misappropriation claim as preempted. Plaintiff’s predecessor entered into business arrangement with IBM to develop new operating system that would run on more advanced processor manufactured by Intel. parties signed agreement memorializing collaborative effort, dubbed Project Monterey. Plaintiff accused IBM of stealing and improperly using plaintiff’s source code to strengthen its own operating system, thereby committing tort of unfair competition by means of misappropriation. District court granted summary judgment to IBM on misappropriation claim, which it held to be preempted. Dispositive question on appeal was whether misappropriation claim under New York law has “extra element” beyond elements of federal copyright infringement claim. Court held that it does. Misappropriation claims under New York law require victim to demonstrate that defendant acted with bad faith. In this context, court found, “bad faith” is not simply *scienter* requirement, which would be insufficient to provide requisite extra element to avoid preemption. Bad faith in context of New York unfair competition claim typically results from fraud, deception, or abuse of fiduciary or confidential relationship, and it forms basis for state-law claim whether or not IBM’s use of plaintiff’s code violated federal copyright law. By contrast, copyright infringement does not require proof of unfair competition as term is defined under New York law. Plaintiff seeking relief for copyright infringement must prove only that he owns valid copyright and that defendant copied protectable elements of copyrighted work. Because misappropriation under New York law is independent claim with separate element of bad faith business dealings, claim is not “equivalent” to federal copyright claim, and accordingly is not preempted. Case was remanded to U.S. District Court for District of Utah.

*Betty, Inc. v. PepsiCo, Inc.*, 283 F. Supp. 3d 154 (S.D.N.Y. 2017)

Plaintiff ad agency presented defendant with ideas for commercial to air during halftime of Super Bowl 2016. One “refined concept” plaintiff presented was entitled “All Kinds/Living Jukebox.” Defendant advised plaintiff it would “move forward with different concepts,” but plaintiff alleged that 2016 Super Bowl halftime commercial was “fundamentally based on” All Kinds/Living Jukebox advertising storyline plaintiff presented to defendant. Among similarities plaintiff highlighted were: “single powerful performer (hero character) is used to perform all music renditions, genres and fashion changes as she dances seamlessly from room to room”; “the commercial follows a hero character moving from room to room through each doorway used in the complete set design”; and “every time the hero character enters a new room, the genre of music immediately changes to reflect a new vibe.” Plaintiff sued for copyright and state law claims, and defendant moved to dismiss. Court found unjust enrichment, conversion, and unfair competition claims preempted because all were based on reproduction and distribution of storyline. Court rejected plaintiff’s argument that causes of action were not preempted because it had “property interest” in ideas giving rise to concept,

finding such argument expressly foreclosed by applicable case law. As to breach of contract, court noted that such claims are not generally preempted, but found that plaintiff insufficiently alleged elements of contract. Accordingly, court dismissed contract claim, but granted leave to replead, based on representation by plaintiff that it had “additional information about the contract relationship between the parties.”

*Narrative Ark Entm't LLC v. Archie Comic Publ'ns, Inc.*, No. 16-6109, 2017 U.S. Dist. LEXIS 143480 (S.D.N.Y. Sept. 5, 2017)

Plaintiff sued defendants Archie and Sega of America, Inc. (“Sega”) alleging copyright infringement and New York state law claims including unjust enrichment. In early 1990s, Archie and Sega entered license agreement to create and sell comic books based on characters including “Sonic the Hedgehog.” Archie hired third-party defendant as staff editor for period of time, then third-party defendant worked as freelancer for Archie for additional period. During time as freelancer, third-party defendant alleged he created and developed, in whole or in part, stories, characters and art for “Sonic the Hedgehog” series of comic books. Third-party defendant also collaborated with non-party Archie freelancer to work on comic book series. At certain point non-party informed third-party defendant that Archie was reprinting stories they created and was continuing to use characters they created. Third-party defendant then filed various copyright registrations and later assigned copyrights and intellectual property rights to plaintiff. Plaintiff claimed it had been denied financial compensation and credit in connection with publication and sale of its copyrighted works, and had lost business opportunities caused by diversion of trade and been diminished in good will and reputation, and that Archie and Sega had been enriched by use and sale of its copyrighted works in advertising, merchandising and sale of comic books and other merchandise at plaintiff’s expense. Court agreed with defendants that unjust enrichment claim was preempted, as claim was based on same conduct on which plaintiff’s direct and contributory copyright infringement claims were premised: that Archie, without authorization, used plaintiff’s stories, characters, and art in publications and advertisements. Unjust enrichment claim was accordingly dismissed.

*Kennedy v. LaCasse*, No. 17-2970, 2017 U.S. Dist. LEXIS 113418 (S.D.N.Y. July 20, 2017)

District court determined whether plaintiff’s state law claims for *quantum meruit* and unjust enrichment were preempted. Court applied two-prong test, under which complete preemption is found when (1) work to which state law claim is being applied falls within type of works protected by Act; and (2) claim seeks to vindicate legal or equitable rights that are equivalent to one of bundle of rights protected by Act. As to prong (1), it was clear that at least portion of services for which plaintiff sought compensation related to photography, and, therefore, may be protected by Act. As to prong (2), court noted that Second Circuit has repeatedly held unjust enrichment and *quantum meruit* claims preempted where state law claims arise out of acts of reproduction, adaptation, performance, distribution or display. Where state law claims seeks to vindicate rights not covered by Act (e.g., “right to receive remuneration for services rather than a right to receive compensation for use of copyrighted

works”), not preempted. Here it was “unclear whether plaintiff seeks compensation for use and display of his allegedly copyright photographs or merely for value of photographs, irrespective of their subsequent use.” To extent plaintiff sought former, claims dismissed as preempted. To extent plaintiff sought damages for value of photographs, regardless of use, or for other services allegedly provided during relevant time period, claims not preempted.

*Jacino v. Ill. Tool Works Inc.*, No. 16-1704, 2017 U.S. Dist. LEXIS 90749 (E.D.N.Y. June 13, 2017)

Court held that plaintiff’s claims for “trespass to, or conversion of property and unjust enrichment” stemming from defendants’ alleged unauthorized use of plaintiff’s pictures in repair kits were based on wrongful use as opposed to wrongful possession. Subject matter element of preemption was satisfied because “pictures are copyrightable works.” As to rights equivalent element, it was “well settled” that when state law conversion or trespass to chattel claim is based on wrongful use of copyrightable property, not wrongful possession, claim is identical to federal copyright claim, and claim is preempted.

*Palomo v. DeMaio*, No. 15-1536, 2017 U.S. Dist. LEXIS 198503 (N.D.N.Y. Dec. 4, 2017)

Court denied motion to amend counterclaims. Plaintiff musician brought suit against music industry defendants, alleging that they wrongfully refused to return plaintiff’s musical equipment after he resigned. Defendants moved to amend counterclaims to add claim of unfair competition, alleging that plaintiff misappropriated musical work that belonged to defendants. Court agreed with plaintiff that such claim was preempted. Claim did not have additional element differentiating it from infringement claim; claim was not based on breach of confidential or fiduciary relationship or misappropriation of trade secrets, nor could defendants argue that misappropriation of work constituted misappropriation of trade secret. Court also rejected defendants’ claim that cause of action was not preempted because they did not allege that they applied for or received registration, as lack of such allegation does not differentiate cause of action from infringement claim.

*Beautiful Slides, Inc. v. Allen*, No. 17-1091, 2017 U.S. Dist. LEXIS 141300 (N.D. Cal. Aug. 31, 2017)

Defendant alleged that she and individual plaintiff Grasso began to develop presentation software together. At certain point, however, Grasso allegedly cut defendant out, and created “Beautiful Slides” product and business around it. Beautiful Slides, Inc. and Grasso filed complaint for declaratory relief, alleging defendant had “threatened to commence litigation” against them for copyright infringement, conversion, misappropriation of trade secrets, breach of confidence, breach of contract, and fraud. Defendant filed counterclaims including breach of fiduciary duty, conversion, breach of implied contract, and copyright-based declaratory claims. Counterclaim defendants moved to dismiss non-copyright based claims as preempted. Counterclaim plaintiff argued that breach of fiduciary duty, conversion, and breach of implied contract claims were not preempted because each contained “extra

element,” because (1) California partnership law offers additional protections that Copyright Act does not; (2) she sought return of assets whether they were copyrightable or not; and (3) she alleged breach of implied agreement “to work on a startup together – not breach of an agreement restricting use of [her] ideas.” However, court found all additional elements based on presence of partnership or joint venture, which court found insufficiently pleaded. Court granted motion to dismiss claims as preempted with leave to amend, noting that if counterclaim plaintiff repleaded, she should identify assets not subject to copyright that support conversion cause of action.

*Gottesman v. Santana*, 263 F. Supp. 3d 1034 (S.D. Cal. 2017)

Court rejected plaintiff’s argument that California anti-SLAPP statute was preempted. Plaintiff was artist who worked in various media, including airbrush and graphic design. Defendant, musician Carlos Santana, hired plaintiff as independent contractor to create art for merchandise for event; Santana “believed Plaintiff was the artist that had the ability to ‘turn SANTANA into a brand.’” Plaintiff and Santana entered relationship whereby plaintiff would present Santana and his management company with art to use in creating brand with “limited copy and distribution rights,” with plaintiff retaining ownership of works. Plaintiff filed 103-page complaint against many defendants connected to Santana, alleging claims for direct, contributory and vicarious infringement, as well as inducement of infringement. Attorney defendants filed anti-SLAPP motion, and plaintiff voluntarily dismissed these defendants. Court considered attorney defendants’ anti-SLAPP motion to strike, which might entitle successful movants to attorneys’ fees and costs. Court found that because plaintiff voluntarily dismissed these defendants, motion was moot, but found that defendants were “prevailing defendants” for purposes of anti-SLAPP statute. Plaintiff argued that Copyright Act preempts anti-SLAPP statute. Court rejected plaintiff’s argument that defendants “cannot in good faith rely on a state statute that has its very purpose, deterring lawsuits that chill the right to petition or free speech, by invoking it to chill Plaintiff’s exercise of his federal right to petition this Court under the Copyright Act for violation of his federal rights over the same subject matter.” Both parties correctly conceded that anti-SLAPP statute applied only to state law claims and not copyright claims. Second, court rejected plaintiff’s argument that anti-SLAPP statute was preempted because Copyright Act alone determines attorneys’ fee award in copyright action, and because these defendants were not prevailing parties under Act, they were not entitled to fees. Court found plaintiff failed to demonstrate that anti-SLAPP statute was preempted; plaintiff did not show anti-SLAPP statute falls within subject matter of copyright, or that anti-SLAPP rights are equivalent to rights under Act. Plaintiff thus failed to establish that Act preempts relevant portions of California’s anti-SLAPP statute.

*HireAHelper LLC v. Move Lift, LLC*, No. 17-711, 2017 U.S. Dist. LEXIS 166370 (S.D. Cal. Oct. 5, 2017)

Plaintiff asserted claims of copyright infringement and state law claims for negligent interference with prospective economic advantage and intentional interference with prospective advantage, claiming that defendants “engaged in wrongful conduct” by

presenting bid for contract also sought by plaintiff, which bid included material “wrongfully copied from and infringing upon [plaintiff’s] copyright in [its] website.” Defendant moved to dismiss claims as preempted. Court determined that state-law claims were preempted because (1) work plaintiff sought to protect fell within subject matter of Copyright Act, as plaintiff’s own allegations confirmed that work forming part of basis for plaintiff’s state law claims could be copyrighted; and (2) alleged wrongful act was based on defendants’ alleged infringement of plaintiff’s copyright in material on its website. Rights asserted by plaintiff in state law claims were thus equivalent to rights of copyright holders.

*Carter v. Pallante*, 256 F. Supp. 3d 791 (N.D. Ill. 2017)

Court granted in part and denied in part publisher defendants’ motion to dismiss. Plaintiff’s father and uncle were songwriters who published works between 1950s and 1970s. Plaintiff was heir to father and uncle’s estates, which included rights to many works. Although father and uncle assigned rights in their lifetimes, plaintiff regained rights by exercising renewal rights to certain songs and terminating assignees’ rights in other songs. Plaintiff brought claims for direct, contributory and vicarious infringement, falsifying CMI, and various state law claims, based upon allegations that defendants represented to others that they could license, and in fact did license, performance and other rights in plaintiff’s works. Publisher defendants move to dismiss state law claims as preempted. Court dismissed unjust enrichment claim, finding that alleged conduct supporting such claim is substantively same as that prohibited by Act, rejecting argument that claim could survive because it was pleaded in alternative. Court found deceptive trade practices claim preempted insofar as claim was based on reverse passing off. However, insofar as claim encompassed allegations of false advertising, court found claim not preempted. Court found tortious interference claim preempted; alleged conduct supporting such claim is substantively same as that prohibited by Act. Court rejected argument that there was additional element to claim, as alleged element was not element of tortious interference claim. For all dismissed state law claims, court granted plaintiff leave to amend.

*BHL Boresight, Inc. v. Geo-Steering Sols. Inc.*, No. 15-627, 2017 U.S. Dist. LEXIS 98057 (S.D. Tex. Jun. 26, 2017)

Court granted in part and denied in part defendants’ motions to dismiss. Plaintiff contended defendants unlawfully used its proprietary software to develop “Product.” Plaintiff asserted claims against defendants for, *inter alia*, trade secret misappropriation under Texas Uniform Trade Secrets Act (“TUTSA”), and unjust enrichment. Defendants contended claims were preempted. Court noted that TUTSA is merger of Texas Theft Liability Act (“TTLA”) and common law misappropriation. Fifth Circuit held in *Spear Marketing, Inc. v. BancorpSouth Bank*, 791 F.3d 586 (5th Cir. 2015), that theft of trade secrets claims under TTLA, as applied to software, were preempted. However, since *Spear*, district courts in circuit had uniformly held that trade secret misappropriation claims, under either TUTSA or common law, were not preempted because such claims include “extra element” of breach of confidentiality or improper methods, which is not equivalent to any of exclusive rights under copyright. As such, defendants’ motion to dismiss trade secret misappropriation claim as preempted was

denied. Regarding claim of unjust enrichment, district court noted state-law claim is preempted when claim (1) falls within subject matter of copyright, and (2) protects rights that are “equivalent” to any of exclusive rights protected by copyright. Fifth Circuit had held that software, standing alone, falls within subject matter of Copyright Act, but that claims not “wholly limited to software,” but that “include procedures, processes, systems, and methods of operation that are excluded from copyright protection under Section 102(b),” fall outside scope of Act and are not preempted. District court found plaintiff’s allegations devoid of reference to procedures, processes, systems and methods of operation that fall outside scope of copyright protection; first prong thus was satisfied. Regarding “equivalence” prong, district court found plaintiff’s allegations expressly based on defendants’ “access, possession, and use” of plaintiff’s software and data, not on contractual or fiduciary breach. Such allegations therefore involve same conduct protected by Copyright Act, and are preempted. Defendants’ motion to dismiss plaintiff’s unjust enrichment claim was granted.

*Norfolk Div. Parks v. Figures Toy Co.*, No. 16-522, 2017 U.S. Dist. LEXIS 196488 (E.D. Va. Nov. 29, 2017)

Court dismissed claims of breach of implied contract, tortious interference with contract and fraudulent inducement as preempted. Plaintiff designed and created wrestling championship belts for defendant Ring of Honor (“ROH”). After ROH approached plaintiff about licensing belt designs for replicas, plaintiff provided its designs to defendant Figures Toy Co. (“Figures”), though ROH and plaintiff never agreed to final terms. Without consulting plaintiff, ROH and Figures began creating and selling replica items based on plaintiff’s designs, removing plaintiff’s copyright notice and replacing with copyright notice for ROH. Plaintiff brought suit alleging copyright infringement, violation of DMCA, breach of contract, tortious interference with contract/business expectancy, business conspiracy and fraudulent inducement. Act preempts state law claims that are (1) within subject matter of copyright and (2) equivalent to any exclusive rights within scope of copyright. If state law claim requires proof of extra element instead of or in addition to copyright infringement, it survives preemption analysis. Plaintiff’s breach of implied contract claim was preempted because parties engaged only in contract negotiations, without reaching final or written contract, which did not render plaintiff’s claim qualitatively different from copyright infringement claim. Plaintiff’s tortious interference claim was preempted because it boiled down to assertion that defendants worked together to copy plaintiff’s copyrighted materials. Finally, fraudulent inducement claim was preempted because plaintiff essentially alleged that defendants promised and failed to pay plaintiff for use of its designs, which is essentially identical to copyright infringement claim. However, plaintiff’s business conspiracy claim survived because applicable statute required defendants to act with legal malice or with purpose of harming plaintiff, which would constitute additional element not covered by copyright claim.

*Art of Design, Inc. v. Pontoon Boat, LLC*, No. 16-595, 2017 U.S. Dist. LEXIS 133672 (N.D. Ind. Aug. 22, 2017)

District court dismissed with prejudice plaintiff's state law unjust enrichment claim as preempted. Plaintiff, designer of custom artwork for vehicles, pursuant to contract with Bennington Marine, created two "Shatter Graphics" and painted same on limited number of Bennington's boats. Plaintiff alleged that, after transaction was complete, Bennington continued to market, sell and distribute products with Shatter Graphics design (or substantially similar designs), and that Bennington also passed said designs to another marine products retailer, Hawkeye Boat Sales, for marketing, sale and distribution, all without plaintiff's authorization. Plaintiff brought unjust enrichment claim against defendants Bennington and Hawkeye, alleging that defendants had received measurable benefit by receiving value of plaintiff's "labor, services and designs" without payment to plaintiff. Under Seventh Circuit's *Baltimore Orioles* test, state law claim is preempted when (1) work at issue is fixed in tangible form and otherwise within scope of federal copyright law and (2) state law right is equivalent to rights available under Copyright Act; i.e., state law claim does not require additional element. Since parties did not contest that works at issue satisfied first prong of test, court focused on whether, given factual basis underlying plaintiff's claims, unjust enrichment and copyright claims were qualitatively different. Because only "labor and services" allegedly rendered by plaintiff were those conferred when it painted limited number of Bennington's boats, and Bennington paid plaintiff for these services, plaintiff's only unjust enrichment theory was that defendants created derivative works based on plaintiff's Shatter Graphics designs, which overlapped with plaintiff's rights under Copyright Act. As such, plaintiff's unjust enrichment claim was preempted.

*Daniels v. FanDuel, Inc.*, No. 16-1230, 2017 U.S. Dist. LEXIS 162563 (S.D. Ind. Sept. 29, 2017)

Plaintiffs, former college athletes, brought suit against FanDuel, Inc. and DraftKings, Inc., operators of fantasy sports online sites and mobile applications, for violation of right of publicity under Indiana law. Defendants moved to dismiss, arguing cause of action was preempted. Court rejected argument, finding that state law "seeks to protect the persona of the plaintiff ... by enumerating attributes unique to each individual." Person's identity – her persona – is not authored and is not fixed; thus, rights protected by right of publicity statute are not "equivalent" to any of exclusive rights within general scope of copyright.

*Baronius Press, Ltd. v. Saint Benedict Press LLC*, No. 16-695, 2017 U.S. Dist. LEXIS 125688 (W.D.N.C. Aug. 8, 2017)

District court granted defendant's motion to dismiss plaintiff's claim of violation of North Carolina UDTPA, N.C. Gen Stat. § 75.1, as preempted. Plaintiff alleged that it acquired exclusive rights to publish English translation of literary work, but that defendant continued to publish work despite receiving notice of plaintiff's exclusive rights. Copyright Act governs all legal or equitable rights which are equivalent to exclusive rights granted by Copyright Act. To avoid preemption, Fourth Circuit requires that plaintiff show "extra

element” that makes state law claim qualitatively different from copyright infringement claim, such as allegations demonstrating misrepresentation, deception, or abuse of confidential relationship. Court held that plaintiff’s claim, which rested entirely on defendant’s alleged copying, advertising, publishing and selling of plaintiff’s work, did not sufficiently allege “extra element,” and therefore was not qualitatively different from copyright claim.

*Edge in Coll. Preparation, Ltd. Liab. Co. v. Peterson’s Nelnet, Ltd. Liab. Co.*, No. 16-559, 2017 U.S. Dist. LEXIS 85711 (D. Neb. June 5, 2017)

Defendant, educational services company, contracted to publish manuscripts created by plaintiff college test-prep company. Defendant terminated contract before expiration of term and, according to plaintiff, impermissibly published works substantially similar to those created by plaintiff. Plaintiff brought suit for infringement and unfair competition. District court dismissed unfair competition claim as deficient because plaintiff did not actually compete with defendant in marketplace, and as preempted because “wrongful act alleged by [plaintiff] as unfair competition is the reproduction and distribution of [plaintiff’s] copyrighted work,” same elements as violation of Act. Therefore, unfair competition claim was dismissed.

## **IX. DIGITAL MILLENNIUM COPYRIGHT ACT**

*Ventura Content, Ltd. v. Motherless, Inc.*, 885 F.3d 597 (9th Cir. 2018)

Ninth Circuit affirmed grant of summary judgment that defendants were entitled to safe harbor defense under Digital Millennium Copyright Act. Plaintiff, creator and distributor of pornographic movies, alleged that infringing clips were stored and displayed on defendants’ website. Court found that material at issue was stored at direction of users, who decided what material to post to website. Defendants did not exercise judgment in what to host; editing was limited to “kind protected by section 512(m), screening out illegal material.” Defendants did not have knowledge that content posted by users was infringing, and defendants removed infringing material once they received actual or red flag notice of infringing content. Moreover, defendant did not receive financial benefit directly attributable to infringement that they had ability to control, and defendant had policy of excluding repeat infringers from using website.

*Disney Enters. v. VidAngel, Inc.*, 869 F.3d 848 (9th Cir. 2017)

Ninth Circuit affirmed entry of preliminary injunction. Plaintiffs Disney Enterprises, LucasFilm Limited, Twentieth Century Fox Film Corporation and Warner Brothers Entertainment brought suit against defendant, operator of streaming service that removed objectionable content from music and television episodes, for, *inter alia*, violating DMCA by circumventing technological measures controlling access to plaintiffs’ works. Defendant purchased multiple authorized DVDs or Blu-ray discs for thousands of titles. It assigned

each disc unique barcode and stored it in locked vault. Defendant used software program to decrypt one disc for each title, removing CSS, AACS and BD+ TPMs, and uploaded digital copy to computer as “gold master file.” After decryption, defendant created “intermediate” files, converting them to streaming format and breaking them into segments to be tagged for inappropriate content. Once tagged, segments were encrypted and stored in cloud servers. Customers “purchased” specific physical disc from inventory; selected disc was removed from inventory and “ownership” transferred to customer’s unique ID, although defendant retained possession of disc on behalf of purchaser. After purchase, defendant streamed filtered work to customers with objectionable content removed. Work was streamed from filtered segments stored in cloud servers, not original discs. Filtered segments were deleted after streaming. After viewing, customer could “sell” disc to defendant for partial credit of purchase price. Ninth Circuit found plaintiff likely to prevail on merits of DMCA claim. Court rejected defendant’s argument “that an individual who buys a DVD has the ‘authority of the copyright owner’ to view the DVD, and therefore is exempted from the DMCA pursuant to subsection 1201(a)(3)(A) when the buyer circumvents an encryption technology in order to view the DVD on a competing platform.” Rather, court adopted Second Circuit’s approach in *Universal City Studios, Inc. v. Corley*, 273 F.3d 429 (2d Cir. 2001), noting that subsection 1201(a)(3)(A) “exempts from liability those who would ‘decrypt’ an encrypted DVD with the authority of the copyright owner, not those who would ‘view’ a DVD with the authority of a copyright owner.” Defendant offered no evidence that plaintiffs explicitly or implicitly authorized it to circumvent encryption technology to access contents. Defendant therefore likely violated DMCA by circumventing technological measures controlling access to plaintiffs’ works.

*BMG Rights Mgmt. (US) LLC v. Cox Communs., Inc.*, 881 F.3d 293 (4th Cir. 2018)

Plaintiff owned copyrights in certain musical compositions, and defendants were high-speed Internet providers. Defendants’ subscriber agreements allowed them to terminate service for copyright infringement, but in practice defendants maintained “thirteen-strike policy.” Plaintiff hired non-party to monitor for infringement and when it located infringement, non-party emailed notice to alleged infringer’s Internet provider. Because of particular language in notice, defendants declined to forward or process such notices and, at certain point, defendants deleted such notices without reviewing them. Accordingly, defendants never received infringement notices from non-party related to plaintiff’s rights. Trial court had granted summary judgment for plaintiff on issue that defendants did not qualify for DMCA safe harbor. After two-week trial, jury found defendant liable for willful contributory infringement and awarded plaintiff \$25 million in statutory damages. Fourth Circuit rejected defendant’s argument that statute’s term “repeat infringers” means *adjudicated* repeat infringers, finding support in ordinary meaning of words, other parts of Act, legislative history, and other Circuit decision. Court also found that defendants did not reasonably implement repeat infringer policy because they did not meaningfully enforce policy. For instance, during relevant time period and up to September 2012, defendants did not terminate customer based on infringement without reactivating same customer. Court also found record support for plaintiff’s argument that in September 2012 defendants abruptly stopped

terminating subscribers at all. Court also pointed to fact that defendants automatically deleted infringement notices from non-party and that defendants did not terminate subscribers when their employees considered them repeat infringers due to lost revenue concern. Defendants also objected to DMCA-related instructions provided to jury, but court rejected both objections. Court found no error with trial court's failure to provide innocent infringer instruction. Court also found no abuse of discretion when trial court instructed jury that no DMCA defense was available in case, rejecting defendants' argument that such instruction implied liability for infringement. Court affirmed district court's grant of summary judgment that defendants did not qualify for safe harbor defense.

*Hosseinzadeh v. Klein*, 276 F. Supp. 3d 34 (S.D.N.Y. 2017)

Court granted defendants' motion for summary judgment. Plaintiff was filmmaker who posted original video content on YouTube. Plaintiff's video "Bold Guy vs. Parkour Girl" video showed Bold Guy flirting with and chasing woman through various sequences. Defendants posted video titled "The Big, The BOLD, The Beautiful" in which defendants comment on and criticize plaintiff's video, playing portions of it in process. Defendants' video included mockery of plaintiff's performance and what defendants considered unrealistic dialog and plotlines, and referred to plaintiff's video as "quasi-pornographic and reminiscent of a 'Cringetube' genre of YouTube video known for 'cringe'-worthy sexual content." Court found defendants' video "roughly equivalent to the kind of commentary and criticism of a creative work that might occur in a film studies class." Plaintiff submitted DMCA takedown notice to YouTube, and YouTube took down defendants' video. Defendants submitted DMCA counter notification, challenging takedown on basis that video was "fair use and noncommercial." Plaintiff then filed suit, alleging infringement and misrepresentation under § 512(g). Court found defendants' video to be fair use. On claim for DMCA misrepresentation, court found that defendants' counter notification did not "knowingly materially misrepresent" that video was non-infringing fair use. In submitting takedown notice, copyright holder need only form subjective good faith belief that use is not authorized. Court found same subjective standard should apply to good faith belief requirement for counter notifications, and that defendants "had a subjective 'good faith belief' that their video did not infringe the plaintiff's copyrights." Court found that there was no misrepresentation because statement was factually accurate; and, even if court had found that defendants' work was not fair use, court would dismiss misrepresentation claim because defendants "had a subjective 'good faith belief' that their video did not infringe the plaintiff's copyrights." Plaintiff did not offer any evidence that defendants lacked such belief, and therefore failed to create triable issue.

*Hirsch v. CBS Broad. Inc.*, No. 17-1860, 2017 U.S. Dist. LEXIS 123468 (S.D.N.Y. Aug. 4, 2017)

District court denied defendants' motion to dismiss plaintiff's claim for alteration of copyright management information. Plaintiff photojournalist owned copyright in photograph of Justin Massler, man accused of stalking Ivanka Trump, that was featured in episode of television show *48 Hours* titled "Stalked." Work appeared in episode for approximately two

seconds, rotating slowly on screen. Only top portion of work was used; bottom segment, containing plaintiff's gutter credit, was not included. To establish violation of § 1202(b) of DMCA, plaintiff must establish (1) existence of CMI on infringed work; (2) removal and/or alteration of that information; and (3) that removal and/or alteration was done intentionally. Although complaint was sparse as to third element, it was clear that work was minimally cropped when used in episode, and it was clear that cropped portion prominently contained plaintiff's gutter credit. Therefore, court held, "conduct pled supplies a fair basis on which to infer [third] element." Court thus denied defendants' motion to dismiss claim for removal of CMI.

*ISE Entm't Corp. v. Longarzo*, No. 17-9132, 2018 U.S. Dist. LEXIS 40755 (C.D. Cal. Feb. 2, 2018)

Court denied motion to dismiss DMCA § 512(f) claim. Plaintiff was owner and creator of television program *The Weekend in Vegas*, available on ABC affiliate in Las Vegas as well as Amazon.com. Defendant Jeff Civillico was co-producer of program and program's host. Plaintiff and Civillico executed deal memo in which parties agreed that work, including copyright, was owned by plaintiff. In August 2017 Amazon Video Direct sent email to plaintiff stating that it had received complaint from defendant Longarzo, Civillico's attorney, about program's availability on Amazon. Plaintiff alleged that Amazon removed program from site because of "false DMCA notice" Longarzo sent. Attorney for plaintiff wrote Longarzo demanding that Longarzo "immediately notify Amazon that your client's [Civillico's] claim is withdrawn"; Longarzo responded that plaintiff breached verbal agreement and that deal memo prevented plaintiff from using Civillico's name or likeness without consent, and refused to withdraw claim to Amazon. Parties again exchanged further correspondence and plaintiff commenced action, including claim for damages under § 512(f). Defendants removed case and moved to dismiss. Court rejected argument that plaintiff did not have standing to bring DMCA claim because it did not register copyright. Plaintiff was not suing for copyright infringement; it was suing for damages stemming from allegedly fraudulent takedown notice. Court found that plaintiff stated claim under § 512(f). Court specifically found pleading adequately alleged that defendants actually knew of misrepresentation to Amazon, though court noted plaintiff might struggle to produce evidence of subjective bad faith as case progressed.

*Carter v. Pallante*, 256 F. Supp. 3d 791 (N.D. Ill. 2017)

Court granted in part and denied in part publisher defendants' motion to dismiss. Plaintiff's father and uncle were songwriters who published works between 1950s and 1970s. Plaintiff was heir to father and uncle's estates, which included rights to many works. Although father and uncle assigned rights in their lifetimes, plaintiff regained rights by exercising renewal rights to certain songs and terminating assignees' rights in other songs. Plaintiff brought claims for direct, contributory and vicarious infringement, falsifying CMI, and various state law claims, based upon allegations that defendants represented to others that they could license, and in fact did license, performance and other rights in plaintiff's works. On motion to dismiss for failure to state DMCA claim, defendants argued that § 1202(a)(1) was not

supposed to apply to contexts outside of “the Internet, electronic commerce, automated copyright protections or management systems, public registers, or other technological measures or processes as contemplated in the DMCA as a whole.” Court rejected argument, noting that § 1202 simply establishes cause of action for removal of (among other things) name of author of work when it has been conveyed in connection with copies of work. Statute imposes no explicit requirement that such information be part of “automated copyright protection or management system”; in fact, it appears to be extremely broad, with no restrictions on context in which such information must be used in order to qualify as CMI. Plain text of statute proscribes falsely identifying copyright owner of song in connection with licensing rights; no connection to Internet or electronic commerce is necessary. Motion to dismiss DMCA claim was denied.

*Boatman v. Honig Realty, Inc.*, No. 16-8397, 2017 U.S. Dist. LEXIS 142601 (N.D. Ill. Sept. 5, 2017)

District court granted in part and denied in part defendant’s motion to dismiss. Plaintiff, professional photographer, sued defendant realty company for direct and contributory infringement, as well as violation of DMCA. Plaintiff photographed houses for defendant, and licensed defendant to use photos for “listing and marketing” of houses, with license agreement expiring upon sale of home. Plaintiff alleged that defendant intentionally deleted embedded CMI and added new watermark. Defendant moved to dismiss infringement and DMCA claims. Defendant argued that addition of watermark did not fall under § 1202(b) because that section only discusses removing or altering CMI. Court determined that plaintiff sufficiently alleged § 1202(b) claim, noting that “[w]hile a plaintiff perhaps could split an alteration claim into two pieces – a removal claim under § 1202(b) and then an addition claim under § 1202(a) – the fact that the statute plainly includes alterations in § 1202(b) suggests such contortions are not required.” Court noted that plaintiff was not required to plead legal theories in complaint; to extent plaintiff should have laid out separate § 1202(a) claim, it did not warrant dismissal because plaintiff pleaded sufficient facts to state claim. Court denied motion as to DMCA claim.

*Norfolk Div. Parks v. Figures Toy Co.*, No. 16-522, 2017 U.S. Dist. LEXIS 196488 (E.D. Va. Nov. 29, 2017)

Court denied defendants’ motion to dismiss DMCA claim. Plaintiff designed and created wrestling championship belts for defendant Ring of Honor (“ROH”). After ROH approached plaintiff about licensing belt designs for replicas, plaintiff provided its designs to defendant Figures Toy Co. (“Figures”), though ROH and plaintiff never agreed to final terms. Without consulting plaintiff, ROH and Figures began creating and selling replica items based on plaintiff’s designs. Plaintiff alleged that defendants violated DMCA by removing plaintiff’s copyright notice and replacing it with ROH copyright notice, then offering replicas for sale via defendants’ websites. Section 1202 of DMCA is violated when person, without authorization, intentionally removes or alters copyright management information (“CMI”) having reasonable grounds to know that it will induce, enable, facilitate or conceal copyright infringement. Defendants argued that DMCA claim failed because two of plaintiff’s exhibits

did not show copyright notice, but court held that other images as well as allegations in complaint sufficiently established that plaintiff's CMI was on designs and original belts. ROH's argument that it directed removal of CMI, rather than removing CMI personally, failed because it was based on impermissibly narrow reading of DMCA. Finally, plaintiff had pleaded sufficient facts to infer that defendants acted with knowledge and intent.

*Art of Design, Inc. v. Pontoon Boat, LLC*, No. 16-595, 2017 U.S. Dist. LEXIS 133672 (N.D. Ind. Aug. 22, 2017)

District court dismissed with prejudice plaintiff's DMCA claim because plaintiff failed to allege copyright management information that linked up to plaintiff's copyright registrations. Plaintiff, designer of custom artwork for vehicles, created two "Shatter Graphics" designs and painted same on limited number of Bennington Marine's boats. Shatter Graphics designs were registered with Copyright Office under two registrations; one was registered to plaintiff, and other to individual who allegedly assigned registration to plaintiff. Shatter Graphics, when provided to Bennington, contained following notice: "TAOD DESIGNS ARE THE PROPERTY OF TAOD. THEY ARE NOT TO BE REPRODUCED, COPIED OR FORWARDED TO ANYONE WITHOUT WRITTEN PERMISSION" ("Notice"). Plaintiff alleged that after transaction was complete, Bennington continued to market, sell and distribute products with Shatter Graphics design (or substantially similar designs), and that Bennington also passed designs to another marine products retailer for marketing, sale and distribution, all without plaintiff's authorization and without inclusion of Notice. Plaintiff alleged that Notice constituted copyright management information ("CMI") under DMCA, and that defendants' removal thereof violated DMCA. Purported CMI at issue, i.e., Notice, described "TAOD" as owner, although TAOD was not listed as owner of record for either of plaintiff's claimed registrations. Moreover, there were no entities named simply "TAOD" registered in state where plaintiff was located. Court held that Notice did not qualify as CMI, and therefore dismissed plaintiff's DMCA claim with prejudice.

*H-D U.S.A., LLC v. SunFrog, LLC*, 282 F. Supp. 3d 1055 (E.D. Wis. 2017)

Plaintiffs, Harley-Davidson entities, brought action against defendants alleging copyright infringement. Defendants operated online marketplace where third-party sellers could "upload designs and logos onto clothing, hats, mugs, or other items and sell them." Some items on defendants' website bore plaintiffs' logos. Defendants moved to dismiss for failure to state claim. Defendants claimed they were protected from copyright claim by DMCA safe-harbor provisions for ISPs. Safe harbor provides protection for ISPs where ISP does not know material is infringing; is not aware of facts that would make infringement apparent; upon learning of infringement acts expeditiously to remove infringing material; does not receive financial benefit from infringing activity; and terminates repeat offenders. Defendants claimed they were not responsible for users' infringement because they did not generate designs, and took them down when notified. Safe harbor provision is affirmative defense to be pleaded and proved by defendant. Motion to dismiss can succeed only if complaint itself establishes facts necessary to sustain defense. Court held that plaintiffs did not establish such facts; if anything, plaintiffs' allegations refuted each element of

defendant's defense since on face of complaint it appeared that defendants knew of infringing material, profited from activity, were slow to take down infringing material and, despite ability to control infringing activity, allowed it to continue. Motion to dismiss was wholly without merit, and as such, was denied.

## **X. VISUAL ARTISTS RIGHTS ACT**

*Cohen v. G&M Realty L.P.*, No. 13-5612, 2018 U.S. Dist. LEXIS 22662 (E.D.N.Y. Feb. 12, 2018)

Plaintiffs – 21 graffiti artists – brought suit against defendant Gerald Wolkoff and related entities seeking preliminary injunction under VARA to stave off demolition of 5Pointz and their artwork on structures. In 2013, court denied preliminary injunction and stated that opinion would issue soon thereafter. Although opinion issued eight days later, Wolkoff whitewashed works, destroying most of them, without waiting for opinion. Case proceeded to three-week trial, and, before summation, plaintiffs, with consenting defendants, waived jury rights. Rather than summarily dismiss jury after it had sat through entire trial, court converted it to advisory jury. Court now issued findings of fact and conclusions of law after jury rendered verdict on 98-page sheet. Court rejected defendants' position that VARA does not protect temporary works like plaintiffs' works, finding no support in statute or case law. As to whether works were of "recognized stature," court looked at evidence that curator selected works of street art among many others, and noted that all plaintiffs were recognized outside of 5Pointz as shown in presented folios of their works. Court also credited plaintiffs' expert and discredited defendants' expert on topic. Of 49 works, court found that 45 were of recognized stature. Court found that plaintiffs failed to establish reliable market value for works, and did not award actual damages. Jury found that Wolkoff acted willfully, and court agreed. Under statute, Wolkoff could have given plaintiffs 90 days' notice to allow for attempted salvage of works, but did not do so. After structure was whitewashed, Wolkoff refused plaintiffs entry onto property to recover surviving works, and tried to have them arrested when they tried to enter. In sum, court found "only logical inference" from Wolkoff's behavior after denial of preliminary injunction "was that it was an act of pure pique and revenge for the nerve of the plaintiffs to sue to attempt to prevent the destruction of their art. This is the epitome of willfulness." Court assessed statutory damages factors, and found each tipped in favor of award of high statutory damages. Wolkoff acted willfully; profited indirectly when 5Pointz increased in value after he obtained variance following his plan to turn site into profitable luxury condominium; and whitewashing had negative effect on plaintiffs' careers. Court placed special emphasis on need for deterrence, as Wolkoff remained unrepentant. Court also found that Wolkoff's behavior during whitewashing and in court and plaintiffs' good behavior during trial militated in favor of high award. Court awarded statutory damage of \$150,000 for each of 45 works, for total of \$6,750,000.





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