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EXH A

11

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION



Bridgeport Music Inc., et al.,)
)
Plaintiffs,)
)
vs.)
)
Rashaam A. Smith a/k/a Esham A. Smith)
p/k/a Esham, et al.,)
)
Defendants,)

Civil Action No. 03-72211
Hon. Paul D. Borman
Magistrate:
Judge R. Steven Whalen

SHARI FRIEDMAN LESNICK (P39746)
Attorney for Plaintiffs,
Bridgeport Music Inc., Southfield Music, Inc
and Westbound Records, Inc.
30700 Telegraph Road., Ste. 4646
Bingham Farms, MI 48025
(248) 646-5511

KING & BALLOW
Richard S. Busch (TN BPR # 14594)
Attorneys for Plaintiffs
Bridgeport Music Inc., Southfield Music, Inc
and Westbound Records, Inc.
1100 Union Street Plaza
315 Union Street
Nashville, TN 37201
(615) 259-3456

U.S. DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
DETROIT, MICHIGAN
04 FEB 25 09:49
FILED

PLAINTIFFS' MOTION FOR JUDGMENT BY DEFAULT
AGAINST RASHAAM A. SMITH a/k/a ESHAM A. SMITH a/k/a ESHAM

NOW COME plaintiffs Bridgeport Music Inc., Southfield Music, Inc. and Westbound Records, Inc. and move this Court pursuant to Fed. R. Civ. P. Rule 55(b) for a judgment by default against Rashaam A. Smith a/k/a Esham A. Smith a/k/a Esham ("Esham") and would show as follows:

1. Plaintiffs' Complaint in this matter, seeking affirmative relief, was filed in this Court on June 9, 2003. Pursuant to the provisions of Order Granting Plaintiffs' Motion for Alternate Service and Extension of Summons as to Defendant Rashaam A. Smith, a/k/a Esham A. Smith, p/k/a Esham, (Docket No. 6) ("Alternate Service Order"), plaintiffs duly served a copy of the Alternate Service Order, Summons and original Complaint on John Finberg, First Row Talent (defendant's booking agent) at 6220 Lemona Avenue, Suite 8, Van Nuys, California,, via certified mail return receipt requested on November 19, 2003 and upon co-defendant Psychopathic Records, Inc. (Esham's record label) at 32575 Folsom Road, Farmington Hills, Michigan 48336, via certified mail return receipt requested, on November 14, 19, and 29, 2003. The certified mail was accepted by John Finberg, and refused by co-defendant Psychopathic Records.

2. The time for defendant to respond expired on December 9, 2003 and no answer, other defense, appearance of any type, or required pleading has been filed and/or entered by defendant.

3. Defendant did not challenge the plaintiffs' Complaint by a motion under Fed. R. Civ. P. 12(b) or 56. Further, the defendant did not take any action or file any document that indicated the defendant's intent to defend the suit.

4. Plaintiffs filed their Request for Clerk's Entry of Default on December 19, 2003. On December 24, 2003, the Clerk entered a default against defendant. (Docket No.14).

5. No proceedings have been taken nor any appearance made by defendant since default was entered.

6. Defendant is not currently in military service and is not an infant or incompetent, as set forth in the affidavit of Shari Friedman Lesnick (Memorandum, Exhibit A ¶ 6).

7. Damages in this matter are not liquidated. Plaintiffs hereby request a Court trial on the issues of damages and seek relief as set forth in the Complaint, and request that the Court enter default judgment against defendant Esham as to all issues of liability as alleged in the Complaint. Plaintiffs hereby waive the jury trial previously demanded with respect to this defendant.

WHEREFORE, plaintiffs move that this Court enter and order default judgment against defendant Reel Life Productions, Inc. as follows:

(1) That defendant be found liable for direct, contributory and vicarious copyright infringement for each infringement alleged against it in the Complaint;

(2) That defendant be ordered to submit to an accounting so that all gains, sales, profits, and advantages derived by defendant from each of its acts may be determined;

(3) That defendant be found liable for willful copyright infringement for each infringement alleged in the Complaint;

(4) That pursuant to 17 U.S.C. §502, defendant, its agents and servants be permanently enjoined from infringing said copyrights of plaintiffs in any manner, including from distributing copies and making Records of the Infringing Compositions and/or Infringing Sound Recordings and from publishing, selling, marketing or otherwise disposing of any copies of the Records or any other devices upon which plaintiffs' unlicensed compositions and/or sound recordings are embodied, and from licensing and contributing to, or participating in, and furthering any infringing acts;

(5) That pursuant to 17 U.S.C. §503, defendant is required to deliver up on oath to be impounded and turned over to plaintiffs all infringing phonorecords, copies, recordings, and all plates, molds, matrices, and other means of any kind for making infringing copies, recordings, and/or

sound recordings of:

- (a) Bridgeport's copyrighted musical compositions of: "Gangsta Gangsta," "Flashlight," "Atomic Dog," "Nappy Dugout," "You're Getting A Little Too Smart," "(Not Just) Knee Deep," "Maggot Brain," "Free Your Mind & Your Ass Will Follow," "The Big Bang Theory," "Give Up the Funk (Tear the Roof Off the Sucker)," "The Mothership Connection (Star Child)" and "Cosmic Slop"; and
- (b) Southfield's copyrighted musical compositions of: "Atomic Dog," "Maggot Brain," "The Big Bang Theory"; and
- (c) Westbound's copyrighted sound recordings of: "Nappy Dugout," "You're Getting A Little Too Smart," "Maggot Brain" and "Free Your Mind and Your Ass Will Follow"; and
- (d) That defendants' musical compositions "B*tch Stop Lyin'," "In the Name of R.I.P.," "Toss-Up," "Bitches on My Mind," "You and Me," "Sunshine, Sunshine (Radio Remix)," "Get On Down," "KKKill the Fetus," "If This Ain't Hell," "Game of Death," "Sell Me Yo Soul a/k/a See Me Your Soul a/k/a See Me Yo Solo," "Play Dead, Knockin' Em Dead," "Hold U Up," "Fallen Angel," "Mad At the World" and on the Infringing Records "Life After Death" and "Doubelievcingod" performed by rap group Natas of which defendant is a member and the Infringing Records entitled "Boomin' Words from Hell," "KKKill the Fetus," "Sunshine (Single)," "Judgement Day-Volume 1-Day," "Judgement Day-Volume 2-Night," "Bruce Wayne: Gotham City 1987," and "Dead Flowerz," performed by defendant, Esham in whatever form, are prohibited from being further licensed, released, reprinted, performed or sold, without the written consent of plaintiffs;

(6) That pursuant to 17 U.S.C. §505, defendant pay to plaintiffs the costs of this action, including reasonable attorney's fees and expenses to be allowed to plaintiffs by this Court upon motion following judgment;

(7) That the Court enter Declaratory Judgment that plaintiffs own the copyrights in the Infringing Compositions and Sound Recordings and are entitled to full back royalties based on such percentages or, in the alternative, that the Court declare plaintiffs' ownership interests in such works and order appropriate payment based on such ownership interest;

(8) That the Court enter declaratory judgment that plaintiffs Bridgeport Music Inc. and/or Southfield Music, Inc. are entitled to mechanical royalties as Publishers on the subject Infringing Compositions and/or Sound Recordings and/or Records from the release date and from this day forward at the full statutory rate in the amounts of their copyright interests;

(9) That plaintiffs be awarded pre-judgment and post-judgment interest and costs;

(10) That plaintiffs be awarded all relief to which they are justly entitled.

DATED: February 20, 2004

Respectfully submitted,

KING & BALLOW

By: 

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1100 Union Street Plaza
315 Union Street
Nashville, TN 37201
(615) 259-3456

By:  _____

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Attorneys for Plaintiffs

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

Bridgeport Music Inc., et al.,)	
)	
Plaintiffs,)	
	)	Civil Action No. 03-72211
vs.	)	Hon. Paul D. Borman
	)	Magistrate:
Rashaam A. Smith a/k/a Esham A. Smith)	Judge R. Steven Whalen
p/k/a Esham, et al.,)	
)	
Defendants,)	

SHARI FRIEDMAN LESNICK (P39746)
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Nashville, TN 37201
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U.S. DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
DETROIT, MICH

04 FEB 25 A9 50

FILED

**MEMORANDUM OF LAW IN SUPPORT OF PLAINTIFFS' MOTION FOR
JUDGMENT BY DEFAULT AGAINST DEFENDANT RASHAAM A. SMITH A/K/A
ESHAM A. SMITH P/K/A ESHAM**

Plaintiffs Bridgeport Music Inc., Southfield Music, Inc. and Westbound Records, Inc. hereby submit this memorandum in support of Plaintiffs' Motion for Judgment by Default against defendant Rashaam A. Smith a/k/a Esham A. Smith p/k/a Esham ("defendant") pursuant to F.R.Civ.P. Rule 55(b).

FACTUAL BACKGROUND

Pursuant to the provisions of Order Granting Plaintiffs' Motion for Alternate Service and Extension of Summons as to Defendant Rashaam A. Smith, a/k/a Esham A. Smith, p/k/a Esham, (Docket No. 6), plaintiffs served a copy of the original Complaint on John Finberg at First Row Talent, defendant's booking agent, via certified mail return receipt requested on November 19, 2003 and upon co-defendant Psychopathic Records, Inc., defendant's record label, via certified mail return receipt requested, on November 14, 19, and 29, 2003.¹ (Exhibit A, Affidavit of Lesnick, Exh. 1.) Thus, defendant was given twenty days in which to answer plaintiffs' Complaint pursuant to Fed.R.Civ.P. 12(a)(1)(A). Defendant failed to answer or otherwise plead after being served with the Summons and Complaint. (Exhibit A, ¶7). Consequently, the Office of the Clerk of this Court entered default on December 24, 2003. (Docket No. 14).

ARGUMENT

I. Entry of Default Judgment is Proper under Federal Rule of Civil Procedure 55(b).

Federal Rule of Civil Procedure 55(b) governs judgments by default. Rule 55(b)(1) allows entry of default judgment by the clerk where the plaintiffs' claim is for a "sum certain or for a sum which can by computation be made certain." In all other cases, such as the instant case, which involves plaintiffs' ownership of copyrights and unascertained damages, the Court must enter judgment by default under Rule 55(b)(2).

"Federal Rule of Civil Procedure 55 provides that default may be entered when a party fails to plead or otherwise defend an action... The Court's entry of an Order of Default is within the discretion of the Court." Marschhauser v. Travelers Indemnity Co., 145 F.R.D. 605, 610 (S.D. Fla.

¹ Esham's record label refused to claim the certified mail.

1992). The only limit of Rule 55(b)(2) on the Court's discretion is the prohibition against an entry of default judgment "against an infant or incompetent person unless represented in the action by a general guardian, committee, conservator, or other such representative who has appeared therein."

As stated above, defendant has not answered plaintiffs' Complaint or otherwise defended itself in this suit. Furthermore, the Affidavit of Shari Friedman Lesnick attached hereto affirms defendant is neither an infant nor an incompetent person (Exhibit A, ¶6). Therefore, the Court may, in its discretion, enter default judgment against defendant.

II. Plaintiffs Have Been Prejudiced by Defendant's Failure to Defend Itself in this Action.

In determining whether to enter a default judgment, the Court may consider the prejudice to plaintiff caused by the defendant's delay. Midland Engineering Co. v. John A. Hall Constr. Co., 398 F. Supp. 981, 988 (N.D. Ind.1975). In this case, defendant's failure to respond to plaintiffs' Complaint has prejudiced plaintiffs by suspending the gathering of information and thereby impeding plaintiffs' preparation for trial. Plaintiffs share the goals of this Court and the Federal Rules of Civil Procedure require that the parties follow a prompt discovery and trial schedule; however plaintiffs are hindered, and thus, prejudiced by defendant's failure to respond to plaintiffs' Complaint.

III. Copyright Ownership as a Remedy.

Plaintiffs seek ownership of the copyrights in and to the share of each of the Infringing Musical Compositions that the defendant owns, and which infringe plaintiffs' works as alleged in the complaint. Defendants' infringing works are derivative works created from Bridgeport Music Inc. and Southfield Music, Inc.'s copyrighted musical compositions and Westbound Records, Inc.'s sound recordings, without permission from plaintiffs. Plaintiffs have been successfully granted

default judgments for ownership in several other actions including cases in the United States District Court for the Middle District of Tennessee.²

For the Court's further reference, plaintiffs attach hereto a Memorandum of Law Regarding Plaintiffs' Claims for Relief submitted in the United States District Court for the Middle District of Tennessee (Case No. 3:01-1091, Bridgeport Music Inc., et al. v. Tommy Boy Music, Inc. et al., Docket No. 61, June 23, 2003) which addresses the transfer of ownership in an infringing work as a remedy for a plaintiff whose protected works were infringed.

CONCLUSION

For the foregoing reasons, plaintiffs Bridgeport Music Inc., Southfield Music, Inc. and Westbound Records, Inc., respectfully request that this Court enter and order default judgment against defendant Rashaam A. Smith a/k/a Esham A. Smith a/k/a Esham.

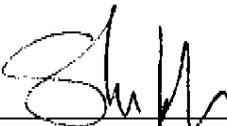
DATED: February 20, 2004

Respectfully submitted,

KING & BALLOW

By: Richard S. Busch
Richard S. Busch, BPR #14594
1100 Union Street Plaza
315 Union Street
Nashville, TN 37201
(615) 259-3456

² The cases include Bridgeport Music Inc., et al. v. Rumpelstiltskinz Publishing, Inc., et al., Case No. 3:01-0717; Bridgeport Music Inc., et al. v. Robert Harding Publishing Designee, et al., Case No. 3:01-0719; Bridgeport Music Inc., et al. v. Songwriter Services, Inc., et al., Case No. 3:01-0720; Bridgeport Music Inc., et al. v. Guerrilla Funk Music, et al., Case No. 3:01-0726; Bridgeport Music Inc., et al. v. Street Knowledge Production, et al., Case No. 3:01-0804; and Bridgeport Music Inc., et al. v. No Dooze Music, et al., Case No. 3:01-1109. A true and accurate copy of the Order in case 3:01-0717 is attached hereto for the Court's reference.

By: 
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Attorneys for Plaintiffs

03-72211
56 pages
Exh A

Inconsistent
Page Numbers

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5. The time for defendant to respond expired, and upon plaintiffs' motion, default was entered on December 24, 2003. (Docket No. 14).

6. Defendant is not currently in military service and is not an infant or incompetent. I am aware of these facts because it is within my personal knowledge that the defendant is a business entity, rather than an individual that could serve in the military and/or be an incompetent and/or infant.

7. No answer, other defense, appearance of any type and/or required pleading has been filed and/or entered by defendant.

8. Defendant did not challenge the plaintiff's Complaint by any motion under Fed. R. Civ. P. 12(b) or 56.

9. Further, defendant did not take any action or file any document that indicated the defendant's intent to defend this suit.

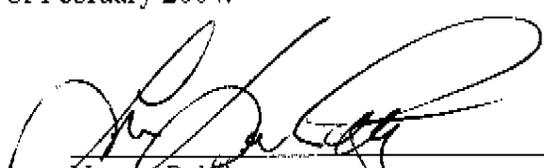
10. No proceedings have been taken nor any appearance made by defendant since default was entered.

11. Damages in this matter are not liquidated.


SHARI FRIEDMAN LESNICK

Sworn and subscribed before me this 23 day of February 2004.

My Commission Expires: 4-8-06


Notary Public **LORI LEE PETTY**
Notary Public, Oakland County, MI
My Commission Expires Apr. 8, 2006

A-1

United States District Court Eastern District of Michigan



Summons in a Civil Action and Return of Service Form

03-72211
Case Number and Judge Assignment (to be supplied by the Court)

Plaintiff(s) Name

Bridgeport Music, Inc., et al.

Defendant(s) Name

Rashaam A. Smith a/k/a Esham A. Smith p/k/a Esham, et al.

vs

Plaintiff's attorney, address and telephone:

Richard S. Busch
King & Ballou
1100 Union Street Plaza, 315 Union Street
Nashville, TN 37201
(615) 259-3456

Name and address of defendant being served:

Rashaam A. Smith
a/k/a Esham A. Smith
p/k/a Esham
18451 Schoenherr
Detroit, MI 48205

FILED
DEC 17 10:35
U.S. DIST. COURT
EAST DIST. MICH.
DETROIT, MICH.

To the defendant

This summons is notification that YOU ARE BEING SUED by the above named plaintiff(s).

1. You are required to serve upon the plaintiff's attorney, name and address above, an answer to the complaint within 20 days after receiving this summons, or take other actions that are permitted by the Federal Rules of Civil Procedure.
2. You must file the original and one copy of your answer within the time limits specified above with the Clerk of Court.
3. Failure to answer or take other action permitted by the Federal Rules of Civil Procedure may result in the issuance of a judgment by default against you for the relief demanded in the complaint.

David J. Weaver
Clerk of the Court

By: DA
Deputy Clerk

JUL - 8 2003
Date of issuance

RETURN OF SERVICE

A copy of the summons and complaint has been served upon the defendant in the manner indicated below:

Name of Defendant served:

Rashaam A. Smith aka Esham A. Smith
aka Esham

Date of service:

11-19-03; 11-14-03; 11-19-03; 11-24-03

Method of Service

Personally served at this address:

Left copies at the defendant's usual place of abode with (name of person):

At this address:

Other (please specify):

Pursuant to Order of Court dated 11/10/00

certified mail return receipt upon John Finberg #70022030000532471
and Certified mail return receipt upon Psychopathic Records #700220300005324716
See attached

Service fees: Travel \$ _____ Service \$ 12.06 Total \$ 12.06

I declare under the penalty of perjury that the information contained in this Return of Service is true.

12/14/03
Date

Shari F. Lesnick (P39746)
Signature of server

Shari F. Lesnick
Server's printed name

30700 Telegraph Rd; Ste 4646
Server's address
Birmingham Farms 1011 48025

03-72211



**** WELCOME TO ****
FRANKLIN VILLAGE BRANCH
FRANKLIN VILLAGE, MI 48025-9998
11/13/03 09:59AM

Store USPS Trans 21
Wkstn sys5002 Cashier KSX30Q
Cashier's Name LORAIN
Stock Unit Id LORAIN
PO Phone Number 1800ASKUSPS
USPS # 2582330907

1. First Class 6.03
Destination: 48336
Weight: 7.30oz
Postage Type: PVI
Total Cost: 6.03
Base Rate: 1.98
SERVICES
Certified Mail 2.30
7002203000053247164
Return Receipt 1.75

2. First Class 6.03
Destination: 91411
Weight: 7.10oz
Postage Type: PVI
Total Cost: 6.03
Base Rate: 1.98
SERVICES
Certified Mail 2.30
7002203000053247157
Return Receipt 1.75

Subtotal 12.06
Total 12.06

Personal/ Business Check 12.06

Number of Items Sold: 2

Thank You
Please come again!

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits.

Article Addressed to:

John Finberg
First Now Talent
6220 Fernova Ave
Ste 8
Van Nuys, CA 91411

Article Number

7002 2030 0000 5324 7157

PS Form 3811, August 2001

COMPLETE THIS SECTION ON DELIVERY

- A. Signature Agent Address
- X *John Finberg*
- B. Received by (Printed Name) C. Date of Delivery
- D. Is delivery address different from item 1? Yes
If YES, enter delivery address below: No
- 11/13/03
3. Service Type Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.
4. Restricted Delivery? (Extra Fee) Yes

U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

OFFICIAL USE

Postage	\$ 1.98	UNIT ID: 0907 FRANKLIN MI 48025-9998 Postmark Nov 13 2003 Clerk: KSX30Q 11/13/03 USPS
Certified Fee	2.30	
Return Receipt Fee (Endorsement Required)	1.75	
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$ 6.03	

Sent To: John Finberg, First Now Talent
Street, Apt. No. or P.O. Box No.: 6220 Fernova Ave
City, State, ZIP+4: Van Nuys, CA 91411
PS Form 3800, June 2002 See Reverse for Instructions

U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

OFFICIAL USE

Postage	\$ 1.98	UNIT ID: 0907 FRANKLIN MI 48025-9998 Postmark Nov 13 2003 Clerk: KSX30Q 11/13/03 USPS
Certified Fee	2.30	
Return Receipt Fee (Endorsement Required)	1.75	
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$ 6.03	

Sent To: Nicho Pathic Records
Street, Apt. No. or P.O. Box No.: 32575 Folsom Road
City, State, ZIP+4: Farmington Hills, MI 48336

4252 4252 0000 0907 2002

4252 4252 0000 0907 2002

UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF TENNESSEE
NASHVILLE DIVISION

ATTEST AND CERTIFY
A TRUE COPY
Clerk
U.S. District Court
Middle District of Tennessee

By: Katheryn Beasley
Deputy Clerk

Bridgeport Music, Inc., et al.)	
)	
Plaintiffs,)	
v.	)	No. 3:01-0717
	)	Judge Thomas A. Higgins
Rumpletlskinz Publishing, Inc., et al.	)	Magistrate Judge Joe Brown
)	
Defendants.)	

**ORDER OF DEFAULT JUDGMENT
AGAINST RUMPLETILSKINZ PUBLISHING, INC.**

Before the Court is the Motion for Judgment By Default of plaintiffs Bridgeport Music Inc. ("Bridgeport"), Westbound Records, Inc. ("Westbound") and Nine Records, Inc. ("Nine"), as to defendant Rumpletlskinz Publishing, Inc. on all issues of liability. The Court hereby enters the following Order specifically setting forth the rulings of the Court:

It is hereby ORDERED, ADJUDGED AND DECREED:

(1) That defendant Rumpletlskinz Publishing, Inc. is liable for willful direct, contributory, and vicarious copyright infringement concerning the musical composition and sound recording "Attitudes" containing plaintiff Bridgeport's copyrighted musical composition "Funky Worm" and the Westbound and Nine copyrighted sound recording "Funky Worm";

(2) That defendant Rumpletlskinz Publishing, Inc. shall pay to plaintiff Bridgeport Music Inc. the sum of One Hundred Fifty Thousand Dollars (\$150,000.00) as and for monetary damages for each of two separate acts of willful copyright infringement: (a) the copying of plaintiffs' musical composition "Funky Worm" into the infringing composition "Attitudes," and (b) the licensing for reproduction and distribution of the infringing composition "Attitudes" in a

This document was entered on the docket in compliance with Rule 58 and/or Rule 79(a).

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sound recording for inclusion on the Record "What is a Rumpletlskinz?" and "Attitudes" (the single) for a total monetary damage award of Three Hundred Thousand Dollars (\$300,000.00);

(3) That pursuant to 17 U.S.C. §502, defendant Rumpletlskinz Publishing, Inc., its agents, and servants are permanently enjoined from infringing said copyrights of plaintiffs in any manner, including being enjoined from licensing the copyright, distributing copies of and/or making phonorecords of the infringing composition "Attitudes" and/or authorizing the same, and from publishing, selling, marketing or otherwise disposing of any copies of such phonorecords of "Attitudes" or any other devices, in whatever form, upon which plaintiffs' unlicensed composition and sound recording, "Funky Worm," is embodied, and from licensing and contributing to or participating in and furthering any infringing acts;

(4) That pursuant to 17 U.S.C. §503, and unless otherwise consented to by plaintiffs, defendant is required to deliver up on oath to be impounded and for destruction all infringing phonorecords, copies and sound recordings containing the infringing composition "Attitudes," and all plates, molds, matrices, and other means of any kind for making infringing copies, recordings, and/or sound recordings and other infringing materials, including but not limited to computer files, digital copies in whatever form, demonstration ("demo") copies, sheet music and/or promotional copies, in its possession and/or under its control, and it is ordered that the all phonorecords containing "Attitudes," or other devices upon which plaintiffs' copyrighted works of "Funky Worm" are embodied, are prohibited from being further released, reprinted, performed or sold, without the consent of plaintiffs;

(5) That all amounts received by defendant Rumpletlskinz Publishing, Inc. from the exploitation of the musical composition be paid over to plaintiffs;

(6) That plaintiff Bridgeport Music Inc. is hereby declared the 100% owner of the

entirety of defendant Rumpletilskinz Publishing, Inc.'s ownership interest in the copyright in the musical composition "Attitudes" as of the date of creation of the composition;

(7) That pursuant to 17 U.S.C. §505 defendant Rumpletilskinz Publishing, Inc. shall pay to plaintiffs the costs of this action, prejudgment interest, post judgment interest and reasonable attorney's fees, which costs and fees shall be proven by affidavit and submitted to the Court following entry of this Order.

The entry of this order shall constitute the final judgment in this action.
IT IS SO ORDERED. *TMH*

Thomas A. Higgins

JUDGE THOMAS A. HIGGINS
11-18-03/

**UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF TENNESSEE
NASHVILLE DIVISION**

2003 JUN 23 PM 4:25

U.S. DISTRICT COURT
MIDDLE DISTRICT OF TN

Bridgeport Music, Inc., et al.,)	
)	
Plaintiff,)	
vs.	)	No. 3:01-1091
	)	Judge Thomas A. Higgins
Tommy Boy Music, Inc., et al.	)	Magistrate Judge Joe Brown
	)	Jury Demand
)	
Defendants)	

MEMORANDUM OF LAW REGARDING PLAINTIFF'S CLAIMS FOR RELIEF

Pursuant to the Court's Order of May 20, 2003, plaintiffs were requested to file with the Court a memorandum of law setting forth plaintiffs' specific claims for relief against the defendant Paul E. Huston d/b/a/ Prinse Pawl Musick, and legal argument that proof of damages may be supported by affidavit rather than live testimony. (Docket No. 56). Plaintiff Bridgeport Music, Inc. submits this memorandum.¹

I. INTRODUCTION

Defendant Paul E. Huston, professionally known as rap artist Prinse Pawl, performed the Infringing Composition and Sound Recording "Steady Slobbin" on the "Prinse Pawl Presents A Prince Among Thieves" record. "Steady Slobbin" is a cover version of the Bridgeport composition "Steady Mobbin," (containing "Love Amnesia" and "Sir Nose D'Voidoffunk") which was performed, recorded and released without license or agreement from Bridgeport. A "cover" version means that an artist records their performance of a composition that another artist has already recorded and released to the public. In this case, rap artist Ice Cube previously

¹ The musical composition that is the subject of this action, "Steady Mobbin" is owned, in part, by Bridgeport Music, Inc. Southfield Music, Inc. has no interest in the composition and therefore, plaintiffs has dismissed voluntarily Southfield as a plaintiff prior to filing this memorandum.

recorded "Steady Mobbin". Bridgeport asserts that Prinse Pawl recorded a cover version of Bridgeport's composition; it is the same composition but a different artist performing it. There is virtually no variation between the two compositions; musically it is identical.

Bridgeport owns a 23.33% share of the composition "Steady Mobbin" which contains samples of two other compositions, "Love Amnesia" in which Bridgeport owns 100%, and "Sir Nose D'Voidoffunk" in which Bridgeport owns a 66.67% share. In a copyright registration filed with the U.S. Copyright Office, Huston claims to have co-authored the work "Steady Slobbin" with Paul Smith. Huston's publishing company, defendant Paul E. Huston d/b/a Prinse Pawl Musick ("Huston"), as a copyright claimant, is one of the registered co-owners of the copyright.

As a result of Huston's failure to secure permission from Bridgeport to use "Steady Mobbin", Plaintiff filed this action alleging direct, contributory and vicarious copyright infringement arising out of Huston's infringing conduct as a publisher of the infringing composition entitled "Steady Slobbin."

II. SPECIFIC CLAIMS FOR RELIEF

Bridgeport seeks various remedies from this Court for Huston's infringing conduct. As one of the co-owners of the copyright in and to the song "Steady Mobbin", Bridgeport has the exclusive right to do, and to authorize, any of the following: (1) to reproduce the work, (2) to prepare derivative works based upon the work, (3) to distribute to the public, (4) to perform publicly the work and (5) to display publicly the work. 17 U.S.C. §106.

A. Bridgeport's Exclusive Rights

Huston, a music publisher, did not obtain permission from Bridgeport to use the song "Steady Mobbin" in the composition "Steady Slobbin." Significantly, in this case, the work Huston claims as his own is a derivative work created from Bridgeport's pre-existing work. As copyright owner of the original work, only Bridgeport (and its co-owners) has the right to create,

or authorize another to create, a derivative work. Huston received no such authorization, and as such, "Steady Slobbin'" is an infringing work. Thus, Huston, as publisher, had no authority whatsoever to authorize the reproduction and distribution of the infringing composition in any sound recording, i.e. issue a mechanical license and collect royalties, including that embodied in phonorecords entitled "Prinse Pawl Presents A Prince Among Thieves." Further, Huston, as publisher, had no right to authorize the public performance by the artist, Prinse Pawl, or the public display of the infringing composition.

B. Huston's Infringing Conduct

Publisher Huston's acts of direct copyright infringement, described above, include his unlawful claim to ownership of an unauthorized, infringing derivative work, his unlawful "authorization" to others to reproduce and distribute the infringing composition and his unlawful "authorization" of the public performance and/or public display of "Steady Slobbin'." In addition to acts of direct infringement, the evidence will show that Huston is liable for contributory and vicarious infringement as shown below.

By licensing the infringing composition to a record label, Huston knowingly engaged in conduct that induced, caused, substantially participated and materially contributed to the infringement of Bridgeport's work; the artist performed and displayed the work, the record label reproduced, distributed and displayed it and the co-publishers and administrators authorized, by licensing, the continued use of it while collecting and distributing royalties and fees for themselves and their songwriters. All of these infringing acts were encouraged, facilitated and made possible by Huston's licensing of the infringing composition.

While Huston engaged in these activities, he had a direct financial interest in the infringing conduct of the songwriters, co-publishers, administrators, artist, record label, distributors and the right and ability to supervise and/or control their conduct. Huston stood to benefit directly from

royalties earned as a songwriter, publisher and artist. His direct financial interest would be further enhanced when record labels and distributors marketed, sold and distributed the works in order to generate the royalties to pay Huston, among others.

Huston has direct control over the infringement in that he has the ability to terminate the license(s) to the record label(s) for the infringing composition, and to notify all of the associated parties of the infringement. He did not. Huston could have contacted Bridgeport to obtain a license to use its work even after the record was released. He did not. He could have paid royalties and fees to Bridgeport rather than himself as publisher and writer. He did not. Huston did none of this because it would have impacted the financial interest he had in the infringing composition. As a result of Huston's actions and inaction, these parties infringed, and continue to infringe, Bridgeport's work. Such conduct by Huston constitutes direct, contributory and vicarious copyright infringement

III. RELIEF SOUGHT FOR VIOLATION OF RIGHTS UNDER COPYRIGHT

Bridgeport seeks a finding of liability against Huston for his direct, contributory and vicarious copyright infringement arising out of Huston's unauthorized use of Bridgeport's musical composition. As and for its remedies for infringement, Bridgeport prays for the relief set forth below.

A. Legal and Equitable Remedies

As and for their remedies at law, Bridgeport seeks the following damages:

- (i) For willful copyright infringement, Bridgeport seeks actual damages and profits;
- (ii) In the alternative, and in the event, Bridgeport's damages are less than \$150,000.00 for each infringement, plaintiff seeks statutory damages of \$150,000.00 pre infringement for willful infringement pursuant to 17 U.S.C. §504(c)(2); or

(iii) In the alternative, if Huston is not found to have willfully infringed and Bridgeport's damages are less than \$30,000.00 per infringement, plaintiff seeks statutory damages of \$30,000.00 per infringement pursuant to 17 U.S.C. §504(c)(1)

B. As and for equitable relief, plaintiff seeks the following:

(i) An accounting so that all gains, sales, profits and advantages derived by Huston be determined;

(ii) The imposition of a constructive trust for all monies received by Huston from May 4, 2001 forward, and that such sums be paid over to Bridgeport at the conclusion of this case;

(iii) Pursuant to 17 U.S.C. §502, a permanent injunction prohibiting Huston from infringing Bridgeport's copyright in any manner including from licensing, and contributing to or participating in and furthering any infringing acts;

(iv) Pursuant to 17 U.S.C. §503, and unless otherwise consented to by plaintiff, an Order for impoundment and destruction of all infringing phonorecords and other infringing materials, and all plates, molds, matrices and other means of any kind for making infringing copies, made or used in violation of Bridgeport's exclusive rights, and that the Infringing Composition and Sound Recording in whatever form be prohibited from further release, reprint, performance or sale without plaintiff's consent; and/or

(v) A declaratory judgment that Bridgeport is the owner of the copyright in the infringing composition and sound recording, and the masters of the infringing sound recording, and entitled to full royalties retroactive to date of release, and from this day forward at full statutory rate; or in the alternative, that the Court declare Bridgeport's ownership interest in such works and order appropriate payment based upon such

ownership interest, and further, that all prior assignments and licenses for the infringing works are void.

Pursuant to 17 U.S.C. §505, plaintiff also seeks attorneys' fees and costs and pre- and post-judgment interest.

B. Transfer of Ownership

The Court requested that Bridgeport provide its legal argument in support of a transfer of ownership in the infringing composition and sound recording. (Docket No. 56). The foundation for such relief begins with 17 U.S.C. §106, which sets forth the exclusive rights granted to a copyright holder. Among the rights afforded, to the exclusion of all others, is the right to create derivative works based upon the copyrighted work. 17 U.S.C. §106(2). A "derivative work" is a work based upon one or more preexisting works. 17 U.S.C. §101. "A work will be considered a derivative work only if it would be considered an infringing work if the material that it has derived from a pre-existing work had been taken without the consent of a copyright proprietor of the pre-existing work." Kohus v. Mariol, 328 F.3d 848, 2003 U.S. App. LEXIS 9612, at *22, (6th Cir. 2003), citing 1 Nimmer on Copyright §3.01; Sobhani v. @Radical.media, Inc., 2003 U.S. Dist. LEXIS 2619, *9 (C.D. Cal. Feb. 10, 2003); Anderson v. Stallone, 1989 U.S. Dist. LEXIS 11109, *25 (C.D. Cal. April 26, 1989); Litchfield v. Spielberg, 736 F.2d 1352, 1357 (9th Cir. 1984).

1. Huston's work is an unauthorized derivative work.

First, as described herein, Huston's work is indeed an infringing work. To succeed on its "derivative claim", Bridgeport must show that Huston's work is substantially similar to its copyrighted work. Kohus v. Mariol, 2003 U.S. App. LEXIS at *22. A comparison of the two works readily will reveal that the compositions are virtually identical so much so that Huston's composition is a cover song, i.e. a subsequently recorded performance of a previously released

recording of Bridgeport's composition. The compositions are musically identical. Secondly, it will not be disputed that Huston's composition, "Steady Slobbin," was not authorized by Bridgeport at any time. In fact, the evidence will show that Bridgeport put Huston on notice of the infringement, and he failed to respond, or remedy the infringement.

Thus, Huston's composition is well within the definition of an unauthorized derivative work; the substantially similar material that Huston derived from Bridgeport's pre-existing work has been taken without the consent of Bridgeport, the copyright proprietor of the pre-existing work. Kohus, 2003 U.S. App. LEXIS 9612 at *22, SAS Institute, Inc. v. S&H Computer Systems, 605 F. Supp. 816, 830 (6th Cir. 1985). "Accordingly, if a work is derived from a previous work, and the new work thereby infringes a copyright in the previous work, then the new work is an unauthorized (and infringing) derivative work." Sobhani, 2003 U.S. Dist. LEXIS 2619 at *9, citing Anderson, 1989 U.S. Dist. LEXIS 11109, at *25. Bridgeport's pre-existing work, "Steady Mobbin" is the subject of a valid copyright, and its unauthorized use constitutes classic infringement, and is therefore, unlawful under the Act. *Id.*, at *13, n.5, citing BJJ Fabrics, Inc. b Brylane, Inc., 714, F.Supp.107, 110 (S.D.N.Y. 1989).

2. Huston has no copyrightable interest in the derivative work.

A copyright owner's creation of, or authorized creation of, a derivative work gives rise to an independently copyrightable work. 17 U.S.C. §106. "Any work, if it satisfies the requirements of originality and is not itself an infringing work, will be separately copyrightable." 1 Nimmer §3.01. The protection afforded by a "copyright in such a derivative work extends only to the material contributed by the author of such work, as distinguished from the pre-existing material employed in the work, and does not imply any exclusive right in the pre-existing material. The copyright in such work is independent of, and does not affect or enlarge the scope, duration, *ownership* or subsistence of, any copyright protection in the pre-existing material."

Murray Hill Publications, Inc. v. ABC Communications, Inc., 264 F.3d 622, 630 (6th Cir. 2001). Consequently, it cannot be disputed that Bridgeport clearly owns its original work, "Steady Mobbin'" contained in Huston's derivative (and infringing work), "Steady Slobbin." Huston has no ownership rights whatsoever to Bridgeport's copyrighted pre-existing work.

Pursuant to 17 U.S.C. §106(2), Huston cannot make a derivative work based upon Bridgeport's composition without Bridgeport's consent, which he clearly did not secure. The issue then is whether Huston can claim copyright in those portions of the infringing composition that are not owned by Bridgeport, i.e. those new, original elements of Huston's work. 17 U.S.C. §103(a). Before reaching this point however, there is an important limitation to be considered with respect to derivative works. Copyright protection does **not** extend "to derivative works if the pre-existing work tends to pervade the entire derivative work." 1 Nimmer on Copyright, §3.06; Anderson, 1989 U.S. Dist. LEXIS 11109, at *16; Sobhani, 2003 U.S. Dist. LEXIS 2619 at *14 citing Nimmer at §3.06 and Eden Toys v. Florelee Undergarments Co., 697 F.2d 27, 34 n.6 (2nd Cir. 1982) (quoting Nimmer); SAS Institute, Inc., 605 F. Supp. at 830-831. In this action, it will be proven that Bridgeport's work is so pervasive in the Huston work so as not to afford any copyright protection to Huston. The infringing work "Steady Slobbin'" is so remarkably similar, and musically identical to Bridgeport's "Steady Mobbin," that it cannot be said there is anything that has been independently created by Huston.

It is a constitutional requirement that a plaintiff bringing an infringement claim must prove "copying of constituent elements of the work that are original." Feist Publ'ns, Inc. v. Rural Tel. Serv. Co., 449 U.S. 340, 361 (1991). To determine if copying has taken place, the first step "requires identifying which aspects of the artist's work, if any, are protectible by copyright; the second involves determining whether the allegedly infringing work is "substantially similar" to protectible elements of the artist's work. Kohus 2003 U.S. App.

LEXIS at *8-*9, citing Sturdza v. United Arab Emirates, 350 U.S. App. D.C. 154, 281 F.3d 1287, 1295, 1296 (D.C. Cir. 2002). In this case, if the proprietary elements of Bridgeport's composition are filtered out, virtually nothing remains of Huston's infringing work, leaving him with no derivative work to copyright.

Even if the slightest protectible element remained, the District Court in Sobhani, 2003 U.S. Dist. LEXIS at *15 pointed out a ruling by the Seventh Circuit in which it likewise suggested that no copyright protection obtains in *any* portion of an unauthorized derivative work even if it "had a smidgeon of originality." Pickett v. Prince, 207 F.3d 402, 406 (7th Cir. 2000). Pickett designed a guitar shaped like the symbol that identified the recording artist Prince, an admitted derivative work. Pickett showed the guitar to Prince and later Prince appeared in public playing a guitar designed similarly to Pickett's. The Court found that "Section 103(a) does not qualify the exclusive right of the owner of the copyright of the original work to make derivative works based on that work" but Section 103(a) "means only . . . that the right to make a derivative work does not authorize the maker to incorporate into it material that infringes someone else's copyright." *Id.*

As shown above, the evidence will prove that Bridgeport's copyrighted work pervades the derivative work, and that Huston has not been authorized to create the derivative work; therefore, no copyright protection is afforded to Huston for the infringing composition, "Steady Slobbin." Sobhani 2003 U.S. Dist. LEXIS 2619 at *17.

3. Copyright ownership of the infringing work vests in Bridgeport.

Bridgeport contends it is entitled to a transfer of ownership to the entirety of Huston's composition and sound recording of "Steady Slobbin." As with real property, title to intellectual property including copyright must vest; it is never suspended. Copyright in a work vests initially

in the author of the work. 17 U.S.C. §201(a).² A person claiming copyright must either be the author, or he must succeed to the rights of the author in a manner permitted by law. Bridgeport, a publisher, is the “person claiming copyright” by succeeding to the rights of the authors (songwriters) by written assignment. Huston is neither an author of the unauthorized, infringing derivative work, nor did he succeed to Bridgeport’s rights in any legally permissible fashion. Defendant Huston is not entitled to copyright protection for his unauthorized, unlawful infringing derivative work and therefore, ownership vests in Bridgeport Music, Inc., the owner of the pre-existing work who enjoys the exclusive right to create the derivative work, “Steady Slobbin.”

Based upon the foregoing, transfer of ownership of the infringing composition is appropriate relief to be afforded by this Court.

IV. PROOF OF DAMAGES FOR JUDGMENT BY DEFAULT

The Court has requested that plaintiff provide legal argument that proof of damages may be supported by affidavit rather than live testimony of witnesses.

Federal Rule of Civil Procedure 55(b) governs the entry of default judgment. Rule 55 states, in pertinent part, that judgment by default may be entered as follows:

1) **By the Clerk.** When the plaintiff’s claim against a defendant is for a sum certain or for a sum which can by computation be made certain, the clerk upon request of the plaintiff and upon affidavit of the amount due shall enter judgment for that amount and costs against the defendant, if the defendant has been defaulted for failure to appear and is not an infant or incompetent person.

(2) **By the Court.** In all other cases the party entitled to a judgment by default shall apply to the court therefor. . If, in order to enable the court to enter judgment or to carry it into effect, it is necessary to take an account or to determine the amount of damages or to establish the truth of any averment by

² The subject work was created after January 1, 1978, the effective date of the Copyright Act. For works created prior to January 1, 1978 under the 1909 Copyright Act, copyright is effective upon publication with notice, or as to certain works, upon registration as an unpublished work. All pre-1978 works that are the subject of the so-called “Bridgeport litigation”, have been published with notice, and therefore, title vests upon such publication.

evidence or to make an investigation of any other matter, the court may conduct such hearings or order such references as it deems necessary and proper and shall accord a right of trial by jury to the parties when and as required by any statute of the United States.

Once a default is entered, the facts alleged by the plaintiff in the complaint are deemed admitted. A defaulting party has no standing to participate as to issues of liability, and he loses the rights to present evidence on issues other than unliquidated damages. MOORE'S FEDERAL PRACTICE 3D §55.12, Witter v. Nesbit, 878 S.W.2d 116, 119 (Tenn. App. 1993). By permitting a default judgment to be entered against him, a defendant "impliedly confesses all of the material allegations of fact contained in [the] complaint, except the amount of the plaintiff's unliquidated damages." Patterson v. Rockwell Int'l, 655 S.W.2d 96, 101 (Tenn. 1984). For a default judgment, well-pleaded factual allegations are sufficient to establish a defendant's liability. Nat'l. Satellite Sports, Inc. v. Mosley Entm't, Inc., 2002 U.S. Dist. LEXIS 10527 (E.D. Mich. May 21, 2002). [Citations omitted.]

The issue of damages remains for the Court's determination. The language in Rule 55(b)(2) regarding the need for a hearing on the issue of damages is permissive rather than mandatory. The Court "may conduct a hearing" but only if it is necessary to determine the amount of damages in order to enter judgment. Rule 55 contains little guidance as to the manner in which a default judgment is to be granted; however, case law references examples of evidence considered by trial courts when entering a default judgment including evidence in the record, by affidavit and sworn discovery responses.³

A hearing may not be required at all if the Court is aware already of facts comprising damages. See Marc Rich & co., Inc. v. Action. S.A., 951 F.2d 504, 508 (2nd Cir. (1991), Taylor v. City of Ballwin, Missouri, 859 F.2d 1330, 1332. (8th Cir. 1988). Further, some matters may be

³ Tennessee Rules of Civil Procedure and case law likewise offers little guidance as to the method of presentation of the evidence, other than case law's reference to evidence submitted in support of a party's motion for default.

established upon written proof without a hearing. In Williams v. Califano, 593 F.2d 282, 284 (7th Cir. 1979), the Court determined the sufficiency of the plaintiff's claim for purposes of entering a default judgment by examining the administrative record.⁴ In interpreting F.R.C.P. 55, the Supreme Court stated:

It is a familiar practice and an exercise of judicial power for a court upon default, by taking evidence when necessary or by computation from facts of record, to fix the amount that the plaintiff is lawfully entitled to recover and to give judgment accordingly. [Citations omitted.] In all these cases the court determines that the unchallenged facts shown of record establish a legally binding obligation; it adjudicates the plaintiff's right of recovery and the extent of it, both of which are essential elements of the judgment.

Pope v. United States, 323 U.S. 1, 12, 89 L.Ed.3, 65 S.Ct. 16 (1944). If the record establishes the facts necessary to make the determination, live testimony is not required. [Cf. Amresco Financial I L.P. v. Storti, 2000 U.S. Dist. LEXIS 3103 (E.D. Pa. March 13, 2000). “. . .the amount claimed is liquidated or capable of ascertainment from definite figures contained in the documentary evidence and *detailed affidavits* submitted by Plaintiffs. The Court therefore may apply the appropriate factors in awarding statutory damages without an evidentiary hearing.” (Emphasis added.)]

As with other summary proceedings, the moving party must submit a the Court may consider some admissible evidence, which may be in the form of an affidavit, testimony of witnesses or other evidence obtained through discovery. Bross v. Mobile Home Estates, Inc., 466 N.E.2d 467, 469 (1987). Summary judgments may be granted based upon affidavits, among other forms of documentary evidence. (F.R.C.P. 56). In fact, motions to set aside default judgments pursuant to F.R.C.P. 55(c) are routinely granted based upon evidence submitted by

⁴ The Court found that the trial court erred when it entered default judgment upon a *de novo* review of the record, when the default should have been entered based upon the transcript of the record only. *Id.* at 284.

affidavit. Where permitted, properly executed affidavits setting forth an affiant's personal knowledge are a form of admissible evidence. 17 U.S.C. §1746.

In National Satellite Sports, Inc. 2002 U.S. Dist. LEXIS 10527 at *7-*11, the District Court went through an analysis of the steps it took to grant default judgment to a plaintiff who requested relief under the Federal Communications Act of 1934, which similar to the Copyright Act, involves an election between actual damages and statutory damages and statutorily permissible attorneys' fees and costs. The Court looked first to the plaintiff's complaint and the relief sought. The Court then reviewed the evidence submitted in support of the motion for default judgment:

Plaintiff has attached the **Affidavit** ("Declaration") of Marcus Corwin, National's President, to attest to the facts contained in the Complaint and the Memorandum of Law in Support of Plaintiff's Motion for Default Judgment. Also attached Plaintiff's Motion is the **Affidavit** of Otic Campbell attesting to the fact that the Event was exhibited by the Defendants on November 11, 2000, and describing the number of patrons viewing the Event. Finally, Plaintiff has attached to the Motion the **Affidavit** of Julie Beth Teicher, national's attorney, attesting to the attorney's fees and costs incurred on behalf of National in this case. (Emphasis added.)

Based upon the pleadings and the affidavits submitted, the Court then granted default judgment for statutory damages and attorneys' fees. *Id.* at *10-*11.

In the present action, plaintiff Bridgeport seeks actual damages, or statutory damages for willful copyright infringement in the sum of \$150,000.00 per infringement or \$30,000.00 per infringement if the infringement is found not to be willful, injunctive relief, an accounting, impoundment and destruction of infringing materials, attorneys' fees and costs pursuant to 17 U.S.C. §505, pre- and post-judgment interest and declaratory relief. When entering a default judgment against an unresponsive party, the Court must decide the merits of the case based upon the pleadings and evidence before it, in a manner similar to summary judgment. As shown above, sworn affidavits and evidence in the record are used routinely to establish damages,

including those damages sought by plaintiff in its copyright infringement action against defendant Paul E. Huston d/b/a Prinse Pawl Musick.

V. SERVICE OF PROCESS UPON DEFENDANT HUSTON

The Court asked that plaintiff explain an apparent difference in the certificate of service with respect to the First Amended Complaint. In May 2001 when this action was commenced, Publisher Paul E. Huston's only known address was identified by him upon BMI's records, the performing rights society with which Huston is affiliated as a music publisher. BMI is routinely used by the industry to locate publishers and songwriters to determine, among other things, the identity of writers and publishers and their addresses.

As of May 4, 2001, Huston listed his address as Prinse Pawl Musick c/o T-Girl Music, 902 Broadway, 13th Floor, New York, NY 10010. On May 16, 2001, plaintiffs mailed the Notice of the Lawsuit, the Complaint and a Request for Waiver of Service upon Huston at this address; it was received June 13, 2001. (Docket No. 103). On July 16, 2001, the summons for Huston was issued. (Docket No. 311). The summons and complaint was served upon Huston at the New York address. A return of service was executed showing service on Huston on July 24, 2001. (Docket No. 383).

Huston filed no responsive or other pleading after July 24, 2003. The First Amended Complaint was filed September 28, 2001. (Docket No. 436). It was served via ordinary U.S. Mail at Huston's last known address, and the address at which the Complaint had been served, i.e. Prinse Pawl Musick c/o T-Girl Music, 902 Broadway, 13th Floor, New York, NY 10010. The Certificate of Service on the First Amended Complaint filed with the Court on September 28, 2001 (Docket No. 15) identifies the parties upon whom service was effectuated, i.e. counsel of record for WB Music and Warner-Chappell, Gangsta Boogie Music, T-Girl Music and Tommy Boy Music. Subsequently, the First Amended Complaint was served upon Paul E. Huston d/b/a

Prinse Pawl Musick c/o T-Girl Music Publishings (sic) LLC, 902 Broadway, 13th Floor, New York, NY 10010 via ordinary U.S. Mail on November 29, 2001. The mail was not returned. (Declaration of Ramona P. DeSalvo.)⁵ To date, no response or responsive pleading has been made by Huston to either the Complaint or First Amended Complaint. The time within which to respond has long since elapsed.

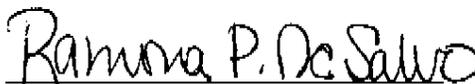
VI. CONCLUSION

Plaintiff respectfully submits the foregoing memorandum of law at the request of the Court to address (1) its specific claims for relief including a transfer of ownership, (2) proof of damages supported by affidavit and (3) service of the First Amended Complaint upon defendant Prinse Pawl Musick.

DATED: June 23, 2003

Respectfully submitted,

KING & BALLOW

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⁵ The First Amended Complaint also was served upon co-defendant Songwriter Services on November 30, 2001 by ordinary U.S. Mail. *Id.*

9 of 944 DOCUMENTS

LOUIS M. KOHUS, Plaintiff-Appellant, v. JOHN V. MARIOL; JAMES F. MARIOL; JVM INNOVATION & DESIGN, Defendants-Appellees.

No. 01-4089

UNITED STATES COURT OF APPEALS FOR THE SIXTH CIRCUIT

328 F.3d 848; 2003 U.S. App. LEXIS 9612; 2003 FED App. 0150P (6th Cir.)

December 12, 2002, Argued

May 20, 2003, Decided

May 20, 2003, Filed

PRIOR HISTORY:

[*1] Appeal from the United States District Court for the Southern District of Ohio at Cincinnati. No. 99-00831. Sandra S. Beckwith, District Judge.

DISPOSITION:

Vacated and remanded.

COUNSEL:

ARGUED: Donald J. Rafferty, COHEN, TODD, KITE & STANFORD, Cincinnati, Ohio, for Appellant.

Michael D. Johns, DINSMORE & SHOHL, Cincinnati, Ohio, for Appellees.

ON BRIEF: Donald J. Rafferty, COHEN, TODD, KITE & STANFORD, Cincinnati, Ohio, for Appellant.

Michael D. Johns, Charles H. Brown III, DINSMORE & SHOHL, Cincinnati, Ohio, for Appellees.

JUDGES:

Before: BATCHELDER and MOORE, Circuit Judges; FORESTER, Chief District Judge. *

* The Honorable Karl S. Forester, Chief United States District Judge for the Eastern District of Kentucky, sitting by designation.

OPINIONBY:

ALICE M. BATCHELDER

OPINION:

[**2]

ALICE M. BATCHELDER, Circuit Judge. Louis Kohus ("Kohus") appeals the district court's grant of summary judgment in favor of defendants John Mariol, James Mariol, and JVM Innovation & Design ("Defendants"), on Kohus's claims for copyright infringement. Kohus argues that the district court applied the wrong legal standard, and that the court erred by refusing to consider expert testimony. Having concluded that the Sixth Circuit [*2] does not have a settled legal standard in this area, we set out a standard below and remand so the district court may apply that standard.

Statement of Facts

Kohus invents and designs consumer products, including children's items. In 1987 he formed Kohus/Mariol, Inc. ("KMI") with John Mariol ("Mariol"). They developed a number of products, including product 11-KMI86, a portable children's playyard, which included drawings for a latch that would lock the upper rails in place for use. This latch ("the 11-KMI86 latch") was unlike others on the market in that it had two flippers, or hinges, instead of one, and this gave it a two-step function that could make it safer than comparable latches. [**3]

By August of 1988 a serious disagreement had developed between KMI's shareholders, and Kohus and KMI sued Mariol and his father James (who was also an inventor, and worked with Kohus) in Ohio court. The

328 F.3d 848; 2003 U.S. App. LEXIS 9612, *;
2003 FED App. 0150P (6th Cir.), **

lawsuit remained unresolved for some six years, though the court did order that in the interim James should maintain control of all KMI's products and assets. The parties parted ways, and Mariol acted as his father's agent in handling KMI's products and assets.

In November of 1994 [*3] the KMI litigation finally ended in a settlement. Paragraph two of the settlement agreement provided that "JAMES MARIOL hereby assigns to KOHUS all rights, title and interest, whether known or unknown, that he may now have or hereafter acquire in those ... products identified in Exhibit B ..., including without limitation any . . . design drawings[.]" Exhibit B included product 11-KMI86. Consequently, after November of 1994 Mariol no longer had the right to develop or market the 11-KMI86 latch.

In February of 1995 Mariol, who was consulting with Evenflo Juvenile Furniture Co. ("Evenflo") on a project to develop a collapsible playyard, faxed Evenflo a latch drawing entitled "Joint Version No. 2." Kohus alleges that this drawing is substantially similar to the 11-KMI86 latch.

In January of 1996 Mariol became a contractor for Kolcraft Enterprises, Inc., where he was assigned to assist another engineer in developing a collapsible playyard. Mariol and his co-engineer subsequently obtained two patents from the United States Patent and Trademark Office ("PTO") on playyards they developed at Kolcraft: Patent No. 5,826,285 ("the '285 Patent"), and Patent No. 5,867,851 ("the '851 Patent"). [*4] Both of the patent documents present identical drawings of a latch that Kohus alleges was derived from, and substantially similar to, the 11-KMI86 latch. In 1999 Kohus discovered the '285 and '851 Patents while conducting patent searches on the internet, and he then applied for and received a certificate of registration on the 11-KMI86 latch. [*4]

Mariol had, in his patent applications, attempted to establish a claim for the allegedly infringing latch, but the patent examiner had not allowed this and had required him to file that claim separately. Mariol subsequently did so, though he amended the patent application with a supplemental information disclosure statement in which he explained to the PTO that Kohus had filed suit against him. In the supplemental disclosure Mariol included the original drawings of the 11-KMI86 latch, though he had not asked Kohus's permission. The PTO nevertheless rejected the latch-related claims in the patent application, finding that they were "anticipated" by the original drawings of the 11-KMI86 latch.

Kohus filed this lawsuit on October 1, 1999, contending *inter alia* that three of Mariol's drawings--Joint Version No. 2, the '285 Patent [*5] drawing, and the identical '851 Patent drawing--were substantially

similar to the 11-KMI86 latch drawing, and that these three drawings violated his right to create derivatives of the 11-KMI86 latch drawing. The Defendants subsequently filed for summary judgment, arguing that even if the drawings were substantially similar, Kohus's claims should fail because the Defendants did not have access to the 11-KMI86 latch drawing. After the district court found that they did have access and rejected this motion, the Defendants filed another motion for summary judgment, this time arguing that their drawings were not substantially similar to the 11-KMI86 latch drawing. The district court compared the drawings, and refused to consider the conflicting testimony of experts proffered by each side. It concluded that no reasonable trier of fact could find that the Defendants' drawings were substantially similar to the 11-KMI86 latch drawing, and held that since Kohus's substantial similarity argument failed, his derivative copying argument should also fail. Kohus now appeals. [**5]

Analysis

I. Whether the Latches Depicted in the Defendants' Drawings Are Substantially Similar to the Latch in Kohus's Copyrighted Drawing [*6]

A. The Applicable Legal Standard

Summary judgment is proper "if the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to a judgment as a matter of law." Fed. R. Civ. P. 56(c). In copyright infringement cases "granting summary judgment, particularly in favor of a defendant, is a practice to be used sparingly," but "a court may compare the two works and render a judgment for the defendant on the ground that as a matter of law a trier of fact would not be permitted to find substantial similarity." *Wickham v. Knoxville Int'l Energy Exposition, Inc.*, 739 F.2d 1094, 1097 (6th Cir. 1984) (citations omitted); see also *Hoehling v. Universal City Studios, Inc.*, 618 F.2d 972, 977 (2d Cir. 1980) ("Because substantial similarity is customarily an extremely close question of fact, summary judgment has traditionally been frowned upon in copyright litigation[.]" (citing *Arnstein v. Porter*, 154 F.2d 464, 468 & 474 (2d Cir. 1946))).

To succeed [*7] in a copyright infringement action, a plaintiff must establish that he or she owns the copyrighted creation, and that the defendant copied it. *Wickham*, 739 F.2d at 1097. In the present case Kohus's ownership of the 11-KMI86 latch drawing is not disputed, and copying is the sole issue.

Not all "copying" is actionable, however: it is a constitutional requirement that a plaintiff bringing an

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infringement claim must prove "copying of constituent elements of the work that are original." *Feist Publ'ns, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340, 361, 113 L. Ed. 2d 358, 111 S. Ct. 1282 (1991) (emphasis added); see also *id.* at 348 ("Originality remains the *sine qua non* of copyright; accordingly, copyright protection may extend only to those components of a work that are original [**6] to the author."); *id.* at 345 ("Original ... means only that the work was independently created by the author (as opposed to copied from other works), and that it possesses at least some minimal degree of creativity."). Consequently, before comparing similarities between two works a court should first identify and eliminate those elements that are unoriginal and therefore [*8] unprotected. This was the method used by the Court in *Feist*, in which a telephone company sued a publishing company that had reprinted some of its directory listings. The Court noted that where factual compilations such as telephone books are involved, the only original elements are in selection and arrangement, *id.* at 349, and concluded that because the copied listings were taken from "a garden-variety white pages directory, devoid of even the slightest trace of creativity," they were not original and were not entitled to copyright protection. *Id.* at 362-63. In sum, the Court filtered out the unoriginal, unprotected elements, and then determined that there was nothing original to be protected.

In *Feist* it was a given that the defendant had copied the plaintiff's work. For cases like the one before us here, where there is no direct evidence of copying, a plaintiff may establish "an inference of copying by showing (1) access to the allegedly-infringed work by the defendant(s) and (2) a substantial similarity between the two works at issue." *Ellis v. Diffie*, 177 F.3d 503, 506 (6th Cir. 1999). In this case access has been established, [*9] and only substantial similarity is at issue.

Courts have established various tests for the substantial similarity finding. The traditional approach is the "ordinary observer" or "audience" test, which "requires the trier of fact to gauge the similarities of the two works solely on the basis of his 'net impression' and without relying on expert analysis or dissection." *Id.* at 506 n.2 (citation omitted); see also 4 Melville B. Nimmer & David Nimmer, *Nimmer on Copyright* § 13.03[E][1] (1991) (hereinafter "Nimmer"). There are a number of difficulties with this approach, see 4 Nimmer § 13.03[E][2], and courts have undertaken various modifications--typically, by adding a prior step that does [**7] allow expert testimony and analytic dissection. See *Arnstein*, 154 F.2d at 468 (distinguishing two essential elements in a substantial similarity suit--"(a) that defendant copied from plaintiff's copyrighted work and (b) that the copying (assuming it to be proved) went

so far as to constitute improper appropriation"--and holding that expert testimony is appropriate under the first prong, but not under the second because the determination is [*10] to be made from the viewpoint of the ordinary observer); *Sid & Marty Krofft Television Prods., Inc. v. McDonald's Corp.*, 562 F.2d 1157, 1163-64 (9th Cir. 1977) (creating an alternate two-part test: the "extrinsic test," in which expert testimony and analytic dissection may be employed to help the jury "determine whether there has been copying of the expression of an idea rather than just the idea itself"; and the "intrinsic test," in which expert testimony is not appropriate because the trier of fact must determine substantial similarity from the viewpoint of the ordinary reasonable person.)

The Sixth Circuit has thus far "not adopted a specific test for determining substantial similarity in copyright infringement cases," *Ellis*, 177 F.3d at 506 n.2, and this case presents an opportunity to do so. Our criteria in establishing a test are faithfulness to the law--to *Feist*, and to our prior caselaw insofar as it is consistent with *Feist*--and workability.

Feist, as we have seen, favors an approach that involves reducing the comparison to elements that are original. The case does not mention the ordinary observer or audience test and it is [*11] not necessarily hostile to that test, but--as Nimmer observes--it requires that courts ask this question: "Does the audience test give content to the Court's definition of infringing conduct as 'copying of constituent elements of the work that are original?'" 4 Nimmer § 13.03[E][1][b]. We agree with Nimmer's conclusion: "to the extent that the audience test frustrates that goal, it must be discarded, limited, or tailored to meet the Supreme Court's formulation." *Id.* [**8]

Though the Sixth Circuit has not adopted a specific test for substantial similarity, the case *Monogram Models, Inc. v. Industro Motive Corp.*, 492 F.2d 1281 (6th Cir. 1974), obliquely endorsed a two-part test, similar to that in *Arnstein*: the first step allows expert evidence and dissection, and the second requires the trier of fact to evaluate similarity from the viewpoint of the ordinary observer. The case implied the first step when it approved the use of expert testimony in determining similarity--a practice that would be inappropriate if only the traditional ordinary observer test were involved. See *id.* at 1286 ("We find no error in permitting such [expert] [*12] testimony."); see also 4 Nimmer § 13.03[E][3] (citing, *inter alia*, *Monogram Models*, to substantiate the claim that "under the *Arnstein* doctrine ... resort may properly be made to expert analysis[.]"). It endorsed the second step, the ordinary observer test, more overtly: "The question of infringement was dependent upon 'whether the ordinary reasonable person would fail to

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differentiate between the two works." *Monogram Models, Inc.*, 492 F.2d at 1286 (quoting *Williams v. Kaag Mfg. Co.*, 338 F.2d 949 (9th Cir. 1964)).

A two-step approach that reconciles *Feist* and *Monogram Models* is found in *Sturdza v. United Arab Emirates*, 350 U.S. App. D.C. 154, 281 F.3d 1287 (D.C. Cir. 2002): n1 the first step "requires identifying [**9] which aspects of the artist's work, if any, are protectible by copyright," *id.* at 1295; the second "involves determining whether the allegedly infringing work is 'substantially similar' to protectible elements of the artist's work," *id.* at 1296. We approve this method, and adopt it.

n1 The *Sturdza* case followed the "abstraction-filtration-comparison" approach taken in *Country Kids 'N City Slicks, Inc. v. Sheen*, 77 F.3d 1280 (10th Cir. 1996), which itself adopted for ordinary purposes the specialized computer-software copyright infringement test set forth in *Computer Assocs. Int'l. Inc. v. Altai, Inc.*, 982 F.2d 693 (2d Cir. 1992). See *Country Kids*, 77 F.3d at 1284 n.5. The *Altai* case, in turn, borrowed its formulation of this method from Professor Nimmer. See *Computer Assocs. Int'l.*, 982 F.2d at 707 ("Professor Nimmer suggests, and we endorse, a 'successive filtering method' for separating protectable expression from non-protectable material."); 4 Nimmer § 13.03[F] (describing the test); David Nimmer et al., *A Structured Approach to Analyzing the Substantial Similarity of Computer Software in Copyright Infringement Cases*, 20 Ariz. St. L.J. 625 (1988); see also 4 Nimmer § 13.03[E][1][b] (suggesting that courts apply the test in all substantial similarity cases, and not merely in computer software cases).

[*13]

The essence of the first step is to filter out the unoriginal, unprotectible elements--elements that were not independently created by the inventor, and that possess no minimal degree of creativity, see *Feist*, 499 U.S. at 345--through a variety of analyses. It is axiomatic, to begin with, that mere abstract ideas are not protectible, but the expression of an idea is. See *Mazer v. Stein*, 347 U.S. 201, 217, 98 L. Ed. 630, 74 S. Ct. 460, 1954 Dec. Comm'r Pat. 308 (1954) ("Unlike a patent, a copyright gives no exclusive right to the art disclosed; protection is given only to the expression of the idea--not the idea itself."); 17 U.S.C. § 102(b) ("In no case does copyright protection for an original work of authorship extend to any idea[.]"). Often helpful in distinguishing

between the two is Judge Learned Hand's famous "abstractions test," formulated in a case discussing plays:

Upon any work, and especially upon a play, a great number of patterns of increasing generality will fit equally well, as more and more of the incident is left out. The last may perhaps be no more than the most general statement of what the play is about, and at times might [*14] consist only of its title; but there is a point in this series of abstractions where they are no longer protected, since otherwise the playwright could prevent the use of his "ideas," to which, apart from their expression, his property is never extended.

Nichols v. Universal Pictures Corp., 45 F.2d 119, 121 (2d Cir. 1930). This test of course does not identify the dividing line in individual cases, but rather constitutes a methodological tool courts can use to identify the spectrum of options. In the present case we do not presume to establish a scheme of abstractions, and we leave that issue for the parties to develop before the district court. Nevertheless, by way of [*10] example, an initial description of the 11-KMI86 latch would likely be quite detailed--a steel-enclosed hinge employing two banana-shaped flippers that cross over one another and share a common pivot point like scissors, each flipper fitting into a notch on the rail, and so on. In successive abstractions details like the shape of the steel enclosure would fall away, leaving the essentials, particularly the double-hinged feature, intact.

Next, in cases like this one, that involve [*15] a functional object rather than a creative work, it is necessary to eliminate those elements dictated by efficiency. See *Baker v. Selden*, 101 U.S. 99, 103, 25 L. Ed. 841, 1880 Dec. Comm'r Pat. 422 (1879) ("Where the art [that a science book] teaches cannot be used without employing the methods and diagrams used to illustrate the book, or such as are similar to them, such methods and diagrams are to be considered as *necessary incidents* to the art[.]") (emphasis added). To this end, the merger doctrine establishes that "when there is essentially only one way to express an idea, the idea and its expression are inseparable [i.e., they merge,] and copyright is no bar to copying that expression." *Concrete Mach. Co. v. Classic Lawn Ornaments, Inc.*, 843 F.2d 600, 606 (1st Cir. 1988). In the present case expert testimony will likely be required to establish what elements, if any, are necessary to the function of any latch designed for the upper arm of a collapsible playyard.

It is also important to filter out *scenes a faire*: "those elements that follow naturally from the work's theme, rather than from the author's creativity," 4 Nimmer § 13.03[F][3], or elements that [*16] are "dictated by

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external factors such as particular business practices," *Computer Mgmt. Assistance Co. v. Robert F. DeCastro, Inc.*, 220 F.3d 396, 401 (5th Cir. 2000). In the present case, possible external considerations could include standard industry practices for constructing latches, or safety standards established by organizations like the American Society for Testing Materials and the Juvenile Products Manufacturer's Association. [**11]

Once the unprotectible elements have been filtered out, the second step is to determine whether the allegedly infringing work is substantially similar to the protectible elements of the original. We noted above that our *Monogram Models* case establishes that this determination should be based on the judgment of the ordinary reasonable person (i.e., the ordinary lay observer). See 492 F.2d at 1286. This standard, however, is in need of modification.

The ordinary observer test is based on the economic incentive view of copyright law, that the "purpose of the copyright laws [is to] provide creators with a financial incentive to create for the ultimate benefit of the public." *Dawson v. Hinshaw Music, Inc.*, 905 F.2d 731, 733 (4th Cir. 1990); [*17] see also *Mazer*, 347 U.S. at 219 ("The economic philosophy behind the clause empowering Congress to grant patents and copyrights is the conviction that encouragement of individual effort by personal gain is the best way to advance public welfare through the talents of authors and inventors in 'Science and useful Arts.'). The test was designed for cases where the lay audience purchases the product at issue, and where the lay audience's untutored judgment determines whether the product will sell. See *Arnstein*, 154 F.2d at 473 ("The question, therefore, is whether defendant took from plaintiff's works so much of what is pleasing to the ears of lay listeners, who comprise the audience for whom such popular music is composed, that defendant wrongfully appropriated something which belongs to the plaintiff."); *Dawson*, 905 F.2d at 734 (noting that in *Arnstein* "the lay listener's reaction is relevant because it gauges the effect of the defendant's work on the plaintiff's market.").

In cases where the target audience possesses specialized expertise, however, the specialist's perception of similarity may be much different from the lay observer's, [*18] and it is appropriate in such cases to consider similarity from the specialist's perspective. The larger principle here is that the inquiry in the second prong of the substantial similarity test should focus on the *intended audience*. This will ordinarily [**12] be the lay public, in which case the finder of fact's judgment should be from the perspective of the lay observer or, as *Monogram Models* put it, the ordinary reasonable person. But in cases where the audience for the work possesses specialized expertise that is relevant to the purchasing

decision and lacking in the lay observer, the trier of fact should make the substantial similarity determination from the perspective of the intended audience. Expert testimony will usually be necessary to educate the trier of fact in those elements for which the specialist will look. See *Dawson*, 905 F.2d at 736 ("Such an inquiry [into the viewpoint of an observer with specialized expertise] may include, and no doubt in many cases will require, admission of testimony from members of the intended audience or, possibly, from those who possess expertise with reference to the tastes and perceptions of the intended [*19] audience."); see also *Computer Assocs. Int'l, Inc. v. Altai, Inc.*, 982 F.2d 693, 713 (2d Cir. 1992) ("In making its finding on substantial similarity with respect to computer programs, we believe that the trier of fact need not be limited by the strictures of its own lay perspective. Rather, we leave it to the discretion of the district court to decide to what extent, if any, expert opinion, regarding the highly technical nature of computer programs, is warranted in a given case.") (citations omitted).

We also share *Dawson's* concern that our holding should not be "read as an invitation to every litigant in every copyright case to put before the court the seemingly unanswerable question of whether a product's audience is sufficiently specialized to justify departure from the lay characterization of the ordinary observer test." 905 F.2d at 736. Consequently, we agree that

in any given case, a court should be hesitant to find that the lay public does not fairly represent a work's intended audience. In our opinion, departure from the lay characterization is warranted only where the intended audience possesses "specialized expertise." We thereby [*20] pay heed to the need for hesitancy when departing from the indiscriminately selected lay public in applying the [**13] test. To warrant departure from the lay characterization of the ordinary observer test, "specialized expertise" must go beyond mere differences in taste and instead must rise to the level of the possession of knowledge that the lay public lacks.

Id. at 737.

B. The Legal Standard Applied

The district court in the present case applied the ordinary observer test, only, and on the basis of that test it rejected expert testimony proffered by both Kohus and the Defendants. Instead it analyzed the drawings of the latches on its own, concluding that no reasonable finder of fact could determine that they were substantially similar.

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In light of our restated and modified substantial similarity determination procedure, however, it is evident that the district court must conduct its proceedings anew. The first prong of the inquiry will almost certainly require expert testimony, because the drawings are technical in nature and a lay person is unlikely to understand what constitutes creativity in this area, which elements are standard for [*21] the industry, and which elements are dictated by efficiency or by external standards. In conducting the second prong, the district court should consider substantial similarity from the viewpoint of the intended audience, the nature of which the court must determine. This appears to be one of those rare cases where the intended audience is not the lay public: the drawings are technical and are appropriate for patent treatment; interpretational guidance is needed for the lay viewer to imagine the structure and function of the device that the drawings depict; and the initial purchasers of the device would probably be trained engineers, capable of discerning technical niceties that the ordinary person would not detect, and likely to base their purchasing decision on such details. [**14]

II. Whether the Defendants Violated Kohus's Right to Create Derivatives

Kohus, as the copyright holder of the 11-KMI86 latch drawing, has the right to create derivative works from that drawing. See 17 U.S.C. § 106(2) ("The owner of a copyright under this title has the exclusive rights ... to prepare derivative works based upon the copyrighted work[.]"). He [*22] claims that the Defendants' drawings constitute derivative works that violate his rights. The district court, on the basis of its determination that no reasonable person could conclude that the Defendants' drawings were substantially similar to the 11-KMI86 latch drawing, found that the Defendants' drawings were not sufficiently similar to constitute a violation of Kohus's right to produce derivatives.

The district court was correct in determining that Kohus cannot succeed on his derivative claim if the Defendants' drawings are not substantially similar to his. See 1 Nimmer § 3.01 ("[A] work will be considered a derivative work only if it would be considered an infringing work if the material that it has derived from a pre-existing work had been taken without the consent of a copyright proprietor of such pre-existing work."); *Litchfield v. Spielberg*, 736 F.2d 1352, 1357 (9th Cir. 1984) ("The little available authority suggests that a work is not derivative unless it has been substantially copied from the prior work."). Nevertheless, since the court's substantial similarity determination is invalid, we must also vacate and remand its disposition of Kohus's derivative [*23] claim.

III. Whether Mariol Violated the Disclosure Requirements of 37 C.F.R. § 1.71

Kohus additionally argued to the district court that Mariol violated the requirements of 37 C.F.R. § 1.71 by including the 11-KMI86 latch drawing in the supplemental disclosure to the patent application he filed for his allegedly-infringing latch, because he did so without asking permission and without disclosing that the drawing was copyrighted. The district court did not address this claim, and Kohus now argues that [**15] the district court "ignored this probative and uncontroverted evidence and thus committed reversible error." Appellant's Brief at 42.

To consider the relevant law: 37 C.F.R. § 1.71(d) provides that:

[a] copyright ... notice may be placed in a design or utility patent application adjacent to copyright ... material contained therein ... Inclusion of a copyright ... notice will be permitted only if the authorization language set forth in paragraph (e) of this section is included at the beginning ... of the specification.

Paragraph (e) then provides the required [*24] disclosure: "A portion of the disclosure of this patent document contains material which is subject to [copyright] protection. The [copyright] owner has no objection to the facsimile reproduction ... but otherwise reserves all [copyright] rights whatsoever." 37 C.F.R. § 1.71(e); see also *id.* § 1.84(s) ("A copyright ... notice may appear in the drawing, but must be placed within the sight of the drawing immediately below the figure representing the copyright ... material[.]").

We note, first, that the language of 37 C.F.R. § 1.71(d) is permissive--a copyright notice *may* be placed in a patent application--and consequently an applicant's failure to include such a notice in his or her application would not appear to be a violation at all. Even if it were, this fact would have no discernible bearing on Kohus's substantial similarity or derivative claims, and assuming Kohus can bring suit for a violation, the C.F.R. provides no statutory damages and Kohus alleges no actual damages. We conclude that this claim is meritless.

Conclusion

We vacate the judgment of the district court, and remand for further proceedings [*25] in accordance with this opinion.

LEXSEE 2003 U.S. Dist. LEXIS 2619

BABAK SOBHANI, Plaintiff, v. @RADICAL.MEDIA, INC., et al., Defendants.

CV 02-3594 SVW (PJWx)

UNITED STATES DISTRICT COURT FOR THE CENTRAL DISTRICT OF CALIFORNIA

2003 U.S. Dist. LEXIS 2619

February 10, 2003, Decided

February 11, 2003, Filed; February 13, 2003, Entered

DISPOSITION:

[*1] Defendant's Motion for Summary Judgment granted.

COUNSEL:

For BABAK SOBHANI, plaintiff: Jay M. Coggan, Brian Matthew Grossman, Jay M. Coggan Law Offices, Los Angeles, CA.

For @RADICAL.MEDIA INC., defendant: Henry J. Silberberg, Timothy J. Martin, Brown Raysman Millstein Felder & Steiner, Los Angeles, CA.

JUDGES:

STEPHEN V. WILSON, UNITED STATES DISTRICT JUDGE.

OPINIONBY:

STEPHEN V. WILSON

OPINION:

ORDER GRANTING DEFENDANT'S MOTION FOR SUMMARY JUDGMENT

I. INTRODUCTION

Plaintiff brings this action for copyright infringement under 17 U.S.C. §§ 101, et seq., against Defendant @radical.media ("Radical"), and several unnamed Defendants. The Court has federal question jurisdiction pursuant to 28 U.S.C. § 1331.

Defendant Radical moves for summary judgment pursuant to Rule 56 of the Federal Rules of Civil Procedure.

For the reasons set forth below, Defendant's Motion for Summary Judgment is GRANTED.

II. FACTUAL/PROCEDURAL BACKGROUND

Plaintiff Babak Sobhani ("Sobhani") is an aspiring commercial director. In late 2000 and early 2001, Sobhani conceived, directed and produced five short video advertisements ("Spec Commercials") as a means of promoting [*2] himself to prospective employers.

The Spec Commercials were styled along the lines of then pre-existing commercials for Jack-in-the-Box restaurants, but contained new elements in that they spoofed the popular motion picture *Cast Away*, starring Tom Hanks. n1 In the movie, Hanks's character becomes stranded alone on a small island following an airplane crash. Hanks's character battles his isolation by speaking to a "Wilson" volleyball that survived the crash, and to which Hanks ascribes anthropomorphic characteristics.

n1 The Court takes judicial notice of *Cast Away* and the general characteristics of Jack-in-the-Box commercials, pursuant to Federal Rules of Evidence Rule 201(b)(1).

Certain Jack-in-the-Box advertisements feature a "Jack head" which speaks during the commercials, and some include a smaller "Jack antenna ball head," which

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does the same. Plaintiff's Spec Commercials portray a man (who looks much like Hanks's character) apparently stranded on a small island (which looks much like the beachfront [*3] from *Cast Away*). In certain spots, the man is clean-shaven and apparently newly arrived, while others portray the man as bearded and somewhat grizzled. Instead of a mute Wilson volleyball, however, Plaintiff's character interacts with a small, talking Jack head antenna ball, and discusses with the head certain Jack-in-the-Box products, such as the "Sourdough Jack" burger. Integrated into most, and at the end of all, of the Spec Commercials is actual footage copied from previously-aired Jack-in-the-Box commercials (including footage of the Sourdough Jack burger and dropping Jack-in-the-Box bags).

Plaintiff sent his Spec Commercials to between five and ten companies, including Defendant @radical.media ("Radical"). Radical received the tape containing the spots on November 2, 2001, and at least two Radical employees viewed the Spec Commercials on November 9, 2001. In January and February of 2002, Radical produced a commercial similar in many respects to Plaintiff's spots. In it, a bearded, haggard man is apparently stranded on a small island. As in Plaintiff's spots, the man and island closely resemble those in *Cast Away*. The man is antagonized by a Jack-in-the-Box antenna ball [*4] head, which extols the virtues of Jack-in-the-Box products, including the Sourdough Jack burger. The ad includes almost identical footage of the burger, and "dropping bags" at its conclusion. In a notable similarity, the antenna ball is at one point portrayed as affixed to the top of a stick the bearded man is attempting to use to start a fire - as it is in one of Plaintiff's spots.

Radical contends that the commercial it produced was independently conceived by an employee of advertising agency Kowloon Wholesale Seafood Company d/b/a/ Secret Weapon Marketing ("Secret Weapon") in late November 2001. (Memo of Points & Authorities in Support of Defendant's Motion for Summary Judgment ("Mot."), at 4.) Radical argues that it was hired simply to produce the commercial, which was created, written and directed by Secret Weapon, and that Radical contributed in no way to its creative content. (Id. at 4-5.) Moreover, Radical maintains that those Radical employees who worked on the Secret Weapon commercial had no knowledge of or exposure to Plaintiff's Spec Commercials. (Id. at 6-7.) In support of its theory of events, Radical submits declarations from relevant individuals at both Radical [*5] and Secret Weapon.

Plaintiff alleges that he registered both the Spec Commercials and Teleplays with the U.S. Copyright

Office, and now sues for infringement of both. n2 (See FAC PP7-9; 10-11.)

n2 Radical contends, and Sobhani does not refute, that Radical was never provided access to the Teleplay. Indeed, Plaintiff seems to have abandoned his claim for infringement of the Teleplay. Accordingly, summary judgment is GRANTED for Defendant on that claim.

III. DISCUSSION

Radical moves for summary judgment on two bases. First, it argues that the evidence of independent creation rebuts any inference of copying Sobhani may have raised. Second, Radical contends that Sobhani's Spec Commercials are unauthorized derivative works for which no copyright obtains.

A. Summary Judgment Standards

Rule 56(c) requires summary judgment when the evidence, viewed in the light most favorable to the non-moving party, shows that there is no genuine issue as to any material fact, and that the moving party is entitled [*6] to judgment as a matter of law. See Fed. R. Civ. P. 56(c); *Tarin v. County of Los Angeles*, 123 F.3d 1259, 1263 (9th Cir. 1997). Defendant as the moving party bears the initial burden of establishing the absence of a genuine issue of material fact. See *Celotex Corp. v. Catrett*, 477 U.S. 317, 323-24, 106 S. Ct. 2548, 2553, 91 L. Ed. 2d 265 (1986). That burden may be met by "showing" - that is, pointing out to the district court - that there is an absence of evidence to support the nonmoving party's case." Id. at 325, 106 S. Ct. at 2554. Once Defendant has met its initial burden, Rule 56(e) requires Plaintiff to go beyond the pleadings and identify facts that show a genuine issue for trial. See id. at 323-34, 106 S. Ct. at 2553; *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248, 106 S. Ct. 2505, 2510, 91 L. Ed. 2d 202 (1986).

B. Independent Creation

In the absence of direct evidence, Plaintiff argues that Radical's undisputed access to his Spec Commercials, and their manifest similarity to Radical's actual product, are sufficient to raise an inference of copying. See *Baxter v. MCA, Inc.*, 812 F.2d 421, 423 (9th Cir. 1987). [*7] Radical contends that its evidence of independent creation rebuts any inference of copying. See *John L. Perry Studio, Inc. v. Wernick*, 597 F.2d 1308, 1310 (9th Cir. 1979).

The interested declarations adduced by Radical do not alone justify summary judgment. Indeed, the Sixth Circuit reversed a grant of summary judgment in similar circumstances. See *Wrench LLC v. Taco Bell Corp.*, 51 F. Supp. 2d 840, rev'd on other grounds, 256 F.3d 446 (6th Cir. 2001). The Wrench court in dicta suggested that summary judgment might be appropriate on the basis of testimony by interested witnesses where the testimony shows creation prior to defendant's receipt of plaintiff's work, and where this timeline is corroborated by documentary proof. *Id.* at 855 (citing *McGaughey v. Twentieth Century Fox Television*, 12 F.3d 62, 64-65 (5th Cir. 1994)). It was precisely such corroborated testimony of prior creation that led to summary judgment for defendants in *Weygand v. CBS, Inc.*, 1997 U.S. Dist. LEXIS 10613, at *17-18 (C.D. Cal. May 22, 1997).

In this case, however, the testimony is that Secret Weapon [*8] created, and Radical produced, the commercial after Plaintiff allegedly submitted his work. n3 "Mere denial without substantial support would not ordinarily be thought sufficient" to rebut the strong inference raised by a combination of access and substantial similarity. *Overman v. Loesser*, 205 F.2d 521, 523 (9th Cir. 1953).

n3 Radical's admitted viewing and possession of Plaintiff's tape is sufficient to show access to his work, since those who actually viewed the Spec Commercials and those who produced the product for Secret Weapon "occupied positions such that it is natural that information possessed by one would be imparted to the other." *Meta-Film Associates, Inc. v. MCA, Inc.*, 586 F. Supp. 1346, 1356 (C.D. Cal. 1984); see also *Smith v. Little, Brown & Company*, 245 F. Supp. 451 (S.D.N.Y. 1965), *aff'd*, 360 F.2d 928 (2d Cir. 1966).

C. Unauthorized Derivative Work

Radical also claims that Plaintiff's Spec Commercials are unauthorized [*9] derivative works, and thus that Plaintiff cannot sue for their infringement.

A copyright holder's rights include the exclusive right to prepare derivative works. 17 U.S.C. 106(2). Under the Copyright Act:

A "derivative work" is a work based upon one or more preexisting works, such as a translation, musical arrangement, dramatization, fictionalization, motion picture version, sound recording, art reproduction, abridgment, condensation, or any other form in which a

work may be recast, transformed, or adapted. A work consisting of editorial revisions, annotations, elaborations, or other modifications which, as a whole, represent an original work of authorship, is a "derivative work."

17 U.S.C. 101.

Of course, a work based upon an idea or kernel contained in another work may in some sense be "derivative" of the first work. To determine whether derivative works are within the definition of the statute, however, the Ninth Circuit has imported the similarity standard used to determine infringement. In essence, a "derivative work" under the Copyright Act is one which "would be considered an infringing work if the material which [*10] it has derived from a preexisting work had been taken without the consent of the copyright proprietor of such preexisting work." *Mirage Editions, Inc. v. Albuquerque A.R.T. Co.*, 856 F.2d 1341 (9th Cir. 1988) (quoting *I Nimmer on Copyright* § 3.01 (1986)); see also *Litchfield v. Spielberg*, 736 F.2d 1352, 1357 (9th Cir. 1984), *cert. denied*, 470 U.S. 1052, 84 L. Ed. 2d 817, 105 S. Ct. 1753 (1985). Accordingly, if a work is derived from a previous work, and the new work thereby infringes a copyright in the previous work, then the new work is an unauthorized (and infringing) derivative work. *Anderson v. Stallone*, 1989 U.S. Dist. LEXIS 11109, at *25 (C.D. Cal. April 26, 1989); see *Litchfield v. Spielberg*, 736 F.2d 1352 (9th Cir. 1984); *Oddo v. Ries*, 743 F.2d 630 (9th Cir. 1984); *Mirage Editions, Inc. v. Albuquerque A.R.T. Co.*, 856 F.2d 1341 (9th Cir. 1988).

Because the Spec Commercials are derivative of the Jack-in-the-Box commercials, and in fact use a copyrighted character (the Jack-in-the-Box head), as well as actual footage from those commercials, they seem clearly [*11] to fall within the Act's broad definition of "derivative works."

1) Fair Use

Plaintiff in his papers did not deny that his Spec Commercials are unauthorized derivative works. (See Pl.'s Opp. at 13) (almost conceding as much). At hearing on this motion, however, Plaintiff for the first time appeared to contend that his use of copyrighted material constituted "fair use" under the Copyright Act. Consequently, the Court ordered the parties to brief the fair use issue. After careful consideration, the Court concludes that this late-raised "defense" is unavailing.

In determining whether given conduct constitutes infringement, the affirmative defense of fair use "permits courts to avoid rigid application of the copyright statute when, on occasion, it would stifle the very creativity which that law is designed to foster." *Stewart v. Abend*,

495 U.S. 207, 236, 109 L. Ed. 2d 184, 110 S. Ct. 1750 (1990). The common law doctrine of fair use was codified in the Copyright Act of 1976: "The fair use of a copyrighted work ... for purposes such as criticism, comment, news reporting, teaching[], scholarship, or research, is not an infringement of copyright." 17 U.S.C. § 107; [*12] *Harper & Row, Publishers, Inc. v. National Enters.*, 471 U.S. 539, 549, 85 L. Ed. 2d 588, 105 S. Ct. 2218 (1984) (Act intended to codify, and not elaborate upon or curtail, the fair use defense). But Plaintiff here is not being sued for his arguable infringement of Jack-in-the-Box copyrights, and is not invoking the doctrine as a defense to infringement. n4 Rather, Plaintiff seeks to use Section 107 as a "sword" in order to vest copyright in an unauthorized derivative work, or at least to vest copyright in more of the work than to which he would otherwise be entitled. Plaintiff does not cite any cases supporting this novel application of Section 107, and it is relatively clear that Congress did not contemplate such.

n4 Even if properly invoked - as a defense to an infringement action - it is questionable whether Plaintiff would have the benefit of the fair use defense. Plaintiff's use of copyrighted material to produce a commercial portfolio is wholly unlike the uses specifically contemplated in Section 107, such as criticism, news reporting and teaching. See 17 U.S.C. § 107. Moreover, the Court notes, without deciding, that it does not appear fair use would be warranted under the four factors prescribed by the statute. *Id.*

[*13]

Moreover, the pertinent question is whether Plaintiff's works are unauthorized, derivative works under the Copyright Act. The derivative nature of the Spec Commercials, combined with the substantial unauthorized use of copyrighted Jack-in-the-Box elements, demonstrate that they are. This is true regardless whether Plaintiff could avoid liability under the Act if sued for infringement.

2) Copyright in Unauthorized Derivative Works

Because Plaintiff's Spec Commercials are unauthorized derivative works, the disputed question before the Court is whether Plaintiff is entitled to copyright protection in the new elements of his works. Plaintiff cites section 103(a) of the Copyright Act, which provides in pertinent part that "protection for a work employing preexisting material in which copyright subsists does not extend to any part of the work in which such material has been used unlawfully." (*Id.*) Plaintiff construes this provision to mean that his "original

contributions" to the commercials are entitled to copyright protection, even if the work as a whole is an unauthorized derivative work. n5 (*Id.*)

n5 Plaintiff's statement that his use is not "unlawful" under the Copyright Act is simply wrong. (See *Opp.* at 13 n.1.) Plaintiff relies on *JB Fabric, Inc. v. Brylane, Inc.*, 714 F. Supp. 107 (S.D.N.Y. 1989) for the proposition that "unauthorized use is not equivalent to 'unlawful use.'" (*Opp.* at 13 n.1.)

First, the *JB Fabric* court's statement in this regard appears to be based on a misreading of the Second Circuit's dictum in *Eden Toys*, *supra*, which made no such observation. Rather, the *Eden Toys* court in the relevant footnote finds as a factual matter that the derivative use at issue was authorized and thus not unlawful. Indeed, the court specifically stated that "It is true that if *Eden* did not have *Paddington's* consent to produce a derivative work based on *Paddington's* copyrighted illustrations, its derivative copyrights would be invalid" 697 F.2d 34 n.6.

Second, the *JB Fabric* court did not suggest the cited statement was a proposition of general applicability. Rather, the court illustrated its conclusion with the example of a derivative work based upon a pre-existing work which itself is not the subject of copyright. 714 F. Supp. at 110. In such a case, the derivative use could be described as "unauthorized," but it is not "unlawful" under the Act since the original work is not protected by copyright. In this case, however, the preexisting work is the subject of a valid copyright. Its unauthorized use constitutes classic infringement (aside from a potential fair use defense) and is, therefore, unlawful under the Act.

[*14]

The Second Circuit (in dicta) and *Nimmer* on Copyright appear to agree substantially with Plaintiff's construction of the statutory language. See *Eden Toys, Inc. v. Floreless Undergarment Co.*, 697 F.2d 27, 34 n.6 (2d Cir. 1982); 1-3 *Nimmer on Copyright* § 3.06 (2002). However, there is an important limitation suggested by both authorities and ignored entirely by Plaintiff: copyright protection does not extend "to derivative works if the pre-existing work tends to pervade the entire derivative work." *Nimmer* at § 3.06 (emphasis added); *Eden Toys*, 697 F.2d at 34 n.6 (quoting *Nimmer*).

Thus, the court in *Anderson v. Stallone* held that a spec script for a fourth *Rocky* movie (building from the

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characters and plot of the previous three) was pervaded by copyrighted characters from the first three movies, and thus not entitled to copyright protection. 1989 U.S. Dist. LEXIS 11109, at *16, 25-32 (April 25, 1989).

Looking to section 103(a)'s legislative history, the court in *Anderson* went further, concluding that the exception could not reasonably be applied to derivative works at all, but rather is limited to compilations:

Section 103(a) [*15] allows an author whose authorship essentially is the arrangement or ordering of several independent works to keep the copyright for his arrangement even if one of the underlying works he arranged is found to be used unlawfully. The infringing portion would be easily severable and the scope of the compilation author's own work would be easily ascertainable.

Id., at *31.

Likewise, the Seventh Circuit recently suggested that no copyright obtains in any portion of an unauthorized derivative work. *Pickett v. Prince*, 207 F.3d 402 (7th Cir. 2000). Writing for a unanimous panel, Judge Posner concluded that section 103(a) should not be read "as qualifying the exclusive right of the owner of a copyright of the original work to make derivative works based on that work" *Id.* at 406. Rather, "section 103(a) means only ... that the right to make a derivative work does not authorize the maker to incorporate into it material that infringes someone else's copyright." *Id.* The *Pickett* court explicitly rejected the dicta in *Eden Toys, Inc.*, 697 F.2d at 34 n.6 (suggesting that copyright might subsist in a derivative [*16] work making unauthorized use of other copyrighted work, provided the original work does not "pervade" the derivative work). *Id.* Judge Posner concluded that this principle, "if taken seriously (which it has not been), would inject enormous uncertainty into the law of copyright and undermine the exclusive right that section 106(2) gives the owner of the copyright on the original work." n6 *Id.*

n6 This was arguably dicta, however, since the facts of *Pickett* suggest that the preexisting work *did* pervade the new work. In that case, plaintiff made a guitar roughly in the shape of the copyrighted symbol by which The Artist Formerly Known as Prince briefly identified himself. Under any reasonable definition of "pervade," the symbol pervaded a guitar designed to look like that symbol. *Pickett*, 207 F.3d at 407.

The Court need not reconcile these potentially conflicting authorities. Copyrighted Jack-in-the-Box commercial footage, and, particularly, the Jack antenna ball head character, are [*17] integrated into and integral to Plaintiff's Spec Commercials. Indeed, Plaintiff's counsel at hearing on this Motion specifically stated that it would be impossible to compare the works at issue in this case without reference to the Jack head.

Because copyrighted work pervades the derivative work, and because Plaintiff used the previous work without authorization, no copyright protection is afforded under either *Eden Toys* or *Pickett*.

This conclusion highlights an additional reason why Plaintiff's claims likely fail. Even assuming Plaintiff is entitled to copyright protection in certain remaining elements of his Spec Commercials, the residuum seem insufficient to allow Plaintiff to prevail on his claims. "Although summary judgment is not highly favored on questions of substantial similarity in copyright cases, summary judgment is appropriate if the court can conclude, after viewing the evidence and drawing inferences in a manner most favorable to the non-moving party, that no reasonable juror could find substantial similarity of ideas and expression" *Shaw v. Lindheim*, 919 F.2d 1353, 1355 (9th Cir. 1990); *Kouf v. Walt Disney Pictures & Television*, 16 F.3d 1042, 1045 n.3 (9th Cir. 1994) [*18] (affirming grant of summary judgment on issue of substantial similarity, and rejecting the contention that *Shaw v. Lindheim* "either prohibits summary judgment in copyright cases or creates a heightened standard").

If the proprietary Jack-in-the-Box elements are ignored, all that remains is a largely unoriginal and elementary spoof of the (copyrighted) *Cast Away* movie. Since Plaintiff does not argue that the dialog employed in Radical's commercial is similar in any respect to that authored by Plaintiff, (see *Opp.* at 5.), the only remaining similarities owe to the commercials' common *Cast Away* derivation. And since the mere idea of placing Jack-in-the-Box characters and footage in a *Cast Away* context is, of course, not copyrightable, there would remain virtually no independent similarity. Because this issue is not necessary to the Court's holding, however, the Court refrains from deciding it.

III. CONCLUSION

Therefore, Defendant's Motion for Summary Judgment is GRANTED.

IT IS SO ORDERED.

DATED: 2/10/03

2003 U.S. Dist. LEXIS 2619, *

STEPHEN V. WILSON

UNITED STATES DISTRICT JUDGE

LEXSEE 1989 U.S. Dist. LEXIS 11109

**TIMOTHY BURTON ANDERSON, Plaintiff, v. SYLVESTER STALLONE,
FREDDIE FIELDS, DEAN STOLBER, FRANK YABLANS Individually, and
MGM/UA, a Corporation, Defendants; SYLVESTER STALLONE,
Counterclaimant, v. TIMOTHY BURTON ANDERSON, Counterdefendant**

Case No. 87-0592 WDK (Gx)

**UNITED STATES DISTRICT COURT FOR THE CENTRAL DISTRICT OF
CALIFORNIA**

**1989 U.S. Dist. LEXIS 11109; 11 U.S.P.Q.2D (BNA) 1161; Copy. L. Rep. (CCH)
P22,665**

April 25, 1989, Decided and Filed; April 26, 1989, Entered

OPINIONBY:

[*1]

KELLER

OPINION:

**ORDER RE DEFENDANTS' MOTION FOR
SUMMARY JUDGMENT**

**WILLIAM D. KELLER, UNITED STATES
DISTRICT JUDGE**

This matter came before the Court on the Motion for Summary Judgment of defendants Sylvester Stallone, Freddie Fields, Dean Stolber and MGM/UA Communications Co. Having reviewed the materials submitted and the arguments of counsel, the Court hereby ORDERS the Motion GRANTED IN PART and DENIED IN PART. The plaintiff's First Count, for copyright infringement, is dismissed with prejudice. The plaintiff's Sixth and Tenth Counts for unfair competition and unjust enrichment are also dismissed with prejudice as is the breach of confidence claim in Count Twelve. The Motion is DENIED as to all other counts.

FACTUAL BACKGROUND

The movies Rocky I, II, and III were extremely successful motion pictures. Sylvester Stallone wrote each script and played the role of Rocky Balboa, the dominant character in each of the movies. In May of 1982, while on a promotional tour for the movie Rocky III, Stallone

informed members of the press of his ideas for Rocky IV. Although Stallone's description of his ideas would vary slightly in each of the press conferences, he would generally describe his ideas as [*2] follows:

I'd do it [Rocky IV] if Rocky himself could step out a bit. Maybe tackle world problems. So what would happen, say, if Russia allowed her boxers to enter the professional ranks? Say Rocky is the United States' representative and the White House wants him to fight with the Russians before the Olympics. It's in Russia with everything against him. It's a giant stadium in Moscow and everything is Russian Red. It's a fight of astounding proportions with 50 monitors sent to 50 countries. It's the World Cup - a war between 2 countries.

Waco Tribune Herald, May 28, 1982; Section D, pg. 1 (EX 168) In June of 1982, after viewing the movie Rocky III, Timothy Anderson wrote a thirty-one page treatment entitled "Rocky IV" that he hoped would be used by Stallone and MGM Registered TM UA Communications Co. (hereinafter "MGM") as a sequel to Rocky III. The treatment incorporated the characters created by Stallone in his prior movies and cited Stallone as a co-author.

In October of 1982, Mr. Anderson met with Art Linkletter, who was a member of MGM's board of directors. Mr. Linkletter set up a meeting on October 11, 1982, between Mr. Anderson and Mr. Fields, who was president of MGM [*3] at the time. Mr. Linkletter was also present at this October 11, 1982 meeting. During the

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meeting, the parties discussed the possibility that plaintiff's treatment would be used by defendants as the script or Rocky IV. At the suggestion of Mr. Fields, the plaintiff, who is a lawyer and was accompanied by a lawyer at the meeting, signed a release that purported to relieve MGM from liability stemming from use of the treatment. Plaintiff alleges that Mr. Fields told him and his attorney that "if they [MGM & Stallone] use his stuff [Anderson's treatment] it will be big money, big bucks for Tim." Anderson Depo. at 89-90, 106, 108-109.

On April 22, 1984, Anderson's attorney wrote MGM requesting compensation for the alleged use of his treatment in the forthcoming Rocky IV movie. On July 12, 1984, Stallone described his plans for the Rocky IV script on the Today Show before a national television audience. Anderson, in his deposition, states that his parents and friends called him to tell him that Stallone was telling "his story" on television. Anderson Depo. at pgs. 189-190. In a diary entry of July 12, 1984, Anderson noted that Stallone "explained my story" on national television. Deposition [*4] of Timothy Anderson, Exhibit 140.

Stallone completed his Rocky IV script in October of 1984. Rocky IV was released in November of 1985. The complaint in this action was filed on January 29, 1987.

CONCLUSIONS OF LAW

I. This Court Cannot Rule As A Matter Of Law That Anderson's Contract Claims Are Barred By The Statute Of Limitations

Anderson's causes of action for breach of oral contract, breach of implied-in-fact contract, and tortious breach of implied covenant of good faith and fair dealing fall under California's two year statute of limitations for oral contracts. Cal. Civ. Proc. Code § 339(1) (West 1988); Thompson v. California Brewing Co., 12 Cal. Rptr. 783 (1961); 3 B. WITKIN, CALIFORNIA PROCEDURE, § § 369, 438-39, pgs. 397, 468-70 (3rd Ed. 1985). For each action, the statute of limitations begins to run on the date that the underlying cause of action accrues. A cause of action accrues when the defendant commits the act - in this case, when he breaches the contract - which gives rise to his obligation or liability. 3 B. WITKIN, CALIFORNIA PROCEDURE, § 351, pg. 389 (3rd Ed. 1985).

Defendants assert that as a matter of law, plaintiff's contract claims accrued when Stallone [*5] completed the Rocky IV script in October of 1984. If the defendants are correct, the contract claims that were filed in January of 1987, would be time barred under section 339(1). Plaintiff contends that his contract claims did not accrue

until the Rocky IV movie was released in November of 1985. Under this version of the facts, the contract actions are not time barred. Both sides erroneously assume that this determination can properly be made at the summary judgment stage.

Professor Nimmer raised and answered the exact question which is before this Court. He wrote in his treatise:

[t]here will be no breach until such time as defendant uses the idea without plaintiff's consent.

The further question arises as to what acts by the defendant constitute a 'use' of the plaintiff's idea such as to satisfy the condition precedent to the defendant's obligation to pay Does the mere writing of a script which embodies the plaintiff's idea amount to such a 'use' or does the production of a motion picture based upon such script amount to such a 'use'? The question is ultimately one of fact, since it is open to the parties in making a contract to define 'use' as they will.

[*6]

(emphasis added) 3 M. Nimmer, NIMMER ON COPYRIGHT, 16.05[F] at 16:43-16:44 (1988).

Professor Nimmer's analysis is very instructive when, as here, a court is being asked at the summary judgment stage to determine when the statute begins to run.

Defendants rely on Thompson v. California Brewing Co., 12 Cal. Rptr. 783 (1961), for the proposition that public policy dictates that the first use of an idea triggers the statute of limitations. However, the Court in Thompson concluded that the first use by defendants of plaintiff's marketing ideas was a breach of the contract that triggered the statute of limitation only after finding there "was no evidence from which it can be inferred or implied that the claimed free test period was part of the contract". Thompson, 12 Cal. Rptr. 784-85. Thus, the Court in Thompson relied on uncontroverted evidence that the terms of the agreement in question contemplated payment upon the first use of the marketing ideas. In contrast, the terms of the agreement which is the subject of dispute in this action is far from uncontroverted. Mr. Anderson states in a declaration that Mr. Fields told him "that if MGM released a Rocky IV movie incorporating [*7] my treatment, I would receive compensation" Anderson Declaration, pg. 1, para. 3. According to Anderson, no payment was due under the contract terms unless the movie Rocky IV was released. On the other hand, defendants' claim that the wording of demand letters sent by the plaintiff before the release of the Rocky IV movie conclusively show that Anderson expected payment regardless of whether Rocky IV was

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released. Therefore, there is a genuine dispute involving a material fact, namely, the terms of the contract.

Simply put, the date of accrual will be determined by the terms of the contract. If Anderson and Fields agreed that Anderson was to be paid only if Rocky IV was released, then the contract causes of actions would accrue when Rocky IV was released in November of 1985. If Anderson and Fields agreed that Anderson would be compensated for any use of his script, than Anderson's cause of action would accrue when Stallone allegedly incorporated Anderson's treatment into his script in October of 1984. This dispute over the terms of the contract precludes the Court from granting summary judgment on the issue of whether the contract actions are time barred.

II. Anderson's [*8] Breach Of Confidence Claim Is Barred By The Statute Of Limitations

In Count Twelve of his complaint, Anderson claims that the defendants committed a breach of confidence by revealing the contents of his script. In *Davies v. Krasna*, 121 Cal. Rptr. 705 (1975), the California Supreme Court set forth the requirements for a breach of confidence claim. The Court held that "an action for breach of confidence ... arises whenever an idea, offered and received in confidence is later disclosed without permission" *Id.* at 710. *Davies* also held that a breach of confidence claim is governed by the two year statute of limitation period set forth in Cal. Civ. Proc. Code § 339. *Id.* at 711.

It is uncontroverted that on July 12, 1984, Stallone described ideas for a Rocky IV script on the Today Show before a national television audience. This interview included a description by Stallone of the East/West confrontation theme for Rocky IV. In his deposition, Anderson claims that Stallone was revealing "his story" on national television. Anderson Depo. at pgs. 189-190. On July 12, 1984, Anderson also noted in his diary that Stallone had explained his story. Stallone did not have Anderson's [*9] permission to disclose the ideas in Anderson's treatment. If, as Anderson alleges, Stallone did take Anderson's ideas, the breach of confidence occurred on July 12, 1984. This action was filed in January of 1987. The breach of confidence claim was not filed within the two year statute of limitations and is time barred.

Plaintiff argues that the statute should not begin to run until the release of Rocky IV since he suffered no appreciable arm until that time. This argument was considered and rejected in *Davies*. There, in an analogous fact situation, the court held that a disclosure of ideas would destroy marketability of a story and cause actual damage to an author and would immediately

trigger the running of the statute of limitations. *Davies*, 121 Cal. Rptr. 711-12 The same impact on marketability occurred here. Anderson's ideas for an East/West boxing confrontation were revealed to millions of people on July 12, 1984. His ideas then entered the public domain and could be used and developed by others without payment to him. If his allegations are true, he suffered an injury the moment his ideas were disclosed without permission. See 3 B. WITKIN, CALIFORNIA PROCEDURE, § [*10] 358, pg. 386-88 (3rd Ed. 1985).

Plaintiff also argues that even if the marketability of his ideas was impacted on July 12, 1984, the amount of damages he suffered was too uncertain to warrant the running of the statute of limitations. The court in *Davies* explicitly held, contrary to plaintiff's contentions here, "neither uncertainty as to the amount of damages nor difficulty in proving damages tolls the period of limitations". 121 Cal. Rptr. at 713. The holding in *Davies* also comports with common sense, as adoption of a certainty requirement for the running of a statute would create chaos as courts attempted to determine on what date a plaintiff knew or should have known the extent of his damages. Anderson's action accrued at the moment of disclosure on July 12, 1984, and there are no facts before this Court that warrant tolling of the statute. Thus, Anderson's breach of confidence claim is time barred.

III. Plaintiff's Unjust Enrichment And Unfair Competition Claims Are Preempted By Federal Copyright Law

On July 20, 1987, this Court denied defendants' motion to dismiss plaintiff's unjust enrichment claim, finding that it was not preempted by federal law. However, unbeknownst [*11] to the parties and this Court, on June 23, 1987, the Ninth Circuit held that the plaintiff's unjust enrichment claim was subject to preemption. *Del Madera Properties v. Rhodes & Gardner*, 820 F.2d 973 (9th Cir. 1987) (The court held that plaintiff's unjust enrichment claim based on an unauthorized use of a copyrighted master plan map was preempted by federal copyright law.) In the same case, the Ninth Circuit also held that the plaintiff's unfair competition claim was preempted. *Del Madera*, 820 F.2d at 977.

Surprisingly, *Del Madera* appears to be a case of first impression in this circuit on the issue of preemption of unjust enrichment and unfair competition claims by federal copyright law. However, as shown below, the opinion comports with the test for determining whether a cause of action is preempted by federal copyright law under 17 U.S.C. § 301(b) (West 1977).

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Section 301 of the federal copyright statute sets forth a two-part test for determining whether a claim based on state law is preempted by federal copyright law. First, the work on which the state claim is based must be within the subject matter of copyright. 17 U.S.C. 301 (b)(1). Second, the state cause of action [*12] must protect rights that are qualitatively equivalent to copyright protection. 17 U.S.C. 301(b)(3). Under the second prong, courts focus on whether the state claim has an "extra element" that differentiates the state action from the rights protected by federal copyright law. See *Harper & Row Publishers, Inc. v. Nation Enterprises* 723 F.2d 195, 200 (2nd Cir. 1983), rev'd on other grounds, 471 U.S. 539 (1985).

Under this test, both Anderson's unjust enrichment and unfair trade practice claims are preempted. Both actions are grounded on the defendants' alleged use of a written script. This clearly satisfies the first prong of the test as Anderson's written work of authorship is within the subject matter of copyright. 17 U.S.C. § 102. Under the second prong, the defendants allegedly copied and incorporated Anderson's work into their own script without permission. The federal copyright laws explicitly protect Anderson's treatment from the copying that forms the basis for these state causes of action. 17 U.S.C. § § 106(1) & (2). There is no "extra element" such as fraud or palming off to save the unfair competition and unjust enrichment claims from preemption. See *Ronald Litoff, [*13] Ltd. v. American Express Corp.*, 621 F.Supp 981, 984-85 (D.C.N.Y. 1985).

Plaintiff's original opposition to the defendant's motion to dismiss the unjust enrichment claims raised two arguments that warrant discussion by the Court. First, plaintiff argued that portions of his script taken unjustly may not rise to the level of an infringement under copyright laws, but would still constitute unjust enrichment. However, under the preemption test set forth in section 301(b)(1), if the subject matter as a whole falls within federal copyright law, then a plaintiff may not avoid preemption by claiming that the copying, while permissible under the federal laws, would violate an equivalent state law.

Plaintiff can only avoid preemption of his state law claims that fall within the subject matter of copyright if these claims involve a "qualitatively" different right, not a "quantitatively" different right. As the Second Circuit opined in *Harper & Row* in finding that state claims for both conversion and tortious interference with contractual rights were preempted:

The fact that portions of the Ford memoirs may consist of uncopyrightable material ... does not take the work as a whole outside [*14] the subject matter protected by the

Act. (citations omitted) Were this not so, states would be free to expand the perimeters of copyright protection to their own liking, on the theory that preemption would be no bar to state protection of material not meeting federal statutory standards. That interpretation would run directly afoul of one of the Act's central purposes, to 'avoid the development of any vague borderline areas between State and Federal protection.' (citations omitted)

Harper & Row, 723 F.2d 195, 200.

Plaintiff's argument is rejected implicitly by the Ninth Circuit in *Del Madera*; in the language of Section 301(b)(3); and in the thorough reasoning of the Second Circuit in *Harper & Row*.

Second, plaintiff argues that his unjust enrichment claim should not be preempted because it is equivalent to an action for breach of confidence that is not preempted. However, there is an "extra element" of a confidential relationship in a breach of confidence claim that differentiates it from an unjust enrichment claim and prevents preemption under Section 301(b)(3). As other courts have noted, a breach of confidence claim is "nonequivalent to the rights one can acquire [*15] under copyright law; rather it rests on an obligation not to disclose to third parties ideas revealed in confidence. ..." *Smith v. Weinstein*, 578 F.Supp 1297, 1307 (S.D.N.Y. 1984). Plaintiff's unjust enrichment and unfair competition claims do not incorporate any such "nonequivalent" right and are preempted by federal copyright law.

IV. Defendants Are Entitled To Summary Judgment On Anderson's Copyright Infringement Claims

This Court finds that the defendants are entitled to summary judgment on plaintiff's copyright infringement claims on two separate grounds. First, Anderson's treatment is an infringing work that is not entitled to copyright protection. Second, *Rocky IV* is not substantially similar to Anderson's treatment, and no reasonable jury could find that *Rocky IV* is a picturization of Anderson's script.

A. Defendants Are Entitled To Summary Judgment Because Anderson's Treatment Is An Infringing Work That Is Not Entitled To Copyright Protection

The Court finds that Anderson's treatment is not entitled to copyright protection. This finding is based upon the following determinations that will be delineated further below: (a) the *Rocky* characters developed in *Rocky I*, [*16] II and III constitute expression protected by copyright independent from the story in which they are contained; (b) Anderson's treatment appropriated these characters and created a derivative work based

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upon these characters without Stallone's permission in violation of Section 106(2); (c) no part of Anderson's treatment is entitled to copyright protection as his work is pervaded by the characters of the first three Rocky movies that are afforded copyright protection.

I. Visually Depicted Characters Can Be Granted Copyright Protection

The precise legal standard this Court should apply in determining when a character may be afforded copyright protection is fraught with uncertainty. The Second Circuit has followed Judge Learned Hand's opinion in *Nichols v. Universal Pictures*, 45 F.2d 119 (2d. Cir. 1930), cert. denied, 282 U.S. 902 (1931). Judge Hand set forth a test, simple in theory but elusive in application, to determine when a character should be granted copyright protection. Essentially, under this test, copyright protection is granted to a character if it is developed with enough specificity so as to constitute protectable expression. *Id.* at 121.

This circuit originally [*17] created a more rigorous test for granting copyright protection to characters. In *Warner Bros. Pictures, Inc. v. Columbia Broadcasting System, Inc.*, (hereinafter the "Sam Spade" opinion) this circuit held that the literary character Sam Spade was not copyrightable, opining that a character could not be granted copyright protection unless it "constituted the story being told". 216 F.2d 945, 950 (9th Cir. 1954). The Sam Spade case has not been explicitly overruled by this circuit and its requirement that a character "constitute the story being told" appears to greatly circumscribe the protection of characters in this circuit.

Subsequent decisions in the Ninth Circuit cast doubt on the reasoning and implicitly limit the holding of the Sam Spade case. In *Walt Disney Productions v. Air Pirates*, this circuit held that several Disney comic characters were protected by copyright. 581 F.2d 751, 755 (9th Cir. 1978). In doing so the Court of Appeals reasoned that because "comic book characters ... are distinguishable from literary characters, the Warner Bros language does not preclude protection of Disney's characters." *Id.* *Air Pirates* can be interpreted as either attempting [*18] to harmonize granting copyright protection to graphic characters with the "story being told" test enunciated in the Sam Spade case or narrowing the "story being told" test to characters in literary works. If *Air Pirates* is construed as holding that the graphic characters in question constituted the story being told, it does little to alter the Sam Spade opinion. However, it is equally as plausible to interpret *Air Pirates* as applying a less stringent test for protectability of graphic characters.

Professor Nimmer has adopted the latter reading as he interprets *Air Pirates* as limiting the story being told requirement to word portraits. 1 M. Nimmer, *THE LAW*

OF COPYRIGHT, § 2-12, pg. 2-176 (1988). Further, Professor Nimmer finds that the reasoning of the Sam Spade case is undermined by the *Air Pirates* opinion, even as it relates to word portraits. *Id.* This is true because the use of a less stringent test for protection of characters in the graphic medium casts doubt on the vitality of the more stringent story being told test for graphic characters. As a practical matter, a graphically depicted character is much more likely than a literary character to be fleshed out [*19] in sufficient detail so as to warrant copyright protection. But this fact does not warrant the creation of separate analytical paradigms for protection of characters in the two mediums.

This circuit's most recent decision on the issue of copyrightability of characters, *Olson v. National Broadcasting Corporation*, 855 F.2d 1446 (9th Cir. 1988) does little to clarify the uncertainties in this circuit as to how the *Air Pirates* decision effects the continued viability of the Sam Spade test. In *Olson*, the Court of Appeals cited with approval the Sam Spade "story being told test" and declined to characterize this language as dicta. *Id.* at 1451-52 n. 6. The Court then cited *Air Pirates* along with Second Circuit precedent and "recognize[d] that cases subsequent to Warner Bros [Sam Spade] have allowed copyright protection for characters who are especially distinctive." *Id.* at 1452. *Olson* also stated definitively that "copyright protection may be afforded to characters visually depicted in a television series or in a movie." *Id.* But later in the opinion, the court in *Olson* distanced itself from the character delineation test that these cases employed, [*20] referring to it as "the more lenient standards adopted elsewhere". *Id.*

In an implicit acknowledgment of the unsettled state of the law, in considering the characters at issue in *Olson*, the circuit court evaluates the characters in the suit under both tests. *Id.* at 1452-53.

2. The Rocky Characters Are Entitled To Copyright Protection As A Matter Of Law

Olson's evaluation of literary characters is clearly distinguishable from the visually depicted characters of the first three Rocky movies for which the defendant seeks protection here. Thus, the more restrictive "story being told test" is inapplicable to the facts of this case. *Air Pirates*, 581 F.2d at 755, 1 M. Nimmer, § 2-12, pg 2-176. However, out of an abundance of caution this Court will determine the protectability of the Rocky characters under both tests. As shown below, the Rocky characters are protected from bodily appropriation under either standard.

The Rocky characters are one of the most highly delineated group of characters in modern American

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cinema. The physical and emotional characteristics of Rocky Balboa and the other characters were set forth in tremendous detail in the three Rocky movies before [*21] Anderson appropriated the characters for his treatment. The interrelationships and development of Rocky, Adrian, Apollo Creed, Clubber Lang, and Paulie are central to all three movies. Rocky Balboa is such a highly delineated character that his name is the title of all four of the Rocky movies and his character has become identified with specific character traits ranging from his speaking mannerisms to his physical characteristics. This Court has no difficulty ruling as a matter of law that the Rocky characters are delineated so extensively that they are protected from bodily appropriation when taken as a group and transposed into a sequel by another author. Plaintiff has not and cannot put before this Court any evidence to rebut the defendants' showing that Rocky characters are so highly delineated that they warrant copyright protection.

Plaintiff's unsupported assertions that Rocky is merely a stock character, made in the face of voluminous evidence that the Rocky characters are copyrightable, do not bar this Court from granting summary judgment on this issue. See *Anderson v. Liberty Lobby*, 477 U.S. 242, 247-48 (1986) ("the mere existence of some alleged factual dispute between [*22] the parties will not defeat an otherwise properly supported motion for summary judgment; the requirement is that there be no genuine issue of material fact.") (emphasis in original). If any group of movie characters is protected by copyright, surely the Rocky characters are protected from bodily appropriation into a sequel which merely builds on the relationships and characteristics which these characters developed in the first three Rocky movies. No reasonable jury could find otherwise.

This Court need not and does not reach the issue of whether any single character alone, apart from Rocky, is delineated with enough specificity so as to garner copyright protection. Nor does the Court reach the issue of whether these characters are protected from less than bodily appropriation. See *I M. Nimmer*, § 2.12, pg. 2-171 (copyrightability of characters is "more properly framed as relating to the degree of substantial similarity required to constitute infringement rather than in terms of copyrightability per se")

This Court also finds that the Rocky characters were so highly developed and central to the three movies made before Anderson's treatment that they "constituted the story [*23] being told". All three Rocky movies focused on the development and relationships of the various characters. The movies did not revolve around intricate plots or story lines. Instead, the focus of these movies was the development of the Rocky characters. The same evidence which supports the finding of delineation above

is so extensive that it also warrants a finding that the Rocky characters - Rocky, Adrian, Apollo Creed, Clubber Lang, and Paulie- "constituted the story being told" in the first three Rocky movies.

3. Anderson's Work is An Unauthorized Derivative Work

Under 17 U.S.C. section 106(2), the holder of a copyright has the exclusive right to prepare derivative works based upon his copyrighted work. In this circuit a work is derivative "only if it would be considered an infringing work if the material which it had derived from a prior work had been taken without the consent of the copyright proprietor of the prior work." *Litchfield v. Spielberg*, 736 F.2d 1352, 1354 (9th Cir. 1984) (emphasis in original), citing *United States v. Taxe*, 540 F.2d 961, 965 n. 2 (9th Cir. 1976). This Court must now examine whether Anderson's treatment is an unauthorized derivative work [*24] under this standard.

Usually a court would be required to undertake the extensive comparisons under the *Krofft* substantial similarity test to determine whether Anderson's work is a derivative work. See *I M. Nimmer*, § 3.01 at 3-3; pgs. 25-28 supra. However, in this case, Anderson has bodily appropriated the Rocky characters in his treatment. This Court need not determine whether the characters in Anderson's treatment are substantially similar to Stallone's characters, as it is uncontroverted that the characters were lifted lock, stock, and barrel from the prior Rocky movies. Anderson retained the names, relationships and built on the experiences of these characters from the three prior Rocky movies. *I M. Nimmer*, § 2.12 at 2-177 (copying names of characters is highly probative evidence of infringement). His characters are not merely substantially similar to Stallone's, they are Stallone's characters. As Professor *Nimmer* stated, "Where there is literal similarity [i]t is not necessary to determine the level of abstraction at which similarity ceases to consist of an 'expression of ideas' since literal similarity by definition is always a similarity as to the expression [*25] of ideas." *3 M. Nimmer*, § 13.03[3], pg. 13-35. Anderson's bodily appropriation of these characters infringes upon the protected expression in the Rocky characters and renders his work an unauthorized derivative work. *I Nimmer*, § 2.12 at 2-171. By bodily appropriating the significant elements of protected expression in the Rocky characters, Anderson has copied protected expression and his treatment infringes on Stallone's copyrighted work.

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4. Since Anderson's Work Is An Unauthorized Derivative Work, No Part Of The Treatment Can Be Granted Copyright Protection

Stallone owns the copyrights for the first three Rocky movies. Under 17 U.S.C. section 106(2), he has the exclusive right to prepare derivative works based on these copyrighted works. This Court has determined that Anderson's treatment is an unauthorized derivative work. Thus, Anderson has infringed upon Stallone's copyright. See 17 U.S.C. section 501(a).

Nevertheless, plaintiff contends that his infringing work is entitled to copyright protection and he can sue Stallone for infringing upon his treatment. Plaintiff relies upon 17 U.S.C. section 103(a) as support for his position that he is entitled to copyright protection [*26] for the non-infringing portions of his treatment. 17 U.S.C. section 103(a) reads:

The subject matter of copyright as specified by section 102 includes compilations and derivative works, but protection for a work employing preexisting material in which copyright subsists does not extend to any part of the work in which the material has been used unlawfully.

Plaintiff has not argued that section 103(a), on its face, requires that an infringer be granted copyright protection for the non-infringing portions of his work. He has not and cannot provide this Court with a single case that has held that an infringer of a copyright is entitled to sue a third party for infringing the original portions of his work. Nor can he provide a single case that stands for the extraordinary proposition he proposes here, namely, allowing a plaintiff to sue the party whose work he has infringed upon for infringement of his infringing derivative work.

Instead, Anderson alleges that the House Report on section 103(a) indicates that Congress intended protection for the noninfringing portions of derivative works such as his treatment. The House Report for section 103(a) first delineates the differences between [*27] compilations and derivative works. H.R. No. 1476, 94th Cong., 2d Sess. at 57-58 (1976). The House Report then reads as follows:

The second part of the sentence that makes up section 103(a) [subsec. (a) of this section] deals with the status of a compilation or derivative work unlawfully employing preexisting copyrighted material. In providing that protection does not extend to "any part of the work in which such material has been used unlawfully," the bill prevents an infringer from benefiting, through copyright protection, from committing an unlawful act, but preserves protection for those parts of the work that

do not employ the preexisting work. Thus, an unauthorized translation of a novel could not be copyrighted at all, but the owner of copy right in an anthology of poetry could sue someone who infringed the whole anthology, even though the infringer proves that publication of one of the poems was unauthorized.

The Court recognizes that the House Report language is muddled. It makes a general statement that non-infringing portions of a work should be granted protection if these portions do not employ the pre-existing work. The report then provides two examples: one involving [*28] a compilation where the noninfringing portion was deemed protected, and another involving a derivative work where no part of the work could be protected. The general statement, when taken in the context of the comparison of compilations and derivative works in the section and the two examples given, is best understood as applying only to compilations. Although it is not crystal clear, it appears that the Committee assumed that in a derivative work the underlying work is "employed" throughout.

Professor Nimmer also interprets the House Report language as generally denying copyright protection to any portion of an unauthorized derivative work. After setting forth some of the language from the House Report regarding section 103(a) he states,

the effect [of section 103(a)] generally would be to deny copyright to derivative works, in which the preexisting work tends to pervade the entire derivative work, but not to collective works, where the infringement arises from the copying of the selection and arrangement of a number of preexisting works, and not per se from the reproduction of any particular prior work. 1 M. Nimmer, § 3.06, pgs. 3-22.3 thru 3-22.4.

Like the House Report, Nimmer [*29] also preceded his conclusion that no part of derivative work unlawfully employing preexisting material should be copyrightable with a general statement that "only that portion of a derivative or collective work which employs the preexisting work would be denied copyright". 1 M. Nimmer, § 3.06, pg. 3-22.3. At first blush, both Nimmer's and the Committee's language are internally inconsistent. Both start with a general proposition that only the portion of a work which unlawfully employs the prior work should be denied copyright protection. Both then appear to conclude that no part of an infringing derivative work should be granted copyright protection. Only if a derivative work is assumed to employ the infringing work throughout do these passages read coherently.

The case law interpreting section 103(a) also supports the conclusion that generally no part of an

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infringing derivative work should be granted copyright protection. In *Eden Toys, Inc. v. Florelee Undergarment Co.*, the circuit court dealt primarily with the question of whether an authorized derivative work contained sufficient originality to gain copyright protection. 697 F.2d 27, 34-35 (2d. Cir. 1982). However, in [*30] dicta the court opined on what result would be warranted if the derivative work had been made without the permission of the original author. The Court cited to the aforementioned passages from Professor Nimmer's treatise and the House Report and assumed without discussion that the "derivative copyrights would be invalid, since the preexisting illustration used without permission would tend to pervade the entire work" Id. at 34 n.6. In *Gracen v. Bradford*, the Seventh Circuit also dealt primarily with whether plaintiff's derivative work had sufficient originality to comply with requirements of section 103. 798 F.2d 300, 302-303 (7th Cir. 1983). *Gracen* also discussed the issue of the copyrightability of an unauthorized derivative work. The Court stated "if Miss Gracen had no authority to make derivative works from the movie, she could not copyright the painting and drawings, and she infringed MGM's copyright by displaying them publicly." Id. at 303. Once again, the Circuit court assumed that no part of an unlawful derivative work could be copyrighted.

Plaintiff has written a treatment which is an unauthorized derivative work. This treatment infringes upon Stallone's [*31] copyrights and his exclusive right to prepare derivative works which are based upon these movies. 17 U.S.C. § 106(2). Section 103(a) was not intended to arm an infringer and limit the applicability of section 106(2) on unified derivative works. As the House Report and Professor Nimmer's treatise explain, 103(a) was not intended to apply to derivative works and most certainly was not an attempt to modify section 106(2). Section 103(a) allows an author whose authorship essentially is the arrangement or ordering of several independent works to keep the copyright for his arrangement even if one of the underlying works he arranged is found to be used unlawfully. The infringing portion would be easily severable and the scope of the compilation author's own work would be easily ascertainable. Even if this Court were to interpret section 103(a) as allowing an author of an infringing derivative work to sue third parties based on the non-infringing portions of his work, section 106(2) most certainly precludes the author of an unauthorized infringing derivative work from suing the author of the work which he has already infringed. Thus, the Court HOLDS that the defendants are entitled to summary [*32] judgment on plaintiff's copyright claims as the plaintiff cannot gain copyright protection for any portion of his work under section 103(a). In addition, Anderson is precluded by

section 106(2) from bringing an action for copyright infringement against Stallone and the other defendants.

B. Summary Judgment Is Appropriate On The Copyright Claims Because Rocky IV Is Not Substantially Similar To Anderson's Treatment

1. Legal Framework

To prevail on his claim for copyright infringement, Mr. Anderson must prove that he owns a copyright and his work was copied by the defendant. *Sid & Marty Krofft Television v. McDonalds Corp.* 562 F.2d 1157, 1162 (9th Cir. 1977). Because there is rarely direct evidence that an alleged infringer physically copied a work, a plaintiff need only show that the defendant had access to his work and that the defendant's work is substantially similar to the plaintiff's copyrighted work. *Sid & Marty Krofft*, 562 F.2d at 1162-63. (As an aside, the Court notes that an alleged infringer also rarely has direct irrefutable evidence - such as Stallone's press conferences describing his ideas of an East/West boxing confrontation before receiving Anderson's script [*33] - that he had independently developed the idea which he allegedly copied from the defendant.) This Court has already held that Anderson's work is not entitled to copyright protection. See pgs. 12-24 supra. This finding alone necessitates that the defendants be granted summary judgment on the copyright infringement claims. However, even if this Court were to hold that Anderson's work was entitled to copyright protection, defendants are entitled to summary judgment on the grounds that the defendants did not copy Anderson's work.

In this circuit, there is a two part test for determining whether an allegedly infringing work is substantially similar to the copyright holder's work. The first prong is referred to as the extrinsic test. Under the extrinsic test, analytic dissection and expert testimony are employed to determine whether there is substantial similarity of ideas between the two works in question. *Olson*, 855 F.2d at 1449. Application of the extrinsic test to analyze whether a movie is substantially similar to a script requires a court to compare the plot, theme, dialogue, mood, setting, pace, sequence of events, and characters of the two works. *Berkic v. Crichton*, [*34] 761 F.2d 1289, 1293 (9th Cir. 1985); *Litchfield v. Spielberg*, 736 F.2d 1352, 1356-57 (9th Cir. 1984). Since the extrinsic test relies on objective analytical criterion, "this question may often be decided as a matter of law." *Krofft*, 562 F.2d at 1164.

The extrinsic prong of the Krofft test has been expanded by this circuit so that the test actually goes beyond a determination of substantial similarity of ideas. It is true that a theme or mood is merely an idea. However, specific plot sequences, highly delineated

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characters, and dialogue in a work often constitute protectable expression. Thus, the Krofft test as applied in *Berkic* and *Litchfield* no longer fits neatly into separate analyses of ideas and expression in two works as the Courts analyzed expression under the extrinsic prong of the test. *Berkic*, 761 F.2d at 1293-94, *Litchfield*, 736 F.2d at 1357. In any event, it is the test that this Court applies in determining whether *Rocky IV* is substantially similar to Anderson's treatment.

The second prong of the Krofft test for substantial similarity is referred to as the intrinsic test. Under the intrinsic test, the plaintiff must show that there [*35] is substantial similarity of expression between the two works in question. The intrinsic test is subjective and is based on the response of the audience to the look and feel of the two works. In this case, the intrinsic test requires a determination of whether the ordinary reasonable audience could recognize the movie *Rocky IV* as a dramatization or picturization of Mr. Anderson's work. *Berkic*, 761 F.2d at 1292; *Litchfield*, 736 F.2d at 1357.

At the summary judgment stage, Anderson must establish that a triable issue of fact remains as to whether there is substantial similarity of both ideas and expression. *Berkic*, 761 F.2d at 1292. This Court is cognizant that summary judgment is not favored where there are disputable factual issues that are best left to a jury. This problem is greatest when the Court puts itself in the place of the reasonable audience and evaluates the total look and feel of a work under the intrinsic test. However, to grant summary judgment, this Court need only find, after analyzing the two works under the objective factors which comprise the extrinsic test, that there is no substantial similarity under the extrinsic prong of the substantial similarity [*36] test of this circuit. Plaintiff can only prevail on his infringement claim if he shows that there is substantial similarity of both ideas and expression. *Berkic*, 761 F.2d at 1292, *Litchfield*, 736 F.2d at 1356, *Krofft*, 562 F.2d at 1164.

This circuit has upheld grants of summary judgment on the issue of substantial similarity when the plaintiff's claims were much stronger than those before this Court. *Berkic*, 761 F.2d 1289 (Ninth Circuit affirmed grant of summary judgment in favor of defendant on issue of substantial similarity of the movie *Coma* and plaintiff's treatment although the court recognized that similarities existed between the works); *Litchfield*, 736 F.2d 1352 (Ninth Circuit affirmed grant of summary judgment in favor of defendant on issue of substantial similarity between the movie *E.T.* and plaintiff's play in spite of character and plot similarities); *See v. Durang*, 711 F.2d 141 (9th Cir. 1983) (Ninth Circuit affirmed grant of summary judgment for defendant on copyright

infringement claim, even though it did find that the two plays shared common ideas).

This circuit has also eliminated certain portions of works from evaluation under the substantial [*37] similarity test. For example, "all situations which flow naturally from a basic plot premise, so called 'scenes a faire'" are not protected against copying. *Berkic*, 761 F.2d at 1293. For example, any boxing movie, regardless of the source, will contain fight scenes. It is also natural for any boxing movie, regardless of the source, to depict the fighters training and preparing for fights.

Nor do general plot themes or ideas receive any copyright protection. *Id.* Nationalistic themes and themes extolling the virtues of the underdog are not protectable expression. Likewise, a basic idea such as a symbolic struggle between a Russian and an American are not protectable by copyright and are part of the general domain of ideas.

The unusual circumstances of this case also distinguish it from other infringement cases and make a finding of non-infringement appropriate. The first three *Rocky* movies were made before Anderson wrote his treatment. Plaintiff concedes that he wrote his sequel after viewing the movies. Thus, Anderson is precluded from basing any inference of copying by Stallone in *Rocky IV* from similarities that flow naturally from the fact that both works are sequels to the [*38] first three movies. Second, it is uncontroverted that Stallone had already developed the idea that *Rocky IV* would center around a symbolic boxing confrontation between the United States and Russia before he knew that plaintiff's treatment existed. Thus, any similarity in the two works based on this symbolic confrontation cannot give rise to an inference that Stallone appropriated this idea from Anderson. Third, it is uncontroverted that it was the defendant, not the plaintiff, who developed the majority of characters in plaintiff's work. These include: *Rocky*, *Adrian* (*Rocky's* wife), *Rocky, Jr.* (*Rocky's* son), *Paulie* (*Rocky's* brother-in-law), *Apollo Creed*, *Duke* (*Creed's* manager), and *Clubber Lang*. Even if a court were to find that these characters were not copyrightable, the fact that they originated with the defendant precludes any finding of similarity based on this common element of the two works.

2. Application Of The Krofft Test

A. Extrinsic Test

The extrinsic test requires a comparison of plot, theme, dialogue, mood, setting, pace, sequence, and characters.

i. Plot- *Rocky IV*

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In Rocky IV, Ivan Drago, a Russian fighter, arrives in the United States. Drago and his wife hold [*39] a press conference where she announces that Drago wants to fight professionally in the United States and would like to fight Rocky Balboa, the retired world boxing champion. Rocky is a wealthy ex-boxer and he declines to fight the dangerous Drago. However, Rocky's friend, Apollo Creed, wants to come out of retirement to fight Drago. Rocky, fearing for Apollo's health, unsuccessfully tries to talk Apollo out of fighting Drago. Apollo fights Drago in Las Vegas in a circus-like setting. Rocky is in Apollo's corner during the fight. Apollo refuses to stop fighting, even though Drago is injuring him during the early rounds of the fight. Drago strikes Apollo after the bell with a vicious blow and kills him. Rocky gives the eulogy at Apollo's funeral.

A fight between Rocky and Drago is announced. The fight is a non-sanctioned fight and Rocky will be forced to give up his title to fight Drago. Rocky will not take any prize money for the fight. Drago will not fight in the United States as he fears for his safety after killing Apollo. The fight will be held in Russia on Christmas day. Soviet officials describe the fight as a test of the systems of the two countries. Rocky's wife disapproves [*40] of the fight and is extremely upset over the news of the fight.

Rocky travels to Siberia to train in isolated surroundings. He is accompanied by Paulie, Duke, and two Soviet observers. Adrian also comes to Siberia where they reconcile their differences. Rocky trains by chopping wood, pulling sleds, running up mountains, shadow boxing, and performing other basic exercises. These scenes are juxtaposed with Drago's training. Drago trains in a technologically advanced environment with specialized machines. He trains surrounded by scientific advisors, and it is suggested that he is taking performance enhancing drugs. Drago looks invincible as he appears much larger and stronger than Rocky.

The fight takes place in Moscow. It is a brutal fifteen round fight. Rocky takes a severe beating but refuses to go down. In the fourteenth and fifteenth rounds, the Soviet crowd begins cheering Rocky's heroism. Rocky wins the fight in the fifteenth round and is hoisted up by the crowd. Rocky then gives an impassioned speech that emphasizes that the United States and the Soviet Union are capable of changing and getting along.

The Court also notes that Rocky IV is replete with scenes in which Rocky has [*41] flashbacks to the first three Rocky movies.

ii. Anderson's Treatment

Several scenes at the beginning of the treatment chronicle the development from childhood of an East German boxer Adolph Heinemann. He begins boxing in international competition by the age of sixteen. He goes on to capture the gold medal at the 1984 Olympics. Heinemann then fights the heavyweight champion, Clubber Lang, at Madison Square Garden. Heinemann defeats Lang in the first round. Rocky and Apollo Creed watch the fight from ringside. They are partners in the fight promotion business.

Heinemann makes several successful defenses of his title in Eastern Europe cities of Leningrad, Moscow, Leipzig, and East Berlin. Due to dominance of professional boxing by eastern block fighters, all major fights take place in eastern block countries. Rocky and Apollo continue their fight promotion business. Rocky and Apollo use their own money to finance three days of boxing at Madison Square Garden. They place their fortunes on the line to buy television coverage. The main event pits Clubber Lang against an Irish fighter. There is little interest in the event. Rocky and Apollo go broke. Rocky sells all of his possessions [*42] to pay his creditors.

Rocky returns to the "row house apartment of Rocky I". (This setting is appropriated from Stallone's first movie by Anderson) He goes to work in a meat packing plant in Philadelphia. (This portion of the story also borrows heavily from Rocky I.) A Soviet leader gives a speech to the United Nations in New York. He states that the Communist world is prevailing over the West as exemplified by their boxing champion. He refers to Rocky as an old and weak ex-fighter. Upon hearing the speech, Rocky and Apollo become very distraught.

Both Rocky and Apollo, unbeknownst to the other, regroup and begin training in seclusion. Rocky is in Philadelphia and Apollo is in Los Angeles. Thereafter, Rocky and Apollo simultaneously take planes to visit the other and break the news of their respective comebacks. Coincidentally, both are on planes which are stopping over in Chicago. While in one of the terminals at the airport they bump into each other. They decide to begin training together.

Rocky and Apollo return to the "old gym of original movie" (setting and training scenes based upon Rocky I) and devise a secret strategy for Rocky to beat Heinemann. An East German representative [*43] to the United Nations informs Rocky that Heinemann will not fight him because he is too old. Rocky and Apollo then go to New York to East Germany's United Nations ambassador. They barge in the office and intimidate the ambassador into calling Heinemann to ask him to fight Rocky. Rocky insults Heinemann and convinces him to agree to a fight.

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To raise money for his training, Rocky fights in exhibitions in Europe and South America. He fights in France, England, and Spain. He also trains in a Parisian bordello and a London nunnery. In London, Rocky is approached by CIA agents and followed by KGB officers. The CIA offers to pay Rocky's training expenses and he refuses. Rocky runs through a number of European capitals and ends up at St. Peters Square in Rome on the day the Pope is to appear.

Rocky fights Heinemann at an outdoor stadium one hundred yards east of the Berlin wall. Heinemann originally dominates the fight. However, Rocky makes a heroic comeback and wins the fight when Heinemann refuses to answer the bell in the sixth round. The East German crowd cheers Rocky's victory.

A comparison of the two plots shows that they are dissimilar apart from the East/West boxing confrontation [*44] that Stallone, himself, developed. Plaintiff argues that the list of similarities compiled by his expert Michael Roger precludes this Court from granting summary judgment, no matter how dissimilar the plots appear to this Court. However, this circuit has previously held that such lists of random similarities are inherently subjective and unreliable and do not in and of themselves create a material issue of fact. Litchfield, 736 F.2d at 1357. In his declaration, Mr. Rogers states that the plots are similar because in both works a Communist fighter defeats an American and subsequently Rocky defeats the Communist fighter and wins over a Communist crowd. (Rogers Declaration, para. 4) However, Rogers' declaration is deficient. As noted previously, Anderson cannot claim that Stallone copied the idea of an East/West boxing confrontation because there is uncontroverted evidence that Stallone developed the idea independently. In addition, the general similarities cited by Rogers between the plots and the themes of the two movies do not create any material fact issue for this Court, as general themes and basic plots are not protected by copyright. Litchfield, 736 F.2d at 1351-52; [*45] Jason v. Fonda, 526 F. Supp 774, 777 (C.D. Cal. 1981).

Setting

The settings of the two movies are also quite different. In Anderson's treatment Rocky is a promoter in New York. After losing his savings he returns to where he lived in Philadelphia and Apollo returns to a gym in Los Angeles. (These settings in Philadelphia and Los Angeles are used in the first Rocky movies and are evidence that Anderson is copying Stallone's settings from the earlier Rocky movies, not that Stallone is copying the setting from Anderson's treatment.) In Anderson's treatment, Heinemann grows up in East

Germany. Rocky trains in France, England, Spain, Germany, and Denmark. Rocky runs through major cities in each of these countries. The settings for his training include a bordello in Paris, a London nunnery, the Eiffel tower, and St. Peters Square. The final fight between Rocky and Heinemann takes place next to the Berlin wall in East Germany.

In Rocky IV, Apollo fights Drago in Las Vegas. Rocky rains in Siberia. The final fight is set in Moscow.

Dialogue

Anderson's treatment contains very little dialogue as the treatment is a brief thirty-one page storyline. In his papers before this Court, [*46] Anderson did not claim that Rocky IV contained any dialogue similar to that in his treatment. However, in a "surreply", submitted without authorization by this Court, plaintiff's expert asserted that both works contained a short propaganda speech by a Soviet official which were very similar. This Court did not find a substantial similarity between these two speeches or any any portions of the dialogue of the two works.

Themes

A symbolic struggle between the United States and the eastern block is the overriding theme of both movies. Once again, the Court notes that there is uncontroverted evidence that Stallone developed this theme independently. However, unlike Anderson's treatment, Rocky IV ends with a speech in which he emphasizes the theme that the United States and the Soviet Union should attempt to change their adversarial relationship. No such theme of potential resolution of the East/West conflict appears in Anderson's script.

Rocky IV also contains a number of other underlying themes that are not found in Anderson's treatment. In Rocky IV, Rocky fights Drago to exact revenge for Drago's killing of his friend. Also, Stallone emphasizes that Rocky's old fashioned training [*47] can succeed against highly sophisticated Soviet athletic training.

Both movies also share a nationalistic theme. However, this nationalistic theme is also emphasized in Rocky I, II, and III and this would be a necessary component of any sequel to the prior Rocky movies.

Sequence

The only similarity in the sequencing of the two works is that both end with Rocky fighting a Communist fighter. However, Stallone had originally emphasized

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that the climax of his movie would be a fight between Rocky and a Russian fighter.

Tone and Mood

Anderson did not claim that the tone and mood of the two movies were similar until this deficiency was pointed out by the defendants and he filed an unauthorized surreply. This Court finds it difficult to determine the tone and mood of Anderson's work due to its brevity and the lack of dialogue. This Court finds the tone and mood of Rocky IV to be very similar to that of the prior Rocky movies developed by Stallone. All of the Rocky movies are nationalistic, upbeat movies laced with occasional bits of humor, and involving Rocky Balboa in some new challenge. Whether these qualities could be extrapolated from Anderson's treatment is of little consequence, [*48] as the sequel Rocky IV shares the same tone and mood as the prior Rocky movies that were created by Stallone.

Characters

Rocky IV features the following characters: Rocky, Adrian (Rocky's wife), Rocky, Jr. (Rocky's son), Paulie (Rocky's brother-in-law), Apollo Creed, Duke (Creed's manager), Clubber Lang, Ivan Drago (Soviet boxer), Ludmilla (Drago's wife/spokeswoman), and Nicolai Koloff (Drago's manager).

Anderson's treatment features the following characters: Rocky, Adrian, Rocky, Jr., Paulie, Apollo Creed, Duke, Clubber Lang, Adolph Heinemann (East German boxer), and an unnamed Soviet propaganda expert.

As can be seen from above, the majority of characters used in Anderson's treatment were created by Stallone. As noted throughout this opinion, these characters cannot be the basis for any finding of substantial similarity between Anderson and Stallone's work for purposes of establishing infringement. However, Anderson created two characters in his treatment that serve the same function as two of the characters from Rocky IV. Anderson's Adolph Heinemann and Stallone's Ivan Drago play similar roles as do Anderson's unnamed Soviet propaganda expert and Nicolai Koloff.

Both Heinemann [*49] and Drago are large powerful boxers from the eastern bloc being used as propaganda tools in the boxing arena. Both are bigger than Rocky and favored to win their fights with him. However, this similarity is not a basis for inferring that Stallone copied Anderson's treatment, because in all of Rocky's previous fights he was the underdog to a physically superior opponent. In addition, Stallone's

original plot ideas necessitated that he create a Soviet boxer. Heinemann is not described in great detail in Anderson's script although he is referred to as an "aryan German". In Rocky IV, Drago is blond and has blue eyes.

Likewise, Anderson's unnamed propaganda official is not well developed. In fact, he appears in only two scenes in the treatment. Apparently, this official is the mastermind of the plan to create a Communist world boxing champion. On the other hand, Stallone's Nicolai Koloff is Drago's manager who appears at all the press conferences and is partially responsible for Drago's training. Koloff plays a different and more prominent role than the unnamed propaganda official. In addition, neither Heinemann nor the propaganda official are delineated with great specificity in Anderson's [*50] treatment.

As delineated above, Anderson cannot base a finding of substantial similarity on the characters and themes that Stallone had developed previously. Nor can a finding of substantial similarity be based on the fact that the two works both culminate in a symbolic boxing confrontation between the United States and the Soviet Union. This symbolic confrontation was developed independently by Stallone. When the two works are compared without considering Stallone's own characters and themes, it is abundantly clear that the plot, setting and sequence of events are very dissimilar. Most of the characters in Anderson's work were appropriated from Stallone. The two characters that Anderson created independently, Heinemann and the Soviet propaganda expert, are not highly delineated. Nor are they substantially similar to Drago or Koloff, the two parallel characters in Stallone's treatment. These character similarities cannot be the basis for a finding of substantial similarity. See Olson, 855 F.2d at 1451-53 (Substantial similarity cannot be based on loose similarity between plaintiff's thinly sketched character and defendant's allegedly infringing characters.) Nor can the common [*51] ideas and themes that plaintiff alleges to exist between the two works be a basis for a finding of substantial similarity, as these general themes are not protectable expression. Berkic, 761 F.2d at 1293. Based upon an analysis of the objective criteria above, the Court holds that under the extrinsic test the two works are dissimilar.

This Court need not reach the question of whether there is substantial similarity between the two works under the intrinsic test because it has ruled as a matter of law that the two works are dissimilar under the extrinsic prong of this circuit's test for substantial similarity. Berkic, 761 F.2d at 1292; Litchfield, 736 F.2d at 1356; Krofft, 562 F.2d at 1164. This conclusion follows logically as it would be incongruous for a court to find as

1989 U.S. Dist. LEXIS 11109, *; 11 U.S.P.Q.2D (BNA) 1161;
Copy. L. Rep. (CCH) P22,665

a matter of law that the two works are based on dissimilar ideas and then find that a material issue of fact remains as to whether the higher threshold of substantial similarity of expression exists between the two works.

B. Intrinsic Test

In any event, the Court finds that no reasonable audience would recognize the movie Rocky IV as a dramatization or picturization of Anderson's work. Under the [*52] intrinsic test as well as under the extrinsic test, a finding of substantial similarity cannot be based on unprotectable scenes-a-faire or characters, themes, and plots which Stallone originally created himself. Aliotti v. R. Dakin & Co., 831 F.2d 898, 901 (9th Cir. 1987), Berkic, 761 F.2d at 1293. Taking away these portions of

Anderson's work, no reasonable jury could find that Rocky IV is a picturization of Anderson's treatment. This necessitates a holding that the two works are dissimilar as a matter of law under the intrinsic test. Berkic, 761 F.2d at 1292, Litchfield, 736 F.2d at 1357.

The Court finds that Rocky IV is not substantially similar to Anderson's work. Nor is any portion of Anderson's work entitled to copyright protection under 17 U.S.C. sections 103(a) & 106(2). The Court GRANTS defendants summary judgment on Anderson's claim that they infringed Anderson's copyright.

IT IS SO ORDERED:

DATED: APRIL 25, 1989

LEXSEE 2002 U.S. Dist LEXIS 10527

**NATIONAL SATELLITE SPORTS, INC., Plaintiff, v. MOSLEY
ENTERTAINMENT, INC., d/b/a THE COMFORT ZONE JAZZ CLUB, and
CLIFTON MISLEY, JR., jointly and severally, Defendant**

Case No. 01-CV-74510-DT

**UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF
MICHIGAN, SOUTHERN DIVISION**

2002 U.S. Dist. LEXIS 10527

May 21, 2002, Decided

May 21, 2002, Filed

DISPOSITION:

[*1] Plaintiff's Motion for Default Judgment granted.

COUNSEL:

For NATIONAL SATELLITE SPORTS,
INCORPORATED, plaintiff: Julie B. Teicher, Dianne S.
Tronolone, Erman, Teicher, Southfield, MI.

JUDGES:

Honorable Denise Page Hood, United States District
Court Judge.

OPINIONBY:

Denise Page Hood

OPINION:

MEMORANDUM OPINION AND ORDER

This matter comes before the Court on Plaintiff National Satellite Sports, Inc.'s ("National") Motion for Default Judgment against Mosley Entertainment, Inc., d/b/a The Comfort Zone Jazz Club and Clifton Mosley, Jr. (hereinafter referred to individually as "Comfort Zone" and "Mosley," and, respectively and collectively, as "Defendants"). For the following reasons, Plaintiff's Motion is **GRANTED**.

I. FACTS

The Complaint in this matter avers that National entered in a closed-circuit television license agreement (the "License Agreement") to exhibit the closed-circuit

telecast of the November 11, 2000 Championship boxing match between Lennox Lewis and David Tua, from the Mandalay Bay Resort & Casino in Las Vegas, Nevada. *See* Compl. at P 7. The License Agreement, which also included undercard or preliminary bouts, allowed viewing of [*2] these events "at closed circuit locations such as theaters, arenas, bars, clubs, lounges, restaurants and the like throughout Michigan." n1 *Id.* National entered into the License Agreement for the purpose of distributing for a commercial gain the closed-circuit broadcast of the Event to various business entities in Michigan. *Id.* at P 8.

n1 The boxing match and all related bouts are collectively referred to herein as the "Event."

The Complaint further avers that the closed-circuit Event was not intended for viewing by the general public as, in Michigan, the closed-circuit broadcast of the Event could only be exhibited in a commercial establishment if said establishment was contractually authorized to do so by National. *Id.* at P 9. National marketed and contracted to distribute the right to broadcast the Event to various establishments throughout Michigan in exchange for a fee. *Id.* at P 10. The transmission of the Event was electronically coded or "scrambled," requiring decoding of the transmission [*3] signal in order to view the Event clearly. *Id.* at P 11. National employed electronic decoding equipment to accomplish the decoding and provided those entities with which National had contracted said equipment. *Id.* at PP 11, 13.

2002 U.S. Dist. LEXIS 10527, *

According to Plaintiff, the transmission of the Event was available to purchase for broadcast in Comfort Zone, but Comfort Zone did not contract with National to obtain the rights to broadcast the Event. *Id.* at P 12. Plaintiff alleges that, on the night of the broadcast, "in violation of [National's] rights and federal and state law, the Defendants wilfully intercepted and/or received the interstate communication of the Event." *Id.* at P 14. Plaintiff alleges in the alternative that "Defendants assisted in the receipt of the interstate communication of the Event. The Defendants then transmitted, divulged and published said communication, or assisted in transmitting divulging and publishing said communication, to patrons within Comfort Zone." *Id.* Plaintiff claims that Defendants were not authorized to intercept, receive or transmit the communication of the Event or to assist in such actions in any form or at any time. *Id.* at P 18. [*4]

The Complaint states that Defendants' actions constituted a misappropriation of National's licensed exhibition of the Event and an infringement of National's exclusive rights while avoiding proper payment to National. *Id.* at P 15. Plaintiff claims that the persons whom Defendants allowed to view the Event would otherwise have been able to view it at a commercial establishment only if that particular commercial establishment was properly licensed and authorized by National. *Id.* at P 17. The Complaint alleges that "Defendants' purpose and express intent in committing their unlawful actions was to secure a financial gain and commercial advantage." *Id.* at P 15. According to Plaintiff, Defendants' actions caused substantial damage to National. *Id.* at P 19.

On November 29, 2001, Plaintiff commenced the instant action in federal district court, alleging violations of the Federal Communications Act of 1934, as amended, 47 U.S.C. § 605. Plaintiff also brings suit under 47 U.S.C. § 553. Defendants were served with the Complaint and failed to answer or otherwise respond as required by law. Accordingly, this Court entered a default [*5] against each of the Defendants on March 15, 2002.

On March 20, 2002, a letter from Defendant Clifton Mosley to Plaintiff's counsel dated March 18, 2002 was filed with the Court. The letter, which is signed by Mr. Mosley in his capacity as President & Chief Executive Officer of Mosley Entertainment, Inc., states in pertinent part: "In response to the action filed by you (Civil Action # 01-74510), I have no knowledge of any illegal broadcast of the Lennox Lewis and David Tua boxing match. I don't recall if I was at the bar that night, however, my manager doesn't recall any fight being showed (sic)." See Letter from Clifton ("Doc") Mosley, Jr. dated March 18, 2002. On April 11, 2002, Plaintiff

filed the instant Motion for Default Judgment. Defendants have not sought to set aside the default. A hearing was held in this matter on May 14, 2002. This matter is now ready of disposition.

II. STANDARD OF REVIEW

Federal Rule of Civil Procedure 55(b) governs the entry of default judgment. Rule 55 states, in pertinent part, that judgment by default may be entered as follows:

(1) By the Clerk. When the plaintiff's claim against a defendant is for a sum certain or for a sum [*6] which can by computation be made certain, the clerk upon request of the plaintiff and upon affidavit of the amount due shall enter judgment for that amount and costs against the defendant, if the defendant has been defaulted for failure to appear and is not an infant or incompetent person.

(2) By the Court. In all other cases the party entitled to a judgment by default shall apply to the court therefor; but no judgment by default shall be entered against an infant or incompetent person unless represented in the action by a general guardian, committee, conservator, or other such representative who has appeared therein.

If, in order to enable the court to enter judgment or to carry it into effect, it is necessary to take an account or to determine the amount of damages or to establish the truth of any averment by evidence or to make an investigation of any other matter, the court may conduct such hearings or order such references as it deems necessary and proper and shall accord a right of trial by jury to the parties when and as required by any statute of the United States.

FED. R. CIV. P. 55(b)(1), (2).

For a default judgement, well-pleaded factual allegations [*7] are sufficient to establish a defendant's liability. However, the allegations of the complaint regarding the amount of damages suffered are not controlling. See *Dundee Cement Co. v. Howard Pipe & Concrete Products*, 722 F.2d 1319, 1323-1324 (7th Cir.1983); *Geddes v. United Financial Group*, 559 F.2d 557, 560 (9th Cir.1977).

III. ANALYSIS

Plaintiff's Complaint alleges violations of 47 U.S.C. § 605 and 47 U.S.C. § 553 (the "Statutes"). 47 U.S.C. § 605 states in pertinent part that:

no person not being authorized by the sender shall intercept any radio communication and divulge or

publish the existence, contents, substance, purport, effect, or meaning of such intercepted communication to any person. No person not being entitled thereto shall receive or assist in receiving any interstate or foreign communication by radio and use such communication (or any information therein contained) for his own benefit or for the benefit of another not entitled thereto.

47 U.S.C. § 605(a).

Similarly, 47 U.S.C. § 553 provides in [*8] relevant part that "no person shall intercept or receive or assist in intercepting or receiving any communications service offered over a cable system, unless specifically authorized to do so by a cable operator or as may otherwise be specifically authorized by law." 47 U.S.C. § 553(a)(1).

Under §§ 605 and 553, an aggrieved person may be entitled to statutory damages against a party violating these sections:

- A. For each violation of the statute, damages in the amount of between One Thousand Dollars (\$ 1,000.00) and Ten Thousand Dollars (\$ 10,000.00) pursuant to § 605(e)(3)(C)(i)(ii);
- B. For willful violation of the statute, damages in the amount of between Ten Thousand Dollars (\$ 10,000.00) and One Hundred Thousand Dollars (\$ 100,000.00) pursuant to § 605(e)(3)(c)(ii);
- C. For each violation of the statute, damages in the amount of between Two Hundred Fifty Dollars (\$ 250.00) and Ten Thousand Dollars (\$ 10,000.00) pursuant to § 553(c)(3)(A)(ii); and
- D. For willful violation of the statute, damages up to Fifty Thousand Dollars (\$ 50,000.00) pursuant to § 553(3)(B);
- E. Full costs, including reasonable attorneys' fees, pursuant to § 605(e)(3)(B)(iii). [*9]

See Pl.'s Mem. in Supp. of Mot. for Default J. at P 3.

It is Plaintiff's discretion whether to elect to receive actual or statutory damages. 47 U.S.C. § 605(e)(3)(C)(i) ("Damages awarded by any court under this section shall be computed, at the election of the aggrieved party, in accordance with either of the following subclauses ..."); see also *Cable/Home Communication Corp. v. Network Prod., Inc.*, 902 F.2d 829, 850 (11th Cir. 1990) (stating that an aggrieved party may elect to receive actual or statutory damages). Pursuant to §§ 605(e)(3)(C)(i)(II) and 605(e)(3)(C)(ii), Plaintiff's Complaint requests statutory damages in the amount of ten thousand dollars (\$ 10,000.00) and one hundred thousand dollars (\$ 100,000.00), respectively. Plaintiff also requests attorney's fees under § 605(e)(B)(iii) in the amount of

one thousand three hundred ninety two dollars (\$ 1,392.00) and costs in the amount of two hundred fifty nine dollars (\$ 259.00). Additionally, Plaintiff seeks statutory damages of ten thousand dollars (\$ 10,000.00) pursuant to § 553(c)(3)(A)(ii), and fifty thousand dollars (\$ 50,000.00) under § 553(c)(3)(B).

In support of [*10] its Motion for Default Judgment, Plaintiff has attached the Affidavit ("Declaration") of Marcus Corwin, National's President, to attest to the facts contained in the Complaint and the Memorandum of Law in Support of Plaintiff's Motion for Default Judgment. Also attached to Plaintiff's Motion is the Affidavit of Otic Campbell attesting to the fact that the Event was exhibited by the Defendants on November 11, 2000, and describing the number of patrons viewing the Event. Finally, Plaintiff has attached to the Motion the Affidavit of Julie Beth Teicher, National's attorney, attesting to the attorney's fees and costs incurred on behalf of National in this case.

Based on the pleadings, Defendant is liable for conduct that violates both 47 U.S.C. § 605 and § 553. See, e.g., *United States v. Norris*, 34 F.3d 530 (7th Cir.1994); *Kingvision Pay-Per-View v. Owens*, 982 F. Supp. 803, 805 (D. Kan.1997); *TCI Cablevision of New England v. Pier House Inn, Inc.*, 930 F. Supp. 727, 735 (D.R.I.1996); but see *Kingvision Pay-Per-View v. Arias*, 2000 U.S. Dist. LEXIS 162, 2000 WL 20973, at *2 n. 7 (N.D.Cal. Jan.7, 2000); *International Cablevision, Inc. v. Sykes*, 75 F.3d 123, 129 (2d Cir.1996). [*11] In its proposed Judgment by Default, Plaintiff only requests \$ 10,000.00 per alleged violation of §§ 605 and 553, for a cumulative total of \$ 20,000.00. See, e.g., *Spencer Promotions, Inc. v. 5th Quarter Enterprises*, 1996 WL 438789, at *7 (N.D.Cal. Feb.21, 1996). Plaintiff also requests attorney's fees in the amount of \$ 1,392.00 and costs in the amount of \$ 259.00. The amounts requested as attorney's fees and costs are reasonable and are required to be assessed under § 605. At oral argument, Plaintiff's counsel indicated Plaintiff was no longer seeking damages for willful violation.

IV. CONCLUSION

Plaintiff's Motion for Default Judgment is **GRANTED** and Judgment will be entered in the amount of \$ 21,651.00, as requested in the proposed Judgment by Default.

Accordingly,

IT IS HEREBY ORDERED that Plaintiff's Motion for Default Judgment (Docket # 11, filed April 11, 2002) is **GRANTED**.

The Honorable Denise Page Hood

LEXSEE 2000 U.S. dist lexis 3103

**AMRESKO FINANCIAL I L.P. v. NICHOLAS J. STORTI AND PAUL C.
FALCONE**

CIVIL ACTION NO. 99-CV-2613

**UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF
PENNSYLVANIA**

2000 U.S. Dist. LEXIS 3103

March 10, 2000, Decided

March 13, 2000, Filed

DISPOSITION:

[*1] Judgment entered in favor of Plaintiff and against Defendants.

COUNSEL:

For AMRESKO FINANCIAL I L.P., PLAINTIFF:
RICHARD A. O'HALLORAN, JILL S. STEBER,
ADLER & O'HALLORAN, P.C., PLYMOUTH
MEETING, PA USA.

JUDGES:

Bruce W. Kauffman, J.

OPINIONBY:

Bruce W. Kauffman

OPINION:

MEMORANDUM & ORDER

Kauffman, J.

March 10, 2000

Plaintiff commenced this mortgage foreclosure action on May 20, 1999. On November 26, 1999, the Clerk of the Court entered default because Defendants had failed to enter an appearance. Plaintiff now moves for an entry of default judgment against Defendants.

Preliminarily, the Court must assess the adequacy of service of process on the party against whom default judgment is requested. On June 14, 1999, Plaintiff filed two affidavits attesting that Defendants were served with a summons and the Complaint on May 24 and 25, 1999.

See Fed. R. Civ. P. 4(h)(1). Proper service of process notwithstanding, Defendants failed to respond to the Complaint within 20 days as required by Fed. R. Civ. P. 12(a). Moreover, on January 5, 2000, Plaintiff filed a certificate of service along with the present motion for entry of default judgment. Accordingly, the Court is satisfied that Defendants [*2] had notice of the Complaint and of the present motion.

Federal Rule of Civil Procedure 55(b)(2) permits the Court to enter judgment against any defendant whose default has been entered by the Clerk of the Court. Mere entry of default, however, does not entitle a plaintiff to judgment. Rather, the decision of whether to enter default judgment is left to the Court's discretion. See *Petrucelli v. Bohringer & Ratzinger*, 46 F.3d 1298, 1303 (3d Cir. 1995). When exercising this discretion, the Court is guided by the following factors:

the amount of money potentially involved; whether material issues of fact or issues of substantial public importance are at issue; whether the default is largely technical; whether plaintiff has been substantially prejudiced by the delay involved; and whether the grounds for default are clearly established or are in doubt. Furthermore, the court may consider how harsh an effect a default judgment might have; or whether the default was caused by a good-faith mistake or by excusable or inexcusable neglect on the part of the defendant. Plaintiff's actions also may be relevant; if plaintiff has engaged in a course of delay or has sought [*3] numerous continuances, the court may determine that a default judgment would not be appropriate. Finally, the court may consider whether it later would be

2000 U.S. Dist. LEXIS 3103, *

obliged to set aside the default on defendant's motion, since it would be meaningless to enter the judgment as a matter of course if that decision meant that the court immediately would be required to take up the question of whether it should be set aside.

10 Charles Alan Wright et al., Federal Practice and Procedure § 2685 (1983) (citing cases, footnotes omitted).

This action involves \$ 125,284.19, plus interest, and no material issues of fact or of substantial public importance are at issue. Plaintiff has been substantially prejudiced by the delay involved, and the grounds for default are clearly established. Moreover, Plaintiff has not engaged in a course of delay or sought any continuances. Finally, Defendants' failure to file any response to this action is not a consequence of excusable neglect. Defendants received notice of the action, but have failed to offer any excuse explaining their failure to respond. Consideration of the relevant factors therefore supports the entry of default judgment.

Rule 55 provides [*4] that "if, in order to enable the court to enter judgment ..., it is necessary to determine the amount of damages, ... the court may conduct such hearings as it deems necessary and proper." Fed. R. Civ. P. 55(b)(2). In this case, the amount claimed is liquidated or capable of ascertainment from definite figures contained in the documentary evidence and detailed affidavits submitted by Plaintiff. The Court therefore may apply the appropriate factors in awarding statutory damages without an evidentiary hearing. See *Tamarin v. Adam Caterers, Inc.*, 13 F.3d 51, 53-54 (2d Cir. 1993); *Taylor v. City of Ballwin, Mo.*, 859 F.2d 1330, 1332-33 (8th Cir. 1988); *Dundee Cement Co. v. Howard Pipe & Concrete Prods., Inc.*, 722 F.2d 1319, 1323 (7th Cir. 1983); see also *Transportes Aereos De Angola v. Jet Traders Inv. Corp.*, 624 F. Supp. 264, 266 (D. Del. 1985) ("The Court may also award such damages when the motion for default judgment specifies the amount requested and the defendant does not question that amount which is the case here."). Compare *Comdyne I, Inc. v. Corbin*, 908 F.2d 1142, 1152 (3d Cir. 1990) ("As [*5] a general proposition, punitive damages cannot be awarded simply on the basis of the pleadings, but must instead be established at an evidentiary hearing held pursuant to Fed.R.Civ.P. 55(b)(2) because they clearly are not liquidated or computable.").

An Order follows.

ORDER FOR JUDGMENT IN MORTGAGE FORECLOSURE

AND NOW, this 10th day of March, 2000 upon consideration of the Motion of Plaintiff, AMRESKO Financial I L.P. for the Entry of Judgment By Default as to Defendants Nicholas J. Storti and Paul C. Falcone (hereafter "Defendants") it is hereby ORDERED AND DECREED that judgment is entered in favor of Plaintiff and against Defendants, as follows:

A. Foreclosing all right, title, lien, interest and/or equity redemption which Defendants and all those claiming under them had, have or could have in the property located at 509-511 West Marshall Street, Norristown, Pennsylvania, 19401 (the "Mortgaged Property");

B. Affixing the amount due Plaintiff as of November 1, 1999 under the Note and Mortgage at \$ 125,284.19, together with per diem interest at the rate of \$ 36.77 per day from and after November 2, 1999 until the Sale of the Mortgaged Property, together with [*6] such additional attorneys' fees as may accrue after November 1, 1999;

C. Ordering that the Mortgaged Property be sold at a public foreclosure sale by the Receiver appointed herein, Altman Management Company II, Inc. ("Altman"), said sale to be conducted Pursuant to 28 U.S.C. § 2001 et seq., and not pursuant to the Pennsylvania Rules of Civil Procedure.

D. Ordering that from the proceeds of the public foreclosure sale, Plaintiff be paid the sums due to it as more fully set forth above; and

E. Ordering that upon the passing of title of the Mortgaged Property from Altman to the successful bidder at the public foreclosure sale or its nominee or assignee, the receivership in place in this matter shall terminate.

BY THE COURT:

Bruce W. Kauffman, J.