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UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
WESTERN DIVISION

GEORGE CLINTON,
Plaintiff,
v.
WILL ADAMS, *et al.*,
Defendants.

CASE NO. CV 10-9476 ODW (PLAx)

ORDER GRANTING IN PART AND
DENYING IN PART DEFENDANTS'
MOTION FOR SUMMARY
JUDGMENT [75]

I. INTRODUCTION

George Clinton ("Plaintiff" or "Clinton") brings this action against several defendants for copyright infringement based on the sampling of one of his songs-"Knee Deep"-in a limited edition re-mix of one of The Black Eyed Peas' hit songs, "Shut Up."

Defendants contend there was no infringement because they obtained valid licenses authorizing the use of Clinton's sound recording in this limited release. (Mot. at 1) ("While the issue of whether Defendants obtained a valid license may be subject [to] factual disputes, there are three issues relating to damages and the liability of two peripheral defendants that are ripe for summary judgment."). First, Defendants argue "Clinton cannot prove actual damages or profits attributable to the alleged infringement." (Id.) Second, Defendants argue they are "innocent infringers" because they reasonably relied on the alleged licenses. And finally, Defendants contend Defendants will.i.am music, inc. and Tab Magnetic, Inc "have no conceivable relationship to the alleged infringement." (Id.)

1 **II. FACTUAL BACKGROUND**

2 Clinton produced the master sound recording (Not Just) Knee Deep (“Knee Deep”),
3 which was contained on Funkadelic’s 1979 album Uncle Jam Wants You. (UF 3.)
4 “Warner Bros. Records, as Clinton’s employer for hire, registered the copyright for the
5 sound recording for the album . . . on or about October 5, 1979.” (UF 4.) “The Black Eyed
6 Peas (“BEP”) is a music group composed, at all relevant times, of defendants William
7 Adams, Allan Pineda, Jamie Gomez, and Stacy Ferguson.” (UF 5.)

8 “In 2003, BEP released an album entitled Elephunk. Shut Up was one of the singles
9 on Elephunk.” (UF 6.) “At or about the same time as Elephunk was released, BEP
10 released a vinyl album containing several different versions of Shut UP; [at least] one of
11 those versions included a sample of Knee Deep.” (UF 7.)

12 Defendants argue, and Plaintiff disputes that, “[i]n order to obtain a license for use
13 of Knee Deep, BEP contacted Capitol Records, which, through its wholly owned
14 subsidiary Priority Records, had been releasing albums featuring Clinton’s masters.” (UF
15 8.) Defendants contend “Priority had entered into a license agreement with Tercer Mundo,
16 Inc., a company that represented that it had the rights to Clinton’s masters. That license
17 [] gave Priority the right to issue ‘sampling’ licenses for Clinton masters, such as Knee
18 Deep.” (Id. at 9.) “Capitol and BEP negotiated a license for use of the Knee Deep sample
19 in the 2003 Shut Up Remix. A check in the amount of \$12,000 was then sent to Capital
20 as payment of the advance on the license.” (Id at 10.) Plaintiff disputes these statements,
21 arguing “any such license has been rendered invalid as a matter of law and adjudged to
22 ‘not be honored’ by the June 17, 2005 Order of Judge Real in Case 03-CV-08955.” (Id.)¹

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¹ “On June 17, 2005, a federal court entered an order declaring Clinton to be the sole owner of his master
27 sound recordings, including Knee Deep. Though entered in 2005, the Order was not recorded with the
28 Copyright Office until May 15, 2006.” (UF 13.)

1 In 2009, BEP, through Universal, released an album entitled ‘THE E.N.D.’” (UF
2 11.) “At the time ‘THE E.N.D.’ was released, BEP sought to release a special double-disc
3 edition of the “THE E.N.D.” exclusively to be sold at Target stores. The second disc of
4 this Target release contained a few new songs as well as remixes of classic BEP hits,
5 including Shut Up. The planned Shut Up remix was again to use a sample of Knee Deep.”

6 (UF 12.) “Deborah Mannis-Gardner of DMG Clearances, Inc., a sample clearance
7 company, was retained to obtain a license from Clinton for the use of a sample of Knee
8 Deep in the 2009 Shut Up Remix” (UF 14.) “Eventually, Mannis-Gardner was referred
9 to Eban Kelly who she understood had been working with Clinton for over 20 years.” (UF
10 17.) The 2003 Shut Up Remix and the 2009 Shut Up Remix are identical except one of
11 the remixes is a few seconds longer.” (UF 36.)

12 “Neither WMI [will.i.am music] nor TMI [Tab Magnetic, Inc.] owns, or ever owned,
13 the masters for the 2003 Shut Up Remix or the 2009 Shut Up Remix.” (UF 23.)

14 **III. LEGAL STANDARD**

15 Rule 56 requires summary judgment for the moving party when the evidence,
16 viewed in the light most favorable to the nonmoving party, shows that there is no genuine
17 issue as to any material fact, and that the moving party is entitled to judgment as a matter
18 of law. Fed. R. Civ. P. 56(a).

19 The moving party bears the initial burden of establishing the absence of a genuine
20 issue of material fact. *Celotex Corp. v. Catrett*, 477 U.S. 317, 323-24 (1986). That burden
21 may be met by “showing—that is, pointing out to the district court—that there is an absence
22 of evidence to support the nonmoving party’s case.” *Id.* at 325. Once the moving party has
23 met its initial burden, Rule 56(e) requires the nonmoving party to go beyond the pleadings
24 and identify specific facts that show a genuine issue for trial. *Id.* at 323-34; *Anderson v.*
25 *Liberty Lobby, Inc.*, 477 U.S. 242, 248 (1968). Only genuine disputes—where the evidence
26 is such that a reasonable jury could return a verdict for the nonmoving party—over facts
27 that might affect the outcome of the suit under the governing law will properly preclude
28 the entry of summary judgment. *Anderson*, 477 U.S. at 248.

1 It is not the task of the district court “to scour the record in search of a genuine issue
2 of triable fact. [Courts] rely on the nonmoving party to identify with reasonable
3 particularity the evidence that precludes summary judgment.” *Keenan v. Allan*, 91 F.3d
4 1275, 1279 (9th Cir. 1996); *see also Carmen v. San Francisco Unified Sch. Dist.*, 237 F.3d
5 1026, 1031 (9th Cir. 2001) (“The district court need not examine the entire file for
6 evidence establishing a genuine issue of fact, where the evidence is not set forth in the
7 opposing papers with adequate references so that it could conveniently be found.”).

8 **IV. DISCUSSION**

9 Defendants argue Plaintiff cannot establish his actual damages, Defendants’ profits,
10 WMI or TMI’s liability, and further contend that they are in fact “innocent infringers.”

11 *Actual Damages*

12 Defendants first argue Plaintiff cannot carry his burden of proving actual damages
13 caused by the alleged infringement. (Mot at 6.) Under section 504(b) of the Copyright
14 Act, a plaintiff who proves infringement may recover “the actual damages suffered by him
15 or her as a result of the infringement.” 17 U.S.C. § 504(b).

16 “Actual damages are the extent to which the market value of a copyrighted work has
17 been injured or destroyed by an infringement.” *Frank Music Corp. v. MGM, Inc.*, 772 F.2d
18 505, 512 (9th Cir. 1985). The Ninth Circuit equates market value with “what a willing
19 buyer would have been reasonably required to pay to a willing seller for plaintiff’s work.”
20 *Id.* (quoting *Sid & Marty Krofft Television Prods., Inc. v. McDonalds Corp.*, 562 F.2d
21 1157, 1174 (9th Cir. 1997)). Plaintiff bears the burden of proving “the existence of a
22 causal connection between the infringement and a loss of revenue.” *Harper & Row,*
23 *Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 567 (1985).

24 Defendants argue Plaintiff not only failed to retain a damages expert, but also “never
25 disclosed a damage calculation or produced damage documents under Rule 26
26 (a)(1)(A)(iii), which requires that a party “without awaiting a discovery request,” provide
27 to the other parties “a computation of each category of damages claimed by the disclosing
28 party” (Mot at 6.)

1 More importantly, Defendants add, “if a party fails to provide information required
2 by Rule 26(a) [as Plaintiff failed here], “the party is not allowed to use that information
3 . . . to supply evidence on a motion . . . unless the failure was substantially justified or is
4 harmless.” (Id.) (quoting Federal Rule of Civil Procedure, Rule 37(c)(1)) (“This exclusion
5 sanction is ‘self-executing.’”).

6 Plaintiff neither disputes the factual predicates of Defendants’ argument nor argues
7 that the nondisclosure was harmless, but rather contends “that Clinton’s Prayer For Relief
8 . . . unmistakably outlines, and provides ample notice . . . that Clinton was alternatively
9 seeking both actual damages or statutory damages, at his election, in full accordance with
10 17 U.S.C. §504(c)(1).” (Opp’n at 9.) “As final judgment has yet to be rendered and
11 Clinton has yet to make any such statutory election, [Defendants’ argument] is premature
12 and lacks fundamental ripeness unless and until Clinton makes an election for actual
13 damages, which can be done any time before final judgment.” (Id. at 10) (“While Clinton
14 recognizes that Moving Defendants reserve the right to challenge the existence of
15 ‘adequate evidence of the actual damages suffered by plaintiff,’ Moving Defendants
16 cannot use Rule 56 to defeat, and render meaningless, the statutory granted right to elect
17 damages under Section 504(c)(2).”) (citation omitted). The Court disagrees.

18 Plaintiff’s statutory election of remedies remains intact. Defendants’ motion merely
19 seeks to establish that Plaintiff has absolutely no evidence to establish such damages,
20 should he in fact elect to seek actual damages. Plaintiff’s recognition that Defendants
21 reserve the right to “challenge the existence of adequate evidence of actual damages” is
22 somewhat curious. Discovery is closed, after all, and any evidence of actual damages
23 should already have been disclosed, so as to preserve Plaintiff’s right to seek actual
24 damages by election. In other words, it is Plaintiff’s failure to disclose—or
25 request—during discovery any evidence of actual damages that renders meaningless
26 Plaintiff’s statutory election of remedies. As noted above, such election is still available
27 to Plaintiff, albeit no undisclosed evidence going to actual damages shall be admissible.
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1 **Profits**

2 “Again, Clinton failed to provide any computation of . . . profit damages under Rule
3 26(a)(1)(A)(iii). Indeed, his Rule 26 disclosures do not state that he is seeking to recover
4 profits at all. (UF 26.) Moreover, . . . Clinton . . . has no documents reflecting Defendants’
5 revenues. And he cannot estimate those profits because he has no expert witnesses.
6 Therefore, Clinton will be unable to put on evidence of revenues generated from the
7 alleged infringement, and the Court should order that Clinton cannot, as a matter of law,
8 prove Defendants’ profits.” (Mot. at 8.) For the same reasons discussed above, the Court
9 agrees; absent admissible evidence, no such damages may be proven.

10 **Willfulness**

11 Defendants contend that, at worst, they are “innocent infringers for purposes of
12 statutory damages.” (Mot. at 8.) While Defendants so mis-phrase the issue, they in fact
13 merely seek a declaration that their alleged infringement was not “willful” for purposes
14 of statutory damages. As Defendants point out, “[t]he Copyright Act permits a court [‘in
15 its discretion’] to award statutory damages of \$200 per infringed work if ‘the infringer was
16 not aware and had no reason to believe that his or her acts constituted an infringement of
17 copyright.’” (Id.) (quoting 17 U.S.C. § 504(c)(2)).

18 Defendants argue the “evidence here sets forth the paradigmatic case of innocent
19 infringement. BEP, here, actually obtained licenses for both uses:

- 20 • For the 2003 Shut Up Remix, a license was negotiated with Capitol Records
21 who was distributing albums with Clinton’s masters and believed it had the
22 right to do so through an agreement with Tercer Mundo. (UF 8-10.)
- 23 • For the 2009 Shut Up Remix, a reputable sample clearance agent obtained
24 a signed license agreement with a signature she believed to be Clinton’s. The
25 advance was paid to a company owned by Clinton. (UF 14-19.)

26 Under these circumstances, [Defendants argue,] BEP was clearly acting in
27 reasonable good faith and was, accordingly, an innocent infringer.” (Mot. at 8-9.)

1 Plaintiff first argues “innocent infringement” is an affirmative defense, which
2 Defendants waived by failing to timely plead it. But this in fact is *not* an affirmative
3 defense because, as Defendants point out, “innocent infringement does not result in a
4 complete bar to recovery – it merely mitigates the monetary award . . .” (Reply at 8)
5 (citing *Wolf v. Reliance Standard Life Ins. Co.*, 71 F.3d 444, 449 (1st Cir. 1995) (test for
6 affirmative defense is “whether the defense shares the common characteristic of a bar to
7 the right of recovery even if the general complaint were more or less admitted to”).

8 Plaintiff then “essentially argues he is the sole owner of the master recording of
9 Knee Deep as a result of the 2005 Court Order [by Judge Real], and that the licenses to use
10 Knee Deep in the 2003 and 2009 Shut Up Remixes were invalid.” (Reply at 8.)
11 Defendants contend “this misses the mark.” (Id.) (“The validity of these licenses is not at
12 issue in this motion. What is at issue is whether there is any genuine dispute as to whether
13 the Defendants had a reasonable, good faith belief that they had obtained valid licenses to
14 sample Knee Deep.”).

15 The Court agrees with Defendants’ statement of the salient issue: whether
16 Defendants had a reasonable, good faith belief that their conduct did not infringe
17 Plaintiff’s copyrights. The Court disagrees, however, that “Defendants have carried their
18 burden of showing [that] there is no genuine issue of material fact as to their good faith
19 and reasonable beliefs in having obtained valid licenses.” (Id. at 10.)

20 Questions of “good faith” and “reasonableness” generally are reserved for the jury.
21 Such deference to the jury is particularly warranted here where, among other things,
22 Defendants allege they secured in 2003 and 2009 two separate licenses for the same work
23 (“Knee Deep”) . . . from two different sources. Coupled with Judge Real’s 2005 order
24 declaring Plaintiff the sole owner of the work—which arguably provides constructive
25 notice to all interested—as well as Plaintiff’s contention that his signature was forged on
26 the purported license, the Court finds this a prototypical jury question, turning on
27 questions of credibility and the weight of evidence.

1 ***WMI and TMI's Liability***

2 Defendants finally contend “Plaintiff will be unable to establish that WMI and TMI
3 played any role in creating the sound recording of the 2003 or 2009 Shut Up Remixes, or
4 produced, manufactured, distributed and sold those sound recordings.” (Mot at 9) (“The
5 facts are undisputed that WMI and TMI were never owners of the allegedly infringing
6 master recordings [and never] licensed them. [UF 23-24.]”).

7 **WMI**

8 Offering no evidence, Plaintiff argues WMI is a suspended corporation, which may
9 not defend this action at all. (“As such, the Court is respectfully requested to take action
10 under Fed. R. Civ. P. 56(f) and enter summary judgment against Defendant Will I Am
11 Music, Inc. since that entity is legally incapable of defending this action or seeking any
12 relief – including the present request for partial summary judgment.”).

13 “The capacity of a corporation to sue or be sued shall be determined by the law
14 under which it was organized.” Fed. R. Civ. P. 17(b). WMI is a California corporation,
15 which mandates the application of California law. “It is well-settled that a delinquent
16 [California] corporation may not bring suit and may not defend a legal action.” *United*
17 *States v. 2.61 Acres of Land, More or Less, Situated in Mariposa County, State of Cal.*,
18 791 F.2d 666, 668 (9th Cir. 1985) (citation omitted). “However, once the corporate powers
19 are reinstated, the corporation may defend an action.” (Id.) (citation omitted).

20 Because it is undisputed that WMI neither owned the allegedly infringing recordings
21 nor licensed them (UF 23-24), the Court is loathe, at this time, to enter judgment against
22 such a defendant. Rather, the Court finds it appropriate under the circumstances to grant
23 WMI a *sua sponte* continuance to revive its corporate powers and defend this action. *See*
24 *Schwartz v. Magyar House, Inc.*, 168 Cal. App. 2d 182, 189 (1959) (“Even assuming that
25 it would have been improper for the defendants to make any motion whatever, it would,
26 nevertheless, have been permissible for the trial court to grant a continuance on its own
27 motion . . .”). Accordingly, WMI is hereby granted a twenty-day continuance in order
28 to revive its corporate status, lest the Court enter judgment against it.

