

EXHIBIT 18

Not Reported in F.Supp., 1990 WL 9855 (S.D.N.Y.), 1990 Copr.L.Dec. P 26,528, 14 U.S.P.Q.2d 1248
(Cite as: **1990 WL 9855 (S.D.N.Y.)**)



United States District Court, S.D. New York.
Michael TRACY, Plaintiff,
v.

SKATE KEY, INC., a/k/a Skate Key Roller Rink
Corp., Steven Letizia, Ronald Letizia and John
Walter, Defendants.

No. 86 CIV. 3439 (MBM).

Feb. 2, 1990.

[Eric V. Flam](#), Selverne & Flam, New York City, for
plaintiff.

[Alan J. Silverman](#), Eastchester, N.Y., for defend-
ants.

OPINION AND ORDER

[MUKASEY](#), District Judge.

*1 Plaintiff won a \$65,000 verdict against defend-
ant Skate Key Inc. after a jury trial on his copyright
infringement claim. He now moves for sanctions
against all defendants under [Fed.R.Civ.P. 11](#) for al-
leged abuses in connection with tactics pursued and
defenses interposed before and during trial, for pre-
judgment interest, and for costs. For the reasons set
forth below, the motion is denied in its entirety.

The record at trial established that plaintiff is an
artist whose milieu has moved from the walls of
subway cars to the walls of art galleries. Early in
this progression, in 1980, he was commissioned by
defendant Skate Key, which operated a roller skat-
ing rink in the Bronx, to do a mural on the outside
of the building depicting skating themes; he was to
be paid \$2500 in three installments. These themes,
including a large roller skate, were approved by de-
fendants based on drawings submitted in advance
by plaintiff, who testified that virtually all the
drawings bore copyright notices which he had been

taught to affix by a patron who discovered
plaintiff's oeuvre during its subway phase. Defend-
ants took issue at trial with plaintiff's claim that the
notice was on his drawing when he showed it to de-
fendants, but the jury resolved that issue in
plaintiff's favor by finding that plaintiff had com-
plied with the formalities required under the Copy-
right Act, including notice.

After the mural was completed but before it was
completely paid for, a local civic organization con-
demned plaintiff's genre as graffiti, and urged Skate
Key to remove the mural. Defendants' interest in
plaintiff's work was commercial rather than artistic;
because they depended on local good will for their
business, they duly applied whitewash. They then
stopped payment on their check to plaintiff. They
argued that was an effort to get his attention and ap-
prise him of what had happened; plaintiff saw it as
an attempt to welch on the deal. In any event,
plaintiff eventually recovered the unpaid sum in
Small Claims Court, but the bad blood lingered.
Defendants, who apparently had made a copy of
plaintiff's preliminary drawings including his copy-
righted drawing of a skate, began to use the skate
drawing as their logo even before the Small Claims
litigation had concluded, perhaps in the naive belief
that after being forced to whitewash the mural they
could use self-help to recoup their investment.
Plaintiff registered the drawing in April 1986, after
the Small Claims litigation had concluded, and
shortly thereafter began this lawsuit.

I

Because the drawing in question was registered
more than three months after its first publication,
the Copyright Act specifies that the attorneys' fees
that might otherwise be awarded to a successful
plaintiff under Section 505 of the statute are not
available. [17 U.S.C. § 412\(2\)](#). This motion appears
to have been filed by plaintiff in an attempt to get
[Rule 11](#) sanctions as a substitute for the fees the

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statute denies.

II

Plaintiff complains of “stonewalling” with respect to discovery that antedates 1988 when the case was placed on my docket. Notably, he did not move at the time for [Rule 11](#) sanctions. From all appearances after the case was placed on my docket, there was a good deal of intransigence on both sides, and there does not appear to be any reason to pluck any incident from the dim past and use it now as the basis for awarding [Rule 11](#) sanctions.

*2 Defendants filed two summary judgment motions; both were denied, although defendants did succeed in securing dismissal of plaintiff's claim based on the New York Artists Authorship Rights Law. [N.Y. Arts & Cult.Aff. Law § 14.01-.03](#) (McKinney 1984). Once again, plaintiff filed no motion at the time under [Fed.R.Civ.P. 11](#). Plaintiff points out that defendants interposed some 12 separate affirmative defenses in their answer. These need not be set forth in detail, except to note that, to the extent relevant to the copyright infringement claim that went to the jury, they were found wanting. Plaintiff has not shown any respect in which these defenses added in any way to the burden upon him to prove the elements of copyright infringement.

Moreover, although the case went to the jury on only one theory-copyright infringement-plaintiff initially asserted a claim of trademark violation, [15 U.S.C. § 1117](#), a Lanham Act claim for unfair competition by false designation of origin, [15 U.S.C. § 1125](#), a cause of action for dilution under New York law, [N.Y.Gen.Bus.Law § 368-d](#) (McKinney 1984), and two separate fraud claims, all on theories eventually found to be unsupported by fact or law or both, in addition to the dismissed claim under the Arts & Cultural Affairs Law. In fairness, these claims did not materially encumber the progress of the litigation, but they certainly bear mention when plaintiff seeks recovery for defendants' alleged peccadillos.^{FNI} Although two wrongs do not make a right, they do make a balance. Plaintiff's motion for [Rule 11](#) sanctions is denied.

Plaintiff moves also for prejudgment interest, omitting any reference to the substantial body of case law holding that inasmuch as Congress has failed to provide for such interest in the Copyright Act, it is not available. *See, e.g., Robert R. Jones Associates, Inc. v. Nino Homes*, 858 F.2d 274, 282 (6th Cir.1988); *Broadcast Music Inc. v. Golden Horse Inn Corp.*, 709 F.Supp. 580 (E.D.Pa.1989); *Baldwin Cooke Co. v. Keith Clark Inc.*, 420 F.Supp. 404, 409 (N.D.Ill.1976). To be sure, there is also authority, itself uncited by plaintiff, going the other way, *Frank Music Corp. v. Metro-Goldwyn-Mayer Inc.*, 886 F.2d 1545, 1550-53 (9th Cir.1989), and our own Circuit has affirmed at least one copyright infringement award that included prejudgment interest, albeit without addressing the issue. *Lottie Joplin Thomas Trust v. Crown Publishers*, 592 F.2d 651, 656 (2d Cir.1978). However, even assuming without deciding that prejudgment interest is available in some copyright cases, it would not be available in this case.

In *Keith Clark Inc.*, the Court pointed out that in the Copyright Act, unlike the Patent Law, Congress has not provided for prejudgment interest. *Compare 35 U.S.C. § 284 with 17 U.S.C. § 505*. Because the two statutes protect similar interests, the Court concluded that prejudgment interest should not be available in copyright cases. In *Frank Music Corp.*, the Ninth Circuit rejected that logic, delving into history to find that even before the enactment of [35 U.S.C. § 284](#), which provides for the award of prejudgment interest in patent infringement cases, such interest was generally available “from the date damages were liquidated, and in exceptional cases from the date of infringement.” 886 F.2d at 1551. *See, Duplate Corp. v. Triplex Safety Glass Co.*, 298 U.S. 448, 459 (1936); *Tilghman v. Proctor*, 125 U.S. 136, 160 (1888). Therefore, one could not say that Congress was making some distinction between patent cases and copyright cases when it enacted [35 U.S.C. § 284](#).

*3 In the case at hand plaintiff was awarded \$7500

as the amount of actual damages he suffered-*i.e.*, the jury's assessment of what his services in designing the skate logo were worth, and \$57,500 as the amount of defendant Skate Key's profits during the relevant period that were attributable to use of the skate logo. Neither of those amounts can be said to have been liquidated before verdict and judgment. Although in a proper case prejudgment interest may be awarded on unliquidated damages when necessary, in the court's discretion, to compensate a plaintiff fairly, *Miller v. Robertson*, 266 U.S. 243, 258 (1924), this is not an appropriate case for such an award. It is apparent from the jury's verdict that it felt \$65,000 was the appropriate figure to compensate plaintiff fully for the infringement. Indeed, the record will disclose that the jury initially returned a verdict reflecting a total of \$65,000 comprised of two sums that did not add up to that figure. When this discrepancy was pointed out to the jury, they retired to the jury room and corrected the form to change not the total but rather the defective addend. Considering that, and considering also that plaintiff contracted initially to be paid \$2500 for a mural that included the skate as but one component, I find that the sum awarded by the jury is sufficient to serve all the legitimate goals of the copyright laws, including both compensation of plaintiffs and deterrence of potential defendants. Plaintiff's motion for prejudgment interest is denied.

III

Plaintiff has moved also for costs in the amount of \$10,230.50. The award of costs is committed by 17 U.S.C. § 505 to the court's discretion: "In any civil action under this title, the court in its discretion may allow the recovery of full costs by or against any party other than the United States or an officer thereof." Plaintiff's counsel, who repeatedly throughout this litigation, and particularly on this motion, has condemned defendants and their counsel for taking extreme and untenable positions, has used as the measure of plaintiff's costs the disbursement column of his firm's computerized billing record. This includes such items as funds paid to

what appear to be freelance legal clerks to perform research, fees charged by an accounting consultant apart from his expert witness fee, and other disbursements in no way includable in a proper bill of costs amounting to about \$6000. When one adds to that figure expert witness fees of \$2500, themselves open to challenge, it is apparent that by far most of the \$10,230.50 in costs plaintiff seeks are not allowable. Even this calculation gives plaintiff the benefit of the doubt because it would include costs for all transcripts, whether or not introduced in evidence and whether or not authorized by the court, totaling more than \$1800. Because plaintiff has submitted an application for costs that is grossly overreaching in that it seeks compensation mainly for disbursements that are not properly considered as costs, and because the verdict itself was substantial enough to compensate plaintiff and deter potential infringers, discretion here should be exercised to deny costs. Accordingly, that portion of plaintiff's motion is denied as well.

*4 For the reasons set forth above, plaintiff's motion for sanctions under Fed.R.Civ.P. 11, for prejudgment interest, and for costs is denied in its entirety.

FN1. Plaintiff taxes defendants also for delaying the trial by citing the ill health of Steven Letizia and then not calling him as a witness, and by delaying the submission of necessary documents. Whether Steven Letizia would be called as a witness or not depended on the testimony proffered by plaintiff, and defendants should not be criticized for seeking to have him available at trial. In view of the court's own crowded docket and scheduling difficulties, it is doubtful that defendants' delay in submitting documents had anything to do with delaying the start of the trial.

S.D.N.Y.,1990.

Tracy v. Skate Key, Inc.

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