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**Cowan, Liebowitz & Latman**

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**Copyright Review  
2019**

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*“Recent Developments In Copyright”  
Selected Annotated Cases*

**By Thomas Kjellberg**

**with**

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**These annotations cover cases reported since our report at  
the 42<sup>nd</sup> Copyright Society Annual Meeting of 2018.**

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## I. JURISDICTION AND PROCEDURAL ISSUES

### A. Subject Matter Jurisdiction

*Fastcase, Inc. v. Lawriter, LLC*, 907 F.3d 1335 (11th Cir. 2018)

Parties were competitors in market for legal research services. Plaintiff had agreement with Georgia Bar whereby it provided Georgia law database, including Georgia Regulations, to members in exchange for per-member fee. To keep current on law, plaintiff visited Georgia Regulations page on Secretary of State website. Secretary of State delegated duty of publishing Georgia Regulations to defendant. Defendant sent plaintiff cease-and-desist letter demanding that plaintiff stop offering Georgia Regulations, and plaintiff filed initial declaratory judgment action seeking declaration that defendant had no legal rights, by contract or copyright, to restrict publication of Georgia Regulations. District court dismissed case for lack of subject matter jurisdiction because defendant did not have copyright registration and because plaintiff did not meet jurisdictional minimum. During first suit, defendant added terms of use to Secretary of State website, which included liquidated damages clause. Plaintiff filed second declaratory judgment suit, district court again dismissed, and plaintiff appealed. Court first found that district court erred in finding lack of registration jurisdictional defect; lack of registration allows for 12(b)(6) motion, but not for dismissal on jurisdictional grounds. Court also found amount in controversy satisfied based on plaintiff's argument that each violation of defendant's site's terms subjected plaintiff to \$20,000 liquidated damages, and plaintiff alleged it visited defendant's site daily. Because violating terms as few as four times would subject plaintiff to threat of liability in excess of \$75,000, plaintiff's potential liability was not too speculative to satisfy amount-in-controversy requirement. Eleventh Circuit vacated and remanded.

*Pablo Star Ltd. v. Welsh Gov't*, No. 15-1167, 2019 U.S. Dist. LEXIS 54456 (S.D.N.Y. Mar. 29, 2019)

District court denied defendant's motion to dismiss. Plaintiffs, media companies that owned copyrights in two photographs depicting poet Dylan Thomas, sued Welsh Government, alleging infringement based on unauthorized use of photos in Welsh tourism advertisements targeting New York residents. Welsh Government moved to dismiss on basis of sovereign immunity. Foreign Sovereign Immunities Act (FSIA), sole source for subject matter jurisdiction over any action against foreign state, provides sovereign immunity to foreign state unless exception applies. Plaintiffs claimed three exceptions: (1) commercial activity exception; (2) noncommercial tort exception; and (3) expropriation exception. Court examined only commercial activity exception, which provides exception to FSIA when (1) foreign state engages in commercial activity in manner of private player within market, and (2) plaintiff's claim is based upon such commercial activity, i.e., significant nexus exists between foreign state's commercial activity in U.S. and plaintiff's cause of action. Court found that Welsh Government's use of plaintiffs' copyrighted photographs was "familiar manifestation of the manner in which any number of private travel agents or guides have

been alleged to have used another's copyrighted materials" to supplement own products or services. In fact, Welsh Government distributed photographs of Dylan Thomas in form largely indistinguishable from form in which private parties had distributed copies of same photo. District court further found Welsh Government's commercial activities formed basis or foundation for plaintiff's claim of copyright infringement. Welsh Government argued that use of photos was not for profit but rather to encourage economic development and tourism in Wales. District court rejected argument, noting that whether foreign government's conduct is "commercial activity" as defined by FSIA depends not on whether government is acting with profit motive, but rather whether particular actions that state performs are type of actions by which private party engages in trade and traffic or commerce. Due in part to Welsh Government's development of infringing materials in New York, district court found sufficient evidence of Welsh Government carrying on commercial activities in U.S. relating to plaintiffs' claims. With subject matter jurisdiction established, district court denied motion to dismiss.

*Lothan Van Hook Destafano Architecture, LLC v. SB Yen Mgmt. Grp., Inc.*, No. 18-275, 2018 U.S. Dist. LEXIS 207656 (N.D. Ill. Dec. 10, 2018)

District court denied defendant's motion to dismiss for lack of subject matter jurisdiction. Plaintiff architecture firm brought copyright infringement claim against defendant property manager. Plaintiff alleged that, after plaintiff created architectural and engineering plans for hotel property, owner of property terminated its contract with plaintiff, and defendant continued with construction through different architecture firm using plaintiff's architectural plans. Defendant moved to dismiss for lack of subject matter jurisdiction, arguing that purported copyright infringement claim was actually "state-law contract claim in disguise." Court assessed whether case was about copyright validity and infringement or about rights controlled by agreement between parties. Court found that plaintiff sought remedies expressly granted by Copyright Act, namely, injunction against further infringement, accounting of profits, actual damages, and attorneys' fees, and that plaintiff expressly alleged copyright infringement. "In this circuit, that is enough to confer subject-matter jurisdiction."

*Kinon Surface Design, Inc. v. Hyatt Corp.*, No. 18-81065, 2019 U.S. Dist. LEXIS 13670 (S.D. Fla. Jan. 28, 2019)

District court denied defendant Hyatt Corporation's motion to dismiss. Plaintiff, manufacturer of proprietary panels used as decorative surface material in interior design projects, claimed copyright infringement in violation of U.S. and Chinese law. Plaintiff alleged that Hyatt used plaintiff's copyrighted pattern on decorative panels in Hyatt's new hotel in China without authorization, and subsequently displayed panels on Hyatt's U.S. website as part of hotel marketing efforts. Hyatt filed motion to dismiss, arguing lack of subject matter jurisdiction on ground that allegedly infringing acts occurred in China. District court disagreed. As to subject matter jurisdiction under U.S. law, court found that Hyatt's display of plaintiff's copyrighted work on its U.S. website to market and promote its global business constituted infringing act, such that subject matter jurisdiction under federal copyright law existed. As to supplemental jurisdiction over claim under Chinese law, court

found that factual allegations underlying both of plaintiff's infringement claims involved substantial overlap, and Hyatt failed to meet its burden of demonstrating sufficiently extraordinary circumstances to justify declining supplemental jurisdiction over claim for infringement under Chinese law.

*Zaccari v. Discover Techs. LLC*, No. 18-453, 2018 U.S. Dist. LEXIS 217668 (E.D. Va. Dec. 28, 2018)

Court granted in part defendant's motion to dismiss. Plaintiff alleged that defendant, government contractor, collaborated with U.S. government in engaging in copyright infringement. Court held that under 28 U.S.C. § 1498(b) Congress waived sovereign immunity for copyright claims against U.S. government, but that any such claims must be brought in Court of Federal Claims. Jurisdictional bar to district courts hearing copyright infringement claims against U.S. government applies to private parties that have infringed on behalf of government. Here, defendant was contractor of government and plaintiff's complaint included facts that purported that infringement occurred by U.S. government with support of defendant contractor. Court thus found that it lacked subject-matter jurisdiction to entertain copyright infringement claim against defendant.

*Round to Fit, LLC v. Reimer*, No. 18-272, 2019 U.S. Dist. LEXIS 53983 (S.D. Ind. Mar. 29, 2019)

Court denied defendant's motion for judgment on pleadings. Plaintiff, manufacturer of specialized exercise equipment, brought suit for declaratory judgment confirming it to be rightful author and copyright owner of software/source code under work made for hire doctrine. Defendant, former Chief Technology Officer of plaintiff, alleged that he wrote software code on his own time and using his personal computer. Defendant argued that court lacked subject matter jurisdiction because case was about copyright ownership turning on whether defendant was acting as plaintiff's employee under Indiana law when he wrote code. Defendant also argued that plaintiff failed to present "case or controversy" because it did not suffer "injury in fact" as required under Article III. Court rejected defendant's arguments, and found that it had subject matter jurisdiction because (1) plaintiff's request for declaratory judgment of authorship/ownership "arose under" Copyright Act, requiring court to interpret Act's provisions; and (2) plaintiff sufficiently alleged Article III "case or controversy" because plaintiff had shown that it suffered requisite "injury in fact" based on defendant's denial of plaintiff's ownership rights under Act: plaintiff could not exercise any of the rights that authorship arising under federal law would vest in it as original owner if software were deemed work made for hire.

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

*In re McGraw-Hill Global Educ. Holdings LLC*, 909 F.3d 48 (3d Cir. 2018)

Third Circuit held photographers were not bound by forum selection clause in contracts they did not sign, but declined to issue writ of mandamus transferring lawsuit to proper forum.

Two photographers, New Jersey and Pennsylvania residents, submitted photos to stock photo agency Corbis for marketing purposes and signed representation agreement with New York choice of law and venue provision. Corbis subsequently sublicensed photographs to defendant McGraw-Hill, via agreement that contained New York forum selection clause. Photographers sued, alleging McGraw-Hill used photographs beyond terms of Corbis licenses; defendant moved to transfer venue to New York. In one case district court ruled transfer proper, and photographer sought writ of mandamus to stop transfer; in other case court ruled transfer improper, and McGraw-Hill sought writ ordering transfer to New York. Third Circuit held photographers were not bound by forum selection clause because photographers were not intended beneficiaries of sublicensing agreements, receiving no direct benefit therefrom. Furthermore, enforcement of forum selection clause would not have been foreseeable to photographers, non-signatories to sublicensing agreement. Sublicensing agreement stated “[a]ny dispute regarding this Agreement shall be governed by the laws of the State of New York”; Third Circuit found that copyright claims would ordinarily constitute dispute under forum selection clause of sublicensing agreement. However, because photographers were not signatories to sublicensing agreement, not intended third-party beneficiaries, and not closely related parties to Corbis and McGraw-Hill, scope of forum selection clause was “of little consequence.” Third Circuit therefore ruled that transfer to New York by one district court was erroneous, but declined to issue writ of mandamus because error was not “clear and indisputable.”

*McGraw-Hill Glob. Educ. Holdings, LLC v. Khan*, 323 F. Supp. 3d 488 (S.D.N.Y. 2018)

Court had personal jurisdiction under New York long-arm statute over defendants, who owned, controlled, and operated multiple illegal online websites and forums to create, store, and sell unauthorized digital copies of plaintiffs’ instructor solutions manuals. Plaintiffs made test purchases and downloaded free samples from defendants’ websites, confirming that defendants were providing customers in New York with digital copies of plaintiffs’ works. Evidence that defendants owned and operated “highly interactive” websites, allowing prospective customers in New York to browse and purchase unauthorized copies of plaintiffs’ works, established court’s personal jurisdiction over defendants pursuant to C.P.L.R. § 302(a)(1). Personal jurisdiction was also established under C.P.L.R. § 302(a)(3)(ii), under which New York copyright owner alleging infringement sustains in-state injury when its printed literary work is uploaded without permission onto Internet for public access.

*Sygal v. Pitsicalis*, No. 18-2730, 2018 U.S. Dist. LEXIS 194562 (S.D.N.Y. Nov. 14, 2018)

Court denied defendants’ motion to dismiss for improper venue. Plaintiff, visual artist, brought copyright infringement claim against defendants for reproducing plaintiff’s photograph from Jimi Hendrix photoshoot on commercial marijuana products and on their website and social media. Defendants moved to dismiss for improper venue, relying on general venue statute, 28 U.S.C. § 1391, ignoring that specific venue statute, § 1400, governs

copyright actions. Section 1400(a) provides that venue is proper in any “district in which the defendant or his agent resides or may be found.” Defendant “may be found” wherever it is amenable to personal jurisdiction. Under New York long-arm statute, personal jurisdiction is found when out-of-state defendant sells copyright-infringing products over Internet to customers in New York. Plaintiff alleged that defendants sold and shipped goods infringing his copyright into New York, meeting *prima facie* burden of demonstrating proper venue under C.P.L.R. § 302(a). Defendants also had “minimum contacts” with New York sufficient to comport with due process; defendants sold and received payment in New York State for products that allegedly infringed plaintiff’s copyright. Thus, defendants could reasonably have expected to be subject to suit in New York, and exercise of jurisdiction over defendants did not violate constitutional guarantee of due process.

*Freeplay Music, LLC v. Nian Infosolutions Private Ltd.*, No. 16-5883, 2018 U.S. Dist. LEXIS 115659 (S.D.N.Y. July 10, 2018)

Online music library Freeplay sued Nian, commercial website providing information about Indian films (including New York and California screenings thereof), for willfully infringing Freeplay’s copyrights in musical sound recordings. Magistrate found that India-based Nian was subject to personal jurisdiction in New York under federal long-arm statute, Fed. R. Civ. P. 4(k)(2), which permits federal district court to exercise personal jurisdiction where (1) claim arises under federal law; (2) defendant is not subject to jurisdiction in any state; and (3) exercise of jurisdiction is “consistent with the United States Constitution and Laws,” which in turn requires defendant to have minimum contacts with U.S., and assertion of jurisdiction to be reasonable in particular case. Nian had sufficient minimum contacts for specific jurisdiction because 130,000 unique U.S. visitors accessed Nian’s site over one million times; Nian provided information about U.S. film showtimes; and Nian apparently solicited advertising from U.S. persons. Exercise of jurisdiction over Nian was reasonable because United States has substantial interest in enforcing intellectual property rights; litigation in India would be far less convenient for Freeplay; and need for Nian to travel to New York, by itself, was insufficient to defeat reasonableness finding. Magistrate held that exercise of specific personal jurisdiction over Nian was appropriate.

*Energy Intelligence Grp., Inc. v. Bank of Am., N.A.*, No. 17-3767, 2018 U.S. Dist. LEXIS 112068 (S.D. Tex. July 5, 2018)

Court denied defendant’s motion to transfer venue from Houston to New York, finding that, on balance, defendant failed to establish that New York was clearly more convenient than plaintiff’s chosen venue. Plaintiff, producer of specialized publications for energy industry, sued subscriber, Bank of America, for infringement resulting from repeated alleged violations of licensing agreement relating to subscription. Both companies had offices in New York and Houston, and plaintiff alleged that instances of infringement related to defendant’s Houston and New York offices. Defendant moved to transfer venue, arguing that more of likely witnesses resided in New York and, because plaintiff was headquartered in New York, more documentary sources of proof likely were available there. Court sided with plaintiff, finding that defendant’s emphasis on relative distribution of witnesses and

evidence was not so strong that it established New York as clearly more convenient. Court reasoned that case had considerable contacts with both venues, that Houston had advantage of markedly quicker median time to disposition, that courts in both venues were familiar with copyright law and therefore there were no concerns regarding conflicts of law, and that courts in Houston were less congested. Accordingly, court denied defendant's venue transfer motion.

*Kinon Surface Design, Inc. v. Hyatt Corp.*, No. 18-81065, 2019 U.S. Dist. LEXIS 13670 (S.D. Fla. Jan. 28, 2019)

District court denied defendant's motion to dismiss. Plaintiff, manufacturer of proprietary panels used as decorative surface material in interior design projects, claimed copyright infringement against Hyatt in violation of U.S. and Chinese copyright law. Plaintiff alleged that Hyatt used plaintiff's copyrighted pattern on decorative panels in Hyatt's new hotel in China without authorization and subsequently displayed such panels on Hyatt's U.S. website as part of its marketing efforts. Hyatt filed motion to dismiss, arguing lack of personal jurisdiction. Court found that it was permitted to exercise personal jurisdiction over Hyatt because both Florida long-arm statute and constitutional due process requirements were satisfied. Personal jurisdiction was proper under Florida long-arm statute not only because plaintiff, whose primary place of business is in Florida, suffered injury in Florida, but also because infringing activity occurred in Florida by virtue of fact that website was accessed by residents in Florida. Hyatt's alleged unauthorized display on its website, combined with Hyatt's substantial business activities in Florida and fact that plaintiff was based and was injured in Florida, rendered Hyatt's minimum contacts with Florida sufficient for due process purposes.

*Estate of Chatmon v. Warner Music Grp. Corp.*, No. 16-2722, 2018 U.S. Dist. LEXIS 107276 (M.D. Tenn. June 27, 2018)

District court dismissed without prejudice Estate of Armetia Chatmon's complaint against Eric Clapton stemming from Clapton's alleged infringement of musical composition "Corrine, Corrina." In 1992 Clapton, London resident, recorded episode of MTV's "Unplugged" show where he performed "Corrine, Corrina," which he called "Alberta, Alberta." In 2013, Clapton's "Unplugged" album, which featured his Unplugged performance of "Corrine, Corrina," was remastered and rereleased. Plaintiff filed suit, and Clapton moved to dismiss based on lack of personal jurisdiction. To meet burden of showing personal jurisdiction plaintiff must show that (1) defendant purposely availed himself of privilege of acting in forum state; (2) cause of action arose from defendant's activities in forum state; and (3) defendant's acts have substantial connections to forum state to make exercise of personal jurisdiction reasonable. Estate argued that Clapton availed himself of privilege of acting in forum by placing song in stream of commerce, which extended to Tennessee. In attempting to satisfy "stream of commerce plus" test, Estate argued Clapton directed that songs be sold in Tennessee. Court noted, however, that Estate did not allege that Clapton entered into nationwide distribution agreement, but simply assumed Clapton had at least partial control over distribution. Alternatively, Estate argued court could exercise

jurisdiction over Clapton pursuant to Rule 4(k)(2), which permits personal jurisdiction over foreign defendant where “(1) the plaintiff’s claim arises under federal law, (2) the defendant is not subject to personal jurisdiction in the courts of any state, and (3) the exercise of jurisdiction satisfies due process requirements.” Court found first two elements were satisfied, but due process was not; causes of action did not arise from Clapton’s contacts with U.S.

*Edwards v. Vemma Nutrition*, No. 17-2133, 2018 U.S. Dist. LEXIS 121403 (D. Ariz. July 20, 2018)

Plaintiff brought copyright infringement claims against defendants for allegedly copying and selling, or contributing to copying and selling of, plaintiff’s copyrighted material, including books and video recordings about dietary supplements. Defendants Haresh Mehta, South Carolina resident, and Tom and Bethany Alkazin, Nevada residents, moved to dismiss for lack of personal jurisdiction. Three-element test to determine whether non-resident defendant “purposefully directed” actions to forum state required that defendant have “(1) committed an intentional act, (2) expressly aimed at the forum state, (3) causing harm that the defendant knows is likely to be suffered in the forum state.” Plaintiff’s complaint alleged business relationship with defendants, but did not include facts that established that plaintiff suffered harm in Arizona from defendants’ actions. Court granted defendants’ motions to dismiss, with leave for plaintiff to amend complaint within 30 days.

*Fox v. Berenis*, No. 17-2066, 2018 U.S. Dist. LEXIS 203859 (D. Or. Dec. 3, 2018)

District court granted motion to dismiss for lack of personal jurisdiction. Plaintiff, professional graphic designer in Oregon, brought infringement claims against defendants including Big Frog Custom T-Shirts, Inc., franchisor with its principal place of business in Florida and no offices or employees in Oregon. Big Frog moved to dismiss case for lack of personal jurisdiction. Plaintiff argued that two franchise stores in Oregon, which generated combined revenue of \$700,000, provided “continuous and systematic contacts” between Big Frog and Oregon, and that Big Frog actively managed Oregon stores from Florida. Court found, however, that two franchised stores in Oregon did not provide minimum contacts between Big Frog and Oregon sufficient to subject Big Frog to general jurisdiction in Oregon. Nor could court exercise specific jurisdiction over Big Frog. Under Supreme Court’s holding in *Walden v. Fiore*, Big Frog’s alleged knowledge of plaintiff’s residency in Oregon no longer satisfied “expressly aimed” prong of test for specific jurisdiction; plaintiff had not shown that Big Frog purposefully directed its activities at or consummated some transaction within forum. Court accordingly granted Big Frog’s motion to dismiss for lack of personal jurisdiction.

### C. Pleadings

*Krechmer v. Tantaros*, No. 17-4061, 2018 U.S. App. LEXIS 23956 (2d Cir. Aug. 24, 2018)

Plaintiff Michael Krechmer, a/k/a “Michael Malice,” brought DMCA and contract claims against defendants Andrea Tantaros and Astero, LLC involving authorship of defendant Tantaros’ book *Tied Up in Knots*. Defendants moved to dismiss plaintiff’s claim under DMCA because plaintiff did not allege facts sufficient to support DMCA claim. District court dismissed plaintiff’s complaint under Rule 12(b)(6), and Second Circuit affirmed dismissal. In order to properly bring DMCA claim, plaintiff would have had to plead facts sufficient to establish that defendant (1) provided copyright management information (“CMI”) that was false, or (2) distributed or imported for distribution CMI that was false. CMI includes name of owner of work and name of author of work. Even though defendants did not include plaintiff’s name on book and included Tantaros as author, contract between parties specified that Tantaros would be sole author on book. Accordingly, plaintiff did not plead facts sufficient to establish that defendants knowingly included false CMI, and failed to state plausible DMCA claim.

*Conan Props. Int’l LLC v. Sanchez*, No. 17-162, 2018 U.S. Dist. LEXIS 138203 (E.D.N.Y. Aug. 15, 2018)

Plaintiff, owner of copyrights in comic books and graphic novels featuring Conan the Barbarian and six other characters, sued defendant for copyright infringement, based on defendant’s manufacture, display, and sale of miniature sculptures of Conan and other copyrighted characters. Defendant defaulted, and plaintiff moved for default judgment. Court referred plaintiff’s motion to magistrate judge and largely adopted recommendation, finding infringement adequately pleaded. Considering ownership and registration of works, court found that characters were elements of, and not separate from, underlying literary and graphic works in which they appeared and, therefore, plaintiff’s allegation of ownership and registration of literary work satisfied requirement to plead ownership and registration of valid copyrights. Considering how and when infringement occurred, court found plaintiff’s allegations of infringing actions, in addition to Facebook screen shots of products at issue showing month and day, were sufficient. Court, disagreeing with magistrate judge, found that plaintiff was not required to include allegations regarding originality or substantial similarity at this stage, as these issues were not raised by defendant. Accordingly, court found defendant liable for infringement of all seven characters.

*Batra v. PopSugar, Inc.*, No. 18-3752, 2019 U.S. Dist. LEXIS 20299 (N.D. Cal. Feb. 7, 2019)

Court denied defendant’s motion to dismiss for failure to properly plead copyright infringement claim. Plaintiff, Instagram influencer, alleged in class action lawsuit that defendant copied thousands of influencers’ Instagram images for use on defendant’s own website. Defendant contended that plaintiff was not eligible for statutory damages because

plaintiff did not allege registration dates of infringed works and therefore did not satisfy § 412 of Copyright Act. However, plaintiff did include alleged dates of infringement, as well as allegations that she and other subclass members had applied for registration for contested images, in complaint. Accordingly, court found complaint was sufficient to survive motion to dismiss at pleading stage. Court noted, however, that plaintiff would be required to establish copyright registration dates that satisfied § 412 in order to survive summary judgment or to serve as class representative.

*McGucken v. Chive Media Grp., LLC*, No. 18-1612, 2018 U.S. Dist. LEXIS 115635 (C.D. Cal. Jul. 11, 2018)

Court granted in part and denied in part defendant's motion to dismiss. Plaintiff photographer brought direct and vicarious/contributory infringement and DMCA claims against defendant. Plaintiff alleged that defendant published plaintiff's copyrighted photographs on its website, and removed plaintiff's copyright management information as defined under DMCA. Defendant moved to dismiss plaintiff's prayer for statutory damages and attorneys' fees for "failure to identify (1) the date the alleged infringement commenced, (2) the date the copyrights were allegedly registered, and (3) the date of first publication of the works as required by § 412." Court rejected plaintiff's argument that defendant's challenge to statutory damages request was premature; decision on availability of statutory remedies was not premature because plaintiff's pleadings contained request for award of statutory damages and attorneys' fees. Plaintiff did not provide date of registration of copyrights or alleged infringement. Court did not agree with plaintiff that dates of infringement were within control of defendant; alleged infringement occurred on "single publicly accessible website." URLs included with every photograph in exhibit to complaint contained date, "which is likely the date of the post. Consequently, Plaintiff is able to plead the dates of infringement for each photograph." By not including any of these dates, plaintiff failed to properly plead facts sufficient for prayer for statutory damages. Court accordingly granted defendant's motion as to plaintiff's prayer for statutory damages and attorneys' fees.

*Hall v. Daniels*, No. 18-1349, 2018 U.S. Dist. LEXIS 134012 (N.D. Ill. Aug. 9, 2018)

District court granted defendant's motion to dismiss plaintiff's copyright infringement claim for failure to state claim. Plaintiff alleged that she wrote and registered with Copyright Office book entitled *Girl, You Ain't Gonna Make It, So They Said*, and audiobook version of same entitled *I'm Breaking Through*. At February 2013 "pitch fest," plaintiff allegedly pitched her book to 10 producers, and connected with defendant self-publishing resource provider Author Solutions (ASL), which sent her novel to four Hollywood producers. Subsequently, plaintiff claimed, defendants producer Lee Daniels and Twentieth Century Fox (TCF) turned her book into television series *Empire* without her authorization. Because plaintiff failed to allege that ASL copied her work, but instead alleged only that ASL forwarded her book to Daniels and TCF, plaintiff failed to state copyright infringement claim against ASL.

*Architectura Inc. v. DSGN Assocs.*, No. 16-3021, 2018 U.S. Dist. LEXIS 124468 (N.D. Tex. July 25, 2018)

Court granted in part and denied in part motion to dismiss. Plaintiff architectural firm created architectural drawings and renderings, and contracted with defendant Bolin to create various housing projects using plaintiff's works. Other defendants include entities and individuals who worked on housing projects in dispute. Plaintiff alleged defendants used architectural drawings and renderings in marketing materials. Plaintiff brought suit for direct and vicarious infringement against Bolin defendants and also asserted breach of contract claims against various Bolin defendants. Bolin defendants moved to dismiss. As to direct infringement claim, moving defendants argued that plaintiff did not sufficiently allege access, probative similarity, and substantial similarity. Court found plaintiff adequately alleged probative and substantial similarity by comparing plaintiff's copyright registrations and marketing materials and renderings. Court found plaintiff sufficiently alleged access as to certain defendants, but as to others it found allegations insufficient and not supported by pleaded facts. Further, court found that even if it found that plaintiff sufficiently pleaded access as to second set of defendants, it would still dismiss plaintiff's claims because they were too vague, as plaintiff did not name many of entities and instead referred to conduct committed by "Bolin Entities." Accordingly, as to these defendants, court found sparse pleadings did not satisfy Rule 8. On vicarious liability claim, plaintiff insufficiently relied on organizational charts for claim that almost all moving parties had right and opportunity to supervise infringing conduct. Because court found plaintiff failed to allege both elements of vicarious liability against all moving defendants except for Bolin, court dismissed vicarious liability claim against these other parties. Moving defendants also argued that plaintiff's breach of contract claim was preempted, but court rejected argument, stating only that "pleadings are sufficient to survive a Rule 12(b)(6) attack based on preemption." Because plaintiff had already had three chances to amend its complaint, court denied leave to replead.

*Energy Intelligence Grp., Inc. v. Bank of Am., N.A.*, No. 17-3767, 2018 U.S. Dist. LEXIS 112068 (S.D. Tex. July 5, 2018)

Court denied defendant's motion to dismiss plaintiff's infringement claim. Bank of America subscribed to specialized publications for energy and financial industries produced by plaintiff. Agreement between parties relating to subscription defined scope as limited, non-exclusive, and non-transferable, allowing authorized users to download publications only for their respective individual referential use and for occasional distribution to few individuals in non-systematic manner in ordinary course of business. Plaintiff sued Bank of America, alleging that employees of defendant that were authorized users were regularly and widely sharing publications with other employees, including posting publications to internal library system. Defendant moved to dismiss, arguing that no infringement occurred due to existence of license agreement or, alternatively, that plaintiff did not adequately allege specific acts of infringing conduct by defendant's employees. Court disagreed, finding that plaintiff properly stated claims for infringement based on violation of license agreement. Court also found that, at pleading stage, where discoverable information was "in the control and possession of a defendant," it was not necessarily plaintiff's responsibility to provide that

information in complaint, but instead to allege facts upon information and belief, as plaintiff did here.

*Raju v. Murphy*, No. 17-357, 2019 U.S. Dist. LEXIS 32621 (S.D. Miss. Feb. 28, 2019)

After removal of action from state court, plaintiff sought to amend complaint to add infringement claim, alleging that defendant stole plaintiff's surgical video and used video without permission to develop separate surgical program. Defendant argued that amendment was futile. First, defendant argued that Copyright Act did not protect plaintiff's surgical procedures. Court rejected argument, finding that plaintiff alleged copyright violation based on use of surgical videos, not surgical procedures, which would not be subject to copyright protection. Second, defendant further argued that plaintiff did not allege ownership of valid copyright. Court rejected argument, finding that plaintiff's submission of application for copyright registration of surgical videos alleged ownership of valid copyright, even though plaintiff was still awaiting issuance of registration certificate at time of suit. Third, defendant argued that plaintiff failed to allege actionable copying because plaintiff alleged only that defendant "took" surgical video without permission, rather than alleging defendant actually used it in defendant's work, or alleging substantial similarity. Court rejected defendant's argument, finding that fact that plaintiff alleged defendant used stolen video to develop separate surgical program was sufficient to allege actionable copying through circumstantial evidence. Court therefore allowed plaintiff to amend complaint to include copyright infringement claim.

#### **D. Standing**

*Creazioni Artistiche Musicali, S.r.l. v. Carlin Am., Inc.*, No. 17-266, 2018 U.S. App. LEXIS 23765 (2d Cir. 2018)

Plaintiff alleged it obtained copyrights in works by composer Piero Umiliani by way of written agreement executed in Rome in 1966. Plaintiff brought infringement suit against defendants for infringement based on licensing of allegedly unauthorized derivative work – "Mah Na Mah Na" – to third parties. District court granted motion to dismiss, finding plaintiff lacked standing because 1966 agreement, as interpreted under Italian law, did not give CAM exclusive right to create and exploit derivative works. Plaintiff appealed, and Second Circuit affirmed. While district court found choice-of-law to be first question in determining plaintiff's rights pursuant to 1966 agreement, Second Circuit found result would be same under Italian or United States law. Under either Italian law or 1909 Act, agreement did not contain "clear expression of intent necessary to transfer full ownership of [work to plaintiff], which necessarily includes the right to create and exploit derivative works." Because plaintiff did not have exclusive right to exploit derivative works, plaintiff lacked standing to sue for infringement.

*Saint-Amour v. The Richmond Org., Inc.*, No. 16-4464, 2019 U.S. Dist. LEXIS 54620 (S.D.N.Y. Mar. 27, 2019)

Plaintiffs challenged defendants' protectable copyright interest in American folk song "This Land is Your Land," seeking declaratory judgment that defendants' copyright was invalid and that song was in public domain. Plaintiffs had already paid mechanical license to produce cover version of song, and now wished to distribute new version of song with same lyrics and different melody. Defendants moved to dismiss complaint for lack of standing, arguing that, as plaintiffs had already obtained compulsory mechanical license to song and had not alleged any further contact with defendants, no reasonable apprehension of suit for copyright infringement existed. Plaintiffs disagreed, arguing that because of defendants' claim of copyright ownership, plaintiffs could be subject to substantial statutory penalties, attorneys' fees, and costs if they were to release new version without first obtaining license to create derivative work. District court held that although no reasonable apprehension of imminent suit against plaintiffs existed, plaintiffs' own actions – i.e., mechanical license – had eliminated imminent threat of harm. Potential dispute was therefore not hypothetical or abstract in nature. Furthermore, in recording new version of song, plaintiffs had demonstrated "intent and apparent ability necessary to commence use" of disputed copyright. District court found litigation likely to commence if and when plaintiffs released new version of song, and consequently held plaintiffs had standing to assert claims.

*Joint Stock Co. "Channel One Russ. Worldwide" v. Russian TV Co.*, No. 18-2318, 2019 U.S. Dist. LEXIS 27991 (S.D.N.Y. Feb. 21, 2019)

District court denied defendants' motion to dismiss plaintiff's claims of direct and secondary copyright infringement. Plaintiff produced and broadcast television programming in Russian Federation, and entered into licensing agreements with third parties granting exclusive right to broadcast and re-broadcast plaintiff's programming in U.S. Defendant owned and operated website through which it provided unauthorized access to Programming in U.S, and sold "set-top boxes" that facilitated unauthorized access to programming. Plaintiff filed suit asserting infringement and DMCA claims. Defendants moved to dismiss. Under Berne Convention, author who is national of one of member states of Berne, or who first publishes work in any such member state, is entitled to same copyright protection in each other member state as such other state accords to its own nationals. Complaint alleged facts that reasonably showed that plaintiff was owner of exclusive right to reproduce programming in copies under Russian law. Defendants argued plaintiff no longer possessed exclusive rights since plaintiff entered into licensing agreements that provided third parties with exclusive rights to broadcast and re-broadcast plaintiff's programming in U.S. Court held that exclusive license to broadcast and rebroadcast programming in U.S. may have transferred right to publicly perform programming, but did not transfer right to reproduce programming. Therefore, plaintiff had standing to bring suit in U.S.

*Fed'n of State Massage Therapy Bds. v. Mendez Master Training Ctr., Inc.*, No. 17-2936, 2018 U.S. Dist. LEXIS 136746 (S.D. Tex. Aug. 14, 2018)

Plaintiff created and administered countrywide licensing examination that analyzed candidates' massage and bodywork competency, and results of exam were used by agencies to evaluate applicants for licensure. Plaintiff alleged defendants received and reproduced exam questions without authorization and sold questions and answers to potential test takers, resulting in alleged frustration of exam integrity and licensure process, and requiring plaintiff to revoke hundreds of exam questions and spend resources to create new ones. Plaintiff brought claims for direct and contributory infringement; misappropriation of trade secrets under Texas, California, and federal law; tortious interference with contract; breach of contract; and violation of Texas Harmful Access by a Computer Act. Defendants moved to dismiss, arguing that plaintiff lacked standing under Copyright Act because it was federal or quasi-federal agency, and that plaintiff was unlawful state compact and lacked capacity to sue. Court found defendants did not support argument that plaintiff was federal or quasi-federal agency, nor was it clear how it could be, as evidence of alleged relationship with government was lacking. Court similarly rejected argument that plaintiff was illegal state compact, noting that "critical inquiry in determining whether such an agreement falls under the Compact Clause is the extent to which the agreement actually or potentially impacts the federal structure. Specifically, the Constitution's Compact Clause scope is limited to agreements that are directed to the formation of any combination [of states] tending to the increase of political power in the States, which may encroach upon or interfere with the just supremacy of the United States." As plaintiff failed to allege any facts to support this claim, court denied motion on this ground.

*Latele Prods. v. Azteca Int'l Corp.*, No. 16-25347, 2018 U.S. Dist. LEXIS 216216 (S.D. Fla. Dec. 21, 2018)

Magistrate judge recommended that defendants' motion to dismiss for lack of standing be granted. Plaintiff production company sued defendants for copyright infringement based on wrongful purchase, production, broadcast, and distribution of two telenovelas. Defendants moved to dismiss on basis that plaintiff lacked standing because it was not, at time suit was filed, legal or beneficial owner of copyrights at issue, and adduced substantial evidence that transfer of ownership of copyrights to plaintiff did not occur as alleged, and that copyrights were not and never had been registered in plaintiff's name. Court found by preponderance of evidence that transfer did not occur pursuant to assignment, as alleged in amended complaint. Plaintiff similarly failed to offer any evidence to prove its registration of copyrights in question.

## **E. Miscellaneous**

*Philogene v. Duckett*, No. 17-7224, 2018 U.S. Dist. LEXIS 139029 (S.D.N.Y. Aug. 16, 2018)

Court denied defendant's motion to stay or dismiss plaintiff's infringement claim. Plaintiff and defendant were co-owners of marketing company, Verity, and each party agreed not to own, manage, or work for any competing business. In 2009, Verity began selling recipe books authored by defendant, including *America's Most Wanted Recipes* and *More of America's Most Wanted Recipes*, and registered copyrights for recipe books in name of Verity. Defendant then created separate entity and began selling similar products. Upon discovering new company, plaintiff sued defendant for misappropriation. While litigation was pending, defendant authored new recipe books in "America's Most Wanted" series, registering copyrights for new volumes in defendant's name. Plaintiff brought infringement claim in separate federal court action, alleging that defendant's new recipe books infringed Verity's copyrights in first two volumes of series. Defendant moved to stay based on pending state court action, or to dismiss, arguing that plaintiff had pleaded ownership claim that was time-barred. Court disagreed, holding that action fundamentally concerned infringement, not ownership, and, in any case, defendant had failed to dispute Verity's ownership. Court also found that convenience of granting stay did not outweigh other factors, including that instant action involved federal copyright claims, which cannot be brought in state court, that parties and issues in two actions were not substantially identical, and that it was not clear that pending state action would be resolved any time soon.

*D'Pergo Custom Guitars, Inc. v. Sweetwater Sound, Inc.*, No. 17-747, 2019 U.S. Dist. LEXIS 6074 (D.N.H. 2019)

Plaintiff guitar manufacturer and vendor brought suit against defendant, online musical instrument vendor, for use of photo of plaintiff's guitar necks. Court considered plaintiff's motion to compel defendant's documents dated more than three years from commencement of suit. Defendant argued that *Petrella v. MGM* limited plaintiff's recovery and discovery to three years before commencement of suit. Court, however, found portion of *Petrella* on which defendant relied *dicta*, and therefore insufficient ground on which to rely for non-production. Court allowed plaintiff to seek information regarding damages from prior to December 26, 2014.

## **II. COPYRIGHTABILITY**

### **A. Originality**

*Skidmore v. Led Zeppelin*, 905 F.3d 1116 (9th Cir. 2018)

Plaintiff, trustee to Randy Craig Wolfe Trust, brought suit against defendants, alleging that portions of Led Zeppelin's "Stairway to Heaven" infringed song "Taurus," written by Wolfe.

After five-day trial, jury returned verdict for defendant. Plaintiff appealed, and because Ninth Circuit found many of trial court's instructions erroneous and prejudicial, court vacated in part and remanded for new trial. Court found trial court's failure to provide instruction that original selection and arrangement of otherwise unprotectable elements was protectable was prejudicial. Trial court also erred in providing instruction that "common musical elements, such as descending chromatic scales, arpeggios or short sequences of three notes" are unprotectable, and in providing instruction that failed to note that original portion of work need not be novel as long as it is not copied. In sum, court concluded that district court's originality jury instructions erroneously instructed jury that public domain elements are not copyrightable, even if they are modified in original manner or included as part of selection and arrangement. Court found no error in trial court's finding that sheet music deposit copy of "Taurus," rather than sound recording, circumscribed scope of copyrighted work for unpublished musical works under 1909 Act. Court also found trial court erred when it did not allow recordings of "Taurus" to be played to show access, but held error to be harmless.

*Pohl v. MH Sub I, LLC*, No. 18-13233, 2019 U.S. App. LEXIS 13132 (11th Cir. May 1, 2019)

Eleventh Circuit reversed and remanded district court's grant of summary judgment to defendant. Plaintiff, cosmetic dentist with practice of taking "before and after" photographs of his patients and displaying them on his website, brought infringement action against defendant web designer, alleging that "defendant created websites for its clients that reproduced and publicly displayed his copyrighted before and after photographs" of one of his patients without authorization. District court granted summary judgment for defendants, holding that plaintiff's "before and after" photographs were not copyrightable because no reasonable jury could find such photos sufficiently creative or original to warrant copyright protection. Eleventh Circuit disagreed, finding that district court improperly weighed evidence, and holding that overall record created genuine issues of material fact as to whether plaintiff "made sufficiently creative decisions in taking [his patient's] photographs, 'no matter how crude, humble, or obvious' they may have been." Eleventh Circuit noted that "photographs need only possess some minimal degree of creativity"; while plaintiff "may not have carefully staged [his patient] and adjusted the lighting as a professional photographer might have, that is not the standard," and it could not be said that plaintiff's photographs were "slavish copies of an underlying work." Court found that plaintiff's selection of timing and subject matter of photographs, as well as his choice of lighting, angles, and desired expression, distinguished instant case from cases involving "purely descriptive photographs of products."

*Griffin v. Sheeran*, 351 F. Supp. 3d 492 (S.D.N.Y. 2019)

District court denied plaintiffs' motion for summary judgment. Plaintiffs, heirs of Edward B. Townsend, who co-wrote musical composition "Let's Get It On" ("LGO") with Marvin Gaye, sued Ed Sheeran, alleging Sheeran's "Thinking Out Loud" ("TOL") infringed copyright in LGO. Court noted that in context of musical compositions, common elements

are not entitled to copyright protection because they are no longer original and are already in public domain. Unprotectable elements include key, meter, tempo, common song structures, common chord progressions, common melodies, and common percussive rhythms. Since parties' experts disagreed as to whether specific chord progression and harmonic rhythm in both compositions were unprotectable as commonplace musical elements, summary judgment was denied. Question of whether musical elements in LGO were original and sufficiently creative to warrant copyright protection should be determined at trial.

*Siegler v. Sorrento Therapeutics, Inc.*, No. 18-1681, 2019 U.S. Dist. LEXIS 23779 (S.D. Cal. Feb. 13, 2019)

Court granted defendant's motion to dismiss. Plaintiff and defendant, both researchers and developers of pharmaceutical products, collaborated to develop new chimeric antigen receptor T cell-based therapeutics for virology and oncology purposes. Plaintiff created two "work products" as part of collaboration, which encompassed two text-based scientific articles, which were registered for copyright. Plaintiff sued defendant researcher and defendant's corporate entity for infringement, alleging that defendants performed experimental trials similar to those plaintiff described in her copyrighted works. Defendants argued that plaintiff failed to state claim of unlawful appropriation because plaintiff only alleged infringement of ideas, not copyrightable aspects of her work. Court agreed with defendants, finding that plaintiff's pleading only sought to protect non-copyrightable ideas and scientific processes, not unlawful copying of copyrighted articles. Copyright in work describing how to perform process does not extend to process itself; to protect such processes plaintiff would be required to secure patent protection. Since plaintiff had no patent over subject matter of works, plaintiff could not preclude others from making use of concepts inherent in works. Court dismissed infringement claims without prejudice.

*Pohl v. MH Sub I, LLC*, 314 F. Supp. 3d 1225 (N.D. Fla. 2018)

Court granted defendant's motion for summary judgment. Plaintiff was dentist who took before-and-after photographs of patients. Plaintiff conducted reverse image search for particular pair of photos and found seven other sites using them, with all sites listing defendant Officite as designer or developer. Defendant moved for summary judgment, and plaintiff moved for partial summary judgment. Defendant argued that plaintiff's copyright was limited to appearance of website in 2000 because plaintiff's registration for website identified year of completion and first publication as 2000. Because photos in question were taken in 2004, defendant argued that registration could not cover works. Court found plaintiff entered erroneous date on application form, but raised question of fact as to whether he submitted 2005 version of website, including photos at issue, as deposit copy. However, court found that no reasonable juror could find photos copyrightable because they were "neither creative nor original." Although originality is not high standard, court found "Pohl's before-and-after photos of Belinda's incisors and canines fail to meet it." Plaintiff did not know what camera he used to capture work, or whether patient was sitting or standing in photos. "There is nothing remotely creative about taking close-up photographs of teeth. The before-and-after shots served the purely utilitarian purpose of displaying

examples of Pohl’s dental services to potential customers. They do not merit copyright protection.”

*Design Basics, LLC v. Ashford Homes, LLC*, No. 17-273, 2018 U.S. Dist. LEXIS 212442 (S.D. Ohio Dec. 18, 2018)

Court granted in part and denied in part plaintiffs’ motion for partial summary judgment on issue of ownership of valid copyrights in six architectural works comprised of elevations and floor plans. Plaintiffs contended that copyright registrations created presumption of originality and non-functionality. Defendants challenged originality of designs. Court recognized that, while standard configurations of spaces, and individual features such as windows, doors, and other staple building components could not be protected, arrangement of standard elements could meet minimum threshold of creativity. Court concluded that plaintiffs’ home design plans possessed requisite degree of creativity, and granted plaintiffs’ motion for summary judgment on sole basis that they owned valid copyrights.

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

*Diamond Collection, LLC v. Underwraps Costume Corp.*, No. 17-61, 2019 U.S. Dist. LEXIS 11737 (E.D.N.Y. Jan. 22, 2019)

District court granted in part and denied in part motion to dismiss counterclaims. Plaintiff and defendant sold Halloween costumes. At end of 2016, defendant saw plaintiff distributing catalog, and believed catalog and costumes displayed in catalog looked like its own. Plaintiff filed action seeking declaratory judgment that it was not infringing defendant’s IP rights; defendant’s first answer contained counterclaims under federal and state law. Court previously granted motion to dismiss counterclaims, finding state law claims preempted, and federal infringement claim insufficiently pleaded because plaintiff failed to describe its copyrighted patterns or state how catalogs were substantially similar. Court granted defendant leave to replead infringement counterclaim, and plaintiff again moved to dismiss. Court rejected plaintiff’s argument that defendant did not plead in writing how costumes were substantially similar; defendant attached photos of parties’ works to amended answer, and court “believe[d] that in this case, photos are a more accurate and efficient way to demonstrate the similarities. . . . It is certainly more effective here to show how two things look the same than to tell how two things look the same.” Applying *Star Athletica* test, court found defendant sufficiently pleaded separability because, court found, there were elements of defendant’s works, such as ruffles and bowties, “with clear graphic and artistic qualities”; and “all of these features could be removed from the costumes.” Court found infringement counterclaim sufficiently pleaded, and denied motion to dismiss.

*Robert Swedroe Architect Planners, A.I.A., P.A. v. J. Milton & Assocs.*, No. 18-62715, 2019 U.S. Dist. LEXIS 35822 (S.D. Fla. Mar. 6, 2019)

District court denied defendants’ motion to dismiss. Plaintiff, architectural firm, sued defendants, real estate developer and architectural design company, for direct and

contributory infringement of plaintiff's copyright in architectural plans for building to be constructed on certain property in Florida. Defendants moved to dismiss, arguing that complaint failed to state claims for copyright infringement because copyright for "pictorial, graphic, or sculptural work" does not protect "against construction of the building, even if they were copied from that design." Court disagreed, and found that plaintiff adequately alleged elements of infringement claim, namely that (1) plaintiff owned valid copyright in its architectural plans and designs; and (2) defendants copied original elements of plaintiff's protected work. Court declined to determine whether as matter of law plaintiff's copyright protected it from activity alleged in complaint, in light of lack of development of factual record. Court also found plaintiff sufficiently alleged claim for contributory infringement against defendant real estate developer because plaintiff demonstrated that such defendant had "reason to know" of defendant architectural company's infringing activity, particularly given availability of plaintiff's architectural plans in public record. Lastly, court disagreed with defendant's argument that complaint should be dismissed because it inaccurately alleged that defendant real estate developer was owner of property at issue and deed indicated property was owned by another third party. Court found that ownership of property at issue was not material to claims asserted in complaint.

*Art of Design, Inc. v. Pontoon Boat, LLC*, No. 16-595, 2018 U.S. Dist. LEXIS 101321 (N.D. Ind. June 18, 2018)

Court denied defendant's motion to dismiss plaintiff's infringement claim. Plaintiff, designer of custom artwork for boats, entered into agreement permitting defendant, seller of marine-industry products, to apply two registered designs to limited number of defendant's pontoon boats. However, plaintiff alleged that defendant also sold, advertised, and distributed other products, not covered by agreement, featuring plaintiff's designs. Defendant moved to dismiss, arguing that designs were not protectable because (1) one registration showed boat with design and therefore fell under useful article exception, and (2) second registration showed design consisting of unprotectable lines and shapes. Court disagreed, finding that defendant's arguments regarding protectability failed to attack sufficiency of plaintiff's infringement allegations. Considering useful article exception, court found defendant failed to explain why design could not exist as protectable work independent from utilitarian aspects of boat, and that in any case plaintiff's claim relied on defendant's copying of design and not on manufacturing of boat. Considering second argument, court agreed that rudimentary lines and shapes alone were not protectable, but cited defendant's failure to explain whether or why *combination* of such basic lines and shapes in plaintiff's design was not protectable. Accordingly, defendant's motion was dismissed.

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

*ABS Entm't v. CBS Corp.*, 908 F.3d 405 (9th Cir. 2018)

Ninth Circuit reversed grant of summary judgment in favor of defendants on plaintiffs' state law copyright claims, holding district court's finding that plaintiffs' digitally remastered versions of pre-1972 analog sound recordings were independently copyrightable to be erroneous as matter of law. Plaintiff record labels owned pre-1972 sound recordings not subject to federal Sound Recording Act, which sets compulsory licensing regime for performance rights and exceptions thereto. Plaintiffs authorized remastering of pre-1972 sound recordings to optimize same for new digital format. Plaintiffs sued CBS under California state copyright law for delivering, without plaintiffs' authorization, remastered sound recordings via terrestrial radio and digital streaming. CBS successfully moved for summary judgment on ground that remastered sound recordings were authorized original derivative works subject only to federal copyright law. On appeal, Ninth Circuit noted that derivative work is copyrightable when (1) its original aspects are more than trivial, and (2) its original aspects reflect degree to which it relies on preexisting material and do not in any way affect scope of copyright protection in preexisting underlying material. As to first prong, Copyright Office Circular 65 defines derivative sound recording as one that (1) incorporates preexisting sounds but necessarily rearranges, remixes or otherwise alters character or sequence thereof (with changes to format, noise reduction, etc., being insufficient even if perceptible), and (2) contains minimum amount of original sound recording authorship. Plaintiffs' remastered sound recordings contained only sounds initially fixed before 1972, with no sounds removed, added or resequenced. Moreover, plaintiffs' intent in remastering sound recordings was to transfer recordings to another medium to take advantage of technological improvements without altering essential character and identity of underlying recordings. Because relatively low threshold of creativity required for copyrightability does not eliminate fundamental requirement of originality, plaintiffs' remastered sound recordings lacked minimum level of originality for copyrightability. As to second prong, district court failed to consider effect on plaintiffs' rights in original pre-1972 sound recordings if plaintiffs' remastered recordings were considered original derivative works, which constituted further legal error. Specifically, owner of copyright in remastered recordings would have effective monopoly on further derivative works, thereby undercutting copyrightability of remastered recordings under two-prong test. Ninth Circuit reversed and remanded case for consideration in light of appellate holdings.

### **D. Miscellaneous**

*Code Revision Comm'n v. Public.Resource.Org, Inc.*, 906 F.3d 1229 (11th Cir. 2018)

Eleventh Circuit held that no valid copyright interest can be asserted in any part of Official Code of Georgia Annotated ("OCGA"). Plaintiff was body established by State Assembly that instructed in creation of annotations and supervised creators of annotations. Defendant was non-profit group with goal of improving access to government and legal records.

Defendant bought volumes of OCGA and supplements, and scanned and uploaded them to websites for public access. Plaintiff sent cease-and-desist letters and brought suit. Court considered whether annotations in OCGA could be copyrighted by state of Georgia. Beginning with premise that state code cannot be protected because author is People, court found three criteria pertinent to question presented regarding copyright validity: who created work, how authoritative work was, and process by which work was created. First, court determined that General Assembly drove creation of annotations. Although LexisNexis Group prepared annotations, plaintiff, arm of General Assembly, provided Lexis with detailed instructions for annotations' creation. Plaintiff also supervised Lexis during annotations' creation, and General Assembly approved annotations. Second, court found annotations authoritative. While OCGA stated that annotations have no legal effect, Georgia law also stated OCGA would be merged with annotations, legislature dubbed annotations "official," and courts looked to annotations to discern meaning and intent. Third, court found that process of annotations' creation – presentment and bicameralism – indicated work was unprotectable. Finding three guiding criteria satisfied, court held annotations unprotectable.

*Hayden v. Eagles Nest Outfitters, Inc.*, No. 17-209, 2018 U.S. Dist. LEXIS 136253 (W.D.N.C. Aug. 13, 2018)

District court denied in part defendants' motion to dismiss. Plaintiff was graphic designer who had contract with defendant ENO under which plaintiff provided design services for hourly or flat fee and provided only final version of designs for specific purpose, and any revisions or repurposing of designs required plaintiff's permission. Plaintiff created ENO logo in 2004, and later created "Hammock Guy" logo as part of rebranding. Plaintiff alleged that despite agreement, defendants' in-house graphic designers hacked plaintiff's files with and revised designs without plaintiff's permission, including revising "DH-0001 Hangtag" file, and that defendants licensed Hammock Guy icon and ENO logo to third party. Plaintiff sued for infringement. Defendants argued that because Copyright Office rejected plaintiff's application for ENO logo and DH-0001 Hangtag, court should defer and similarly find plaintiff had no valid copyright in works. Court found, however, that plaintiff sufficiently alleged works were entitled to protection, noting that Fourth Circuit had not held that Copyright Office rejection is entitled to deference. Copyright Office rejection of plaintiff's applications was not determinative at this stage in proceedings.

### **III. OWNERSHIP**

#### **A. Works Made for Hire**

*Estate of Kauffmann v. Rochester Inst. of Tech.*, No. 17-6061, 2018 U.S. Dist. LEXIS 131825 (W.D.N.Y. Aug. 6, 2018)

District court granted defendant's motion for summary judgment on plaintiff's copyright infringement claim because plaintiff did not own asserted copyrights. Stanley Kauffmann

authored numerous movie reviews for The New Republic. Defendant RIT published 141 of those reviews, and plaintiff Estate of Kauffmann alleged that publication of 44 reviews violated Kauffmann's copyright. In 2004, Kauffmann signed letter agreement with The New Republic stating that Kauffmann's past and future reviews constituted works for hire. Estate attempted to introduce extrinsic evidence that Kauffmann did not understand import of agreement, but court held that New York's parol evidence rule prohibited admission of such evidence given existence of unambiguous, valid contract between Kauffmann and The New Republic. Because Estate did not own copyrights at issue, copyright infringement claim was dismissed.

*Horror Inc. v. Miller*, 335 F. Supp. 3d 273 (D. Conn. 2018)

District court granted declaratory defendant's motion for summary judgment, holding defendant to be sole owner of screenplay copyright following defendant's effective termination of plaintiffs' copyright rights therein. Defendant screenwriter Victor Miller wrote original *Friday the 13th* screenplay pursuant to short-form Employment Agreement with plaintiff Manny Company, which was party to Writers' Guild of America's collective bargaining agreement. Miller-Manny agreement was silent as to screenplay authorship, but Miller plainly relinquished control over screenplay exploitation to Manny and its successor-in-interest, plaintiff Horror Inc. Miller timely served termination notices on Horror and others. Horror and Manny brought lawsuit seeking declaration that Miller wrote screenplay as work for hire, making Manny initial owner of screenplay copyright and rendering Miller's termination ineffective; Miller counterclaimed for declaration of validity of termination. Screenplay was not specially ordered or commissioned as work for hire pursuant to written agreement signed by parties. Plaintiffs argued, however, that under labor law Miller was Manny's employee and created screenplay within scope of employment, because Miller was WGA member hired by Manny, signatory to WGA collective bargaining agreement. Court held that *Community for Creative Non-Violence v. Reid* required application of agency, not labor, law in determining employee status. Applying factors of *CCNV* test, court held that Miller was not Manny's employee. Manny did not (1) have control over Miller's daily activities or details of screenplay, (2) have ability to assign additional projects to Miller, (3) make any copyrightable contributions to screenplay, (4) provide Miller with traditional employee benefits (e.g., insurance), or (5) treat Miller as employee for tax purposes, all of which undercut employee status. Further, Miller's status as skilled professional artist, coupled with short duration of employment (two months), indicated he was independent contractor rather than employee. Because Miller was independent contractor and agreement did not expressly provide for commissioned work-for-hire status, court held that Miller was sole author of screenplay, in whom copyright ownership vested initially.

*Schlueter v. Magistrate Judge Vascura Bethesda Healing Ministry, Inc.*, No. 17-1055, 2018 U.S. Dist. LEXIS 205866 (S.D. Ohio Dec. 6, 2018)

Court denied plaintiff's motion for preliminary injunction enjoining defendant's use of manual titled *An Experience of Hope: A Guidebook to Healing*. Plaintiff alleged that manual was created by her, outside scope of employment, and given to defendant to use under

implied license. Defendant argued that manual was authored while plaintiff was employed as defendant's Executive Director, and accordingly was work made for hire. Traditionally, court noted, individual retained by board of trustees to serve as executive director of non-profit organization is employee, much as chief executive officer of corporation generally is employee. Plaintiff had not submitted any evidence that would take facts of case outside general rule that executive director is employee; nor had plaintiff submitted evidence that she prepared manual outside scope of her employment. Court denied motion on ground that plaintiff had not shown that she was copyright owner of manual.

*Markham Concepts, Inc. v. Hasbro, Inc.*, 355 F. Supp. 3d 119 (D.R.I. 2019)

Plaintiffs, heirs of toy developer Bill Markham, sued seeking declaration that heirs controlled intellectual property in *Game of Life*, and had termination rights under § 304. District court ruled against heirs, finding that *Game of Life* was work made for hire owned by toy developer Reuben Klamer, who had hired Markham's firm to prepare game. Markham's employees built majority of prototype, and testified that Markham was often working on unrelated business matters during creation of game. Klamer formed corporation ("Link") with celebrity Art Linkletter to promote *Game of Life* and license to Milton Bradley. Assignment agreement from Klamer to Link assigned all right, title, and interest in game; provided Markham non-refundable royalty advance; and stated Markham had invented, designed and developed *Game of Life*. In 1960 Milton Bradley applied to register copyrights in game board and rules, identifying itself as author. District court looked to definition of work made for hire under 1909 Act, adopting instance-and-expense test. Instance test is shaped in part by degree to which hiring party had right to control or supervise artist's work. Court found *Game of Life* was prepared at instance of Klamer, who was often present at Markham's firm and was considered by Markham's employees to be final arbiter of prototype's look and feel. In addition, assignment agreement stated any final decision regarding changes would rest with Link or Milton Bradley. Court then found that prototype was created at Klamer's expense; Klamer had agreed to pay all costs incurred by Markham during prototype creation, as well as portion of royalties Klamer would receive. Although assignment agreement had named Markham as inventor, designer, and developer, such language did not change reality: prototype was work made for hire and Klamer owned copyright.

*Remark Home Designs, LLC v. Oak St. Condo Projects, LLC*, No. 16-14305, 2019 U.S. Dist. LEXIS 14589 (E.D. Mich. Jan. 30, 2019)

Plaintiff, home design company, filed copyright infringement action against defendant, architectural firm, on grounds that defendant infringed plaintiff's copyrighted architectural plans. Defendant moved for summary judgment that plaintiff was not owner of copyrighted plans, alleging that plans were work for hire, given that architect created them in his capacity as employee of LLC, and so "had no enforceable right to assign" to plaintiff. Court disagreed, holding that plans could not be work for hire because architect was sole member of plaintiff LLC and was neither employed nor independently contracted by LLC. Based on this, court found that plaintiff owned rights to plans and could assign them to plaintiff.

Second, defendant alleged that, under state law, another individual was author of plans because such individual had affixed his seal to plans. Court disagreed, finding that state's occupational code, which regulated architectural profession, did not define who was author under federal copyright law. Court, accordingly, denied defendant's motion.

*Oliver v. Johanson*, No. 17-5129, 2018 U.S. Dist. LEXIS 198484 (W.D. Ark. Nov. 21, 2018)

Defendants Bruce and Blair Johanson utilized methodology – Job Evaluation and Salary Administration Program (JESAP), developed by their father – for companies to set up compensation structure for employees. Brothers later elected to computerize methodology for efficiency. Plaintiff computer programmer agreed to aid brothers in creating software, and three went into business as DB Squared to commercialize effort. In 2006, additional developer, Devine, was hired to help with software development. In 2008, plaintiff filed application to register software with Copyright Office in capacity as DB Squared officer. Because he stated that he alone was author, Office noted inconsistency with application on behalf of Company, and plaintiff responded that software was work for hire for DB Squared. After registration of JESAP 2008, new versions of software were created and software renamed DBCompensation. In 2016, plaintiff resigned from DB Squared, and later asserted sole ownership of DBCompensation software. In 2017, plaintiff submitted application to Copyright Office for DBCompensation software, claiming he was author and that work was not made for hire. Application matured into registration that year. Court conducted bench trial of parties' warring claims of authorship and infringement. On authorship question, court analyzed JESAP 2008 separately from DB Compensation 10. As to JESAP 2008, court first found that plaintiff was independent contractor between 2001 and 2005 because he worked for his wholly-owned company; received 1099s; never received employment benefits; was not subject to much supervision and often worked from home; worked for number of clients; and was asked to use his programming expertise. Those unregistered software works were not joint works because, at times works were created, defendant brothers did not intend for JESAP methodology to be incorporated into software. Works were also not works for hire because DB Squared was not created until 2006, and there was no written agreement. Accordingly, plaintiff owned early unregistered works. Although JESAP 2008 registration carried with it presumption of validity of facts in certificate, such as authorship, court found plaintiff rebutted presumption. Court found difference between 2005 and 2008 JESAP versions did not yield difference in ownership analysis. Creation of LLC did not alter analysis because court still found plaintiff to function as independent contractor. While some agency factors weighed in favor of finding employer-employee relationship – such as fact that plaintiff took on roles within organization; LLC was created for purpose of advancing and commercializing software; plaintiff inserted copyright notices listing LLC in code; code was stored on LLC's servers, created on LLC's equipment, and LLC maintained and licensed code; and plaintiff had long relationship with LLC – court found most factors weighed in favor of finding plaintiff to be independent contractor. There were also no written agreements concerning work for hire, and defendants did not show that Devine was co-author of JESAP 2008 or that it was joint work. Accordingly, DB Square's claim for

infringement of JESAP 2008 was dismissed with prejudice and court declared plaintiff owner of copyright in JESAP 2008. As to DBCompensation 10, court first found that it was derivative of earlier JESAP works. Court next found that plaintiff and Devine were joint authors of DBCompensation 10, as logs, code watermarks, and contributions evidenced “inseparable and interdependent whole ... [that] qualif[ied] for joint authorship.” Fact that Devine did not view himself as owner was inconsequential, and court did not find persuasive contract sent by plaintiff to Devine seeking assignment, as Devine did not remember seeing or signing agreement. Court’s determination that Devine and plaintiff were joint authors of DBCompensation 10 was not affected by plaintiff’s registration, because (1) court doubted presumption of validity applied because, *inter alia*, application was not limited to DBCompensation 10, and was for DB Compensation which existed in 2009, and (2) even if presumption applied, court would find presumption rebutted by preponderance of evidence. Court found that misrepresentations and omissions in applications would normally generate § 411(b) inquiry, but, because court ultimately found that plaintiff was equitably estopped from succeeding in infringement claim, it assumed without deciding that plaintiff’s registration was not result of fraud on Copyright Office. Accordingly, court declared plaintiff and Devine to be co-owners of DBCompensation 10.

## **B. Transfer of Ownership**

*Glennon v. Rosenblum*, 325 F. Supp. 3d 1255 (N.D. Ala. 2018)

Court granted plaintiff’s motion for summary judgment. Defendant uploaded plaintiff’s professional photo to website *ShesAHomewrecker.com*, along with fabricated story falsely claiming plaintiff, real estate agent, had sexual relations with defendant’s spouse while showing him house for sale, graphically recounting details of alleged adulterous encounter, referring to plaintiff as “nasty slut” and “disgusting skank of a woman,” and concluding by telling readers “DO NOT USE THIS WOMAN AS A REALTOR.” Story went viral; defendant eventually admitted story was false and asked multiple websites to remove story, but websites refused to take down content without court order declaring story false. Plaintiff sued for, *inter alia*, copyright infringement. Plaintiff had previously obtained rights to photo at issue from photographer, and received copyright registration for photo approximately three years after photograph was taken. Court held that by offering evidence that copyright was registered in her name within five years of image’s creation plaintiff made *prima facie* showing of ownership. Court further found that plaintiff properly alleged photographer had transferred to plaintiff exclusive ownership rights to image and right to sue for past infringements. Court held plaintiff properly alleged defendant “copied and publicized” protected image without authorization. Defendant failed to respond to complaint; court, accordingly, issued default judgment in favor of plaintiff.

### C. Termination of Transfers

*Horror Inc. v. Miller*, 335 F. Supp. 3d 273 (D. Conn. 2018)

District court granted declaratory defendant's motion for summary judgment, holding defendant to be sole owner of screenplay copyright following defendant's effective termination of plaintiffs' copyright rights therein. Defendant screenwriter Victor Miller wrote original *Friday the 13th* screenplay pursuant to short-form Employment Agreement with plaintiff Manny Company, which was party to Writers' Guild of America collective bargaining agreement. Miller-Manny agreement was silent as to screenplay authorship, but Miller plainly relinquished control over screenplay exploitation to Manny and its successor-in-interest, plaintiff Horror Inc. Miller timely served termination notices under § 203 on Horror and others. Although Manny-Miller agreement did not contain express language conveying Miller's copyright in screenplay to Manny, § 203 sweeps broadly, applying termination right to, *inter alia*, any non-exclusive license of copyright. Court held non-exclusive license could be, and in fact was, implied by conduct. Such implied license arises when party creates work and delivers it to another for copying and distribution. Miller wrote screenplay and delivered it to Manny with intent that Manny use screenplay for *Friday the 13th* film. Therefore, Miller's termination notices effectively reclaimed his U.S. rights in screenplay.

### D. Joint Works and Co-Ownership

*Webber v. Dash*, No. 19-610, 2019 U.S. Dist. LEXIS 32354 (S.D.N.Y. Feb. 25, 2019)

Plaintiffs brought suit for infringement of copyright in *Dear Frank*, film bankrolled and produced by plaintiffs. Defendant maintained plaintiffs entered into oral agreement under which defendant would direct and produce film in return for royalties and co-ownership. Plaintiffs acknowledged using defendant's filming equipment and filming at defendant's house, but alleged no such agreement existed. Defendant was not listed as author on copyright registration, but represented to potential buyers that he owned film. Court noted that under *Thompson v. Larson*, co-authorship claimant bears burden of establishing that each of putative co-authors (1) made independently copyrightable contributions to work; and (2) fully intended to be co-authors. Second Circuit does not read "independently copyrightable" literally; pertinent inquiry is whether purported co-author created and contributed at least some amount of original expression. In addition, specific finding of mutual intent is required. Where multiple parties contribute expression to work but do not mutually intend to be co-authors, "dominant author" of work is deemed work's sole author. Court found that defendant appeared to have made more than *de minimis* contributions to film, but ruled parties did not intend to create work of joint authorship. Plaintiffs' contributions to film far outweighed those of defendant: plaintiffs financed film in its entirety, entered into work-for-hire agreements with all cast and crew, and entered into all other third-party contracts necessary for film's creation, whereas defendant worked on film for short time and was fired by plaintiffs. Most compelling evidence of intent was text

message from defendant to plaintiff that strongly suggested that until conflict arose he never truly entertained in his mind concept of joint authorship. Film, accordingly, was not joint work, and defendant was not film's dominant author; defendant thus did not possess protectable copyright interest.

*Horror Inc. v. Miller*, 335 F. Supp. 3d 273 (D. Conn. 2018)

On cross-motions for summary judgment in declaratory action, district court granted defendant's motion, holding defendant to be sole owner of screenplay copyright following defendant's effective termination of plaintiffs' copyright rights therein. Defendant screenwriter Victor Miller wrote original *Friday the 13th* screenplay pursuant to short-form Employment Agreement with plaintiff Manny Company, which was party to Writers' Guild of America collective bargaining agreement. Miller-Manny agreement was silent as to screenplay authorship, but Miller plainly relinquished control over screenplay exploitation to Manny and its latest successor-in-interest, plaintiff Horror Inc. Miller timely served termination notices on Horror and others. Horror and Manny argued that non-parties Sean Cunningham, Manny's principal, and Phil Scuderi, principal of Manny's successor-in-interest, made contributions to screenplay such that they were joint authors with Miller. In Second Circuit, joint authorship requires each alleged co-author to have made independently copyrightable contribution, and to have intended to be co-authors. Plaintiffs did not identify specific portions of screenplay attributable to Cunningham or Scuderi, but indicated that Cunningham suggested that killings should be personal (not by guns), that killer should remain masked, and that major character should be killed early on. Court held that such contributions were unprotectable ideas or *scènes à faire*, as opposed to independently copyrightable matter; moreover, there was no evidence that parties intended to be co-authors. Court also held Cunningham and Scuderi's ownership claims barred by statute of limitations because they should have been raised within three years from date of accrual, when Miller was first identified as sole author of screenplay in 1979. Thus, even if Cunningham and Scuderi could allege facts sufficient to establish co-authorship, their claim would be time-barred.

*Really Big Coloring Books, Inc. v. Delta Dental Ins. Co.*, No. 18-622, 2018 U.S. Dist. LEXIS 144225 (E.D. Mo. Aug. 24, 2018)

District court denied defendants' motion to dismiss for failure to state claim. Plaintiff coloring book publisher entered into agreement with defendants to create, manufacture and deliver dental-related coloring book. Plaintiff created new version of "Ratoncito Perez" character for use in coloring books, and also created games and activities for inclusion in work. Defendants contributed text, which plaintiff edited. Each draft plaintiff sent to defendants contained watermark and plaintiff's information and copyright notice. Defendants' ordering of coloring books slowed down, then ceased, and thereafter defendants allegedly "copied and used" works and did not remove plaintiff's copyright notice on its unauthorized copies. Defendants moved to dismiss on ground that coloring books were joint works, and parties were co-authors. Court noted that Eighth Circuit had not formulated test for joint authorship. However, under either test from District of Minnesota or more stringent

test employed by Second and Seventh Circuits, court found issues of fact regarding joint authorship based on allegations in complaint. Court denied motion to dismiss without prejudice to defendant asserting issues on motion for summary judgment.

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

*Spinelli v. NFL*, 903 F.3d 185 (2d Cir. 2018)

Second Circuit vacated dismissal of certain of plaintiffs' infringement claims. Plaintiff sports photographers sued NFL, Associated Press and Replay Photos, LLC, which sold NFL photos online, for infringement based on allegation that NFL and Replay, with AP's permission, exploited plaintiffs' works without license or payment. In 2009, NFL reached agreement with AP whereby AP became exclusive agent for and distributor of commercial licenses for photos that contained NFL intellectual property; agreement did not contain complimentary license for "AP-Contributor Photos," which AP had right to license, but in which photographer not employed by AP owned copyright. Plaintiffs entered "contributor agreements" with AP to be allowed access to NFL events and receive license for IP contained within photos. In agreements with AP, photographers retained right, title, and interest in works accepted by AP, but granted license to AP in exchange for receiving royalties based on certain uses of plaintiffs' works. Before entering contributor agreement, AP told plaintiffs that AP's agreement with NFL did not provide NFL with complimentary license for contributor photos. Based on representations, and upon pressure by AP that they would lose access to 2009 NFL events if they did not sign, plaintiffs signed agreements. In 2012, aware that NFL was making use of photos without payment, plaintiffs contacted NFL, which responded that its 2009 contract with AP included license to allow NFL to make complimentary use of AP-licensed NFL photos. When plaintiffs contacted AP, AP denied making such license, and stated that its renewal of agreement with NFL was held up because AP did not have authority to issue complimentary license. AP then asked plaintiffs to agree to contract amendments that would allow AP to grant NFL limited complimentary uses of plaintiffs' works. Plaintiffs did not know that AP had already renewed its agreement with NFL in 2012, and new agreement expanded complimentary license to NFL to include photos owned by photographers who did not contribute to AP. Eventually AP disclosed to plaintiffs that complimentary licenses were included in 2012 agreement in NFL and were mandatory element, and AP told plaintiffs they could accept amendments to contributor agreements or opt out and not capture NFL events. Plaintiffs did not agree to AP's demanded agreement, and NFL continued to use plaintiffs' works without payment. Replay, with AP, sells copies of NFL photos online. After plaintiffs went to AP in 2012 about NFL infringement, AP asked plaintiffs to agree to reduced royalty rate for Replay licenses. Plaintiffs rejected amendment, but Replay sold plaintiffs' works and neither Replay nor AP paid plaintiffs for use. District court dismissed claims for failure to state claim. On appeal, plaintiffs argued that defendants were liable because (1) AP could not grant NFL retroactive license from 2009-2012; and (2) AP did not have authority under contributor agreements to grant complimentary license for period of 2012-2015. On retroactive license issue, court relied on *Davis v. Blige* to hold that retroactive license would have impermissibly extinguished right

plaintiffs had before 2012 AP-NFL agreement was executed to sue NFL for copyright infringement; if retroactive license AP granted in 2012 were effective, AP would have extinguished that right. “Doing so was impermissible, irrespective of whether AP had the authority to issue a prospective license to the NFL starting in 2009.” Court therefore vacated dismissal of infringement claims concerning NFL’s allegedly infringing uses from 2009-2012.

*Joseph v. Buffalo News, Inc.*, No. 17-814, 2018 U.S. Dist. LEXIS 145320 (W.D.N.Y. 2018)

Plaintiff, *pro se* attorney, authored article entitled “Manufacturing Tax of Zero” and sent it to editors of defendant newspaper by email with subject line “Oped: Manufacturing Tax of Zero.” Plaintiff’s article ran in newspaper, and plaintiff sent invoice to defendant’s clerk and demanded payment by email; when defendant refused, plaintiff brought suit. Court found defendant had privilege to publish plaintiff’s article under *Tasini* and § 201(c) because there was no agreement between parties that would restrict defendant’s ability to publish, there was no agreement regarding plaintiff’s copyright or his rights in work, and plaintiff did not demand payment before publication. “As a result, BN was left to conclude only that it had the privilege to publish the article as explained in *Tasini*.” Court granted motion to dismiss and denied motion for leave to amend because amendment would be futile.

*Kay Bros. Enters. v. Parente*, No. 16-387, 2018 U.S. Dist. LEXIS 128191 (N.D. Ill. July 31, 2018)

Court denied plaintiff’s and defendants’ cross motions for summary judgment as to liability for infringement. Plaintiff created architectural plans to be used in construction of custom home for defendants, who modified plans and hired another company to build home. Plaintiff sued defendants and moved for summary judgment on infringement claim. Defendants opposed motion, arguing that plaintiff granted them implied non-exclusive license to use plans, and therefore they did not infringe plaintiff’s copyright. Court found that (1) defendants requested creation of plans, and (2) plaintiff created requested plans and delivered plans to defendants, both of which favored creation of implied license. However, court found plaintiff’s intent regarding plans was unclear, and that plaintiff engaged in behavior both consistent and inconsistent with intention to grant implied license. Accordingly, court found genuine issue of fact as to existence of implied license and denied both motions.

*Photographic Illustrators Corp. v. Orgill, Inc.*, No. 14-11818, 2019 U.S. Dist. LEXIS 58016 (D. Mass. Apr. 4, 2019)

District court granted defendant’s summary judgment motion, holding that defendant did not exceed scope of its sublicense to use plaintiff’s images, and thus did not commit copyright infringement. Plaintiff commercial photography company licensed photographs to Osram Sylvania Inc. (“OSI”), manufacturer and seller of lighting products. Defendant distributed OSI’s products, and used and sublicensed certain of plaintiff’s photographs in marketing.

Plaintiff's license with OSI granted OSI license to use and sublicense plaintiff's photos in OSI's sole and absolute discretion, except that OSI was required to properly attribute photographs to plaintiff or plaintiff's principal ("attribution requirement"). After plaintiff sued defendant for infringing plaintiff's copyrights in 34 photographs licensed to OSI by using and further sublicensing them, defendant and OSI executed retroactive confirmatory sublicense that confirmed that OSI previously granted defendant permission to use and sublicense plaintiff's photos. OSI and several other OSI distributors entered into arbitration in which arbitrator held that plaintiff's agreement with OSI gave OSI right to sublicense plaintiff's images to OSI's distributors, and further that attribution requirement was only covenant rather than condition, meaning that violation of same would constitute breach of contract but would not render contract ineffective such that OSI could be liable for copyright infringement. Court held that, although plaintiff was precluded, under collateral estoppel doctrine, from contesting arbitrator's holdings that OSI had authority to grant sublicenses to OSI's distributors and that attribution requirement was merely covenant, plaintiff could challenge whether defendant received implied sublicense from OSI as well as litigate scope of such sublicense. Plaintiff argued that defendant could have received implied sublicense to use plaintiff's photos only directly from plaintiff as copyright owner, and not from plaintiff's licensee OSI. Although First Circuit courts often use three-part test to determine existence of implied license for copyrighted work (i.e., that licensee request creation of work, that licensor create and deliver work, and that licensor intend that licensee distribute work), court held that test is not mandatory, and that touchstone for implied license is simply parties' intent as evidenced by totality of parties' conduct. Court held that because plaintiff intended to permit OSI to grant sublicenses and because plaintiff failed to show that OSI did not intend to grant sublicense to defendant, defendant had sublicense to use plaintiff's photos. As to scope of defendant's sublicense, court noted that defendant could have narrower rights than OSI. Although, as arbitrator held, attribution requirement was only condition, rather than covenant, in agreement between plaintiff and OSI, defendant's sublicense could theoretically require attribution. However, defendant's confirmatory sublicense with OSI clearly stated that attribution requirement was without effect on defendant's rights to use and sublicense plaintiff's photos, meaning that attribution likewise was mere covenant in defendant's license. Thus, defendant's failure to attribute plaintiff's photos could not give rise to liability for copyright infringement.

*Geophysical Servs. v. TGS-NOPEC Geophysical Servs.*, No. 14-1368, 2018 U.S. Dist. LEXIS 101781 (S.D. Tex. June 19, 2018)

District court granted defendant's motion for summary judgment, holding that defendant's obtaining of plaintiff's seismic data from Canadian administrative agency did not infringe plaintiff's copyright because plaintiff granted license to agency. Plaintiff Canadian company collected seismic data by recording information obtained by bouncing sound waves off ocean floor. Pursuant to Canada Oil and Gas Lands Administration's Guidelines for Approvals and Reports, plaintiff submitted copies of its seismic data to Administration. Administration's Guidelines referenced publication called "Offshore Exploration," which provided that such seismic data would, after period of confidentiality, be copied and released to public. Court

held that, by submitting seismic data to Administration with constructive knowledge of “Offshore Exploration,” plaintiff granted Administration express license to copy, distribute, and export plaintiff’s seismic data, so that defendant’s use of data was not infringing. Alternately, plaintiff granted implied license to Administration because plaintiff should have known that by participating in seismic data submission regime, it was impliedly granting license to copy and distribute its seismic data. Court held that defendant did not infringe plaintiff’s copyright when defendant obtained plaintiff’s seismic data from Administration’s successor agency.

*Oliver v. Johanson*, No. 17-5129, 2018 U.S. Dist. LEXIS 198484 (W.D. Ark. Nov. 21, 2018)

Defendants Bruce and Blair Johanson utilized methodology – Job Evaluation and Salary Administration Program (JESAP), developed by their father – for companies to set up compensation structure for employees. Brothers later elected to computerize methodology for efficiency. Plaintiff computer programmer agreed to aid brothers in creating software, and three went into business as DB Squared to commercialize effort. In 2006, additional developer, Devine, was hired to help with software development. In 2008, plaintiff filed application to register software with Copyright Office in capacity as DB Squared officer. Because he stated that he alone was author, Office noted inconsistency with application on behalf of Company, and plaintiff later responded that software was work for hire for DB Squared. After registration of JESAP 2008, new versions of software were created and software renamed DBCompensation. In 2016, plaintiff resigned from DB Squared, and later asserted sole ownership of DBCompensation software. In 2017, plaintiff submitted application to Copyright Office for DBCompensation software, claiming he was author and that work was not made for hire. Application matured into registration that year. Relevant claims determined by bench trial were parties’ warring claims of authorship of works and infringement. Although court determined that plaintiff owned JESAP 2008 and co-owned DBCompensation 10 software programs, it held defendants were entitled to irrevocable, implied, nonexclusive license to allow them to continue to use works. Court found evidence showed entitlement to implied license: plaintiff was contracted to create and commercialize software and actually did so; plaintiff inserted copyright notices in favor of LLC and programmed works to have customers contact company with software problems; and plaintiff’s resignation note indicated that company could finish unveiling DBCompensation 10. Additionally, because plaintiff’s company was paid for plaintiff’s work, licensed was irrevocable.

#### **IV. FORMALITIES**

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

*Fourth Estate Public Benefit Corp v. Wall-Street.com, LLC*, 139 S. Ct. 881 (2019)

Supreme Court adopted “registration approach,” holding that, under § 411(a), “registration occurs, and a copyright claimant may commence an infringement suit, when the Copyright

Office registers a copyright.” Court found that registration approach – as opposed to “application approach,” under which “registration” occurs upon submission of application to Copyright Office – reflects only satisfactory interpretation of statutory text, which prohibits copyright owner from bringing suit for infringement until “registration ... has been made.”

*Universal Dyeing & Printing, Inc. v. Topson Downs of Cal., Inc.*, No. 17-3879, 2019 U.S. Dist. LEXIS 16669 (C.D. Cal. Feb. 1, 2019)

Following bench trial, district court granted judgment for defendant because plaintiff failed to establish ownership of valid copyright registration. Plaintiff fabric printer sued defendant apparel designer and seller, alleging that defendant infringed one textile design of plaintiff, which was included within “single work” registration for group of 15 published textile designs. Registration listed plaintiff as author and July 15, 2011 as publication date for all 15 designs. Although plaintiff’s ownership of registration created presumption of ownership of valid copyright, defendant successfully rebutted presumption by establishing at trial that plaintiff was not author of 13 of 15 designs, and further that many designs were made available for sale to public prior to July 15, 2011. Burden therefore shifted to plaintiff to show ownership of valid copyright registration. Because textile designs do not qualify for group registration, plaintiff’s registration was “single work” registration; all 15 textile designs within registration must be first sold, distributed or offered for sale concurrently to satisfy single unit of publication requirement. Single unit of publication rule required invalidation of entire registration because not all textile designs were published simultaneously. Because plaintiff failed to prove ownership of valid registration, court entered judgment for defendant.

*Ronaldo Designer Jewelry, Inc. v. Cox*, No. 17-2, 2019 U.S. Dist. LEXIS 69187 (N.D. Miss. Apr. 24, 2019)

District court directed plaintiff to file supplemental response to defendants’ motion seeking court ordered review by Register of Copyrights of plaintiff’s copyright registrations. Plaintiff brought action for copyright infringement “premised on copyright registrations for three wire bracelets.” Defendants alleged that plaintiff’s copyright applications were materially inaccurate and incomplete, and moved court to request Register to determine whether plaintiff’s registrations would have been refused in light of inaccurate or missing information. Under § 411(b) registration certificate satisfies requirements of §§ 411 and 412 “regardless of whether the certificate contains any inaccurate information, unless (A) the inaccurate information was included on the application for copyright registration with knowledge that it was inaccurate; and (B) the inaccuracy of the information, if known, would have caused the Register of Copyrights to refuse registration.” In any case in which inaccurate information “is alleged, the court shall request the Register of Copyrights to advise the court whether the inaccurate information, if known, would have caused the Register of Copyrights to refuse registration.” Court declined to follow Seventh Circuit’s *Schaltenbrand* approach, requiring defendant to demonstrate inaccurate information and knowledge before referring to Register, finding plain language of statute required referral to Register whenever inaccurate information in copyright application is “alleged.” Defendants’

motion alleged plaintiff's copyright applications contained inaccurate information because they did not disclose that plaintiff's designs contained common, unoriginal elements, and applications falsely listed plaintiff as owner. However, court did not address defendants' contentions "at this time," and directed plaintiff to file supplemental response to motion.

## V. INFRINGEMENT

### A. Access

*Halper v. Sony/ATV Music Publ'g, LLC*, No. 18-5915, 2019 U.S. App. LEXIS 4720 (6th Cir. Feb. 15, 2019)

Plaintiff, creator of song "Don't Throw Our Love Away," alleged defendants infringed his copyright by inclusion of phrases "stay with me" and "lay with me" in Sam Smith song "Stay with Me." Plaintiff alleged that he "widely disseminated" his unpublished demo in 1986, 1990, and 2013 and named 19 non-parties to whom he allegedly sent demo, but he did not allege that any of defendants were given demo, and allegations did not amount to inference that defendants heard or had reasonable opportunity to hear work. Therefore, district court properly found plaintiff did not properly plead access. Because complaint did not sufficiently allege access, plaintiff needed to plead striking similarity. Court, however, found that "the phrases 'stay with me' and 'lay with me' are the types of 'words and short phrases' that are common in love songs and that are not entitled to copyright protection." Accordingly, district court correctly found that plaintiff failed to plead striking similarity, and Sixth Circuit affirmed dismissal.

*Feuer-Goldstein, Inc. v. Michael Hill Franchise Pty. Ltd.*, No. 16-9987, 2019 U.S. Dist. LEXIS 51980 (S.D.N.Y. Mar. 27, 2019)

Court granted defendants' motion for summary judgment. Plaintiff jewelry manufacturer brought action against defendant, competing jewelry manufacturer, for infringement of plaintiff's jewelry designs comprised of heart frame and vertical infinity symbol. In absence of direct evidence of copying, plaintiff had to demonstrate that defendants had reasonable possibility of access to plaintiff's jewelry design. Court found that plaintiff failed to provide probative evidence such that reasonable jury would infer access through either (1) "wide dissemination," (2) "chain of event" theory, or (3) copying based on "striking similarity." As to "wide dissemination" theory, court held that evidence demonstrating that plaintiff's jewelry design appeared on Internet, was featured in several tradeshow, and was advertised in multiple magazines were "isolated appearances" that did not amount to "considerable commercial success" that warrants inference of access. Court also held that none of plaintiff's proposed chains of events created more than "bare possibility" of access. Given (1) unclear presence of plaintiff's design on certain websites, paired with defendant's use of common search engine while developing its own design; (2) limited distribution of magazines with advertisements for plaintiff's design, in conjunction with plaintiff's failure to show that any defendant or any affiliated entity ever received such issues; and (3) highly

attenuated corporate relationship between defendants and individual who attended tradeshows where plaintiff's design was featured, no reasonable jury could infer that any creators of defendants' design had access to plaintiffs' design. As to "striking similarity," court found that works at issue were not "so identical" as to "preclude any reasonable possibility of independent creation," given that jewelry designs were comprised of two elements that were common in jewelry market, and "there are only so many ways that a designer can combine two discrete elements."

*Gray v. Perry*, No. 15-5642, 2018 U.S. Dist. LEXIS 138263 (C.D. Cal. Aug. 13, 2018)

District court denied defendants' motion for summary judgment. Plaintiffs brought suit alleging that defendants' song "Dark Horse" infringed plaintiffs' copyright in earlier-released song "Joyful Noise." In absence of direct evidence of copying, plaintiff had to demonstrate (1) that defendants had access to "Joyful Noise," and (2) substantial similarity between works-at-issue. To prove that defendants had "reasonable possibility" of hearing plaintiffs' song, plaintiffs presented circumstantial evidence that work was "widely disseminated." Plaintiffs showed that "Joyful Noise" had millions of views and plays on YouTube and Myspace, and had gained success and popularity in Christian hip-hop/rap industry. Court agreed with plaintiffs, finding that "reasonable jury could conclude that there is more than a 'bare possibility' that defendants – who are experienced professional songwriters – had the opportunity to hear 'Joyful Noise.'" Court dismissed defendants' arguments that (1) Christian hip-hop/rap industry was "so niche" that success of "Joyful Noise" in such market had "no bearing" on whether defendants could have accessed song; and (2) song did not achieve widespread dissemination because of its lack of commercial success. Court found that while plaintiffs did not provide evidence of commercial exploitation, such showing is not necessary to prove access because plaintiffs had demonstrated that "Joyful Noise" achieved critical success and received millions of views via online platforms.

*Hall v. Daniels*, No. 18-1349, 2018 U.S. Dist. LEXIS 134012 (N.D. Ill. Aug. 9, 2018)

District court granted defendant's motion to dismiss plaintiff's copyright infringement claim for failure to plead that defendant had access to plaintiff's work. Plaintiff alleged that she wrote and registered book entitled *Girl, You Ain't Gonna Make It, So They Said* and audiobook version of same entitled *I'm Breaking Through*. At February 2013 "pitch fest," plaintiff allegedly pitched her book to 10 producers, and connected with defendant self-publishing resource provider Author Solutions (ASL), which sent her novel to four Hollywood producers. Plaintiff also submitted electronic copy of her novel to defendant producer Lee Daniels by emailing to Daniels' website link to plaintiff's own website, where copy of plaintiff's book was posted. Subsequently, plaintiff claimed, Daniels and defendant Twentieth Century Fox (TCF) turned her book into television series *Empire* without her authorization. Plaintiff's assertion that she or ASL provided copies of her book to unspecified Hollywood producers failed to support reasonable inference that TCF had access to plaintiff's book. Further, plaintiff's alleged electronic transmission of her book to Daniels

did not establish access on TCF's part. Court dismissed plaintiff's claim against TCF on ground that plaintiff failed to establish access.

*Halper v. Sony/ATV Music Publ'g, LLC*, No. 16-567, 2018 U.S. Dist. LEXIS 140201 (M.D. Tenn. Aug. 17, 2018)

District court granted defendants' motion to dismiss, adopting in part magistrate's report and recommendation recommending dismissal of plaintiff's claim that Sam Smith song "Stay With Me" infringed plaintiff's song "Don't Throw Our Love Away." Plaintiff's work, written in 1984 and recorded in 1986 and 2013, was not published, but plaintiff alleged he sent demos to artists and producers. Plaintiff's objections to report and recommendation centered around ownership and substantial similarity. On ownership point, court rejected magistrate's conclusion that plaintiff did not own copyright in "Don't Throw Our Love Away" until he registered it, and that defendants did not infringe because plaintiff did not register copyright until after release of "Stay with Me." Court found that plaintiff failed to plead access; he did not allege direct access by defendants, and did not plead connection between those to whom he sent demos and defendants. Nor could claim succeed through showing of striking similarity. Similarity highlighted by plaintiff was parties' use of phrases "stay with me" and "lay with me." Court found, however, that phrases fell into "common phrase" category, "not the idiosyncratic, 'E.T. phone home' category," and were not protectable. Plaintiff, accordingly, had not alleged substantial, let alone striking, similarity between protectable elements of songs.

*Batiste v. Lewis*, No. 17-4435, 2019 U.S. Dist. LEXIS 69130 (E.D. La. Apr. 23, 2019)

District court granted defendants' motion for summary judgment in connection with plaintiff's allegation that defendant hip-hop duo Macklemore and Ryan Lewis ("MRL"), infringed plaintiff's sound recordings and musical compositions by using unauthorized samples and by copying elements of 11 of plaintiff's original works in composition of songs "Thrift Shop," "Can't Hold Us," "Need to Know," "Same Love," and "Neon Cathedral." To establish access, plaintiff must alleged prove infringer had reasonable opportunity to view copyrighted work before infringement occurred; if proof of access is unavailable, plaintiff may prove factual copying by showing works such striking similarity between works that similarity could only be explained by actual copying. Plaintiff argued that his music was played in New Orleans and distributed online and in music stores, which MRL had opportunity to view during visit to New Orleans in 2011. Court found that plaintiff presented no evidence of musical awards, royalty revenues, or noteworthy online sales that would implicate factual dispute regarding access. Thus, court found, plaintiff did not produce evidence that was more than mere speculation and conjecture or "significantly probative of a reasonable opportunity for access," and plaintiff accordingly must demonstrate that respective works were strikingly similar. Court, accordingly, conducted song by song comparison and held plaintiff failed to demonstrate striking similarity or any instances of sampling with respect to any of song pairings identified in complaint.

## B. Copying and Substantial Similarity

*Green v. Harbach*, 750 F. App'x 57 (2d Cir. 2019)

Second circuit affirmed district court's dismissal of plaintiff's claim that defendant's book, *The Art of Fielding*, misappropriated protectable elements of plaintiff's work *Bucky's 9th*. In considering "total concept and feel," court evaluated work's theme, characters, plot, sequence, place, and setting. Court held that alleged similarities between works were unprotectable abstract ideas or *scènes à faire* that did not merit copyright protection, and that "total concept and feel" of works differed substantially.

*Perry v. Mary Ann Liebert, Inc. (MALI)*, No. 18-2019, 2019 U.S. App. LEXIS 6688 (2d Cir. Mar. 6, 2019)

Second Circuit affirmed dismissal of infringement claim. *Pro se* plaintiff alleged that defendant published article authored by Dr. George Pierce that infringed copyright in her Dissertation Defense Manuscript. Specifically, plaintiff alleged that diagram in article was substantially similar to number of diagrams in her manuscript. Court agreed with district court that diagram in article was not substantially similar to those in plaintiff's manuscript because they differed in ways including color, arrangement, shape, and labeling. Plaintiff's argument that article was "compilation work" did not change court's analysis; given that Pierce diagram's actual expression, i.e., its arrangement, colors, and shapes, was not substantially similar to plaintiff's figures, plaintiff failed to state infringement claim on this basis. Court also found district court did not err in denying motion for leave to amend based on futility, as plaintiff had previously amended her complaint twice and there was no indication that she had non-futile claim; moreover, plaintiff did not offer amended pleading that would cure deficiencies in extant complaint. Court thus affirmed judgment of district court.

*Nobile v. Watts*, 747 F. App'x 879 (2d Cir. 2018)

Second Circuit affirmed district court's dismissal of plaintiff's copyright infringement claim for failure to state claim because plaintiff failed to allege substantial similarity between his and defendants' works. Plaintiff wrote Screenplay in which childless couple decided to keep motherless baby found in boat washed up on island. Defendants wrote and published Novel, later adapted to Film, with same premise. Plaintiff alleged that Novel and Film infringed copyright in Screenplay. District court held, and plaintiff conceded, that Screenplay's basic premise was unprotectable idea. Additional plot elements shared by Screenplay and Novel – e.g., that couple found baby immediately after stillbirth, allowing them to pass off baby as own – also held to be unprotectable ideas. Remaining similarities, including wife's emotional and physical reactions to stillbirth, flowed naturally from unprotectable premise, and thus were unprotectable *scènes à faire*. Two instances of literal similarity (dialogue snippets "I hate this place" and "just you and [I/me]") were *de minimis* and did not give rise to substantial similarity finding. Second Circuit thus affirmed dismissal of infringement claim.

*Williams v. Gaye*, 895 F.3d 1106 (9th Cir. 2018)

Ninth Circuit upheld jury verdict, holding that district court gave correct jury instructions regarding copying element of copyright infringement claim. Heirs of Marvin Gaye sued Robin Thicke, Pharrell Williams and two others, alleging that song “Blurred Lines” infringed Gayes’ copyright in musical composition “Got to Give It Up,” to which Thicke and Williams testified they had access. After jury verdict against them, Thicke parties moved for new trial on ground of erroneous jury instructions. In Jury Instruction 42, district court stated that conscious or deliberate copying was not necessary, and subconscious copying was sufficient, to establish copying. In Jury Instruction 43, district court stated that jury “must” consider elements of each musical composition to decide if works substantially similar. Thicke parties objected to Instruction 42 because access was admitted. Ninth Circuit held that Jury Instruction 42 was proper because it instructed jury to find substantial similarity as well as access. Thicke parties objected to Instruction 43 because it instructed jury to consider compositional elements not present in deposit copy of “Got to Give It Up” composition. Ninth Circuit held that jury instructions, on whole, made clear that jury could consider only elements in musical composition deposit copy, not commercial sound recording, which was not at issue. Because musical compositions were entitled to broad protection, it was sufficient for plaintiff to show that accused work was substantially similar, rather than virtually identical, to plaintiff’s work.

*Astor-White v. Strong*, 733 F. App’x 407 (9th Cir. 2018)

Ninth Circuit affirmed in part and reversed in part dismissal of infringement claim. Plaintiff brought suit alleging defendants’ television series *Empire* infringed plaintiff’s treatment for television series titled *King Solomon*. Ninth Circuit found that although plaintiff did not plead sufficient facts to state claim for infringement, district court abused its discretion by denying *pro se* plaintiff opportunity to amend complaint. Plaintiff could cure deficiency by alleging facts showing substantial similarity and chain of events linking *King Solomon* treatment to defendants. Ninth Circuit remanded to district court for further consideration. Concurring opinion found district court erred in comparing *King Solomon* treatment to *Empire*, completed work, because treatments naturally change during development process, and thus dismissal before further discovery as to ultimate development of *King Solomon* was erroneous. Concurring opinion disagreed with district court’s determination that *King Solomon*’s plot was generic, explaining that district court failed to appreciate television landscape at time *King Solomon* was written, when works featuring black lead characters were not commonly found on television. Dissenting opinion would affirm denial of leave to amend, finding that amendment would be futile because *Empire* and *King Solomon* were not substantially similar as matter of law. Dissent found that district court correctly determined plaintiff did not satisfy “extrinsic test,” under which court must filter out unprotectable aspects of plot, theme, dialogue, mood, setting, pace, characters, and sequence of events, and determine whether substantial similarity exists between remaining protectable elements. Overarching idea of record label owned by black mogul and his family, which both works shared, is not protectable. Dissent found no “articulable similarities” between protectable elements of two works, noting that *King Solomon*’s lead character, Joe, dropped out of

college, unlike lead character in *Empire*. Further, Cookie character in *Empire* is released from prison early in show, whereas Jake character in *King Solomon* is released later. Dissent also noted differences between geographic settings of shows, educational attainment of lead characters, and nature of musical artists featured in each show, and concluded that substantial similarity did not exist.

*YS Built LLC v. Huang*, No. 17-35044, 2018 U.S. App. LEXIS 17636 (9th Cir. June 27, 2018)

Ninth Circuit affirmed dismissal of infringement claim. Parties negotiated potential construction agreement whereby defendants paid plaintiff's architect to prepare plans for home. Parties ultimately could not finalize contract, and defendants hired third party to build home. Plaintiff brought suit alleging infringement. District court held trial and found for defendants. Ninth Circuit found trial court did not clearly err in finding that third party's plans were not intrinsically similar to plaintiff's plans. Unlike third party's "more utilitarian" plans, plaintiff's plans "were elegant and artistic," and intrinsic differences rendered total concept and feel not substantially similar.

*Tanksley v. Daniels*, 902 F.3d 165 (3d Cir. 2018)

Fifth Circuit affirmed district court's dismissal of complaint. Plaintiff sued defendants, including Lee Daniels, who created Fox Television show *Empire*, claiming *Empire* infringed plaintiff's three-episode television pilot, *Cream*. *Cream*'s primary storyline revolved around African-American record label owner, Winston St. James, who contracts STD from having sex with co-worker. *Empire* centered on fictional entertainment and music mogul Lucious Lyon, who has ALS, and question of who will succeed him as head of music label, Empire Records. Fifth Circuit noted that unauthorized copying comprises two frequently conflated components: actual copying and material appropriation. Because plaintiff failed to plausibly allege material appropriation, court did not address separate question of whether complaint plausibly alleged actual copying. Court concluded that, superficial similarities notwithstanding, *Cream* and *Empire* were not substantially similar as matter of law. Conclusion flowed unavoidably from comparison of shows' characters, settings and storylines. Court held plaintiff's complaint failed to state claim of infringement. and affirmed dismissal under Rule 12(b)(6).

*Carrell v. Origami Owl, LLC*, No. 18-694, 2019 U.S. Dist. LEXIS 49522 (S.D.N.Y. Mar. 25, 2019)

District court granted defendant's motion for judgment on pleadings. Plaintiff, "who own[ed] a dog of some purported repute," brought copyright infringement claim against defendant based on defendant's use, in connection with promotional campaign for line of pet accessories, of original rendering of dog, which rendering plaintiff claimed "mimicked" photograph of her dog for which she was exclusive rights holder. Court found no substantial similarity between artist's rendering of dog and photograph of plaintiff's dog as matter of law. To overwhelming (and dispositive) extent, common elements of images at issue fell

squarely within *scènes à faire* doctrine, including subject dog’s closed mouth and calm expression looking directly at viewer while sitting with head cocked slightly and groomed in way “generically-depicted dog would be groomed.” Plaintiff’s copyright infringement claim failed, and proposed claim for contributory infringement would necessarily fail as well.

*Sanfiorenzo v. Besson*, No. 17-5461, 2019 U.S. Dist. LEXIS 35145 (S.D.N.Y. Mar. 4, 2019)

Court granted Defendants’ motion to dismiss. Plaintiff, author of “Trilogy Threat” of plays, which included *The Missing Hat*, *The Buzz*, and *Cool Cave*, alleged that defendants’ film *Lucy* infringed works. Court noted that movie had fast pace, contained violence, and featured character Lucy was nearly every scene. Plaintiff’s works, in contrast, did not prominently feature character Lucy, and were largely slow-paced, and “seriousness [was] leavened with jokes and humorous moments.” Court reviewed works and found “total concept and feel” different from one another; common elements, drug overdose and name Lucy, were too generalized to merit protection. Court also noted that “incidental similarities” between works did not overcome differences. Court granted motion to dismiss and denied plaintiff’s motion to amend, finding it futile.

*Spin Master, Inc. v. Amy & Benton Toys & Gifts Co.*, No. 17-5845, 2019 U.S. Dist. LEXIS 19362 (S.D.N.Y. Feb. 6, 2019)

Plaintiffs, part of large multinational toy and entertainment company, brought copyright claims related to plaintiffs’ “Bunchems” children’s toy product packaging against defendants, China-based businesses selling to U.S. through online storefronts. Plaintiffs filed unopposed motion for summary judgment. Court granted motion as to plaintiff’s Copyright Act claims, finding that plaintiffs owned valid federal copyrights and “have numerous common law copyrights” for Bunchems product packaging, and that, based on side-by-side comparison, “substantial similarity exists between the defendant’s work and the protectable elements of plaintiff’s work,” such that court “need not have direct evidence of Defendants’ copying.”

*Griffin v. Sheeran*, 351 F. Supp. 3d 492 (S.D.N.Y. 2019)

District court denied plaintiffs’ motion for summary judgment. Plaintiffs, heirs of Edward B. Townsend, who co-wrote musical composition “Let’s Get It On” (“LGO”) with Marvin Gaye, sued Ed Sheeran, alleging Sheeran’s “Thinking Out Loud” (“TOL”) infringed copyright in LGO. Court noted that standard test for substantial similarity is whether ordinary observer would overlook disparities between works and regard aesthetic appeal as same; question is whether “average lay observer would recognize alleged copy as having been appropriated from the copyrighted work.” Court found jury could find similarities between LGO and TOL including harmonic progression, harmonic rhythm with anticipated second and fourth chords, melody, bassline, and percussion. Moreover, average lay observer could conclude that portions of TOL were appropriated from LGO. Judgment of

noninfringement as matter of law could not be granted due to overlap of protectable elements between TOL and LGO.

*May v. Sony Music Entm't*, No. 18-2238, 2019 U.S. Dist. LEXIS 24458 (S.D.N.Y. Feb. 13, 2019)

District court denied defendants' motion to dismiss infringement claim stemming from use of phrase "We Run Things, Things No Run We" in Miley Cyrus song "We Can't Stop." In 1981, Michael May, Jamaican songwriter and recording artist, authored "We run things. Things no run we" as lyrical phrase included in his performances. Phrase combined English and Jamaican Patois dialect. Complaint was ambiguous as to whether May merely adapted phrase from Jamaican Patios saying "Wi run tings. Tings nuh run wi," or originated phrase "from whole cloth." In 1988, May incorporated "We run things. Things no run we" into song "We Run Things," allegedly to express "attitude of personal freedom and situational control." Cyrus co-authored "We Can't Stop," which was released in 2013 and achieved "meteoric success," and was re-released each year thereafter. "We run things, things don't run we" appeared three times in "We Can't Stop." May asserted claim of copyright infringement based on incorporation of phrase into "We Can't Stop." Court noted that "fragmented literal similarity" exists where defendant copies portion of plaintiff's work without appropriating overall essence or structure, and that copying of quantitatively small portion of plaintiff's work may be substantial if it has qualitative importance to plaintiff's work as whole. Court found plaintiff plausibly alleged copying was quantitatively significant because phrase "We run things. Things no run we" appears nine times in May's song, and qualitatively significant because "it encapsulates the overriding theme of the song, which is male domination and control."

*Spin Master Ltd. v. Alan Yuan's Store*, 325 F. Supp. 3d 413 (S.D.N.Y. 2018)

Court granted plaintiffs' motion for summary judgment. Plaintiffs, part of multinational toy company, sued multiple individuals and/or businesses located in China, alleging that defendants infringed their copyrights by designing, manufacturing, and selling counterfeit copies of "Flutterbye Fairy" line of toys on online marketplace platforms. Court compared "total concept and feel" of works under ordinary observer test and found defendants' products substantially similar to plaintiffs': "in many instances, they are near identical replicas. An ordinary observer would find that defendants copied [plaintiffs'] works."

*Green v. Harbach*, No. 17-6984, 2018 U.S. Dist. LEXIS 113608 (S.D.N.Y. July 9, 2018)

District court granted defendant's motion to dismiss copyright infringement action because parties' respective literary works were not substantially similar. Plaintiff author alleged that defendant's book *The Art of Fielding* infringed plaintiff's copyright in book *Bucky's 9th* because works shared premise and setting (perennial underdog athletic team at struggling yet proud liberal arts institution defeats rivals led by talented yet troubled prodigy), core plot narratives (baseball prodigy-comes-of-age, recruiter-mentor, illicit romance, and

intergenerational plot), and final “beaning” scene where temporarily absent prodigy character returns in ninth inning of baseball game, only to be beaned by opposing team’s pitcher. Court found that, when read in context, allegedly infringing features of *The Art of Fielding* were abstract ideas, *scènes à faire*, or insignificant or trivial details. Though works shared setting, substance of each story was entirely different, while supposed plot structures failed to accurately characterize either of works, and instead represented strained attempt to impose structure otherwise unimportant to overall works. Despite facial similarities between beaning scenes, each functioned differently in each work’s respective plot. “In short, when read in context, none of Plaintiff’s allegations of substantial similarity hold up.”

*Logical Operations Inc. v. 30 Bird Media, LLC*, 354 F. Supp. 3d 286 (W.D.N.Y. 2018)

District court granted summary judgment for defendants. Plaintiff, developer and publisher of instructional manuals for computer software, brought suit for infringement against competing developer of instructional materials on ground that defendant designed its materials to “mimic” plaintiff’s manuals. Defendants moved for summary judgment, arguing works were not substantially similar. Court, applying “more discerning observer test,” examined relevant elements of manuals, determining that (1) internal formatting, words and phrases, generalized topic structure, and instructor cues were unprotectible elements, and (2) creative arrangement of graphic elements and topics, unique juxtaposition of exercises with tables in two-column format, and specific expression of instructor cues and exam objectives were protectible. Court concluded that reasonable observer would not find plaintiff’s and defendants’ manuals substantially similar. Court found plaintiff’s principal assertion – that defendant copied certain design and layout features of its manual, rather than any particular substantive content – problematic. Given that similarities between manuals related to “unprotectible ideas or minor elements like layout and arrangement,” and that plaintiff failed to identify any significant similarities between manuals in terms of expressive content, court concluded that reasonable trier of fact could not find in plaintiff’s favor.

*Laspatha DeCaro Studio Corp. v. Rimowa GmbH*, No. 16-934, 2018 U.S. Dist. LEXIS 103347 (S.D.N.Y. June 20, 2018)

Court denied parties’ cross motions for summary judgment as to plaintiff’s infringement claims. Plaintiff, marketing agency, created lookbook to be used in advertising campaign for Long Island shopping center. Defendant, luggage manufacturer, working with separate ad agency, used four images from plaintiff’s lookbook as inspirational “mood images” to create four new images, which were included in defendant’s lookbook and other marketing materials. Plaintiff sued defendant for infringement and both parties moved for summary judgment. Defendant argued no substantial similarity between parties’ four photos, each of which combined unprotectable *scènes à faire* constituting stock elements of 1920s (e.g., couple and dog in director’s chairs, dog and flapper, woman dancing Charleston, and couple inside hanger) and unique protectable elements (e.g., time of day and subject’s attire, pose, and expression). Court denied both motions, holding that many of protectable elements in both parties’ photographs were similar, such that reasonable jury could find that alleged

copies were substantially similar to originals; however, similarities were not so encompassing as to persuade court to rule that works were substantially similar as matter of law. Court also denied defendant's summary judgment motion as to infringement claim based on defendant's behind-the-scenes video footage of defendant's photoshoot, which featured plaintiff's images digitally altered to include defendant's luggage. Court was not persuaded by defendant's arguments that use of plaintiff's images was *de minimis*, based on fact that photo was shown twice in three-minute video, and that both shots focused on and clearly identified image. In addition, court found that video showing models and crew recreating scene on set for five seconds reinforced prominence of image in video.

*Smith v. AMC Networks*, No. 18-3803, 2019 U.S. Dist. LEXIS 15930 (N.D. Cal. Jan. 31, 2019)

District court denied defendants' motion to dismiss amended complaint alleging copyright infringement in connection with defendants' television series *Fear the Walking Dead*. Around 2007, plaintiff authored *Dead Ahead*, which featured zombie characters on high seas. Plaintiff hired David Alpert as his agent to represent plaintiff's interest in consulting with television and motion picture studios regarding use or exploitation of *Dead Ahead*. In 2015, Alpert and another defendant were listed as executive producers of *Fear the Walking Dead*, which aired on defendants' network. Plaintiff asserted that many similarities existed between *Dead Ahead* and *Fear the Walking Dead* including plot, characters, dialogue, themes, setting, mood, and pace. Court noted that extrinsic test is appropriate for determining substantial similarity on motion to dismiss. However, court followed Ninth Circuit precedent that "extrinsic test requires analytical dissection of a work and expert testimony." Record, comprised solely of plaintiff's amended complaint, would not allow for analysis of unprotectable and protectable elements in *Dead Ahead*; court accordingly denied defendants' motion to dismiss.

*Nat'l Grange of the Order of Patrons of Husbandry v. Cal. Guild*, 334 F. Supp. 3d 1057 (E.D. Cal. 2018)

Court granted plaintiff's motion for summary judgment as to infringement claim. Plaintiff, National Grange, created affiliated California chapter in 1873. However, after dispute occurred, plaintiff revoked membership and disaffiliated California chapter in 2012. Nevertheless, members of disaffiliated chapter continued to exist as separate entity under previous corporate charter, using names CSG and "formerly the California State Grange." California chapter also continued to use website and membership brochures that had been created and used prior to dispute and disaffiliation. Plaintiff sued disaffiliated chapter, alleging ownership of and registrations for website and brochure content, as well as violation of rights, including testimony from ex-employee of defendant that chapter leader told him to maintain website and brochures exactly as they were, with exception of changing all instances of "Grange" to "CSG." Court found no genuine issue of material fact that (1) plaintiff owned valid copyrights and (2) defendant copied plaintiff's work without permission in substantially similar manner. Accordingly, court granted plaintiff's motion for summary judgment on infringement claim.

*Gray v. Perry*, No. 15-5642, 2018 U.S. Dist. LEXIS 138263 (C.D. Cal. Aug. 13, 2018)

District court denied defendants' motion for summary judgment. Plaintiffs brought suit alleging that defendants' song "Dark Horse" infringed plaintiffs' copyright in earlier-released song "Joyful Noise." In proving substantial similarity, plaintiffs relied on report of musicologist expert, who concluded that ostinato in "Dark Horse" clearly "borrows a memorable and highly characteristic combination of discrete and memorable musical elements heard in Joyful Noise," and given "the important structural function" of ostinato in "Dark Horse," plaintiffs' song "can be said to have provided essential and highly characteristic music materials for Dark Horse." Court agreed that testimony was sufficient to raise genuine issue of material fact, holding that plaintiffs' expert "identified particular features of the works which, taken in combination could support a finding of substantial similarity by a reasonable jury." Court was unconvinced by defendants' arguments that plaintiffs' expert did not properly (1) apply methodology of extrinsic test; (2) extract unprotectible elements from his comparison; or (3) explain how combination of elements in ostinato of "Joyful Noise" constituted protectable expression. Court held that Ninth Circuit's extrinsic test does not require uniform set of factors for analyzing musical composition, finding that plaintiffs' expert properly engaged in analysis of external, objective criteria of both songs. Court further acknowledged that showing copying of "combination of unprotectible elements" can satisfy extrinsic test, and could not determine as matter of law that "overlapping similarities of several elements of the ostinatos in both songs" identified by plaintiffs' expert were not protectable musical expressions.

*Zindel v. Fox Searchlight Pictures, Inc.*, No. 18-1435, 2018 U.S. Dist. LEXIS 123872 (C.D. Cal. Jul. 23, 2018)

Court dismissed infringement claim. Plaintiff was son of playwright Paul Zindel and trustee of trusts owning interest in Zindel's works. Paul Zindel created play *Let Me Hear You Whisper* in or about 1969; plaintiff alleged that 2017 film *The Shape of Water* and book based on film infringed copyright in play. Court rejected plaintiff's argument that "inverse ratio" rule allowed him to make lesser showing of substantial similarity due to strong access showing. Court found that rule only applied to proving copying, and not to substantial similarity. Court applied extrinsic test, focusing on similarities of plot, theme, dialogue, mood, setting, pace, characters, and event sequence. As to plot and sequence, court found several concepts – including works' shared premise of scientific facility employee deciding to free creature on which experiments are being performed – too general to be protectable. Court also found differences in protagonists' relationship to creature, attempts to escape, and additional storylines in film and book. As to setting, court found lab setting could not be protectable because it related to unprotectable concept of employee attempting to free animal at testing facility. Works also took place in different cities and possibly different times. Court found works largely explored different themes, and similarities in themes were due to identity of general premise. Court also found pacing different in works. As to mood, court found that film contained "dreamlike quality" play lacked. As to characters, court found play's characters inadequately developed to be protectable. Further, court found differences

in protagonists, test subjects, and other characters. As to dialogue, court found some common words in works, but found use to be in different locations and contexts. In sum, court reviewed 61 alleged points of similarity but found works not substantially similar. Finding no direct liability, court also dismissed contributory and vicarious liability claims. Court granted motion to dismiss without leave to replead.

*Mfg. Automation & Software Sys. v. Hughes*, No. 16-8962, 2018 U.S. Dist. LEXIS 106797 (C.D. Cal. June 25, 2018)

Court denied defendants' summary judgment motion. Plaintiff software developer sold "Traceability Made Easy" program, for which it owned seven registrations and one application. Plaintiff alleged defendants copied its program in creating "InformaTrac Pro" program. Defendants moved for summary judgment. Court assessed defendants' substantial similarity arguments. First, defendants argued that alleged copying – contended by plaintiff's expert to be 24 lines of code amounting to less than hundredth of percent of plaintiff's total code – was *de minimis*, and in any event concerned "basic database operations" that amounted to *scènes à faire*. Court found that plaintiff raised triable issue of fact as to whether defendants copied protectable code. Court applied lower standard of proof regarding substantial similarity because defendants did not contest access. Court did not apply "virtual identity" standard, because defendant did not show that substantial part of work was not protected. Applying substantial similarity standard and extrinsic test, court found plaintiff identified similarities between works. Additionally, court found that neither party sufficiently addressed "intermediate copying" issue, but that "viability of plaintiff's intermediate copying theory remain[ed] undetermined."

*GC2 Inc. v. Int'l Game Tech.*, No. 16-8784, 2018 U.S. Dist. LEXIS 192606 (N.D. Ill. Nov. 12, 2018)

Court granted defendants' motion for summary judgment. Plaintiff, creator of artwork for casino slot machine games, sued defendants, producers and sellers of games used in casinos and online casinos, and sellers of software for digital casino games, alleging that defendants used plaintiff's artwork in slot machine games without plaintiff's permission. Court held that no reasonable fact finder could find images in defendants' games substantially similar to protectable expression in plaintiff's copyrighted material. Court, distinguishing between noncopyrightable concepts of slot machine games and particular expressions of those ideas (graphics, background colors, designs of letters and numbers, fonts, colors, etc.), held that, while concepts of plaintiff's and defendants' images were similar because both involved cats and diamonds, games had entirely different look and feel.

*Hall v. Daniels*, No. 18-1349, 2018 U.S. Dist. LEXIS 134012 (N.D. Ill. Aug. 9, 2018)

District court granted defendant's motion to dismiss plaintiff's copyright infringement claim for failure to plead that defendant's work was substantially similar to plaintiff's. Plaintiff alleged that she wrote and registered book entitled *Girl, You Ain't Gonna Make It, So They Said* and audiobook version of same entitled *I'm Breaking Through*, which depicted main

character's struggles growing up in poverty in Chicago with 13 siblings. Plaintiff allegedly pitched her book to Hollywood producers, both herself and via defendant self-publishing resource provider Author Solutions (ASL). Subsequently, plaintiff claimed, defendants producer Lee Daniels and Twentieth Century Fox (TCF), without her authorization, turned her book into television series *Empire*, which revolved around dramatic exploits of enormously wealthy Manhattan family with three sons that ran successful music production company. Court held that setting and tone of works at issue could not be more different. Plaintiff's cherry-picked similarities – e.g., fathers in both works faced (different) serious illnesses, names of parents in both books started with same letters, family drama ensued after revelation of paternity, etc. – were unprotectable incidents, characters or settings indispensable, or at least standard, in treatment of subject matter. Because plaintiff did not show substantial similarity between protectable elements of her works and defendants' work, copyright infringement claim was dismissed.

*Maule v. Anheuser Busch, LLC*, No. 17-461, 2018 U.S. Dist. LEXIS 125805 (E.D. Pa. July 27, 2018)

Plaintiff was self-described “well-known and highly respected Philadelphia photographer and journalist.” Plaintiff created photograph of Philadelphia skyline, including landmarks of One and Two Liberty Place, BNY Mellon Center, and 1818 Market Street. Plaintiff then altered photo by adding two buildings which didn't exist at time – Comcast Center, which was later built, and Mandeville Place, which was never built. Plaintiff also altered text on billboard captured by changing it to include name of website plaintiff owned. Plaintiff alleged that defendants' neon sign advertising Budweiser beer and portraying Philadelphia skyline infringed work. Defendants moved to dismiss. Plaintiff alleged substantial similarity as to three aspects of work: (1) altered billboard sign, (2) buildings in Philadelphia skyline, and (3) inclusion of Mandeville Place. Court rejected first argument because defendants' work did not contain relevant billboard. Second, court found Philadelphia skyline, beyond Mandeville Place, not subject to protection. Third, court found differences in works outweighed similarity based on inclusion of Mandeville Place. Plaintiff's work was realistic, to scale, and provided depth, while defendants' work was red and cartoonlike and lacked shading. In sum, no reasonable fact finder would find protectable elements of works substantially similar, or find that works shared “same aesthetic appeal.”

*Dubay v. King*, No. 17-348, 2019 U.S. Dist. LEXIS 38990 (M.D. Fla. Mar. 1, 2019)

District court granted defendants' motion for summary judgment. Plaintiff, copyright owner of comic book character “The Rook,” sued Stephen King, publishing company and entertainment companies alleging direct, vicarious and contributory infringement of “The Rook” character in King's series of novels entitled *The Dark Tower* and movies based on books. Plaintiff argued that King's protagonist Roland Deschain was “so shockingly and extraordinarily similar” to The Rook protagonist Restin Dane that King “must have unlawfully copied and misappropriated The Rook character.” Court applied objective extrinsic test and subjective intrinsic test to determine whether works were substantially similar, observing that in Eleventh Circuit substantial similarity exists “where an average lay

observer would recognize the alleged copy as having been appropriated from the copyrighted work”; plaintiff must establish “specifically that the allegedly infringing work is substantially similar to the plaintiff’s work with regard to its protected elements.” After thorough review of characters, themes, objects, names, and “total look and feel” of works, court found that any similarities that existed were general ideas and *scènes à faire*; combination of non-unique elements in each character was not substantially similar. Due to lack of substantial similarity as to protected elements, district court granted summary judgment for defendants.

*Remark Home Designs, LLC v. Oak St. Condo Projects, LLC*, No. 16-14305, 2019 U.S. Dist. LEXIS 14589 (E.D. Mich. Jan. 30, 2019)

Plaintiff, home design company, brought suit against defendant, residential construction company, alleging infringement of plaintiff’s architectural plans and building constructed from plans. Defendant brought motion for summary judgment. District court held that no reasonable jury would find substantial similarity between respective buildings. Court found that, even assuming all elements identified by plaintiff were protectable, there were significant differences between respective buildings, namely different ceiling heights, number of floors, stairways leading to additional floors, different window and roofing designs, and porch sizes. Court determined, after evaluating protectable elements in buildings as whole and considering “overall feel,” that defendants established as matter of law that they did not copy substantial portion of plaintiff’s building.

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

*VHT, Inc. v. Zillow Grp., Inc.*, 918 F.3d 723 (9th Cir. 2019)

Ninth Circuit affirmed district court’s post-jury trial holding notwithstanding verdict that defendant did not contributorily or vicariously infringe plaintiff’s copyrights in photographs used on defendant’s website as result of affirmative actions taken by third parties because there were no simple measures that defendant could take to prevent infringement, and because defendant lacked practical ability to police its users. Defendant Zillow operated online real estate marketplace that included two parts: Listing Platform, which featured photos and information regarding properties both on and off market, and Digs, which featured photos of artfully designed rooms in certain properties. Plaintiff professional real estate photography studio took photographs of new listings for marketing purposes pursuant to license agreements with real estate brokers, agents and listing services (“feed providers”), who then provided photos and other content (“feed data”) to Zillow pursuant to separate agreement. In agreements with Zillow, feed providers represented that they had all necessary rights and authority to enter into agreement relating to feed data, and that Zillow’s exercise of rights granted by feed providers would not violate any third party’s rights. Not all photos from Listing Platform were displayed on Digs, but Zillow allowed users to save Listing Platform photos to personal boards on Digs; some of these user-saved Digs photos were ultimately added to searchable set by Zillow moderators. Plaintiff sent Zillow demand letter listing physical property addresses associated with allegedly infringing photos. Zillow asked

for copies of license agreements between plaintiff and feed providers to assess claims, which plaintiff did not provide prior to bringing suit. Plaintiff failed to establish contributory infringement because it did not show that Zillow either materially contributed to or induced infringement. Zillow, as computer system operator, materially contributes to infringement if it actually knows that specific infringing material is available using its system, and fails to take available simple measures to prevent further infringement. Although plaintiff sent demand letter to Zillow, it failed to identify specific URLs associated with allegedly infringed photos, such that Zillow did not have information necessary to take “simple measures” to remedy violations and therefore did not materially contribute to infringement. Moreover, Zillow did not induce infringement because allowing users to save Listing Platform photos to Digs did not constitute promotion of Digs specifically to infringe copyrights, and because simple failure to take affirmative steps to prevent infringement is insufficient for inducement liability. Plaintiff failed to establish vicarious liability because Zillow lacked practical ability to police its users’ infringing conduct on Digs. Once plaintiff’s photos were uploaded to Listing Platform by feed providers with appropriate certification of rights, ferreting out claimed infringement through use on Digs was practically impossible.

*Erickson Prods. v. Kast*, 921 F.3d 822 (9th Cir. 2019)

Ninth Circuit vacated jury’s finding of vicarious liability, and affirmed finding of contributory liability. Atherton Trust, real estate wealth management company operated by defendant, hired website developer to redevelop website. Defendant agreed “to provide content and other material ... throughout the development process,” and defendant’s approval would be required on “design, development and finalization” of website. Defendant “highlighted certain features of Wells Fargo’s website he found appealing,” and “stated in emails that he wanted to mimic Wells Fargo’s website.” Three photos from Wells Fargo’s website, authored by plaintiff and licensed to Wells Fargo, were incorporated into Atherton’s website without license. After trial, jury returned verdict for plaintiff on vicarious and contributory infringement claims, and defendant appealed. Defendant argued that trial court erred in not directing verdict for defendant on vicarious infringement claim because plaintiff presented no evidence that defendant received direct financial benefit. Ninth Circuit agreed, reasoning that website owner can receive direct financial benefit from presence of infringing material on website, but only where availability of infringing material acts as draw for customers; if infringing material is “just an added benefit,” rather than draw, it does not confer direct financial benefit on website owner. Enhanced attractiveness of website was not sufficient because there was no connection between inclusion of photos and clients visiting website or using defendant’s services. Web developer’s avoidance of license fee was insufficient because defendant did not receive financial benefit from developer’s failure to pay fee; and any expediency defendant was able to capitalize on in launching website through use of photos was not sufficient because defendant did not receive revenue or clients before he took down plaintiff’s photos. Court accordingly vacated finding of vicarious liability. Defendant argued further that trial court erred in instructing jury that “knowledge” for contributory infringement includes having “reason to know” of infringement; defendant

argued that only “actual knowledge” or “willful blindness” was sufficient. Court, however, found that even if “should have known” instruction was erroneous, error was not plain, noting that inconsistency in Circuit’s case law on “knowledge” element of contributory liability precluded finding of plain error. Court thus affirmed jury’s finding of contributory liability.

*Cobbler Nev., LLC v. Gonzales*, 901 F.3d 1142 (9th Cir. 2018)

Ninth Circuit affirmed district court’s dismissal of plaintiff’s contributory infringement claim because plaintiff’s allegations that defendant failed to take affirmative steps to police his internet connection, without intentional infringement or encouragement of infringement, were insufficient. Plaintiff, owner of copyright in film *The Cobbler*, identified IP address that had, without authorization, downloaded and distributed film multiple times. After filing suit against IP address, plaintiff obtained records identifying defendant individual as subscriber associated therewith. Defendant’s internet service was accessible to both residents and visitors at adult care foster home, and defendant did not disclose names or work schedules of home due to confidentiality concerns. Plaintiff sued defendant personally for contributory infringement, alleging only that defendant failed to secure, police and protect internet connection to which he subscribed, without any contention that defendant actively encouraged or induced infringement through specific acts. Because providing internet access not akin to distributing product or service not capable of substantial or commercially significant non-infringing uses, district court properly dismissed plaintiff’s contributory infringement claim.

*Joint Stock Co. “Channel One Russ. Worldwide” v. Russian TV Co.*, No. 18-2318, 2019 U.S. Dist. LEXIS 27991 (S.D.N.Y. Feb. 21, 2019)

District court denied defendants’ motion to dismiss claims of direct and secondary infringement. Plaintiff produced and broadcast television programming in Russian Federation. Plaintiff entered into licensing agreements with third parties granting exclusive right to broadcast and re-broadcast plaintiff’s programming in U.S. Defendant owned and operated website through which it provided unauthorized access to programming in U.S, sold “set-top boxes” that facilitated unauthorized access to programming, and advertised subscriptions for Russian TV to U.S. customers. Plaintiff filed suit asserting claims of direct and secondary infringement. As to direct infringement, plaintiff alleged defendants infringed plaintiff’s right to reproduce its programming “in copies.” “Copies,” as defined in Act, “are material objects ... in which a work is fixed by any method ... and from which the work can be ... reproduced.” Definition imposes requirements that work be “embodied in a medium” and that it remain embodied for period of more than transitory duration. Court held plaintiff sufficiently pleaded “embodiment” because plaintiff alleged defendants stored plaintiff’s programming on content delivery network for defendant’s subscribers to access, and it was reasonable to infer that plaintiff’s programming remained on defendants’ network for at least several minutes – more than transitory duration. Court found complaint also stated claim for contributory liability. Court noted that one infringes contributorily by intentionally inducing or encouraging direct infringement. Accordingly, contributory liability claim required

plaintiff to demonstrate defendants knew or had reason to know of direct infringement. Defendants' website provided access to subscribers of unlicensed programming belonging to plaintiff at lower price than plaintiff's subscription services. Defendants thus had reason to know they were selling programming acquired through infringing activity, especially since defendants were not licensees of plaintiff. Court held complaint plausibly alleged that defendants materially contributed to unauthorized reproduction of plaintiff's programming by creating demand for it, advertising access to it, and distributing it to subscribers.

*J & J Sports Prods. v. J & O LLC*, No. 17-4180, 2018 U.S. Dist. LEXIS 141906 (E.D.N.Y. Aug. 21, 2018)

Plaintiff had exclusive rights to exhibit boxing championship event and had granted right to broadcast event for fee to establishments throughout New York. Plaintiff learned that defendant J&O, lounge operator, had broadcast event in its establishment and brought claim against J&O and individual defendants as "officer[s], director[s], shareholder[s] and/or principals of [J&O]." Defendants failed to answer and plaintiff moved for default judgment. Magistrate judge recommended that default judgment was not appropriate against individual defendants, and court agreed. To establish vicarious liability against individual, plaintiff is required to show that individual had (1) right and ability to supervise violations, and (2) obvious and direct financial interest in misconduct. Plaintiff failed to show that individual defendants authorized or supervised violation and had obvious and direct financial interest in infringing activity. Mere fact individual defendants were officers or directors of establishment was not sufficient to establish individual control or involvement or direct financial interest in infringing actions. Court upheld magistrate judge's denial of motion for default against individual defendants.

*Franklin v. X Gear 101, LLC*, No. 17-6452, 2018 U.S. Dist. LEXIS 122658 (S.D.N.Y. Jul. 23, 2018)

*Pro se* plaintiff brought copyright infringement claim against defendants Joshua Tydlacka and X Gear 101, LLC for selling goods and publishing images bearing logo that plaintiff allegedly designed. Plaintiff also named defendants GoDaddy, Inc. and GoDaddy.com, LLC, alleging that they provided web hosting services to Tydlacka; and Instagram, LLC, alleging that it provided photo sharing platform on which X Gear marketed its products. Plaintiff alleged that GoDaddy and Instagram had "reason to know of plaintiff's rights in said copyright since plaintiff has provided [them] with a Notice of Infringement." Court interpreted plaintiff's complaint as alleging that GoDaddy and Instagram were contributorily liable for inducing Tydlacka and X Gear's actions. Court, noting that "inducement requires a showing of intent to promote infringing uses," found plaintiff's allegation that GoDaddy and Instagram received notice insufficient to support claim of contributory liability. Court dismissed infringement claims against GoDaddy and Instagram.

*Fish Kiss LLC v. N. Star Creations, LLC*, No. 17-8193, 2018 U.S. Dist. LEXIS 136147 (D.N.J. Aug. 13, 2018)

Court denied defendant's motion to dismiss plaintiff's claim of vicarious and/or contributory infringement. Plaintiff, which specialized in creation of unique designs and artwork, entered into license agreement with manufacturer of textile products to sell Christmas stockings, Christmas tree skirts, adult kitchen aprons, dish towels, and decorative pillows bearing plaintiff's designs. After agreement ended, plaintiff sued manufacturer, including company and individual owners, alleging that defendants violated license agreement by failing to make timely royalty payments, failing to cease use and sale of licensed products upon termination of license, and failing to obtain approval of modified licensed products prior to distribution, and therefore manufacturer was liable for infringement and owners of manufacturer were liable for vicarious and contributory infringement. Defendants argued that plaintiff was required to pierce corporate veil of LLC to hold owners vicariously and contributorily liable. Court disagreed, holding that claim for vicarious liability may be adequately stated by alleging that defendant had (1) knowledge of infringement, (2) right and ability to supervise infringing conduct, and (3) direct financial interest in infringing conduct. Considering plaintiff's allegations that owners had knowledge of infringement based on cease-and-desist letter, that owners controlled premises and sewing factory in which allegedly infringing materials were produced, and that owners derived financial benefit based on sales figures, court found claim adequately pleaded and denied motion to dismiss.

#### **D. Miscellaneous**

*BWP Media USA, Inc. v. Polyvore, Inc.*, 922 F.3d 42 (2d Cir. 2019)

Plaintiff celebrity photographers brought suit against defendant ISP which hosted site that allowed users to create collages through use of "Clipper" tool and to share collages on site. District court, relying on *Cartoon Network LP, LLLP v. CSC Holdings, Inc.* ("*Cablevision*"), granted defendant's motion for summary judgment, finding defendant did not act volitionally. Second Circuit issued *per curiam* decision, and each judge on panel wrote separate concurring opinion discussing volitional conduct standard. As initial matter, Judge Walker rejected plaintiff's argument that *American Broadcasting Companies, Inc. v. Aereo, Inc.* abrogated volitional conduct requirement in *Cablevision*. While agreeing with district court that defendant's creation of Clipper tool was not volitional act, Judge Walker found plaintiff raised question of material fact as to whether defendant's actions – of making and displaying more than one copy of plaintiff's images – were volitional. In his concurrence, Judge Newman proposed that volitional conduct requirement be thought of as proximate cause, and further found that Judge Walker's finding regarding Clipper tool was at least premature given remand. Judge Pooler's separate concurrence took issue with Judge Walker's bright line volitional conduct rule – that ISP does not satisfy volitional conduct rule when it automatically makes one copy in response to user, but might be liable if it provides additional copies in response to user's request for one. Court vacated judgment and remanded to trial court.

*VHT, Inc. v. Zillow Grp., Inc.*, 918 F.3d 723 (9th Cir. 2019)

Ninth Circuit affirmed district court's post-jury trial finding that defendant did not directly infringe plaintiff's copyrights in photographs displayed on defendant's website as result of affirmative actions taken by third parties that represented that they possessed valid rights in photographs. Defendant Zillow operated online real estate marketplace that included two parts: Listing Platform, which featured photos and information regarding properties both on and off market, and Digs, which featured photos of artfully designed rooms in certain properties. Plaintiff professional real estate photography studio took photographs of new listings for marketing purposes pursuant to license agreements with real estate brokers, agents and listing services ("feed providers"), who then provided photos and other content ("feed data") to Zillow pursuant to separate agreements. In agreements with Zillow, feed providers represented that they had all necessary rights and authority to enter into agreement relating to feed data, and that Zillow's exercise of rights granted by feed providers would not violate any third party's rights. Feed provider agreements permitted Zillow's use of photographs on Listing Platform on basis that was either evergreen, i.e., without time restriction, or deciduous, i.e., temporally limited until feed provider's particular listing is removed. Feed providers themselves selected and uploaded every photograph to Listing Platform, along with evergreen or deciduous designation. If identical photo was submitted by multiple feed providers, Zillow employed technologically-deployed trumping rules that preferenced photos with evergreen rights over those with deciduous rights. Not all photos from Listing Platform were displayed on Digs, but Zillow allowed users to save Listing Platform photos to personal boards on Digs; some of these user-saved Digs photos were ultimately added to searchable set by Zillow moderators. To prevail on direct copyright infringement, plaintiff had to show that Zillow engaged in volitional conduct, i.e., that Zillow was actively involved so as to be direct cause of infringement of plaintiff's photos. With regard to Listing Platform and non-searchable Digs photos, plaintiff failed to show that Zillow exercised control over alleged infringement other than by general operation of website, or that Zillow itself (rather than its feed providers or users) selected any material for upload, download, transmission or storage, or that Zillow itself instigated any copying, storage or distribution. In fact, Zillow actively designed its system to avoid and eliminate copyright infringement via evergreen and deciduous designations and associated trumping rules. Ninth Circuit affirmed district court's finding that Zillow did not directly infringe plaintiff's copyrights in photos displayed on Listing Platform (but not on Digs) or displayed on Digs without being made searchable by Zillow.

*Cobbler Nev., LLC v. Gonzales*, 901 F.3d 1142 (9th Cir. 2018)

Ninth Circuit affirmed district court's dismissal of plaintiff's direct copyright infringement claim because plaintiff's allegations that individual defendant was registered subscriber of IP address associated with infringement failed to create reasonable inference that defendant was also infringer. Plaintiff, owner of copyright in film *The Cobbler*, identified IP address that had, without authorization, downloaded and distributed film multiple times. After filing suit against IP address, plaintiff obtained records identifying defendant individual as subscriber

associated therewith. Defendant's internet service was accessible to both residents and visitors at adult care foster home, and defendant did not disclose names or work schedules of home due to confidentiality concerns. Plaintiff sued defendant personally for direct copyright infringement, claiming only that defendant was subscriber of IP address used to download or distribute movie and that defendant was sent notices of infringing activity to which he did not respond. Ninth Circuit held district court properly dismissed direct infringement claim because plaintiff failed to plead factual allegation creating reasonable inference that defendant himself was infringer.

*RJ Control Consultants, Inc. v. Multiject, LLC*, No. 16-10728, 2018 U.S. Dist. LEXIS 191187 (E.D. Mich. Nov. 8, 2018)

Court granted defendants' motion for summary judgment. Plaintiffs RJ Control Consultants and principal Paul Rogers brought suit against defendants Multiject LLC, its principal Jake Elder, and RSW Technologies, LLC. Previously, Elder and Rogers worked jointly on injection molding machines, with Rogers working on control system for rotary turntable. Between 2008 to 2012, RJ Control made control systems for Multiject based on Rogers's design. In 2013, Multiject created "Design 3," consisting of technical drawings of control system and code. In 2014, when RJ Control was preparing order for Multiject, Elder asked for Design 3. Multiject gave Design 3 to RSW to make control systems at lower prices than those furnished by RJ Control. Plaintiffs brought infringement claims. Court found that using Design 3 to make control systems was not infringement, because Act did not cover manufacture of useful article from "copy or derivative copy" of copyrighted drawings and code.

*TD Ameritrade, Inc. v. Matthews*, No. 16-136, 2018 U.S. Dist. LEXIS 118684 (D. Alaska July 16, 2018)

Court denied plaintiff's motion to dismiss copyright infringement counterclaim. Defendant, who had received access to investment account with plaintiff, accessed plaintiff's thinkorswim applications program interface for investment trading. Defendant's access enabled defendant to create own computer software program for investment trading, for which defendant obtained copyright registration. Plaintiff sued defendant for declaratory judgment, cancellation and release of claimed nonconsensual common law lien, and injunctive relief. Defendant asserted counterclaim for copyright infringement, alleging that defendant's source code was misappropriated by plaintiff without his permission when plaintiff perpetrated cyberattack against defendant's computer, enabling plaintiff to use and permit others to use defendant's copyrighted work. Plaintiff asserted that defendant was precluded from asserting copyright over source code because terms of Client Agreement to which defendant agreed in accessing plaintiff's interface provided that use of plaintiff's services by defendant "will not confer any title ownership interest or intellectual property rights," and required defendant to agree that he "will not create derivative works from, distribute, redistribute, display, sell or transfer, or creative derivative products" from plaintiff's services. Plaintiff moved to dismiss defendant's infringement counterclaim, arguing that defendant could not show he was valid copyright owner in light of Client

Agreement. Court denied plaintiff's motion, finding that defendant's copyright registration, coupled with allegations that source code at issue was not derivative work of plaintiff's source code but was instead created separate and apart from plaintiff's system, created rebuttable presumption of copyright ownership.

## **VI. DEFENSES/EXEMPTIONS**

### **A. Fair Use**

*Capitol Records, LLC v. ReDigi Inc.*, 910 F.3d 649 (2d Cir. 2018)

Second Circuit affirmed district court's holding that defendant's infringement of plaintiffs' exclusive right to reproduce phonorecords was not justified by fair use doctrine. Defendant ReDigi, formed with goal of providing lawful resale marketplace for digital music, created system claimed to operate as follows: user who owned digital music file lawfully purchased through iTunes uploaded eligible file to ReDigi's remote server Cloud Locker by way of "data migration" process wherein file is broken up into constituent digital "packets" of data that, as they are transitorily copied into user's computer buffer, are deleted from permanent storage on user's computer device. Once all packets of eligible source file were transferred to Cloud Locker, file had been removed from user's device without ever existing in two places at once. Original user could continue to access file through Cloud Locker until it was sold, at which point new purchaser obtained exclusive access to file. Plaintiff record labels sued ReDigi and its principals, claiming that ReDigi's system infringed plaintiffs' copyrights by unauthorized reproduction and distribution of plaintiffs' copyrighted sound recordings. ReDigi countered that its actions were protected under fair use doctrine. On first fair use factor, ReDigi made no change to copyrighted phonorecord, nor did ReDigi deliver content in more efficient, convenient or usable form; its use, accordingly, was not transformative. Second factor was not decisive, though sound recordings at issue were creative works. Third, ReDigi made identical copies of plaintiff's entire copyrighted sound recordings, which weighed against fair use finding. Finally, ReDigi, to compete with plaintiffs, created reproductions of digital phonorecords that were effective substitutes for original works and therefore substantially harmed value of plaintiffs' legitimate phonorecords. Fourth factor further weighed against fair use because ReDigi's digital reproductions, unlike physical records or books, do not deteriorate, thus directly compete with plaintiffs' original phonorecords. Because ReDigi's infringement not justified as fair use, district court's finding of infringement affirmed.

*VHT, Inc. v. Zillow Grp., Inc.*, 918 F.3d 723 (9th Cir. 2019)

Post jury trial, Ninth Circuit affirmed district court's summary judgment holding that defendant's direct infringement of plaintiff's copyrighted photographs that defendant displayed and tagged for searchability was not fair use. Defendants Zillow operated online real estate marketplace that included two parts: Listing Platform, which featured photos and information regarding properties both on and off market, and Digs, which featured photos of

artfully designed rooms in some properties. Plaintiff professional real estate photography studio took photographs of new listings for marketing purposes pursuant to license agreements with real estate brokers, agents and listing services (“feed providers”), who then provided photos and other content (“feed data”) to Zillow pursuant to separate agreement. In agreements with Zillow, feed providers, in order to select and upload photographs to Listing Platform, represented that they had all necessary rights and authority to enter into agreement relating to feed data, and that Zillow’s exercise of rights granted by feed providers would not violate any third party’s rights. Zillow allowed users to save Listing Platform photos to personal boards on Digs, and some of these user-saved Digs photos were ultimately tagged by Zillow moderators so as to be searchable by Digs users on basis of certain attributes or features. After jury found Zillow liable for direct infringement of searchable photos, Zillow appealed district court’s earlier summary judgment ruling that Zillow’s searchability function was not fair use as matter of law on ground that Digs was search engine that rendered Zillow’s use of plaintiff’s photos transformative and therefore fair. On first factor, court held that Zillow’s simple tagging and query system on Digs displayed plaintiff’s full-sized, copyrighted images for same purpose that plaintiff originally took them (to artfully depict rooms and properties), without allowing plaintiff to opt out of display, and without any transformation or change to photos. Moreover, Zillow’s use on Digs, unlike previous search engines such as Google, did not result in any social benefit such as providing electronic reference tool or augmenting public knowledge. Because Zillow’s use was not transformative, first factor weighed against fair use finding. Second, although plaintiff’s works were creative in nature, second factor operated with less force in plaintiff’s favor because plaintiff’s photos were previously permissibly published on Listing Platform. Because Zillow displayed plaintiff’s entire, full-quality photos, third factor weighed against finding of fair use. Finally, Zillow’s use adversely affected plaintiff’s potential market for its photos. Ninth Circuit therefore affirmed district court’s finding that Zillow’s display of searchable versions of plaintiff’s photos of Digs was not fair use.

*Brammer v. Violent Hues Prods., LLC*, No. 18-1763, 2019 U.S. App. LEXIS 12572 (4th Cir. Mar. 19, 2019)

Fourth Circuit reversed and remanded district court’s grant of summary judgment to defendant. Plaintiff, commercial photographer who licensed his work as stock imagery, brought copyright infringement action against defendant, film production company, after learning that defendant made unlicensed use of plaintiff’s photograph depicting Washington, D.C. neighborhood of Adams Morgan on its website to promote music and film festival. District court held that defendant’s actions constituted fair use, and plaintiff appealed. Fourth Circuit found that first factor weighed against finding of fair use because defendant’s use (1) was not transformative, given defendant’s minimal changes to content and context of photograph; and (2) constituted commercial use, given that defendant was commercial enterprise and commercial market existed for stock imagery. Court rejected defendant’s contentions that it (1) transformed photograph by placing it in “a new context to serve a different purpose” – i.e., providing viewers of its website with “information” about Adams Morgan – finding instead that defendant used photograph expressly for its content; and (2)

acted in good faith, holding that even if court considered good faith to be relevant to fair use inquiry, defendant did not offer any evidence that it acted in good faith. Court found that second factor weighed against fair use because plaintiff's photograph merited "thick" protection, given evidence of plaintiff's creativity, and held that photograph's publication status had no relevance. Third factor also weighed against fair use; court found that defendant's taking of half of plaintiff's photograph, merely removing negative space, was not justified, particularly given defendant's non-transformative use. As to fourth factor, court applied "common sense" presumption of cognizable market harm, determining that given defendant's commercial use of photograph and duplication of "heart of the work," plaintiff need not demonstrate that licensing market for photo would be depressed should defendant's behavior become widespread. After considering all of fair use factors together, it was clear that defendant's online display of photograph did not serve interest of copyright law. "Violent Hues did not comment on the Photo, promote the Photo, 'remix' the Photo, or otherwise engage with the Photo in a way that might stimulate new insights." District court thus erred in granting summary judgment to defendant.

*Cambridge Univ. Press. v. Albert*, 906 F.3d 1290 (11th Cir. 2018)

Plaintiff publishers brought suit against university officials to address practice of professors electronically distributing portions of plaintiffs' books to students. After bench trial, court found plaintiffs made prima facie infringement case in 48 instances, but that defendants established fair use in 43 instances. In earlier appeal, Eleventh Circuit reversed, vacated, and remanded to district court, upholding trial court's analysis of first and fourth fair use factors, but directing trial court to correct incorrect application of factors two and three and to not use mathematical formula in balancing factors. On remand, publishers moved to reopen record, and trial court denied motion. District court did change second and third factor analysis. However, on third factor, court looked to amount of unpaid authorization and determined it "excessive," which it interpreted as providing it with opportunity "to look more favorably' on the unpaid use of a greater 'quantity' of material." Court also changed fourth fair use factor for 31 excerpts and changed its balancing approach. Eleventh Circuit again heard appeal and determined that trial court incorrectly understood mandate and misapplied fair use. First, court found district court erred when it revisited its fourth factor findings, because in earlier appeal, Eleventh Circuit upheld findings in 31 instances and did not instruct it to revisit those findings. Second, court found that trial court erred when it again used mathematical formula in assessing fair use; Eleventh Circuit directed trial court "that the court must not apply a mathematical formula at any step of its analysis." Third, district court erred in twice considering price of unpaid use as relevant to third factor. Finally, court found trial court did not abuse discretion in failing to reopen record on earlier remand. Eleventh Circuit reversed, vacated, and remanded.

*Davidson v. United States*, No. 13-942C, 2018 U.S. Claims LEXIS 801 (Fed. Cl. June 29, 2018)

Plaintiff brought copyright infringement suit against United States, acting through United States Postal Service ("USPS"), stemming from USPS's use of plaintiff's replica Statute of

Liberty. Plaintiff was commissioned to sculpt replica of Statute of Liberty at New York-New York Hotel in Las Vegas in 1996. In 2010, USPS purchased photo of plaintiff's Lady Liberty sculptor from Getty Images to be used as USPS's new Forever Stamp. USPS eventually sold 4.9 billion Lady Liberty Forever Stamps with \$2.1 billion in sales. Plaintiff discovered use of his sculpture by USPS and commenced action. During bench trial, USPS asserted fair use defense. Under first fair use factor, court found use was commercial in nature, especially considering USPS generated millions of dollars in pure profit. Court held second factor favored neither party because although creative nature of plaintiff's work attracted USPS, derivative nature of plaintiff's work and "its intended use as a replica mitigates in favor of defendant." Court split on remaining two factors as entire original and expressive portion of plaintiff's work was used by USPS. However, no evidence was introduced that plaintiff sought to commercially exploit his work. Ultimately, court held USPS did not prove fair use because plaintiff's entire original work, replica face of Lady Liberty, was used by USPS, which resulted in over \$4 billion in sales and \$70 million in profit without any public attribution to plaintiff.

*Clark v. Transp. Alternatives, Inc.*, No. 18-9985, 2019 U.S. Dist. LEXIS 46274 (S.D.N.Y. Mar. 18, 2019)

District court granted defendant's motion to dismiss. Plaintiff photographer brought infringement claim against defendant for using his photograph of dockless bicycle parked on sidewalk in article on "Daily Bike Forecast" blog. Photograph had originally been included in New York Post article below headline "Dockless bikes are already clogging NYC sidewalks." Defendant included screenshot of Post article headline and plaintiff's photograph to show incongruity between headline and photograph, which did not show congestion caused by dockless bicycles. Defendant moved to dismiss plaintiff's claim based on fair use. Court found that use of photograph by defendant, non-profit, added commentary on Post's sloppy journalism; that use of entire photograph was reasonable to show context of how it appeared in Post's article; and that use was not "market substitute." Court held that defendant's use was fair and hence not copyright infringement, and noted that plaintiff's arguments "so failed to track the facts of this case that they read as if taken from briefing in litigation over an entirely different fact pattern," and that certain of plaintiff's counsel's practices "test the limits of the Court's presumption of good faith."

*May v. Sony Music Entm't*, No. 18-2238, 2019 U.S. Dist. LEXIS 24458 (S.D.N.Y. Feb. 13, 2019)

District court denied defendants' motion to dismiss claim of infringement stemming from use of phrase "We Run Things, Things No Run We" in Miley Cyrus song "We Can't Stop." In 1981, Michael May, Jamaican songwriter and recording artist, authored "We run things. Things no run we" as lyrical phrase included in his performances. Phrase combined English and Jamaican Patois dialect. Complaint was ambiguous as to whether May merely adapted phrase from Jamaican Patios saying "Wi run tings. Tings nuh run wi," or originated phrase "from whole cloth." In 1988, May incorporated "We run things. Things no run we" into song "We Run Things," allegedly to express "attitude of personal freedom and situational

control.” Cyrus co-authored “We Can’t Stop,” which was released in 2013 and achieved “meteoric success,” and was re-released each year thereafter. “We run things, things don’t run we” appeared three times in “We Can’t Stop.” May asserted claim of copyright infringement based on incorporation of phrase into “We Can’t Stop.” Defendants argued use of phrase was fair. As to purpose and character of use, court held Cyrus song transformed May’s phrase by adding new expression, meaning, or message; first factor thus weighed in favor of fair use. Whereas May’s phrase played dominant role in *We Run Things*, it was much less prominent in Cyrus’ song, which weighed in favor of fair use. On second factor, May’s song was expressive and creative, thus cutting against fair use; on other hand, May published song decades ago, creating wider berth for fair use than if song had not been published. On third factor, court noted that portion used by Cyrus appeared reasonable in proportion to “the needs of the transformative use.” However, further development of record was needed to fully assess whether copying was “consistent with or more than necessary to further the purpose and character of the use.” As to fourth factor, court noted that complaint made no allegation that “We Can’t Stop” usurped any potential market for “We Run Things” as whole or its derivatives, but did allege that industry standard practice was to clear rights to such “lyrical similarities.” Court was “dubious” as to whether there even was “market” for licensing May’s song in order to be able to use phrase, but that was not conclusion court could make on 12(b)(6) motion. Court noted further that defendants provided writing credit to other songwriters for samples that were used in “We Can’t Stop,” indicating that May was deprived of receiving similar credit and compensation for use of phrase. Accordingly, taking May’s allegations as true and making reasonable inferences in his favor, fourth factor potentially could weigh against fair use. In sum, court held that although relevant factors strongly supported fair use, factual questions remained as to third and fourth factors, and denied motion to dismiss based on fair use.

*Seuss Enters., Ltd. P’ship v. Comicmix Ltd. Liab. Co.*, No. 16-2779, 2019 U.S. Dist. LEXIS 58073 (S.D. Cal. Mar. 12, 2019)

Court granted defendants’ motion for summary judgment, finding defendant’s use of plaintiff’s works was fair use. Defendants created *Oh, the Places You’ll Boldly Go!* (“*Boldly*”), mash-up of Star Trek matter with material copied from plaintiff’s works *Oh, the Places You’ll Go!* (“*Go!*”); *How the Grinch Stole Christmas!*; and *The Sneetches and Other Stories*. Under first factor, court found that although defendants “certainly borrowed from *Go!* – at times liberally – the elements borrowed were always adapted or transformed.” Accordingly, defendants’ work, while commercial, was highly transformative. Fact that defendants discussed necessity of license and determined that work was “fair use parody” without seeking advice of counsel did not amount to bad faith. Under second factor, plaintiff’s works were highly creative but had also been long and widely published; court therefore concluded factor slightly favored plaintiff. On third factor, court found that defendants took discrete elements of copyrighted works: cross-hatching, object placements, certain distinctive facial features, lines written in anapestic tetrameter. “Yes, these are elements significant to the Copyrighted Works, but Defendants ultimately did not use Dr. Seuss’ words, his character, or his universe.” Under fourth factor, court found that plaintiff

failed to sustain its burden to demonstrate by preponderance of evidence that defendants' work was likely substantially to harm market for plaintiff's works or licensed derivatives; thus, potential harm to plaintiff's market remained hypothetical. Court concluded that *Boldly* was not likely to usurp *Go!*'s market as children's book. Nor had plaintiff introduced evidence that it would lose licensing opportunities or revenues as result of publication of *Boldly* or similar works. Fourth factor favored neither party. On balance, court found, fair use factors favored defendants.

*Philpot v. Alternet Media, Inc.*, No. 18-4479, 2018 U.S. Dist. LEXIS 203500 (N.D. Cal. Nov. 30, 2018)

Plaintiff photographer captured image of Willie Nelson and made it available on Wikimedia under Creative Commons Attribution 2.0 Generic license. Defendant maintained "alternative news website and companion Facebook page where it publishes and posts original content as well as content from other sources." Defendant posted meme on Facebook with introductory phrase "We need more values like this" with following quote laid over plaintiff's work: "Rednecks, hippies, misfits – we're all the same. Gay or straight? So what? It doesn't matter to me. We have to be concerned about other people, regardless. I don't like seeing anybody treated unfairly. It sticks in my craw. I hold on to the values from my childhood." Plaintiff brought suit for infringement and violation of DMCA. Defendant moved to dismiss infringement claim on fair use grounds. On first factor, court found facts were not sufficiently developed to determine whether defendant's use was transformative, noting there were nearly no allegations regarding plaintiff's purpose in taking photo and court could not determine defendant's purpose in posting photo as matter of law. On second factor, court found that it would need to make determination as to plaintiff's creativity, which was factual question for later time. Court also found third factor determination premature, because court would need to compare amount of work used to purpose of copying work. On fourth factor, court agreed with plaintiff that discovery was necessary, and accordingly denied motion to dismiss on fair use grounds.

*Philpot v. WOS, Inc.*, No. 18-339, 2019 U.S. Dist. LEXIS 67978 (W.D. Tex. Apr. 22, 2019)

Court found defendant not entitled to summary judgment on its fair use defense. Freelance photographer sued media company for copyright infringement and removal of copyright management information, alleging defendant posted photographer's photographs of musicians Lukas Nelson and Kenny Chesney without proper attribution as required under Creative Commons license. Defendant did not dispute that use of photos at issue infringed photographer's copyrights, but asserted fair use defense. Under first factor, court found defendant used photographs for commercial purpose, and reasonable jury could find that defendant's use of plaintiff's photos was not transformative. Under second factor, plaintiff's photos were creative in nature. Third, photos at issue were copied in entirety. First three factors weighed in favor of plaintiff's claims and against fair use. Court found that fourth factor (effect of use) initially weighed in plaintiff's favor due to defendant's commercial use of photos; however, defendant presented un rebutted evidence that no market existed for

plaintiff's photos, which weighed in favor of fair use. Although fourth factor is often given most weight in fair use analysis, district court denied summary judgment, finding that first three factors prevented court from issuing judgment in favor of defendant.

*Joe Hand Promotions, Inc. v. Acord*, No. 18-1014, 2019 U.S. Dist. LEXIS 30315 (S.D. Ohio Feb. 26, 2019)

Court denied defendant's motion to dismiss. Plaintiff was granted exclusive national commercial distribution rights to *Floyd Mayweather vs. Conor McGregor Fight* ("Program"). Plaintiff sued defendant operator of restaurant and pub for copyright infringement for publicly performing Program without authorization. Defendant raised fair use defense on motion to dismiss. Though defendant did not dispute that use of Program was commercial in nature, defendant disputed market effect of use. Court found that defendant bore burden of proof to show that its alleged use of Program, "if duplicated by other establishments, would not have a sufficient effect upon the market for the Program to constitute infringement." Court found that plaintiff possessed exclusive right to distribute and/or authorize public performance of Program; that plaintiff expended substantial monies marketing, advertising, promoting, administering, and transmitting Program to its customers; and that plaintiff's customers were commercial entities who entered into sublicensing agreements with plaintiff for limited rights to "publicly exhibit" Program at their respective commercial establishments. Court therefore found that plaintiff pleaded sufficient facts to demonstrate that defendant's alleged use of Program did not constitute fair use.

*Peterman v. Republican Nat'l Comm.*, No. 17-66, 369 F. Supp. 3d 1053 (D. Mont. 2019)

Court granted defendant's motion for summary judgment based on fair use defense. Montana Democratic Party hired plaintiff to take photos at fundraiser for Democratic candidate. Photos were posted to campaign's Facebook page without copyright information or photographer attribution. Defendant, Republican National Committee, tweaked photos, including adding text and treble clef, and used tweaked versions in mailer criticizing same Democratic candidate. Plaintiff sued, claiming copyright infringement, and defendant moved for summary judgment that use was fair. Court found first and fourth factors weighed in favor of fair use, third factor weighed against fair use, and second factor was inconclusive. Court reasoned (1) use was transformative because, although minimal changes were made, overall clearly critical context of mailer created new expressive content; and use was noncommercial because mailer was political and did not solicit donations; (2) nature of work was both creative, as photo was more than snapshot of candidate at event, and functional, as photo was published on social media with hope of it being shared; (3) defendant copied original photo essentially in its entirety, making minimal changes, and could have made its point as effectively without using photo in mailer; and (4) use did not interfere with plaintiff's ability to profit from original photograph, notwithstanding any value lost due to criticism. On balance, court held that, because defendant's use was moderately transformative and wholly noncommercial, and photos in mailer performed different market function than original photos, factors supported finding of fair use.

## **B. Statute of Limitations**

*Wilson v. Dynatone Publ'g Co.*, 908 F.3d 843 (2d Cir. 2018)

Court denied defendants' petition for reconsideration of its decision vacating district court's grant of defendants' motion to dismiss for untimeliness. Defendants argued that plaintiff's suit for copyright infringement was untimely because under § 205(c) [which pertains to recordation, not registration] plaintiff's ownership claim accrued, and three-year statute of limitations was triggered, when defendants registered their claim with Copyright Office. Court rejected defendants' argument that registration, without more, triggers accrual of ownership claim. Since § 205 does not state that ownership claims filed more than three years after adverse registration are untimely, nor that claim of ownership accrues upon adverse registration, court rejected defendants' argument that mere registration, without more, was enough to put reasonably diligent copyright owner on notice of adverse claim. Court found that defendants' interpretation of § 205 would impose on authors intolerable and unrealistic burden, and would open "fertile opportunities for thieves to steal copyrights by simply filing baseless registrations for previously created works."

*Minden Pictures, Inc. v. BuzzFeed, Inc.*, No. 18-2438, 2019 U.S. Dist. LEXIS 29671 (S.D.N.Y. Feb. 21, 2019)

Court granted defendant's partial motion to dismiss infringement claim. Plaintiff, wildlife and nature photo licensing agency, sued digital media and news corporation BuzzFeed, alleging that BuzzFeed used 40 of plaintiff's nature photographs on its website without authorization. BuzzFeed filed partial motion to dismiss, arguing that its use of 24 photographs occurred more than three years prior to filing date of original complaint and, therefore, plaintiff's claim as to these 24 photos should be dismissed. In response, plaintiff argued that it did not discover alleged infringement until 2017 and 2018. Plaintiff provided no explanation for delayed discovery, and merely alleged that it had no reason to discover unauthorized use any sooner. Court agreed with BuzzFeed, citing Second Circuit's "discovery rule," under which claim accrues once copyright owner discovers, or with due diligence should have discovered, infringement, taking into account relative sophistication of owner. Here, court found that reasonable copyright holder in plaintiff's position, namely, seasoned litigator that had filed dozens of lawsuits based on copyright infringement starting as early as 2010, should have discovered BuzzFeed's use, through exercise of due diligence, within statutory period.

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

*Media Rights Techs., Inc. v. Microsoft Corp.*, No. 17-16509, 2019 U.S. App. LEXIS 13239 (9th Cir. May 2, 2019)

Ninth Circuit reversed district court's dismissal of infringement claims based on claim preclusion. In 2013, plaintiff sued Microsoft for patent infringement relating to technology designed to protect electronic files from content piracy. Plaintiff voluntarily dismissed suit

following invalidation of patent at issue. Plaintiff later brought second suit against Microsoft, alleging copyright infringement, DMCA violation, and breach of contract, arguing defendant's software contained copy and/or was derivative work of plaintiff's software. Defendant successfully argued to district court that prior patent infringement suit precluded copyright suit under doctrine of claim preclusion. Ninth Circuit agreed with district court that plaintiff's claims that had accrued at time of patent infringement lawsuit were barred by claim preclusion; however, plaintiff was not barred from asserting infringement claims that accrued *after* filing of patent infringement lawsuit. Appellate court noted that claim preclusion does not apply to claims that were not in existence and could not have been sued upon when allegedly preclusive action was initiated. Since statute of limitations runs separately for each violation of Copyright Act, new cause of action for infringement accrued each time Microsoft sold allegedly infringing product. Thus, allegedly infringing sales occurring after filing date of patent lawsuit arose subsequent to prior lawsuit and were not precluded. Microsoft also argued plaintiff was barred from bringing subsequent claims because plaintiff knew about nearly identical infringement before bringing patent infringement lawsuit, and because plaintiff had sought injunctive relief in patent infringement suit. Ninth Circuit held such facts did not preclude copyright infringement claims that accrued *after* filing of patent lawsuit. Claims that accrued *prior* to filing of patent lawsuit emerged from common nucleus of operative fact from patent suit – i.e., whether Microsoft unlawfully used plaintiff's software to create Microsoft software – and were therefore barred by claim preclusion.

*Fischer v. Brushy Mt. Bee Farm, Inc.*, No. 17-94, 2019 U.S. Dist. LEXIS 30353 (S.D.N.Y. Feb. 26, 2019)

Magistrate judge recommended granting defendants' motion to dismiss. Plaintiff, creator of Fischer's Bee-Quick, substance used in beekeeping "to remove bees from honey supers without a harsh chemical smell," brought suit against defendants for infringement and DMCA violations. Defendant sold Bee-Quick to customers until 2011; plaintiff alleged that defendant thereafter created "knock-off" product, Natural Honey Harvester, and infringed its advertising text and product logo and label. Plaintiff brought prior actions in district against certain named defendants concerning same conduct; both actions were dismissed following defendants' motion for summary judgment. Court found all of plaintiff's claims barred by *res judicata*. There was prior final judgment on merits, parties were in both actions were in privity with one another, and claims were fully litigated in prior action. Fact that plaintiff "repackaged his claims slightly" was not material to court's ruling because *res judicata* bars claims that were or could have been raised in prior action. Court also found "new" claims barred because plaintiff did not allege facts to support them, other than those previously alleged in earlier action. Court also found that collateral estoppel barred plaintiff's claims. Issues in both proceedings were identical; issues were litigated and decided in earlier proceeding; party had full and fair opportunity to litigate issue in earlier action; and resolution of issue was necessary to support valid and final judgment on merits.

*Shanlian Quan v. Ty, Inc.*, No. 17-5683, 2019 U.S. Dist. LEXIS 45709 (N.D. Ill. Mar. 20, 2019)

Court denied defendant's motion for summary judgment. Plaintiffs, who designed and manufactured plush toys in China, brought copyright infringement claim against Ty, Inc. for contracting with different manufacturer to manufacture toys designed by plaintiffs. Ty moved for summary judgment on basis of equitable estoppel and abandonment. Ty argued that plaintiff was equitably estopped from claiming that Ty infringed copyrights because plaintiff affixed Ty's copyright notice to millions of toys it manufactured. Ty contended that it had no knowledge of plaintiffs' claimed intellectual property interests in toys, which plaintiffs admitted they did not disclose. Court held that equitable estoppel did not apply because "reasonable jury could find that the first sale doctrine protected Ty's distribution of the toys manufactured by [Plaintiffs] and that as a result there is a genuine dispute regarding whether Ty engaged in conduct constituting copyright infringement during the period in which [Plaintiffs] manufactured the toys."

*Photographic Illustrators Corp. v. Orgill, Inc.*, No. 14-11818, 2019 U.S. Dist. LEXIS 58016 (D. Mass. Apr. 4, 2019)

District court granted defendant's summary judgment motion, holding that defendant did not exceed scope of its sublicense to use plaintiff's images, and thus did not commit copyright infringement. Plaintiff commercial photography company licensed photographs to Osram Sylvania Inc. ("OSI"), manufacturer and seller of lighting products. Defendant distributed OSI's products, and used and sublicensed certain of plaintiff's photographs in marketing. Plaintiff's license with OSI granted OSI license to use and sublicense plaintiff's photos in OSI's sole and absolute discretion, except that OSI was required to properly attribute photographs to plaintiff or plaintiff's principal ("attribution requirement"). After plaintiff sued defendant for infringing plaintiff's copyrights in 34 photographs licensed to OSI by using and further sublicensing them, defendant and OSI executed retroactive confirmatory sublicense that confirmed that OSI previously granted defendant permission to use and sublicense plaintiff's photos. OSI and several other OSI distributors entered into arbitration, in which arbitrator held that plaintiff's agreement with OSI gave OSI right to sublicense plaintiff's images to OSI's distributors, and further, that attribution requirement was covenant rather than condition, meaning that violation of same would constitute breach of contract but would not render contract ineffective such that OSI could be liable for infringement. Court held that, though plaintiff was precluded, under collateral estoppel (or issue preclusion) doctrine, from contesting arbitrator's holdings that OSI had authority to grant sublicenses to OSI's distributors and that attribution requirement was merely covenant, plaintiff could challenge whether defendant received implied sublicense from OSI as well as litigate scope of such sublicense. Issue preclusion doctrine provides that party cannot relitigate factual or legal issue adjudicated in earlier action if (1) same issue raised in both actions; (2) issue actually litigated in earlier action, (3) issue determined by valid and binding final judgment; and (4) determination of issue necessary to judgment, even if as intermediate finding. Defendant argued that defensive nonmutual issue preclusion permitted defendant, who was not party to earlier proceeding, to estop plaintiff from asserting claim plaintiff had

previously litigated and lost against other defendants in arbitration. Court found that OSI's authority to grant sublicenses to OSI distributors was same in arbitration as in court case, even though defendant was not party to arbitration. Further, plaintiff and OSI actually litigated this issue, which resulted in final and binding judgment in form of arbitration award. Finally, validity of OSI's sublicenses was essential to arbitrator's conclusion that OSI's distributors did not infringe plaintiff's copyrights. Similarly, court held that arbitrator's holding that attribution requirement was covenant rather than condition was immune from plaintiff's challenge because this holding was central in arbitration and necessary for arbitrator's finding that OSI not liable for infringement.

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

*Capitol Records, LLC v. ReDigi Inc.*, 910 F.3d 649 (2d Cir. 2018)

Second Circuit affirmed district court's holding that defendant's infringement of plaintiffs' exclusive right to reproduce phonorecords was not protected by first sale doctrine. Defendant ReDigi, formed with goal of providing lawful resale marketplace for digital music, created system that allegedly operated as follows: user who owned digital music file lawfully purchased through iTunes uploaded eligible file to ReDigi's remote server Cloud Locker by way of "data migration" process wherein file is broken up into constituent digital "packets" of data that, as they are transitorily copied into user's computer buffer, are deleted from permanent storage on user's computer device. ReDigi asserted that once all packets of eligible source file were transferred to Cloud Locker, file had been removed from user's device without ever existing in two places at once. Original user could continue to access file through Cloud Locker until it was sold, at which point new purchaser obtained exclusive access to file. Plaintiff record labels sued ReDigi and its principals, claiming that ReDigi's system infringed plaintiffs' copyrights by unauthorized reproduction and distribution of plaintiffs' copyrighted sound recordings. ReDigi argued that its actions were allowed under first sale doctrine. Under first sale doctrine codified in § 109(a), copyright owner's control over distribution of particular lawfully-made phonorecord terminates when phonorecord is distributed to first recipient; however, copyright owner's right of reproduction is not affected. Court held that user's device with original digital music file constituted phonorecord and, at each step of ReDigi's process, digital file was fixed in new material object (first ReDigi's Cloud Locker, then any subsequent purchaser's computer) for more than transitory period, which created new phonorecord and therefore constituted unlawful reproduction of copyrighted work. Because ReDigi's process involved making of unauthorized reproductions that infringed plaintiffs' exclusive reproduction right, and because ReDigi's use not excused by fair use or first sale doctrine, district court's finding of infringement was affirmed.

*CENAPS Corp. v. Cmty. of Christ*, No. 18-1276, 2019 U.S. Dist. LEXIS 31138 (M.D. Fla. Feb. 27, 2019)

Court granted in part and denied in part defendant's motion for judgment on pleadings as to plaintiff's copyright infringement claim. Plaintiff had granted defendant exclusive rights to copy and distribute certain books and works of authorship by Terence Gorski, internationally recognized expert on substance abuse and mental health. Plaintiff alleged that defendant continued to copy and distribute works after plaintiff sent letter to defendant terminating all publishing agreements. Defendant argued that termination was not valid, and that even if termination letter could terminate publishing agreements, first sale doctrine would allow it to sell copies of works published but not sold prior to termination date. Court found that, under state law, plaintiff's letter effectively terminated any agreements between parties as to specific works identified in letter. Court made no finding regarding whether defendant committed copyright infringement by selling off existing inventory. "Instead, the Court is merely finding that the first sale doctrine does not protect such conduct."

#### **E. Misuse**

*Design Basics, LLC v. MTF Assocs.*, No. 17-31, 2019 U.S. Dist. LEXIS 53107 (M.D. Pa. Mar. 28, 2019)

Plaintiff, architectural designer, accused defendants of infringing plaintiff's copyrighted architectural works. Defendants filed answer but later sought to amend to add affirmative defense of copyright misuse. District court denied motion to amend. Motion to amend may be denied if movant's delay in seeking amendment is undue, motivated by bad faith, prejudicial to opposing party, or futile. Court found that motion was futile because it failed to allege facts sufficient to state claim for copyright misuse. Misuse doctrine was established to avoid anticompetitive conduct that contravenes goal of copyright law to stimulate artistic creativity for general public good. Defendants argued that plaintiff engaged in such behavior by monetarily incentivizing its employees to find violations of plaintiff's copyrights in order to pursue litigation. Court concluded that defendants failed to allege facts suggesting that plaintiff's actions constituted anticompetitive behavior. First, plaintiff's copyright claim was unlikely to interfere with creative expression in significant way. Second, misuse defense fails "where plaintiff merely seeks to enforce its copyright, and nothing more." Defendants had alleged only that plaintiff was seeking to enforce its own copyrights. Motion to file amended answer was denied.

#### **F. Miscellaneous**

*Craig v. UMG Recordings, Inc.*, No. 16-5439, 2019 U.S. Dist. LEXIS 53973 (S.D.N.Y. Mar. 29, 2019)

Plaintiff was "photographer who took a few good shots of the great musician Riley B. King, known as 'B.B. King.'" Photographer sued (1) record company, (2) estate of B.B. King, and

(3) licensing company of B.B. King, alleging photographer's B.B. King photographs were used without permission in 43 albums, 29 of which were released abroad by foreign entities. Defendants moved for summary judgment. Record company argued that it could not be held liable for albums released outside U.S. by foreign entities because Copyright Act does not cover extraterritorial infringements. Court noted, however, that if defendant (1) commits predicate infringing act, such as unauthorized manufacture of copyrighted material, in U.S., and (2) act permits further reproduction abroad, defendant might be liable for related infringing acts occurring outside U.S. Court denied summary judgment with respect to foreign albums containing photo transmitted by record company, holding that unauthorized transfer of photo from United States to overseas company by employee of record company constituted predicate act under Copyright Act. Plaintiff failed to adduce any evidence to show that record company committed any predicate act with regard to 21 foreign albums. As to remaining foreign albums, however, evidence could support inference that record company, through its employee, committed predicate act in U.S. when employee transmitted unauthorized copy of one of photographs from within U.S. to UK affiliate to produce album. As matter of law, sending digital photograph to someone abroad "permits further reproduction abroad." Accordingly, reasonable jury could find that record company committed domestic infringement that enabled foreign affiliates to commit further infringements abroad, and record company could be liable for those further infringements. Defendants' motion for summary judgment denied with respect to claims against record company related to eight foreign albums.

*Zuma Press, Inc. v. Getty Images (US), Inc.*, No. 16-6110, 2019 U.S. Dist. LEXIS 12415 (S.D.N.Y. Jan. 24, 2019)

Plaintiff moved for reconsideration of court's summary judgment order, which held that plaintiff was equitably estopped from asserting copyright infringement claim, arguing that court overlooked key facts. Plaintiff, news organization, filed suit alleging that defendant Getty Images copied several of plaintiff's photographs, which plaintiff had commingled with another collection, NewSport, on defendant-affiliated website. Defendant raised affirmative defense of equitable estoppel, arguing that plaintiff knew NewSport collection would be labeled as source and licensor of images when plaintiff commingled photos and that, except for one unsuccessful attempt, plaintiff made no effort to retrieve its images. Court agreed, finding that, based on plaintiff's failure to remove its images from collection, defendant reasonably believed it had right to use and license all images acquired from NewSport collection. In motion for reconsideration, plaintiff argued that court overlooked email explaining plaintiff's failure to act, namely, that plaintiff believed defendant was in process of removing plaintiff's images from collection and that no further action was needed. Court agreed, finding that email raised issue of fact that, if proven, would negate second element of defendant's equitable estoppel defense. Accordingly, court granted plaintiff's motion to reconsider summary judgment order in favor of defendant.

*Kaseberg v. Conaco, LLC*, 360 F. Supp. 3d 1026 (S.D. Cal. 2018)

District court granted plaintiff's motion for judgment on pleadings as to defendants' fraud on Copyright Office and unclean hands defenses. In July 2015, plaintiff comedian sued defendants for allegedly featuring plaintiff's Tom Brady joke, among others, on *Conan* show without plaintiff's consent. Plaintiff's Tom Brady joke was initially published in February 2015 on plaintiff's Twitter page and, 13 minutes later, on plaintiff's blog. In September 2015, plaintiff applied to register his claim to copyright in Tom Brady joke based on publication in plaintiff's blog, and in July 2016 Copyright Office refused registration. In August 2016, plaintiff filed new application to register multiple works, including Tom Brady joke, without disclosing July 2016 refusal. In October 2016, plaintiff requested reconsideration of July 2016 refusal; in March 2017, Copyright Office again refused registration. In February 2017, defendants moved for summary judgment, arguing that plaintiff failed to produce, in discovery, evidence of copyright registration for Tom Brady joke. Plaintiff's opposition to motion attached copies of September 2015 and August 2016 applications. In May 2017, ruling on defendants' motion, court held plaintiff's jokes entitled only to thin copyright protection. Later in May 2017, plaintiff, relying on court's holding, again requested reconsideration of July 2016 refusal of Tom Brady joke. In June 2017, Copyright Office registered August 2016 application and, in July 2017, September 2015 application, citing in relation to latter court's decision, and noting need to correct registration for August 2016 application to exclude separately registered Tom Brady joke. In April 2018, court granted defendants' motion to file amended answer alleging affirmative defenses of (1) fraud on Copyright Office based on plaintiff's failure to disclose July 2016 and March 2017 refusals of September 2015 application and initial Twitter publication, as well as mischaracterization of court's May 2017 order; and (2) unclean hands. After rejecting plaintiff's argument that fraud on Copyright Office can only be based on content in initial application, court held that plaintiff had no duty to disclose earlier rejections of September 2015 application or earlier (but on same date) Twitter publication in connection with plaintiff's August 2016 application; omissions thus did not rise to level of fraud. Plaintiff did not mischaracterize court's May 2017 holding because plaintiff simply explicitly stated implicit prerequisite for court's holding, and also attached copy of full order. Because court found no fraud on Copyright Office, defendants' unclean hands defense could be based only on plaintiff's discovery misconduct, which must be remedied under Fed. R. Civ. P. 37. Court therefore granted plaintiff's motion for judgment on pleadings for both fraud and unclean hands affirmative defenses.

*Korman v. Iglesias*, No. 18-21028, 2018 U.S. Dist. LEXIS 109297 (S.D. Fla. June 28, 2018)

Plaintiff brought claims under Copyright Act and Florida Deceptive and Unfair Trade Practices Act ("FDUTPA") against defendant Julio Iglesias. Plaintiff alleged that she was sole author of lyrics of song "Me Olvide De Vivir," which defendant released, reproduced, distributed and published many times without plaintiff's authorization. Defendant moved to dismiss infringement claim based on *res judicata* and collateral estoppel, because parties had already twice litigated dispute, both in federal court and state court. Defendant also moved

to dismiss plaintiff's FDUTPA claim as preempted. Court took judicial notice of four documents involved in prior proceedings, in which plaintiff had taken position that she was co-author of song with defendant. Court held that plaintiff was judicially estopped from asserting she was *sole* author of song, because she made prior inconsistent statements with courts that she was co-author; that judicial acceptance of later position would create "the perception that either the first or the second court was misled"; and that plaintiff would "derive an unfair advantage or impose an unfair detriment on the opposing party if not estopped." Court recognized that if plaintiff corrected her inconsistent statement by amending her pleading to assert she was co-author, she would no longer have plausible copyright infringement claim. Court stated, "No matter what factual allegations Plaintiff attempts to assert, she simply cannot state a plausible claim for relief under the Copyright Act." Accordingly, court granted defendant's motion to dismiss federal copyright claim and allowed plaintiff to amend her FDUTPA claim to include facts that would qualitatively support state law claim.

*Harrington v. Aerogelic Ballooning, LLC*, No. 18-2023, 2018 U.S. Dist. LEXIS 201866 (D. Colo. Nov. 29, 2018)

Court denied defendants' motion for summary judgment. Plaintiff, commercial photographer, alleged copyright infringement based on defendants' unauthorized use of plaintiff's copyrighted image of hot air balloons to promote defendants' business. District court denied defendants' summary judgment motion, noting instead its inclination to enter summary judgment in favor of plaintiff on infringement claim, subject only to amount of statutory damages to be imposed. Court found frivolous and utterly irrelevant defendants' contentions that (1) photographs "similar" to plaintiff's image existed, (2) plaintiff's image was available for "free," and (3) plaintiff "set them up" to commit infringement. Court found it inappropriate to entertain defendants' contentions concerning statutory damages without significant evidentiary presentation from parties.

*FurnitureDealer.Net, Inc. v. Amazon.com, Inc.*, No. 18-232, 2019 U.S. Dist. LEXIS 41580 (D. Minn. Mar. 14, 2019)

Court denied defendant's motion to dismiss plaintiff's copyright infringement claims under merger doctrine. Plaintiff furniture marketing company contracted with defendant Coaster Company of America to create website to market Coaster's products, which included copyrighted descriptions that contained search-engine-optimized text. Plaintiff noticed that copyrighted material it created for Coaster began appearing on Amazon.com's URLs, and brought suit for copyright infringement. Coaster argued that search-engine-optimized ("SEO") text was not copyrightable subject matter, and that merger doctrine prohibited protection of subject work. Court found merger did not apply because ideas behind descriptive SEO text could be expressed in many other ways. Court further found descriptive SEO text to be sufficiently creative and original to be entitled to copyright protection.

*Flack v. Citizens Mem'l Hosp.*, No. 18-3236, 2019 U.S. Dist. LEXIS 36327 (W.D. Mo. Mar. 7, 2019)

Court granted defendant's motion to dismiss. Plaintiff, creator of personal safety material, claimed defendant hospital used copyrighted materials in products it manufactured and marketed without plaintiff's permission. Defendant argued that plaintiff's claims for copyright infringement failed because defendant was entitled to sovereign immunity "as a political subdivision of the state" and public entity. Court noted that although Copyright Remedy Clarification Act (CRCA) waives state's sovereign immunity for copyright claims, neither Supreme Court nor Eighth Circuit had determined whether Congress had valid power to abrogate state sovereign immunity under CRCA. Court found weight of cases led it to find plaintiff's claims barred by sovereign immunity, and granted defendant's motion to dismiss.

*Bell v. Startup Prod., LLC*, No. 18-02, 2018 U.S. Dist. LEXIS 197703 (E.D. Ky. Nov. 20, 2018)

Plaintiff photographer brought infringement claim against defendants, contending that defendant Startup Productions had posted his photograph of Indianapolis skyline on defendant Upscale Furniture's website for advertising purposes. Defendants asserted that plaintiff was judicially estopped from asserting ownership because he did not list copyright as asset in his prior divorce proceeding. Court relied on three considerations identified by Supreme Court as relevant in determining whether to apply judicial estoppel: (1) "a party's later position must be clearly consistent with its earlier position"; (2) "whether the party has succeeded in persuading a court to accept that party's earlier position, so that judicial acceptance of an inconsistent position in a later proceedings would create the perception that either the first or the second court was misled"; and (3) "whether the party seeking to assert an inconsistent position would derive an unfair advantage or impose an unfair detriment on the opposing party if not estopped." Where prior inconsistent position occurred because of "mistake or inadvertence," judicial estoppel does not apply. Here court found that plaintiff's omission of his copyright as asset in divorce proceedings was due to mistake or inadvertence, and that judicial estoppel was not applicable. Court held that, assuming *arguendo* that prior omission was not due to mistake or inadvertence, defendants still failed to show that three considerations for establishing judicial estoppel had been met. With respect to first consideration, plaintiff's silence regarding copyright in divorce proceeding was not explicitly contrary to his claim of ownership in this case, because he was unaware that he had obligation to declare ownership of copyright at time. Second, there would be no perception that Indiana state court, where divorce proceeding took place, or district court was deceived, because plaintiff did not explicitly deny ownership of copyright during divorce proceeding. Finally, plaintiff would not obtain unfair advantage by asserting ownership of copyright in photograph, because defendants still had chance to refute his claim of ownership. Defendants, accordingly, did not successfully establish three considerations for estoppel, and court granted plaintiff's motion for summary judgment with respect to copyright ownership.

*Oliver v. Johanson*, No. 17-5129, 2018 U.S. Dist. LEXIS 198484 (W.D. Ark. Nov. 21, 2018)

Defendants Bruce and Blair Johanson utilized methodology – Job Evaluation and Salary Administration Program (JESAP), developed by their father – for companies to set up compensation structure for employees. Brothers later elected to computerize methodology for efficiency. Plaintiff computer programmer agreed to aid brothers in creating software, and three went into business as DB Squared to commercialize effort. In 2006, additional developer, Devine, was hired to help with software development. In 2008, plaintiff filed application to register software with Copyright Office in capacity as DB Squared Officer. Because he stated that he alone was author, Office noted inconsistency with application on behalf of Company, and plaintiff later responded that software was work for hire for DB Squared. After registration of JESAP 2008, new versions of software were created and software renamed DBCompensation. In 2016, plaintiff resigned from DB Squared, and later asserted sole ownership of DBCompensation software. In 2017, plaintiff submitted application to Copyright Office for DBCompensation software, claiming he was author and that work was not made for hire. Application matured into registration that year. Relevant claims determined by bench trial were parties’ warring claims of authorship of works and infringement. Although court determined that plaintiff co-owned DBCompensation 10 software programs, and even assuming Copyright Office would not have found that plaintiff’s misrepresentations and omissions would have yielded refusal to register DB Compensation, court found plaintiff was equitably estopped from maintaining infringement action against DB Squared for use of DB Compensation software. Applying Fifth Circuit factors, court found equitable estoppel applied – (1) plaintiff knew of DB Squared’s allegedly infringing actions, as he registered JESAP 2008, thereafter worked for company and inserted copyright notices in code in favor of company, and never demanded that DB Squared stop using software; (2) plaintiff’s actions during relationship with DB Squared would have indicated to DB Squared that plaintiff intended them to keep using DB Compensation 10 software; (3) DB Squared and defendant brothers did not know true facts; and (4) DB Squared relied on plaintiff’s behavior to its detriment. In sum, court found “that this is a classic case where equitable estoppel should apply to prevent [plaintiff] from prevailing against DB Squared or the [defendant brothers] on his claim of copyright infringement.” Because of this and because court found defendant impliedly licensed defendants to keep using software, court found plaintiff’s infringement claim should be dismissed.

## **VII. REMEDIES**

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

*Williams v. Gaye*, 895 F.3d 1106 (9th Cir. 2018)

Ninth Circuit upheld jury verdict, holding that damages award was not based on undue speculation. Heirs of Marvin Gaye sued Robin Thicke, Pharrell Williams and two others,

alleging that Thicke parties' song "Blurred Lines" infringed copyright in Gaye song "Got to Give It Up." After jury verdict against them, Thicke parties moved to reverse or vacate jury's damages award and district court's imposition of running royalty. Ninth Circuit found jury's actual damages award not unduly speculative because based on testimony of industry expert with 20+ years of experience that market value of license for use of "Got to Give It Up" snippets in "Blurred Lines" was 50% of publishing revenues. Further, district court's imposition of running royalty of 50% was not abuse of discretion because based on industry expert's testimony.

*Smith v. Thomas*, 911 F.3d 378 (6th Cir. 2018)

Sixth Circuit affirmed district court's award to plaintiff Robert Smith, aka Bigg Robb, of \$30,000 in statutory damages based on unlicensed sampling by defendant Bernard Thomas, pka Bishop Bullwinkle, of plaintiff's song "Looking for a Country Girl" as beat for defendant's song "Hell 2 Da Naw Naw," which became viral video. Defendant appealed, seeking to vacate damages award on grounds that plaintiff "did not formally elect statutory damages before final judgment." Court rejected defendant's "overly-proceduralized interpretation of the Copyright Act," noting that § 504(c)(1) does not suggest any formality or particularity requirement for making statutory damages election. Instead, plaintiff must simply inform court of his intent to seek such damages at any point before final judgment. In this case, plaintiff's intent to seek statutory damages "was no mystery" where he made multiple statements to court, both in writing and in person, concerning statutory maximum and willful nature of infringement, which, court noted, are only relevant to statutory damages. Plaintiff was not required to cite statutory damages provision itself. Even if plaintiff also presented evidence of actual damages, he did not implicitly disclaim statutory damages because plaintiff was permitted to simultaneously seek actual damages and statutory damages in alternative.

*Davidson v. United States*, No. 13-942C, 2018 U.S. Claims LEXIS 801 (Fed. Cl. June 29, 2018)

Plaintiff brought copyright infringement suit against United States, acting through United States Postal Service ("USPS"), stemming from USPS's use of photograph of plaintiff's replica Statue of Liberty. Plaintiff was commissioned to sculpt replica of Statue of Liberty at New York-New York Hotel in Las Vegas in 1996. In 2010, USPS purchased photo of plaintiff's Lady Liberty sculptor from Getty Images to be used on USPS's new workhorse Forever Stamp. Plaintiff discovered use of his sculpture by USPS and commenced instant action. During bench trial, testimony was introduced that USPS wanted to exploit breakage and retention of Lady Liberty stamp, which are stamps that are purchased and never redeemed, amounting to pure profit for USPS. In bench trial, court held defendant infringed on plaintiff's work, which entitled plaintiff to compensation. Court found proper framework for determining damages was fair market value of license for use of plaintiff's work as used by defendant. Both sides presented expert testimony of value of hypothetical license for plaintiff's work. Plaintiff's expert determined plaintiff's work would have generated running royalty rate of 5% for stamps not redeemed. Defendant's expert valued hypothetical license

at \$10,000, since plaintiff had no history of making commercial use of his work. Court held that damages must be determined by assuming willing buyer and willing seller and concluded flat fee should be used for redeemed stamps and running royalty for unredeemed stamps. Based on USPS's history and financial loss associated with each redeemed stamp, court held \$5,000 was appropriate flat fee for redeemed stamps and 5% fee for unredeemed stamps. After applying breakage and retention rates, court found 5% equaled \$3,548,470.95. Court added \$5,000 flat fee and held plaintiff was entitled to \$3,554,946.95 in total unadjusted damages.

*Minden Pictures, Inc. v. Buzzfeed, Inc.*, No. 18-2438, 2019 U.S. Dist. LEXIS 29671 (S.D.N.Y. Feb. 21, 2019)

Court granted defendant's partial motion to dismiss copyright infringement claim. Plaintiff, wildlife and nature photo licensing agency, sued digital media and news corporation Buzzfeed, alleging that Buzzfeed used 40 of plaintiff's nature photographs on its website without authorization. Court dismissed plaintiff's claim as to 24 photos, holding that plaintiff was barred by three-year statute of limitations, leaving only 16 photos, which were registered either alone or in groups as collective works. Defendant argued in its motion that plaintiff was entitled to only one award of statutory damages per copyright registration. Court agreed, reasoning that, where plaintiff chose to assemble photos into collective whole and to seek registration for collection and not parts, it can be inferred that plaintiff viewed collection as one work. Copyright Act allows only one award of statutory damages for any work infringed, and states that "all the parts of a compilation ... constitute one work." Therefore, court found plaintiff was limited to one award of statutory damages per collective work registration, regardless of how many photos were covered by registration. Court found that plaintiff did not adequately allege willful infringement, given that plaintiff provided no support other than allegation on information and belief that defendant "committed copyright infringement with actual or constructive knowledge of Plaintiff's rights, or reckless disregard for the same."

*Whitehead v. Mix Unit, LLC*, No. 17-9476, 2019 U.S. Dist. LEXIS 15560 (S.D.N.Y. Jan. 31, 2019)

Magistrate judge recommended award of statutory damages to plaintiff stemming from defendant's infringing use of plaintiff's design on t-shirts. Plaintiff, professional artist, created and registered "Bed-Stuy Do or Die" design, which defendant reproduced and sold on t-shirts without plaintiff's permission. Plaintiff commenced action, and defendant defaulted. Plaintiff requested \$30,000 in statutory damages. To determine amount of statutory damages court must consider "(1) the infringer's state of mind; (2) the expenses saved, and profits earned, by the infringer; (3) the revenue lost by the copyright holder; (4) the deterrent effect on the infringer and third parties; (5) the infringer's cooperation in providing evidence concerning the value of the infringing material; and (6) the conduct and attitude of the parties." Due to defendant's default, court considered only defendant's conduct and need for deterrence, and awarded \$25,000 instead of requested \$30,000 statutory

damages in light of plaintiff's failure to demonstrate that infringing conduct continued despite defendant receiving notice to end infringing activity.

*Craig v. UMG Recordings, Inc.*, No. 16-5439, 2019 U.S. Dist. LEXIS 53973  
(S.D.N.Y. Mar. 29, 2019)

Plaintiff was “photographer who took a few good shots of the great musician Riley B. King, known as ‘B.B. King.’” Plaintiff sued (1) record company, (2) estate of B.B. King, and (3) licensing company of B.B. King, alleging photographer’s B.B. King photographs were used without permission in several albums, many of which were released abroad by foreign entities. Defendants moved for summary judgment on damages under multiple theories. District court determined that factual dispute existed regarding actual damages and infringers’ profits; parties disputed whether photographs at issue and defendants’ album sales were reasonably related. Court found that evidence was sufficient to lead reasonable jury to conclude that record company’s revenues from selling albums were reasonably related to allegedly infringing photographs. Summary judgment on compensatory damages was therefore denied. With respect to statutory damages, court noted that S.D.N.Y. applies bright-line rule in cases, such as instant case, where first act of infringement in series of ongoing infringements occurred prior to work’s copyright registration. When same defendant infringes same protected work in same manner as it did prior to work’s registration, post-registration infringement constitutes continuation of series of ongoing infringements. Record company was entitled to summary judgment on claims for statutory damages and attorneys’ fees because alleged infringement commenced prior to plaintiff registering copyright in photographs.

*Downs v. Yeshiva World News, LLC*, No. 18-250, 2019 U.S. Dist. LEXIS 17751  
(E.D.N.Y. Feb. 1, 2019)

Plaintiff brought copyright infringement suit against defendant, online news publisher, alleging that defendant published two of plaintiff’s copyrighted photographs on its website without authorization or credit. Upon defendant’s default, court granted plaintiff’s motion for default judgment. Court found plaintiff’s request for \$30,000 per infringed work – maximum statutory damages award available for non-willful infringement – was excessive because plaintiff adduced no evidence that he suffered any actual damages or that defendant enjoyed any benefit as result of infringement. While defendant’s default deprived plaintiff of discovery, there was no reason plaintiff could not “prove the harms he sustained, if any.” Given that record included no evidence distinguishing current case from one in which “minimum statutory award would be justified solely by virtue of fact of infringement,” court held that minimum statutory damages award of \$750 per work infringed was reasonable.

*Elsevier Inc. v. Stew Yee Chew*, No. 17-6225, 2019 U.S. Dist. LEXIS 196 (S.D.N.Y. Jan. 2, 2019)

Plaintiff publishers initiated action against 16 counterfeiters, none of whom responded to complaint. Plaintiffs sought default judgment for statutory damages. Plaintiffs sought

maximum statutory damages for willful infringement for all but two defendants, for whom they sought statutory damages of \$30,000 per copyright infringed. Court found defendants were willful, substantially profited from infringement, and failed to cooperate by providing evidence of value of infringing material and original source of counterfeits; those factors, along with defendants' overall conduct and attitude, and plaintiffs' lost revenue, weighed in favor of high damage awards. Court awarded \$100,000 per work infringed for all defendants but two, for whom court awarded \$25,000 per work infringed.

*John Wiley & Sons, Inc. v. Book Dog Books, LLC*, 327 F. Supp. 3d 606 (S.D.N.Y. 2018)

On defendants' post-trial *remittitur* motion, district court upheld jury's statutory damages award as reasonable given overwhelming evidence that defendants willfully infringed plaintiffs' copyrights. Plaintiff textbook publishers sued defendants, used book sellers, for copyright infringement, claiming defendants knowingly and recklessly sold counterfeit textbooks despite earlier settlement agreement with plaintiffs. Plaintiffs presented evidence that defendants purchased books from known counterfeiters, failed to keep accurate records, destroyed some potentially infringing textbooks and had sold and continued to sell counterfeit textbooks. Jury awarded plaintiffs \$100,000 for each of their 142 copyright claims. Defendants sought *remittitur* on grounds that jury's award was disproportionate to defendants' profits or plaintiffs' losses, was inconsistent with trial evidence, and was so oppressive as to violate due process. District court noted that statutory damages are meant not only to compensate but also to deter. Given extensive evidence that defendants' conduct was willful, it was reasonable for jury to determine that only large award would effectively deter defendants; therefore, jury's award was not severe and oppressive enough to be obviously unreasonable.

*Freeplay Music, LLC v. Nian Infosolutions Private Ltd.*, No. 16-5883, 2018 U.S. Dist. LEXIS 115659 (S.D.N.Y. July 10, 2018)

Magistrate judge recommended that district court enter default judgment in plaintiff's favor and award plaintiff statutory damages. Online music library Freeplay sued Nian, commercial website providing information about Indian films (including New York and California screenings thereof), for willfully infringing, in 379 YouTube videos, Freeplay's copyrights in 115 musical sound recordings found in 37 registered works. Magistrate found that Freeplay had alleged ownership of exclusive rights to valid, registered copyrights, and further shown that Nian copied and publicly performed works without prior authorization and for commercial purpose. Award of \$1.1 million, or \$30,000 per infringed work (maximum amount where defendant not found to have acted willfully), appropriate because it was less than four times amount that Nian saved annually by infringing Freeplay's copyrights, reasonable multiple to put infringers on notice that it costs less to obey copyright laws than to violate them. Magistrate judge recommended entry of default judgment and award of \$1.1 million in statutory damages to Freeplay.

*Renna v. Queens Ledger/Greenpoint Star, Inc.*, No. 17-3378, 2019 U.S. Dist. LEXIS 24452 (E.D.N.Y. Feb. 13, 2019)

Magistrate recommended that default judgment as to liability be entered against defendant. Plaintiff photojournalist was author of three photographs showing scene of car accident where two people were arrested. Plaintiff published works online through Facebook, and defendant, without authorization, featured plaintiff's works in connection with article on its website. Plaintiff moved for default judgment. As to liability, court found plaintiff identified his works, which possessed requisite amount of originality, and even though plaintiff failed to submit registration certificates, court found plaintiff's allegations of registration sufficient. Court also found sufficient plaintiff's allegations regarding defendant's infringing conduct, and recommended that defendant be held liable for infringement. As to damages, court noted that plaintiff sought actual damages of \$30,000 rather than statutory damages, because plaintiff did not timely register his works. However, plaintiff failed to submit evidence to support \$30,000 claim. Magistrate recommended that plaintiff's request for damages be denied without prejudice and with leave to renew, with evidence showing basis for \$30,000 claim.

*Marshall v. Babbs*, No. 18-3822, 2019 U.S. Dist. LEXIS 62061 (C.D. Cal. 2019)

Plaintiff, professionally known as Kerry 2Smooth, was author of composition and sound recording titled "RnB Chord and Riff ideas to Help Your Playing." Plaintiff first published work on October 17, 2014 and registered work on December 14, 2017. On September 29, 2017, one of defendants released musical work titled "Only One" performed by Durell Babbs, p/k/a Tank, which plaintiff alleged "features identical portions" of plaintiff's work; after plaintiff brought suit, on June 19, 2018, Tank published Instagram video, using 60 seconds of "Only One," which contained "substantial copied portions" of plaintiff's work. Defendants moved for partial summary judgment on issue of statutory damages and attorneys' fees. Plaintiff argued that Instagram video was separate basis for award of statutory damages and fees "because there is a difference between the pre- and post-registration infringements"; court, however, found, for purposes of § 412(2), that there was no such difference, and that Instagram video was continuation of infringement that began on September 29, 2017. Court granted motion to dismiss claims for statutory damages and attorneys' fees and denied leave to amend to conduct discovery concerning Instagram video, finding amendment would be futile.

*Terry v. Masterpiece Advert. Design*, No. 17-8240, 2018 U.S. Dist. LEXIS 104467 (S.D.N.Y. June 21, 2018)

Plaintiff photographer sued defendant Masterpiece Advertising Design for allegedly infringing plaintiff's copyright in photo of Levoy Theater in Millville, New Jersey by using photo without consent or license in advertisement for Cape Bank in South Jersey. Defendant did not respond to complaint. Plaintiff moved for default judgment and \$20,000 in actual damages, arguing that damage inquest was unnecessary because "Defendant's choice to ignore these proceedings should be construed against it in order to avoid a lengthy and

intensive inquiry into damages.” Court reminded plaintiff’s attorney that damages need evidentiary basis, and required refiled motion to include “all evidence necessary to support the amount of actual damages being claimed.” Plaintiff filed renewed motion for default judgment, this time including declaration from plaintiff setting forth purported bases of \$20,000 request. Court did not credit declaration, and instead used Getty Images pricing utility to determine reasonable license fee, concluding that price on which willing buyer and willing seller would have agreed for use made by infringer was \$1,560.

*McGucken v. Chive Media Grp., LLC*, No. 18-1612, 2018 U.S. Dist. LEXIS 191513 (C.D. Cal. Nov. 8, 2018)

Plaintiff photographer was owner of 94 photographs at issue in suit. Plaintiff alleged defendant published works and hosted posts that included works. After plaintiff filed complaint, defendant moved to dismiss, and court granted motion with leave to amend as to contributory/vicarious infringement claim and claim for statutory damages and attorneys’ fees. Defendant again moved to dismiss plaintiff’s claim for statutory damages and fees. Court rejected plaintiff’s argument that motion was premature. Court also found that for 93 of 94 works at issue, plaintiff failed to plead facts concerning date infringement began, date work was registered, and date of first publication. Accordingly, court granted motion to dismiss claim for statutory damages and attorneys’ fees on 93 of works. Only registration date pleaded related to one work registered on February 20, 2018 that defendant allegedly infringed on June 11, 2018. Plaintiff, however, did not plead date of first publication, which alone was fatal to claim for statutory damages and attorneys’ fees. Additionally, court found that URLs showed that many acts of infringement occurred before plaintiff registered work. Court agreed with defendant that infringement was continuous and went back to at least 2013, rejecting plaintiff’s argument that gap of time of over four years between last post of work and June 11, 2018 made infringement not continuous. Court granted motion without leave to amend, as plaintiff did not remedy pleading defects in first amended complaint.

*South Seas Pictures Ltd. v. Ken’s Island Food*, No. 18-887, 2018 U.S. Dist. LEXIS 132967 (C.D. Cal. Aug. 6, 2018)

Plaintiff film company brought copyright infringement claim against six defendants, alleging that defendants “marketed and sold unauthorized counterfeit copies” of plaintiff’s film *Matai the Chief: Part 6* in their retail stores. Plaintiff’s counsel sent cease-and-desist letters to which defendants never responded. Defendants were all served but did not respond to complaint. Court granted default judgment, and plaintiff requested statutory damages. Court found plaintiff’s allegations of willful infringement to be conclusory, and not supported by facts warranting statutory award of \$150,000. “Modest costs” associated with production of 500 units of film, and anticipated sales targets, led court to believe award of statutory maximum of \$30,000 without willfulness finding would be excessive. “Instead, a statutory award of \$3,000 per violation per Defendant, will serve the purposes of statutory damages – to compensate South Seas, and punish Defendants.”

*Glynn v. Cigar Store, Inc.*, No. 18-31, 2018 U.S. Dist. LEXIS 107677 (N.D. Cal. June 27, 2018)

Plaintiff photographer brought claims against defendant for copyright infringement and removal of copyright management information pursuant to DMCA. Plaintiff alleged that defendant used plaintiff's photograph of cigar on its website, through which it sells cigars, and removed CMI from photograph. Though defendant removed photograph after receipt of cease-and-desist letter from plaintiff, it did not agree to compensate plaintiff. Plaintiff brought suit and moved for default judgment after defendant failed to respond. Plaintiff was barred from recovering statutory damages under Copyright Act because photograph was not registered prior to commencement of infringement. Plaintiff sought maximum statutory damages award of \$25,000 under DMCA § 1203(c)(3)(B). Court, noting that plaintiff had not shown what damages, if any, he incurred as result of defendant's removal of CMI, found requested sum of \$25,000 excessive; considering violation alleged, namely, removal of CMI from single image, as well as limited nature of defendant's use of image and voluntary cessation of use, court found award of \$3,500 appropriate.

*GC2 Inc. v. Int'l Game Tech.*, No. 16-8784, 2018 U.S. Dist. LEXIS 192606 (N.D. Ill. Nov. 12, 2018)

Court granted defendants' motion for summary judgment. Plaintiff, creator of artwork for casino slot machine games, sued defendants, producers and sellers of games used in casinos and by online casinos, and sellers of software for digital casino games, for copyright infringement, alleging that defendants used plaintiff's artwork without plaintiff's permission. Plaintiff contended that defendants were engaged in partnership as online casino operators, and therefore that it was entitled to seek from each defendant profits generated by other defendants. Defendants sought to limit plaintiff's recovery of profits from each defendant to only defendant's own profits. General rule in copyright infringement cases is that liability for damages is joint and several, but liability for profits is several, not joint. Court found that there was no partnership among defendants because no evidence that defendants shared profits or losses, or had any joint control over business activities. Court found that working together on computer code, developing marketing materials, and jointly seeking approval from regulatory authorities were insufficient evidence to prove partnership, and thus joint recovery of profits under Copyright Act.

*Design Idea, Ltd. v. Meijer, Inc.*, No. 15-3093, 2018 U.S. Dist. LEXIS 122753 (C.D. Ill. Jul. 23, 2018)

Plaintiff created, manufactured and distributed SPARROWCLIPS, clothespins containing bird design. Defendant Meijer ordered SPARROWCLIPS from plaintiff and directed defendant Whitmore to produce copies of works. Whitmore sent set of SPARROWCLIPS to Chinese manufacturer, and asked if it had mold for works; manufacturer had mold producing exact duplicates of SPARROWCLIPS, which it used to manufacture clips shipped to Japan and not to U.S. Whitmore instructed manufacturer to recreate color of plaintiff's works, and imported and sold its CANARY CLIPS into U.S. Plaintiff brought claims for copyright

infringement, violations of DMCA and breach of contract. Court previously granted plaintiff partial summary judgment on copyright claim, and defendants moved for summary judgment limiting plaintiff's recovery to their profits, totaling less than \$15,000. Plaintiff claimed greater of defendant's profits or its losses, and submitted evidence that defendant Meijer followed through with threat that Meijer would not do business with plaintiff; plaintiff claimed two years of profits on non-SPARROWCLIP products, approximating \$500,000. While noting damages theory was unique, court allowed plaintiff to pursue theory as trier of fact could determine whether actual damages included lost business with Meijer.

*Grant Heilman Photography, Inc. v. McGraw-Hill Global Education Holdings, LLC*, No. 17-694, 2018 U. S. Dist. LEXIS 108003 (E.D. Pa. June 28, 2018)

District court granted defendant's motion for partial summary judgment that plaintiff was not entitled to statutory damages, finding defendant's pre- and post-registration unauthorized use constituted continuous series of ongoing infringements. In 2012, plaintiff sued defendant for infringement, alleging unauthorized use of numerous photos owned by plaintiff. In 2012 action, district court found plaintiff precluded from seeking statutory damages because infringement commenced prior to registration of subject photos. Parties thereafter resolved 2012 action by entering into settlement agreement. Defendant subsequently disclosed that it inadvertently continued to infringe plaintiff's copyrights, resulting in plaintiff filing instant action. Plaintiff again sought statutory damages, arguing that defendant's post-registration infringement should be considered new and distinct because settlement agreement provided "legally significant" break in continuity of defendant's infringing acts. Court declined to interject new rule that existence of settlement creates "discontinuity" in series of otherwise continuous copyright infringements. Plaintiff had presented no evidence creating genuine issue of material fact regarding whether defendant's later infringements were of "same kind" as earlier infringements.

*Sanrio Co. v. Sommer's Ent. LLC*, No. 18-22177, 2019 U.S. Dist. LEXIS 48141 (S.D. Fla. Mar. 20, 2019)

District court awarded statutory damages of \$50,000 for each of plaintiffs' two protected characters. Plaintiffs Sanrio manufactured, sold and provided wide range of goods and services that incorporated Sanrio's protected characters, including Hello Kitty and Dear Daniel. Defendants provided and advertised online live entertainment services featuring costumes and decorations copying or incorporating Sanrio's Hello Kitty and Dear Daniel characters. Sanrio sent defendants four demand letters, but defendants continued to unlawfully copy Sanrio's works in defendants' services. Because defendants failed to respond to Sanrio's complaint, district court entered default judgment in favor of Sanrio. District court then held that each of Sanrio's characters stood as independent work with substantial economic value, and so should be considered separate work for purpose of statutory damages. Because defendants had both constructive and actual knowledge of Sanrio's rights in light of Sanrio's multiple demand letters and lawsuit, yet still used unauthorized reproductions of Sanrio's copyrights in providing and advertising defendants'

services, district court held that \$50,000 per character, for total of \$100,000, was reasonable award against each of two defendants, for total award of \$200,000.

*Johnson v. New Destiny Christian Ctr. Church, Inc.*, 318 F. Supp. 3d 1328 (M.D. Fla. July 30, 2018)

District court granted plaintiff \$1,207.93 in economic damages, \$12,500 in non-economic damages, and denied plaintiff's request for punitive damages in connection with plaintiff's claim of malicious prosecution. Defendant Paula White Ministries in prior lawsuit brought claim of copyright infringement against plaintiff stemming from plaintiff's unauthorized use of video clips of defendant's church sermons on plaintiff's YouTube channel. Defendant ultimately decided not to pursue matter further, and dismissed copyright infringement action. Plaintiff then initiated instant action claiming prior copyright infringement action was brought with malice and evil motive. In support of this allegation, plaintiff presented evidence of defendant's sermon, which plaintiff believed referenced and portrayed her in negative light. Court entered default judgment against defendants, and parties agreed to \$1,207.93 in economic damages. In determining non-economic damages, court found plaintiff to be credible as to suffering from diminished sleep and overall concern related to copyright infringement action, as plaintiff, unfamiliar with legal process, unknowingly feared criminal liability. Court, accordingly, awarded \$12,500 in non-economic damage. Court denied plaintiff's request for punitive damages finding defendant had good faith basis to assert claim of infringement in connection with plaintiff's use of defendant's video sermons, which outweighed any ill will that may have compelled defendant to file infringement action.

*Brittney Gobble Photography v. Wenn Ltd.*, No. 16-306, 2019 U.S. Dist. LEXIS 39414 (E.D. Tenn. Feb. 19, 2019)

Johnny and Brittney Gobble were involved in Lykoi cat – also known as “werewolf cat” – breeding. Brittney Gobble was photographer of Lykoi cat works. Plaintiff was owner of rights to Brittney Gobble's registered works, including 54 of 55 pleaded works. Plaintiff alleged that individual emailed Gobbles on behalf of defendants asking for images of Lykoi cats to use with article. Johnny Gobble responded, providing permission for some images, but made clear that he did not give permission to distribute works, and that credit should be given to Brittney Gobble. Plaintiff alleged that defendants distributed works to at least one customer, with false credit given to WENN or WENN.com rather than Brittney Gobble. Plaintiffs brought suit for direct and contributory infringement and provision of false CMI. Plaintiff moved for default judgment, damages, and injunction. Because defendants did not substitute counsel and had not participated in litigation, court recommended that default judgment be entered. Plaintiff presented expert report on actual damages containing analysis whereby expert obtained quotes for licenses from three stock photo agencies using generic cat photographs. Court determined that calculation of \$1,918,313.96 as base actual damages was reasonable. Plaintiff also requested 3-5X multiplier to account for fact that works were scarce. Court agreed that 3X multiplier was appropriate to account for scarcity of works, and therefore recommended \$5,754,941.88 in damages. Finally, court recommended issuance of permanent injunction: it found that infringement gave rise to presumption of irreparable

injury that defendants did not rebut; that balance of hardships favored plaintiff because injunction would cause no harm to defendants; and that public interest was served through issuance of injunction. Although there was no evidence that defendants were continuing infringement, court found plaintiff had no adequate remedy at law because there was potential for future infringement.

*Sony/ATV Music Publ'g LLC v. 1729172 Ont., Inc.*, No. 14-1929, 2018 U.S. Dist. LEXIS 140856 (M.D. Tenn. 2018)

Plaintiff music publishers brought suit against defendants for unlicensed use of compositions in karaoke recordings. Defendants defaulted. Magistrate found statutory damages appropriate, particularly because defendants failed to provide discovery that would be relevant to actual damage claim, and because infringement was willful. Court found enhancement of damages “particularly appropriate because the conduct of the Defaulted Defendants, involves repeated actions rather than an isolated incident, and years of deliberate infringement, followed by their evident lack of concern for the seriousness of the claims made in this litigation.” As to all defendants besides Tricerasoft defendants, court found \$75,000 per infringement warranted. For Tricerasoft defendants, court found \$150,000 statutory maximum appropriate “[b]ased on years of willful infringement, repeatedly disregarding the Court’s orders, refusing to provide financial documents or to account for all unauthorized uses, willfully violating the Preliminary Injunction order and failing to pay sanctions for contempt.” In sum, magistrate recommended that Sony/ATV plaintiffs receive 3,859 awards, and EMI plaintiffs receive 4,258 awards of statutory damages.

*Sullivan v. Flora, Inc.*, No. 15-298, 2018 U.S. Dist. LEXIS 109587 (W.D. Wis. June 29, 2018)

Plaintiff sued defendant for infringement, based on defendant’s unauthorized use of 33 of plaintiff’s illustrations. Jury found for plaintiff and awarded her \$3.6 million in statutory damages. Defendant filed motion for *remittitur* or new trial on basis that damages were excessive or, alternatively, that damages violated substantive due process. In reviewing request for *remittitur*, court considered (1) whether award was monstrously excessive, (2) whether there was rational connection between award and evidence, and (3) whether award was roughly comparable to awards made in similar cases, and found that, while “very high,” award was not “‘monstrously excessive,’ without a rational connection to the evidence or outside a rough comparison to similar cases.” Considering due process challenge, court embraced standard in *Williams*, finding that due process was violated “only where the penalty prescribed is so severe and oppressive as to be wholly disproportioned to the offense and obviously unreasonable,” and emphasized substantial deference owed to jury, reasoning that award was not rendered oppressive or disproportionate even if factors weighed by jury (e.g., defendant’s profits, difficulty in proving actual damages, plaintiff’s lost revenues, etc.), when viewed in isolation, might not have supported award. Court also emphasized defendant’s failure to present relevant arguments to jury or court before instant motion and held that Rule 59 motion was “not the proper mechanism for bringing theories or arguments

that could have been raised before judgment.” Accordingly, court denied defendant’s motion for *remitter* or new trial.

## **B. Attorneys’ Fees**

*Manhattan Review LLC v. Yun*, 919 F.3d 149 (2d Cir. 2019)

District court awarded defendants attorneys’ fees as prevailing party even though defendants did not obtain favorable judgment on merits of plaintiffs’ claims. Defendant Yun and plaintiff Messner formed test preparation business Manhattan Review. In 2011, after falling out, Yun filed Certificate of Cancellation for Manhattan Review with Delaware Secretary of State and formed competitor business Manhattan Enterprise. In 2012, Meissner, individually and derivatively on Manhattan Review’s behalf, sued Yun and Manhattan Enterprise in New York state court on various state law claims. State court dismissed Meissner’s derivative claims due to Manhattan Review’s cancelled status. Meissner filed Certificate of Correction with Delaware Secretary of State and received Certificate of Good Standing, on basis of which Meissner moved to vacate state court’s earlier dismissal of derivative claims. State court denied Meissner’s motion because Meissner failed to show that Certificate of Good Standing nullified Certificate of Cancellation. In 2016, Manhattan Review and Meissner, derivatively on Manhattan Review’s behalf, brought suit against Yun, Manhattan Enterprise and third defendant, alleging copyright and trademark infringement in addition to various state law claims. District court granted defendants’ motion to dismiss federal suit, holding that collateral estoppel barred plaintiffs’ claims because state court held that plaintiffs lacked capacity to sue after plaintiffs had full and fair opportunity to litigate. Defendants then sought attorneys’ fees award under Copyright Act and Lanham Act. Under either fee-shifting statute, prevailing party is one who has favorably effected material alteration of parties’ legal relationship by court order. Second Circuit, relying on U.S. Supreme Court’s holding in *CRST Van Expedited, Inc. v. EEOC*, 136 S. Ct. 1642 (2016), held that defendant need not obtain favorable judgment on merits to be prevailing party, and affirmed district court’s award of attorneys’ fees to defendants.

*16 Casa Duse, LLC v. Merkin*, 740 F. App’x 223 (2d Cir. 2018)

Second Circuit vacated district court’s denial of plaintiff’s claim for attorneys’ fees and remanded for further consideration. In underlying action, plaintiff asserted copyright and various state law claims. After granting summary judgment to plaintiff, district court awarded plaintiff attorneys’ fees under § 505. Second Circuit reversed grant of summary judgment on tortious interference claim, recognizing that conclusions in context of that holding that Merkin’s copyright claims were neither objectively unreasonable nor advanced in bad faith could bear on fee determination under Copyright Act, and remanded matter for reconsideration, holding that “district court may consider [parties’] contentions on remand if and when it is required to calculate costs and fees with respect to the copyright claims only, without reference to the tortious interference claim, which we conclude is without merit.” On remand, district court denied plaintiff’s renewed request for fees. Plaintiff once again

appealed. Second Circuit explained that its statement that re-calculation of fees on remand would be with respect to copyright claims only, without reference to tortious interference claim, “merely underscored that when the district court undertook the necessary reconsideration, it could not award fees based on the tortious interference claim, because the grant of summary judgment on that claim had been reversed.” Court noted that Supreme Court in *Kirtsaeng* approved of fee award under § 505 based primarily on considerations of compensation and deterrence, even where litigation position was not objectively unreasonable, and expressed view that “under the unique circumstances of this case, a fee award in some amount may well be warranted based on those considerations.”

*Nobile v. Watts*, 747 F. App’x 879 (2d Cir. 2018)

Second Circuit affirmed district court’s award of reasonable attorneys’ fees to prevailing defendant based on objective unreasonableness of plaintiff’s claims and need for compensation and deterrence. Plaintiff wrote Screenplay in which childless couple decided to keep motherless baby found in boat washed up on island. Defendants wrote and published Novel, later adapted into Film, with same premise. Plaintiff alleged that Novel and Film infringed copyright in Screenplay. District court held, and plaintiff conceded, that Screenplay’s basic premise was unprotectable idea. Additional plot elements shared by Screenplay and Novel – e.g., that couple found baby immediately after stillbirth, allowing them to pass off baby as own – also held to be unprotectable ideas. Remaining similarities, including wife’s emotional and physical reactions to stillbirth, flowed naturally from unprotectable premise, and thus were unprotectable *scènes à faire*. Two instances of literal similarity (dialogue snippets “I hate this place” and “just you and [I/me]”) were *de minimis* and did not give rise to substantial similarity finding. Second Circuit affirmed district court’s finding that infringement claim was objectively unreasonable, especially where district court explicitly accounted for considerations of compensation and deterrence. District court’s award of all attorneys’ fees incurred, as well as court’s decision to reduce same by 15%. were reasonable. Second Circuit thus affirmed attorneys’ fees award.

*Shame on You Prods. v. Banks*, 893 F.3d 661 (9th Cir. 2018)

Ninth Circuit affirmed district court’s grant of attorneys’ fees to defendants. District court dismissed plaintiff’s claim that film *Walk of Shame* infringed copyright in screenplay titled *Darci’s Walk of Shame*, and granted defendants’ motion for fees. District court found plaintiff’s infringement claim was objectively unreasonable, that substantial similarity issue was “not close,” that plaintiff acted in bad faith by unreasonably delaying turnover of plaintiff’s screenplay and by dragging out meritless litigation, and that overall goals of Copyright Act would be served by fee award. District court therefore did not abuse its discretion in determining that defendants were entitled to fees. Ninth Circuit also held that district court did not abuse its discretion in determining amount of attorneys’ fees.

*Cobbler Nev., LLC v. Gonzales*, 901 F.3d 1142 (9th Cir. 2018)

Ninth Circuit affirmed district court's award of attorneys' fees to prevailing defendant in direct and contributory infringement suit. Plaintiff, owner of copyright in film *The Cobbler*, identified IP address that had, without authorization, downloaded and distributed film multiple times. After filing suit against IP address, plaintiff obtained records identifying defendant individual as subscriber associated therewith. Defendant's internet service was accessible to both residents and visitors at adult care foster home, and defendant did not disclose names or work schedules of home due to confidentiality concerns. Plaintiff sued defendant personally for direct and contributory copyright infringement, and both claims were dismissed based on plaintiff's failure to plead sufficient facts in support thereof. District court awarded attorneys' fees to defendant because plaintiff's decision to name defendant personally was unreasonable in light of plaintiff's conclusion that defendant was neither regular occupant of residence at issue nor likely infringer, and because such award would deter plaintiff from overaggressively pursuing alleged infringers without reasonable factual basis, while encouraging defendants with valid defenses to defend their rights. Ninth Circuit held district court's award proper application of relevant considerations set out in Supreme Court's decision in *Kirtsaeng v. John Wiley & Sons, Inc.*, 136 S. Ct. 1979.

*Glacier Films (USA), Inc. v. Turchin*, 896 F.3d 1033 (9th Cir. 2018)

Ninth Circuit reversed and remanded, holding district court abused discretion in denying plaintiff's motion for attorneys' fees. Plaintiff brought suit against defendant who used peer-to-peer network platform BitTorrent to illegally download and distribute plaintiff's movie *American Heist*. Defendant was deposed and admitted to illegally downloading movie. Subsequently, defendant became non-responsive and plaintiff filed motion for default judgment. Thereafter, court appointed *pro bono* attorney who filed answer on behalf of defendant, asserting various affirmative defenses. Parties settled matter and defendant stipulated to liability for infringement and agreed to pay \$750 in statutory damages. Parties further agreed that award of attorneys' fees would be determined by court. District court denied request for fees, and plaintiff appealed. Court applied factors set forth in *Fogerty v Fantasy, Inc.*, 510 U.S. 517 (1994) ("frivolousness, motivation, objective unreasonableness (both in the factual and in the legal components of the case) and the need in particular circumstances to advance considerations of compensation and deterrence"), and also considered degree of success obtained, purposes of Act, and whether chilling effect of attorneys' fees may be too great or impose inequitable burden on defendant. Court held plaintiff attained "actual success" by establishing defendant's liability, despite small statutory damages. Additionally, attorneys' fees were needed because current policies and legislation were failing to deter infringers. Court highlighted that defendant continued to use BitTorrent right up to deposition, despite notice that his illegal acts might subject him to legal penalties. Goals of Copyright Act were advanced by attorney's fees. Moreover, plaintiff did not engage in overaggressive assertion of copyright claims, did not request exorbitant amount of money to settle, did not seek confidential settlement agreement, and was not engaging in copyright trolling. Furthermore, court found defendant to be unreasonable and frivolous because he delayed resolution of matter and asserted baseless

defenses. Finally, defendant's repeatedly distributing copies despite express copyright warnings in movie were evidence of willfulness.

*YS Built LLC v. Huang*, No. 17-35044, 2018 U.S. App. LEXIS 17636 (9th Cir. June 27, 2018)

Ninth Circuit affirmed award of attorneys' fees to prevailing defendants. Parties negotiated potential construction agreement whereby defendants paid plaintiff's architect to prepare plans for home. Parties ultimately could not finalize contract, and defendants hired third party to build home. Plaintiff brought suit alleging infringement. District court held trial and found for defendants. Court found trial court did not abuse discretion in awarding defendants attorneys' fees and costs pursuant to *Fogerty* factor analysis. As trial court found, defendants prevailed on copyright claim; plaintiff's claim was "objectively unreasonable, if not frivolous"; plaintiff's motivation militated in favor of fees; and fees award would deter copyright abuses and compensate defendants.

*Downs v. Yeshiva World News, LLC*, No. 18-250, 2019 U.S. Dist. LEXIS 17751 (E.D.N.Y. Feb. 1, 2019)

Plaintiff brought copyright infringement suit against defendant, online news publisher, alleging that defendant published two of plaintiff's copyrighted photographs on its website without authorization and credit. Upon defendant's default, court granted plaintiff's motion for default judgment finding defendant liable for copyright infringement. Court held that plaintiff's request for reimbursement of costs and attorneys' fees was reasonable, given that counsel's claimed hourly rate was within range that courts usually approve in similar cases, and billing records revealed reasonable number of hours worked, and record confirmed that plaintiff reasonably incurred requested costs.

*John Wiley & Sons, Inc. v. Book Dog Books, LLC*, 327 F. Supp. 3d 606 (S.D.N.Y. 2018)

Granting plaintiffs' post-trial motion, district court awarded attorneys' fees to plaintiffs based on defendants' unreasonable positions and conduct in litigation, but reduced award by 30% due to deficiencies in plaintiffs' billing records. Plaintiff textbook publishers sued defendants, used book sellers, for copyright infringement, claiming defendants knowingly and recklessly sold counterfeit textbooks despite earlier settlement agreement with plaintiffs. Plaintiffs presented evidence that defendants purchased books from known counterfeiters, failed to keep accurate records, destroyed potentially infringing textbooks, and had sold and continued to sell counterfeit textbooks. During litigation, defendants took unreasonable legal positions, made frivolous requests and factual arguments, and willfully concealed evidence in discovery. Court held that this conduct, coupled with jury's finding that defendants' infringement was willful, justified attorneys' fees award. However, court held that, despite plaintiffs' reasonable requested hourly rate, plaintiffs' billing records (which included block billing and excessive time expenditure) resulted in unreasonable lodestar amount; court thus exercised discretion by reducing ultimate fee award by 30%.

*We Shall Overcome Found. & Butler Films v. Richmond Org., Inc.*, 330 F. Supp. 3d 960 (S.D.N.Y. 2018)

Parties settled declaratory judgment action addressing validity of two copyrights in musical composition “We Shall Overcome.” As part of settlement, defendants agreed to stop claiming copyright in melody or lyrics of verses of “We Shall Overcome.” Plaintiff moved for over \$1 million in attorneys’ fees and more than \$60,000 in expenses. Court found that plaintiff was prevailing party under § 505. Next court assessed *Fogerty* factors, finding defense not frivolous but “weak”; that defendants’ motivation in bringing suit – to save song from commercialism – weighed in their favor; that defendants’ litigation conduct was not, for most part, objectively unreasonable; and that deterrence and compensation were “complex” in case because song was largely in public domain, and only thing deterred would be “baseless assertion of copyright rights.” On balance, court found plaintiffs entitled to attorneys’ fees. Court, however, found requested hourly rate too high, taking into account fact that defense counsel offered 50% fee reduction, and fact that plaintiffs’ counsel sought to achieve common fund recovery as class action class action, from which maximum fees recoverable would have been relatively modest. In sum, court found 65% reduction from hourly rates to be “reasonable approximation of the fees that the reasonable, hourly-fee paying client could expect to pay to bring a case such as this one.” Court also adjusted paralegal rates. Court rejected defendants’ complaint over hours worked by plaintiffs’ counsel. Although not raised by defendants, court found adjustment was needed to subtract time billed for discussions with media. Although plaintiff additionally sought to recover expert fees and expenses, court found it had no authority to shift this cost to defendants. In total, court award \$352,000 in attorneys’ fees.

*Frye v. Lagerstrom*, No. 15-5348, 2018 U.S. Dist. LEXIS 108318 (S.D.N.Y. June 27, 2018)

District court granted plaintiff’s request for attorneys’ fees. Plaintiff and defendant agreed to produce plaintiff’s script *Homeless: A Love Story*. Parties executed agreement that all footage/material belonged to plaintiff. Defendant published six minutes of footage on YouTube, naming himself director, and refused plaintiff’s demands to remove footage, resulting in Showtime’s decision not to exercise first refusal rights. After defendant ignored plaintiff’s demand letters and takedown notices, plaintiff brought suit for infringement. District court permanently enjoined defendant from infringing *Homeless* copyrights, and awarded plaintiff \$10,000 in statutory damages. Considering plaintiff’s fees motion, court noted that several of defendant’s positions in defending infringement claim were objectively unreasonable; significant portions of defendant’s submissions were devoted to developing conspiracy theory involving plaintiff and third parties’ alleged manipulation of New York State criminal justice system, which court dismissed as “fanciful notion.” Defendant’s *pro se* status did not change calculus. Court found plaintiff’s counsel’s \$200 hourly rate, and time expended, reasonable, and awarded plaintiff \$21,450 in attorney’s fees.

*Sophia & Chloe, Inc. v. Brighton Collectibles, Inc.*, No. 12-2472, 2019 U.S. Dist. LEXIS 54576 (S.D. Cal. Mar. 29, 2019)

District court denied defendant's motion for attorneys' fees. During jury trial, jury found that 10 of plaintiff's copyrights were invalid, that one of plaintiff's copyrights was valid but defendant did not infringe it, and that two of plaintiff's copyrights were valid and defendant infringed them. Court denied both parties' motions for attorneys' fees. On appeal, Ninth Circuit found that only one of plaintiff's designs was protected from virtually identical copying, and defendant had not infringed it. Ninth Circuit vacated judgment and remanded to district court for reconsideration of denial of defendant's fees motion. Applying *Fogerty* factors, court found degree of success obtained and motivation weighed in favor of awarding fees, frivolousness and objective unreasonableness weighed against awarding fees, and compensation and deterrence factor was neutral. Fact that plaintiff was small business owned by one person, with declining sales, weighed further against fees award. Looking at factors under totality of circumstances, court found that they ultimately weighed against award of attorneys' fees.

*Mfg. Automation & Software Sys. v. Hughes*, No. 16-8962, 2018 U.S. Dist. LEXIS 106797 (C.D. Cal. June 25, 2018)

Plaintiff software developer sold "Traceability Made Easy" program, for which it owned seven registrations and one application. Plaintiff alleged defendant copied its program in creating "InformaTrac Pro" program. Defendants contended that plaintiff could not recover statutory damages and attorneys' fees. Plaintiff acknowledged that it was aware of infringement eight months prior to effective date of registration for six registrations and prior to dates of first publication on those registrations. For registration with earlier first publication date, alleged infringement occurred following first publication, but effective date of registration was more than three months after first publication. Therefore, statutory damages and attorneys' fees were not available to plaintiff.

*McGucken v. Chive Media Grp., LLC*, No. 18-01612, 2018 U.S. Dist. LEXIS 115635 (C.D. Cal. Jul. 11, 2018)

Court granted in part and denied in part defendant's motion to dismiss. Plaintiff photographer brought direct and vicarious/contributory infringement and DMCA claims against defendant. Plaintiff alleged that defendant published plaintiff's copyrighted photographs on its website, and removed plaintiff's copyright management information, as defined under DMCA. Defendant moved to dismiss plaintiff's prayer for statutory damages and attorneys' fees for "failure to identify (1) the date the alleged infringement commenced, (2) the date the copyrights were allegedly registered, and (3) the date of first publication of the works as required by § 412." Court rejected plaintiff's argument that defendant's challenge to statutory damages request was premature; decision on availability of statutory remedies was not premature because plaintiff's pleadings contained request for award of statutory damages and attorney's fees. Plaintiff did not provide date of registration of copyrights or alleged infringement. Court did not agree with plaintiff that dates of

infringement were within control of defendant; alleged infringement occurred on “single publicly accessible website.” URLs included with every photograph in exhibit to complaint contained date, “which is likely the date of the post. Consequently, Plaintiff is able to plead the dates of infringement for each photograph.” By not including any of these dates, plaintiff failed to properly plead facts sufficient for prayer for statutory damages. Court accordingly granted defendant’s motion as to plaintiff’s prayer for statutory damages and attorneys’ fees.

*Hacienda Records, LP v. Ramos*, No. 14-19, 2019 U.S. Dist. LEXIS 879 (S.D. Tex. Jan. 3, 2019)

Court held defense counsel jointly and severally liable with client under 28 U.S.C. § 1927 for attorneys’ fees in amount of \$236,544.50 and costs in amount of \$58,101.15. Plaintiff record company sought declaratory judgment that it owned copyright in certain sound recordings and compilations. Defendant counterclaimed for copyright infringement; breach of fiduciary duty; fraud; RICO violations; and breach of contract. Court granted summary judgment in favor of plaintiff, and granted in part plaintiff’s motion for fees. Court noted that in Fifth Circuit award of attorneys’ fees under Copyright Act is rule rather than exception, and is compelling when non-prevailing party’s claim or defense is frivolous. Court held defense counsel jointly and severally liable for fees and costs under § 1927 for unreasonably and vexatiously multiplying proceedings. District court concluded that cost recovery authorized by Copyright Act is more expansive than normal cost recovery in federal court litigation, and awarded plaintiff costs including Westlaw, Lexis, and PACER research charges; postage; publication charges paid to Copyright Office; and travel expenses of counsel to attend court hearings and depositions. Motion for injunctive relief prohibiting defense counsel from filing further lawsuits against plaintiff without leave of court was denied; court reasoned that award of fees and costs should sufficiently deter defendant from prosecuting unsupported claims in future.

*Photographic Illustrators Corp. v. OSRAM Sylvania, Inc.*, No. 17-12425, 2019 U.S. Dist. LEXIS 18857 (D. Mass. Feb. 6, 2019)

District court denied defendant’s motion to vacate, and granted plaintiff’s motion to confirm, arbitration award in which arbitrator ruled against plaintiff on copyright infringement claim and in favor of plaintiff on breach of contract claim, but denied defendant’s request for attorneys’ fees as prevailing party on copyright claim. Plaintiff commercial photography service entered into license agreement with defendant lighting product manufacturer and seller, allowing defendant to use plaintiff’s photographs of defendant’s products. Plaintiff later sued several companies selling defendant’s products for using plaintiff’s photographs without authorization. Pursuant to license agreement, defendant commenced arbitration against plaintiff, alleging tortious interference with contract and unjust enrichment claims. Arbitrator rejected all of defendant’s claims and all of plaintiff’s counterclaims except breach of contract counterclaim, for which arbitrator awarded damages, attorneys’ fees and costs. Arbitrator refused to award attorneys’ fees to defendant despite dismissing copyright infringement claim, finding that plaintiff’s copyright claims were objectively reasonable and brought in good faith, and further that award of attorneys’ fees would not further Copyright

Act's fundamental goal of promoting public access to creative works. Defendant sought to overturn arbitrator's holding on ground that arbitrator manifestly disregarded law in rejecting defendant's fee request. Court held that arbitrator recognized correct legal standard, considered proper factors and reached decision within his broad discretion, thereby not exhibiting manifest disregard of law. Court therefore affirmed arbitrator's award.

*Oracle USA, Inc. v. Rimini St., Inc.*, 324 F. Supp. 3d 1157 (D. Nev. 2018)

Plaintiff Oracle created, manufactured and licensed software and provided support services to its licensed software customers. Defendant Rimini Street similarly offered software support to customers using Oracle's licensed software. Oracle asserted claims including copyright infringement and state law computer access and unfair competition claims, alleging that Rimini Street copied Oracle's works onto its computers to provide support to customers. After trial, jury found Rimini Street infringed 93 of plaintiff's works and that defendants violated state computer access laws, and awarded plaintiff \$35.6 million for copyright infringement and \$14,427,000 for state computer access violations. After trial, Oracle moved for permanent injunction, prejudgment interest, and attorneys' fees, which court granted. Defendants appealed jury verdict to Ninth Circuit, which affirmed findings and monetary judgment with prejudgment interest for copyright infringement. However, Ninth Circuit reversed verdict on state law computer access and unfair competition claims and related judgment. Due to reversal on state law claims, Ninth Circuit vacated previously issued permanent injunction and attorneys' fees award. Plaintiff renewed motion for permanent injunction and attorneys' fees. Court previously awarded plaintiff \$28,502,246.40 in attorneys' fees, and plaintiff sought same amount in renewed motion. Court considered *Fogerty* and additional Ninth Circuit factors to determine whether it should award fees after Ninth Circuit's reversal on state law claims. First, court found plaintiff's maintenance of suit was not frivolous and focused on plaintiff's successes in suit: plaintiff defeated defendants' counterclaims and affirmative defenses related to copyright, and jury found Rimini Street infringed 93 of plaintiff's registrations and awarded it \$35.6 million for infringement, which order and verdict Ninth Circuit affirmed. While many of plaintiff's claims were dismissed or voluntarily withdrawn before trial and appeal, and Ninth Circuit reversed computer access claims, court found plaintiff's success supported award of attorneys' fees, particularly because court determined that "litigation, at its heart and core, was a copyright infringement action against Rimini Street regardless of any other claims pled." Most pretrial motions and orders were related to infringement, as was most evidence presented at trial. Second, court found that defendants' contention that it did not infringe was not reasonable because it rested on obvious misreading of relevant licensing agreements and ignored way Rimini Street used and stored plaintiff's programs on its servers. On this factor, court also considered that for more than five years Rimini Street argued that it did not infringe and specifically did not cross-use software and merely used certain versions of software for archiving and certain testing. But at trial, Rimini Street's owner and CEO testified that Rimini Street did cross-use software and engaged in infringing conduct, but contended conduct was innocent and without knowledge of impropriety. Court also considered Rimini Street's litigation misconduct during case, including recognition of spoliation and evidence destruction at trial

and resulting adverse inference instruction to jury. Court found defendants' unreasonable behavior was "minimally related to state law claims reversed by Ninth Circuit." Third, court found attorneys' fees award was necessary to make Oracle whole, as it spent more than \$58 million in legal fees and costs to receive infringement judgment. Fourth, court found that fee award would deter Rimini Street and third parties from infringement. Fifth, court found award of fees would serve purpose of Act because IP owners like plaintiff would be rewarded for pursuing protection under Act and spurring, compensating, and defending authors' works. Having determined that award of fees was appropriate, court considered appropriate amount. First, court determined amount requested was reasonable because rates and time were reasonable for complexity of action, and case was predominantly about copyright infringement. Ninth Circuit opinion did not disturb court's determination on this issue. Although amount requested included time billed for claims for which plaintiff was not successful, court found claims had same central set of facts or theories as copyright claim and could be awarded. Court further found time billed for computer claims could be recovered. Court awarded Oracle \$28,502,246.40 in attorneys' fees.

*DRK Photo v. McGraw-Hill Global Educ. Holdings LLC*, No. 16-4536, 2019 U.S. Dist. LEXIS 18082 (D. Ariz. Feb. 5, 2019)

Court granted defendant's motion for attorneys' fees after parties stipulated to dismissal with prejudice. Case was plaintiff's second attempt to bring copyright claim against defendant arising from alleged infringement, and in first case plaintiff's claims were dismissed for lack of standing. In prior case court held that plaintiff, stock-photo agency, did not have standing to bring infringement claims against defendant, textbook publisher, because plaintiff's agreements with photographers did not transfer ownership of works. Defendant argued it was entitled to attorneys' fees because: (1) plaintiff's pursuit of lawsuit was objectively unreasonable and frivolous as matter of law, (2) plaintiff and its counsel acted in faith in bringing lawsuit, and (3) fee award to defendant would serve interests of Copyright Act by deterring future improper litigation tactics. Court held case objectively unreasonable because court ruled in previous case plaintiff did not have standing. Because plaintiff was on notice that it did not have standing, claims in present case were also deemed frivolous. Rejection of identical standing theory in earlier action led court to conclude that this action was filed as form of overly aggressive litigation tactics, using threat of copyright damages as way to obtain large settlements. Finally, because plaintiff should not have brought this action after prior court orders placed plaintiff on notice it would not be successful in bringing claim, it would further purpose of Copyright Act to award attorneys' fees. Court, applying lodestar method, awarded defendant \$138,717.00 in fees for 322.2 hours billed to defendant in case.

*Datacarrier S.A. v. WOCCU Servs. Grp.*, No. 16-122, 2018 U.S. Dist. LEXIS 106090 (W.D. Wis. June 25, 2018)

District court granted prevailing defendant's motion for attorneys' fees. As to strength of parties' claims and defenses, court noted that it resolved all issues in defendant's favor, sometimes on multiple grounds; that "case was not a close one"; that plaintiff's position was objectively unreasonable; and that plaintiff's conduct unnecessarily increased length and cost

of litigation. “Bottom line” was that defendant had strong defense, plaintiff clung to weak arguments that increased expense of litigation, and defendant would be left without remedy if court declined to award fees. Defendant sought fees in amount of \$936,325, translating to effective rate of \$360 per hour. Because plaintiff did not object to reasonableness of rate or hours expended, court granted defendant’s request in full.

*Reed v. Ezelle Inv. Props.*, No. 17-1364, 2019 U.S. Dist. LEXIS 56264 (D. Or. Apr. 2, 2019)

Court granted plaintiff’s motion for costs and attorneys’ fees after plaintiff, nature photographer, successfully sued defendant for infringement of plaintiff’s fine-art photograph of Japanese gardens in Portland. Court considered (1) degree of success obtained; (2) need to advance compensation and deterrence; (3) objective unreasonableness and frivolousness; (4) motivation; and (5) goals of Copyright Act, and found that all factors weighed in favor of awarding fees. Defendant argued that attorneys’ fees should not be awarded in order to deter overaggressive assertion of copyright claims, contending that plaintiff employed “questionable litigation tactics” before and after bringing action, including insisting on confidentiality, continually overvaluing case, and offering to settle for large amounts. Court reasoned that, while plaintiff’s tactics were aggressive, plaintiff was not overaggressive, and “nowhere in *Kirtsaeng* did the Supreme Court promote denying fees in *meritorious* claims because those winning claims are somehow ‘overaggressive.’” In setting amount of fees, court utilized “lodestar” method, multiplying hours reasonably expended on litigation by hourly rate, and awarded costs and attorneys’ fees in amount of \$10,539.20.

*Am. Dig. Sys. v. Nelson*, No. 17-293, 2019 U.S. Dist. LEXIS 15706 (D. Utah Jan. 30, 2019)

Court granted defendant’s motion for attorneys’ fees after plaintiff’s infringement claim was dismissed. Court determined that fees should be awarded because plaintiff (1) maintained suit based on objectively unreasonable positions; (2) prolonged, complicated, and jeopardized just resolution of litigation by serially and intentionally misstating authorship of key emails; and (3) otherwise harmed proper functioning and integrity of judicial process. Plaintiff brought suit after discovering wedding photo of plaintiff’s counsel’s daughter on defendant’s website. During litigation, plaintiff took positions unsupported by facts, including misstating that it received confirmation of registration from Copyright Office when email originated from private company Copyright Registry Online, and repeated such misstatements in sworn declaration. Plaintiff also sought actual damages and injunction while never identifying any facts supporting reasonable inference that it suffered actual damages, and despite defendant having already removed photograph from its website; and sought statutory damages and attorneys’ fees even though it was undisputed that any infringement commenced before alleged registration. Court concluded award of \$48,564 in attorneys’ fees to defendant was reasonable to appropriately compensate defendant for legal expenses incurred and to deter similar future conduct.

*Energy Intelligence Grp., Inc. v. CHS McPherson Refinery, Inc.*, No. 16-1015, 2019 U.S. Dist. LEXIS 14632 (D. Kan. Jan. 30, 2019)

Following jury trial awarding plaintiff statutory damages for defendant's copyright infringement, district court declined to award attorneys' fees to either party. Plaintiff magazine publisher sued defendant refinery for copyright infringement, alleging that defendant purchased single subscription from plaintiff for two magazines but shared each magazine with multiple recipients. Jury found that defendant willfully infringed plaintiff's copyrights and awarded \$1.2 million in statutory damages for three years prior to plaintiff's initiation of suit. Post-trial, both parties moved for attorneys' fees. Court, guided by *Kirtsaeng v. John Wiley & Sons, Inc.*, 568 U.S. 519 (2013), assessed plaintiff's motivation in bringing suit, both parties' objective unreasonableness as to factual and legal arguments, and need for deterrence. Despite holding plaintiff to be prevailing party, court denied plaintiff's motion for attorneys' fees because (1) plaintiff filed over 50 similar lawsuits against customers, suggesting that its motivation was money-making rather than copyright enforcement, (2) defendant's defenses, though not meritorious, were not unreasonable, given that in Tenth Circuit "boundaries of copyright law are fuzzy at best," and given that defendant ultimately limited plaintiff's damages to 2% of amount sought, (3) plaintiff acted unreasonably by failing to make any reasonable settlement offer during litigation, and (4) no need for further deterrence because defendant admitted infringement and was forced to pay much more than license fees it would have otherwise owed to plaintiff. However, as prevailing party, plaintiff was entitled to full costs. Court also held that defendant was not entitled to attorneys' fees despite making Rule 68 offer of judgment that exceeded plaintiff's ultimate recovery. Court adopted majority position that non-prevailing party not entitled to attorneys' fees under any provision of Copyright Act.

*McGraw-Hill Cos. v. Griffin*, No. 14-42, 2018 U.S. Dist. LEXIS 143233 (W.D. Ky. 2018)

Plaintiffs brought suit for direct, contributory, and vicarious infringement, and accepted Offer of Judgment from defendant in amount of \$359,254. Subsequently, parties disagreed over whether Offer of Judgment included award of attorneys' fees and costs. Sixth Circuit held that plaintiffs were entitled to attorneys' fees in their cost award, and remanded for district court to consider costs including attorneys' fees payable to plaintiffs. Plaintiffs sought fees in amount of \$791,709.20 and costs in amount of \$63,126.99. Court rejected defendant's argument that amount requested was disproportionate in comparison to judgment, finding no requirement of proportionality between fees and damages. Defendant argued that costs should be reduced by \$55,741.62 because ESI hosting fees and technical assistance in ESI management were not recoverable. However, defendant did not support argument that such costs were unrecoverable, and did not respond to plaintiffs' argument that such costs were recoverable under § 505. Court noted that district courts in Sixth Circuit had found that "full costs" in § 505 includes taxable and non-taxable costs. Court granted motion for full amount of fees and costs sought.

### C. Injunction/Impoundment

*John Wiley & Sons, Inc. v. Book Dog Books, LLC*, 327 F. Supp. 3d 606 (S.D.N.Y. 2018)

District court, granting plaintiffs' post-trial motion, permanently enjoined defendants and related entities from selling counterfeit textbooks and required defendants to send all suspected counterfeits in defendants' current inventory to plaintiffs. Plaintiff textbook publishers sued defendants, used book sellers, for copyright infringement, claiming defendants knowingly and recklessly sold counterfeit textbooks despite earlier settlement agreement with plaintiffs. Plaintiffs presented evidence that defendants purchased books from known counterfeiters, failed to keep accurate records, destroyed some potentially infringing textbooks, and had sold and continued to sell counterfeit textbooks. Court found that plaintiffs demonstrated elements required for permanent injunction: without injunction, plaintiff was likely to suffer further injury from defendants' continuing infringing sales, for which plaintiffs could not sufficiently be compensated by monetary damages, and balance of hardships tipped in plaintiffs' favor each time defendants sold infringing textbook, while public interest would not be disserved by injunction. On plaintiffs' request, court extended injunction to 25 entities controlled by defendants' principal, including non-parties, and required defendants to provide sworn declaration of compliance with injunction 120 days from issuance and annually for five years. Although defendants were required to purge all known counterfeits, and send to plaintiffs all suspected counterfeits, in current inventory, defendants were not required to do so going forward. Defendants also were not required to provide notice of injunction to all entities with which defendants did business.

*Conan Props. Int'l LLC v. Sanchez*, No. 17-162, 2018 U.S. Dist. LEXIS 138203 (E.D.N.Y. Aug. 15, 2018)

Plaintiff, owner of copyrights in comic books and graphic novels featuring Conan the Barbarian and six other characters, sued defendant for copyright infringement, based on defendant's manufacture, display, and sale of miniature sculptures of Conan and other copyrighted characters. Before bringing suit, plaintiff filed DMCA takedown notice against defendant, who filed counter-notice "insisting his sculptures were legal" and continued selling sculptures under thinly veiled, generic names. In lawsuit, defendant defaulted, and plaintiff moved for default judgment; court referred motion to magistrate judge. Court declined to adopt magistrate's recommendation against injunctive relief, and instead found injunctive relief to be appropriate, given (1) threat of continuing infringement, and (2) that monetary damages alone were inadequate. Considering first point, court reasoned that defendant's decision to continue selling sculptures after receiving DMCA notice from plaintiff suggested defendant believed he could freely copy plaintiff's characters so long as he avoided using their exact names. On second point, court found that plaintiff's submission of photo of infringing statue supplied by third party was evidence that defendant's initial conduct had extended beyond his control and caused additional instances of infringement.

*Patagonia, Inc. v. Tradition LLC*, No. 18-797, 2019 U.S. Dist. LEXIS 36795 (C.D. Cal. Mar. 4, 2019)

Plaintiff, creator of outdoor clothing products, owned registration for design composed of PATAGONIA superimposed on skyline featuring Mt. Fitz Roy. Defendant created, distributed and sold t-shirts featuring similar Mt. Fitz Roy design, except word “tradition” was substituted for “Patagonia.” Plaintiff moved for default judgment, statutory damages, attorneys’ fees, and permanent injunction. Court applied *Eitel* factors and found they weighed in favor of entering default judgment. As to likelihood of success on merits, court found plaintiff made *prima facie* showing of valid copyright through submission of registration number and certificate. It further found plaintiff sufficiently pleaded copying by submitting images of its work and defendant’s design, which showed substantial similarity. Court also found sufficient allegation of access because design was very identifiable worldwide, and had been on plaintiff’s products for prolonged period of time. Plaintiff sought, and court granted, \$30,000 in statutory damages rather than award for willful infringement. As to fees, court ordered \$2,400 in fees in accordance with local fee schedule for default judgment. Finally, court awarded permanent injunction. It found plaintiff showed irreparable harm because, due to defendants’ non-participation in suit, court had no reason to believe defendant would not infringe in future; inadequate remedy at law because defendant’s non-participation made approximation of actual damages impossible; and because there was risk of future infringement, damages for past infringement would not fully compensate plaintiff. Balance of hardships favored plaintiff because without injunction defendants were likely to continue infringing; and injunction would serve public interest. Court granted permanent injunction.

*Oracle USA, Inc. v. Rimini St., Inc.*, 324 F. Supp. 3d 1157 (D. Nev. 2018)

Plaintiff Oracle created, manufactured, and licensed software and provided support services to its licensed software customers. Defendant Rimini Street similarly offered software support to customers using Oracle’s licensed software. Oracle brought suit against defendants alleging Rimini Street copied Oracle’s works onto its computers to provide support to customers, and asserted claims, including copyright infringement and state law computer access and unfair competition claims. After trial, jury found Rimini Street infringed 93 of plaintiff’s works and that defendants violated state computer access laws, and awarded plaintiff \$35.6 million for copyright infringement and \$14,427,000 for state computer access violations. After trial, Oracle moved for permanent injunction, prejudgment interest, and attorneys’ fees which court granted. Defendants appealed jury verdict to Ninth Circuit, which affirmed findings and monetary judgment with prejudgment interest for copyright infringement. However, Ninth Circuit reversed verdict on state law computer access and unfair competition claims and related judgment. Due to reversal on state law claims, Ninth Circuit vacated previously issued permanent injunction and attorneys’ fees award. Plaintiff renewed motion for permanent injunction and attorneys’ fees. As initial matter, court rejected defendants’ argument that reversal precluded later entry of injunction. Court then assessed eBay factors to determine appropriateness of entry of injunction. Court found irreparable injury prong weighed in favor of plaintiff, finding that companies directly

competed; Rimini Street increased its market share by undercutting plaintiff, which it could do because of infringement; and Rimini Street's undercutting injured Oracle's goodwill and business reputation by making it appear plaintiff was overcharging. Fact that Rimini Street claimed not to currently engage in infringement was not reason to deny injunction. Court additionally found infringement could not be compensated by monetary damages because harms to plaintiff were intangible and difficult to quantify, damages were complex and difficult for jury to determine, and exclusive rights of copyright holder have been found difficult to compensate by damages. On balance of hardships prong, court found balance weighed in favor of plaintiff, as Rimini Street did not have legitimate business purpose to continue infringement, Rimini Street claimed it changed its business model and services to not constitute infringement, and plaintiff only sought to enjoin infringement. As to public interest, court found issuance of injunction favored public, as public would still have access to competitive services since Rimini Street changed its business model, and injunction would provide incentive to plaintiff to create software for public. Court granted plaintiff's renewed motion for permanent injunction.

*Dish Network L.L.C. v. Simmons*, No. 17-53, 2018 U.S. Dist. LEXIS 127891 (E.D. Tenn. June 28, 2018)

Magistrate judge found plaintiff was entitled to permanent injunctive relief under DCMA stemming from defendant's improper use of passcodes to circumvent plaintiff's encrypted security controls and access copyrighted programming offered through plaintiff's broadcast services. Plaintiff Dish provided copyright programming to its consumers through direct broadcast satellite system using encrypted satellite signals. Pirate organization sold passcodes, which permitted end users to circumvent Dish's security and access copyrighted programming for free. Dish alleged defendant Simmons purchased at least 56 passcodes, some of which Simmons resold, and commenced instant action. Simmons failed to respond, and Dish sought permanent injunction prohibiting Simmons from engaging in such conduct. To obtain relief via permanent injunction, plaintiff must show (1) it has suffered irreparable injury, (2) remedies available at law are inadequate to compensate for injury, (3) remedy in equity is warranted when balance of hardship between plaintiff and defendant is considered, and (4) public interest would not be disserved by permanent injunction. Court agreed with Dish that calculating reputational damages and lost sales was impossible, which demonstrated Dish had been irreparably harmed and money damages were inadequate. Court further found Simmons would suffer no legitimate loss because purchasing passcodes was already prohibited by law, and public interest was served by safeguarding copyright protections and advancing goal of preventing misappropriation of protected works.

*Fortress Iron L.P. v. Fairway Bldg. Prods., LLC*, No. 18-76, 2018 U.S. Dist. LEXIS 119551 (D. Neb. July 18, 2018)

District court denied plaintiff's motion for preliminary injunction. Plaintiff, designer and manufacturer of metal railings, alleged that defendant infringed its copyright in installation instructions included on packaging of railings, and brought motion for preliminary injunction to require that defendant repackage remaining inventory without infringing instructions.

Defendant drafted new instructions and began including new instructions in its metal railing packaging. Defendant also showed that fewer than 5,000 items with old instructions remained in inventory, and that it inserted copies of new instructions in packages, along with notice alerting customer to disregard old instructions and heed new ones during installation. Court found plaintiff failed to carry burden of showing irreparable harm, as damages it suffered – decrease in price and customer loss – could be compensated by monetary damages. Although finding of no irreparable harm was sufficient basis to deny motion, court assessed other preliminary injunction factors. Court found likelihood of success weighed slightly in plaintiff’s favor, but could not say as matter of law that instructions deserved or did not deserve copyright protection, due to defendant’s defenses of merger and functionality. Balance of harms, however, weighed slightly in favor of defendant due to limited number of items still in inventory, availability of compensatory damages, and defendant’s actions to remedy alleged infringement; and court found plaintiff’s several-months-long delay in seeking relief not of sufficient duration to affect its holding. Finally, court found public interest to be neutral factor in analysis. Plaintiff thus had not demonstrated propriety of injunctive relief.

#### **D. Miscellaneous**

*Rimini Street, Inc. v. Oracle USA, Inc.*, 139 S. Ct. 873 (2019)

Supreme Court, relying on statutory text and precedent, held that Copyright Act’s provision for discretionary award of “full costs” does not allow courts to award costs beyond categories enumerated in general “costs” statute. Court found that general costs statute serves as default rule, such that when subject-specific statutes, like Copyright Act, refer to “costs,” courts are confined to six categories listed in 28 U.S.C. §§ 1821 and 1920. Court reasoned that if Congress intended to award further costs, such as expert witness fees, under subject-specific statute, then Congress could provide for them. Court interpreted “full” in “full costs” to mean “all the ‘costs’ otherwise available under law,” rather than expansion beyond default rule. Because Copyright Act does not provide for costs beyond default cost position, \$12.8 million award for litigation expenses ordered by district court, and affirmed by Ninth Circuit, could not stand.

*Bell v. Vacuforce, LLC*, 908 F.3d 1075 (7th Cir. 2018)

Plaintiff photographer brought suit against defendant for unauthorized use of photo of Indianapolis skyline on website. Plaintiff and defendant settled, and suit was dismissed with prejudice. Defendant’s counsel moved for attorneys’ fees as “prevailing party” under § 505. District court found motion frivolous and misleading, and ordered Rule 11 and § 1927 sanctions. Defendant’s counsel appealed. Seventh Circuit found district court did not abuse discretion in awarding Rule 11 sanctions, as defendant’s counsel did not mention fact that parties had settled in his motion for fees. Court rejected counsel’s argument that settlement was irrelevant to whether party was prevailing, and held that “a settling defendant is not a ‘prevailing’ defendant for purposes of a statute that authorizes fee awards for prevailing

parties, whether or not the settlement calls for a judgment of dismissal.” Court also found district court did not abuse discretion by ordering sanctions for baseless motion that “rested on ‘an infirm factual foundation.’” Counsel did not mention settlement, and erroneously attempted to analogize case to *Bell v. Lantz*, in which counsel represented Lantz, when cases were different. Court also considered district court’s imposition of § 1927 sanctions on counsel requiring him to pay plaintiff’s fees in responding to defendant’s counsel’s fee motion. Court found “district court did not abuse its discretion in determining that [counsel’s] conduct was so objectively unreasonable that it called for compensatory sanctions under § 1927 just as it called for sanctions under Rule 11.” Court also found no error in district court’s denial of reconsideration of sanctions motion. Court did not, however, impose appellate sanctions on defendant’s counsel because plaintiff moved for these sanctions too late; it did not find appeal to be frivolous even if underlying motion was frivolous; and court was “not inclined to add fuel that would further raise the temperature between these two parties in their legal analog to long-term trench warfare.”

*Craig v. UMG Recordings, Inc.*, No. 16-5439, 2019 U.S. Dist. LEXIS 53973  
(S.D.N.Y. Mar. 29, 2019)

Plaintiff, photographer, brought infringement suit against defendants, music recording company, music licensing agent, and musician’s estate, after learning that defendant music recording company released 43 albums featuring plaintiff’s photographs of musician B.B. King between 1971 and 2015 without authorization. Court granted in part and denied in part defendants’ summary judgment motion. Defendants also moved for sanctions against plaintiff and his counsel for filing meritless motion to disqualify defendants’ expert witness on ground that plaintiff disclosed confidential information to expert in phone call. Court granted defendants’ motion as to plaintiff’s counsel and his law firm, but declined to sanction plaintiff himself. Court held that plaintiff’s motion was (1) entirely meritless because plaintiff never disclosed any confidential information to defendants’ expert witness, as he had alleged in his papers; and (2) made vexatiously and in bad faith because counsel “went ahead and filed this meritless motion” in spite of having full knowledge that plaintiff had not disclosed confidential information to defendant’s expert. Court accordingly awarded costs and fees against plaintiff’s counsel and his law firm, jointly and severally. As to plaintiff, court declined to infer bad faith and impose sanctions because plaintiff was “layperson” who might “not have known that the motion was legally colorless before agreeing to its filing.”

*Sadowski v. JSN Global Media, Inc.*, No. 18-1392, 2018 U.S. Dist. LEXIS 205365  
(S.D.N.Y. Dec. 3, 2018)

Plaintiff photojournalist alleged defendant media corporation infringed plaintiff’s copyright in photograph of front of Home Depot store, which defendant used on website with relatively low readership. Defendant made Rule 68 offer of judgment that “exceed[ed] five times the highest conceivable license fee for the use at issue in this case,” which plaintiff rejected. Court, pursuant to Rule 68, ordered plaintiff to post bond of not less than \$10,000. Plaintiff moved for reconsideration, arguing that bond requirement should be vacated or its amount reduced because plaintiff could not be liable for non-prevailing defendant’s post-offer

attorneys' fees. Court denied plaintiff's motion for reconsideration, finding that when plaintiff in copyright action recovers less than defendant's rejected offer, Rule 68 requires award to defendant for fees incurred after offer. Court found that defendant would be responsible for certain costs from date of rejection of defendant's offer, and ordered plaintiff to post bond in amount not less than \$10,000 in order to proceed with action.

*Pereira v. 3072541 Can. Inc.*, No. 17-6945, 2018 U.S. Dist. LEXIS 195406 (S.D.N.Y. Nov. 15, 2018)

Plaintiff brought copyright infringement case in S.D.N.Y., alleging infringement of his photograph of Tupac Shakur, Notorious B.I.G., and Redman. Parties engaged in settlement discussions to no avail. At initial conference, plaintiff acknowledged for first time that he had sued wrong corporate defendant, and stated that he would file amended complaint against proper entity. Court ordered plaintiff to show cause why he should be allowed to proceed without posting bond per local rule. Plaintiff filed amended complaint naming proper corporate defendant, but did not respond to order to show cause. Plaintiff voluntarily dismissed amended complaint without prejudice, and defendants subsequently brought motion for sanctions against plaintiff's counsel. Plaintiff later re-filed in Central District of California, and responded to defendant's motion for sanctions in present case. Court was "troubled by [counsel's] conduct in this case, as in many of his firm's hundreds of other copyright cases," and quoted decision referring to him as "known copyright 'troll.'" Court nevertheless exercised discretion to deny defendant's motion for sanctions, noting that even though potential award of damages would likely have been "modest if not negligible," plaintiff still might have been entitled to declaratory judgment; and plaintiff's counsel withdrew case voluntarily at early stage, rather than prolong it. "To the extent that [counsel] and/or his law firm engage in misconduct in the future, however, the Court will not hesitate to impose sanctions."

*James v. Hunt*, No. 17-1181, 2018 U.S. Dist. LEXIS 135101 (N.D. Ga. Aug. 10, 2018)

Court granted defendants' motion for summary judgment. *Pro se* plaintiffs "asserted patently frivolous copyright infringement claims against the Defendants in a series of proceedings in various courts over the course of five years," claiming that Tyler Perry films *Good Deeds* and *Temptation: Confessions of a Marriage Counselor* infringed copyrights in their respective works. Defendants moved for summary judgment seeking injunction barring plaintiffs from bringing any further legal actions based on allegations brought forth in prior cases. Court found plaintiffs' claims to be "largely repetitive, unintelligible, and lacking a basis in reality." Court granted defendants' motion for summary judgment enjoining plaintiffs from bringing any further legal action in any court against any of defendants for claims arising from "same factual predicate or nucleus of operative facts as this case" without express written permission of court.

*Philpot v. LM Communications II of South Carolina, Inc.*, No. 17-173, 2018 U.S. Dist. LEXIS 113927 (E.D. Ky. July 10, 2018)

District court denied plaintiff's motion for sanctions based on defendant's failure to preserve "native copy" of photograph taken down from defendant's website upon receiving plaintiff's cease-and-desist letter. Plaintiff took photograph of Willie Nelson during concert and published photograph online on Wikipedia in 2011. Plaintiff provided free generic license to use Nelson photograph, provided that users complied with terms of licensing, including proper attribution to plaintiff and reference to generic license. In 2014, defendant used Nelson photograph online in promotion of upcoming Nelson concert. Plaintiff subsequently sent defendant cease-and-desist letter, notifying defendant of legal obligation to preserve all information relating to use of Nelson photograph. Although defendant removed Nelson photograph from website, plaintiff sued defendant in April 2017 for copyright infringement. Thereafter plaintiff filed motion for sanctions, arguing that by removing photograph but not preserving native copy of digital file, defendant denied plaintiff ability to discover any copyright management information contained therein. Plaintiff argued adverse inference should be made that defendant removed such information. Court had power to order measures to cure prejudice "upon finding prejudice to another party from loss of [electronically stored information] that should have been preserved in the anticipation or conduct of litigation is lost because a party failed to take reasonable steps to preserve it." Court stated that plaintiff failed to show defendant knew digital evidence contained in file was relevant to plaintiff's claim. Further, plaintiff could not articulate what information was removed from file, whether defendant was responsible for removing such information, and relevance of information to plaintiff's claim. As such, facts did not warrant inference that defendant deleted copyright management information.

## **VIII. PREEMPTION**

*Close v. Sotheby's, Inc.*, 894 F.3d 1061 (9th Cir. 2018)

Plaintiffs were artists and successors-in-interest pursuing royalties under California Resale Royalties Act (CRRA), which provided artist with at least 5% royalty on resale of works. Court considered whether CRRA was preempted by Copyright Act. Court analyzed preemption separately under 1976 Act and 1909 Act. First, plaintiff's claims for royalties on resales of fine art fell within copyright's subject matter under 1976 Act. Court also found CRRA claims equivalent to § 106's distribution right, which is limited by § 109's first sale doctrine. Accordingly, court found claims arising after January 1, 1978 effective date of 1976 Act expressly preempted. Court assessed claims arising under 1909 Act separately, as 1909 Act contained no express preemption provision. Court relied instead on its 1980 holding in *Morseburg v. Balyon* to find that CRRA was not preempted by 1909 Act, rejecting defendants' argument that *Morseburg* had been implicitly overruled. Accordingly, claims arising between CRRA's effective date of January 1, 1977 and 1976 Act's effective date of January 1, 1978 were not preempted.

*Close v. Sotheby's, Inc.*, 909 F.3d 1204 (9th Cir. 2018)

Court previously held that claims for resale royalties (pursuant to California Resale Royalties Act (CRRA)) for sales occurring after January 1, 1978 were expressly preempted by 1976 Copyright Act. Court found that claims for royalties for sales prior to January 1, 1978 were not preempted, and remanded portion of case concerning those claims. Sotheby's and eBay moved for attorneys' fees as prevailing parties under CRRA. As initial matter, court made three observations about CRRA fee-shifting provision: (1) "prevailing party" language allowed defendants and plaintiffs to receive fees in certain situations; (2) "shall be entitled" language indicated fee award was mandatory; and (3) addition of provision in 1982 indicated that it would only apply to sales occurring from January 1, 1983 onwards. Plaintiffs opposed Sotheby's and eBay's motions on two grounds – that CRRA fee-shifting provision was preempted, and that Sotheby's was not prevailing party. Plaintiffs' preemption argument further broke down into two parts. First, plaintiffs argued that court's prior opinion determined CRRA was "null and void" and therefore could not have valid attorneys' fee provision. Court disagreed with argument, finding that decision regarding preemption did not affect existence of state law which survives until repealed; instead, preemption decision renders provision unenforceable until Congress rescinds federal law found to preempt state law, or courts render different opinion. Second, plaintiffs argued that 1976 Act preempted CRRA attorneys' fee provision, but court found that neither express nor conflict preemption applied. CRRA fee-shifting provision did not fall within purview of § 301. Additionally, provision did not conflict with Act because application of fee-shifting provision depends whether action brought pursuant to state or federal law, and plaintiffs only brought claim under state law. Court similarly rejected plaintiffs' argument that Sotheby's was not prevailing party because portion of case was remanded. Fee-shifting provision only applied to sales beginning in January 1983, and all of those claims were determined in Sotheby's favor. Court found that pendency of portion of case would not delay fee award, because "Sotheby's has obtained a secure victory on all of claims for which fees may be awarded." Court granted motion for attorneys' fees and referred matter to Commissioner for determination of appropriate fee amount.

*Munro v. Lucy Activewear, Inc.*, 899 F.3d 585 (8th Cir. 2018)

Eighth Circuit affirmed district court's dismissal of plaintiff's trade dress infringement and state law tortious interference with contract claims as preempted. Plaintiff artist Munro was known for large, immersive light-based installations, including "Field of Light" and "Forest of Light." Munro had confidential discussions with defendant activewear company Lucy regarding use of Munro's art in advertising campaign for Lucy. Simultaneously, Munro had talks with public officials in Boston regarding public exhibition of Munro's art. After both talks ended, Lucy launched interactive light installation called "Light Forest" as advertising campaign in Boston. Following Lucy's motion to dismiss, Munro moved to amend complaint to add claims of trade dress infringement and tortious interference with prospective business opportunities. District court denied motion to amend complaint as futile, and dismissed foregoing claims with prejudice. Munro appealed. Eighth Circuit held Munro's trade dress infringement claim preempted because it was founded on Lucy's

creation of knockoff light installation that “plagiarized” Munro’s creative designs, which were protected by copyright rather than trademark law. Tortious interference claim was preempted because, as Munro conceded, his works fell within subject matter of copyright law, and because Munro alleged his state law rights were infringed by Lucy’s wrongful reproduction of Munro’s light installations, which are equivalent to rights under copyright law. Therefore, both trade dress and tortious interference claims were preempted.

*Spin Master, Inc. v. Amy & Benton Toys & Gifts Co.*, No. 17-5845, 2019 U.S. Dist. LEXIS 19362 (S.D.N.Y. Feb. 6, 2019)

Plaintiffs, part of large multinational toy and entertainment company, brought copyright and New York state law claims against defendants, China-based businesses selling to U.S. through online storefronts, related to plaintiffs’ “Bunchems” children’s toy product packaging. Plaintiffs filed unopposed motion for summary judgment. As to plaintiffs’ claims for unfair competition and unjust enrichment under state law, court applied Second Circuit’s test and found that claims based on defendants’ reproduction of copyrighted packaging were preempted. Although plaintiffs established unfair competition claim based on defendants’ use of Bunchems mark, unfair competition claim based on defendants’ reproduction of plaintiffs’ copyrighted packaging was preempted by Copyright Act. Unjust enrichment claim was likewise preempted to extent it relied on theory that defendants reproduced plaintiffs’ copyrighted artwork. Although unjust enrichment claim contained additional element of enrichment, such element did not go far enough to make unjust enrichment claim qualitatively different from copyright infringement claim.

*Saint-Amour v. The Richmond Org., Inc.*, No. 16-4464, 2019 U.S. Dist. LEXIS 54620 (S.D.N.Y. Mar. 27, 2019)

Plaintiffs challenged defendants’ protectable copyright interest in American folk song “This Land Is Your Land,” seeking declaratory judgment that defendants’ copyright was invalid and that song was in public domain. Plaintiffs also asserted state law claims for deceptive acts or practices, breach of contract, money had and received, and rescission. Plaintiffs had already paid mechanical license to produce cover version of song, and now wished to distribute new version of song with same lyrics and different melody. Defendants moved to dismiss for failure to state claim due to preemption. Court applied two-pronged test under which claim is preempted if (1) work at issue comes within subject matter of copyright and (2) right being asserted is equivalent to any of exclusive rights within general scope of copyright. Because plaintiffs challenged validity of copyright in musical work, court held subject matter requirement was satisfied. Court then evaluated whether rights asserted were equivalent to rights protected by Copyright Act, and found that all state-law claims asserted by plaintiffs concerned rights equivalent to rights protected by Act; court consequently dismissed all state law claims with prejudice.

*Batra v. PopSugar, Inc.*, No. 18-3752, 2019 U.S. Dist. LEXIS 20299 (N.D. Cal. Feb. 7, 2019)

Court denied defendant's motion to dismiss plaintiff's right of publicity, contract interference, and UCL claims, finding no claims to be preempted. Plaintiff, Instagram influencer, sued defendant in class action lawsuit, alleging that defendant used names and images of thousands of Instagram influencers and replaced links in images that allowed influencers to monetize their following with another link that caused defendant to profit from any items purchased. Defendant argued that, because plaintiff also alleged infringement in complaint, subject matter of plaintiff's claims was photographs, which fell within protective scope of Copyright Act. Court disagreed, finding that plaintiff's allegations relied on allegations in addition to and separate from misappropriation of her photographs. For right of publicity claim, court found that plaintiff additionally relied on misappropriation of her likeness and identity in text. For contract claims, court found that plaintiff additionally relied on removal of monetized links. Accordingly, because subject matter of these claims was not limited to use of plaintiff's copyrighted images, none of these claims were preempted.

*O'Brien v. PopSugar Inc.*, No. 18-4405, 2019 U.S. Dist. LEXIS 19526 (N.D. Cal. Feb. 6, 2019)

District court granted plaintiffs' motion to remand action to state court because, contrary to defendants' assertions in support of removal, plaintiffs' claims were not completely preempted by federal copyright law. Plaintiffs, fashion bloggers and influencers, sued defendant PopSugar, alleging state law class action claims based on California common law right of publicity, intentional interference with contract and unjust enrichment, and California Unfair Competition Law (UCL). Plaintiffs claimed that PopSugar misappropriated plaintiffs' and others' identities and likenesses by featuring profiles of influencers on PopSugar's website, along with images from influencers' Instagram profiles. PopSugar moved to remove to federal court on ground that preemptive force of Copyright Act is so extraordinary that plaintiffs' claims, though purportedly based on state law, were completely preempted by federal law. Ninth Circuit courts employ two-pronged preemption analysis, deciding first whether state law claim's subject matter falls within subject matter of copyright law, and if so, whether state law rights are equivalent to copyright holders' exclusive rights under Copyright Act. Because plaintiffs' right of publicity claim relied not only on misappropriation of photographs (which are creative works subject to copyright law) but also on names and identities, plaintiffs asserted rights not equivalent to those of copyright holders, and claim was not preempted. Further, because plaintiffs' contract interference claim included key component of unauthorized removal of affiliate links associated with photographs, which is separate from unauthorized reproduction of plaintiffs' photographs, it also was not preempted. Plaintiffs' unjust enrichment claim, like contract inference claim, was separable from unauthorized use of plaintiffs' photographs, and likewise not preempted. Finally, to extent that plaintiffs' UCL claim was based on non-preempted state law claims, it also was not preempted.

*Iron Orchid Designs v. Prima Mktg.*, No. 18-1896, 2018 U.S. Dist. LEXIS 193406 (C.D. Cal. Nov. 9, 2018)

District court granted plaintiff's motion to remand. Plaintiff created "original graphic designs and tools, produced and marketed for use in the do-it-yourself home décor and crafts market." Defendant distributed scrapbook and crafting supplies. In 2014, plaintiff created "new concept" of "beautifully crafted designs, stamps, transfers, molds, and inks ... for decorative large-scale applications to home furnishings, walls, fabrics, and other surfaces." In 2015, defendant agreed to market new product on test basis; plaintiff alleged, and defendant disputed, that parties entered marketing agreement. Plaintiff alleged that parties agreed to terminate agreement, but defendant continued to exploit plaintiff's works, and redesigned its own product. Plaintiff also alleged that one of defendant's royalty payments was not complete, and defendant then repudiated agreement. Plaintiff brought suit for common law and California Unfair Competition Law (UCL) claims, and defendant removed. Plaintiff moved to remand. Court held that contract claims fell within subject matter of Act, finding that even ideas not protected by Act fell within subject matter. Contract claims had extra element, however, because claims rested on plaintiff's expectation to be compensated for sharing idea with defendant. Court found UCL claim not preempted for same reasons, and granted motion to remand.

*MD Helicopters, Inc. v. Aerometals, Inc.*, No. 16-2249, 2018 U.S. Dist. LEXIS 203539 (E.D. Cal. Nov. 30, 2018)

Court denied defendant's motion to dismiss. Defendant argued causes of action based on state law related solely to claim of copyright infringement and were preempted. Plaintiff argued that causes of action were based on appropriation of subject matter outside of scope of copyright act, including "including procedures and processes for manufacturing MD 500 helicopter parts." Defendant argued that causes of action fell within subject matter of copyright because works described in complaint were literary and pictorial works; plaintiff responded that claims expressly included subject matter outside of Copyright Act because defendant not only misappropriated plaintiff's drawings, but also misappropriated plaintiff's "procedures and processes for manufacturing MD 500 helicopter parts," and copyright protection does not extend to procedures and processes. Court agreed that Copyright Act does not protect procedures and processes, only expression of procedures and processes. Complaint, however, did not contain allegations that defendant unlawfully used procedures and processes, only that defendant unlawfully misappropriated drawings. Court therefore found that causes of action fell within subject matter of Copyright Act. Court agreed with defendant that plaintiff's complaint did not contain allegations of private contract issues, reverse passing off, or implied passing off, but nonetheless found that complaint contained allegations beyond scope of copyright, i.e., that defendant improperly used plaintiff's OEM drawings to unfairly obtain authority and approval from FAA to produce spare and replacement parts for MD 500 Series helicopters. Court therefore held that state law causes of action were not preempted.

*Lauter v. Rosenblatt*, No. 15-8481, 2018 U.S. Dist. LEXIS 135559 (C.D. Cal. Aug. 10, 2018)

Plaintiff, sole proprietor of entertainment company, granted defendant Echo Bridge Entertainment digital distribution license for 10 films in exchange for royalty payments. Plaintiff alleged that defendants breached agreement by distributing free digital copies of films and by failing to pay royalties. Plaintiff alleged causes of action including copyright infringement and unfair competition in violation of California law. Defendant Rosenblatt, alleged founder and majority shareholder of Echo Bridge Entertainment, argued that unfair competition cause of action was preempted. Court found that unfair competition claim centered on alleged unauthorized distribution of films and fabrication of royalty statements related thereto. Subject matter of allegations fell within subject matter of copyright and sought to vindicate same rights. State law claim was thus preempted. Court accordingly granted motion to dismiss with respect to unfair competition claim.

*Glass Egg Digital Media v. Gameloft, Inc.*, No. 17-4165, 2018 U.S. Dist. LEXIS 130219 (N.D. Cal. Aug. 2, 2018)

District court denied defendant's motion to dismiss, holding plaintiff's state law conversion claim not preempted. Plaintiff alleged defendant's sister company, Gameloft Iberica of Spain, hired third party studios to create 3D digital car models for use in video games owned by defendant's parent company, Gameloft France. Unbeknownst to plaintiff, third party studios subcontracted certain of plaintiff's employees who clandestinely created car models during working hours, using plaintiff's equipment. Ultimately, Gameloft USA marketed video games that contained car models. Plaintiff, alleging it was "rightful legal owner" of works, asserted conversion claim, stating defendants took unauthorized possession of works and requesting return of digital files containing works. In opposition, defendant argued recovery of intangible intellectual property is equivalent to copyright claim, and accordingly preempted. Court noted that to avoid preemption, "state claim must have an 'extra element' which changes the nature of the action." Court held that conversion claim that seeks return of improperly acquired intangible property is different in nature from copyright claim, and not preempted.

*Fed'n of State Massage Therapy Bds. v. Mendez Master Training Ctr., Inc.*, No. 17-2936, 2018 U.S. Dist. LEXIS 136746 (S.D. Tex. Aug. 14, 2018)

Plaintiff created and administered countrywide licensing examination that analyzed candidates' massage and bodywork competency, and results of exam were used by agencies to evaluate candidates for licensure. Plaintiff alleged defendants received and reproduced exam questions without authorization and sold questions and answers to potential test takers, resulting in alleged frustration of exam integrity and licensure process, and requiring plaintiff to revoke hundreds of exam questions and spend resources to create new ones. Plaintiff brought claims for direct and contributory infringement; misappropriation of trade secrets under Texas, California, and federal law; tortious interference with contract; breach of contract; and violation of Texas Harmful Access by a Computer Act. Defendants moved to

dismiss, arguing, inter alia, that state claims are preempted by Copyright Act. Court found majority of state claims not preempted, as they required additional element. Trade secret misappropriation claims were not preempted in Fifth Circuit, and while Ninth Circuit had not spoken on preemption of California law, elements of Texas and California laws are largely same, Ninth Circuit also applied extra element test, and other California courts had found such California misappropriation claims not preempted. On breach of contract claim, court found existence of additional element in that contract requires “binding agreement” between parties. On improper access claim, court found argument insufficiently developed to dismiss at early stage, so denied motion. Court dismissed tortious interference claim on only one of two theories. On first ground, plaintiff alleged defendant caused individuals to breach contract with plaintiff when they provided to or accepted from test takers exam materials. Court construed argument as one about reproduction, use and distribution of protected material, and therefore identical to copyright claim and preempted. However, on second ground, plaintiff alleged that interference aided “test takers to misrepresent their massage education background and English-language skills.” Court interpreted this as different from copyright claim, and therefore found claim not preempted.

*Design Idea, Ltd. v. Meijer, Inc.*, No. 15-3093, 2018 U.S. Dist. LEXIS 122753 (C.D. Ill. Jul. 23, 2018)

Plaintiff created, manufactured and distributed SPARROWCLIPS, clothespins containing bird design. Defendant Meijer ordered SPARROWCLIPS from plaintiff and directed defendant Whitmore to produce copies of works. Whitmore sent set of SPARROWCLIPS to Chinese manufacturer, and asked if it had mold for works; manufacturer had mold producing exact duplicates of SPARROWCLIPS, which it used to manufacture clips shipped to Japan and not to U.S. Whitmore instructed manufacturer to recreate color of plaintiff’s works, and imported and sold its CANARY CLIPS into U.S. Plaintiff brought claims for copyright infringement, violations of DMCA and breach of contract. Contract claim was based on earlier settlement agreement between plaintiff and Meijer regarding other goods, but agreement also required Meijer not to purchase, create, manufacture, order, sell, or distribute goods with plaintiff’s IP, and stated parties would work together to further goals of agreement. Court found breach of contract claim not preempted because contract contained additional promise that defendant would only use IP specified in agreement. Court also found claim could proceed based on allegation that Meijer followed through on threat to not do business with plaintiff if plaintiff defended IP. Court denied motion for summary judgment.

*Vill. Builders on the Bay, Inc. v. Cowling*, 321 F. Supp. 3d 624 (E.D. Va. 2018)

Court granted plaintiff’s motion to remand, finding that plaintiff’s claims of (1) statutory business conspiracy; (2) tortious interference; (3) misappropriation of trade secrets; and (4) unjust enrichment in amended complaint were not preempted. Plaintiff, contractor, developed house plans, detailed specifications, and itemized costs to build family residence for client, who then hired competing contractor to build residence based on plaintiff’s work product. Plaintiff sued competitor, who moved to have case removed based on federal

question jurisdiction. In response, plaintiff amended original complaint to drop two counts of common law copyright infringement. Defendant maintained that federal jurisdiction was proper nevertheless because (1) amended complaint still included facts that supported infringement; and (2) unjust enrichment and infringement were equivalent claims. Court disagreed, reasoning that remaining claims involved different elements than infringement and therefore were not preempted, even though underlying facts supported infringement. Considering unjust enrichment, court determined plaintiff's work product included materials outside scope of copyright protection, such as cost estimates, which undermined defendant's assertion that claims were equivalent.

*Hayden v. 2K Games, Inc.*, No. 17-2635, 2019 U.S. Dist. LEXIS 47115 (N.D. Ohio Mar. 21, 2019)

District court granted in part and denied in part defendants' motion to dismiss. Plaintiff tattoo artist sued video game developer Take-Two for alleged unauthorized display of plaintiff's tattoo artwork on NBA players in popular basketball simulation series *NBA 2K*. Defendant argued unjust enrichment claim was preempted. Court determined that tattoos are generally within subject matter of copyright, regardless of whether each tattoo is ultimately protectable. Court also found that plaintiff's claim for unjust enrichment was functionally equivalent to claim under Copyright Act. Plaintiff argued that unjust enrichment claim included "extra element" insofar as plaintiff asserted that defendant "appropriated and exercised proprietorship" over tattoos without acknowledging plaintiff in any way for use of his artwork in products. Court found, however, that unjust enrichment claim depended on defendant's unauthorized use of plaintiff's work – "the essence of Hayden's claim under the Copyright Act."

*Nieusma, Inc. v. Affyility Solutions, LLC*, No. 18-2515, 2019 U.S. Dist. LEXIS 56941 (D. Colo. Apr. 3, 2019)

Court granted plaintiff's motion to remand case to state court. Plaintiff had contractual relationship with defendant through which plaintiff authored written materials and reports that defendant marketed and sold. Plaintiff's and defendant's agreement progressed from oral profit-splitting arrangement to written agreement. After defendant cancelled agreement, plaintiff alleged defendant unlawfully sold pre-agreement reports owned by plaintiff; plaintiff filed action in state court seeking declaration that agreement did not transfer to defendant ownership of pre-agreement reports. Defendant removed case to federal court and moved to dismiss, arguing plaintiff's claims were preempted. Court rejected defendant's argument, finding that, while pre-agreement reports authored by plaintiff and sold by defendant were within scope of copyright, claim was "qualitatively different from, and requires elemental proof beyond, copyright infringement." Finding correct answer did not require showing of infringement, but did require analysis of agreement itself. Because narrow issue was one of contract interpretation and not copyright, court found it lacked subject matter jurisdiction and remanded case to state court.

*Montgomery v. Jones*, 355 F. Supp. 3d 720 (M.D. Tenn. 2019)

Court granted in part and denied in part defendant's motion to dismiss. Plaintiff, songwriter and producer, sued wife of deceased singer George Jones and other entities for conversion and trespass to chattels based on defendants' receipt of master recordings of songs plaintiff wrote and produced for George Jones when singer was between recording contracts. Plaintiff claimed agreement with George Jones gave plaintiff ownership of recordings, though album of recordings remained unreleased until defendant, wife of George Jones, sold master tapes to co-defendant entity, which sold master tapes to co-defendant record label, which released album of recordings without giving ownership, producer credit, or right to receive payment for sales to plaintiff. Plaintiff's complaint did not specifically allege copyright infringement, and only asserted state law claims based on plaintiff's claimed ownership of physical master tapes. Defendants argued plaintiff's state law claims were preempted, but court found that because plaintiff's claims were not based on defendants' sale and release of recordings, but rather related to tangible, not intangible, property, and because physical embodiments of copyrighted work are not protected by copyright law, plaintiff's claims were not preempted.

*Wright v. Penguin Random House*, No. 18-38, 2018 U.S. Dist. LEXIS 194682 (E.D. Tenn. Nov. 15, 2018)

Court granted defendants' motion to dismiss for failure to state claim. *Pro se* plaintiff claimed she uploaded personal memoir to personal website years before novel *Fifty Shades of Grey* was published, and that when she contacted defendant Penguin Random House about "piracy" of memoir, defendant "proceeded to argue it was impossible and their client had never been to [Plaintiff's] site before." Plaintiff sought damages from defendants, publisher and author of book, to compensate for lost royalties, as well as injunction against further sales of book trilogy. Defendants argued that all of plaintiff's claims should be dismissed because they were preempted. Court agreed, and dismissed all state law claims because they depended solely on defendants' alleged use of plaintiff's original work without permission or compensation. Court found further that plaintiff could not assert federal cause of action under Copyright Act because plaintiff did not allege that she had or had applied for copyright registration for her memoir.

*SiteLink Software, LLC v. Red Nova Labs, Inc.*, 2018 NCBC LEXIS 90 (N.C. Bus. Ct. Aug. 20, 2018)

North Carolina Business Court denied defendant's summary judgment motion seeking dismissal of plaintiff's breach of license claims as preempted. Plaintiff SiteLink and defendant Red Nova both provided facility management software (FMS) to self-storage facility owners. Red Nova entered into license agreement with SiteLink allowing Red Nova to retrieve customer data from SiteLink, via SiteLink's application programming interface (API), for customers using both Red Nova and SiteLink. SiteLink's API use license included non-compete and conflict-of-interest disclosure provisions. During license term, Red Nova developed competing FMS product and used SiteLink's API to provide it to SiteLink's users.

After SiteLink sued Red Nova for breach of license, unjust enrichment and trade secret misappropriation, Red Nova moved for summary judgment, arguing claims were preempted. Business Court held that Copyright Act preempts breach-of-license claims only where they require proof of copying or distribution of copyrighted material without license. SiteLink’s breach-of-license claim was not preempted because it did not require proof that Red Nova copied or distributed software beyond that initially copied or distributed under parties’ license; claim thus was based on contractual rights outside rights provided by Copyright Act. Likewise, SiteLink’s unjust enrichment claim was not preempted because it was based on Red Nova’s failure to pay for excess use of copyrighted material. Finally, SiteLink’s trade secret misappropriation claim under North Carolina law was not preempted because it required element of secrecy, which is absent from copyright claims. Therefore, SiteLink’s claims were not preempted.

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

*Stevens v. CoreLogic, Inc.*, 899 F.3d 666 (9th Cir. 2018)

Ninth Circuit affirmed summary judgment in favor of defendant. Plaintiff photographers took photos of properties and licensed works to real estate agents, who then uploaded works to Multiple Listing Services databases using defendant’s software. Plaintiffs alleged defendant removed CMI from works and distributed works in violation of § 1202(b). Trial court granted defendant’s motion for summary judgment. Ninth Circuit noted that § 1202(b)(1) and (b)(3) “require[d] the defendant to possess the mental state of knowing, or having a reasonable basis to know that his actions ‘will induce, enable, facilitate or conceal’ infringement.” Specifically, court held that “a plaintiff bringing a Section 1202(b) claim must make an affirmative showing, such as by demonstrating a past ‘pattern of conduct’ or ‘modus operandi,’ that the defendant was aware or had reasonable grounds to be aware of the probably future impact of its actions.” In instant case, court found that plaintiffs did not show requisite mental state.

*Craig v. UMG Recordings, Inc.*, No. 16-5439, 2019 U.S. Dist. LEXIS 53973 (S.D.N.Y. Mar. 29, 2019)

Plaintiff, photographer, initiated action against defendants music recording company, music licensing agent, and musician’s estate asserting copyright and DMCA claims after learning that defendant music recording company, without plaintiff’s authorization, released 43 albums featuring plaintiff’s photographs of musician B.B. King between 1971 and 2015. Defendants moved for summary judgment on plaintiff’s DMCA claim arguing that, even if allegedly infringing photographs included copyright management information, such information was removed by third party prior to defendant obtaining photos and releasing albums. Court granted summary judgment in favor of defendants, holding that plaintiff failed to present sufficient evidence that defendants intentionally removed copyright management information or “had reason to know that the [copyright management information] had been improperly removed when releasing the infringing albums.”

*Mango v. BuzzFeed, Inc.*, 356 F. Supp. 3d 368 (S.D.N.Y. 2019)

District court after trial entered judgment against defendant for alteration of copyright management information (“CMI”). Plaintiff photographer created photograph used in story in New York Post with plaintiff’s name appearing below in “gutter credit.” Plaintiff’s photograph was used for BuzzFeed article written by veteran news reporter, defendant Gregory Hayes, who was knowledgeable regarding rules for obtaining permission to use photographs and crediting photographers. Plaintiff’s name did not appear in gutter credits. Plaintiff sued alleging removal of CMI. Section 1202(b) of DCMA prohibits three acts, namely, removal or alteration of CMI, distribution of CMI with missing or altered information, or distribution of works with missing or altered CMI. Court held that gutter credit, which originally appeared under plaintiff’s photograph, constituted protected CMI. Further, BuzzFeed distributed photograph with altered gutter credit without Mango’s permission; BuzzFeed and Hayes knew gutter credit was altered; and since Hayes was familiar with requirement of attaining permission to use third party photographs, Hayes reasonably should have known that using plaintiff’s photograph with altered gutter credit would have wrongfully implied BuzzFeed had permission to use photograph, thus concealing its infringement.

*Long v. Dorset*, No. 17-2758, 2019 U.S. Dist. LEXIS 28748 (N.D. Cal. Feb. 22, 2019)

Court granted defendant’s motion to dismiss infringement claim, finding that DMCA safe harbors shielded defendant from liability. Plaintiff, expert in yoga, alerted defendant Facebook that anonymous hacker, “Tammy Dorset,” had taken over Facebook page for plaintiff’s company, Bandha Yoga. In addition, hacker had posted to page over 100 of plaintiff’s copyrighted anatomical illustrations and other images embedded with links that redirected users to fake blog, which featured pornographic advertisements and installed malware on users’ devices. Facebook promptly responded to plaintiff’s initial email and continued to work with plaintiff until issue was resolved five business days later. Plaintiff argued that DMCA safe harbors did not protect Facebook because Facebook failed to act expeditiously in response to plaintiff’s DMCA notice, and that “expeditiousness” was question of fact that could not be decided on motion to dismiss. Court disagreed, finding that “expeditiousness” was question of law and that Facebook’s five-business-day response satisfied DMCA’s expeditiousness requirement.

*Batra v. PopSugar, Inc.*, No. 18-3752, 2019 U.S. Dist. LEXIS 20299 (N.D. Cal. Feb. 7, 2019)

Court denied defendant’s motion to dismiss for failure to state DMCA claim. Plaintiff, Instagram influencer, brought class action lawsuit against defendant, alleging that defendant reposted thousands of influencers’ Instagram images after removing sidebar text, which included identifying information and important links relating to each author. To show violation of DMCA § 1202(b), plaintiff must establish that defendant intentionally removed or altered copyright management information knowing or having reasonable grounds to know that such act would conceal infringement. Defendant argued that DMCA claim should

fail because plaintiff did not plead that defendant possessed requisite mental state and did not identify specifically what copyright management information was removed. Court disagreed, finding that deleted sidebar text plausibly constituted copyright management information and that defendant's mental state could be plausibly inferred from plaintiff's allegations. Therefore, court held that plaintiff sufficiently alleged violation of DMCA.

*Philpot v. Alternet Media, Inc.*, No. 18-4479, 2018 U.S. Dist. LEXIS 203500 (N.D. Cal. Nov. 30, 2018)

Plaintiff photographer captured image of Willie Nelson and made it available on Wikimedia under Creative Commons Attribution 2.0 Generic license. Defendant maintained "alternative news website and companion Facebook page where it publishes and posts original content as well as content from other sources." Defendant posted meme on Facebook with introductory phrase "We need more values like this" with following quote laid over plaintiff's work: "Rednecks, hippies, misfits – we're all same. Gay or straight? So what? It doesn't matter to me. We have to be concerned about other people, regardless. I don't like seeing anybody treated unfairly. It sticks in my craw. I hold on to values from my childhood." Plaintiff brought suit for infringement and violation of DMCA. On § 1202(b) claim, court found plaintiff failed to sufficiently plead defendant's mental state; instead, court found allegations that defendant should have known that removing CMI from work would induce, enable, facilitate or conceal infringement to be conclusory. Court granted motion to dismiss DMCA claim with leave to replead.

*Eclipse Gaming Sys., LLC v Antonucci*, No. 17-196, 2019 U.S. Dist. LEXIS 15078 (N.D. Ill. Jan. 31, 2019)

District court denied counterclaim defendant's motion to dismiss counterclaim for DMCA violation stemming from use of proprietary gaming machine software. Counterclaim plaintiff Antonucci, Chief Technical Officer of plaintiff, gaming machine developer Eclipse Gaming Systems ("EGS"), attempted to negotiate buy-out of his interest EGS. After negotiation failed, Antonucci installed "time bomb" mechanism requiring EGS to purchase security key to use software Antonucci's company, DDS, licensed to EGS. To avoid putting its business in jeopardy, EGS ultimately decided to use previously licensed version of Antonucci's software. EGS filed suit, and Antonucci counterclaimed, alleging EGS circumvented technological measures controlling access to Antonucci's software in violation of DMCA § 1201. Court noted that circumvention can occur by descrambling or decrypting protected works or by avoiding, bypassing, removing, deactivating or impairing technological measure without permission of copyright owner. Court held that by removing DDS's new software that contained license check and replacing it with older version that did not, EGS employed work-around to bypass security measure in violation of DMCA.

*Alan Ross Mach. Corp v. Machinio Corp.*, No. 17-3569, 2018 U.S. Dist. LEXIS 195415 (N.D. Ill. Nov. 16, 2018)

Court granted defendant's motion to dismiss amended complaint. Plaintiff and defendant each maintained search engine websites for finding new and used machinery. Plaintiff asserted Digital Millennium Copyright Act (DMCA) claim accusing defendant of scraping sales listings and photographs from plaintiff's website, and reproducing them on defendant's website with defendant's copyright notice. Court assessed whether plaintiff had stated valid claim under § 1202. As to claim for removal or alteration of CMI, court noted that website contained copyright notice "at the bottom of the website, without indicating to what it refers." Plaintiff did not allege that any CMI existed on its webpage other than that notice, nor did it allege that listings, photographs, or descriptions in listings contained CMI. Court could not make inference that notice encompassed listings and photographs. Plaintiff failed to state claim for removal/alteration of CMI because complaint contained no specific allegation that defendant removed/altered CMI from individual listings or photographs. Plaintiff further alleged that defendant distributed false CMI because defendant's terms of use page contained false representations of ownership of copyright. Noting that DMCA requires false CMI to be "conveyed in connection" with work, court found plaintiff failed to state valid claim because general copyright notices on different page from listings at issue were too far removed to be "conveyed with the work." District court therefore dismissed DMCA claim and provided plaintiff with final opportunity to amend complaint.

*Philpot v. WOS, Inc.*, No. 18-339, 2019 U.S. Dist. LEXIS 67978 (W.D. Tex. Apr. 22, 2019)

District court found defendant entitled to summary judgment on § 1202(b) claim. Freelance photographer sued media company for copyright infringement and removal of copyright management information, alleging defendant (1) posted photographer's photographs of musicians Lukas Nelson and Kenny Chesney without proper attribution as required under Creative Commons license and (2) removed copyright management information in violation of § 1202(b). In motion for summary judgment, defendant argued plaintiff could not establish intent or actual knowledge as required to prove violation of § 1202. Defendant's CEO testified defendant was unaware plaintiff's photos contained metadata, and that defendant did not consider photographic metadata to be useful. Plaintiff argued defendant must have been aware of metadata in plaintiff's photos because of metadata notice on webpage from which defendant downloaded plaintiff's photos. District court held that no evidence in record proved that defendant was aware of metadata in plaintiff's photos, and entered judgment for defendant with respect to CMI-removal claim.

*Maule v. Anheuser Busch, LLC*, No. 17-461, 2018 U.S. Dist. LEXIS 125805 (E.D. Pa. July 27, 2018)

Plaintiff was self-described "well-known and highly respected Philadelphia photographer and journalist." Plaintiff created photograph of Philadelphia skyline, including landmarks of One and Two Liberty Place, BNY Mellon Center, and 1818 Market Street. Plaintiff then

altered photo by adding two buildings which didn't exist at time – Comcast Center, which was later built, and Mandeville Place, which was never built. Plaintiff also altered text on billboard captured by changing it to include name of website plaintiff owned. Plaintiff alleged that defendants' neon sign advertising Budweiser beer and portraying Philadelphia skyline infringed work. Defendants moved to dismiss. Plaintiff made three DMCA claims. First, plaintiff argued that defendants violated §§ 1201(a)(2) and 1201(b) by not including altered billboard text, which plaintiff claimed functioned as watermark. Court rejected argument because sign was not “technology, product [or] service” to circumvent watermarks and instead was beer advertisement and because alleged watermark was not “technological measure” under §§ 1201(a) or (b). Second, plaintiff claimed defendant inserted false CMI because work contained sticker on back saying Anheuser Busch was copyright owner. Court found no factual support for argument and held that sticker would not aid or conceal infringement because sign did not infringe plaintiff's work. Third, plaintiff argued defendants violated § 1202(b) by not including altered billboard text; court rejected claim because it found sign did not infringe, and also found billboard was not CMI under Act. Court dismissed claims without leave to replead.

*Dish Network L.L.C. v. Simmons*, No. 17-53, 2018 U.S. Dist. LEXIS 127891 (E.D. Tenn. June 28, 2018)

Magistrate judge found plaintiff was entitled to relief under DCMA stemming from defendant's improper use of passcodes to circumvent plaintiff's encrypted security controls and access copyrighted programming offered through plaintiff's broadcast services. Plaintiff Dish provided copyright programming to consumers through direct broadcast satellite system using encrypted satellite signals. Pirate organization sold passcodes, which permitted end users to circumvent Dish's security and access copyrighted programming for free. Dish alleged that defendant Simmons purchased at least 56 passcodes, some of which Simmons resold, and commenced instant action. Simmons failed to respond, and Dish sought default judgment as to violation of DCMA § 1201, which prohibits trafficking in any technology or service that (1) is primarily designed for purpose of circumventing technological measure that controls access to copyrighted work, (2) has limited commercially significant purpose or use other than to circumvent technological measure that controls access to copyrighted work, and (3) is marketed for use in circumventing technological measure that controls access. Court noted that encryption-based security systems constituted valid access control measure for DCMA purposes, and found Simmons was trafficking in passcodes designed to circumvent Dish's security controls; such passcodes had no commercially significant purpose or use other than to circumvent Dish's security controls.

*TD Ameritrade, Inc. v. Matthews*, No. 16-136, 2018 U.S. Dist. LEXIS 118684 (D. Alaska July 16, 2018)

Defendant, who had received access to investment account with plaintiff, accessed plaintiff's thinkorswim applications program interface for investment trading. Defendant's access enabled defendant to create own computer software program for investment trading, for which defendant obtained copyright registration. Plaintiff sued defendant for declaratory

judgment and injunctive relief, and defendant asserted counterclaims for copyright infringement and violations under DMCA §§ 1201 and 1202. Defendant claimed plaintiff violated § 1201 of DMCA and circumvented technological measure that effectively controlled access to protected work by hacking into defendant's computer, destroying defendant's hard drive controller, and copying source code defendant had created. Court granted plaintiff's motion to dismiss § 1201 counterclaim because defendant failed to specifically allege what technological measures, if any, defendant had on his computer at time of alleged cyberattack, granting defendant leave to amend counterclaim to allege specific technological measures on his hard drive at time of alleged attack. Defendant further alleged counterclaim under § 1202, which court characterized as copyright infringement claim. Court denied plaintiff's motion to dismiss § 1202 counterclaim, finding that defendant's copyright registration, coupled with his allegations that source code at issue was not derivative work of plaintiff's source code but was instead created separate and apart from plaintiff's system, adequately pleaded ownership of valid copyright, which, court stated, "is a predicate to asserting a claim under the DMCA."

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

*Tobin v. Rector, Church-Wardens, & Vestrymen of Trinity Church*, No. 17-4010, 2018 U.S. App. LEXIS 23761 (2d Cir. Aug. 23, 2018)

Second Circuit upheld district court's dismissal of Visual Artists Rights Act claim because plaintiff waived his rights under statute. Plaintiff sculptor created 9/11 memorial sculpture originally located at Trinity Church in Lower Manhattan pursuant to written agreement that allowed defendant to loan sculpture to third parties as well as to not publicly exhibit sculpture. Defendant later relocated sculpture to Connecticut seminary. Plaintiff alleged relocation impermissibly modified his sculpture under VARA, which plaintiff asserted was site specific, and was created for its original location at Trinity Church; relocation thus violated integrity of piece. Second Circuit found that because parties' agreement permitted defendant to physically move sculpture, plaintiff waived any right under VARA to maintain sculpture at Trinity Church. Second Circuit therefore upheld district court's decision, even though latter was based on different ground (VARA's public presentation exception).

*Noland v. Janssen*, No. 17-5452, 2019 U.S. Dist. LEXIS 37781 (S.D.N.Y. Mar. 8, 2019)

Plaintiff visual artist created "Log Cabin Façade" sculpture, which in 1990 was sold to defendant Schurmann, who later exhibited work throughout Germany, including for 10 years at museum in Aachen. Plaintiff granted permission for museum to show work outdoors and to stain wood darker color. Museum placed work on ground without protective barrier, so some of work's wood began to deteriorate, and Schurman and defendant KOW gallery replaced original wood with new wood. Later, Schurmann and KOW used defendant Janssen gallery to sell work. Janssen gallery found American purchaser and executed contract with New York choice of law provision that specified that delivery was to occur in

Ohio, and stated that if plaintiff wanted to disassociate herself from work, then purchaser could choose to have gallery's owner purchase it. Plaintiff then "disavowed the legitimacy of the refurbished Log Cabin," and purchaser chose to have gallery's owner purchase work. Plaintiff claimed work was unauthorized copy of original "Log Cabin Façade." Plaintiff alleged violation of VARA and moral rights under German law; infringement under U.S. and German law; and contributory and vicarious infringement. Defendants moved to dismiss. Defendants argued that because all allegedly infringing actions occurred in Germany that plaintiff could not bring suit in U.S. under Act. Court rejected plaintiff's attempt to satisfy "predicate act" exception to territorial limitation on applicability of U.S. Copyright Act. First, purchase in U.S. of wood used to refurbish work in Germany was not infringing act. Second, attempt to sell work in U.S. was insufficient; plaintiff did not allege any infringing activities in country or even that work was delivered in U.S. Court also declined to exercise supplemental jurisdiction over German law claims. Court granted motion to dismiss, and granted leave to replead for final time.



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