IN THE UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF WISCONSIN

Brownmark Films, LLC

Plaintiff,

v. Case No. 10-CV-1013

Comedy Partners,
MTV Networks,
Paramount Home Entertainment, Inc.,
South Park Digital Studios LLC, and
Viacom International, Inc.,

Defendants.

PLAINTIFF'S RESPONSE TO DEFENDANT'S MOTION TO DISMISS

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INTRODUCTION

Now comes Plaintiff, through its attorneys Caz McChrystal and Ryan Kromholz & Manion, S.C., to respond to Defendants' Motion to Dismiss (Dkt. No. 8, Memo at Dkt. No. 9), purportedly based on Federal Rule of Civil Procedure 12(b)(6). For the following reasons, this Court should deny Defendants' motion.

To survive a motion to dismiss, a complaint need only contain sufficient factual matter, accepted as true, to state a claim to relief that is plausible on its face. *Ashcroft v. Iqbal*, 129 S. Ct. 1937, 1949 (2009) (internal quotations omitted). "A claim has facial plausibility when the plaintiff pleads factual content that allows the court to draw the reasonable inference that the defendant is liable for the misconduct alleged." *Id.* When evaluating the sufficiency of a complaint, a court must construe it in the light most favorable to the nonmoving party, must accept well-pleaded facts as true, and must draw all inferences in the nonmoving party's favor. *Reger Dev., LLC v. Nat'l City Bank*, 592 F.3d 759, 763 (7th Cir. 2010). In addressing a motion to dismiss under Rule 12(b)(6), it is not the role of a court to determine if a plaintiff will ultimately be successful with its claim. *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 556 (2006) (citing *Scheuer v. Rhodes*, 416 U.S. 232, 236 (1974)).

I. This Court Should Deny Defendants' Motion to Dismiss Because Plaintiff Has Standing to Sue

Plaintiff has standing to prosecute its copyright infringement claims against the Defendants. Robert T. Ciraldo and Andrew T. Swant, original co-claimants in the copyright in the WWITB music video, assigned their entire ownership interests in the copyright to Plaintiff on July 30, 2008 pursuant to section 201(d)(1) of the U.S. Copyright Act. (Amended Compl., Dkt. No. 6, ¶¶ 12-13.) Such a transfer by one or more co-owners is entirely permissible. *See* 17 U.S.C. § 201(d)(1) (2009); *see also* 1 Melville B. Nimmer & David Nimmer, *Nimmer on Copyright* § 6.11 (2004). Therefore, Plaintiff is a co-owner of the copyright in the WWITB music video, and, as this very Court noted

just over a year ago, "[c]o-owners may sue for copyright infringement independently." *Edgenet, Inc. v. GS1 AIBSL*, 2010 U.S. Dist. LEXIS 482 *14 (E.D. Wis., Jan. 5, 2010) (Stadtmueller, J.) (citation omitted). In reaching its decision, this Court followed the long-held precedent of the Second Circuit. *Davis v. Blige*, 505 F.3d 90, 99 (2d Cir. 2007) (stating "The right to prosecute an accrued cause of action for [copyright] infringement . . . is a right that may be exercised independently of co-owners; a joint owner is not required to join his other co-owners in an action for infringement.") (internal citations omitted); *see also Edward Marks Music Corp. v. Jerry Vogel Music Co.*, 140 F.2d 268, 269 (2d Cir. 1944) *and Copyright.net Music Publ'g LLC v. MP3.com*, 256 F. Supp. 2d 214, 218 (S.D.N.Y. 2003).

Defendants' contention that Plaintiff is a mere nonexclusive licensee, and thus lacks standing to sue, has no basis in fact or law. To advance their argument, Defendants cite only a single case, *Sybersound Records, Inc. v. UAV Corporation*, 517 F.3d 1137 (9th Cir. 2008). (Dkt. No. 9 at 9.) *Sybersound* was primarily a case regarding trademark law. *See* 517 F.3d 1137. Any purported holding in that case regarding copyright, however, has not been adopted in the Seventh Circuit, or any other circuit outside of the Ninth, and is inapplicable to the facts of this case. The plaintiff in *Sybersound Records* was not a copyright co-owner, but merely a licensee of a *divisible* interest.[1] 517 F.3d at 1145.

The present case is entirely different. Ciraldo and Swant transferred their entire, *undivided* ownership interests in the copyright in WWITB to Plaintiff. (Amended Compl., Dkt. No. 6, ¶¶ 12-13.) Such transfer rendered Plaintiff a co-owner in the copyright. *See* 17 U.S.C. 201(d)(1). Were this Court to extend the application of *Sybersound Records* to the present case, it would require a holding–contrary to statutory authority provided by section 201(d)(1)–that co-ownership in a copyright

[1] The divisible interest in that case was a further subdivision of the exclusive right to prepare derivative works. *See* 517 F.3d at 1142. The subdivided right at issue was the right to prepare derivative works for the purposes of producing karaoke recordings only. *Id.*

cannot be transferred in any way, shape, or form. Such a view finds no support in the law, and, in fact, clearly departs from it.

For the foregoing reasons, this Court should deny Defendants' Motion to Dismiss.

II. This Court Should Deny Defendants' Motion to Dismiss Because it is Improperly Based on the Affirmative Defense of Fair Use

This Court should deny Defendants' Motion to Dismiss because it is merely an attempt to avoid answering the allegations of Plaintiff's Complaint. A valid copyright infringement claim includes "two elements: '(1) ownership of a valid copyright, and (2) copying of constituent elements of the work that are original.'" *Janky v. Lake County Convention & Visitors Bureau*, 576 F.3d 356, 361 (7th Cir. 2009) (quoting *Feist Publ'ns, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340, 361 (1991)). Plaintiff's Complaint includes valid copyright infringement claims. (Dkt. No. 6 at 3-10.) Indeed, Defendants have not challenged the sufficiency of the allegations pleaded in Plaintiff's Complaint. (*See* Dkt. No. 9.)

In the Seventh Circuit, a motion to dismiss is improper to the extent that it is based on an affirmative defense. *Deckard v. Gen. Motors Corp.*, 307 F.3d 556, 560 (7th Cir. 2002) (citing *Gomez v. Toledo*, 446 U.S. 635, 639-41 (1980)). Instead, an affirmative defense must be pleaded, Fed. R. Civ. P. 8(c), because "the existence of a defense does not undercut the adequacy of the claim," *Deckard* at 560. In fact, "[o]rders under Rule 12(b)(6) are not appropriate responses to the invocation of defenses, for plaintiffs need not anticipate and attempt to plead around all potential defenses. Complaints need not contain *any* information about defenses and may not be dismissed for that omission." *Xechem, Inc. v. Bristol-Myers Squibb Co.*, 372 F.3d 899, 901 (7th Cir. 2004) (emphasis in original) (citing *Gomez v. Toledo*, 446 U.S. 635 (1980).)

In this case, Defendants state, without pleading and in a motion filed under Rule 12(b)(6), an affirmative defense of parody as a fair use of Plaintiff's copyrighted material. (*Id.* at 16-21.) Fair use

is an affirmative defense to a claim of copyright infringement, *Harper & Row, Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 561 (1985) (cited in *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 590, n.20 (1994)). Because an affirmative defense does not undercut the adequacy of the claim pleaded by Plaintiff, Defendant's Motion to Dismiss is improper and should be denied.

Defendants fail to provide any legal basis related to the propriety of stating an unpleaded affirmative defense in a motion to dismiss. Defendants mistakenly rely upon *Leadsinger* for support. (*See* Dkt. No. 9 at 8, citing *Leadsinger, Inc. v. BMG Music Publ'g*, 512 F.3d 522, 530 (9th Cir. 2008).) Indeed, Defendants go so far as to misrepresent *Leadsinger*. *Compare* Dkt. No. 9 at 8 *with Leadsinger, Inc.*, 512 F.3d at 525. Partially quoting from *Leadsinger* in their motion, Defendants purport that "a *defendant's* 'assertion of fair use may be considered on a motion to dismiss….'" (Dkt. No. 9 at 8 (emphasis added).) However, *Leadsinger* did not involve a *defendant's* assertion of fair use. *Leadsinger* at 525. Rather, *Leadsinger* involved a declaratory judgment *plaintiff's* assertion of fair use, which was pleaded in its complaint. *Id.* Indeed, the court in *Leadsinger* even characterized as "unusual" the resolution of the fair use question on a motion to dismiss. *Id.* at 530. But such resolution was proper in that case because the declaratory judgment plaintiff pleaded fair use through allegations in its complaint, *id.*; thus, because fair use was pleaded, the district court in *Leadsinger* was required to consider it in addressing the motion to dismiss, *see id.*; *accord Ashcroft v. Iqbal*, 129 S.Ct. 1937, 1949 (analyzing complaint for sufficiency).

Thus, there are clear and significant procedural differences between *Leadsinger* and the case at bar. In this case, contrary to the requirements of Rule 8(c), and unlike the declaratory judgment *plaintiff* in *Leadsinger*, Defendants have not pleaded an affirmative defense of fair use upon which they attempt to rely in their Motion to Dismiss. (*See* Dkt. No. 9.)

Because a motion to dismiss under Rule 12(b)(6) may not be based on an affirmative defense, and because Defendants' motion is based on fair use, which is an affirmative defense to Plaintiff's properly pleaded copyright claim, this Court should deny Defendants' Motion to Dismiss.

CONCLUSION

In sum, Defendants have attempted to evade answering for their conduct, and instead have relied upon a hollow assertion related to standing and a premature, unpleaded assertion of an affirmative defense. This Court should deny Defendants' Motion to Dismiss by holding, as it has previously, that copyright co-owners have standing individually to pursue copyright infringement claims. Further, this Court should deny Defendants' Motion to Dismiss by upholding and enforcing the Federal Rules of Civil Procedure, namely rule 8(c), by requiring Defendants to answer for their conduct and affirmatively plead any affirmative defense, as is required in this Circuit.

Respectfully submitted,

Date: 15 March 2011

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