

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA

BACKGRID USA INC., a California
corporation,

Plaintiff,

v.

EUPHORIC SUPPLY INC., a California
corporation; and JULIAN ARMSTRONG,
an individual,

Defendants.

Case No.: 3:20-cv-00914-BEN-BLM

**ORDER DENYING MOTION TO
DISMISS**

[ECF No. 7]

Before the Court is a Motion to Dismiss filed by Defendants Euphoric Supply Inc. and Julian Armstrong. Mot., ECF No. 7-1. For the reasons that follow, the Defendants' Motion is **DENIED**.

I. BACKGROUND¹

Plaintiff Backgrid USA Inc. is a celebrity photography agency that licenses its content to news outlets and other entities. Compl., ECF No. 1, ¶ 7. It is alleged that Defendants sell celebrity action figures and branded t-shirts. *Id.* at ¶ 9. One of those

¹ The following overview of the facts are drawn from Plaintiff's Complaint, which the Court assumes true in analyzing Defendant's motion to dismiss. *Erickson v. Pardus*, 551 U.S. 89, 94 (2007). The Court is not making factual findings.

1 action figures depicts Kanye West, an American rapper, producer, fashion designer, and
2 presidential candidate. *Id.* at Ex. B.

3 Plaintiff alleges it owns the copyright to a photograph of Kanye West. *Id.* at Ex.
4 A. Plaintiff registered the photograph with the United States Copyright Office.² *Id.* at ¶
5 8. Plaintiff alleges the Kanye West action figure packaging includes a cropped version of
6 its copyrighted photograph placed in front of a gradient background. *Id.* at ¶ 11, Ex. B.
7 Plaintiff further alleges the action figure itself is an unauthorized derivative work of its
8 copyrighted photograph, which Defendants sold for up to \$75 per item. *Id.* at ¶ 10.

9 Plaintiff's Complaint alleges copyright infringement in violation of 17 U.S.C. §
10 501. *Id.* Defendants jointly filed this Motion to Dismiss pursuant to Federal Rules of
11 Civil Procedure 12(b)(1) and 12(b)(6). Mot., ECF No. 7-1. Both parties have also
12 submitted Requests for Judicial Notice in support of their arguments. RJN, ECF No. 7-2;
13 RJN, ECF No. 8-1.

14 LEGAL STANDARD

15 A. Rule 12(b)(1)

16 Federal Rule of Civil Procedure 12(b)(1) allows a party to seek dismissal for lack
17 of subject matter jurisdiction because “[i]t is a fundamental principle that federal courts
18 are courts of limited jurisdiction.” *Stock W., Inc. v. Confederated Tribes of the Colville*
19 *Reservation*, 873 F.2d 1221, 1225 (9th Cir. 1989) (quoting *Owen Equip. & Erection Co.*
20 *v. Kroger*, 437 U.S. 365, 374, (1978)). The plaintiff bears the burden of establishing that
21 subject matter jurisdiction exists. *See United States v. Orr Water Ditch Co.*, 600 F.3d
22 1152, 1157 (9th Cir. 2010).

23 B. Rule 12(b)(6)

24 Under Federal Rule of Civil Procedure 12(b)(6), a court may dismiss a complaint
25 if, taking all factual allegations as true, the complaint fails to state a plausible claim for
26

27
28 ² The copyright number listed in the Complaint is VA002152029. All parties agree the copyright
registration number provided in the initial Complaint was incorrect.

1 relief on its face. *Ashcroft v. Iqbal*, 556 U.S. 662, 678 (2009); *Bell Atl. Corp. v.*
2 *Twombly*, 550 U.S. 544, 556-57 (2007). Dismissal is appropriate if the complaint fails to
3 state enough facts to raise a reasonable expectation that discovery will reveal evidence of
4 the matter complained of, or if the complaint lacks a cognizable legal theory under which
5 relief may be granted. *Twombly*, 550 U.S. at 556.

6 In reviewing the plausibility of a complaint, courts “accept factual allegations in
7 the complaint as true and construe the pleadings in the light most favorable to the
8 nonmoving party.” *Manzarek v. St. Paul Fire & Marine Ins. Co.*, 519 F.3d 1025, 1031
9 (9th Cir. 2008). Nonetheless, courts do not “accept as true allegations that are merely
10 conclusory, unwarranted deductions of fact, or unreasonable inferences.” *In re Gilead*
11 *Scis. Secs. Litig.*, 536 F.3d 1049, 1055 (9th Cir. 2008).

12 II. DISCUSSION

13 Defendants argue Plaintiff has failed to state a claim for copyright infringement on
14 three primary grounds. First, they argue Plaintiff has failed to establish standing because
15 it has not provided evidence that it registered the West photograph with the United States
16 Copyright Office. Mot., ECF No. 7-1, 5. Second, Defendants argue they did not copy
17 any protectable elements from the West photograph. *Id.* at 6-10. Finally, Defendants
18 argue their use of the West photograph constitutes permitted fair use. *Id.* at 10-16. As
19 discussed below, the Court finds the allegations in Plaintiff’s Complaint sufficient to
20 withstand the motion to dismiss.

21 A. Plaintiff has plausibly pleaded ownership of the Kanye West photograph

22 Defendants first argue that the Court should dismiss Plaintiff’s Complaint under
23 Fed. R. Civ. Proc. 12(b)(1) because Plaintiff “has failed to identify a valid copyright
24 registration number for the West Photo, depriving this Court of subject-matter
25 jurisdiction.” *Id.* at 1.

26 Generally, the United States Copyright Act requires copyright holders to register
27 their works before suing for copyright infringement. 17 U.S.C. § 411(a); *Fourth Estate*
28 *Public Benefit Corp. v. Wall-Street.com, LLC*, 139 S. Ct. 881 (2019). However, “Section

1 411(a)'s registration requirement is a precondition to filing a claim that does not restrict a
2 federal court's subject-matter jurisdiction." *Reed Elsevier, Inc. v. Muchnick*, 559 U.S.
3 154, 157 (2010). A motion to dismiss alleging a plaintiff does not have an ownership
4 interest in a copyrighted work should be addressed under Rule 12(b)(6) for failure to state
5 a claim, rather than under Rule 12(b)(1) for lack of subject-matter jurisdiction. *Minden*
6 *Pictures, Inc. v. John Wiley & Sons, Inc.*, 795 F.3d 997, 1001 (9th Cir. 2015). This is
7 because "the issue is statutory rather than Article III standing." *Id.* (citations omitted).
8 Accordingly, the Court addresses Defendants' Motion pursuant to Rule 12(b)(6).

9 Applying Rule 12(b)(6), a plaintiff must plausibly allege it owns a valid copyright
10 registration for its work to satisfy the ownership prong of a copyright infringement claim.
11 *See Hybrid Promotions, LLC v. Zaslavsky*, No. 16-CV-2227-RAO, 2016 WL 10988656,
12 at *9 (C.D. Cal. Oct. 5, 2016). "While it may be helpful for claimants to identify by
13 number their copyright registrations in their initial pleadings, and indeed necessary to do
14 so at later stages in litigation, the failure to do so is not fatal at the [Rule] 12(b)(6) stage."
15 *Id.* at *10.

16 Defendants assert that a plaintiff must provide "proof of registration" to vest this
17 Court with subject-matter jurisdiction. Mot., ECF No. 7-1, 5-6. That is incorrect at the
18 pleading stage. To require proof -- which is something beyond "plausible allegation" in
19 the Complaint -- would inappropriately raise the pleading standard established in
20 *Twombly* and *Iqbal*. Moreover, it would waste party and judicial resources in this
21 particular case as the dispute here revolves around the simple omission of a single digit in
22 Plaintiff's Complaint. *See* Compl, ECF No. 1, ¶ 8; Mot., ECF No. 7-1, 5-6; Opp'n., ECF
23 No. 8, 3. Accordingly, the Court finds Plaintiff has plausibly alleged that it owns the
24 West photograph and that it correctly registered the photograph with the United States
25 Copyright Office.

26 **B. Plaintiff plausibly alleges infringement of the West photograph**

27 The Complaint alleges Defendants use the West photograph on the commercial
28 packaging for their action figure. Compl., ECF No. 1, ¶ 8. To state a claim for copyright

1 infringement, Plaintiff must plausibly allege the following elements: “(1) ownership of
2 the allegedly infringed work and (2) copying of the protected elements of the work by the
3 defendant.” *Unicolors, Inc. v. Urban Outfitters, Inc.*, 853 F.3d 980, 984 (9th Cir. 2017)
4 (quoting *Pasillas v. McDonald’s Corp.*, 927 F.2d 440, 442 (9th Cir. 1991)).

5 Plaintiff alleges Defendants did not have permission to use the West photograph.
6 Compl., ECF No. 1, ¶ 8. Plaintiff attaches two exhibits to the Complaint, one containing
7 the West photograph and a second exhibit reflecting Defendant’s action figure with the
8 allegedly infringing photograph. *Id.*, Exs. A, B. Defendants concede that the packaging
9 contains a portion of the Plaintiff’s copyrighted photograph, specifically that portion
10 depicting Kanye West. Mot., ECF No. 7-1, 2.

11 Pursuant to the Copyright Act, a copyright owner is provided the exclusive rights
12 (with specified statutory exceptions) to distribute and reproduce his works. *Reed*
13 *Elsevier*, 559 U.S. at 157. “Anyone who violates any of the exclusive rights of the
14 copyright owner as provided [in the Act] is an infringer of the copyright.” 17 U.S.C. §
15 501(a). “When such infringement occurs, a copyright owner ‘is entitled, subject to the
16 requirements of section 411, to institute an action’ for copyright infringement.” *Reed*
17 *Elsevier*, 559 U.S. at 157 (quoting 17 U.S.C. § 501(a)) (emphasis omitted).

18 The parties agree that photographs are entitled to at least some copyright
19 protection. *See Ets-Hokin v. Skyy Spirits, Inc.*, 225 F.3d 1068, 1071, 1073 (9th Cir. 2000)
20 (photographs of a vodka bottle to be featured in advertisements were entitled to copyright
21 protection under “the longstanding and consistent body of case law holding that
22 photographs generally satisfy this minimal standard” of creativity). Although copyright
23 protection would not extend to the natural appearance or idea of Kanye West himself, *see*
24 *Satava v. Lowry*, 323 F.3d 805, 813 (9th Cir. 2003), it does extend to “original works of
25 authorship fixed in any tangible medium of expression,” such as a photograph. 17 U.S.C.
26 § 102(a). Moreover, the Ninth Circuit has “recognized repeatedly that the creative
27 decisions involved in producing a photograph may render it sufficiently original to be
28 copyrightable.” *Los Angeles News Serv. v. Tullo*, 973 F.2d 791, 794 (9th Cir. 1992)

1 (quoting *United States v. Hamilton*, 583 F.2d 448, 452 (9th Cir. 1978)). A photograph
2 may have “carefully delineated selection[s] of subject, posture, background, lighting, and
3 perhaps *even perspective alone* as protectible elements of a photographer's work.” *Id.*
4 (emphasis added) (internal quotations omitted).

5 Defendants dispute the allegations, contending the West photograph is “bereft of
6 creativity” and thus is entitled only to “thin” copyright protection. Mot., ECF No. 7-1, 7-
7 8. Defendants argue the West photograph is “essentially factual in nature” as the
8 photographer simply “captured [Mr. West] in public as [he] naturally appeared and [was]
9 not tasked with directing the subject[], altering the backdrop[] or otherwise doing much
10 to impose creative force.” *Id.* at 7 (quotation marks omitted). This argument, which
11 would require the Court make findings of disputed fact and determine whether the
12 copyrighted photograph contains creative elements, is not the proper subject of a motion
13 to dismiss.

14 Instead, Plaintiff has done all that is required at the pleading stage. It has plausibly
15 alleged that Defendants used the copyrighted West photograph on the action figure’s
16 packaging without permission. Compl., ECF No. 1, ¶ 10. Plaintiff also attached exhibits
17 to its Complaint showing the photograph on Defendants’ packaging and supporting its
18 allegation that the packaging is an “unauthorized derivative work of the West Photo.” *Id.*
19 at ¶ 10. The Court is not persuaded by Defendants’ argument that using a cropped
20 version of the photograph on its packaging, as opposed to reproducing the entire photo,
21 negates Plaintiff’s allegations of misappropriation.

22 **C. Fair Use is not properly decided at this time**

23 Defendants contend that their use of the West photograph constitutes fair use, and
24 thus the Plaintiff cannot bring a claim for copyright infringement. The Court finds
25 adjudication under the fair use doctrine to be improper at this time.

26 Fair use is an exception to a copyright holder’s right to exclusive use of an original
27 work. 17 U.S.C. § 107. The use of a copyrighted work for “purposes such as criticism,
28 comment, news reporting, teaching, ... scholarship, or research” is fair use and therefore

1 not an infringement of copyright. *Id.* Nevertheless, it is an affirmative defense that
2 assumes copyright infringement has occurred and places the burden on the infringer to
3 show why his use was fair. *Monge v. Maya Magazines, Inc.*, 688 F.3d 1164, 1170 (9th
4 Cir. 2012). In determining whether use of a copyrighted work is protected under the fair
5 use doctrine, courts consider: “(1) the purpose and character of the use, including whether
6 the use is commercial or is for nonprofit educational purposes; (2) the nature of the
7 copyrighted work; (3) the amount and substantiality of the portion used in relation to the
8 copyrighted work as a whole; and (4) the effect of the use upon the potential market for
9 or value of the copyrighted work.” 17 U.S.C. § 107.

10 Fair use reflects the goals of the Copyright Act “to promote the progress of science
11 and art by protecting artistic and scientific works while encouraging the development and
12 evolution of new works.” *Mattel Inc. v. Walking Mountain Prods.*, 353 F.3d 792, 799
13 (9th Cir. 2003). Accordingly, the doctrine allows courts flexibility in interpreting the
14 copyright statute when its strict application would otherwise restrict the kind of creativity
15 the statute intended to encourage. *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 577
16 (1994). The factors are analyzed on a case-by-case basis and weighed together in
17 determining whether use is fair use of copyrighted material. *Id.* at 577-78. Though the
18 fair use defense is a mixed question of law and fact, it may be decided on a motion to
19 dismiss if there are no material facts in dispute. *See Leadsinger, Inc. v. BMG Music Pub.*,
20 512 F.3d 522, 530 (9th Cir. 2008). Importantly, however, at the 12(b)(6) stage, courts
21 generally “may not consider any material beyond the pleadings.” *United States v.*
22 *Corinthian Colleges*, 655 F.3d 984, 998–99 (9th Cir. 2011) (quotations omitted).

23 Here, Plaintiff identifies material facts in dispute and persuasively explains that
24 “Defendants’ fair use argument necessarily depends on information that exists outside of
25 the Complaint.” Opp’n, ECF No. 8, 7. For example, the parties disagree, *inter alia*, over
26 the transformative use of the West photograph, the extent of creativity contained in the
27 copyrighted work, and whether Plaintiff has “already exhausted the limited and time
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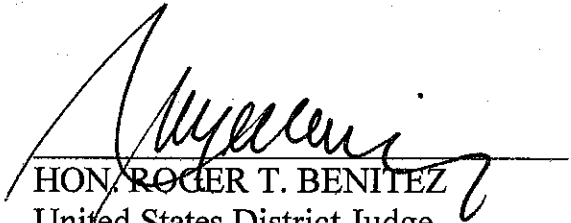
1 sensitive market for the West Photo.” *Id.* at 7-8, 10, 12; Mot., ECF No. 7-1, 13,15.
2 Accordingly, fair use cannot be resolved on this motion to dismiss.

3 **III. CONCLUSION**

4 For the foregoing reasons, Defendants’ Motion to Dismiss Plaintiff’s Complaint is
5 **DENIED.** As the Court did not require review of the matters for which judicial notice
6 was requested to resolve this Motion, those requests are denied as moot.

7 **IT IS SO ORDERED.**

8
9 DATED: August 24, 2020


HON. ROGER T. BENITEZ
United States District Judge