

# Litigation/Legislative Update

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CPTWG #153



# Litigation

- *Fourth Estate Public Benefit Corporation v. Wall-Street.Com, LLC* (SCOTUS 2019)
- *Rimini St., Inc. v. Oracle USA, Inc.* (SCOTUS 2019)
- *BWP Media USA Inc. v. Polyvore, Inc.* (2d 2019)
- *Dr. Seuss Enterprises, L.P. v. Comicmix LLC* (S.D. CA 2019)
- *Smith v. AMC Networks, Inc.* (N.D. Cal. 2019)
- *VidAngel, Inc. v. Disney Enterprises, Inc.* (D. Utah 2019)
- *Disney Enterprises, Inc. v. VidAngel, Inc.* (CD CA 2019)
- *Erika Peterman v. Republican National Committee* (D. Montana 2019)
- *Dubray v. King* (M.D. FL 2019)
- *Hayden v. 2K Games, Inc.* (N.D. OH 2019)
- *Carrell v. Origami Owl, LLC* (S.D.N.Y. 2019)

## *Fourth Estate Public Benefit Corp v. Wall-Street.Com, LLC* (SCOTUS 2019)

- Appeals Courts divided on meaning of §411(a) – when can you sue?
- Application Approach vs.
- Registration Approach
  - “no civil action for infringement of the copyright in any US work shall be instituted until ... registration of the copyright claim has been made in accordance with this title.”
- Justice Ginsburg: second sentence of §411(a) is an exception to the first sentence – when Registrar rejects an application may sue
- In 1976 Congress specifically rejected eliminating §411(a)
- Sympathetic to delay but no reason to overturn Congress’ plain meaning

## *Rimini St., Inc. v. Oracle USA, Inc.* (SCOTUS 2019)

- Rimini 3<sup>rd</sup> party maintenance organization found to infringe Oracle software
- In addition to damages, \$12.8 million assessed for additional litigation expenses not permitted in federal statute authorizing award of costs
- But Copyright Act §505 permits award of “full costs”
- Because §505 didn’t explicitly authorize such costs “full” doesn’t go beyond expenses in the general costs statute

## *BWP Media USA Inc. v. Polyvore, Inc.* (2d 2019)

- Polyvore (ISP) allowed users to create and share digital photo montages, clip/store images from other websites
- Reversed District Court grant of summary judgment dismissing direct infringement because:
  - Not clear extra copies were made not at user's request
  - Not clear stripping metadata disqualified ISP from safe harbor “standard technical measure”
- Judges agree “volition” still alive after *Aereo*, but disagree whether volition means causation

# *Dr. Seuss Enterprises, L.P. v. Comicmix LLC (SD CA 2017)*

- Comicmix creates *Oh, the Places You'll Go Boldly!* – Mashup of Seuss & *Star Trek* – Comicmix claims fair use moves for summary judgment
- Earlier Judge denied second motion to dismiss:
  - Transformative – for Defendant
  - Type of work – slightly for Plaintiff
  - Amount – neutral
  - Harm: accepting Seuss' allegations as true found *Boldly* type of work “would in general develop or license others to develop”
- Summary Judgment Motion – change in posture – Comicmix on harm established absence of genuine issue of fact; nonmoving party failed to identify specific facts on harm no issue for trial
  - Failed to establish by preponderance of evidence harm to the market

*Smith v. AMC Networks, Inc.*  
(N.D. Cal. 2019)

- Smith wrote *Dead Ahead* – zombies on the high seas comic book – accused AMC of stealing elements of *Dead Ahead* in *Fear the Walking Dead* TV series
- AMC motion to dismiss – only issue substantial similarity
- AMC asked for judicial notice of dozens of books, films, Wikipedia articles, & websites it cited, essentially making it a summary judgment motion
- Would need to apply “extrinsic test” – analytical dissection and expert opinion – denied motion to dismiss

# VidAngel, Inc. v. Disney Enterprises, Inc. (D. Utah 2019)

- Adversary proceeding related to VidAngel's bankruptcy case
- Withdrew reference but court mused whether to dismiss for lack of jurisdiction
- VidAngel opposed, Studios supported
- Court examined 10<sup>th</sup> Circuit "first to file" three-factor test:
  - Chronology of events – Studios filed 20 months prior
  - Similarity of the parties – four Studios in CA, and
  - Similarity of the issues or claims – issues overlapping
- Judge wasn't swayed by VidAngel equity argument – more convenient forum and most customers in Utah



# *Disney Enterprises, Inc. v. VidAngel, Inc.*

## (CD CA 2019)

- After stay lifted Studios filed summary judgment motion on DMCA violation, copying and public performance
- Judge rejected VidAngel's defenses – no triable issue of fact
  - Because uses 3<sup>rd</sup> party decryption software just like legitimate player
  - Just “temporarily” removes CSS
  - Fair use and 1<sup>st</sup> Amendment (not DMCA issues)
  - Not copying “rendering”
  - Private performance for “owner” of the DVD
  - Fair use – commercial, creative, entire work and market harm

# *Erika Peterman v. Republican National Committee* (D. Montana 2019)

- MDP paid Plaintiff for photos of Democratic Congressional candidate
- Posted by MDP & Plaintiff without attribution on Facebook
- RNC brochure used photoshopped versions: “Tell Liberal Rob Quist/It's Time to Face the Music”
- Fair Use factors on summary judgment
  - Transformative as altered message of original work & noncommercial use: for RNC
  - Photo published prior to use, strengthening RNC’s fair use claim, but creative: neutral
  - Against RNC as could made point effectively without photo
  - Did not see any future commercial value to Plaintiff, already paid full value – “most important factor” for RNC
- Weighing factors together grants RNC summary judgment

# *Dubray v. King* (M.D. FL 2019)

- Plaintiffs held copyright to comic series character “The Rook,” King authored successful novels *The Dark Tower* with Roland Deschain
- Dubray sued King for character as “shockingly similar” as The Rook
- Character can be copyrighted if “distinctively delineated”
- Granted summary judgment to King because similarities were *scenes a faire*, general ideas and short phrases
- Same initials The Rook = Restin Dane, even if same names, were short phrases not copyrightable
- E.g., villains wore black, general similarities (brave, sharpshooters, born leaders, determined) are ideas and *scenes a faire*
- Combinations of non-unique elements in the characters was not substantially similar

# *Hayden v. 2K Games, Inc.*

## (N.D. OH 2019)

- Plaintiff successful tattoo artist inked famous basketball players registered some tattoos, not others
- Defendant's successful game accurately portrayed players and their tattoos
- Sued for copyright infringement and state unjust enrichment
- Motion to dismiss state claim as preempted, to succeed:
  - Claim within scope of copyrightable subject matter
  - State law grants rights to equivalent §106
- Court found tattoos within subject matter, did not decide infringement
- On equivalency used the “functional test:” preemption avoided if “extra” element apart from “reproduction, performance, or display” – no extra element here

# *Carrell v. Origami Owl, LLC* (S.D.N.Y. 2019)

- Origami sought dismissal of Carrell's infringement complaint
- Judge assumed copying, question: has Carrell plausibly alleged substantial similarity between the Lucy drawing and the "protectable elements" of the Tinkerbelle picture
- Common elements are within *scenes a faire* doctrine
- No copyright protection from realistic depiction of animal's natural appearance
- Rejected as expressive Tinkerbelle's "gaze and expression," "pose" and "grooming"
- Thin copyright protection for virtually identical copying

# Administrative – Legislative Developments



# IP Enforcement Coordinator's Annual Report

- Every year IP Czar issues IP Report to Congress
- Noted imposition of \$250 meg in tariffs against China
- IP Coordinator Vishal Amin concludes:
  - ... the Administration also recognizes that for the US to maintain its future economic competitiveness, we need to think strategically and shift the paradigm to one where we not only place America first, but regard America's inventive and creative capacity as something that we must protect, promote and prioritize
- In Senate testimony Amin states IP enforcement a "high priority" for this Administration, particularly in trade talks
- Do not allow countries and foreign entities to profit from theft or misappropriation of US IP

# Carlton Dance

- “Fresh Prince of Bel-Air” actor sued Epic Game over inclusion of his “Carlton Dance” in Game
- Copyright Office twice denied registration:
  - The movements represented in the video ... depict a simple routine made up of social dance steps and do not represent an integrated, coherent and expressive compositional whole and is thus not eligible for copyright registration
- Epic Games filed the letter in Carlton’s suit



# Section 512 Roundtable

- Large number of industry stakeholders to discuss DMCA ISP Safe Harbor
- Reviewed major cases *Cox*, *Grande*, *LiveJournal* & *Motherless*
  - Some concern that while *Cox* provides guidance as to egregious conduct to avoid, no help as to acceptable conduct
  - Concerns over *LiveJournal* pre-upload review loss of safe harbor ameliorated by *Motherless*

# International



# EU Copyright Directive - Process

- Last CPTWG reported Parliament submitted Directive for “Trilogue” negotiations between the European Parliament, European Commission, and European Council
- Trilogue approved leaving in two controversial provisions Article 11 (now 15) and 13 (now 17)
- Parliament approved the Trilogue draft
- EU Council of Ministers approved 19 “yes,” 6 “no,” and 3 “abstain.” Italy, Luxembourg, the Netherlands, Poland, Finland, and Sweden voted no. Belgium, Estonia, and Slovenia abstained
- Then each state must incorporate into their law by mid-2021

# EU Copyright Directive – Article 15

- Article 15 – require websites to pay publishers fees to use content on their news sites or to use snippets linking to their website, the so-called link tax
- Although doesn't apply to hyperlinks, individual words or very short extracts
  - 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

# EU Copyright Directive – Article 17

- Article 17 –Online content-sharing service provider must get authorization for copyrighted content posted by users
- If service providers do not get authorization are liable unless:
  - Made best efforts to obtain authorization, and
  - Have made, in accordance with the high industry standards of professional diligence, their best efforts to ensure the unavailability of specific works for which the rightholders have provided the relevant and necessary information, and
  - Expeditiously take down infringing content at rightholders' requests
- “Small” service provider exception in the EU >3 years and >€10 million revenue
- Will Google's content ID pass the test?
- Proponents argue must protect content

# EU Copyright Directive - TPM

- The protection of [TPMS] established in Directive 2001/29/EC remains essential to ensure the protection and the effective exercise of the rights granted to authors and to other rightholders under Union law
- Such protection should be maintained while ensuring that the use of [TPMS] does not prevent the enjoyment of the exceptions and limitations provided for in this Directive
- Rightholders should have the opportunity to ensure that through voluntary measures
- They should remain free to choose the appropriate means of enabling the beneficiaries of the exceptions and limitations provided for in this Directive to benefit from them
- In the absence of voluntary measures, Member States should take appropriate measures in accordance with ... Article 6(4) of Directive 2001/29/EC, including where works and other subject matter are made available to the public through on-demand services



Thank You

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