EXHIBIT 13

Not Reported in F.Supp.2d, 2003 WL 881006 (N.D.Cal.), 66 U.S.P.Q.2d 1313
(Cite as: 2003 WL 881006 (N.D.Cal.))

C

United States District Court,
N.D. California.
Edmund SHEA, Plaintiff,
v.
FANTASY INC., Defendant.
No. C 02-02644 RS.

Feb. 27, 2003.

Edmund Shea, San Francisco, CA, for Plaintiff.

Paul N. Halvonik, Berkeley, CA, for Defendant.

ORDER GRANTING DEFENDANT'S MOTION FOR SUMMARY JUDGMENT (Doc. 25)

SEEBORG, Magistrate J.

I. INTRODUCTION

***1** On January 10, 2003, defendant Fantasy, Inc. ("Fantasy") filed a motion for summary judgment on plaintiff's one count complaint alleging federal copyright infringement. The parties fully briefed the motion and appeared for oral argument on February 19, 2003. In his opposition, Edmund Shea ("Shea") filed a motion pursuant to Fed.R.Civ.P. 56(f) arguing that judgment is premature in light of outstanding discovery. Based on the briefs and declarations submitted on this motion, the arguments of counsel and the parties, and the record in this case, the Court grants defendant's motion for summary judgment and denies plaintiff's Rule 56(f) motion.

II. BACKGROUND

On June 3, 2002, Shea filed a complaint against Fantasy alleging federal copyright infringement with respect to a photograph he took in 1966 of the legendary comedian Lenny Bruce. On August 5, 2002, defendant moved to dismiss under Rule 12(b)(6) on the ground that the photograph at issue was not subject to copyright protection because it had entered the public domain. On October 2, 2002, this Court denied defendant's motion to dismiss, ruling that the photograph had not entered the public domain as a matter of law based on the allegations contained in the complaint and the reasonable inferences drawn therefrom.

The following facts are not in dispute. Plaintiff Shea contends that he photographed Lenny Bruce with his daughter Kitty in 1966 and for present purposes defendant does not contest this allegation. In 1971, defendant released the Lenny Bruce album "Live at the Curran Theater" in a three LP set. FN1 That release contained the photograph of Lenny and Kitty Bruce that Shea alleges he took in 1966. The photograph in the album is not credited to Shea and does not contain a copyright notice. Sometime in 1972, Shea had a conversation with Ralph Gleason, a Fantasy employee, regarding the photograph. During that conversation, Shea alleges that he informed Gleason that "no permission was ever ... granted to FANTASY to publish the Photograph" and that Gleason "informed plaintiff SHEA that FANTASY would not publish the photograph in the future without Plaintiff's permission, and that Plaintiff would receive payment for any such future use." (Compl.¶ 11.) For the purposes of summary judgment, defendant Fantasy does not contest the veracity of this allegation. FN2 The LP "Live at the Curran Theater" was distributed to the general public by Fantasy from 1971 to 1991 through retail outlets and by catalog purchase. (Decl. of Ralph Kaffel, ¶ 2.) Shea does not contest that Fantasy's use of the photograph between 1971 and 1991 was consensual in light of his conversation with Ralph Gleason in 1972. FN3

FN1. LENNY BRUCE, LIVE AT THE CURRAN THEATER (FANTASY RECORDS 1971).

FN2. Fantasy points out that questioning Shea's version of events would prove difficult since Ralph Gleason died on June 3, 1975.

FN3. While Shea noted that he lacks personal knowledge the album was available until 1991, he acknowledged at oral argument that he was aware the album and accompanying photograph were publicly available for several years after the Gleason meeting.

In 1999, Fantasy re-released "Live at the Curran Theater" on CD format. (Decl. of Ralph Kaffel, ¶ 3; Compl. at ¶ 12.) The photograph currently at issue appears on page 13 of the liner notes to the CD reissue. (Compl. at Exhibit "B.") On September 20, 1999, after publication of the CD, Shea registered the photograph with the Copyright Office as an "unpublished photograph." Fantasy contends that this set of undisputed facts irretrievably places Shea's photograph of Lenny and Kitty Bruce into the public domain and, therefore, Shea is precluded from asserting a copyright claim. Fantasy also argues that it is entitled to summary judgment based on the defenses of laches and equitable estoppel. Shea opposes the motion and requests a continuance under Rule 56(f).

III. STANDARD

***2** Under Fed.R.Civ.P. 56(c), summary judgment is proper when "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." "As to materiality, the substantive law will identify which facts are material. Only disputes over facts that might affect the outcome of the suit under the governing law will properly preclude the entry of summary judgment. Factual disputes that are irrelevant or unnecessary will not be counted." *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248 (1986). Summary judgment is only proper if, given the undisputed material facts, a reasonable juror could not return a verdict for the non-moving party. *Id.* When the moving party does not bear the burden of proof at trial, the party can show that there is no genuine issue of material fact by demonstrating "an absence of evidence to support the non-moving party's case." *Celotex Corp. v. Catrett*, 477 U.S. 317, 325 (1986).

The court does not make credibility determinations or weigh conflicting evidence at the summary judgment stage. *Matsushita Elec. Indus. Co., Ltd. v. Zenith Radio Corp.*, 475 U.S. 574, 587 (1986). "Supporting and opposing affidavits shall be made on personal knowledge, shall set forth such facts as would be admissible in evidence...." Rule 56(e). The evidence must be viewed in a light most favorable to the non-moving party. *T.W. Elec. Serv. v. Pacific Elec. Contractors Ass'n*, 809 F.2d 626, 631 (9th Cir.1987).

IV. ANALYSIS

A. Public Domain

Fantasy moves for summary judgment on the ground that Shea's photograph is in the public domain and, therefore, not entitled to copyright protection. "To establish infringement, two elements must be proven: (1) ownership of a valid copyright, and (2) copying of constituent elements of the work that are original." *Feist Publications v. Rural Tel. Serv. Co.*, 499 U.S. 340, 361 (1991). Because Shea bears the burden of proving at trial that he owns a valid copyright in the photograph at issue, summary judgment for Fantasy is proper if it can demonstrate the lack of a genuine issue of material fact related to the validity of Shea's copyright and that a reasonable juror could not find that Shea owns a valid copyright in the photograph given the undisputed facts in the record.

This Court's October 2, 2002 Order on defendant's motion to dismiss determined that Shea's photo-

graph had not entered the public domain as a matter of law under the 1909 Copyright Act. In addition, the Court found that the under the 1976 Copyright Act, the certificate of registration issued by the Register of Copyrights afforded Shea's photograph the presumption of validity contained in 17 U.S.C. § 410(c). At the motion to dismiss stage, the Court could not consider the argument that the photograph was publicly available from 1971 to 1991 because this fact was not contained in plaintiff's complaint. Drawing inferences in the plaintiff's favor, the Court refused to infer any publication length for the initial pressing of "Live at the Curran Theater." Now, at the summary judgment stage, the Court considers the legal consequences which flow from the undisputed fact that the album was available to the general public from 1971 to 1991.

***3** Because Shea's photograph was created in 1966 and Fantasy did in fact distribute the photograph between 1971 and January 1, 1978 (the effective date of the 1976 Copyright Act), the Court first looks to the 1909 Copyright Act to determine whether the photograph was "published" and thus entered the public domain. *Brown v. Tabb*, 714 F.2d 1088, 1091 (11th Cir.1983). Under the 1909 Act, "publication occurs when *by consent of the copyright owner,* the original or tangible copies of a work are sold, leased, loaned, given away, or otherwise made available to the general public." *Id.* Shea argues that since the initial pressing of "Live at the Curran Theater" occurred without his consent, the legal ramifications triggered by "publication" are not applicable. His complaint and the undisputed facts of the record belie this argument.

Shea alleges that he notified Fantasy that use of the photograph was unauthorized and that Gleason then "informed plaintiff SHEA that FANTASY would not publish the photograph in the future without Plaintiff's permission, and that Plaintiff would receive payment for any such future use." (Compl.¶ 11.) The essence of the agreement between Gleason and Shea was that Fantasy could continue to use Shea's photograph when distributing the LP "Live at the Curran Theater," however Fantasy would have to pay Shea royalties if it wanted to use the photograph in any other context or format, hence the lawsuit when Fantasy included the photograph in the CD re-issue. Gleason's promise to "not publish the photograph in the future" did not include Fantasy's continued publication and distribution of the LP because Shea had agreed, based on his conversation with Gleason, "not to pursue FANTASY's unauthorized use of his Photograph in connection with the Phonograph Record." (Compl.¶ 11.)

In his opposition, Shea argues that the initial unauthorized publication by Fantasy should not be considered a publication for the purposes of copyright law, however he does not explain the ramifications for "publication" purposes of the distribution which occurred after his conversation with Gleason. Fantasy's distribution of the LP after that conversation must be considered consensual because Gleason and Shea had struck a deal: Shea would not pursue Fantasy's use of his photograph in exchange for a promise that Shea's permission would be obtained before any different use of the photograph and that Shea would be compensated in the event that Fantasy used the photograph in a different context or format. Based on this arrangement, Fantasy's distribution of Shea's photograph after his conversation with Gleason constituted a consensual "publication" for the purposes of the 1909 Copyright Act because copies of the photograph were made available to the general public. *Brown,* 714 F.2d at 1091.

Under the 1909 Act, "publication" is a crucial event which divests state common law copyright protection and triggers federal statutory protection. *See ABKCO Music, Inc. v. LaVere*, 217 F .3d 684, 688 (9th Cir.2000). Before 1978, a copyright owner could "obtain federal protection for the published work by complying with the requirements of the 1909 Copyright Act. If the owner failed to satisfy the Act's requirements, the published work was interjected irrevocably into the public domain...." *Twin Books Corp. v. Walt Disney Co.*, 83 F.3d

1162, 1165 (9th Cir.1996). The 1909 Act required those seeking copyright protection to "secure copyright for his work by publication thereof with the notice of copyright required by this title; and such notice shall be affixed to each copy thereof published or offered for sale in the United States...." 17 U.S.C. § 9 (1909 Act). Shea admits that he did not comply with any of the 1909 Act's statutory formalities with respect to the photograph published and distributed by Fantasy after his conversation with Gleason. By failing to secure such proper notice, Shea forfeited his copyright. *See Simon v. Birraporetti's Restaurants,* 720 F. Supp 85, 88-89 (S.D.Tex.1989) (a photograph which was on the cover of a local magazine entered the public domain when it appeared without copyright notice resulting in the forfeiture of plaintiff's copyright).

***4** Having determined that Shea's photograph entered the public domain under the 1909 Act, the Court turns to the 1976 Act to determine if Shea can rely on any of its provisions to save his copyright claim. The Copyright Act of 1976, however, does not provide protection for works that entered the public domain before January 1, 1978. *See* 17 U.S.C. § 303(a); *Batjac Prods. Inc. v. Goodtimes Home Video Corp.,* 160 F.3d 1223, 1226 (9th Cir.1998) ("If the screenplay remained unpublished during the period 1963 to 1978 ... then it would have gained statutory protection in 1978 under the Copyright Act of 1976 ... and would still be protected today."); 1 Nimmer on Copyright § 4.01 [B] (2002). The statutory presumption of validity contained in the 1976 Act only applies when the certificate of registration is "made before or within five years after first publication of the work...." 17 U.S.C. § 410(c). Since the Court has determined that the photograph was "published" in the early 1970's, Shea is not entitled to a presumption of validity. Under Section 410(c), the Court has discretion to decide the evidentiary weight ascribed to the certificate of registration when registration is sought more than five years after publication. In this instance, the certificate of registration is not probative of copyright validity because the copyright application simply listed the subject photographs as "unpublished" without reference to the "Live at the Curran Theater" saga. None of the provisions of the 1976 Act, therefore, saves Shea's photograph from being placed in the public domain as a result of Fantasy's continuous and consensual publication after the Gleason-Shea conversation.

There is no genuine issue of material fact with respect to the invalidity of Shea's copyright based on the interjection of his photograph into the public domain. Because Shea must prove validity as an element of his copyright infringement claim, Fantasy is entitled to judgment as a matter of law.

B. Laches

Fantasy also moves for summary judgment based on the defense of laches. "To demonstrate laches, the defendant must prove both an unreasonable delay by the plaintiff and prejudice to itself." *Danjaq LLC v. Sony Corp.,* 263 F.3d 942, 951 (9th Cir.2001) (citation and quotation omitted). "[D]elay is to be measured from the time that the plaintiff knew or should have known about the potential claim at issue." *Kling v. Hallmark Cards, Inc.,* 225 F .3d 1030, 1036 (9th. Cir.2000). Laches is an affirmative defense and the party asserting the defense bears the burden of proof. *See* Fed.R.Civ.P. 8(c); *Bridgestone/Firestone Research v. Auto. Club,* 245 F.3d 1359, 1361 (Fed.Cir.2001).

1. Delay

In this instance, the album containing Shea's photograph was first published in 1971. Although it is not clear from the record exactly when Shea became aware of the allegedly infringing use by Fantasy, Shea stated that he believed that he first became aware of the Fantasy album in 1972. Shea certainly knew about the use before June 3, 1975, the date of Gleason's death, because Shea discussed Fantasy's improper use with Gleason. Construing the facts in the most favorable light to Shea, his photograph was in publication for at least 16 years

with Shea's knowledge. Thereafter, the CD of "Live at the Curran Theater" was published in August of 1999 and Shea did not file suit until June 3, 2002. This adds delay of 2 years and 10 months. At the very least, Shea had knowledge that Fantasy was distributing his photograph for 18 years and 10 months and his overall delay in bringing suit was nearly 30 years. The fact that Shea approached Gleason regarding the infringing conduct and walked away with a promise that Fantasy would not use the photograph in other formats without compensation does not help Shea's argument. Laches is measured from the time "when the plaintiff knew (or should have known) of the allegedly infringing conduct, until the initiation of the lawsuit in which the defendant seeks to counterpose the laches defense." *Danjaq,* 263 F.3d at 952. Shea knew about Fantasy's allegedly infringing conduct for roughly 30 years and failed to pursue copyright remedies for that entire period. Such a delay is unreasonable *See Danjaq,* 263 F.3d at 950-56 (delay found where defendant released films between 1962 and 1977 and plaintiff did not file claim for copyright infringement until 1998).[FN4]

FN4. Because Shea only accuses the CD release of "Live at the Curran Theater" of infringement, an interesting question arises whether to calculate delay for the purposes of laches from the time "Live at the Curran Theater" was released on CD format in 1999 or from the time when the LP was released in 1971. In a similar context, the Court in *Danjaq* rejected the argument that laches should be calculated starting with a DVD re-release of a film. That court noted that such a method for calculation would render laches "a spineless defense" and that "if the allegedly infringing aspect of the DVD is identical to the alleged infringements contained in the underlying movie, then the two should be treated identically for purposes of laches." *Danjaq,* 263 F.3d at 953. Such reasoning is equally applicable to the present case.

2. Prejudice to the Defendant

***5** When examining prejudice, courts look to evidentiary and expectations-based prejudice. *Danjaq,* 263 F.3d at 955. Evidentiary prejudice is concerned with lost evidence, faded memories, and death of key witnesses. *Id.* Expectations-based prejudice examines whether defendant would have taken different actions had the plaintiff asserted his claim sooner. *Id.* Fantasy alleges in an uncontroverted declaration from its general counsel that if there had been "the slightest hint that anyone would claim that the photograph infringed a copyright, there is absolutely no question that I would have directed its deletion from the compact disc." (Decl. of Albert M. Bendich, ¶ 3.) Fantasy argues that by failing to present his claim of ownership in the photograph to someone other than Gleason, who is long dead, Shea prevented Fantasy from becoming aware of any potential adverse copyright claim to the photograph. *Id.* Until Shea recently came forward with his claim of ownership, Fantasy was under the impression that Gleason was the owner of the photograph at issue. *Id.* Fantasy's argument that it would not have included the photograph in the CD reissue had it known of Shea's claim is persuasive. Fantasy has properly demonstrated both evidentiary and expectations-based prejudice. Having demonstrated unreasonable delay and prejudice based on undisputed facts, Fantasy is entitled to summary judgment on the defense of laches.[FN5]

FN5. The Court notes that in his complaint Shea seeks prospective injunctive relief, a remedy generally not barred by a successful laches defense. However, as the Court in *Danjaq* noted, a laches defense can bar prospective relief when "the feared future infringements are identical to the alleged past infringements." *Danjaq,* 263 F.3d at 960. The Court finds that the same is true in this case and that summary judgment is proper related to Shea's claims for prospective equitable relief.

C. Equitable Estoppel

Fantasy has asserted an equitable estoppel defense. However, as defendant's counsel acknowledged at oral argument, the premise of this defense is identical to Fantasy's laches defense. Based on that representation, the Court does not reach the issue of whether equitable estoppel applies in this instance.

D. Plaintiff's Rule 56(f) Motion

Under Fed.R.Civ.P. 56(f), a district court may continue a summary judgment motion if the party opposing the motion needs additional time to discover "facts essential to justify the party's opposition." The party seeking a Rule 56(f) continuance has the burden to demonstrate what facts he hopes to discover to raise a genuine issue of material fact. *See Terrell v. Brewer,* 935 F .2d 1015, 1018 (9th Cir.1990). Shea has not met this burden. Instead, he seeks discovery to corroborate his version of events related to original ownership of the photograph and his conversation with Gleason in 1972. For the purposes of this motion, the Court accepts Shea's version as true. Accordingly, plaintiff's Rule 56(f) motion is DENIED.

Therefore, it is, hereby,

ORDERED:

(1) Defendant's Motion for Summary Judgment is GRANTED;

(2) Plaintiff's Rule 56(f) Motion is DENIED.

IT IS SO ORDERED.

N.D.Cal.,2003.
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