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UNITED STATES DISTRICT COURT

EASTERN DISTRICT OF PENNSYLVANIA

CHARLES HARRIS, as an individual and UNIQUE PRODUCTS AND SERVICES, a Pennsylvania Corporation

Plaintiffs,

vs.

OPRAH WINFREY, as an individual, and THE OPRAH WINFREY SHOW d/b/a HARPO PRODUCTIONS INC., an Illinois corporation.

Defendants.

No. 2:10-cv-05655-JD
COMPLAINT FOR EQUITABLE RELIEF AND DAMAGES
Jury Trial Requested

FILED
DEC 23 2010
MICHAEL E. KUNZ, Clerk
By Dep. Clerk

PLAINTIFFS' RESPONSE TO DEFENDANTS' MOTION FOR RULE 11 SANCTIONS

Plaintiffs Charles Harris ("Harris"), and Unique Products and Services ("Unique") (collectively, "Unique"), by and through their attorney James Lee Esquire, submit the following response to Defendants' motion for Rule 11 sanctions.

SUMMARY OF ARGUMENT

Plaintiffs bring this action alleging Defendants infringed their copyrights of the booklet "How America Elects Her Presidents" and seek monetary relief. Plaintiffs contend that Mr. Harris is the author of the booklet "How America Elects Her Presidents"--a non-dramatic literary work. Mr. Harris received a Certificate of Registration for his booklet in 2000, and therefore, owns the copyright in the booklet. Mr. Harris has been corporately selling the booklet through his company Unique Products and Services. As Ms. Oprah Winfrey was supporting the then Senator Obama's campaign through her show--the Oprah Winfrey Show--Mr. Harris considered this a good business opportunity to widely publicize his booklet, decided to write to Defendants, and offer to include "How America Elects Her Presidents" in Senator Obama's campaign.

Plaintiffs contend that sometime in 2008, Mr. Harris shipped 10 copies of the proposed booklet for the Presidential campaign to the Oprah Winfrey Show. Mr. Harris never received a response from Defendants. Plaintiffs contend that on February 16, 2009, Mr. Harris was watching the Oprah Winfrey show and to his shock and dismay he saw Ms. Winfrey reading out to the public some of the exact same questions that are found in his booklet. Mr. Harris heard Ms. Winfrey ask (1) question 3 from the booklet--“A person must live in the U.S. how long before they become President?” (2) Question 12 from the booklet--“Who was the heaviest President?” And (3) Question 19 from the booklet--“The only President who never went to school?”

Defendants have now moved to seek sanctions against Plaintiffs pursuant to Fed. R. Civ. P. 11(b)(2) and (3) contending that Plaintiffs have failed to make reasonable inquiry into law and facts, and therefore asserting that the complaint must be dismissed. As explained below, Plaintiffs have conducted a reasonable inquiry in law to find that although historical facts cannot be copyrighted, originality is the sine qua non of copyrights. As Plaintiffs are not claiming that they have a copyright on historical facts, but the way in which they are presented in the booklet, they fulfill the elements of a copyright. Likewise, Plaintiffs have established that the record is underdeveloped to ascertain if Plaintiffs were mistaken, Defendants motion for sanction is premature. Moreover, it is settled that if Plaintiffs have established the elements of copyrights, the burden then shifts on Defendants to establish that Plaintiffs have not done so.

Finally, there are conflicting case laws in the Third Circuit on the issue of preemption of state law claims. Even assuming that they are preempted, they must be asserted in a motion for summary judgment or motion to dismiss, and not in a motion for sanction.

Accordingly, Defendants' motion for sanction must be dismissed in its entirety.

## LEGAL ARGUMENT

### A. Legal Standard

Rule 11(b)<sup>1</sup> requires the signer of a document filed with the court to make an inquiry into the facts and the law that is “*reasonable under the circumstances,*” entailing a reasonable investigation into the facts and a normally competent level of legal research. *Zuk v. Eastern Pa. Psychiatric Inst. Of the Med. Coll. Of Pa.*, 103 F.3d 294, 299 (3d Cir.1996); *Simmerman v. Corino*, 27 F.3d 58, 62 (3d Cir.1994); *see also Gary v. Braddock Cemetery*, 517 F.3d 195, 201 n. 6 (3d Cir.2008). (Emphasis provided). The Court determines the reasonableness of an inquiry by applying an objective standard. *See Garr v. U.S. Healthcare*, 22 F.3d 1274, 1278 (3d Cir.1994); *Bradgate Assocs., Inc. v. Fellows, Read & Assocs.*, 999 F.3d 745, 752 (3d Cir.1993). In applying this objective standard, the Court “is expected to avoid using the wisdom of hindsight and should test the signer's conduct by inquiring into what was reasonable to believe at the time the pleading, motion, or other paper was submitted.” FED.R.CIV.P. 11; *CTC Imports & Exports v. Nigerian Petroleum Corp.*, 951 F.2d 573, 578 (3d Cir.1991); *Rouse v. II-VI, Inc.*, Civ. A. No. 06-566, 2007 WL 1007925 (W.D. Pa. March 30, 2007).

The Court is required to consider all of the circumstances surrounding the submission, including the amount of time the signer had to investigate and whether the signing attorney had to rely on a client for information as to the facts. *See Garr*, 22 F.3d at 1279; *Bradgate*, 999 F.2d at 752; *CTC Imports*, 951 F.2d at 578; FED.R.CIV.P. 11.

Rule 11 provides that persons, who sign, file, submit or later advocate documents are

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<sup>1</sup> The purpose of Rule 11 is to deter plaintiffs and defendants from filing papers in court which lack factual or legal support in order to save innocent parties and the courts from dealing with frivolous lawsuits. *Kuhns v. CoreStates Financial Corp.*, 998 F.Supp. 573, 577 (E.D. Pa. 1998). The principal goal of Rule 11 sanctions is deterrence, with compensation being a secondary goal. *Id.*

certifying to the court that the document or advocacy is based upon the person's best knowledge, information or belief, which is in turn based upon an inquiry that was reasonable in the circumstances of the particular case. Fed. R. Civ. P. 11. Reasonableness in the context of Rule 11, is "an objective knowledge or belief at the time of the filing of the challenged paper that the claim was well-grounded in law and fact." *Taylor v. Messmer*, No. 02:09-cv-1116, 2010 WL 545892, \*1 (W.D. Pa. Feb. 9, 2010). Sanctions are appropriate only if "the filing of the Complaint constituted abusive litigation or misuse of the court's process." *Simmerman v. Corino*, 27 F.3d 58, 62 (3d Cir.1994).

In evaluating merits of imposing Rule 11 sanctions, courts are guided by reasonableness under the circumstances standard and are expected to avoid using hindsight and to test signer's conduct only by inquiring whether complaint was reasonable at time that pleading was submitted. *Rich Art Sign Co., Inc. v. Ring*, 122 F.R.D. 472, 474 (E.D. Pa. 1988). However, Rule 11 does not require the plaintiff to know at the time of the pleading all facts necessary to establish his claim. *Commercial Cleaning Services, L.L.C. v. Colin Service Systems, Inc.*, 271 F.3d 374, 386 (2d Cir. 2001). Rule 11(b)(3) requires persons alleging facts to do so with "evidentiary support" or, when specifically stated, to believe they can develop evidentiary support through further investigation. *See Rotella v. Wood*, 528 U.S. 549 (2000). This Rule provides flexibility by allowing pleadings based on evidence reasonably anticipated after further investigation or discovery. *Id.*<sup>2</sup>

When issues in the litigation are close, Rule 11 is not to be used routinely. *TEGG Corp. v. Beckstrom Elec. Co.*, No. 08-435, 2008 WL 5216169, at \*2 (W.D. Pa. Dec. 10, 2008);

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<sup>2</sup> Para 7 of the Plaintiffs' complaint specifically states that "All allegations herein are based on information and belief and/or are likely to have evidentiary support after reasonable opportunity for further investigation and discovery". Thus, albeit Plaintiffs and the attorney had made reasonable enquiry in to the facts before filing the complaint, they are also relying on the discovery process for further evidentiary support.

*Gaiardo v. Ethyl Corp.*, 835 F.2d 479, 483 (3d Cir.1987). When the parties disagree about the correct resolution of a matter in litigation; in such situations, Rule 11 is only to be used in “exceptional circumstances.” *Id.* Such an exceptional circumstance would be where a claim or motion is “patently unmeritorious or frivolous.” *Id.* *Doering v. Union County Board of Chosen Freeholders*, 857 F.2d 191, 194 (1988). Even in cases where a complaint fails to withstand a motion to dismiss, it is not enough to establish a Rule 11 violation.<sup>3</sup> *Id.* Circuit courts have recognized that a frivolous Rule 11 Motion may be the subject of sanctions against the party filing the motion, especially when it appears that the Rule 11 Motion is designed as an intimidation and harassment tactic. *See Foy v. First National Bank of Elkhart*, 868 F.2d 251, 258 (7<sup>th</sup> Cir. 1989) (a frivolous request for sanctions is itself sanctionable); *Roberts v. Peat, Marwick, Mitchell & Co.*, 857 F.2d 646, 654 (9<sup>th</sup> Cir. 1988) (Rule 11 should not itself become a retaliatory device); *Local 106, Service Employees Int’l Union v. Homewood Memorial Gardens, Inc.*, 838 F.2d 958, 961 (7<sup>th</sup> Cir. 1988).

Plaintiffs would show that they have made a reasonable inquiry into the facts, into the applicable law, and therefore meet the originality requirements:

**B. Plaintiffs Have Made A Reasonable Inquiry Into Law.**

To establish a claim of copyright infringement, Plaintiffs must establish: (1) ownership of a valid copyright, (2) unauthorized copying of original elements of Plaintiffs’ work. *Warren Publ’g Co. v. Spurlock*, 645 F. Supp. 2d 402, 411 (E.D. Pa. 2009) (quoting *Kay Berry, Inc. v. Taylor Gifts, Inc.*, 421 F.3d 199, 203 (3d Cir. 2005)). Here, Plaintiffs must establish that Ms. Winfrey asked the exact same questions as presented in Mr. Harris’ copyrighted booklet “How

<sup>3</sup> In this case, Defendants have asked court to strike the complaint, and have also sought for attorney fees. But, an appropriate sanction must be limited to the least severe sanction that suffices to deter repetition of the conduct or comparable conduct by others similarly situated. Fed.R.Civ.P. 11(c)(4); *Langer v. Monarch Life Ins. Co.*, 966 F.2d 786, 810 (3d Cir.1992).

America Elects Her Presidents.” The first prong is undisputed as Plaintiffs own the copyright to “How America Elects Her Presidents.” *EEOC v. Vanguard Group*, No. 04-cv-4126, 2006 U.S. Dist. LEXIS 17935, \*11 (E.D. Pa. Apr. 7, 2006) (to bring a valid copyright infringement action, the plaintiff first must have a copyright registration). Defendants dispute the second prong, they claim that the questions that Ms. Winfrey asked were historical facts, and as such these facts are not original. *FMC Corp. v. Control Solutions, Inc.*, 369 F. Supp. 2d 539, 560-61 (E.D. Pa. 2005) (finding that raw facts can be copied at will, however, originality is the sine qua non of a copyright).

**a. Plaintiffs Meet The Originality Requirement.**

Defendants are correct only to the extent that historical facts cannot be copyrighted; their motion falters because Plaintiffs never claimed to have copyrighted the historical facts about the past Presidents of the United States. Plaintiffs only contend that Ms. Winfrey asked the questions in issue in a manner which was very similar to the way Mr. Harris had framed them in his booklet “How America Elects Her Presidents.” *FMC Corp.*, 369 F. Supp. 2d 561 (E.D. Pa. 2005) (originality means that the work was independently created by the author, and “that it possesses at least some minimal degree of creativity”). “To be sure, the requisite level of creativity is extremely low; even a slight amount will suffice. The vast majority of works make the grade quite easily, as they possess some creative spark, ‘no matter how crude, humble or obvious’ it might be. Originality does not signify novelty; a work may be original even though it closely resembles other works so long as the similarity is fortuitous, not the result of copying.” *Harper & Row*, 471 U.S. at 547-49. Because Mr. Harris framed the questions, which were not themselves copied or inspired from any historical or third party sources, they form a part of the original work of Mr. Harris, and hence, they are protected under the Copyrights Act. Once

Plaintiffs show that his work is original, the burden then shifts to the defendant to “prove the invalidity of the [Plaintiffs’] copyrights.” *Masquerade Novelty, Inc. v. Unique Indus., Inc.*, 912 F.2d 663, 668-69 (3d Cir. 1990).

Next, Defendants attempt to make a bold conclusion in their brief: “they state that even assuming *arguendo* that Defendants copied some of Plaintiffs’ materials verbatim from the booklet, it is subject to the ‘fair use’ doctrine”. Defendants cite *Harper & Row Publishers, Inc. v. Nation Enterprises*, 471 U.S. 539, 548 (1985), in support of their contention that even if Ms. Winfrey copied from the booklet, she hasn’t infringed any copyright, as she is protected by the traditional privilege of third parties to make a ‘fair use’ of Plaintiffs copyrighted material. “The judicially created ‘fair use’ defense is codified at § 107 of the Copyright Act, and permits a ‘fair use of a copyrighted work.’ A garden-variety fair use is one made ‘for purposes such as criticism, comment, news reporting, teaching ..., scholarship, or research.’ A claim of ‘fair use’ is an affirmative defense for which the alleged infringer bears the burden of proof.” *FMC Corp.*, 369 F. Supp. 2d at 578 (E.D. Pa. 2005). [Internal citations omitted]. However, Defendants merely state that the use could be subject to fair use, but provide no justification as to how the use is subjected to the fair use. Accordingly, it is Defendants burden to establish that they were protected by the ‘fair use’ doctrine if they even assume for arguments sake that Ms. Winfrey copied questions from Mr. Harris’ booklet.

Moreover, most of the attacks made by Defendants in their motion are reserved for either a motion to dismiss or for a motion for summary judgment. Even if Plaintiffs were to withstand a motion to dismiss, they would only be required to allege “(1) which specific original works are the subject of the copyright claim; (2) that the plaintiff owns the copyrights in those works; (3) that the works in question have been registered with the U.S. Copyright Office in accordance

with the copyright statute; (4) by what acts and during what time the defendant infringed the copyright.” *Vanguard Group*, No. 04-cv-4126, 2006 U.S. Dist. LEXIS 17935 at \*12 (E.D. Pa. Apr. 7, 2006). In the event that Plaintiffs were responding to a motion to dismiss, Plaintiffs would still have succeeded because they have alleged all the four elements, the first three are undisputed, and the fourth element has been discussed above as to how Defendants infringed the copyright. *Richelson v. Yost*, No. 10-1342, 2010 WL 3563108, \*9 (E.D. Pa. Sept. 9, 2010) (finding that a motion for sanctions should therefore not be granted if there “are grey areas” as to avoid penalizing a “confused but cautious litigant”); *See Teamsters Local Union No. 430 v. Cement Express, Inc.*, 841 F.2d 66, 68 (3d Cir.1988) (noting that sanctions are generally imposed only when filing the complaint constituted abusive litigation or misuse of the court's process).

Moreover, Defendants’ motion is premature because the record has not been developed in this case for the Court to even determine if Plaintiffs’ complaint is frivolous as Defendants claim.

In *TEGG Corp.*, No. 08-435, 2008 WL 5216169, at \*4 (W.D. Pa. Dec. 10, 2008), a copyright infringement action, the district court found that:

“as this action has not progressed beyond the pleading stage, the record has not been developed and the court merely has the allegations in the complaints and the affidavits submitted by the parties to review. The Court has reviewed the initial Complaint, the Verified Amended Complaint, the Second Amended Complaint, and the facts alleged therein. Beckstrom’s contention that all of Plaintiff’s claims lack evidentiary support or merit revolve around pleading deficiencies such as failure to plead proper registration of copyrights or purposeful action on the part of Beckstrom to harm Plaintiff’s alleged relations with its franchisees. This Court will not impose the harsh penalty of sanctions on the basis of pleading deficiencies, alone. Further, Defendant fails to demonstrate that Plaintiff has otherwise abused the litigation process by filing its complaints and motions for preliminary injunction.”

As Plaintiffs have established that they have conducted sufficient inquiry in law, before bringing this action, Defendants’ Rule 11 motion for sanction must be dismissed.

**C. Plaintiffs Have Made A Reasonable Inquiry Into Facts.**



“It is within the Court’s discretion in determining if a party did not sufficiently investigate the facts of the case and if a party did not properly research the applicable law prior to filing suit. *LaFarge Corp. v. No. 1 Contracting Corp.*, No. 3:CV-06-2315, 2008 WL 2120518, at \* (M.D. Pa. May 19, 2008); *Zuk*, 103 F.3d at 299 (3d Cir.1996). Rule 11(b)(3) provides flexibility which allows pleadings based on evidence reasonably anticipated after further investigation or discovery. *Rotella v. Wood*, 528 U.S. 549 (2000). The Court applies an objective standard when considering Rule 11 sanctions and must determine whether a reasonable attorney would have believed the pleading was well-founded according to what a reasonable attorney at that time would have known. *LaFarge Corp.*, No. 3:CV-06-2315, 2008 WL 2120518, at \* (M.D. Pa. May 19, 2008). An attorney may be subject to sanctions for failure to conduct a reasonable inquiry if support does not objectively exist for the complaint. *In re Keegan Management Co., Secs. Litigation*, 78 F.3d 431, 434 (9th Cir.1996). Thus, the standard of objective reasonableness under the circumstances applies in determining if a party should be sanctioned.

Here, Plaintiffs had a reasonable belief that Defendants had infringed their copyrights unlike what Defendants claim in their motion for sanction. On February 16, 2009, Mr. Harris was watching the Oprah Winfrey Show when Ms. Winfrey read out loud some of the questions from his booklet “How America Elects Her Presidents.” Mr. Harris did not have access to the show’s transcripts then. Unlike Defendants’ claim that “[h]ad Plaintiffs viewed the publicly available transcript, they would have discovered that Ms. Winfrey’s questions were not copied ‘verbatim as in the booklet,’ her questions were not ‘the exact same questions’ nor was ‘the language and structure of the questions...exactly the same’ as the copyrighted material, as they allege nor were they substantially similar to *any* copyrightable material.<sup>4</sup>” Defendants have entirely missed the point. As explained above, to establish a copyright infringement, all that

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<sup>4</sup> (CITE Rule 11 Motion pp 9).

Plaintiffs have to show is that Mr. Harris' booklet was original, and that Ms. Winfrey copied and used the questions from the booklet in her show; they need not be exactly similar. There is seldom direct evidence of copying of copyrighted material and proof is ordinarily directed to showing that person or persons who compose particular work had access to copyrighted work and that allegedly infringing work is substantially similar to copyrighted piece. 17 U.S.C.A. § 101 et seq. *Testa v. Janssen*, 492 F.Supp. 198 W.D.Pa.,1980. Further, it is well established that "as direct proof of the second element, copying, is rarely available, courts permit circumstantial and inferential proof of copying, through a showing that: (1) The defendant had access to the protected works; and (2) That the two works are 'substantially similar'. *Bright v. Friendenberg*, 1999 WL 89716, 1 (1999) (quoting *Ford Motor Co. v. Summit Motor Prods., Inc.*, 930 F.2d 277, 291 (3d Cir.), cert. denied, 502 U.S. 939 (1991). "Substantial similarity is determined by a comparison of the works." *CSM Investors, Inc. v. Everest Development, Ltd.*, 840 F.Supp. 1304, 1311 (D. Minn. 1994). The fact, that Plaintiffs had sent the Defendants 10 copies of the booklets for consideration of their offer, bolstered Plaintiffs' fear that Defendants had easy access to the content of the booklet to copy the questions from the booklet and use them for the show constituting infringement of the work. Moreover, had Defendants conducted a reasonable inquiry in law and facts, as stated above, they would have realized that Plaintiffs had sufficiently alleged that the contents of the booklet "How America Elects Her Presidents" were not only copyrightable, they were also infringed by Ms. Winfrey's use of those questions in her show.<sup>5</sup>

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<sup>5</sup> Plaintiffs submit that when Mr. Harris watched the Oprah Winfrey show on February 16, 2009, he found that some of the questions that Ms. Winfrey used were from his booklet. When he went to the website to obtain the transcript, it was not available. However, some weeks later, he went back on to the site and found the transcript. Mr. Harris believed that transcript has been altered and not an accurate recollection as to what he heard and saw. Moreover, he used all of his resources to try to obtain the video tape of that show, but he could not obtain it. So, based on information and belief of what Mr. Harris informed him, the attorney representing Mr. Harris thought it best to subpoena the actual video tape during discovery. However, after discovery, Plaintiffs can establish that Ms. Winfrey had in fact, used some of the questions from the booklet.

In *Zuk*, 103 F.3d 294 (3d Cir.1996), a case, which has been heavily relied upon by Defendants, can be distinguished from the instant case based only on the grounds of development of record. In *Zuk*, the plaintiff, a psychologist, had an EPPU technician film, two of Dr. Zuk's family therapy sessions. As academic demand for the films developed; Zuk had EPPI duplicate the films and made them available for rental through their library. Zuk subsequently wrote a book which, among other things, contained transcripts of the therapy sessions. He registered the book in 1975 with the United States Copyright Office. Upon change in its ownership EPPI furloughed Zuk. He thereupon requested that all copies of the films be returned to him; EPPI ignored the request. EPPI continued to rent out the films for at least some time thereafter. 15 years later, on behalf of Zuk, the appellant filed the suit alleging that EPPI was renting out the films and thereby infringed his copyright. The defendant moved to dismiss the complaint, and while the motion was pending, issued a notice to move for sanctions under Rule 11(c)(1)(A) on grounds essentially that appellant had failed to conduct an inquiry into the facts reasonable under the circumstances into the law. The district court first entered an order granting the motion to dismiss, and then found that the copyright of the book afforded no protection to the films, and that Zuk's claims were barred by the statute of limitations. The defendant then filed a motion for attorney's fees, and subsequently filed a Rule 11 motion for sanctions. The district court granted the defendant's motion without assigning reasons. The Third Circuit affirmed the grant of sanctions but remanded the case to the district court to assign reasons as to why it awarded monetary sanctions.

However, in the case at bar, whether Ms. Winfrey infringed the copyright or not can be uncovered only during discovery.<sup>6</sup> Aside from Defendants assertions, there is no evidence to

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<sup>6</sup> For example, in *Association of Minority Contractors & Suppliers v. Halliday Properties, Inc.*, No. 97-274,

suggest that Plaintiffs brought this action for an improper purpose, and “such a showing is an important consideration in determining whether to award sanctions.” *Zion v. Nassan*, No. 09-383, 2010 WL 2926218, at \*24 (W.D. Pa. July 23, 2010); *See Rosenberg v. JCA Assocs., Inc.*, No. 03-0274, 2007 WL 1038893, at \*19 (D.N.J. Mar. 30, 2007) (noting a party’s “motivation for bringing [the] lawsuit is an important element in determining whether to award attorney’s fees and sanctions,” and denying a motion for sanctions since there was no evidence that the action was brought for improper purposes); *Goodman v. Goodman*, No. 04-3869, 2007 WL 748445, at \*2 (D.N.J. Mar. 6, 2007) (“Before it can impose sanctions, this Court must find that the amended complaint was not objectively reasonable or was filed for an improper purpose”). In light of the foregoing, the court must deny Defendants’ motion to enforce sanctions.

#### **D. Preemption: Not A Ground For Sanction**

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1998 WL 480835, at \*6 (E.D.Pa. Aug. 13, 1998), the plaintiff brought antitrust claims against the defendants, alleging the defendants were part of a conspiracy to prevent the plaintiff from obtaining bonding that was necessary for the plaintiff to be awarded a construction contract. The plaintiff’s claims involved issues of fact surrounding the activities at meetings the defendants had with alleged co-conspirators, and the details of those meetings were unknown to the plaintiffs at the time of the filing of the amended complaint. Discovery revealed that the defendants’ actions were not in violation of the antitrust laws. The court stated that “[w]hile Defendants believe that discovery did not develop those facts in [the plaintiff’s] favor, it does not necessarily result in an imposition of Rule 11 sanctions,” especially in a case that required significant discovery regarding specific communications at the meetings. *Id.* The court was more troubled by the plaintiff’s use of “pleading techniques, including the use of the term ‘co-conspirators’ in the Amended Complaint instead of revealing the identity of those individuals, to avoid a motion to dismiss.” *Id.* Despite this, the court held that sanctions were not appropriate. Many facts depended on information that could only be uncovered during discovery;

“In some cases, [the plaintiff’s pleading] techniques could lead to the imposition of sanctions. The court recognizes that [the plaintiff’s] counsel’s drafting of the Amended Complaint *comes close to crossing the line between stating the facts in the client’s favor and omitting key facts*. However, the court again recognizes that in this case, many of the crucial facts, including the identity of all of the individuals involved, were likely unknown to [the plaintiff] and depended solely on information known only to the participants in the alleged conspiracy which could only be found through the discovery process. The broad discovery rules permitted in the federal court system serves, in part, to allow plaintiffs to develop such unknown factual issues and to allow defendants to uncover the details which are inevitably lacking in a complaint under the notice pleading system.”

Although the notice pleading system arguably has been affected by the *Iqbal* decision, the discovery rules have been not been significantly altered since the *Association of Minority Contractors & Suppliers* decision. The principles behind the discovery process set forth in *Association of Minority Contractors & Suppliers* still apply today. This case is similar to *Association of Minority Contractors & Suppliers* in that discovery is necessary to refine the facts. At this juncture, given the matters not disputed by Nassan, the court cannot conclude the plaintiffs’ characterization of the facts is unreasonable. As already analyzed in the context of the motions to dismiss the amended complaint, plaintiff is not obligated to plead facts that support defendants’ qualified immunity arguments.”

Preemption is an affirmative defense, which must be pleaded under Fed. R. Civ. P 8(c). *Kenepp v. American Edwards Laboratories*, 859 F.Supp. 809, 815 (E.D. Pa. 1994). Even otherwise, there are conflicting authorities over whether state law claims are preempted by Copyrights Act. In *TEGG Corp.*, No. 08-435, 2008 WL 5216169, at \*5 (W.D. Pa. Dec. 10, 2008), also a copyright action, where defendants sought for sanctions, the court held that:

“As to Plaintiff’s state law claims, Plaintiff has demonstrated a sufficient inquiry into the law by presenting to the Court a split in or lack of authority as to whether each cause of action was preempted by the Copyright Act. *See* FED.R.CIV.P. 11, Notes of the Advisory Committee on Rules, 1993 Amendments. (“[T]he extent to which a litigant has researched the issues and found some support for its theories even in minority opinions, in law review articles, or through consultation with other attorneys should certainly be taken into account in determining whether paragraph (2) has been violated.”).

To support its contention that its tortious interference claim should not be preempted, Plaintiff cited to a case which held that the plaintiff’s tortious interference claim was not preempted by the Copyright Act because it involved a contractual obligation to pay the plaintiff. *Cassaway v. Chelsea Historic Props. I, L.P.*, Civ. A. No. 92-4124, 1993 WL 64633 (E.D.Pa. March 4, 1993). For its civil conspiracy claim, Plaintiff highlighted a split in authority and argued this Court should apply the holding in the case of *Sullivan Assocs., Inc. v. Dellot, Inc.*, Civ. A. No. 97-5457, 1997 U.S. Dist. LEXIS 20043, at \*16-17, 1997 WL 778976 (E.D.Pa. Dec.16, 1997), which held that the plaintiff’s civil conspiracy claim was not preempted by the Copyright Act because it contained an “extra element.”

In the Third Circuit, the question of whether §§ 101, *et seq* of the Copyright Act preempt state law claims turns on the application of the “functional test” to determine equivalence. *Dun & Bradstreet Software Servs., Inc. v. Grace Consulting, Inc.*, 307 F.3d 197, 217 (3d Cir. 2002). “[I]f a state cause of action requires an extra element, beyond mere copying, preparation of the derivative works, performance, distribution or display, then the state cause of action is qualitatively different from, and not subsumed within, a copyright infringement claim and federal law will not preempt the state action.” *Id.*

The Defendants were in receipt of Plaintiffs’ booklets and they converted the contents of

Plaintiffs' copyrighted work by virtue of unauthorized appropriation thereof and incorporated the same in their show and therefore the tortious conversion claim has an extra element. The tort of conversion relates to interference with tangible rather than intangible property. *Peirson v. Clemens, Inc.*, No. Civ. A. 03-1145 JJF, 2005 WL 681309, at \*3 (D. Del. Mar. 23, 2005); *Stenograph, L.L.C. v. Sims*, No. Civ. A. 99-5354, 2000 WL 964748, at \*3 (E.D. Pa. Jul. 12, 2000). Importantly, "nothing in section 301 [of the Copyright Act] precludes the owner of the physical embodiment of a copyrighted work from enforcing a claim for conversion against a party who takes possession of the physical embodiment without permission." *Peirson*, 2005 WL 681309, at \*3. *See Stenograph, L.L.C. v. Sims*, No. Civ. A. 99-5354, 2000 WL 964748, at 3 (E.D. Pa., 2000). (Granting summary judgment on claims for copyright infringement and conversion).

Also, Plaintiffs' claim of unjust enrichment has extra elements of "possession and control" which falls outside the subject matter of copyright law. Federal copyright protection extends to "original works of authorship fixed in any tangible medium of expression . . . ." 17 U.S.C. § 102(a). Thus, the only portion of Plaintiffs' unjust enrichment claim that arguably falls within the subject matter of copyright law is that relating to Defendant's improper use of Plaintiffs' copyrighted work for the show. Federal copyright law does not protect the "unauthorized possession and control" of Plaintiffs' copyrighted work. *See also, Hustlers Inc. v. Thomasson*, 253 F. Supp. 2d at 1293, N.D.Ga., 2002 ("As mere violation of the exclusive rights of section 106 does not constitute unjust enrichment alone, Plaintiff's claim is not preempted."); *Weigel Broadcasting Co. v. Topel*, No. 83 C 7921, 1985 WL 2360, at 5 (N.D. Ill. Aug. 21, 1985) ("An action for unjust enrichment is not the equivalent of the exclusive rights protected by the Copyright Act.").

Thus, it emanates from the above that the Plaintiffs' state law claims are not preempted

by the Federal Copyright law as claimed by Defendants. Even assuming *arguendo*, that they are preempted, they must be asserted in a motion for summary judgment or motion to dismiss, and not in a motion for sanction as preemption is not a ground for sanction.

Accordingly, Defendants' motion for sanction must be dismissed in its entirety.

### CONCLUSION

Defendants could not point to any improper purpose or lack of legal or factual basis in support of its request for Rule 11 sanctions. Foregoing arguments and specificity of Plaintiffs' Complaint are the best evidence of the reasonable investigation into the law and facts undertaken by Plaintiffs and counsel before initiating this litigation. In fact, Defendants have violated Rule 11(b)(1) in presenting a meritless Rule 11 motion for sanctions that is intended to harass Plaintiffs, unnecessarily delay this case, and/or needlessly increase the cost of litigation. Accordingly, Plaintiffs respectfully pray that the Defendants' motion under Fed. R. Civ. P. 11 must be dismissed, and Plaintiffs be awarded attorneys fees and expenses and for such other relief to which they may justly be entitled.

Respectfully submitted,

By: 

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UNITED STATES DISTRICT COURT

EASTERN DISTRICT OF PENNSYLVANIA

CHARLES HARRIS, as an individual and UNIQUE PRODUCTS AND SERVICES, a Pennsylvania Corporation

Plaintiffs,

vs.

OPRAH WINFREY, as an individual, and THE OPRAH WINFREY SHOW d/b/a HARPO PRODUCTIONS INC., an Illinois corporation.

Defendants.

: No.

: COMPLAINT FOR EQUITABLE RELIEF AND DAMAGES

: Jury Trial Requested

FILED

DEC 23 2010

MICHAEL E. KUNZ, Clerk By [Signature] Dep. Clerk

Affidavit

I, Charles Harris as an individual and Unique Products and Services attest on information and belief, that all of the facts in the Answer to the Rule 11 Motion for Sanctions is true under penalty of perjury.

[Signature] Charles Harris