Litigation/Legislative Update

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CPTWG #151

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Litigation

- *Astor-White v. Strong* (9th Cir. 2018)
- *Zindel v. Fox Searchlight Pictures, Inc.* (C.D. CA 2018)
- *Noble v. Watts* (2d Cir. 2018)
- *Tanksley v. Daniels* (3d Cir. 2018)
- *Glacier Films (USA), Inc. v. Turchin* (9th Cir. 2018)
- *Disney Enterprises, Inc. v. Redbox Automated Retail, LLC* (C.D.C.A. 2018)
- *Cobble Nevada v. Gonzales* (9th Cir. 2018)
- *Strike 3 Holdings, LLC v. Doe* (D. Minn. 2018)
- *Lucasfilm LTD LLC v. Ren Ventures LTD* (N.D.C.A. 2018)
- *Conan Properties International LLC v. Sanchez* (E.D.N.Y. 2018)
- *Falkner v. General Motors LLC* (C.D.C.A. 2018)

Astor-White v. Strong (9th Cir. 2018)

- ¶ alleged ▲'s TV series *Empire* infringed *King Solomon* TV series treatment
- Issue: substantial similarity decided by DC on Motion to Dismiss
  - Extrinsic test (court) – filter out unprotectable elements, are remaining elements sufficiently substantial for ¶ to reach jury?
  - Intrinsic for trier of fact – how total concept and feel appear to ordinary viewer
- DC granted ▲motion to dismiss – no substantial similarity
- Majority reversed, DC abused discretion by not allowing ¶ to amend Complaint, unheard of in 9th Cir. to grant preliminary dismissal on substantial similarity
- Dissent: majority ignored extrinsic test, Judge had both works in front of him
  - Similarities unprotectable, e.g., idea of a black record business mogul and his family
  - Major plot points in *King Solomon* absent in *Empire*
  - Many different character traits and story lines

Zindel v. Fox Searchlight Pictures, Inc. (C.D. CA 2018)

- CD CA Judge not prescient, grants motion to dismiss – no substantial similarity
- ¶ claimed Fox film *The Shape of Water* infringed his Play *Hear Your Whisper*
- Both have a lonely cleaning lady working in Cold War lab where experiments performed on animals
  - Both have humorous co-worker who complains about her marriage
  - Discover smart creature that only talks to them
  - Both plot to free the creature, by sneaking out in laundry cart
- Like *Astor-White*, District Judge determined had enough in front of him to rule
- Applied extrinsic test, finds similarities to be vague – abstract general plot idea, not protectable
- Opinion lists substantial differences in the detailed rendering of the setting, themes, pacing, mood, characters, dialogue, and overall similarity
- Concludes while there are "some minor similarities, the Film and the Book are not substantially similar."

Noble v. Watts (2d Cir. 2018)

- 2d Cir, no issue with affirming motion to dismiss for lack of substantial similarity
- ¶ accuses ▲'s novel and film *Light Between Oceans* of infringing unpublished screenplay
- DC found works not substantially similar and granted motion to dismiss, 2d Cir affirmed
- Panel applied "more discerning observer test"
- Substantial similarity must exist between ▲'s work and *protectable* elements of ¶'s work
- 2d Cir found similar elements to be unprotectable ideas, scenes a faire, or *de minimis* similarity

Tanksley v. Daniels (3d Cir. 2018)

- 3d Cir decision similar to 2d Cir, affirming DC decision granting motion to dismiss
- Again *Empire* accused of infringing – this time ¶'s three-episode TV pilot *Creme*
- Similar story of black record executive and their struggles, but diverges
- Panel notes substantial similarity "extremely close question of fact," therefore even SJ disfavored in © cases
- But here "no reasonable jury" could find substantial similarity
- Cites *Patry on Copyright* and 2d, 7th, 8th, 9th & 10th Cir. decisions
- Proper for Judge to review evidence outside complaint (shows), rejects call by ¶ for witnesses and expert testimony – would add nothing
- Both stem from same unprotectable idea, but main story lines not similar
- Holds "no reasonable jury, properly instructed, could find that the two works are substantially similar"
- *Hall v. Daniels* (D.C.N.D. IL ED) – Another *Empire*-allegation similar result to *Zindel*, *Noble* and *Tanksley*

Glacier Films (USA), Inc. v. Turchin (9th Cir. 2018)

- ▲ settled with ¶ for infringing BitTorrent downloading of its Hollywood action movie, continued downloading 700 titles more after notice
- ▲stipulated to liability and $750 statutory damages, but DC refused to award costs and fees, motivated by © troll litigation
- Panel held DC abused discretion by improperly applying Supreme Court *Fogerty* factors including:
  - "frivolousness, motivation, objective unreasonableness [factual and in the legal components] and the need in particular circumstances to advance considerations of compensation and deterrence."
- DC focused on minimal success, lack of more deterrence, and Act's goals – Panel said "infused with criticism of *other* file sharing litigation"
- Panel said misapplied those factors and 9th Cir's "degree of success"

Disney Enterprises, Inc. v. Redbox Automated Retail, LLC (C.D.C.A. 2018)

- Earlier Disney lost PI motion against Redbox combo pack disaggregation – selling coupons separately
- Court found "codes are not for sale or transfer" didn't form a contract, plus copyright misuse (must have disc to use coupon)
- Changed to meet *Vernor* restrictive license: specifies granting license; restricts ability to transfer; and, imposes notable use restrictions, also just needed to have purchased disc, not have it
- Not classic shrink-wrap, approved subject to Disney allowing return, court said "critically important"
- Rejected renewed copyright misuse and first sale defense (no fixed copy when Redbox purchases coupon- *Redigi* decision) and granted PI on contributory infringement

Cobble Nevada v. Gonzales (9th Cir. 2018)

- ▲operated adult foster home, subscribed to ISP
- Unknown person(s) used BitTorrent on the account to infringe
- John Doe suit, amended suit to name ▲, even after ¶'s counsel determined ▲not a regular occupant
- 9th Cir affirmed DC holding that bare allegation ▲is subscriber not enough for direct or contributory infringement
- Simple failure to police one's Internet connection will not support contributory infringement
- Awarded attorneys' fees and costs as unreasonable to name ▲after ¶ counsel determined ▲ not a regular occupant

Strike 3 Holdings, LLC v. Doe (D. Minn. 2018)

- Unmasking subs permitted if five-factor *Arista Records* test met
- DC reversed magistrate's refusal to unmasked after balancing ▲'s right to privacy and ¶'s property interest
- Said ¶ met *Arista Records* test:
  - Concreteness of the ¶'s showing of a prima facie claim of actionable harm;
  - Specificity of the discovery request;
  - Absence of alternative means to obtain the subpoenaed information;
  - Need for the subpoenaed information to advance the claim, and
  - Objecting party's expectation of privacy
- ¶ had infringement claim, only seeks ▲name/address, no alternate way to get info, case cannot proceed without info, and privacy outweighed by ¶'s right to use the courts

Lucasfilm LTD LLC v. Ren Ventures LTD (N.D.C.A. 2018)

- ¶ accused ▲of infringing © by using short clips of ¶'s copyrighted movies to promote Star Wars game
- ▲defenses: equitable estoppel, *de minimis* use and fair use – DC found no basis for reliance and not *de minimis* because average user would recognize taking
- Fair use (1) not transformative and commercial (to ¶); (2) ¶'s work expressive but exploited for many years (to ▲); (3) clips seconds long compare with long movie/TV show (to ▲); (4) effect on market for ¶ - type of business ¶ would develop
- Giving more weight to 1st and 4th, finds use not to be fair

Conan Properties International LLC v. Sanchez (E.D.N.Y. 2018)

- ¶s own copyright in Robert E. Howard's 1930 pulp fiction novels and comic books, alleging ▲'s sculptures of Conan and six other characters infringed
- ▲defaulted, but Magistrate found ¶ failed to demonstrate ownership for three, required detailed descriptions (© Office won't register)
- DC reversed, Magistrate erroneously treats characters © as separate from © for works of authorship
- Characters do need to be "distinctively delineated," but that is for substantial similarity, not ownership
- DC found substantial similarity existed, and ¶ plausibly alleged infringement, accepted those allegations as true, granted default judgment

Falkner v. General Motors LLC (C.D.C.A. 2018)

- ¶ commissioned to create mural on parking garage wall, complete discretion as to placement and creative freedom – used themes from solo show
- Professional auto photographer shot ▲'s car with portion of mural and Detroit skyline, posted to ▲'s social media
- ▲claimed §120(a) exception for architectural works – was the mural "part" of the building?
- *Leicester v. Warner Bros. (Batman)* only precedent – streetwalls and tower were "part" as (1) decorative elements complementing the building, (2) development agency mandated streetwall required design, and (3) functional purpose channeling traffic
- Judge found none present in this case, denied partial SJ

Administrative – Legislative Developments

Music Modernization Act

- Senate approved, House reapproved and now awaiting President's signature, the Act –
- Creates new collective royalty system for interactive digital music services (e.g., Spotify)
- Extends coverage of the Copyright Act to pre-1972 sound recordings
- Provides new royalty for music producers, mixers, and sound engineers

Marrakesh Treaty Implementation Act

- World Intellectual Property Organization negotiated Marrakesh Treaty to Facilitate Access to Published Works for Persons by Visually Impaired Persons and Persons with Print Disabilities
- Goal: address shortage of books and other texts in accessible formats such as Braille, large print, and specialized digital audio files
- Treaty addresses by providing, with appropriate safeguards, that copyright restrictions should not impede the creation and distribution of such accessible format copies, and by fostering the exchange of such copies internationally
- The House and Senate passed the Implementation Act and it awaits the President’s signature

Register of Copyrights Selection and Accountability Act of 2017

- Over a year after introduction, Senate Rules Committee held a hearing on S. 1010
- Committee of congressional leaders provides three names to President
- President nominates one to be Registrar for 10-year terms after Senate advice and consent
- © Office remains part of Library, Librarian on selection committee
- Content industry supported, public advocacy and library groups opposed

American Royalties Too Act of 2018

- As last report noted, 9th Cir held that © Act preempted most of California's Resale Royalties Act (CRRA)
- Sen. Orrin Hatch (R-UT) and Cong. Jerrold Nadler (D-NY) introduced ART Act, similar to CRRA
- Artists to receive 5% (up to $35k) when their work sells at public action for not less than $5k
- "Auction" = public sale where sold to highest bidder "run by a person that sold not less than $1,000,000" of visual art works during previous year (exclusively online exempt)
- Nadler unsuccessful a number of times since 2011

Rogers Communication Inc. v. Voltage Pictures LLC (Supreme Court Canada 2018)

- "Notice and notice" regime
  - At its expense, when receives notice from © owner, ISP must send to individual responsible for IP address, doesn't reveal identity
  - To compel ID, © owner must get court to issue a *Norwich* order and, at owner's expense, ISP must identify
- Court ruled in *Norwich* order case following notice and notice, if overlap, marginal expense of compliance paid by © owner

EU Copyright Directive

- In second vote, Parliament approved Directive On Copyright with two controversial provisions
- Article 11 – require websites to pay publishers fees to link to their news sites or to use snippets linking to their website, the so-called link tax – see e.g., Spain and Germany's failed link license requirements
  - Critics: will shut down search in EU and publisher can block today
  - Proponents: should share revenue attributable to their content and doesn't forbid linking, just snippets
- Article 13 – Online Content Sharing entities either get licenses or, in "cooperation" with rightsholders use technical measures to filter content
  - Critics will eliminate smaller competitors and filtering doesn't work
  - Proponents argue must protect content
- Next stage: "trilogue," negotiations soon to take place between European Parliament, European Commission, and European Council to develop the final Directive

Land Nordrhein-Westfalen v. Dirk Renckhoff (European Court of Justice 2018)

- Renckhoff authorized travel site to publish his photograph
- Student at school used to illustrate report and school put it on website, photographer sued for infringement
- German Federal Court of Justice asked ECJ if it was an infringing "making available" to post to another website, without authorization, a photograph previously published without restriction to a website with authority of the © owner
- The ECJ said yes, but distinguished linking, since that contributes "to the smooth functioning of the internet"
- The ECJ did not attribute any importance to the lack of content controls on the website

South Africa's Proposed Fair Use Amendment

- Bill to update 40-year old Copyright Act
- Adopts hybrid approach for a fair-use like exception
- Like EU would grant specific use exceptions
- Also, §107 approach, listing criteria "for purposes *such as* the following:"
  - Research, private study, or personal use (including time and device shifting), criticism, reporting, scholarship, teaching, education, comment, parody, satire, preservation by libraries, etc
  - Also requires examination of the nature of the work, amount and substantiality, purpose and character, and the substitution effect

MGB Brasil Ltda v. Hortigil Hortifuti S.A. (Superior Court of Justice 2018)

- Brazil's second highest court held parodic version of *The Girl From Ipanema* not infringement
- ▲fruit company ran ads changing opening lyrics from "Look, such a sight, so beautiful, so filled with grace" to "Look, such collard greens, so beautiful, so filled with grace"
- Universal Music joined with ¶ arguing while parodies permitted, not permitted for commercial purposes
- Court said only offensive or depreciative parodies prohibited
- Majority found not offensive, but "irreverent and humorous," like US fair use, limited to facts of the case
- "The limit separating parody from copyright violation is tenuous and is strictly related to the factual circumstances of each case."

Thank You

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