

UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF WISCONSIN

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BROWNMARK FILMS, LLC,

Plaintiff,

v.

Case No. 2:10-cv-01013-JPS

COMEDY PARTNERS, MTV  
NETWORKS, PARAMOUNT  
PICTURES CORPORATION, SOUTH  
PARK DIGITAL STUDIOS LLC, and  
VIACOM INTERNATIONAL INC.,

Defendants.

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**BROWMARK FILMS, LLC, Plaintiff, v. COMEDY PARTNERS, MTV NETWORKS, PARAMOUNT HOME ENTERTAINMENT, INC, SOUTH PARK DIGITAL STUDIOS LLC, and VIACOM INTERNATIONAL, INC., Defendants.**

**Case No. 10-CV-1013**

**UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF WISCONSIN**

*2011 U.S. Dist. LEXIS 72684*

**July 6, 2011, Decided**

**July 6, 2011, Filed**

**COUNSEL:** [\*1] For Brownmark Films LLC, Plaintiff: Garek K Galster, Joseph A Kromholz, Ryan Kromholz & Manion SC, Milwaukee, WI; Caz J McChrystal, Caz McChrystal Attorney at Law, Milwaukee, WI.

For Comedy Partners, MTV Networks, Paramount Pictures Corporation, South Park Digital Studios LLC, Viacom International Inc, Defendants: Alonzo Wickers, Jeffrey D Glasser, Davis Wright Tremaine LLP, Los Angeles, CA; James D Peterson, Jennifer L Gregor, Godfrey & Kahn SC, Madison, WI.

**JUDGES:** J.P. Stadtmueller, U.S. District Judge.

**OPINION BY:** J.P. Stadtmueller

**OPINION**

**ORDER**

Federal lawsuits seldom touch on such riveting subjects and regard so many colorful parties as the present matter. The plaintiff, Brownmark Films, LLC ("Brownmark"), is the purported co-owner of a copyright in a music video entitled "What What (In the Butt)" ("WWITB"), a nearly four minute ditty regarding the derrière of the singer of the underlying work. (Am. Compl. ¶¶ 11-13). The music video begins with an array

of bizarre imagery -- from a burning cross to a floating pink zeppelin -- and only gets stranger from there. The heart of the video features an adult African American male ensconced in a bright red, half-buttoned, silk shirt, dancing, grinning creepily at the camera, [\*2] and repeatedly singing the same cryptic phrases: "I said, what what, in the butt" and "you want to do it in my butt, in my butt." Meanwhile, the defendants are the entities involved in the production of "South Park," an animated sitcom that centers on the happenings of four foul-mouthed fourth graders in a small mountain town in Colorado. *Id.* ¶¶ 6-10. In the nearly fifteen years South Park has aired on Comedy Central, the four central characters have, amongst other adventures, battled space aliens, <sup>1</sup> hunted Osama Bin Ladin in the wake of 9/11 ala Elmer Fudd and Bugs Bunny, <sup>2</sup> and have, more recently, resolved the nation's economic woes by charging the nation's consumer debts on one of the character's credit card. <sup>3</sup>

<sup>1</sup> See *South Park: Cartman Gets an Anal Probe* (Comedy Central television broadcast Aug. 13, 1997).

<sup>2</sup> See *South Park: Osama bin Laden Has Farty Pants* (Comedy Central television broadcast Nov. 7, 2001).

<sup>3</sup> See *South Park: Margaritaville* (Comedy Central television broadcast March 25, 2009).

Brownmark and the makers of South Park find

themselves litigating against each other in federal court as a result of an April 2, 2008 episode of the television program. (Am. Compl. ¶ 14). Specifically, [\*3] Brownmark's amended complaint seeks damages and injunctive relief for copyright infringement under the Copyright Act, 17 U.S.C. § 101 et seq., against the defendants because of a South Park episode entitled "Canada on Strike." (Docket #6). In that episode, one of the characters -- the naive "Butters Stotch" -- is coaxed by his fellow classmates to record an internet video in the hopes of "making money on the Internet." The video -- which lasts for fifty eight seconds of the approximately twenty-five minute episode -- replicates parts of the WWITB video, with the nine-year old Butters singing the central lines of the original video, while dressed as a teddy bear, an astronaut, and even as a daisy. In the episode, Butters' video, much like the original WWITB video, goes "viral," with millions watching the clip. However, after their attempts to collect "internet money" prove fruitless, the South Park fourth graders learn that their video, much like other inane viral YouTube clips, have very little value to those who create the work.

For as remarkable and fascinating the parties and issues surrounding this litigation are, this order, which will resolve a pending motion to dismiss (Docket #8), [\*4] will be, by comparison, frankly quite dry. The central legal issues surrounding the motion to dismiss require that the court resolve several relatively tricky issues regarding copyright law and civil procedure, hardly the sort of subject that would create millions of fans, as the work of all of the parties before the court did. Nonetheless, while the court has a "tough job," "someone has to do it," and, "with shoulder to the wheel," this court "forge[s] on" to resolve the pending motion. *Janky v. Lake County Convention & Visitors Bureau*, 576 F.3d 356, 358 (7th Cir. 2009).

Before resolving the substance of the defendant's motion to dismiss, however, the court must discuss the procedural rules animating a *Fed. R. Civ. P. 12(b)(6)* motion. *Fed. R. Civ. P. 12(b)(6)* permits a defendant to assert a defense that the underlying complaint fails to state a claim upon which relief can be granted. To survive a 12(b)(6) motion to dismiss, the plaintiff's complaint must 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, 173 L. Ed. 2d 868 (2009) (quoting *Bell Atlantic Corp. v. Twombly*, 550 U.S. 544, 555-57, 127 S. Ct. 1955, 167 L.

*Ed. 2d 929 (2007)*) [\*5] (emphasis added). "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." *Iqbal*, 129 S. Ct. at 1949; see also *Swanson v. Citibank, N.A.*, 614 F.3d 400, 404-05 (7th Cir. 2010) ("[T]he plaintiff must give enough details about the subject-matter of the case to present a story that holds together . . . the court will ask itself *could* these things have happened, not *did* they happen."). More broadly, a district court must consider whether the plaintiff's allegations are "unrealistic or nonsensical," purely "speculative," or even "contradict other" allegations in deciding the ultimate question of whether a complaint has "enough substance to warrant putting the defendant through the expense of discovery." *Atkins v. City of Chicago*, 631 F.3d 823, 832 (7th Cir. 2011). With these principles in mind, the court proceeds to examine the defendants' arguments in order.

#### A. Standing

First, the defendants argue that Brownmark does not have standing to sue for copyright infringement. (Def.'s Br. at 1). The amended complaint indicates that Robert T. Ciraldo ("Ciraldo"), Andrew [\*6] T. Swant ("Swant"), and Sam Norman ("Norman") "created [the] original music video known as" WWITB. (Am. Compl. ¶ 11). Eventually, the three individuals registered the copyright in the video with the United States Copyright Office and secured a Certificate of Registration for the copyright. *Id.* ¶ 12. The amended complaint further states that Messrs. Ciraldo and Swant -- but not Mr. Norman -- "assigned their interest" in WWITB to Brownmark in 2008. *Id.* ¶ 13. Relying on the Ninth Circuit case of *Sybersound Records, Inc. v. UAV Corp.*, 517 F.3d 1137, the defendants contend that "unless all the other co-owners of the copyright joined in granting an exclusive right to" a party, all Brownmark obtained from Mr. Ciraldo and Mr. Swant was a non-exclusive license in WWITB, which is insufficient to obtain standing to sue for a copyright violation. (Def.'s Br. at 9-10) (citing *Sybersound Records*, 517 F.3d at 1145-46). The court, however, is unpersuaded by the defendants' first argument.

The determination of whether a party has standing to sue for copyright infringement is governed by *section 501(b)* of the Copyright Act. *Section 501(b)* provides, in relevant part, that "the legal or beneficial owner [\*7] of an exclusive right under a copyright is entitled . . . to

institute an action for any infringement of that particular right committed while he or she is the owner of it." 4 17 U.S.C. § 501(b). Put another way, those who have exclusive rights in a copyright have standing to sue for copyright infringement, whereas "a person holding a non-exclusive license is not entitled to complain about any alleged infringement of the copyright." *Hyperquest, Inc.* 632 F.3d at 382. As such, the issue for the court is whether Brownmark is the owner of an *exclusive* right provided by the copyright for WWITB. To resolve this issue, the court must take a step back and examine the rights afforded to joint authors of a copyrighted work.

4 In turn, the Copyright Act entitles a copyright owner to a bundle of six different exclusive rights, including the right to reproduce the copyrighted work and the right to prepare derivative works based on the copyrighted work. *Hyperquest, Inc. v. N'Site Solutions, Inc.*, 632 F.3d 377 (7th Cir. 2011) (quoting 17 U.S.C. § 106).

Under 17 U.S.C. § 201(a), the authors of a joint work are necessarily "co-owners of copyright in the work." The Seventh Circuit has interpreted this [\*8] language in the Copyright Act to afford "significant" benefits to a joint owner of a copyrighted work, in that each owner holds an "undivided interest in the work," allowing each owner to independently use and license the joint work, subject only to a duty to account to a co-author for any profits. See *Janky*, 576 F.3d at 361 (quoting *Erickson v. Trinity Theatre*, 13 F.3d 1061, 1068 (7th Cir. 1994)); see also *Seshadri v. Kasraian*, 130 F.3d 798, 801 (7th Cir. 1997). Indeed, "joint authors co-owning [a] copyright in a work 'are deemed to be tenants in common.'" *Community for Creative Non-Violence v. Reid*, 846 F.2d 1485, 1498, 270 U.S. App. D.C. 26 (D.C. Cir. 1988) (internal citations omitted) (Ginsburg, J.); see also 1-6 NIMMER ON COPYRIGHT § 6.09 ("[T]he relationship between such joint owners is said to be that of a tenancy-in-common"); GOLDSTEIN ON COPYRIGHT § 4.2.2 ("As co-owners under section 201(a) of the Copyright Act, coauthors are tenants in common of their copyright in the joint work.") Inherent in a tenancy in common is a breadth of rights for each co-tenant, including the right to "unilaterally alienate their shares through sale or gift," *United States v. Craft*, 535 U.S. 274, 280, 122 S. Ct. 1414, 152 L. Ed. 2d 437 (2002) (describing [\*9] generally the English common law concept of the tenancy in common), to another who will step into the shoes of the original co-tenant. See WILLIAM B. STOEBUCK AND DALE A. W

HITMAN, THE LAW OF PROPERTY § 5.2 (3d ed. 2000) ("Since the interest of a tenant in common is alienable . . . a tenant in common may, without the consent of his cotenants transfer his interest .") Moreover, tenants in common "have many other rights in the property, including the right to use the property, to exclude from third parties from it, and to receive a portion of any income produced from it." *Craft*, 535 U.S. at 280. Given this concept of the rights of a co-owner of a copyright, it is of little wonder that the Seventh Circuit concluded that being a co-owner of a copyright has "significant" benefits. *Janky*, 576 F.3d at 361; see generally GOLDSTEIN ON COPYRIGHT § 4.2.2 ("Courts deciding disputes between copyright co-owners have generally looked for analogies to the law governing real property tenancies in common.")

However, the Ninth Circuit in *Sybersound Records* did not view the rights of a co-owner of a copyright in such a broad manner. Specifically, the *Sybersound Records* court held that the only means by which [\*10] a third party can obtain an exclusive license in a copyright of a jointly-authored work is to have "all" of the co-owners grant such a license. 517 F.3d at 1146. Moreover, according to the Ninth Circuit, a co-owner of a copyright cannot unilaterally alienate their share of the intellectual property and instead can "only grant a nonexclusive license" to a third party. *Id.* The *Sybersound Records* court provides two rationales for the rather bold limit on a co-owner of a copyright's ability to transfer their property interest. First, the Ninth Circuit contends that if a co-owner were able to independently grant exclusive rights in a copyright, such an act would risk "limit[ing] the other co-owners' independent rights to exploit the copyright." *Id.* However, this rationale makes little sense. Granting even a non-exclusive license -- an act which no one contends a co-owner of copyright cannot unilaterally undertake -- has the potential to limit the utility of the underlying copyright. At the most extreme, a co-owner of a copyright could grant non-exclusive licenses to the entire world to reproduce or prepare derivatives of the underlying work, rendering the underlying copyright useless. The [\*11] other co-owners would have the right to an accounting from the co-owner who granted the slew of non-exclusive licenses, *Seshadri*, 130 F.3d at 801, but no one can credibly argue that the risk of limiting the other co-owner's rights can be used to artificially restrict the alienability of the co-owner's right to transfer their interest in the copyright. To accept the Ninth Circuit's argument would undermine a basic tenet

underlying the Copyright Act that the ownership of a copyright is freely transferable, 17 U.S.C. § 201(d)(1), and would stand in sharp contrast to the nature of the rights of a co-owner of a copyright as endorsed by the Seventh Circuit. *Janky*, 576 F.3d at 361.

Second, the Ninth Circuit premised its decision in *Sybersound Records* on a rather narrow definition of exclusivity in the context of a jointly-owned copyright. Specifically, the Ninth Circuit reasoned that, because the other co-owners could use the copyright in question even after the assignment of the right by one co-owner to a third party, the assignment was by definition non-exclusive. 517 F.3d at 1146 ("Since TVT's assignment was admittedly non-exclusive, TVT succeeded only in transferring what it could under [\*12] 17 U.S.C. § 201(d), a non-exclusive license.") The *Sybersound* Court, however, presumed, without any basis in the law, that a co-owner of a copyright has only non-exclusive rights, preventing a co-owner from granting exclusive rights to a third party. Perhaps calling a unilateral grant by one co-owner to a third party "exclusive" involves a play on words that does not comport with our typical view of word "exclusive" in other contexts, see, e.g., *I.A.E., Inc. v. Shaver*, 74 F.3d 768, 775 (7th Cir. 1996) ("In an exclusive license, the copyright holder permits the licensee to use the protected material for a specific use and further promises that the same permission will not be given to others"), but worshipping at the altar of linguistic consistency would render a co-owner, whose interests in the copyright inherently are not limited to him or herself, all but powerless to prevent infringement of that copyright. More broadly, adopting the Ninth Circuit's reasoning would mean that a co-owner of a copyright can never effectively transfer a partial interest in a copyright. It is for these reasons that the *Sybersound Records* court's holding has been widely lampooned in several respected treatises. [\*13] See 1-6 *NIMMER ON COPYRIGHT* § 6.10[A][2][d] ("[A] grant . . . that characterizes itself as exclusive, should be treated as such . . . [t]he contrary conclusion in *Sybersound* threatens to vitiate enforcement in general of joint works"); WILLIAM F. PATRY, *PATRY ON COPYRIGHT* § 5:103 ("The *Sybersound* court . . . [has] made co-owners agunot, to each other until a Get, is obtained or a Bet Din, steps in and settles the matter . . . [t]his isn't what Congress intended.")

In sum, while the *Sybersound Records* decision is most definitely authoritative, it is far from persuasive.

Instead, this court agrees that "[t]he determination of whether a grant is exclusive or non-exclusive depends on the grant." 1-6 *NIMMER ON COPYRIGHT* § 6.10[A][2][d]; see also PATRY ON COPYRIGHT § 5:103 ("[Congress] intended that co-owners be able to grant nonexclusive licenses without the others' permission and that they be able to transfer their proportional share in the whole without the others' permission, in which case the transferee would indeed stand in the shoes of the transferor.") Here, accepting the allegations in the complaint as true, Messrs. Ciraldo and Swaint's grant of their interest in WWITB was a complete [\*14] assignment of rights to Brownmark (Am. Compl. ¶ 13), and, accordingly, Brownmark has standing to sue for infringement of the underlying copyright. *Hyperquest, Inc.* 632 F.3d at 382. The court proceeds to examine the defendants' second argument for dismissing the amended complaint.

#### B. Fair Use

In the alternative, the defendants argue that Brownmark's copyright infringement claims are barred by the fair-use doctrine as codified at 17 U.S.C. § 107. (Def.'s Br. at 2). In support of their fair-use defense argument, the defendants have submitted video of the original WWITB video and the South Park episode "Canada on Strike." (Docket #10). Ordinarily, courts may not rely upon materials outside of the pleadings when considering a motion to dismiss under *Fed. R. Civ. P. 12(b)(6)* without converting the motion to one for summary judgment. *Fed. R. Civ. P. 12(d)*. There is an exception to this general rule, however, where the material in question is expressly referenced in the complaint and is central to the plaintiff's claim. See *Tierney v. Vahle*, 304 F.3d 734, 738 (7th Cir. 2002); see generally *Tellabs, Inc. v. Makor Issues & Rights, Ltd.*, 551 U.S. 308, 322, 127 S. Ct. 2499, 168 L. Ed. 2d 179 (2007) (holding that a court may rely [\*15] on "documents incorporated into the complaint by reference, and matters of which a court may take judicial notice" in deciding whether a complaint fails to state a claim upon which relief may be granted). Here, there is no doubt that the two videos in question are central to the plaintiff's claim, and indeed no party argues that the court cannot rely on the videos in evaluating whether Brownmark has failed to properly state a claim for copyright infringement. However, the rub is that "fair use" is viewed as an affirmative defense, as opposed to a central element of copyright infringement. See *Janky*, 576 F.3d

at 361 (holding that the two elements of a copyright infringement claim are: (1) the plaintiff owns a valid copyright right; and (2) the defendant(s) copied "constituent elements of the work that are original"); see also *Harper & Row, Publs. v. Nation Enters.*, 471 U.S. 539, 561, 105 S. Ct. 2218, 85 L. Ed. 2d 588 (1985) (holding that fair use is an affirmative defense). Hence, the central issue is whether this court can resolve a motion to dismiss in the defendants' favor because of the existence of the affirmative defense of fair use.

A complaint is "subject to dismissal for failure to state a claim if the allegations, [\*16] taken as true, show the plaintiff is not entitled to relief." *Jones v. Bock*, 549 U.S. 199, 215, 127 S. Ct. 910, 166 L. Ed. 2d 798 (2007). Construed with the incorporation by reference doctrine discussed in *Tierney*, an affirmative defense can be the basis for a dismissal under *Fed. R. Civ. P. 12(b)(6)* when the allegations of the complaint and material that expressly referenced the complaint and is central to the plaintiff's claim "set forth *everything* necessary to satisfy the affirmative defense." *Brooks v. Ross*, 578 F.3d 574, 579 (7th Cir. 2009) (quoting *United States v. Lewis*, 411 F.3d 838, 842 (7th Cir. 2005)) (emphasis added). In other words, plaintiffs have to plead themselves out of court by admitting all the ingredients of an "impenetrable defense." *Hecker v. Deere & Co.*, 556 F.3d 575, 588 (7th Cir. 2009); see also *Tamayo v. Blagojevich*, 526 F.3d 1074, 1086 (7th Cir. 2008). A *Fed. R. Civ. P. 12(b)(6)* motion cannot be granted based on an affirmative defense when the plaintiff's recovery is "still plausible" even under the facts taken from the face of the complaint and the documents it references that are central to the claim. *Id.*

Ultimately, "context is king" in this case in deciding whether the plaintiff has provided [\*17] in its complaint and the materials referenced in that complaint the necessary information to warrant a dismissal based on an affirmative defense. Here, the amended complaint discusses a very *limited context* for the alleged infringement. Specifically, the amended complaint notes that the use of WWITB by the makers of South Park was in the context of the specific episode entitled "Canada on Strike," in which one of the characters sings the musical composition in question and recreates the imagery associated with the music video. (Am. Compl. ¶¶ 14-15). Notably, the infringing actions are limited in the complaint to the distribution of the *episode* on television, *id.* ¶ 16, on South Park's website, *id.* ¶ 17, on iTunes and

Amazon.com, *id.* ¶ 18, and on DVD and Blu-Ray discs of "South Park Season 12 (Uncensored)." *Id.* ¶ 19. In other words, the complaint does not allege that the defendants are somehow using the WWITB video in any other form other than in the production and distribution of the episode "Canada On Strike." One could imagine, for example, the makers of South Park using the sound clips or images from the WWITB video to promote the show in an advertisement or on a poster. In other [\*18] words, the defendants *could* be using the WWITB video in a way completely divorced from the episode in question. However, the amended complaint does not make such allegations and instead limits its discussion of how South Park is infringing the plaintiff's copyright to how the WWITB music video is used in the context of the episode "Canada on Strike." Accordingly, the court needs to decide whether the defendants use of the copyrighted material in the context of the episode "Canada on Strike" is fair use. If a viewing of the episode and the original work warrants a determination that the use of the WWITB video was "fair," as defined by 17 U.S.C. § 107, the allegations of the complaint and material that are expressly referenced in the complaint have "set forth *everything* necessary to satisfy the affirmative defense" and dismissal is warranted because the complaint is purely speculative. *Brooks*, 578 F.3d at 579. Conversely, if in viewing "Canada on Strike" and the WWITB video the court can reasonably infer that the defendants' use of WWITB was not a "fair use," the plaintiff's recovery is "still plausible" and this case should proceed. *Tamayo*, 526 F.3d at 1086.

While evaluating an affirmative [\*19] defense, and indeed the "fair use" defense, at the pleadings stage is "irregular," *Chicago Bd. of Educ. v. Substance, Inc.*, 354 F.3d 624, 627 (7th Cir. 2003), given the scope and nature of the infringement alleged by the amended complaint, coupled with the rather obvious resolution of the substantive underlying issue, the court can conclude that this dispute simply does not warrant "putting the defendant[s] through the expense of discovery." *Atkins*, 631 F.3d at 832. Moreover, in contrast to the Seventh Circuit's decision in *Substance, Inc.*, here the plaintiff has not even bothered to address the substance of the fair use question, providing this court with absolutely no indication of any evidence or factors outside of the episode in question that could even possibly influence the resolution of the fair use issue in the plaintiff's favor. Brownmark has not provided a reason, nor can this court speculate as to why this matter cannot be resolved by



looking to the pleadings and the materials incorporated by reference in the pleadings. Consequently, the court finds nothing wrong with addressing the substance of the fair use issue through the *Fed. R. Civ. P. 12(b)(6)* motion. See generally [\*20] *Harper & Row Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 105 S. Ct. 2218, 85 L. Ed. 2d 588 (1985) (holding that a court may conduct a fair use analysis, as a matter of law, where the facts are presumed or admitted); see also *Fisher v. Dees*, 794 F.2d 432, 435-36 (9th Cir. 1986) (affirming a finding of fair use where the material facts were not at issue or were admitted). Indeed, in this circuit and others, evaluating fair use issues in the context of a *Fed. R. Civ. P. 12(b)(6)* motion is commonplace. See *Forest River, Inc. v. Heartland Rec. Vehicles, LLC*, 753 F. Supp. 2d 753, 766 (N.D. Ind. 2010) (evaluating the fair use defense in connection with a motion to dismiss, but denying the motion on substantive grounds); *Karll v. Curtis Publ'g Co.*, 39 F. Supp. 836, 837-38 (E.D. Wis. 1941) (granting motion to dismiss infringement claim because of fair use defense); *Shell v. DeVries*, 07-1086, 2007 U.S. App. LEXIS 28317, at \*4 (10th Cir. Colo. Dec. 6, 2007) (same); *Burnett v. Twentieth Century Fox*, 491 F. Supp. 2d 962, 971-72 (C.D. Cal. 2007) (same); *Sedgwick Claims Mgmt. Svcs. v. Delsman*, No. 09-1468, 2009 U.S. Dist. LEXIS 61825, at \*20 (N.D. Cal. July 16, 2009) (same); see generally *Leadsinger, Inc. v. BMG Music Publ'g*, 512 F.3d 522, 532 (9th Cir. 2008) [\*21] (holding that the application of the fair use doctrine at the pleading stage is appropriate). The court proceeds to the substance of the fair use question.

The fair use doctrine allows for a "limited privilege in those other than the owner of a copyright to use the copyrighted material in a reasonable manner without the owner's consent." *Fisher*, 794 F.2d at 435. The rationale behind the doctrine is that unauthorized uses of a copyright are permissible when they "advance the underlying constitutional purpose of copyright law: to promote broad public availability of literature, music, and other forms of creative arts." BRUCE P. KELLER AND JEFFREY P. CUNARD, COPYRIGHT LAW: A PRACTITIONER'S GUIDE § 8.3 (2010). Specifically, 17 U.S.C. § 107, which codifies common law fair use principles, provides that the "fair use of a copyrighted work" for such purposes as "criticism" and "comment" "is not an infringement of a copyright." Moreover, the statute provides four guideposts by which to determine whether a particular use is "fair": (1) the purpose and character of the use; (2) the nature of the copyrighted

work; (3) the amount and substantiality of the portion used in relation to the copyrighted [\*22] work as a whole; and (4) the effect of the use upon the potential market for or value of the copyrighted work. *Id.* However, as the Seventh Circuit has cautioned, "the four factors that Congress listed when it wrote a fair use defense . . . into the Copyright Act . . . are not exhaustive and do not constitute an algorithm that enables decisions to be ground out mechanically." *Substance, Inc.*, 354 F.3d at 629; *Ty, Inc. v. Publ'Ns Int'l*, 292 F.3d 512, 522 (7th Cir. 2002) ("[T]he four factors are a checklist of things to be considered rather than a formula for decision."). Ultimately, the "fair use copier must copy no more than is reasonably necessary . . . to enable him to pursue an aim that the law recognizes as proper," such as "the aim of criticizing the copyrighted work effectively." *Substance, Inc.*, 354 F.3d at 629. Moreover, application of the fair use doctrine requires a case-by-case analysis. *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 577, 590, 114 S. Ct. 1164, 127 L. Ed. 2d 500 (1994). With this framework for evaluating the fair use issue in mind, the court turns to the two works in question.

Here, applying the statutory factors from *Section 107* of the Copyright Act and [\*23] the principles behind the fair use doctrine, the court readily concludes that the defendants use of the music video in the South Park episode "Canada on Strike" was "fair." One only needs to take a fleeting glance at the South Park episode to gather the "purpose and character" of the use of the WWITB video in the episode in question. The defendants used parts of the WWITB video to lampoon the recent craze in our society of watching video clips on the internet that are -- to be kind -- of rather low artistic sophistication and quality.<sup>5</sup> The South Park episode "transforms" the original piece by doing the seemingly impossible -- making the WWITB video even more absurd by replacing the African American male singer with a naive and innocent nine-year old boy dressed in adorable outfits. The episode then showcases the inanity of the "viral video" craze, by having the South Park fourth graders' version of the WWITB video "go viral," seemingly the natural consequence of merely posting a video on the internet. More broadly, the South Park episode, with its use of the WWITB video, becomes a means to comment on the ultimate value of viral YouTube clips, as the main characters discover that while [\*24] society is willing to watch absurd video clips on the internet, our society simultaneously assigns little monetary value to such works. The South Park "take" on the

WWITB video is truly transformative, in that it takes the original work and uses parts of the video to not only poke fun at the original, but also to comment on a bizarre social trend, solidifying the work as a classic parody. *See Campbell*, 510 U.S. at 580 (noting that a "parody" comments "on the original or criticiz[es] it to some degree.") Such use of a copyrighted work, which uses the work and transforms it for another purpose, lends this court to conclude that the defendants' use is fair. *Id.* at 579 (holding that "the more transformative the new work," the more likely the use of the old work is a fair one); *see generally* KELLER AND CUNARD, COPYRIGHT LAW: A PRACTITIONER'S GUIDE § 8.5.5 ("The special nature of parodies . . . make a finding of fair use more likely.").

5 While the episode may be a vehicle in which to comment on other issues, such as the 2007-2008 writers strike, the court need not -- and should not -- go beyond the pleadings and the materials incorporated by reference into the amended complaint in evaluating [\*25] the fair use issue.

Beyond the "purpose and nature of the work" statutory factor, the court also looks to the remaining issues raised in *Section 107* of the Copyright Act. The "nature" of the copyrighted work factor is not particularly helpful to the court, however: while fair use is more difficult to establish when a core work is copied as opposed to when an infringer takes material that is only marginally within copyright protection, the "nature" of the copyright in question does not help this court assess whether South Park's parody is a fair use, because "parodies almost invariably copy publicly known, expressive works." *Campbell*, 510 U.S. at 586. Additionally, the court notes that the use of the copyrighted work in the South Park episode was relatively insubstantial. The defendants' work did not mirror the original WWITB video -- indeed, the derivative work was a *cartoon* of a nine year old boy repeating just enough lines WWITB to conjure up the original work. Notably, the WWITB snippet in the South Park episode was less than a third of the length of the original work. The use of the imagery and words of the original work was all but the minimum needed by the defendants to accomplish [\*26] their goal of commenting on a social phenomenon. *Substance*, 354 F.3d at 629. Finally, there is little risk that derivative work in question would somehow usurp the market demand for the original: the South Park episode lampoons viral video

crazes, while the WWITB video is the epitome of a clip that fuels such crazes. *Campbell*, 510 U.S. at 592, 127 L. Ed. 2d at 524 ("[T]here is no protectible derivative market for criticism.") Looking at the *Section 107* factors together, keeping in mind the purposes of the fair use doctrine, the court can easily conclude that South Park's parody of the WWITB video falls squarely within the fair use protections afforded by the Copyright Act. If the use by the defendants of the copyrighted work is somehow "unfair," it remains at the wholly speculative level, leaving the court with no choice but to grant the defendants' motion to dismiss.

Finally, the court concludes that the dismissal ought be with prejudice. Twice the plaintiff has filed a complaint in this court based on the use of the copyrighted work in an episode of South Park. (Docket #1, #6). Moreover, under recent changes to *Fed. R. Civ. P. 15(a)*, the plaintiff had an additional opportunity to file a pleading to cure [\*27] the errors raised by the motion to dismiss -- in this case, the plaintiff could have filed a complaint that raised infringement claims outside of the context of the use of the copyrighted work in the production and dissemination of the South Park episode "Canada on Strike." Despite these opportunities to resolve rather glaring problems with the substance of the underlying dispute, the plaintiff has looked elsewhere and instead filed briefs that wholly ignored the central issue of this litigation, fair use. Such behavior is indicative of the efficacy of this litigation, which rightfully ends now.

Accordingly,

**IT IS ORDERED** that the defendants' motion to dismiss (Docket #8) be and the same is hereby **GRANTED**; and

**IT IS FURTHER ORDERED** that this case be and the same is hereby **DISMISSED with prejudice**.

The Clerk of the Court is directed to enter judgment accordingly.

Dated at Milwaukee, Wisconsin, this 6th day of July, 2011.

BY THE COURT:

/s/ J.P. Stadtmueller

J.P. Stadtmueller

U.S. District Judge





Susan Nicholson Hofheinz, Plaintiff, - against - AMC Productions, Inc., et alia,  
Defendants.

CV-00-5827 (CPS)

UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF NEW  
YORK

2003 U.S. Dist. LEXIS 16940

September 1, 2003, Decided  
September 3, 2003, Filed

**PRIOR HISTORY:** *Hofheinz v. AMC Prods.*, 2003 U.S. Dist. LEXIS 16930 (E.D.N.Y., Apr. 21, 2003)

**DISPOSITION:** [\*1] Defendants' motion for attorneys fees granted in part and denied in part.

**COUNSEL:** For plaintiff: Gregory A. Sioris, New York, New York.

For defendants: James W. Dabney, Jonathan E. Moskin Jennifer A. Hamilton, Pennie & Edmonds LLP, New York, New York.

**JUDGES:** Charles P. Sifton, United States District Judge.

**OPINION BY:** Charles P. Sifton

**OPINION**

MEMORANDUM AND ORDER

SIFTON, Senior Judge.

Plaintiff Susan Nicholson Hofheinz brought this action against defendants AMC Productions, Inc. ("AMC") and Rainbow Media Holdings, Inc. for alleged violations of her rights under the Copyright Act of 1976, 17 U.S.C. §§ 101 et seq.; the Lanham Act, 15 U.S.C. §

1125(a); California's publicity rights statute, *California Civil Code* § 3344.1; and state law of contract and unfair competition. This Court granted summary judgment dismissing the complaint, after having denied plaintiff's motions for a temporary restraining order and a preliminary injunction. Defendants now move for an award of costs and attorneys fees pursuant to *Rule 54(d) of the Federal Rules of Civil Procedure* [\*2] , 17 U.S.C. § 505, and *California Civil Code* § 3344.1(a). For the reasons set forth below, defendants are entitled to an award of attorneys fees incurred in the defense of plaintiff's copyright and state law claims and are directed to provide documentation of their costs and attorneys fees, including any fee agreement and contemporaneous attorneys time sheets, within 20 days from the date of this decision. What follows are the findings of fact and conclusions of law on which this determination is based, as required under *Rule 54(d)(2)(C)* of the Federal Rules of Civil Procedure. <sup>1</sup>

<sup>1</sup> That rule states in relevant part that, when determining a motion for an award of attorneys fees: "The court shall find the facts and state its conclusions of law as provided in *Rule 52(a)*." *Fed. R. Civ. P. 54(d)(2)(C)*. *Rule 52(a)*, in turn, provides in relevant part that "the court shall find the facts specially and state separately its conclusions of law thereon .... It will be sufficient if the findings of fact and conclusions of law are stated orally and recorded in open court following

the close of the evidence or appear in an opinion or memorandum of decision filed by the court." *Fed. R. Civ. P. 52(a)*.

### [\*3] BACKGROUND

The underlying facts of this case are more fully set forth in this Court's Memoranda and Orders denying plaintiff's request for a preliminary injunction, *Hofheinz v. AMC Productions, Inc.*, 147 F. Supp. 2d 127 (E.D.N.Y. 2001) (hereinafter the "PI Opinion"), *aff'd by summary order*, 2002 U.S. App. LEXIS 13562, No. 01-7060 (2d Cir. May 20, 2002), and granting defendants' motion for summary judgment, *Hofheinz v. AMC Productions, Inc.*, 2003 U.S. Dist. LEXIS 16930, No. 00-CV-5827 (E.D.N.Y. Apr. 21, 2003) (hereinafter the "SJ Opinion"), familiarity with which is assumed. What follows is a brief summary of the facts as heretofore determined with additional relevant facts taken from the submissions of the parties in connection with the present motion.

Plaintiff is the widow of the late James Nicholson, one of the principals of American International Pictures ("AIP"). AIP produced and released hundreds of motion pictures during its existence from 1954 to 1980 and helped establish the monster and teenage motion picture genres. Plaintiff holds the copyrights to some of these motion pictures and negotiated and executed a licensing agreement with defendants for the use of clips from certain films for use in defendants' [\*4] documentary about AIP and two of its principals, Mr. Nicholson and Sam Arkoff, entitled "It Conquered the World! The Story of American International Pictures" (the "Documentary"), originally intended to be broadcast solely on cable television. In order to render the Documentary eligible for certain industry awards, defendants undertook to theatrically exhibit the Documentary for a total of eight days in September 2000. <sup>2</sup> Defendants attempted to negotiate a modification of the licensing agreement with plaintiff to encompass theatrical distribution of the Documentary, and after several weeks of negotiation, plaintiff sent defendants a proposed modification to the license agreement (the "First Modification") granting the requested theatrical license, under a cover letter which read in part: "Please review the enclosed First Modification to Film Clip License Agreement. If it meets with your approval, please execute it and send copies to me for my signature." Defendants executed the proposed modification and sent it back to plaintiff, who never signed it.

2 Theatrical exhibition for seven consecutive days is a prerequisite for awards of the Academy of Motion Picture Arts and Sciences.

[\*5] Plaintiff also claims copyright in several photographs of her late husband and in posters and models depicting characters from AIP films. Defendants contacted plaintiff in January 2000 to convey that they contemplated using photographs of Nicholson in the Documentary; plaintiff responded by sending approximately twenty photographs of Nicholson, including those at issue in this litigation. Defendants later returned the photographs without comment.

Defendants exhibited the Documentary theatrically on September 18 and September 22-28, 2000, in order to make it eligible for industry awards. Plaintiff was one of the guests invited to the opening night "celebrity screening," and on September 4, 2000, she requested that defendants put an additional twenty guests on the screening's guest list. Plaintiff saw a tape of the Documentary on September 15, 2000 and, apparently displeased with its portrayal of her late husband, notified defendants that she considered the Documentary infringing and that she refused to grant any theatrical exhibition rights unless the Documentary was re-edited in accordance with her wishes. This litigation ensued.

On September 27, 2000, the penultimate day of the [\*6] seven-day theatrical run of the Documentary, plaintiff filed her first complaint in this action and, by order to show cause, applied for a temporary restraining order and preliminary injunction seeking to restrain defendants from theatrically exhibiting the Documentary and to compel them to deliver to plaintiff all copies of the Documentary. The complaint alleged infringement of plaintiff's copyrights in the AIP films, a *Lanham Act* violation, breach of contract, and unfair competition. Arguments were heard on September 28, 2000, at which plaintiff asserted that the theatrical exhibition of the Documentary scheduled for that evening would irreparably harm her, even though she was willing to negotiate a license for theatrical exhibition. She denied that the "First Modification" had been an offer of a license for theatrical exhibition and maintained that it was ineffective because she had not executed it. Citing an apparent lack of irreparable harm, I denied plaintiff's application for a temporary restraining order and signed an order, returnable on October 26, 2000, requiring defendants to show cause why a preliminary injunction

should not issue pending the trial of this matter. In subsequent [\*7] correspondence between the parties, defendants represented that they had no plans to exhibit the Documentary in theaters after September 28, 2000, and had no film copies of the Documentary in their possession. In light of these facts and the admittedly valid license for plaintiff's clips in cable exhibitions of the Documentary, defendants questioned the need for proceeding with plaintiff's request for a preliminary injunction. Plaintiff responded by reiterating the position that the First Modification was never agreed to by the parties, that a preliminary injunction was necessary because defendants could not be trusted to refrain from further theatrical exhibitions, and that the Documentary also infringed plaintiff's copyrights and state law rights of publicity by including the photographs of her late husband.

Plaintiff filed an amended complaint on October 20, 2000, asserting her claims relating to the photographs of her late husband and images and models related to AIP films. Also on that date, plaintiff filed a notice of motion for a preliminary injunction, returnable on October 26, 2000, seeking to enjoin defendants from exhibiting the Documentary in any medium. In light of these [\*8] new submissions and to allow for full preparation, the hearing on the application for a preliminary injunction was adjourned to December 18, 2000. The application was denied in the PI Opinion, in which I found that plaintiff was unlikely to overcome defendants' assertion of fair use, and noted that all of plaintiff's claims appeared to be fully remediable by an award of damages. Plaintiff appealed my ruling on her application for a preliminary injunction to the Court of Appeals, which affirmed in an unpublished summary order. *Hofheinz v. AMC Productions et al.*, 2002 U.S. App. LEXIS 13562, No 01-7060 (2d Cir. May 20, 2002). In particular, the Second Circuit found that this Court had not abused its discretion in weighing the fair use factors with respect to plaintiff's copyright claim, nor in finding that plaintiff had failed to show irreparable harm on her right of publicity claim. 2002 U.S. App. LEXIS 13562, at 2-3.<sup>3</sup>

3 On June 20, 2002, the court of appeals awarded costs to defendants in the amount of \$ 2,652.13; plaintiff has not yet paid these costs. These costs are not an element of the fees and costs claimed in this motion and will not be included in any award of fees and costs by this Court.

[\*9] During discovery in this action, several disputes arose in which defendants accused plaintiff of abusive tactics. On one occasion, plaintiff's counsel brought plaintiff's licensing agent to a deposition in which an AMC executive was questioned concerning licenses for other films not owned by plaintiff, leading defense counsel to terminate the deposition on grounds that plaintiff was "fishing" for confidential information concerning defendants' licensing practices.<sup>4</sup> Defendant also alleges that plaintiff's counsel revealed to plaintiff and third parties certain confidential documents, including licenses of clips not owned by plaintiff, to plaintiff and her licensing agent in violation of a protective order. Plaintiff denies the allegation, points out that it is raised in defendants' memorandum of law and is thus unsworn, argues that it is speculative and lacking in factual basis, and asserts that the use of these documents in support of plaintiff's brief on summary judgment was permissible under the terms of the protective order. Despite plaintiff's protestations, plaintiff's own declaration in support of her motion for summary judgment, sworn to be made on personal knowledge, refers [\*10] to and analyzes these confidential documents, belying any argument that they were not revealed to her. The legal significance of these facts are dealt with more fully below in my conclusions of law.

4 Upon being petitioned for a ruling on the propriety of plaintiff's conduct of the deposition, Magistrate Judge Azrack initially offered to continue the deposition in her courtroom but later ruled against allowing the deposition to continue.

Meanwhile, plaintiff was pressing similar claims -- ultimately unsuccessfully -- against various defendants in two lawsuits in the Southern District of New York. In *Hofheinz v. A&E Television Networks et al.*, 146 F. Supp. 2d 442 (S.D.N.Y. 2001) (hereinafter "*Hofheinz II*"), Judge Sweet granted summary judgment for defendants on plaintiff's claim that they had infringed her copyright by showing a clip from "It Conquered the World" in a biography of Peter Graves, who starred in the film. Judge Sweet concluded that defendants had made fair use of the clip. Similarly, [\*11] in *Hofheinz v. Discovery Communications, Inc.*, 2001 U.S. Dist. LEXIS 14752, 60 U.S.P.Q.2d 1845 (S.D.N.Y. 2001) (hereinafter "*Hofheinz III*"), Judge Baer relied substantially on this Court's ruling on plaintiff's application for a preliminary injunction in granting summary judgment for defendant, finding that its use of clips from plaintiff's copyrighted

films in a documentary-style program on the history and development of the horror film genre was fair.

In the SJ Opinion, I granted defendants' motion for summary judgment on all plaintiff's claims, finding that their use of plaintiff's film clips was fair, that her *Lanham Act* claims were without merit, and that her state law claims were preempted or not available under the statutes she invoked. I also treated plaintiff's attempt to change her theory of the case at the summary judgment stage to include claims she had not pled as a motion to amend the complaint and denied that motion. A judgment dismissing the complaint was entered on April 30, 2003.

Defendants now move for an award of costs and attorneys fees pursuant to *Rule 54(d) of the Federal Rules of Civil Procedure* [\*12], 17 U.S.C. § 505, and *California Civil Code* § 3344.1(a).

#### DISCUSSION

With respect to a motion for attorneys fees, the Federal Rules of Civil Procedure provide in relevant part:

Unless otherwise provided by statute or order of the court, [a] motion [for attorneys' fees] must be filed no later than 14 days after entry of judgment; must specify the judgment and the statute, rule, or other grounds entitling the moving party to the award; and must state the amount or provide a fair estimate of the amount sought .... The court may determine issues of liability for fees before receiving submissions bearing on issues of evaluation of services for which liability is imposed by the court .... The provisions of [this Rule] do not apply to claims for fees and expenses as sanctions for violations of these rules or under 28 U.S.C. § 1927.

*Fed. R. Civ. P. 54(d)(2)*. Plaintiff first argues that defendants' motion does not give a "fair estimate of the amount sought" and should therefore be summarily denied and that this defect cannot be cured because the 14-day time [\*13] limit has passed. However, as plaintiff herself notes in her brief, the defendants' memorandum of law states:

The accumulated defense costs in this action between September 2000 and April 2003 have been in the region of U.S. \$

600,000.00, virtually all of which were devoted to the defense of the plaintiff's copyright and California statutory "right of publicity" claims. Should the Court grant the within motion, defendants will submit contemporaneous documentation evidencing the precise amount of fees and costs for which reimbursement is being sought.

(Defendants' Mem. at 15 n.7.) Although this statement does not appear in the notice of motion or an accompanying affidavit, it does constitute a "fair estimate" of defendants' claim for fees, and plaintiff has notice of the amount as evidenced by her discussion of the above-quoted passage in her brief. Her technical objections to the statement -- e.g., that the words "fair estimate" are not used, and that the term "costs" is distinct from the term "attorneys' fees" -- are petty and unpersuasive. <sup>5</sup> In light of the fact that plaintiff clearly has notice of the amount claimed and the Federal Rules' admonition that they be "construed [\*14] and administered to secure the just, speedy, and inexpensive determination of every action," *Fed. R. Civ. P. 1*, I find that defendants' motion, while perhaps not technically perfect, is satisfactory for purposes of *Rule 54(d)(2)*.

5 The latter objection is particularly disingenuous in light of the fact that defendants filed a bill of costs in the amount of \$ 3,969.65 on May 30, 2003, and plaintiff filed her objection on June 11, 2003, more than two weeks prior to the date of her memorandum in opposition to the present motion.

Moving on to the substance of defendants' motion, they claim attorneys fees under two statutes. The first applies to plaintiff's right of publicity claim, brought under *California Civil Code* § 3344.1. That statute states in relevant part: "The prevailing party or parties in any action under this section shall also be entitled to attorneys' fees and costs." Cal. Civ. C. § 3344.1(a)(1); see also *Cairns v. Franklin Mint Co.*, 115 F. Supp. 2d 1185, 1187 (C.D. Cal. 2000), [\*15] *aff'd* 292 F.3d 1139, 1156 (9th Cir. 2002) (awarding attorneys fees to prevailing defendant in a § 3344.1 case). "State statutes providing for awards of attorneys' fees and costs ordinarily apply to state law claims made in a federal court." *Christensen v. Kiewit-Murdock Inv. Corp.*, 815 F.2d 206, 214 (2d Cir. 1987); see also *Cotton v. Stone*, 4 F.3d 176, 180-81 (2d



*Cir. 1993*) ("The same principle applies in the context of pendent jurisdiction: it is the source of the right sued upon, and not the ground on which federal jurisdiction over the case is founded, which determines the governing law." (internal quotation marks omitted)). In light of the statute's mandatory language, defendants are entitled to an award of attorneys fees in connection with their defense on this claim.

Defendants also claim attorneys fees for their defense of plaintiff's copyright claims. The relevant federal statute states:

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. Except as otherwise provided by this title, the court [\*16] may also award a reasonable attorney's fee to the prevailing party as part of the costs.

17 U.S.C. § 505. The Supreme Court recently interpreted this provision in *Fogerty v. Fantasy, Inc.*, 510 U.S. 517, 127 L. Ed. 2d 455, 114 S. Ct. 1023 (1994). Rejecting a dual standard for attorneys fees in copyright actions, the Court held:

Defendants who seek to advance a variety of meritorious copyright defenses should be encouraged to litigate them to the same extent that plaintiffs are encouraged to litigate meritorious claims of infringement .... [A] successful defense of a copyright infringement action may further the policies of the *Copyright Act* every bit as much as a successful prosecution of an infringement claim by the holder of a copyright.

*Id. at 527*. Fees are to be awarded as a matter of the district court's discretion based on factors including, but not necessarily limited to, "frivolousness, motivation, objective unreasonableness (both in the factual and in the legal components of the case) and the need in particular circumstances to advance considerations of compensation and deterrence." *Id. at 534 n.19*. [\*17] These and other factors are to be weighed in a manner "faithful to the purposes of the *Copyright Act*," to wit.: "enriching the general public through access to creative works." *Id. at 527, 534 n.19*.

In light of *Fogerty*, the court of appeals has held that "objective reasonableness is a factor that should be given substantial weight in determining whether an award of attorneys' fees is warranted," because "the imposition of a fee award against a copyright holder with an objectively reasonable litigation position will generally not promote the purposes of the *Copyright Act*." *Matthew Bender & Co., Inc. v. West Pub. Co.*, 240 F.3d 116, 121-22 (2d Cir. 2001). This is because such attorney fee awards may chill litigation of close cases, preventing the clear demarcation of the boundaries of copyright law. *See id.*, *Fogerty*, 510 U.S. at 527. A finding of objective reasonableness does not necessarily preclude an award of attorneys fees, however. *Matthew Bender*, 240 F.3d at 122. In particular, "if a party's conduct is unreasonable, a district court has the discretion to award fees ... thus, bad faith in the conduct of the [\*18] litigation is a valid ground for an award of fees." *Id. at 124-25* (internal citations omitted).

Here, plaintiff's conduct of the litigation brings her motivation into question. The facts set forth above, including the timing and content of plaintiff's demands for provisional remedies, her threats to withdraw her license unless the Documentary was re-edited, and her use of discovery to collect information concerning defendants' licensing fees with other copyright holders,<sup>6</sup> all demonstrate that plaintiff's ultimate goal was to influence the content of the Documentary to present her late husband in a more favorable light and to leverage the largest possible licensing fee from defendants. Such uses of copyright litigation directly threaten the purposes of the *Copyright Act*, by chilling the creation and dissemination of creative critical works. If plaintiff believed that the Documentary was inaccurate, disrespectful, or otherwise unfair with respect to her late husband, her remedy is to create additional works refuting the Documentary, not to engage in a pattern of private censorship through frivolous assertion of unrelated copyright claims. Plaintiff's conduct of this [\*19] litigation thus favors an award of attorneys fees to defendants.

6 In light of the exclusion from *Rule 54(d)(2)* of fees and expenses to be awarded as sanctions for violation of the Federal Rules of Civil Procedure, I do not consider defendants' allegations of discovery violations for any other purpose in connection with this motion.

Furthermore, plaintiff's positions throughout this

litigation have been objectively unreasonable. She asserted irreparable harm in arguing for provisional remedies even while she stated her desire to arrive at a financial settlement. She alleged infringement even though she had granted a license for cable exhibition of many of the allegedly infringed works. Her arguments on the fair use factors were largely spurious. In particular, her argument that the existence of a market for film clips supported her claim that the Documentary harmed the market for her copyrighted works was rejected by three district courts, including this Court, as circular. Furthermore, her argument, raised [\*20] on summary judgment and again in opposition to the present motion, that the Documentary cannot be considered "scholarly" because it contains factual errors, is simplistic at best and, if approved, would severely chill nearly all works of scholarship or criticism, not to mention the fact that the argument has nothing whatever to do with the Documentary's use of her copyrighted works. In short, plaintiff's arguments throughout this litigation have been largely frivolous and objectively unreasonable. This is not a close case, and since encouraging copyright holders to litigate claims of this sort would negatively impact the creation of new works of commentary and criticism, such claims are appropriately deterred by assessment of attorneys fees. Conversely, encouraging the creators of works of commentary and criticism to litigate the fair use defense in cases of this sort by compensating them for their legal expenses will enrich the public by increasing the supply and improving the content of commentary and criticism. I conclude that the purposes of the *Copyright Act* would be advanced by an award of attorneys fees in this case and that defendants are entitled to recover such fees incurred [\*21] in connection with their defense on plaintiff's copyright claims.

Defendants do not request, and thus shall not recover, attorneys fees related to their defense on plaintiff's *Lanham Act* claim.

Moving on to the amount of the fee award, *Rule 54* provides for an initial determination of a parties' entitlement to recover costs and attorneys fees, with a

subsequent determination of the size of the award. *Fed. R. Civ. P. 54(d)(2)*; *Williams v. Crichton*, 891 F. Supp. 120, 122 (S.D.N.Y. 1994) (McKenna, J.). Defendants have established their entitlement to attorneys fees and must now establish the amount of that entitlement by submitting contemporaneous documentation. In accordance with *Rule 54(d)(2)(B)*, defendants shall also disclose the terms of any agreement with respect to fees to be paid in connection with the defense of plaintiff's copyright and state law claims. In determining the size of the award, the Court will "consider the amount of work, the skill employed, damages at issue, and the result achieved." *Oboler v. Goldin*, 714 F.2d 211, 213 (2d Cir. 1983). Following Judge McKenna's example, I direct defendants [\*22] to submit documentation of their costs and attorneys fees, including attorney time sheets, within 20 days from the date of this decision. *Williams*, 891 F. Supp. at 122. Plaintiff shall have 20 days to respond. *Id.*

#### CONCLUSION

For the foregoing reasons, defendants are entitled to an award of attorneys fees incurred in their defense on plaintiff's copyright and state law claims, but not on plaintiff's *Lanham Act* claims. Defendants are directed to serve and file appropriate documentation to establish the amount of the award within 20 days of the date of this opinion. Plaintiff is directed to file any response within 20 days of service of such documentation. The matter is scheduled for argument before the undersigned on October 16, 2003, at 4:30 p.m.

The Clerk is directed to furnish a filed copy of the within to all parties and to the magistrate judge.

SO ORDERED.

Dated: September 1, 2003

Charles P. Sifton

United States District Judge

3



MIKE LOVE, Plaintiff, v. THE MAIL ON SUNDAY, et al., Defendants.

CASE NO.: CV 05-7798 ABC (PJWx)

UNITED STATES DISTRICT COURT FOR THE CENTRAL DISTRICT OF  
CALIFORNIA

2007 U.S. Dist. LEXIS 97061

September 7, 2007, Decided  
September 7, 2007, Filed

**SUBSEQUENT HISTORY:** Affirmed by *Love v. Sanctuary Records Group, Ltd.*, 2010 U.S. App. LEXIS 13935 (9th Cir. Cal., July 8, 2010)

**PRIOR HISTORY:** *Love v. Mail on Sunday*, 2007 U.S. Dist. LEXIS 71086 (C.D. Cal., Sept. 7, 2007)

**COUNSEL:** [\*1] For Mike Love, Michael Love, Plaintiffs: Alfred G Rava, LEAD ATTORNEY, The Rava Law Firm, San Diego, CA; Philip H Stillman, LEAD ATTORNEY, Flynn & Stillman, Cardiff, CA.

For Mail on Sunday, The, Defendant: Andrew J Thomas, Kelli L Sager, Robyn Aronson, Davis Wright Tremaine, Los Angeles, CA.

For Associated Newspapers Ltd, Defendant: Andrew J Thomas, Kelli L Sager, Robyn Aronson, LEAD ATTORNEYS, Davis Wright Tremaine, Los Angeles, CA.

For Sanctuary Records Group Ltd, Defendant: Gregory J Aldisert, Gregory S Gabriel, LEAD ATTORNEYS, Kinsella Weitzman Iser Kump and Aldisert, Santa Monica, CA; Barry E Mallen, Joy T Teitel, Manatt Phelps & Phillips, Los Angeles, CA; Edward A Ruttenberg, Leopold Petrich & Smith, Los Angeles, CA.

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LEAD ATTORNEYS, Kinsella Weitzman Iser Kump and Aldisert, Santa Monica, CA.

For Bigtime.T.V, Defendant: Neville L Johnson, LEAD ATTORNEY, Johnson & Johnson, Beverly Hills, CA.

For Brian Wilson, Defendant: Philip H Stillman, LEAD ATTORNEY, Flynn & Stillman, Cardiff, CA; Barry E Mallen, Joy T Teitel, Manatt Phelps & Phillips, [\*2] Los Angeles, CA; Edward A Ruttenberg, Leopold Petrich & Smith, Los Angeles, CA; Gregory J Aldisert, Kinsella Weitzman Iser Kump and Aldisert, Santa Monica, CA.

For Jean Sievers, Lippin Group Inc, Soop LLC, Defendants: Barry E Mallen, Joy T Teitel, LEAD ATTORNEYS, Manatt Phelps & Phillips, Los Angeles, CA; Philip H Stillman, LEAD ATTORNEY, Flynn & Stillman, Cardiff, CA; Edward A Ruttenberg, Leopold Petrich & Smith, Los Angeles, CA; Gregory J Aldisert, Kinsella Weitzman Iser Kump and Aldisert, Santa Monica, CA.

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For Melinda Wilson, Defendant: Barry E Mallen, Joy T Teitel, Manatt Phelps & Phillips, Los Angeles, CA.

For Sanctuary Music Productions Inc, Sanctuary Records Group Ltd, Sanctuary Records Group, Inc., Defendants: Gregory J Aldisert, LEAD ATTORNEY, Kinsella Weitzman Iser Kump and Aldisert, Santa Monica, CA.

**JUDGES:** AUDREY B. COLLINS, UNITED STATES DISTRICT JUDGE.

**OPINION BY:** AUDREY B. COLLINS

## OPINION

ORDER RE: MOTION FOR ATTORNEYS' FEES FILED BY DEFENDANTS BRIAN [\*3] WILSON, JEAN SIEVERS, THE LIPPIN GROUP, INC., AND SOOP LLC

Pending before the Court is a Motion for Award of Attorneys' Fees and Costs filed on May 29, 2007 by Defendants Brian Wilson, Jean Sievers, the Lippin Group, Inc., and Soop, LLC ("Wilson Defendants" or "Defendants"). Plaintiff Mike Love filed an Opposition on July 23, 2007. Defendants filed a Reply on August 6, 2007. The Court found this motion appropriate for determination without oral argument and took it under submission. *See Fed. R. Civ. Pro. 78; Local Rule 7-15*. Upon consideration of the parties' submissions and the case file, the Court hereby GRANTS Defendants' Motion.

## I. BACKGROUND

Defendants Brian Wilson, Jean Sievers, the Lippin Group, Inc., and Soop, LLC, are the prevailing parties on each of the eighteen claims for relief alleged against them by Plaintiff Mike Love. Plaintiff filed his original Complaint on November 2, 2005, a First Amended Complaint on May 4, 2006, and a Second Amended Complaint on September 5, 2006. Plaintiff, a founding member of the music group The Beach Boys, stated claims arising out of a dispute with defendant Associated Newspapers, Ltd. ("ANL")<sup>1</sup>, a United Kingdom entity, concerning ANL's newspaper [\*4] promotion and giveaway of a CD entitled "Good Vibrations," which contained Beach Boys songs re-recorded by Beach Boys founding member defendant Brian Wilson. Specifically, Plaintiff stated the following causes of action: (1) violation of statutory right of publicity (*Cal. Civ. Code* § 3344); (2) violation of the common law right of publicity; (3) breach of the covenant of good faith and fair dealing; (4) action for indemnity under written indemnity contract; (5) declaratory relief regarding the settlement

and indemnity agreements; (6) breach of fiduciary duty; (7) copyright infringement by unlawful reproduction of copyrighted work (*17 U.S.C. § 106(1)*); (8) copyright infringement by unlawful preparation of derivative work (*17 U.S.C. § 106(2)*); (9) copyright infringement by unlawful distribution of copyrighted work; (10) federal trademark infringement (*15 U.S.C. § 1114*); (11) federal unfair competition (*15 U.S.C. § 1125(a)*, Lanham Act 43(a)); (12) federal trademark dilution (*15 U.S.C. § 1125(c)*, Lanham Act § 43(c)); (13) unfair, deceptive or unlawful business practices (*Cal. Bus. & Prof. Code* § 17200, *et. seq.*); (14) interference with contractual relations with BRI; (15) interference [\*5] with contractual relations with Rondor Music; (16) intentional interference with prospective economic advantage; (17) negligent interference with prospective economic advantage; and (18) civil conspiracy.

1 ANL was dismissed from this case on July 14, 2006, when the Court granted its motion to dismiss for lack of personal jurisdiction. ANL is not among the defendants seeking attorneys' fees.

The Court adjudicated two motions to dismiss, one motion for partial summary judgment, and a motion for summary judgment. The Court's first order (August 15, 2006) dismissed with prejudice thirteen of Plaintiff's eighteen claims, and dismissed with leave to amend four claims; the Court's second order (November 16, 2006) dismissed with prejudice four of the five remaining claims; the Court's third order (February 8, 2007) granted summary judgment to Defendants on Plaintiff's Lanham Act claim; and the Court's fourth order (May 10, 2007) granted Defendant Wilson's motion for summary judgment with respect to Plaintiff's claim for breach of fiduciary duty, the only claim that remained in the case. Final judgment was entered on June 1, 2007. Defendants now seek attorneys' fees for their successful defense [\*6] of the action.<sup>2</sup>

2 The Court denies Plaintiff's request to postpone determination of this motion until after his merits appeal is adjudicated. An appeal on the merits does not deprive the district court of jurisdiction to award attorneys' fees. *Masalosalo by Masalosalo v. Stonewall Ins. Co.*, 718 F.2d 955, 957 (9th Cir. 1983). Further, determining this motion now - prior to the Ninth Circuit's determination of the merits appeal - promotes judicial economy by allowing any appeal of the

fee award to be consolidated with Plaintiff's merits appeal. *Id.* Plaintiff presents no compelling reason to do otherwise.

## II. DISCUSSION

### A. Legal Standard

"[T]he fee applicant bears the burden of establishing entitlement to an award and documenting the appropriate hours expended and hourly rates." *Hensley v. Eckerhart*, 461 U.S. 424, 437, 103 S. Ct. 1933, 76 L. Ed. 2d 40 (1983). The Ninth Circuit requires a district court to calculate an award of attorneys' fees by first calculating the "lodestar." See *Caudle v. Bristow Optical Co. Inc.*, 224 F.3d 1014, 1028 (9th Cir. 2000). "The 'lodestar' is calculated by multiplying the number of hours the prevailing party reasonably expended on the litigation by a reasonable hourly rate." *Caudle*, 224 F.3d at 1028, [\*7] citing *Morales v. City of San Rafael*, 96 F.3d 359, 363 (9th Cir. 1996). The lodestar should be presumed reasonable unless some exceptional circumstance justifies deviation. *Quesada v. Thomason*, 850 F.2d 537, 539 (9th Cir. 1988).

After computing the lodestar, the district court is to assess whether additional considerations enumerated in *Kerr v. Screen Extras Guild, Inc.*, 526 F.2d 67, 70 (9th Cir. 1975), cert. denied, 425 U.S. 951, 96 S. Ct. 1726, 48 L. Ed. 2d 195 (1976), require the court to adjust the figure. *Caudle*, 224 F.3d at 1028. The *Kerr* factors are: (1) the time and labor required; (2) the novelty and difficulty of the questions involved; (3) the skill requisite to perform the legal service properly; (4) the preclusion of other employment by the attorney due to acceptance of the case; (5) the customary fee; (6) whether the fee is fixed or contingent; (7) time limitations imposed by the client or the circumstances; (8) the amount involved and the results obtained; (9) the experience, reputation, and ability of the attorneys; (10) the "undesirability" of the case; (11) the nature and length of the professional relationship with the client; (12) awards in similar cases. *Kerr*, 526 F.2d at 70.

### B. Defendants are Entitled [\*8] to Attorneys' Fees for Most of the Claims on Which They Prevailed.

Defendants have demonstrated their entitlement to attorneys' fees with respect to most of the claims stated against them. There is no serious question that Defendants are prevailing parties on every claim, and for

nearly every claim, there is a statutory or contractual basis for awarding Defendants' fees. With one exception, discussed below, those several claims lacking an independent basis for awarding attorneys' fees are inextricably intertwined with claims that do. In addition, the Court rejects Plaintiff's contention that Defendants' fees must be reduced because the Court either did not rule on every argument Defendants made in their motions, or ruled against some of Defendants' arguments. "Litigants in good faith may raise alternative legal grounds for a desired outcome, and the court's rejection of or failure to reach certain grounds is not a sufficient reason for reducing a fee. The result is what matters." *Hensley*, 461 U.S. at 435.

#### 1. Right of Publicity Claims

Defendants are entitled to attorneys' fees for prevailing on Plaintiff's claim for violation of California's statutory right of publicity, *Cal. Civ. Code* § 3344 [\*9] (first claim) and his claim for violation of the common law right of publicity (second claim). *Section 3344* clearly states that "the prevailing party in any action under this section shall . . . be entitled to attorneys' fees and costs." Plaintiff does not dispute that this section renders an award of attorneys' fees mandatory. See *Kirby v. Sega of America, Inc.*, 144 Cal.App.4th 47, 62, 50 Cal. Rptr. 3d 607 (2006).

Plaintiff does contend, however, that Defendants' fees for these claims must be denied because they failed to segregate the fees arising out of these claims from the fees arising out of the other claims. Plaintiff also suggests that fees for the common law claim should be distinguished from fees for the statutory claim. However, Plaintiff's common law claim and his statutory claim were both premised on the same alleged unauthorized use of his likeness in connection with the Good Vibrations CD, and the Court dismissed both claims on exactly the same basis. Plaintiff also made his false claim of California residence - contradicting his prior claim of Nevada residence - with regard to both claims. These claims were therefore "inextricably intertwined," and the Court will not apportion costs between [\*10] them. See *Kirby*, 144 Cal.App.4th at 62 n.7. The Court also rejects Plaintiff's position that the fees for the right of publicity claims must be apportioned from Plaintiff's other claims. Although "as a general matter, a prevailing party in a case involving Lanham Act and non-Lanham Act claims can recover attorneys' fees only for work related to the

Lanham Act claims," *Gracie v. Gracie*, 217 F.3d 1060, 1069 (9th Cir. 2000), as discussed herein, the Court finds either independent statutory or contractual bases for awarding Defendants fees with regard to nearly every claim.<sup>3</sup> Thus, because Defendants are entitled to fees as to those claims, "apportionment" of fees among those claims is simply unnecessary.

3 As discussed herein, several claims lacking a strictly independent basis for a fee award - the common law right of publicity claim, the *Cal. Bus. & Prof. Code* § 17200 claim, the civil conspiracy claim, and the interference claims - are clearly inextricably intertwined with claims that do provide an independent basis for fees. Thus, apportionment for those claims is not necessary. In addition, it is clear that the defense of those claims involved only a negligible amount of work; thus, [\*11] even if appropriate, apportionment of those fees would be of little practical effect.

## 2. Claims Arising Out of the 1994 Settlement Agreement and the 1973 Agreement for Indemnification

Plaintiff alleged four claims against Defendant Wilson arising out of two contracts. Plaintiff's claims for breach of the covenant of good faith and fair dealing (third claim), declaratory relief (fifth claim), and, in part, the claim for breach of fiduciary duty (sixth claim) were based on the 1994 settlement agreement between Plaintiff and Wilson. Plaintiff's claim for contractual indemnity (fourth claim) and, in part, his claim for declaratory relief (fifth claim) were based on a 1973 Agreement of Indemnification signed by all of the shareholders of Brother Records, Inc., including Plaintiff and Wilson. Wilson argues that the attorneys' fees provisions in those agreements entitle him to his attorneys' fees for prevailing on these claims. The Court agrees.

Paragraph 9.2 of the 1994 settlement agreement states:

If an action is instituted by any party to this Agreement for breach of this Agreement, or its terms, or for breach of any warranty or representation, or to interpret or enforce this Agreement, the [\*12] prevailing party shall be entitled to recover its reasonable attorneys' fees and

other costs, including all attorneys' fees and costs of suit incurred in connection with the executing and collecting upon final judgment in said litigation in addition to any other relief.

Mallen Decl. Ex. 4. Plaintiff's third, fifth, and sixth claims for relief clearly fall within the ambit of this provision. Despite Plaintiff's strained position to the contrary, these claims, by the terms in which Plaintiff pled them, asked the Court to interpret and enforce the 1994 agreement. That upon interpreting the agreement the Court found neither the implied term nor the fiduciary duty Plaintiff sought to coax therefrom does not remove the claims from the realm of contract interpretation. The Court interpreted the agreement and found Plaintiff's claims unsupported. Paragraph 9.2 therefore entitles Wilson to his attorneys' fees for his successful defense of these claims.

Similarly, Paragraph 3 of the Agreement for Indemnification upon which Plaintiff's claim for indemnity and, in part, his claim for declaratory relief were predicated states:

If any action at law or in equity, including an action for declaratory [\*13] relief, is brought to enforce or interpret the provisions of this Agreement, the prevailing party shall be entitled to a reasonable attorneys' fee, which may be set by the Court in the same action or on a separate action brought for that purpose, in addition to any other relief to which he may be entitled.

Mallen Decl. Ex. 3. Plaintiff's claim for indemnity and part of his claim for declaratory relief were predicated on the 1973 agreement and sought the Court's interpretation and enforcement of the agreement. The Court did interpret the agreement, and found that it did not provide for the relief Plaintiff sought. Plaintiff argues, however, that because the Court found that the agreement entitled only BRI to the type of indemnification Plaintiff sought, Wilson cannot benefit from the attorneys' fees provision of the agreement. However, Paragraph 3 clearly provides for attorneys' fees for "the prevailing party" in "any action at law or in equity . . . to enforce or interpret the provisions of this Agreement." (emphasis added) The provision is not limited only to those actions involving

BRI as a party; rather, it applies to "any action."

Curiously, Plaintiff cites to *Heppler v J.M. Peters Co.*, 73 Cal.App.4th 1265, 87 Cal. Rptr. 2d 497 (1999) [\*14] for the proposition that "Where a nonsignatory plaintiff sues a signatory defendant in an action on a contract and the signatory defendant prevails, the signatory defendant is entitled to attorney fees only if the nonsignatory plaintiff would have been entitled to its fees if the plaintiff had prevailed." *Heppler*, 73 Cal.App.4th at 1292. That principle has no application to this case because Plaintiff and Wilson are both signatories to the agreement.

Finally, the Court rejects Plaintiff's attempts to limit the application of Paragraphs 9.2 and 3 to only certain types of actions. The paragraphs plainly apply to "an action" and "any action," respectively, to enforce or interpret the agreements. Accordingly, Wilson is entitled to attorneys' fees for prevailing against these claims.

However, the Court finds that one component of Plaintiff's breach of fiduciary duty claim does not arise out of the 1994 contract, that is, his claim for breach of fiduciary duty arising out of the alleged partnership between himself and Wilson, dating from the 1960s. This aspect of the claim was based on facts and legal theories different from those upon which his contract-based claim rested. Defendants have [\*15] presented no basis for awarding fees for this claim, and the Court discerns none. Accordingly, the Court will make an approximation of the amount of fees incurred as a result of the defense of this claim and deduct it from the total award.

### 3. Copyright Claims

On August 15, 2006, the Court dismissed Plaintiff's seventh eighth, and ninth claims for copyright infringement. Under the Copyright Act of 1976, a district court has the discretion to award "a reasonable attorneys' fee to the prevailing party." 17 U.S.C. § 505. *The Traditional Cat Ass'n, Inc. v. Gilbreath*, 340 F.3d 829, 832 (9th Cir. 2003). Some of the factors that a district court might consider are: "(1) the degree of success obtained; (2) frivolousness; (3) motivation; (4) the objective unreasonableness of the losing party's factual and legal arguments; and (5) the need, in particular circumstances, to advance considerations of compensation and deterrence." *Fogerty v. Fantasy, Inc.*, 510 U.S. 517, 534 n.4, 114 S. Ct. 1023, 127 L. Ed. 2d 455 (1994). Ultimately, the question is whether a successful

defense of the action furthered the purposes of the Copyright Act, not whether a fee award would do so. *Id.* at 527.

These factors weigh in favor of an award of attorneys' [\*16] fees. First, Defendants were completely successful against the copyright claims, securing their dismissal with prejudice in their first motion to dismiss. The claims bordered on frivolous and were not objectively reasonable because Plaintiff did not own the copyrights, even if he was a "beneficial owner"; he claimed that Defendants were liable for infringement because they allegedly "authorized" the copyright owner's licensing of the works to a third party, an untenable claim at best; there was no basis at all for Plaintiff's claim against Lippin, Sievers, or Soop; and Plaintiff presented no evidence whatsoever that any of the moving Defendants distributed any CDs. Plaintiff's contention that his claims were valid because the covermount license Rondor granted was invalid is unavailing, as Plaintiff presented no evidence of this contention. Thus, the second and fourth factors weigh in favor of granting fees. The Court cannot determine with sufficient certainty whether Plaintiff had an improper motive for pursuing his copyright claims, the third factor. However, there is a need in this case to compensate Defendants for the costs incurred in defending this action, and to deter Plaintiff [\*17] from advancing unsupportable claims. As the Court noted in previous orders, Plaintiff's case was vastly overpleaded, thus unnecessarily expanding Defendants' (and this Court's) work. Plaintiff's copyright claims contributed to the bloat of this case.

Finally, the Court finds that the successful defense of the action furthered the purposes of the Copyright Act. "The primary objective of copyright is not to reward the labor of authors, but '[t]o promote the Progress of Science and useful Arts.' To this end, copyright assures authors the right to their original expression, but encourages others to build freely upon the ideas and information conveyed by a work." *Fogerty v. Fantasy, Inc.*, 510 U.S. 517, 527, 114 S. Ct. 1023, 127 L. Ed. 2d 455 (1994) (citations omitted). "Because copyright law ultimately serves the purpose of enriching the general public through access to creative works, it is peculiarly important that the boundaries of copyright law be demarcated as clearly as possible. To that end, defendants who seek to advance a variety of meritorious copyright defenses should be encouraged to litigate them to the same extent that plaintiffs are encouraged to litigate



meritorious claims of infringement." *Id.* The successful [\*18] defense herein served the purposes of the copyright law by maintaining the boundaries of liability under copyright law, and by protecting the utility of copyright licenses. Specifically, the Court's dismissal of the copyright claims against these Defendants was premised on the notion that non-parties to a licensing agreement cannot be liable for alleged infringement committed by the licensee simply for "authorizing" the copyright owner's issuance of the license. Indeed, a contrary conclusion would undermine the ability of copyright owners to license their property, and of licensees to rely on those licenses, without interference from outside parties.

Accordingly, the Court finds that Defendants are entitled to attorneys' fees for their successful defense against Plaintiff's copyright claims.

#### 4. Lanham Act Claims

Defendants prevailed against Plaintiff's claims under the Lanham Act. The Lanham Act allows for an award of attorney's fees in "exceptional cases." 15 U.S.C. § 1117(a). See also *McClaran v. Plastic Indus., Inc.*, 97 F.3d 347, 364 (9th Cir.1996). Fees under the Lanham Act are appropriate "[w]hen a plaintiff's case is groundless, unreasonable, vexatious, or pursued in bad faith." [\*19] *Stephen W. Boney, Inc. v. Boney Servs., Inc.*, 127 F.3d 821, 827 (9th Cir.1997).

The Court finds that Plaintiff's Lanham Act claims were groundless and unreasonable. First, on August 15, 2006, the Court dismissed Plaintiff's claim for trademark infringement on the ground that he lacked standing because he did not own the Beach Boys mark, and his license to the mark was limited to live performances - a right that could not be infringed by Defendants' alleged use of the mark in connection with the CD. Neither the factual basis for this conclusion, nor the law compelling it, were genuinely subject to dispute. Indeed, the scope of Plaintiff's license was obviously within his own knowledge prior to his filing the suit, further demonstrating the unreasonableness of this claim. See, e.g., *Universal City Studios, Inc. v. Nintendo Co., Ltd.*, 797 F.2d 70, 75 (2nd Cir. 1986) (affirming district court's determination that plaintiff did not have a good faith basis for its trademark claim where, prior to filing its complaint, plaintiff knew that it did not own the trademark upon which it sued.) Further, and alternatively, the Court also found that Plaintiff stated absolutely no

allegations against [\*20] these Defendants by which they (as opposed to ANL) could be held responsible for the creation or distribution of the allegedly infringing material.

Second, on February 8, 2007, the Court granted summary judgment on the federal unfair competition claim on the ground that the Lanham Act could not be applied extraterritorially in this case, where the only allegedly infringing conduct occurred in the United Kingdom, and had no effect on U.S. commerce. Plaintiff characterizes his argument for the extraterritorial application of the Lanham Act as "well-grounded" and supported by case law; however, the Court found these cases "readily distinguishable" and "of no persuasive value." February 8, 2007 Order at 6.

Further, in granting summary judgment, the Court noted that Plaintiff presented not one item of evidence substantiating any U.S. effect. Indeed, the Court found that the one piece of evidence Plaintiff presented on this issue was the misleading and deceptive Declaration of Steven Surrey. The Court found that Plaintiff's conduct in presenting this deceptive declaration "unreasonably and vexatiously . . . lengthened or multiplied both Defendants' and this Court's work," and imposed sanctions [\*21] on Plaintiff's counsel. <sup>4</sup> Finally, Plaintiff did not oppose Defendants' motion to dismiss his claim for federal trademark dilution (twelfth claim), demonstrating the claim's lack of merit.

4 Plaintiff's counsel submitted a declaration purporting to explain that the Surrey Declaration was not misleading, and, if it was, it was an innocent mistake. The Court finds this unconvincing. At a minimum, Plaintiff's counsel should have disclosed his relationship to Mr. Surrey. In any case, the claim was nevertheless not supported by any significant evidence of U.S. effect.

Plaintiff attempts to rely on the advice of counsel defense to an award of attorneys' fees under the Lanham Act. However, Plaintiff's attempt is unavailing, as that defense must be supported by a specific showing of reasonable reliance, including by a showing of the advice counsel gave. See *Takecare Corp. v. Takecare of Oklahoma, Inc.*, 889 F.2d 955, 958 (10th Cir. 1989) (noting that, in cases determining the application of the advice of counsel defense, "the district court had some means of establishing what the advice was or purported

to be.") Plaintiff here makes only a blanket statement of reliance on counsel. This is not [\*22] enough to effectively invoke the defense.

For the reasons stated above, the Court finds that this is an "exceptional case" within the meaning of the Lanham Act, thereby justifying an award of Defendants' attorneys' fees.

### 5. Plaintiff's Interference Claims

On August 15, 2006, the Court granted with prejudice Defendants' unopposed motion to dismiss Plaintiff's claim for interference with contractual relations with respect to SRI (fourteenth claim), for interference with contractual relations with respect to Rondor (fifteenth claim), for intentional interference with prospective economic advantage (sixteenth claim), and for negligent interference with prospective economic advantage (seventeenth claim).

Defendants contend that they are entitled to attorneys' fees for these claims because they all arose out of contracts between Plaintiff and others, which contracts contained attorneys' fees provisions, and which Defendants claimed the right to invoke. Plaintiff contends that Defendants have no right to invoke the attorneys' fees provisions in those contracts. The Court finds it unnecessary to decide whether Defendants can invoke the attorneys' fees provisions in those contracts. Rather, each [\*23] of Plaintiff's four interference claims is intertwined with all of his other claims. Specifically, Plaintiff's interference claims were that Defendants' alleged misappropriation, copyright infringement, and trademark infringement interfered with his economic relations with third parties. Clearly, the Plaintiff's interference claims are inextricably intertwined with other claims for which an award of fees is warranted, both in that the work done to prevail on them is not separable from the work done with regard to the other claims, and in the manner in which they were pled. Finally, given the early stage in which these claims were dismissed and Plaintiff's non-opposition to that motion, it appears that the work performed to prevail on these claims was negligible.

Accordingly, the Court finds it unnecessary to apportion the fees for the interference claims from the fees stemming from the other claims.

### 6. Plaintiff's Other Claims

Defendants also prevailed on Plaintiff's claim for violation of *California Business & Professions Code* § 17200 (thirteenth claim, dismissed sua sponte on February 8, 2007) and on Plaintiff's claim for civil conspiracy (eighteenth claim, dismissed November 16, 2006). [\*24] By definition, these claims are predicated on other claims: specifically, they both arose out of Plaintiff's claims for violations of the right of privacy, copyright infringement, and violations of the Lanham Act. Accordingly, the Court finds that Plaintiff's claims for § 17200 violations and civil conspiracy are inextricably intertwined with Plaintiff's claims warranting an award of fees. The Court therefore will not apportion fees on these claims.

### C. Reasonableness of the Fee Request

Defendants seek a total of \$ 596,352 in fees for the 1,109 hours their attorneys billed to prevail in this action. To document their request, Defendants submitted a Declaration of Charles G. Gomez, a Manatt attorney, wherein Mr. Gomez states that he analyzed and categorized all of the fees billed in this litigation. Attached to the Gomez Declaration is Exhibit A, a chart Mr. Gomez prepared summarizing the work performed and hours and fees incurred. Also attached is Exhibit B, a printed report of the Manatt attorneys' daily time entries for this case sorted chronologically by task. Plaintiff objects that this request is unreasonable on multiple bases, and filed the Declaration of John Sturgeon, a partner [\*25] at the law firm White & Case LLP, wherein Mr. Sturgeon offers his opinion the Defendants' fees are unreasonable.

#### 1. Defense Counsel's Hourly Rates are Reasonable.

Defendants were represented in this action by the firm Manatt, Phelps & Phillips, LLP ("Manatt firm"). The personnel working on this matter were billed at the following rates: Barry Mallen, partner, \$ 540 and \$ 570 per hour; Joy Teitel, senior associate, \$ 410 and \$ 460 per hour; Lee Phillips, partner, \$ 660 and \$ 690 per hour; Eric Custer, senior counsel, \$ 460 and \$ 485 per hour; Mark Lee, partner, \$ 560 and \$ 590 per hour; Charles Gomez, junior associate, \$ 305 per hour; and Bridget McLaughlin and Lindy Williams, senior paralegals, \$ 220 and \$ 230 per hour, and \$ 245 per hour, respectively. These rates are consistent with the rates typically charged by other highly-regarded southern California law firms for similar work by attorneys of comparable experience. See e.g., *Comite De Jornaleros De Redondo Beach v.*

*City of Redondo Beach*, 2006 U.S. Dist. LEXIS 95610, 2006 WL 4081215, \*3 (C.D. Cal. 2006) (finding that \$ 600 was a reasonable hourly rate in 2006 for a partner at Morrison & Forster's Los Angeles office, who graduated from law school in 1991.) See [\*26] also *Blecher Decl.* P 31 (stating that the Manatt firm's hourly rates are reasonable given the firm's reputation and experience in intellectual property and entertainment litigation, and music transactional matters.)

The Court overrules Plaintiff's objection that Defendants fees must be reduced because defense counsel billed in quarter-hour increments. Billing in quarter-hour increments is a common practice for federal litigators in Los Angeles. *U.S. v. 60,201. United States*, 291 F. Supp. 2d 1126, 1130-31 (C.D. Cal. 2003). The Court also overrules Plaintiff's objection to Defendants' block-billing, as it does not appear that Defendants actually used block-billing; rather, the time entries provided to the Court specify which tasks were performed for each time entry. The Court will not reduce Defendants' fee award for either reason.

The Court also gives no weight to Plaintiff's contention that it was unreasonable for Defendants to hire a nationally-renowned law firm - with relatively high hourly rates - given the lack of complexity of this case. To the contrary, this case was far from routine, involving eighteen claims, entailing questions of the extraterritorial application of U.S. law, [\*27] pled against numerous and only tenuously-related Defendants, seeking perhaps millions of dollars in damages. Far from being an overreaction to a simple case, Defendants' retention of reputable and skilled counsel to engage the multifarious allegations against them was eminently reasonable.

## 2. Plaintiff's Objections to Hours Expended

First, the Court finds that the documentation Defendants provided - evidence of the tasks performed and fees charged to support their fee request. The Court also notes that Plaintiff has not contested Defendants' tabulation of the hours expended. Accordingly, the Court will rely on the chart in Exhibit A as an accurate calculation and sum. of the fees charged for the hours worked by each attorney, and the total amount shown therein (\$ 596,352) will be the starting point for the Court's determination of the lodestar. In addition, the Court will rely on Exhibit A for its categorization of the fees according to task, such as "Motion to dismiss SAC by Wilson," "Answer to SAC by Wilson," etc. With these

considerations in mind, the Court will rule on Plaintiff's objections.

Plaintiff objects to paying Defendants' fees with regard to the motion to disqualify counsel; [\*28] argues that the hours charged for the six motions to dismiss are "grossly excessive"; and faults Defendants for duplicative billing, conducting conferences with defense counsel and clients, and spending more time on the *Rule 26* disclosures than other defendants did. None of these objections is well taken.

First, Defendants' motion to disqualify Plaintiff's counsel was not "frivolous." The Court denied the motion, but it was not unreasonable or filed to harass. Indeed, given the complex litigation history between the parties, the Court found it worth stating that, despite denying the motion to disqualify, it would hold Mr. Flynn and Mr. Stillman to their declarations that Mr. Flynn would not appear in this case, or attend or participate in any mandatory meetings between the parties.

Second, the hours spent on the six motions to dismiss were reasonable. The Manatt firm filed one motion to dismiss for the Sievers/Lippin defendants, which was mooted when Plaintiff filed his FAC. The Manatt firm then filed a motion to dismiss the FAC on behalf of Brian Wilson, addressing only those claims pled against him. The Manatt firm also filed a motion to dismiss the FAC by Melinda Wilson. Then, the [\*29] Sievers/Lippin defendants filed a motion to dismiss the FAC. Finally, after Plaintiff filed an SAC, the Manatt firm filed two more motions to dismiss: one on Brian Wilson's behalf, and the other for the Sievers/Lippin defendants. Defendants needed to file six motions to dismiss because the motions addressed themselves to three complaints (the Complaint, the First Amended Complaint (FAC), and the Second Amended Complaint (SAC)), whose eighteen causes of action were pled differently as to the four (or five, counting Melinda Wilson) defendants represented by the Manatt firm. Accordingly, the Court finds that this work was reasonable. In addition, the Court has reviewed the hours expended in prosecuting each motion and finds that they are reasonable in light of the number of claims involved and the complexity (and lack of clarity) of Plaintiff's allegations.

Plaintiff also argues that the unreasonableness of Manatt's fees is illustrated by the fact that his counsel billed only 535 hours to litigate this action, less than 50% of the hours Manatt billed. This argument is

unpersuasive. Defending against an over-pled complaint packed with a barrage of convoluted allegations often requires more [\*30] work than maintaining such an action requires. In addition, the greater amount of time defense counsel committed to this case was reflected in the higher quality of their work. *See Hensley, 461 U.S. at 435* ("Where a plaintiff has obtained excellent results, his attorney should recover a fully compensatory fee.") Ultimately, Plaintiff's counsel may have billed fewer hours, but Plaintiff also lost. Thus, in this case, the difference in hours that Plaintiff and Defendants spent has no bearing on the reasonableness of Defendants' work.

The Court overrules Plaintiff's objection to Defendants' claim for 21 hours spent preparing the *Rule 26* disclosures. Defendants note that they needed to spend that much time on this task because Plaintiff did not take the lead in organizing these disclosures - a task that plaintiffs ordinarily undertake. Defendants will be compensated for all of these fees.

The Court also overrules Plaintiff's argument that the fee request should be reduced because of duplication of work. Several courts, including this Court and the Ninth Circuit, typically reduce fee awards when, upon an examination of submitted time records, duplicative efforts are found. *See, e.g., Chalmers v. City of Los Angeles, 796 F.2d 1205, 1210 (9th Cir.1985) [\*31]* (stating fees should be reduced "if a case was overstaffed and hours duplicated"); *Rodriguez v. United States, No. CV 99-11821 CBM, 2006 U.S. Dist. LEXIS 95839 (C.D. Cal. June 2, 2006)* (finding 20% reduction in hours acceptable after review of time records). The Court has reviewed the timesheets, and finds that they do not reflect duplicative work. The case was leanly staffed, attorneys performed tasks appropriate to their experience and billing rates, and certainly some amount of time must be spent on internal conferences and reviewing pleadings and memoranda in order to effectively litigate a case as a team. Because the timesheets do not indicate that these tasks were done in a duplicative manner, the Court will not reduce Defendants' fees on this ground. The Court also rejects Plaintiff's argument that the Manatt firm's fees are too high when compared to the total fees sought by other prevailing defendants represented by other counsel. Relative to the other firms, the Manatt firm "took the laboring oar," Sanctuary Defs' Reply 1:23-2:3, on many of the motions filed; accordingly, Manatt's bills are higher than the bills submitted by Sanctuary and

David Leaf. This difference in fees further undermines [\*32] Plaintiff's charge that the defendants engaged in duplicative billing, undertook unnecessary analysis, and conducted unnecessary conferences. Indeed, it is clear that the defendants in this case coordinated their efforts to keep their attorney pills low and *avoid* duplication of work.

The Court overrules Plaintiff's objections to defense counsel's 38 hours of conferences with counsel for other defendants in this action. Spending 38 hours over the course of two years to coordinate a defense against this complex action, with four different defense firms, representing differently-situated defendants, is reasonable.

However, the Court will deduct some time from the 96.5 hours (\$ 56,255) spent consulting with Melinda Wilson on Brian Wilson's behalf. Although the Court recognizes the need to develop the facts of the case and consult with clients as to strategy, a non-trivial portion of that time was spent developing the facts related to Plaintiff's claim for fiduciary duty arising out of the alleged partnership between Plaintiff and Wilson dating back to the 1960s. Recognizing the impossibility of arriving at an accurate apportioning, the Court must nevertheless apportion time spent defending [\*33] against this claim from time spent on the others. The Court therefore reduces that time by one fifth. Accordingly, the Court will deduct from Defendants' fee request one fifth of \$ 56,255, that is, \$ 11,251.

As stated above, the Court will reduce the time spent preparing the summary judgment motion on the fiduciary duty claim because the fees generated to defeat the portion of that claim based on the partnership between Plaintiff and Wilson from the 1960s are not recoverable. Defendants seek \$ 75,152 for their preparation of the motion. In the Court's estimate, based on the summary judgment papers and the Court's order resolving the motion, approximately 50 percent of Defendants' efforts were expended on that portion of the motion. Accordingly, the Court will reduce Plaintiff's fee award by 50 percent of \$ 75,152, that is, by \$ 37,576.

Plaintiff also objects to Defendants' claim for 198.75 hours (\$ 103,309) for case strategy, pleading review, document review, internal conferences, investigation, and research. Given the complexity of this case, and its two-year duration, the Court finds that that amount of time spent on these tasks is reasonable. However,

recognizing that some of this [\*34] time was spent with regard to the non-recoverable portion of the fiduciary duty claim, the Court will reduce this amount by five percent, that is, by \$ 5,165.

Finally, Plaintiff objects to Defendants' claim for \$ 23,501 for computerized legal research, stating, first, that the claim is not sufficiently documented, and, second, that costs for computerized research expenses are either disallowed or usually significantly reduced. The Ninth Circuit has not directly stated whether computerized legal research should be considered attorneys' fees or overhead. *See B & H Mfg. Co. v. Bright*, 2006 U.S. Dist. LEXIS 12249, \*46 (E.D.Cal.2006). This Court agrees with the Seventh Circuit's view that "[t]he added cost of computerized research is normally matched with a corresponding reduction in the amount of time an attorney must spend researching. Therefore, we see no difference between a situation where an attorney researches manually and bills only the time spent and a situation where the attorney does the research on a computer and bills for both the time and the computer fee." *Haroco, Inc. v. American Nat'l Bank and Trust Co. of Chicago*, 38 F.3d 1429, 1440-1441 (7th Cir.1994). However, analogizing [\*35] computerized legal research to manual research in books also leads to the conclusion that some portion of the charges for computerized research must be viewed as overhead because law firms do not charge clients for books maintained in their law libraries. *See Cairns v. Franklin Mint Co.*, 115 F.Supp.2d 1185, 1189 (C.D.Cal. 2000). Although the Court would be inclined to grant Defendants their computerized legal research fees, they are insufficiently documented. The Gomez Declaration states merely that "Manatt also billed \$ 23,501 for computerized legal research," and includes one line item in Exhibit A saying the same thing. This is insufficient evidence to demonstrate that the requested fees were actually incurred in this litigation. Accordingly, the Court will reduce Defendants' fee request by \$ 23,501.

Based on the above, the Court finds that the total of the deductions in this case is:

$$11,251 + 37,576 + 5,165 + 23,501 = \$ 77,493$$

Accordingly, the lodestar is:

$$596,352 - 77,493 = \$ 518,859$$

#### D. The Kerr Factors

Having calculated the lodestar to equal \$ 518,859, the Court will consider whether the *Kerr* factors require the Court to adjust the figure. In the Court's view, the staffing of this [\*36] case was well-calibrated to the complexity and numerosity of the issues, and efficiently litigated. This case involved somewhat difficult questions relating to the extraterritorial application of the Lanham Act and California partnership law, and it took significant legal skill to successfully defend against this action. The hourly rates charged are within the norm for this service in this region, as discussed above. Defendants obtained a complete victory. The experience, reputation, and ability of the Manatt attorneys' well-merit the fees sought. In fact, counsel wrote off a significant portion of their fees as a courtesy to their clients. In addition, the total amount Defendants seek is below amounts that other courts have affirmed as reasonable attorneys' fee awards in Lanham Act and copyright cases. *See, e.g., Taco Cabana International Inc. v. Two Pesos, Inc.*, 932 F.2d 1113 (5th Cir. 1991) *aff'd*, 505 U.S. 763, 112 S. Ct. 2753, 120 L. Ed. 2d 615 (1992) (affirming \$ 937,500 attorney fee award in Lanham Act case); *Tire Kingdom, Inc. v. Morgan Tire & Auto, Inc.*, 253 F.3d 1332, 1335 (11th Cir. 2001) (after summary judgment in Lanham Act claim, affirming award of \$ 328,501.59 in fees and \$ 26,417.79 in costs to one defendant, [\*37] and \$ 372,615.00 in fees and \$ 21,953.00 in costs to another defendant.) The Court finds that none of the *Kerr* factors weighs in favor of adjusting the award.

#### III. CONCLUSION

For the foregoing reasons, Court hereby GRANTS Defendants' motion and awards them attorneys' fees in the amount of \$ 518,859, to be paid by Plaintiff within thirty (30) days of the issuance of this order. Thereafter, Defendants are entitled to post-judgment interest on the amount.

**IT IS SO ORDERED.**

DATED: Sept. 7, 2007

/s/ Audrey B. Collins

**AUDREY B. COLLINS**

**UNITED STATES DISTRICT JUDGE**





**MATTEL, INC., a Delaware Corporation, Plaintiff, v. WALKING MOUNTAIN PRODUCTIONS, a business entity, TOM FORSYTHE, an individual, and DOES 1 through 10, inclusive, Defendant.**

**CV 99-8543 RSWL (RZx)**

**UNITED STATES DISTRICT COURT FOR THE CENTRAL DISTRICT OF CALIFORNIA**

*2004 U.S. Dist. LEXIS 12469; Copy. L. Rep. (CCH) P28,824*

**June 21, 2004, Decided**

**June 21, 2004, Filed; June 24, 2004, Entered**

**PRIOR HISTORY:** *Mattel Inc. v. Walking Mt. Prods.*, 353 F.3d 792, 2003 U.S. App. LEXIS 26294 (9th Cir. Cal., 2003)

Defendant: Mark D. Rosenbaum, Peter J Eliasberg, LEAD ATTORNEYS, ACLU Foundation of Southern California, Los Angeles, CA.

**DISPOSITION:** [\*1] Defendant's motion for costs and attorney's fees GRANTED.

**JUDGES:** RONALD S.W. LEW, United States District Judge.

**OPINION BY:** RONALD S.W. LEW

**COUNSEL:** For Mattel Inc, Plaintiff: Adrian M Pruetz, Erin L McPherson, Jody Borrelli, Michael T Zeller, LEAD ATTORNEYS, Quinn Emanuel Urquhart Oliver & Hedges, Los Angeles, CA.

**OPINION**

For Raymond Kurtz, Joseph C. Gandolfo, Movants: Adrian M Pruetz, Michael T Zeller, LEAD ATTORNEYS, Quinn Emanuel Urquhart Oliver & Hedges, Los Angeles, CA.

**ORDER GRANTING DEFENDANT'S MOTION FOR ATTORNEY'S FEES AND EXPENSES**

On April 26, 2004, the Court heard Defendant Thomas Forsythe dba WALKING [\*2] MOUNTAIN PRODUCTIONS' motion for attorney's fees and expenses. This Court has considered all papers and argument submitted.

For Raymond Kurtz, Joseph C. Gandolfo, Movants: Patrick Casey McGannon, LEAD ATTORNEY, Quinn Emanuel Urquhart Oliver & Hedges, San Francisco, CA.

Plaintiff brought various *Copyright Act*, *Lanham Act*, and state law claims against Defendant. These claims are intertwined and involve a common core of facts.

For Tom Forsythe dba Walking Mountain Productions, Defendant: Alison B Shames, Annette L Hurst, Douglas Andrew Winthrop, Peter J Drobac, Simon J Frankel, LEAD ATTORNEYS, Howard Rice Nemerovski Canady Falk & Rabkin, San Francisco, CA.

**A. Attorney's Fees and Costs for Copyright Claims**

For Tom Forsythe dba Walking Mountain Productions,

Under the Copyright Act, a district court may exercise its discretion to "award a reasonable attorney's

fee to the prevailing party as part of costs." 17 U.S.C. § 505. "Courts may look to the nonexclusive *Lieb* factors as guides and may apply them so long as they are consistent with the purposes of the Copyright Act and are applied evenly to prevailing plaintiffs and defendants." *Fantasy, Inc. v. Fogerty*, 94 F.3d 553, 560 (1996); *Fogerty v. Fantasy, Inc.*, 510 U.S. 517, 535 n.19, 127 L. Ed. 2d 455, 114 S. Ct. 1023 (1994). The *Lieb* factors include "frivolousness, motivation, objective unreasonableness (both in the factual and in the legal components of the case) and the need in particular circumstances to advance considerations of compensation and deterrence." *Lieb v. Topstone Industries, Inc.*, 788 F.2d 151, 156 (3d Cir. 1996). [\*3]

### 1. Purposes of the Copyright Act

Defendant's defense of this action furthered the purposes of the Copyright Act. Defendant's defense was meritorious; it demarcated more clearly the boundaries of copyright law; and it publicized Defendant's work, possibly leading to further creative pieces. See *Fogerty*, 510 U.S. at 526-27.

### 2. Objective Unreasonableness of Plaintiff's Claims

The fair use exception excludes from copyright protection work that criticizes and comments on other work. 17 U.S.C. § 107; see also *Dr. Seuss Enterprises, L.P. v. Penguin Books USA, Inc.*, 109 F.3d 1394, 1399 (9th Cir. 1997). To determine whether an item falls within this exception, courts, on a case by case basis and in light of the purposes of the Copyright Act, consider four factors: "(1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes; (2) the nature of the copyrighted work; (3) the amount and substantiality of the portion used in relation to the copy-righted work as a whole; and (4) the effect of the use upon the potential market for or value of the copyrighted [\*4] work." *Mattel, Inc. v. Walking Mountain Productions*, 353 F.3d 792, 800 (9th Cir. 2003) (citing *Dr. Seuss Enterprises*, 109 F.3d at 1399-1404).

When determining the purpose and character of use when fair use is raised in defense of parody, "the threshold question ... is whether a parodic character may reasonably be perceived." *Campbell v. Acuff-Rose Music*, 510 U.S. 569, 582, 127 L. Ed. 2d 500, 114 S. Ct. 1164 (1994). The parodic character of Defendant's work was clear, especially in light of the dearth of legal authority

Plaintiff proffered to support any argument to the contrary. The Ninth Circuit concluded, "It is not difficult to see the commentary that [Defendant] Forsythe intended or the harm that he perceived in Barbie's influence on gender roles and the position of women in society. However one may feel about his message--whether he is wrong or right, whether his methods are powerful or banal--his photographs parody Barbie and everything Mattel's doll has come to signify." *Mattel*, 353 F.3d at 802. Plaintiff also inappropriately relied upon surveys of public opinion to establish that Defendant's work was not parodic in [\*5] character. Finally, the Ninth Circuit also found that Defendant "created the sort of social criticism and parodic speech protected by the *First Amendment* and promoted by the Copyright Act." *Id.* at 803. Thus, the parodic character of Defendant's work is reasonably perceived and Plaintiff was objectively unreasonable to make any other claim.

As to the nature of Defendant's work, "creative works are "closer to the core of intended copyright protection" than informational and functional works." *Id.* (quoting *Dr. Seuss*, 109 F.3d at 1402). Plaintiff's Barbie is a creative work. Although this factor weighs slightly in Plaintiff's favor, the factor "typically has not been terribly significant in the overall fair use balancing." *Id.* (quoting *Dr. Seuss*, 109 F.3d at 1402). Thus, Plaintiff would have been objectively unreasonable to rely upon it.

Plaintiff also asserts that the amount and substantiality of the portion of Barbie that Defendant used was more than required to convey his message. But the Ninth Circuit rebuffed Plaintiff's argument, finding that the claim "is completely without merit and would lead to absurd results." [\*6] *Mattel*, 353 F.3d at 804. This Court agrees and finds it objectively unreasonable that Plaintiff argued otherwise.

As to the factor of the effect of the use on the potential market, Plaintiff's argument that Defendant's work could impair the value of Barbie and other licensed Mattel products is also objectively unreasonable. The Ninth Circuit found it "highly unlikely" due to the parodic nature of Defendant's work. *Mattel*, 353 F.3d at 805. At the time Plaintiff filed suit, the Supreme Court had established that "the fact that a parody may impair the market for derivative uses by the very effectiveness of its critical commentary is no more relevant under copyright than the like threat to the original market ...." *Campbell*, 510 U.S. at 593. Most of Plaintiff's arguments,



therefore, lack factual or legal support, making Plaintiff's copyright claims objectively unreasonable and frivolous in light of the fair use exception.

### 3. Plaintiff's Frivolousness

A claim or defense is not frivolous if it is brought in good faith, in an unsettled area of law, or with a reasonable likelihood of success. *See Lotus Development Corporation v. Borland International*, 140 F.3d 70, 74 (1st Cir. 1998). [\*7] Plaintiff's copyright claims were objectively unreasonable. Plaintiff is a sophisticated entity with access to good legal representation. Plaintiff's claims were not in an unsettled area of law and had little likelihood of success. Plaintiff's copyright claims, therefore, were frivolous.

### 4. Plaintiff's Motivation

Plaintiff's conduct also does not appear to be motivated by the protection of a valid interest. Plaintiff had access to sophisticated counsel who could have determined that such a suit was objectively unreasonable and frivolous. Instead, it appears Plaintiff forced Defendant into costly litigation to discourage him from using Barbie's image in his artwork.

### 5. Compensation and Deterrence

As to the factors of compensation and deterrence, Mattel (a large corporation) brought objectively unreasonable copyright claims against an individual artist. This is just the sort of situation in which this Court should award attorneys fees to deter this type of litigation which contravenes the intent of the Copyright Act. *See Lotus Development Corporation*, 140 F.3d at 74; *Earth Flag Ltd. v. Alamo Flag Co.*, 154 F. Supp. 2d 663, 666 (S.D.N.Y. 2001). [\*8] Thus, the Court GRANTS Defendant's motion for attorney's fees and costs under the Copyright Act.

### B. Attorney's Fees for Lanham Act Claims

Defendant also requests fees for his defense of Plaintiff's three claims under the Lanham Act: trademark, trade dress, and dilution. But the Lanham Act only allows for an award of attorney's fees in "exceptional cases." 15 U.S.C. § 1117(a). Cases are exceptional when a plaintiff has brought a case that is "groundless, unreasonable, vexatious, or pursued in bad faith." *Stephen W. Boney, Inc. v. Boney Services, Inc.*, 127 F.3d 821, 827 (9th Cir.

1997).

### 1. Trademark Claim

A trademark claim exists under the Lanham Act "where the public interest in avoiding consumer confusions outweighs the public interest in free expression." *Mattel*, 353 F.3d at 807 (quoting *Rogers v. Grimaldi*, 875 F.2d 994, 999 (2d Cir. 1989)). There was little risk of consumer confusion from Defendant's work. Defendant's parodic intent was clear. *Mattel*, 353 F.3d at 802. The titles of the photographs "do not explicitly mislead." *Id.* at 807. Defendant's [\*9] use of the "Barbie mark is clearly relevant to his work." *Id.* Plaintiff's claim, therefore, is groundless and unreasonable such that Defendant should receive attorney's fees for its defense.

### 2. Trade Dress Claim

Nominative fair use of trade dress is not a violation of the Lanham Act if (1) "the plaintiff's product or service in question [is] one not readily identifiable without the use of the trademark;" (2) "only so much of the mark or marks [is] used as is reasonably necessary to identify the plaintiff's product or service;" and (3) "the user [does] nothing that would, in conjunction with the mark, suggest sponsorship or endorsement by the trademark holder." *Id.* at 810 (quoting *Cairns v. Franklin Mint Co.*, 292 F.3d 1139, 1151 (9th Cir. 2002)).

Defendant's use "easily satisfies the first element for nominative fair use. *Mattel*, 353 F.3d at 810. "His use of the Barbie figure and head are reasonably necessary in order to conjure up the Barbie product in a photographic medium." *Id.* Additionally, "it would have been extremely difficult for [Defendant] Forsythe to create a photographic parody of Barbie without [\*10] actually using the doll." *Id.* As to the second element, "it would be very difficult for [Defendant] to represent and describe his photographic parodies of Barbie without using the Barbie likeness." *Id.* Finally, Defendant "used only so much as was necessary to make his parodic use of Barbie readily identifiable, and it is highly unlikely that any reasonable consumer would have believed that Mattel sponsored or was affiliated with his work." *Id.* Thus, Plaintiff's trade dress claim was groundless and unreasonable.

### 3. Dilution Claim

Because of the free speech protections of the *First*

*Amendment*, a trademark is not diluted through tarnishment by editorial or artistic parody that satirizes plaintiff's product or its image. *Id. at 812*. A dilution action only applies to purely commercial speech. *Id.* Parody that does more than propose a commercial transaction is noncommercial speech. *Id.* Defendant's parody does more than propose a commercial transaction not only because many would classify his work as humorous, but also because his work provides a visual commentary on a cultural icon--Barbie. *See Mattel, Inc. v. MCA Records*, 296 F.3d 894, 906 (9th Cir. 2002); [\*11] *Virginia State Board of Pharmacy v. Virginia Citizens Consumer Council*, 425 U.S. 748, 772, 48 L. Ed. 2d 346, 96 S. Ct. 1817 (1976). Thus, Defendant's work is noncommercial speech and it was exceptional for Mattel, a sophisticated plaintiff, to bring this groundless and unreasonable dilution claim.

### **C. Reasonableness of Requested Attorney's Fees and Costs**

The fees and costs Defendant requests are reasonable. The motion includes adequate records and support for the fees and costs requested. At the hearing on the motion, Defendant's attorney stated that he did not spend the anticipated \$ 200 for a hotel stay. This Court, therefore, **GRANTS** Defendant \$ 1,584,089 in attorney's fees and \$ 241,797.09 in costs.

**IT IS SO ORDERED.**

DATED: 6-21-04

RONALD S.W. LEW

United States District Judge





**CHITUNDA TILLMAN, SR., Plaintiff, vs. NEW LINE CINEMA CORP., et al.,  
Defendants.**

**Case No. 05 C 910**

**UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF  
ILLINOIS, EASTERN DIVISION**

**2008 U.S. Dist. LEXIS 105200; 89 U.S.P.Q.2D (BNA) 1407; Copy. L. Rep. (CCH)  
P29,680**

**December 31, 2008, Decided**

**December 31, 2008, Filed**

**SUBSEQUENT HISTORY:** Affirmed by *Tillman v. Newline Cinema*, 2010 U.S. App. LEXIS 7584 (7th Cir. Ill., Apr. 13, 2010)

**PRIOR HISTORY:** *Tillman v. New Line Cinema Corp.*, 295 Fed. Appx. 840, 2008 U.S. App. LEXIS 21522 (7th Cir. Ill., 2008)

**COUNSEL:** [\*1] Chitunda Tillman, Plaintiff, Pro se, Chicago, IL.

For Newline Cinema, and its officers, Defendant: Donna B More, LEAD ATTORNEY, Edward M Shin, Greenberg Traurig, LLP, Chicago, IL; Stacey M. Faraci, Tom J. Ferber, Pryor Cashman LLP, New York, NY.

For Robert K Shaye, Co-Chairman sued in both individually and in his official capacities, Michael Lynne, Co-Chief Executive Officer sued in both individually and in his official capacities, James Kearns, "Writer" for "WGA" as officer of WGA sued both individually and in his official capacity, Jim Rosenthal, President of New Line Television, Mr. Rosenthal sued both individually and in his official capacity, Toby Emmerich, President of New Line Productions, Mr. Emmerich sued both individually and in his official capacity, Defendants: Donna B More, LEAD ATTORNEY, Edward M Shin, Greenberg Traurig, LLP, Chicago, IL.

For Time Warner, and its officers, Defendant: Edward M Shin, Greenberg Traurig, LLP, Chicago, IL; Stacey M. Faraci, Pryor Cashman LLP, New York, NY.

For Writes Guild of America, Inc., an its officers, Defendant: Anthony R. Segall, Emma Leheny, Rothner, Segall & Greenstone, Pasadena, CA; Laurie Marie Burgess, Burgess Law Offices, P.C., Chicago, [\*2] IL.

For John McLean, Director of (WGA) sued in both individually and in his official capacities, Daniel Petrie, President of WGA, Mr. Petrie sued both individually and in his official capacity, Defendants: Anthony R. Segall, Rothner, Segall & Greenstone, Pasadena, CA.

For Camela Galano, President, New Line International Releasing, Inc., Ms. Galano sued both individually and in her official capacity, Defendant: Donna B More, LEAD ATTORNEY, Greenberg Traurig, LLP, Chicago, IL.

For Patricia Sapperstein, Ms Sapperstein sued both individually and in her official capacity, Peter Bart, Chief editor, Mr. Bart sued both individually and in his official capacity, Defendants: Michael I. Rothstein, LEAD ATTORNEY, Daniel I Konieczny, Tabet DiVito & Rothstein, LLC, Chicago, IL; Henry H Hess, Tabet DiVito Rothstein, Chicago, IL.

**JUDGES:** MATTHEW F. KENNELLY, United States

District Judge.

**OPINION BY: MATTHEW F. KENNELLY**

**OPINION**

**MEMORANDUM OPINION AND ORDER**

MATTHEW F. KENNELLY, District Judge:

In May 2005, Chitunda Tillman, Sr. filed a copyright infringement action against New Line Cinema Corporation, Time Warner Inc., and other defendants. Before he filed suit, Mr. Tillman was represented by a lawyer, but the lawyer withdrew after defense [\*3] counsel provided him with evidence that persuaded him Mr. Tillman's claim was groundless. *See* Ferber Suppl. Decl., Exs. A & B. As a result, Mr. Tillman filed his suit *pro se*. A little over two months after he filed the lawsuit, another attorney, Brian Nix, filed an appearance on his behalf. Mr. Nix pursued the case for about two years. In May 2007, however, shortly after New Line and Time Warner filed a motion for summary judgment, Mr. Nix sought and was granted leave to withdraw.

The case, originally assigned to Judge John Nordberg, was reassigned to the undersigned judge's calendar in late May 2007. The Court granted defendants' motion for summary judgment on March 7, 2008. The court of appeals recently affirmed this Court's decision. *See Tillman v. New Line Cinema Corp., No. 08-1667, 295 Fed. Appx. 840, 2008 U.S. App. LEXIS 21522, 2008 WL 4488204 (7th Cir. Oct. 7, 2008).*

Defendants have moved the Court to award defendants attorney's fees and costs against Mr. Tillman pursuant to 17 U.S.C. § 505 and 42 U.S.C. § 1988 and against both Mr. Tillman and Mr. Nix pursuant to 28 U.S.C. § 1927. For the reasons stated below, the Court grants defendants' motion in part.

#### **Background**

On February 14, 2005, Mr. Tillman, proceeding *pro se*, filed a [\*4] two count copyright infringement complaint against eight defendants. He alleged that in 1998, he wrote a screenplay entitled *Kharisma Heart of Gold*, registered it with the United States Copyright Office that July, and submitted a copy of it to the Writers Guild of America (WGA) around the same time. The

screenplay was based on Mr. Tillman's personal experience with his sick daughter, who needed serious heart surgery to avoid death. In 2002, New Line released the motion picture *John Q*, based on a screenplay by James Kearns. Mr. Tillman claimed that *John Q* was substantially similar to *Kharisma Heart of Gold*. He alleged that Mr. Kearns was affiliated with the WGA, stole his screenplay, and sold it to New Line.

Mr. Tillman then retained Mr. Nix as counsel. On April 25, 2005, Mr. Nix filed a sixty-three page amended complaint on Mr. Tillman's behalf, asserting nine claims against twenty-three defendants. In addition to copyright infringement claims, Mr. Nix asserted claims of denial of equal protection and due process, conspiracy to violate Mr. Tillman's civil rights, intentional infliction of emotional distress, fraudulent misrepresentation, and violation of the Illinois Consumer Fraud [\*5] and Deceptive Business Practices Act.

In early May 2005, shortly after Mr. Nix filed the amended complaint, defendants' counsel wrote him a letter. In the letter, defense counsel made reference to earlier correspondence with Mr. Tillman's original lawyer (a copy of which Mr. Nix had attached to the amended complaint) and that lawyer's resulting decision to withdraw from representation of Mr. Tillman. Defense counsel put Mr. Nix on notice of defendants' contention that Mr. Tillman's claims were frivolous based on what counsel called "irrefutable evidence" of independent prior creation of *John Q*. Counsel also advised Mr. Nix of defendants' intention to request sanctions. *See* Ferber Suppl. Decl., Ex. C. Mr. Nix does not appear to have replied to defense counsel's letter.

In July 2005, defendants moved to dismiss the claims against a number of the defendants for lack of personal jurisdiction and moved to dismiss the non-copyright claims for failure to state a claim. Within a few days, Mr. Nix moved for leave to file a second amended complaint. The defendants objected to what they considered an end run around their motion to dismiss. The magistrate judge to whom Judge Nordberg had referred [\*6] pretrial proceedings essentially agreed, telling Mr. Nix that he should not simply file a second amended complaint but that he could attach a proposed amended complaint to his response to the motion to dismiss if he felt it would cure the defects the defendants asserted. The magistrate judge told Mr. Nix that if he disagreed with the defendants' arguments for dismissal, he should file a response to the

motion to dismiss. Mr. Nix then filed a forty-three page second amended complaint that dropped all but one of the non-copyright claims and added two new state law claims. He did not respond to the motions to dismiss, and his second amended complaint did not address the defendants' arguments for dismissal.

On March 31, 2006, Judge Nordberg granted defendants' motions to dismiss, dismissing all of the claims against the individual defendants and the WGA for lack of personal jurisdiction, and dismissing with prejudice the non-copyright claims against the other defendants. *See* Order of Mar. 31, 2006 (docket no. 85).

About a week after Judge Nordberg's ruling, defense counsel again wrote to Mr. Nix, setting out in some detail the basis for defendants' contention that Mr. Tillman's claims were [\*7] baseless. *See* Ferber Suppl. Decl., Ex. D (Ferber Apr. 7, 2006 letter). Counsel asked Mr. Nix to drop the case and restated defendants' intention to seek sanctions against both Mr. Nix and Mr. Tillman if the case continued.

Mr. Nix responded about two weeks later. *See id.* (Nix Apr. 22, 2006 letter). In response to defense counsel's contention that news articles demonstrated Mr. Kearns' independent prior creation of the *John Q* screenplay, Mr. Nix said he had been unable to locate the articles himself; he questioned the authenticity of the articles defendants had cited. Mr. Nix also laid out the basis for his contention that Mr. Kearns had not actually created the screenplay at the earlier date cited by defendants. In response to defendants' contention that substantial similarity between the two works was lacking and that any similarities involved uncopyrightable ideas (as opposed to expression of ideas), Mr. Nix likewise demurred. He stated that although the law required only one similarity, there were many, though he did not identify any of them. Mr. Nix also stated that Mr. Kearns, via his WGA membership, had access to Mr. Tillman's screenplay, which Mr. Tillman had submitted to the [\*8] WGA in 1998. Mr. Nix also noted that the news articles defendants had cited concerning Mr. Kearns' purported earlier creation of the *John Q* script said little about the details of Mr. Kearns' work and thus did not establish independent creation of the allegedly infringing work at issue in the case.

Defense counsel sent Mr. Nix another letter in reply. *Id.* (Ferber Apr. 26, 2005 letter). Counsel took issue with the reasonableness of Mr. Nix's inquiry regarding the

articles discussing Mr. Kearns' earlier creation of a *John Q* screenplay. Counsel also took issue with Mr. Nix's contention that there were significant similarities between the two works at issue, challenging Mr. Nix to identify them. Defense counsel again warned Mr. Nix that defendants intended to pursue a request for sanctions. There is no indication that Mr. Nix replied to defense counsel's letter.

At the same time Judge Nordberg dismissed certain of Mr. Tillman's claims, he also denied what he termed Mr. Tillman's "implicit" request for leave to file a second amended complaint -- effectively dismissing the two new state law claims included in that version of the complaint. On January 8, 2007, Judge Nordberg denied Mr. Tillman's [\*9] motion for reconsideration of that decision. Mr. Nix then filed, on Mr. Tillman's behalf, an unsuccessful interlocutory appeal from the denial of his motion for reconsideration.

On March 22, 2007, Mr. Tillman renewed his request for leave to file a second amended complaint. On April 20, 2007, the remaining defendants moved for summary judgment on all remaining claims in Mr. Tillman's first amended complaint. About two weeks later, on May 3, 2007, Mr. Nix moved to withdraw as Mr. Tillman's counsel. His motion cited "recently discovered" information "that makes successful representation more challenging." Mr. Nix stated that he had spoken to Mr. Tillman about the risk of sanctions but that Mr. Tillman wished to proceed with the suit. Judge Nordberg granted Mr. Nix's motion but said that Mr. Nix would be subject to any sanctions that the Court might later impose.

The case was reassigned to this Court's docket on May 25, 2007. On August 27, 2007, proceeding *pro se* once again, Mr. Tillman moved to compel discovery. Following briefing, the Court denied Mr. Tillman's motion on November 4, 2007.

The Court granted summary judgment in the remaining defendants' favor on March 7, 2008. *See Tillman v. New Line Cinema Corp., No. 05 C 910, 2008 U.S. Dist. LEXIS 18120, 2008 WL 687222 (N.D. Ill. Mar. 7, 2008)*. [\*10] Defendants thereafter filed the present motion for attorney's fees.

## Discussion

### I. Whether attorney's fees should be awarded

### A. 17 U.S.C. § 505

Defendants seek an award of attorney's fees from Mr. Tillman under the Copyright Act, which provides that "the court may . . . award a reasonable attorney's fee to the prevailing party as part of the costs." 17 U.S.C. § 505. The decision whether to award attorney's fees to prevailing parties is committed to the district court's discretion. See *Fogerty v. Fantasy, Inc.*, 510 U.S. 517, 522, 114 S. Ct. 1023, 127 L. Ed. 2d 455 (1994). The Supreme Court in *Fogerty* suggested several factors courts may consider in exercising this discretion, including "frivolousness, motivation, objective unreasonableness (both in the factual and in the legal components of the case) and the need in particular circumstances to advance considerations of compensation and deterrence." *Id.* at 534 n.19 (internal quotation marks and citations omitted).

In an effort to simplify the "laundry list" of relevant factors from *Fogerty*, the Seventh Circuit has stated that "the two most important considerations in determining whether to award attorneys' fees in a copyright case are the strength of the prevailing party's case [\*11] and the amount of damages or other relief the party obtained." *Assessment Techs. of WI, LLC v. WIREdata, Inc.*, 361 F.3d 434, 436 (7th Cir. 2004). "When the prevailing party is the defendant, who by definition receives not a small award but no award, the presumption in favor of awarding fees is very strong . . . for without the prospect of such an award, the party might be forced into a nuisance settlement or deterred altogether from exercising his rights." *Id.* at 437.

New Line and Time Warner defended against Mr. Tillman's claims for three years, ultimately prevailing in full. Defendants' case was overwhelmingly strong. They provided unrefuted documentary and testimonial evidence that Mr. Kearns had independently created the *John Q* screenplay years before Mr. Tillman wrote his *Kharisma Heart of Gold* screenplay. In response, the Court observed in its March 7, 2008 opinion, Mr. Tillman presented only "unsupported conspiracy theories and conclusory accusations of lying." *Tillman*, 2008 U.S. Dist. LEXIS 18120, 2008 WL 687222, at \*6. In addition to proving prior and independent creation of the *John Q* screen play, defendants also demonstrated that no reasonable jury could find the two works to substantially similar, a [\*12] threshold requirement for a successful copyright infringement claim (absent proof of actual

copying, which was lacking in this case). 2008 U.S. Dist. LEXIS 18120, [WL] at \*9.

The Court does not doubt that Mr. Tillman believed his copyright infringement claim was valid. That belief, however, appears to have been based on a combination of his apparent misunderstanding of copyright law and his apparent unwillingness to come to grips with the evidence that undermined his claims. As the Court observed in its summary judgment ruling, there was arguably some overall thematic similarity between *John Q* and *Kharisma Heart of Gold*, at least at a very general level. But such overall thematic similarity does not establish copyright infringement; in this case, any similar elements were general ideas and *scenes a faire*, which are not protected by copyright law. In addition, on the question of independent creation, the evidence established beyond question that Mr. Kearns had written the screenplay that ended up as *John Q* before Mr. Tillman created his *Kharisma Heart of Gold* screenplay. When faced with this evidence, Mr. Tillman took the position that it was all concocted. He was able to do so only by, in effect, shutting his eyes [\*13] to what the evidence showed.

The Court cannot escape the conclusion that Mr. Tillman's claims were entirely baseless, both factually and legally. This is not a case in which the opposing parties had "different, but reasonable, views of the law with an uncertain outcome." Cf. *Traicoff v. Digital Media, Inc.*, No. 03 C 1781, 2007 U.S. Dist. LEXIS 57830, 2007 WL 2286133, at \*2 (S.D. Ind. Aug. 7, 2007). Rather, Mr. Tillman offered no evidence of substantial similarity between any expression in *John Q* and anything in his own work that is actually protected by copyright, and he offered no evidence that tended to undercut defendants' evidence showing that long before he wrote *Kharisma Heart of Gold*, Mr. Kearns created *John Q*.

Together, the strength of defendants' case and defendants' inability to recover damages create a strong presumption in favor of awarding fees. Mr. Tillman has done nothing to try to rebut that presumption. Instead, he devoted virtually his entire brief to rearguing his opposition to defendants' motion for summary judgment, a lost cause at this point. The Court does not relish awarding attorney's fees against an individual *pro se* plaintiff, particularly one whose beliefs about the merits of his claim [\*14] are likely to have been reinforced, at

least for a significant period, by legal counsel. But at least Mr. Nix was, eventually, willing to face reality and withdraw from the case. Mr. Tillman pressed ahead with his baseless claims even when confronted with defendants' summary judgment motion.

For these reasons, the Court concludes that defendants have established an entitlement to an award of reasonable attorney's fees and expenses against Mr. Tillman under 17 U.S.C. § 505.

#### B. 42 U.S.C. § 1988

Under 42 U.S.C. § 1988(b), a court may award reasonable attorney's fees to the prevailing party in an action brought under (among other provisions) 42 U.S.C. §§ 1983 and 1985. Tillman asserted claims under these statutes for denial of equal protection, deprivation of due process, and civil conspiracy. Judge Nordberg dismissed the claims. Defendants seek to recover a small proportion of their overall attorney's fees in connection with these claims. There is no question that they are the prevailing parties on the section 1983 and 1985 claims; a prevailing party is one who "obtains a 'material alteration of the legal relationship of the parties.'" *Riviera Distribs. v. Jones*, 517 F.3d 926, 928 (7th Cir. 2008) [\*15] (quoting *Buckhannon Board & Care Home, Inc. v. W. Virginia Dept. of Health & Human Res.*, 532 U.S. 598, 604, 121 S. Ct. 1835, 149 L. Ed. 2d 855 (2001)).

Under section 1988, "prevailing defendants have a much harder row to hoe than do prevailing plaintiffs" in attempting to recover attorney's fees. *Roger Whitmore's Auto Servs., Inc. v. Lake County*, 424 F.3d 659, 676 (7th Cir. 2005). A prevailing defendant is entitled to fees "only in cases in which the plaintiff's action was frivolous, unreasonable, or groundless." *Id.* Mr. Tillman's claims under sections 1983 and 1985 were legally frivolous. As defendants pointed out in their motion to dismiss, Mr. Tillman failed to identify the violation of any federal constitutional right -- primarily because the constitutional prohibitions at issue are directed to governmental actors, not private persons and entities like the defendants Mr. Tillman sued. In short, the claim was without a viable legal basis (not to mention the absence of a legitimate factual basis). For this reason, defendants are entitled under section 1988 to an award of attorney's fees against Mr. Tillman.

#### C. 28 U.S.C. § 1927

Defendants also request sanctions against both Mr. Tillman and Mr. Nix pursuant to 28 U.S.C. § 1927. [\*16] Under that statute, "[a]ny attorney or other person admitted to conduct cases in any court of the United States . . . who so multiplies the proceedings in any case unreasonably and vexatiously may be required by the court to satisfy personally the excess costs, expenses, and attorney's fees reasonably incurred because of such conduct." 28 U.S.C. § 1927.

Defendants are not entitled to a fee award under section 1927 against Mr. Tillman, who is not an attorney. The circuits that have considered whether section 1927 permits an award of fees against a *pro se* party who is not an attorney have split. Compare *Sassower v. Field*, 973 F.2d 75, 80 (2d Cir. 1992) (fee award unavailable) with *Wages v. IRS*, 915 F.2d 1230, 1235-36 (9th Cir. 1990) (fee award available). The Seventh Circuit has not taken a position on the point. See, e.g., *Alexander v. United States*, 121 F.3d 312, 316 (7th Cir. 1997). The courts that have permitted a fee award under section 1927 against a non-attorney *pro se* party have proceeded on the basis that such a party is a "person admitted to conduct cases in [a] court of the United States." The Court agrees, however, with its colleague Judge James B. Zagel, who, in *Kim v. Earthgrains Co.*, No. 01 C 3895, 2003 WL 41643 (N.D. Ill. Jan. 3, 2003), [\*17] concluded that section 1927 does not permit a fee award against a *pro se* party who is not an attorney. As Judge Zagel stated in that case,

I am persuaded by the Second Circuit's opinion in *Sassower* that § 1927 should not be applicable to non-attorney *pro se* plaintiffs litigating in good faith. As *Sassower* noted, the word "admitted" in the context of § 1927 suggests application to those who, like attorneys, gain approval to appear in a lawyer-like capacity. Furthermore, as the Second Circuit noted, it appears unlikely that Congress intended the phrase "other person" to include a person lacking lawyer-like credentials because the prior version of the statute read "any attorney, proctor, or other person admitted."

*Id.* at \*1 (citations omitted). This Court agrees with Judge Zagel; the language of section 1927 points away from fee awards against *pro se* plaintiffs. Specifically, *pro se*



plaintiffs are not "admitted" to conduct cases; an individual does not need a court's permission to litigate his own case.

In *Alexander*, the Seventh Circuit approved sanctions on an alternative basis, based on the inherent authority of a court to sanction vexatious litigation conduct. Defendants, however, have [\*18] not sought sanctions on that alternative basis. In any event, defendants need not rely on such grounds to obtain a fee award against Mr. Tillman in light of the Court's granting of their request for attorney's fees under 17 U.S.C. § 505.

With regard to defendants' request for sanctions against Mr. Nix, the Seventh Circuit has stated that "[i]f a lawyer pursues a path that a reasonably careful attorney would have known, after appropriate inquiry, to be unsound, the conduct is objectively unreasonable and vexatious" and thus sanctionable under section 1927. *Dal Pozzo v. Basic Machinery Co.*, 463 F.3d 609, 614 (7th Cir. 2006) (internal quotation marks and citation omitted); *Kapco Mfg. Co. v. C&O Enters., Inc.*, 886 F.2d 1485, 1491 (7th Cir. 1988).

There is good reason for courts to be wary of requests for sanctions under section 1927. Too-frequent imposition of sanctions under this and other similar provisions like *Federal Rule of Civil Procedure 11* risks chilling zealous and creative advocacy as well as potentially meritorious claims that circumstances make difficult to prove. But Mr. Nix's conduct of this case went beyond mere zealous advocacy. He filed claims for constitutional rights [\*19] violations that did not have a prayer of success in light of the absence of any governmental action. When faced with a motion to dismiss the claims he added in the first amended complaint he filed on Mr. Tillman's behalf, Mr. Nix did not even try to defend them -- even after being urged by the magistrate judge to do so if he had something to say -- but rather just plowed ahead, adding two more demonstrably meritless state law claims. He then took a frivolous interlocutory appeal from Judge Nordberg's denial of his motion to reconsider the denial of leave to amend, a plainly non-appealable ruling. And when confronted, shortly after being retained, with the evidence showing that Mr. Kearns had written his *John Q* script long before Mr. Tillman penned *Kharisma Heart of Gold*, Mr. Nix spun a conspiracy theory after performing a patently inadequate investigation to "find" evidence that was in plain sight or readily available via the discovery

process.

In his response to defendant's motion, Mr. Nix focuses on the evidence regarding Mr. Kearns' independent prior creation of his work. Mr. Nix does not dispute his awareness of this evidence but says there were factors that would have led a reasonable [\*20] lawyer to question its authenticity. He points primarily to the following:

- Mr. Kearns did not register *John Q* with the Copyright Office, and no one registered it until some time after Mr. Tillman created *Kharisma Heart of Gold* in 1998.

- The eventual copyright registration for *John Q* stated that it had been created in 2000, not 1993 (the date defendants contended Mr. Kearns created the screenplay).

- Mr. Nix says he could not verify the authenticity of certain trade-publication articles referring to Kearns' screenplay that defendants cited and that predated Tillman's creation of his work.

Mr. Kearns' non-registration of his work prior to Mr. Tillman's registration of his screenplay is, by itself, a non-issue. Liability in a copyright case does not turn on registration. On the other hand, the notation in the eventual registration of the *John Q* screenplay that the work was created in 2000<sup>1</sup> would be significant had it been the only evidence regarding Mr. Kearns' creation of *John Q* that Mr. Nix had, for that date postdated the creation of Mr. Tillman's work by two years. But it was not the only evidence; it was accompanied by the articles defendants cited to Mr. Nix shortly after his entry [\*21] into the case, which (as noted earlier) reflected that Mr. Kearns had, in fact, created his screenplay several years before Mr. Tillman's. There is not, and never was, a legitimate question regarding the authenticity of these articles; Mr. Nix did not make a reasonable effort to confirm their authenticity after defendants cited them. The most significant of the articles is one from the November 15, 1993 edition of *Daily Variety* that described Mr. Kearns' screenplay in some detail and thus confirmed he had created it prior to Mr. Tillman's work. Mr. Nix's response to defendants' motion reflects that in trying to find the article on his own, he looked only at the weekly version of *Variety*, not *Daily Variety*, the daily publication that defendants had unambiguously cited. *Compare* Nix Decl., Ex. B, p. 1 (copy of the article defendants cited from the Monday, Nov. 15, 1993 edition

of *Daily Variety*) with *id.*, pp. 5 *ff.* (copy of Nov. 15, 1993 edition of *Variety*, clearly marked below the publication's title as "The International Weekly" and containing no reference to *Daily Variety*). A reasonably careful attorney would have realized he was comparing apples with oranges.

1 Though defendants ultimately [\*22] showed that this was an error made by the person (not Mr. Kearns) who prepared the copyright registration form, there is no indication that explanation was given to Mr. Nix early on.

Perhaps just as importantly (as defendants point out), if Mr. Nix had legitimate doubts about the authenticity of the *Daily Variety* and other articles defendants cited, one would have expected that upon, or shortly after, his entry into the case and filing of an amended complaint, he would have requested from the publications records regarding the cited articles, to determine their authenticity once and for all. Yet he did not do so. These were not the acts of a reasonably careful attorney confronted with evidence that completely undermined his claims.

Mr. Nix makes the point that contingent-fee lawyers tend not to take on cases that they believe are lost causes. That is certainly consistent with the undersigned judge's experience. But the relevant inquiry is not whether Mr. Nix believed in his case; the question is whether he pursued an objectively unreasonable course. The fact that contingent-fee lawyers generally have an economic disincentive to pursue objectively baseless cases does not mean that Mr. [\*23] Nix did not do so in this case.

The Court need not, however, dwell further on the patent deficiencies in Mr. Nix's investigation of the issue of independent creation, for there is another basis supporting imposition of sanctions under *section 1927*. That concerns the issue of substantial similarity. Mr. Nix has made no effort in his response to defendants' motion for sanctions, just as he made no effort in his response to defense counsel's April 2006 correspondence, to identify any particular expression or element in *John Q* that is substantially similar to copyrightable expression in Mr. Tillman's work. Finding this did not require Mr. Nix to investigate the authenticity of articles cited by defense counsel; it simply required him to review and compare the two works. The bottom line is that no such substantial similarities existed. In short, Mr. Nix does not offer anything to undermine defendants' overwhelming showing that the only arguable similarities between *John*

*Q* and *Kharisma Heart of Gold* involved non-copyrightable elements. The absence of such evidence -- the *sine qua non* of a valid copyright claim in most cases -- would have been apparent to a reasonable attorney at the outset [\*24] of the case.

In sum, the Court finds that Nix unreasonably and vexatiously multiplied the proceedings in this case, entitling defendants to sanctions under *section 1927*.

## II. Calculation of fees

The Court begins its analysis of reasonable attorney's fees by determining the "lodestar": "the number of hours reasonably expended on the litigation multiplied by a reasonable hourly rate." *Hensley v. Eckerhart*, 461 U.S. 424, 433, 103 S. Ct. 1933, 76 L. Ed. 2d 40 (1983). Defendants bear the burden of proving the reasonableness of "the hours worked and the hourly rates claimed." *Spagon v. Catholic Bishop of Chi.*, 175 F.3d 544, 550 (7th Cir. 1999). The Court must exclude any hours not "reasonably expended' on the litigation," and may, after consideration of a variety of factors, increase or reduce the "modified lodestar amount." *Id.* (quoting *Hensley*, 461 U.S. at 434-35). *Hensley* requires a petitioner for fees to exercise "billing judgment," meaning that the petitioner must "exclude from a fee request hours that are excessive, redundant, or otherwise unnecessary." *Hensley*, 461 U.S. at 434.

Defendants seek fees under 28 U.S.C. § 1927 of a total \$ 298,992.95, representing 1,313.05 hours of attorney, paralegal, managing clerk, and librarian [\*25] time (1,259.3 hours of attorney time, 33.4 hours of paralegal time, 19.55 hours of managing clerk time, and 0.8 hours of librarian time). Of this, they attribute \$ 206,007.70 to Mr. Nix and the remainder, \$ 92,875.25 to Mr. Tillman. Defendants seek fees of \$ 281,069.95, the amount they attribute to the copyright claims, under 17 U.S.C. § 505, and \$ 7,634.13, the amount they attribute to the civil rights claims, under 42 U.S.C. § 1988.

### A. Hourly rates

Defendants seek hourly rates of \$ 345-480 for partners Stephen Huff and Tom Ferber and \$ 210-\$ 325 for associates Stacy Faraci, Emily Frangos, Carletta Higginson, and Colleen Parker -- rates that they contend represent discounts defendants enjoyed off of the attorneys' regular hourly rates. The reasonable hourly rate for an attorney is the market rate for her services. *See*

*Fogle v. William Chevrolet/Geo Inc.*, 275 F.3d 613, 615 (7th Cir. 2001). The attorney's actual billing rate is "presumptively appropriate to use as the market rate." *Muzikowski v. Paramount Pictures Corp.*, 477 F.3d 899, 909 (7th Cir. 2007) (quoting *People Who Care v. Rockford Bd. of Educ., Sch. Dist. No. 205*, 90 F.3d 1307, 1310 (7th Cir. 1996)). "Only '[i]f the court is [\*26] unable to determine the attorney's true billing rate . . . (because he maintains a contingent fee or public interest practice, for example)' should the court 'look to the next best evidence -- the rate charged by lawyers in the community of reasonably comparable skill, experience, and reputation.'" *Id.* at 909-10 (quoting *People Who Care*, 90 F.3d at 1310).

Defendants have attached copies of the monthly bills they received from their lawyers at Pryor Cashman between 2005 and 2008. *See* Ferber Suppl. Decl., Ex. J. The bills show the hourly rates for each timekeeper who performed work on the case. These actual billing rates are presumptively appropriate, and because neither Nix nor Tillman has challenged their reasonableness, the Court will accept them for use in its calculation of the "modified lodestar amount."

The reasonable hourly rates for paralegals are also the market rates for their services. *Spegon*, 175 F.3d at 556. Plaintiffs seek hourly rates ranging from \$ 60 to \$ 175 for eight paralegals and four employees they describe as "managing clerks," who appear to have performed paralegal-type work. As with the attorneys, because the rates charged by the paralegals are the actual rates [\*27] billed to the client, they are the presumptive market rates. Neither Tillman nor Nix has challenged their reasonableness, so the Court will not adjust them.

Defendants seek 0.8 hours for work performed by their librarian. This is clerical work that is not separately compensable. The time billed for this work is therefore disallowed.

## B. Hours

The party seeking fees has the burden of proving the reasonableness of the hours worked by counsel. *Spegon*, 175 F.3d at 555. Defendants provided copies of their monthly bills, showing day-by-day time entries by each timekeeper, but they did not break down the time by task. As a result, the Court cannot easily determine whether the number of hours spent on each task was reasonable.

There are other problems with defendants' petition. First, based on its own review of the three years worth of billing statements defendants submitted (consisting of over 130 pages of bills), there are significant discrepancies between the totals claimed for each timekeeper and the amounts reflected in the bills defendants have submitted. For example, defendants say that Ms. Faraci charged 513 hours, Mr. Ferber charged 455 hours, and Ms. Higginson charged 197 hours, but the [\*28] bills defendants have submitted show only about 400, 368, and 141 hours, respectively. The discrepancy is twenty-plus percent in each instance. Second, the Court saw no mention in the bills of work performed by associate Colleen Parker or paralegals William R. McAllister, Robert L. Michael Jr., or Margaret Mitchell, despite the fact that defendants claimed 8.9 hours for them. Third, due to block billing -- the lumping of disparate tasks into a single time entry -- it is difficult to assess the reasonableness of the amount of time defendants' counsel devoted to a given task.

"[W]hen a fee petition is vague or inadequately documented, a district court may either strike the problematic entries or . . . reduce the proposed fee by a reasonable percentage." *Harper v. City of Chi. Heights*, 223 F.3d 593, 605 (7th Cir. 2000); *see also Hensley*, 461 U.S. at 433. In light of the block-billing and the significant discrepancies in the hours claimed, the Court reduces the amount claimed by one third. This calculation results in the following "modified lodestar amounts": \$ 188,316.87 for purposes of the claim against Mr. Tillman under 17 U.S.C. § 505; \$ 5,114.98 for purposes of the claim against Mr. [\*29] Tillman under 42 U.S.C. § 1988; and \$ 138,025.16 for purposes of the claim against Mr. Nix under 28 U.S.C. § 1927.

The Court declines, however, to make fee awards in these amounts. The first question is the amount of the fees to be awarded against Mr. Nix under *section 1927*. In this regard, it is appropriate to take into account the fact that when confronted with defendants' motion for summary judgment -- the first occasion, as best as the Court can determine, that defendants explained the mistaken reference in the *John Q* copyright registration to a creation date of 2000 -- Mr. Nix did the right thing and withdrew from the case. Though he should have done so far sooner, Mr. Nix's voluntary withdrawal from the case strongly indicates that an award of the full modified lodestar amount is unnecessary for purposes of deterrence and would be unduly punitive. The Court awards

defendants \$ 60,000 against Mr. Nix (about forty percent of the modified lodestar amount) as a sanction under section 1927. See *Red Carpet Studios Div. of Source Advantage, Ltd. v. Sater*, 465 F.3d 642, 647 (6th Cir. 2006) (affirming award of \$ 10,000 -- below the modified lodestar amount of \$ 42,294 -- on the ground that [\*30] it provided sufficient punishment and deterrence); *Pentagen Techs. Int'l Ltd. v. United States*, 172 F. Supp. 2d 464, 474 (S.D.N.Y. 2001) (fee award under section 1927 "should be the minimum needed to deter plaintiff's counsel's conduct without over-punishing him"), *aff'd*, 63 Fed. Appx. 548 (2d Cir. 2003). Mr. Nix's liability will be joint and several with that of Mr. Tillman described below.

With regard to Mr. Tillman, in determining a fee award under 17 U.S.C. § 505, a court should consider factors such as frivolousness, motivation, objective unreasonableness, "and the need in particular circumstances to advance considerations of compensation and deterrence." *Fogerty*, 510 U.S. at 534 n.19 (internal quotation marks and citation omitted). Mr. Tillman should have dropped the case when his first attorney withdrew after being confronted with the evidence undermining his claims; he had been given fair warning at that point regarding the baselessness of his claims of copyright infringement. On the other hand, it is only fair to infer that the fact that Mr. Nix was willing to take over the case gave Mr. Tillman some hope (albeit unreasonable) of success. Even so, Mr. Tillman should have dropped [\*31] the case when Mr. Nix withdrew. Under the circumstances, the Court believes that considerations of deterrence counsels imposition of what reasonably would be considered a significant (for an individual litigant) but modest additional amount beyond

the fees imposed upon Mr. Nix. The Court awards defendants \$ 80,000 against Mr. Tillman under 17 U.S.C. § 505 and 42 U.S.C. § 1988 -- an additional \$ 20,000 beyond the amount awarded against Mr. Nix. Liability for \$ 60,000 of this amount will be joint and several with Mr. Nix's liability under 28 U.S.C. § 1927. To make it clear, the Court's intention is to impose a total sanction of \$ 80,000, \$ 60,000 of which will be the joint responsibility of Mr. Nix and Mr. Tillman, and \$ 20,000 of which will be Mr. Tillman's sole responsibility.

### Conclusion

For the reasons stated above, the Court grants in part the motion of defendants New Line Cinema and Time Warner for attorney's fees and sanctions [docket nos. 236-1 & 236-2] and terminates as moot their request for instructions pursuant to Local Rule 54.3(g) [docket no. 236-3]. The Court awards defendants a total of \$ 80,000 in attorney's fees, consisting of \$ 60,000 from attorney Brian Nix under 28 U.S.C. § 1927 [\*32] and \$ 80,000 from plaintiff Chitunda Tillman, Sr. under 17 U.S.C. § 505 and 42 U.S.C. § 1988. Liability for \$ 60,000 shall be joint and several as between Mr. Nix and Mr. Tillman, and liability for \$ 20,000 shall be Mr. Tillman's sole responsibility.

/s/ Matthew F. Kennelly

MATTHEW F. KENNELLY

United States District Judge

Date: December 31, 2008





VIDEO-CINEMA FILMS, INC., Plaintiff, v. CABLE NEWS NETWORK, INC.  
d/b/a CNN, Defendant. VIDEO-CINEMA FILMS, INC., Plaintiff, v. AMERICAN  
BROADCASTING COMPANIES, INC., Defendant. VIDEO-CINEMA FILMS,  
INC., Plaintiff, v. CBS CORPORATION, Defendant.

98 Civ. 7128 (BSJ), 98 Civ. 7129 (BSJ), 98 Civ. 7130 (BSJ)

UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF  
NEW YORK

*2003 U.S. Dist. LEXIS 4887; 66 U.S.P.Q.2D (BNA) 1473; 31 Media L. Rep. 1634*

March 30, 2003, Decided

March 31, 2003, Filed

**SUBSEQUENT HISTORY:** Costs and fees proceeding at, Motion granted by *Video-Cinema Films, Inc. v. CNN, Inc.*, 2004 U.S. Dist. LEXIS 1428 (S.D.N.Y., Feb. 3, 2004)

**PRIOR HISTORY:** *Video-Cinema Films v. CNN, Inc.*, 2001 U.S. Dist. LEXIS 25687 (S.D.N.Y., Oct. 1, 2001)

**DISPOSITION:** [\*1] Defendants' motion for reasonable costs and attorneys' fees granted. Plaintiff's cross-motion for sanctions and costs in defending against motion denied.

**COUNSEL:** For Video-Cinema Films, Inc, PLAINTIFF (1:98cv7128): Gregory A Sioris, New York, NY USA.

For Video-Cinema Films, Inc, PLAINTIFF (1:98cv7129, 1:98cv7130): Gregory Alexander Sioris, New York, NY USA.

For Cable News Network, Inc, DEFENDANT (1:98cv7128): Robert D Balin, Davis Wright Tremaine LLP, New York, NY USA.

For American Broadcasting Companies, Inc, DEFENDANT (1:98cv7129): Stephanie S Abrutyn, Abc Inc, New York, NY USA.

For CBS Corporation, DEFENDANT (1:98cv7130): Naomi B Waltman, CBS Law Department, New York, NY USA.

**JUDGES:** BARBARA S. JONES, UNITED STATES DISTRICT JUDGE.

**OPINION BY:** BARBARA S. JONES

**OPINION**

**OPINION AND ORDER**

BARBARA S. JONES

UNITED STATES DISTRICT JUDGE

This motion for attorneys' fees and costs is before the Court following its September 18, 2001 decision granting summary judgment to Defendants Cable News Network, Inc., LP, LLLP d/b/a CNN ("CNN"), American Broadcasting Network ("ABC") and CBS Corporation ("CBS").

In this action, [\*2] Plaintiff Video-Cinema Films, Inc. ("Video-Cinema") asserted a claim for copyright infringement under 17 U.S.C. § 101 and for common-law

unfair competition against CNN, ABC and CBS (collectively, "Defendants"),<sup>1</sup> for their nationwide broadcasts of excerpted footage from the motion picture "*The Story of G.I. Joe*" ("*G.I. Joe*") after the death of actor Robert Mitchum, who had appeared in that film. Plaintiff claimed that Defendants violated the *Copyright Act* when they broadcasted this footage as part of an obituary for the actor. In granting summary judgment in favor of Defendants, this Court found that Defendants produced news reports that served the public interest in accordance with the *Copyright Act's* fair use provision. This Court specifically noted that the public would be hindered by denying Defendants' fair use defense and that the obituaries in question contained information which, if the general public did not find interesting, at the very least movie aficionados across the country would find informative.

1 Plaintiff filed three separate actions, one against each Defendant, which were never formally consolidated. In an effort to conserve resources, however, Defendants have conducted this litigation jointly wherever possible. With regard to attorneys' fees, Defendants believe that the question of whether fees and costs should be awarded is the same for all Defendants. However, both the factual and legal issues related to the amount each Defendant should be awarded will likely be different. Consequently, Defendants have brought one joint motion to first address the right to fees, which will be followed by separate petitions concerning the specific amounts requested, should the Court grant the motion. As such, Defendants request that the Court award fees and costs pursuant to *17 U.S.C. § 505*, as well as enter an Order containing a schedule for each Defendant to separately present a precise calculation of each Defendant's fees and costs.

[\*3] On October 17, 2001, Defendants filed this motion to recover attorneys' fees and costs pursuant to *17 U.S.C. § 505*, as the prevailing parties in these related copyright infringement actions.

#### Discussion

Pursuant to *Section 505 of the Copyright Act*, the Court "may ... award a reasonable attorney's fee to the prevailing party as part of the costs." *17 U.S.C. § 505*. It is within the Court's discretion whether or not to grant such an award. *Fogerty v. Fantasy, Inc.*, 510 U.S. 517,

534, 127 L. Ed. 2d 455, 114 S. Ct. 1023 (1994). While there is no precise rule or formula for the Court to follow in exercising this discretion, some of the factors the Court may consider are "frivolousness, motivation, objective unreasonableness (in both the factual and in the legal components of the case) and the need in particular circumstances to advance considerations of compensation and deterrence". *Id.* at 534 n.19; *Matthew Bender & Co. v. West Pub. Co.*, 240 F.3d 116, 121 (2d Cir. 2001). Of these factors, objective unreasonableness is a significant factor and should be given substantial weight in [\*4] determining whether fees are warranted. *Matthew Bender & Co.* 240 F.3d at 122; *Earth Flag Ltd. v. Alamo Flag Co.*, 154 F. Supp. 2d 663, 666 (S.D.N.Y. 2001). Thus, the Court may award attorney's fees solely upon a showing that Plaintiff's position is objectively unreasonable. See *Adsani v. Miller*, 1996 U.S. Dist. LEXIS 13740, No. 94 Civ. 9131, 1996 WL 531858, \*13 (S.D.N.Y. Sept. 19, 1996). In appropriate cases, however, the presence of other factors may justify an award despite a finding that the party's arguments were reasonable. *Matthew Bender & Co.*, 240 F.3d at 122. Ultimately, all of these factors are subservient to the broader question of whether an award of fees furthers the policies of the Copyright Act. *Matthew* 240 F.3d at 121.

#### Plaintiff's Opposition to Attorneys' Fees

In Plaintiff's opposition to Defendants' motion for attorneys' fees, Plaintiff never addresses the merits of Defendants' arguments for attorneys' fees.<sup>2</sup> Instead, in Point One of its opposition to Defendants' motion for attorneys' fees, Plaintiff challenges this Court's jurisdiction to consider Defendants' application for attorneys' fees on the ground that it [\*5] is untimely because the case was closed when Defendants made this motion.

2 In one sentence, Plaintiff provided its only substantive defense to Defendants' motion for attorneys' fees. Plaintiff stated that Defendants failed to "prove the Plaintiff acted unreasonably, particularly when fair use has been rejected as a defense where news organizations used clips which they customarily pay for" and cited *Los Angeles News Service v. Reuters Television Int'l, Ltd.*, 149 F.3d 987 (9th Cir. 1998). *Los Angeles News Service*, however, is easily distinguishable from this case and is of no help to Plaintiff

*Fed. R. Civ. P. 54(d)(2)(B)* reads in pertinent part:

"Unless otherwise provided by statute or court order, [a] motion [for attorneys' fees] must be filed and served no later than 14 days after entry of the judgment ...." For purposes of *Fed. R. Civ. P. 54*, the 14-day statute of limitations does not begin to run until the date the judgment is entered by the Clerk of the Court, here October 3, 2001. [\*6] See *Gardner v. Catering by Henry Smith, Inc.*, 205 F. Supp. 2d 49, 51 (E.D.N.Y. 2002); see also *Independent Living Aids v. Maxi-Aids Inc.*, 208 F. Supp. 2d 387, 395 (E.D.N.Y. 1998); *Fase v. Seafarers Welfare & Pension Plan*, 79 F.R.D. 363, 364 (E.D.N.Y. 1978). Because Defendants' filed their motion for an award of attorneys' fees on October 17, 2001, within 14 days of the entry of the judgment, Defendants' motion for attorneys' fees was timely pursuant to *Fed. R. Civ. P. 54 (d)(2)(B)*.<sup>3</sup>

3 Additionally, Plaintiff asserts that Defendant CNN is barred from joining in the present motion for an award of attorneys' fees and costs because CNN made a prior request for attorney's fees in its motion for summary judgment, which was not addressed in the Court's Opinion and Order of September 28, 2001. Because the Court did not rule on the initial fee request made by CNN in its summary judgment motion, the Court will not preclude Defendant CNN from pursuing their request for attorneys' fees and costs in this current motion.

[\*7] In Point Two, its final point in opposition to Defendants' motion for attorneys' fees', Plaintiff requested that the Court sanction Defendants for allegedly filing documents containing false and misleading statements under 28 U.S.C. § 1927. This claim is without merit and is an example of the frivolous nature of Plaintiff's arguments. Defendants' Notice of Motion was correctly dated and file stamped October 17, 2001. The certificates of service and the last page of the memorandum of law were incorrectly dated September 17, 2001. As a result, Plaintiff contends that Defendants backdated these documents in an attempt to mislead the Court. Defendants claim it was merely a typographical error, which is obviously correct. Were the Court to credit Plaintiff's argument, Defendants would have submitted their fee application before the Court issued its judgment.

Plaintiff has utterly failed to advance any meritorious reason in opposition to the Defendants' application for

their legal fees and costs pursuant to 17 U.S.C. § 505. Accordingly, for this reason and for the additional reasons set forth below, the Court grants Defendants' motion for [\*8] attorneys' fees and costs.

#### Objective Unreasonableness of Plaintiff's Position

Throughout the underlying litigation, Plaintiff made objectively unreasonable factual and legal arguments. For instance, Point One of Plaintiff's brief in opposition to Defendants' motion for summary judgment was that Defendants' motions were based on unsworn statements by counsel, not supported by personal knowledge. As noted in this Court's decision, this argument was without merit and the affidavits in question were in fact made from the personal knowledge of the declarant or affiant. Furthermore, Defendants' attorneys' declarations did not contain allegations in support of their motions, but simply attached exhibits in support of their statements of facts and memoranda of law. These facts were clear from even a cursory reading of the declarations and affidavits. As such, Plaintiff's argument was objectively unreasonable.

With respect to Defendants' fair use defense, Plaintiff first generally asserted that the fair use defense must fail because the use of copyrighted material must be "essential" or an actual "necessity" to qualify as fair use. Plaintiff claimed that Defendants' use of the film [\*9] footage did not meet this requirement because Defendants could have used still photos of Mitchum from the public domain instead of the film clip. None of the authority cited by Plaintiff, however, stood for the proposition that any use of the copyrighted material must be essential or an actual necessity to qualify as fair use. In fact, the portions of the opinions upon which Plaintiff relied to support this proposition did not even address the fair use doctrine, but instead concerned whether a *First Amendment* privilege extends the use of copyright material beyond what is permitted by the fair use defense. See *Roy Export Company Establishment of Vaduz, Liechtenstein v. Columbia Broadcasting System, Inc.*, 672 F.2d 1095, 1099-1100 (2d Cir. 1982); *Harper & Row Pub., Inc. v. Nation Enterprises Inc.*, 471 U.S. 539, 555-560, 85 L. Ed. 2d 588, 105 S. Ct. 2218 (1985). Accordingly, Plaintiff's argument that use of copyrighted material must be essential or an actual necessity to constitute fair use was objectively unreasonable.

Plaintiff's arguments relating to the fair use factors were equally deficient.<sup>4</sup> Plaintiff's assertion, for example, that Defendants' [\*10] use of the movie clip



was substantial was wholly unreasonable, especially in comparison to the overall length of the film. Defendants' use of the clips ranged from 6-22 seconds, or less than 1 percent of the 108 minute long film. The Second Circuit has consistently found fair use in cases where only a small portion of the original work was used. See *Arica Institute, Inc. v. Palmer*, 970 F.2d 1067, 1078 (2d Cir. 1992); *Wright v. Warner Books, Inc.*, 953 F.2d 731, 738-739 (2d Cir. 1991); *New Era Publications, Int'l v. Carol Pub. Group*, 904 F.2d 152, 158 (2d Circuit 1990); *Maxtone-Graham v. Burthchaell*, 803 F.2d 1254, 1263 (2d Cir. 1986); see also *Hofheinz v. A & E Television Networks*, 146 F. Supp. 2d 442, 448 (S.D.N.Y. 2001). Moreover, a *de minimis* infringement of a copyrighted work is not actionable. *Sandoval v. New Line Cinema Corp.*, 147 F.3d 215, 217 (2d Cir. 1998). Therefore, Plaintiff's argument was objectively unreasonable.

4 The Court examined the following four factors in determining that Defendants' use of the film footage constituted a fair use: (1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes; (2) the nature of the copyrighted work; (3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and (4) the effect of the use upon the potential market for or value of the copyrighted work. 17 U.S.C. § 107.

[\*11] Also objectively unreasonable was Plaintiff's argument that the clips used by Defendants constituted the "heart" of the film. The information that Plaintiff claimed made the scene in question important was not conveyed by the small fraction of the scene used by Defendants. Furthermore, Defendants use was reasonable in relation to the purpose of the copying. Defendants' obituaries sought to effectively detail Mitchum's career, which is a task that required some exhibition of actual movie clips. The clips used by Defendants related solely to Mitchum's performance and did not reflect the entire movie.

With respect to the effect on the potential market, Plaintiff conceded that Defendants' obituaries did not compete with or supercede the market for the entire film. Instead, Plaintiff argued that Defendants' use of the film footage deprived Plaintiff of a market for licensing film clips to news organizations for use in obituaries. "Plaintiff's argument, if carried to its logical conclusion,

would eviscerate the affirmative defense of fair use since every copyright infringer seeking the protection of the fair use doctrine could have potentially sought a license from the owner of the infringed [\*12] work." *Hofheinz v. AMC Productions, Inc.*, 147 F. Supp. 2d 127, 140 (E.D.N.Y. 2001). Moreover, Plaintiff failed to establish that any such market for licensing film clips for obituaries ever existed. As this Court noted in its Opinion and Order, in Stern's 38 years in the industry, he received only 3 small payments for the use of film clips in obituaries, and these were settlement payments in order to avoid litigation. Accordingly, this Court finds Plaintiff's argument with respect to this factor was objectively unreasonable.

With respect to the nature of the copyrighted work, the Court found this factor to be neutral, or at best, to slightly favor against a finding of fair use, as *G.I. Joe* is a creative work that entitles it to greater copyright protection than factual works. In addressing this factor, however, Plaintiff argued that *G.I. Joe* had only a limited publication under the 1909 Copyright Act, as opposed to a general publication. As this Court noted, the fair use doctrine is concerned only with whether the work is published at all, and the distinction between general and limited publication is irrelevant. See *Harper & Row*, 471 U.S. at 555. [\*13] Accordingly, Plaintiff's argument with respect to this factor was unreasonable.

Having considered all of Plaintiff's arguments, the Court finds that Plaintiff's position was objectively unreasonable.<sup>5</sup>

5 Plaintiff's argument under the first factor, the purpose and character of use, is arguably reasonable. Plaintiff was correct that Defendants are for-profit commercial enterprises, which although not dispositive, may weigh against a finding of fair use. Plaintiff, however, also argued that Defendants' use of the film footage was not transformative. As this Court noted in its Opinion and Order, Defendants used the film footage as part of their obituaries to inform the public of Mitchum's impact on the arts and because of the film's relevance to Mitchum. This use was for an entirely new purpose than the original film and clearly did not supercede *G.I. Joe*.

#### Motivation

As discussed in this Court's September Opinion,

Plaintiff's President and sole shareholder, Larry Stern, devised an elaborate scheme [\*14] to place himself in a position to sue the Defendants. It is undisputed that at the time the Defendants broadcasted the obituaries in question, Plaintiff did not own *G.I. Joe*, but was interested in buying it. Despite the fact that Plaintiff did not own the copyright, Stern, anticipating that news organizations would air Mitchum obituaries that would almost certainly include *G.I. Joe* because of its significance to Mitchum's career, spent ten hours watching television on the day of Mitchum's death trying to find as many potential targets of litigation as possible in the event that Plaintiff was able to buy the copyright to the film.

Ultimately, Plaintiff did buy the copyright to the film, making sure that it received the rights to pursue infringement actions retroactively. Plaintiff then immediately began issuing numerous demand letters to the news organizations. According to Defendants, Plaintiff sent letters to approximately twelve different news organizations requesting payments of \$ 5,000 or \$ 10,000 each for the use of *G.I. Joe* in their Mitchum Obituaries. Some of these news organizations, however, had never even aired any footage of *G.I. Joe*. All of the news organizations [\*15] that had aired footage of the film responded that their use of the footage was fair.

Plaintiff's conduct was nothing more than an obvious effort to use the Copyright Act to secure payment from Defendants for their fair use of the film footage. As such, Plaintiff's motivation was improper and weighs in favor of an award of attorneys' fees for Defendants.

#### Financial Strength of the Parties

Another factor to be considered in awarding fees under the Copyright Act, not mentioned by the Supreme Court in *Fogerty*, is the relative financial strength of the parties. *Torah Soft Ltd. v. Drosnin*, 2001 U.S. Dist. LEXIS 19217, No. 00 Civ.5650, 2001 WL 1506013, \*6 (S.D.N.Y. Nov. 27, 2001) (citations omitted). Because neither Plaintiff nor Defendants have addressed this factor, the Court will consider this factor neutral in determining whether to award fees to Defendants.

#### Promoting the Purpose of the Copyright Act

Having found that Plaintiff was improperly motivated to bring this copyright action and that Plaintiff's position was objectively unreasonable, the

Court is persuaded that fees are appropriate in this case to deter future copyright owners from using the threat of litigation to chill other [\*16] fair uses. To hold otherwise would diminish any incentive for defendants to incur the often hefty costs of litigation to defend the fair use doctrine. As the Supreme Court in *Fogerty* explained, "copyright law ultimately serves the purpose of enriching the general public through access to creative works ...." *Fogerty*, 510 U.S. at 527. The Court further stated

defendants who seek to advance a variety of meritorious copyright defenses should be encouraged to litigate them to the same extent that plaintiffs are encouraged to litigate meritorious claims of infringement ... Thus, a successful defense of a copyright infringement action may further the policies of the Copyright Act every bit as much as a successful prosecution of an infringement claim by the holder of a copyright.

Id.

This Court finds that this is a case where a successful defense of a copyright infringement action may further the policies of the Copyright Act. *Fogerty*, 510 U.S. at 527. Thus, the award of the attorneys' fees is justified.

#### Conclusion

For the foregoing reasons, Defendants' motion for reasonable costs and attorneys' fees pursuant to 17 U.S.C. § 505 [\*17] is granted. Plaintiff's cross-motion for sanctions and costs in defending against this motion is denied.

Defendants are directed to submit to the Court, on or before April 18, 2003, the precise calculation of fees and costs that each Defendant is seeking.

**SO ORDERED:**

**BARBARA S. JONES**

**UNITED STATES DISTRICT JUDGE**

Dated: March 30, 2003

**CERTIFICATE OF SERVICE**

I hereby certify that on July 20, 2011, I caused the foregoing document to be electronically filed with the Clerk of the Court using the ECF system which will make this document available to all counsel of record for viewing and downloading from the ECF system.

Dated: July 20, 2011.

/s/ Alonzo Wickers IV  
Alonzo Wickers IV