

COPYRIGHT LITIGATION STRATEGIES

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Defeating Copyright Infringement Claims*

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I. Introduction

Once a plaintiff has set forth his *prima facie* case for copyright infringement, a defendant has many angles from which to mount an attack. This chapter will look at the punctures that can be made in the tires of the plaintiff's *prima facie* case as well as the affirmative defenses that can be placed as roadblocks along a plaintiff's road to success. Additionally, the chapter identifies potential counterclaims and the special considerations that apply when bringing counterclaims in a copyright case. The goal of this chapter is to effectively equip defense counsel with a current summary of each of the items that should be considered when a client is named as a defendant in a copyright action.

The first several segments in the chapter will discuss the theories and case law defendants can use to defeat one or more elements of a plaintiff's *prima facie* case. As discussed in earlier chapters, to state a copyright claim a plaintiff must establish "(1) ownership of a valid copyright, and (2) copying of constituent elements of the work that are original."¹ A defendant may be able to defeat the claim of ownership or defeat the assertion of originality, either of which will knock out the first prong of the plaintiff's *prima facie* case. There are two components of the "copying" prong that plaintiffs must establish: (1) actual copying, provable by direct or indirect evidence, and (2) that the copying is an unlawful or improper taking.² A defendant can defeat the "copying component" of the second prong by demonstrating that he or she had no access to the work. Or, he or she can defeat the assertion that the copying was an unlawful or improper taking by showing that the copying was not quantitatively or qualitatively sufficient to support a finding of actionable copying—in other words, that the allegedly infringing work was not substantially similar. As discussed below, expert testimony may be used in the determination of substantial similarity.

The next segments of this chapter will discuss affirmative defenses that are available to challenge copyright infringement allegations. To begin, the Section 106 of the Copyright Act expressly identifies limitations on a copyright holder's exclusive rights in Sections 107 through 122. One of these, Section 107's "fair use" limitation, is a statutory codification of common law equitable principles that allow copying for public policy reasons. Fair use is one of the most litigated affirmative defenses in copyright law and is discussed in this chapter. In addition to fair use, this chapter explores the

1. Warner Bros. Entm't v. RDR Books, 575 F. Supp. 2d 513, 533 (S.D.N.Y. 2008) (*quoting* Feist Pubs. v. Rural Telephone Serv. Co., 499 U.S. 340, 361 (1991)).

2. *Id.*

use of a license or assignment as a defense, and the impact of a defendant's establishment of joint ownership of a copyrighted work. The defenses of the first sale doctrine and safe harbor for service providers are considered. Additional tools in the well-prepared defense counsel's bag include jurisdictional defects, statute of limitations, laches, *res judicata*, collateral estoppel, abandonment of copyright, equitable estoppel, copyright misuse, and unclean hands.

Finally, a defendant should look at the broad setting in which the conduct at issue arose and evaluate whether she has counterclaims to assert. To the extent counterclaims exist, the statutory preemption of the Copyright Act must be considered.

II. Defeating Plaintiff's Prima Facie Case

The plaintiff will try to put his case on wheels by establishing that he owns the rights to a valid copyright and that the defendant has unlawfully or improperly copied the original, and thus protected, portion of his work. A plaintiff's failure to establish any of these elements will result in a finding for the defendant, so defendants must make every effort to puncture these tires.

A. Failure to Establish Ownership

As mentioned above, the first prong of a prima facie case requires a plaintiff to establish that he or she owns a valid copyright. A plaintiff can establish ownership by introducing a registration identifying him as the "owner" or other documentation evidencing a transfer of the ownership identified on a copyright registration. A "copyright owner" is defined in 17 U.S.C. § 101 as the owner of a particular right with respect to any one of the exclusive rights comprised in copyright.³ There are three categories of copyright owners: (1) individual owners, (2) joint owners, and (3) owners through a work made for hire.⁴

A defendant can rebut a registration certificate's identification of ownership by introducing evidence that the certificate holder is not the owner. In a case where the plaintiff claims to be the person, or one of the persons, who translated an idea into an original fixed, tangible expression, the

3. Those exclusive rights are identified in Section 106 of the Copyright Act as (1) to reproduce the work as copies or phonorecords; (2) to prepare derivative works; (3) to distribute copies by sale or lease; (4) to perform the work publicly; (5) to display the work publicly; and (6) to perform the work publicly by means of a digital audio transmission.

4. 17 U.S.C. § 201 (a), (b).

defendant would have to show that the plaintiff did not actually “author” the copyrighted work. In a case where the plaintiff claims to own the copyright through operation of the “work made for hire” designation, the defendant can challenge whether, in fact, the work qualifies as a work made for hire. Finally, where the plaintiff claims to own the copyright through operation of a transfer of exclusive rights, the defendant can challenge the existence or sufficiency of such transfer.

1. Plaintiff Is Not the Author

The author of a work is “the party who actually creates the work, that is, the person who translates an idea into a fixed, tangible expression entitled to copyright protection.”⁵ In many cases, it is obvious whether or not the painter created the painting or the scriptwriter wrote the script.⁶ A defendant should consider whether there are grounds and opportunity to establish that the input of the plaintiff does not make him an author of the work at issue.

In some cases, the author may not be the person who most directly fixed the expression into tangible form. For instance, the defendant in *Lakedreams v. Taylor* asserted that he was the owner of the copyright in certain silkscreen artwork because he had physically transferred the plaintiffs’ hand-drawn design into a silkscreen and applied the silkscreen to T-shirts.⁷ The court found for the plaintiff on the question of authorship, holding that the defendants’ act of transposing the plaintiffs’ expression from paper to cloth did not make the defendant the author or owner of copyright rights in the T-shirts.⁸ Similarly, in the case of *Lindsay v. The Wrecked & Abandoned Vessel R.M.S. Titanic*, the author of a film of the wrecked vessel was not the diver who operated the filming equipment but rather the person who had exercised such a high degree of control over the filming process, framing, and other artistic elements of the filming that the final product was an expression of his conceptions and visions.⁹ While plaintiffs prevailed on this issue in these cases, a defendant may find use for the issue under other fact scenarios.

In other cases, a party may have secured a copyright registration through outright fabrication of his status as author. A party can rebut the

5. *Community for Creative Non-Violence v. Reid*, 490 U.S. 730, 737 (1989).

6. *Andrien v. Southern Ocean Cty. Chamber of Commerce*, 927 F.2d 132, 135 (3d Cir. 1991) (“Poets, essayists, novelists and the like may have copyrights even if they do not run the printing presses or process the photographic plates necessary to fix the writings into book form.”).

7. *Lakedreams v. Taylor*, 932 F.2d 1103, 1108 (5th Cir. 1991).

8. *Id.*

9. 52 U.S.P.Q.2d 1609 (S.D.N.Y. 1999).

presumption that a copyright is valid by proving that the copyright holder committed fraud on the Copyright Office in the process of gaining a registration certificate—that is, falsely claiming to be the author of a work.¹⁰ However, the burden of proof to rebut a certificate of registration's validity is significant. Not only must the defendant establish that the application for registration is factually inaccurate, he must show that the inaccuracies were willful or intentional and that the Copyright Office relied on those misrepresentations.¹¹ Where a party asserted fraud on the Copyright Office before the Office had taken action on the allegedly fraudulent application, there could be no showing that the Copyright Office relied on the misrepresentations.¹²

The significant burden of proof needed to rebut the presumption of validity was met by a defendant bank in a case where the owner of copyright registrations for employee training videos claimed that the bank made unauthorized copies of the videos.¹³ In its defense, the bank asserted that the plaintiff had not authored the videos and did not own a valid copyright. The court determined that the copyright holder had not participated in the video's authorship sufficiently to qualify as a joint author, nor was the registration application's identification of the videos as work made for hire accurate. Accordingly, the defendant succeeded in rebutting the registration holder's presumption of validity. When the plaintiff then had no evidence of ownership by authorship, work made for hire doctrine or assignment, the copyright infringement claim failed.¹⁴

2. Copyrighted Work Is Not a Work Made for Hire

If a work is made for hire under the terms of the Copyright Act, “the employer or other person for whom the work was prepared is considered the author and owns the copyright, unless there is a written agreement to the contrary.”¹⁵ Although the statutory boundaries are fairly specific, whether a work qualifies as a “work made for hire” is the source of many disputed claims of ownership. If a plaintiff is claiming ownership of a work through the operation of the Copyright Act's “work made for hire” provisions and a defendant can show that the work is not a “work made for hire,” the plaintiff will have no basis to sue for infringement and the defendant will have dealt

10. *Lennon v. Seaman*, 84 F. Supp. 2d 522, 525 (S.D.N.Y. 2000).

11. *Id.*

12. *Id.* Though typically a defense in copyright cases, Ms. Lennon asserted the invalidity of the defendant's pending copyright registration as a cause of action.

13. *BancTraining Video Sys. v. First Am. Corp.*, 21 U.S. PQ. 2D (BNA) 2014, 1992 U.S. App. LEXIS 3677 at *9 (6th Cir. Mar. 3, 1992) (unpublished).

14. *Id.* at *14.

15. *Reid*, 490 U.S. at 737 (quoting 17 U.S.C. § 201(b)).

a lethal blow to the plaintiff's *prima facie* case. The defendant asserting that the work is not a "work made for hire" does not have to be the employee or independent contractor at issue, but can be a third-party defendant.¹⁶

The Copyright Act provides that a "work made for hire" exists in two circumstances: "(1) a work prepared by an employee within the scope of his or her employment; or (2) a work specially ordered or commissioned for use as a contribution to a collective work, as a part of a motion picture or other audiovisual work, as a translation, as a supplementary work, as a compilation, as an instructional text, as a test, as answer material for a test, or as an atlas, if the parties expressly agree in a written instrument signed by them that the work shall be considered a "work made for hire."¹⁷ To evaluate whether the work is a work made for hire, the court must "first apply general common law of agency principles to ascertain whether the work was prepared by an employee or an independent contractor and, depending on the outcome, should then apply either § 101(1) or § 101(2)."¹⁸

To determine whether the hired party is an employee, a court will consider the factors listed in Restatement (2d) of Agency § 220(2), including the source of the instrumentalities and tools, the location of the work, and the hired party's discretion over when and how long to work.¹⁹ The factors listed in Restatement § 220(2) are not exhaustive and no one of them is determinative.²⁰ If the hired party is an employee, the question becomes whether the work was prepared within the scope of his or her employment. If the hired party is an independent contractor, then the work must fit within one of the categories identified in § 101(2) in order to be a "work made for hire," which means that it has to be work falling within one of the nine enumerated categories and it has to be agreed that the work will be considered "work made for hire" in a writing signed by both parties.²¹ A work for hire agreement between the parties under Section 101(2) cannot apply to a work that is already in existence.²²

16. *M.G.B. Homes, Inc. v. Ameron Homes, Inc.*, 903 F.2d 1486, 1490 (11th Cir. 1990).

17. 17 U.S.C. § 101.

18. *Reid*, 490 U.S. at 731.

19. *Id.* at 751–52.

20. *Id.* at 752.

21. 17 U.S.C. § 101 ("A work made for hire is . . . (2) a work specially ordered or commissioned for use as [1] a contribution to a collective work, [2] as a part of a motion picture or other audiovisual work, [3] as a translation, [4] as a supplementary work, [5] as a compilation, [6] as an instructional text, [7] as a test, [8] as answer material for a test, or [9] as an atlas, if the parties expressly agree in a written instrument signed by them that the work shall be considered a work made for hire.").

22. *Gladwell Gov't Servs., Inc. v. County of Marin*, 265 Fed.Appx. 624, 626 (9th Cir. 2008) ("Works specially ordered or commissioned can only be made after the execution of an express agreement between the parties.") (internal quotations omitted).

3. No Transfer, or Insufficient Transfer

Ownership of any or all of the exclusive rights under the Copyright Act can be transferred, but the transfer must be of full exclusive rights, as opposed to a more limited grant of rights, in order for the transferee to be considered an “owner.”²³ If there is a written transfer of rights, but it is not a transfer of exclusive rights, the transfer does not convey ownership of the copyright.²⁴

If the plaintiff claims “ownership” of the copyright by transfer, the plaintiff will have to present a signed writing that expressly authorizes the transfer.²⁵ An electronic signature now meets the “signed” requirement.²⁶ As stated in plain language by the Ninth Circuit, “The rule is really quite simple: If the copyright holder agrees to transfer ownership to another party, that party must get the copyright holder to sign a piece of paper saying so.”²⁷ Accordingly, in a case where the plaintiff’s claim to ownership of the copyright is based on a transfer from the original author, a defendant can defeat the plaintiff’s ownership claim, and thus the plaintiff’s standing to bring an infringement action, by showing there was no express written transfer of copyright ownership.

An owner through assignment establishes a *prima facie* case of ownership of a copyrighted work by presenting a certificate of copyright registration and evidence of her chain of title from the original registrant.²⁸ If the owner through assignment has already registered a claim of statutory copyright in her name and has obtained a registration certificate in her name, the burden falls on the defendant to controvert the chain of title and resulting certificate of registration.²⁹ In the situation where two parties claim to have ownership rights by assignment from an earlier owner of the copyright, the first transferee will have the priority claim if the assignment of ownership was

23. 17 U.S.C. § 201(d) (note clarification to this provision in recently passed Bill S. 3689—Copyright Cleanup, Clarification, and Corrections Act of 2010).

24. *Big East Entm’t, Inc. v. Zomba Enters., Inc.*, 453 F.Supp.2d 788, 798 (S.D.N.Y. 2006) (assignment of interest in royalties does not constitute a transfer of copyright ownership under the Copyright Act).

25. *See* 17 U.S.C. § 204(a); *Effects Assocs., Inc. v. Cohen*, 908 F.2d 555, 557 (9th Cir. 1990).

26. *See Metro Reg’l Info. Sys. v. Am. Home Realty Network, Inc.*, 722 F.3d 591, 602 (4th Cir. 2013).

27. *Effects Assocs., Inc.* 908 F.2d at 557. *See, e.g., Gladwell Gov’t Servs., Inc. v. County of Marin*, 265 Fed.Appx. 624, 626 (9th Cir. 2008) (language stating that “[a]ll reports, information, data work product, findings, and conclusions furnished to or collected, prepared, assembled, and/or made by [Gladwell’s agents] under this Agreement (‘work product’) shall be the property of [Marin]” did not operate to transfer Gladwell’s copyright interests in related preexisting work).

28. *Peer Int’l Corp. v. Latin Am. Music Corp.*, 161 F.Supp.2d 38, 45 (D. Puerto Rico 2001).

29. *Id.* at 45, 46.

properly recorded with the Copyright Office prior to a subsequent transferee's recordation.³⁰ A subsequent transferee can prevail over an earlier assignee if the subsequent transferee can prove: (1) he was without notice of the earlier transferee's claim, (2) he paid valuable consideration for his assigned rights, and (3) he has an earlier-filed record of the assignment.³¹

B. Failure to Establish Originality

The Copyright Act only extends its protections to "original works of authorship."³² The copyright owner's grant of exclusive authority over a work is conditioned, in part, on a presupposition that the work contains the requisite "degree of originality."³³ The Supreme Court has famously stated that originality is the *sine qua non* of copyright.³⁴ Accordingly, a defendant can overcome the presumption that a plaintiff with a registration certificate holds a valid copyright and defeat plaintiff's prima facie case by establishing that the work was not original.³⁵

To prove that a work is not original, the defendant can show either that it lacks independent creation or a minimal degree of creativity.³⁶ Each aspect of a work can be challenged as commonplace. Although a combination of commonplace elements can be an original work, if the manner in which they are combined lacks originality, the resulting work is not an original creation that can be protected by copyright. For example, the Ninth Circuit found that the general expression of a glass-in-glass sculpture of a realistic-looking jellyfish did not merit copyright protection because each element of the sculpture was typical of jellyfish physiology and the encasing of a jellyfish sculpture in clear glass is a natural way to display an animal found in water.³⁷ The court articulated a standard to be applied in situations where attempted copyright protection is predicated on a combination of unprotectable elements: "a combination of unprotectable elements is eligible for copyright protection only if those elements are numerous enough and their selection and arrangement original enough that their combination constitutes an original work of authorship."³⁸ While this case shows

30. *Id.* at 47.

31. *Id.* at 48.

32. 17 U.S.C. § 102.

33. *Feist Publ'ns Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340, 345–46 (1991).

34. *Id.* at 345.

35. *See* 17 U.S.C. § 410(c); *Meshwerks Inc. v. Toyota Motor Sales U.S.A., Inc.*, 528 F.3d 1258, 1262 (10th Cir. 2008).

36. *See Feist Publ'ns Inc.*, 499 U.S., at 345 (identifying both independent creation and "at least some minimal degree of creativity" to reach a finding of originality).

37. *Satava v. Lowry*, 323 F.3d 805, 811 (9th Cir. 2003).

38. *Id.*

that a defense based on lack of originality is possible, counsel should be aware that “this defense has been almost drained of meaning as applied to works of art or of artistic craftsmanship.”³⁹ This defense is still important in cases involving other types of works, such as phrases and jingles used in advertising.⁴⁰

The question of whether a work is an independent creation or a copy should be raised in attempts to defeat a copyright registration as unoriginal. In *Meshwerks v. Toyota Motor Sales U.S.A., Inc.*,⁴¹ the plaintiff was a designer hired by Toyota to create digital models of Toyota’s vehicle fleet for an ad campaign planned by Toyota. The designer, Meshwerks, took multiple measurements of Toyota cars and used a computer program to generate digital models that looked like they were made of wire frame. Meshwerks then manually fine-tuned the computer-generated models so that they looked as much as possible like the actual vehicle. Meshwerks sought and obtained certificates of registration for copyright in the models.

In its action against Toyota and Toyota’s advertising agent, Grace & Wild, Inc., Meshwerks claimed that it had authorized only one use of the models and that the Toyota ad campaign included multiple unauthorized uses of the models. The defendants successfully established in the district court that the digital wire-framed models were not so much independent creations as much as (very good) copies of Toyota’s vehicles. The Tenth Circuit agreed, holding that “Meshwerks’ models owe their designs and origins to Toyota and deliberately do not include anything original of their own; accordingly, we hold that Meshwerks’ models are not protected by copyright and affirm.”⁴²

The court recognized that digital modeling is a new form of expression from which original and copyrightable expressions will be created, but the originality necessary for copyright protection was not present in this case. The court compared the evolution likely to develop in the law regarding this medium with the development of copyright law’s application in the case of photography.⁴³ A photo is entitled to copyright registration if it includes some measure of original input from the photographer, whether it be lighting, angle, perspective, or other artistic addition to the depiction

39. *Herbert Rosenthal Jewelry Corp. v. Grassbardt*, 436 F.2d 315, 316 (2d Cir. 1970) (originality challenge failed with respect to “jewel encrusted depiction of a bee”). The variations in rulings on originality with regard to creative combinations and depictions of natural objects are discussed further in Murray, *Copyright, Originality, and the End of the Scenes a Faire and Merger Doctrines for Visual Works*, 58 BAYLOR L. REV. 779, 853–54 (2006).

40. *See Syrus v. Bennett*, 2011 U.S. Dist. LEXIS 42489 (W.D. Okla. 2011).

41. 528 F.3d 1258 (10th Cir. 2008).

42. *Id.* at 1260.

43. *Id.* at 1264.

of the “raw facts.”⁴⁴ The court concluded that, “just as photographs *can be*, but are not *per se*, copyrightable, the same holds true for digital models.”⁴⁵

C. Failure to Establish Unlawful Copying

A defendant can defeat the plaintiff’s copyright claim by showing that the plaintiff failed to establish that the defendant copied the plaintiff’s protected work.⁴⁶ If the plaintiff has direct evidence of copying protectable elements, then this inquiry is over. Often, however, there are only presumptions and inferences by which to establish the element of copying.⁴⁷ In the absence of direct evidence of copying, a plaintiff must show access and substantial similarity between the protectable material in the plaintiff’s work and the defendant’s work.⁴⁸ The balance between showings of access and showings of substantial similarity is often one of proportion. The stronger the evidence of access is, the less complete the finding of substantial similarity need be. Similarly, if the degree of substantial similarity is striking, the evidence of access need not be as strong.⁴⁹ Finally, where access and substantial similarity are established, a defendant can still overcome the presumption of copying by making a strong showing of actual independent creation of the allegedly infringing work.⁵⁰

1. Access

If a defendant asserts that she did not have access to the plaintiff’s protected work prior to creating the allegedly infringing work, and the plaintiff is unable to demonstrate access, the plaintiff is foreclosed from asserting a copyright infringement claim as to that work.⁵¹ While a plaintiff need not prove actual access, access may not be inferred through mere speculation or conjecture.⁵² Reasonable access must be established, or, in other words, the plaintiff must show that the defendant had a “reasonable opportunity to view” the work in question.⁵³

An example of a case finding that the defendant had no reasonable access to plaintiff’s work, and therefore could not have infringed, is

44. *Id.* at 1265.

45. *Id.* at 1270.

46. *Ellis v. Diffie*, 177 F.3d 503, 507 (6th Cir. 1999).

47. *Id.* at 506 (“direct evidence of copying is rare”).

48. *Scott-Blanton v. Universal City Studios Prods. LLLP*, 539 F. Supp. 2d 191, 197 (D.C. Cir. 2008).

49. *See Ellis*, 177 F.3d at 507.

50. *Id.* at 507.

51. *Scott-Blanton*, 539 F.Supp.2d at 200.

52. *Oravec v. Sunny Isles Luxury Ventures, L.C.*, 469 F. Supp. 2d 1148 at 1167 (S.D. Fla. 2006).

53. *Herzog v. Castle Rock*, 193 F.3d 1241, 1249 (11th Cir. 1999).

Scott-Blanton v. Universal City Studios Productions LLLP.⁵⁴ In this case, the author of a novel entitled “Janice Scott-Blanton, My Husband Is on the Down Low and I Know About It” (“Down Low”) sued Universal City Studio Productions LLLP (“Universal”) and others, claiming that the movie “Brokeback Mountain” and the short story on which the movie was based infringed Scott-Blanton’s copyright in “Down Low.” Among other defects in the plaintiff’s claim, the defendants were able to show that they had no access to “Down Low” prior to the date on which the short story which formed the basis of the movie was written. The short story entitled “Brokeback Mountain” was written by Annie Proulx and was published in the October 13, 1997 edition of the *New Yorker*. The plaintiff’s novel was written in 2004 and a certificate of registration for “Down Low” was obtained on January 20, 2005.

In an attempt to get around the access bar, Scott-Blanton argued to the court that, after “Down Low” was published, the defendants incorporated content from “Down Low” into a revision of the “Brokeback Mountain” short story and then backdated the revised version of the short story. The court found plaintiff’s argument unsubstantiated and unpersuasive and held that no part of the short story and no part of the movie that was taken from the short story could have infringed plaintiff’s work.⁵⁵

Another case in which a defendant defeated the plaintiff’s prima facie case of copyright infringement based on a court’s finding of no access illustrates that even where there are numerous inferences that may be drawn in plaintiff’s favor, this will not necessarily establish access. In *Ellis v. Diffie*, two versions of a song contained similar chorus lyrics around the idea of a woman wanting to be laid out, or propped up, next to a jukebox after she died.⁵⁶ There was no dispute between the parties that the songs qualified as substantially similar: the plaintiff’s song was entitled “Lay Me Out By the Jukebox When I Die” (“Lay Me Out”) and the defendant’s song was entitled “Prop Me Up Beside the Jukebox (If I Die)” (“Prop Me Up”). The deciding factor was access. In this case, the court found that the plaintiff had worked with the same producer as did the author of the allegedly infringing song, creating a connection through which the author of “Prop Me Up” could have heard the plaintiff’s work, “Lay Me Out,” prior to creating his own work. However, the evidence failed to establish that the plaintiff had actually written, performed, or recorded “Lay Me Out” prior to or

54. 539 F. Supp. 2d 191.

55. *Id.* at 200. (“Because Proulx did not have access to the plaintiff’s novel before she completed her short story, the plaintiff is foreclosed from asserting a copyright infringement claim for any elements in “Down Low” that allegedly resemble elements in the short story.”)

56. 177 F.3d at 505.

during the time that he worked for this producer and there was no evidence that established that this producer had heard the song “Lay Me Out” prior to the advent of the lawsuit.⁵⁷

2. Substantial Similarity

In addition to access, a plaintiff without direct evidence of copying of protected elements must show that the allegedly infringing work is substantially similar to the protectable elements of the plaintiff’s work.⁵⁸ The traditional test for analyzing substantial similarity is called the “ordinary observer” test, in which the trier of fact evaluates the similarities in the works based only on a net impression, without reliance on expert analysis or piecemeal evaluation.⁵⁹ Courts are, however, showing increasing dissatisfaction with the traditional test and various circuits have laid out a new mode of analysis that includes opportunity for expert testimony in some cases. As explained by the court in *Ellis v. Diffie*, “Certain circuits require a plaintiff to meet both an ‘extrinsic’ test, which allows for expert testimony dissecting the works and determining whether they contain similar ideas subject to copyright protection, and an ‘intrinsic’ test, which is essentially the ‘ordinary observer’ test.”⁶⁰ Thus, a defendant should look for recent authority in the circuit in which her case is pending to determine that circuit’s substantial similarity analysis framework and build her attack on this element around that particular circuit’s framework.⁶¹

a. Screening Unprotectable Elements

As part of the substantial similarity analysis, courts often begin by screening out the unprotectable elements, including ideas and *scènes à faire*.⁶² *Scènes à faire* are common themes that are outside the reach of copyright protection. For this analysis in cases involving more technical works, such as computer software, the unprotectable elements are identified as those that are more functional rather than expressive. The plaintiff claiming

57. *Id.* at 506–07.

58. Scott-Blanton, 539 F. Supp. 2d at 197.

59. *Ellis*, 177 F.3d at 506 (referencing 4 Nimmer § 13.03[E][2]).

60. 177 F.3d at 506 n.2. *See also* *Murray Hill Publ’ns, Inc. v. Twentieth Century Fox Film Corp.*, 361 F.3d 312 (6th Cir. 2004) (comparing the variations on the substantial similarity analysis frameworks of the Second Circuit, the Ninth Circuit, the District Court for the District of Columbia, and that adopted by the Sixth Circuit).

61. We have tried to identify important splits in authority among the circuits, but any proposition of law cited in this chapter should be verified with case law from the jurisdiction where your case is pending to make certain that the jurisdiction does not have its own twist on the legal or procedural issue.

62. *Stromback v. New Line Cinema*, 384 F.3d 283, 297 (6th Cir. 2004) (*Scènes à faire* are common themes that are outside the reach of copyright protection).

infringement of computer software bears the burden of first establishing “which portions of data are unique, what makes them unique, or why their particular form is not dictated by practical realities and, therefore, not subject to copyright protection.”⁶³ In the case of architecture, for instance, copyright does not extend to utilitarian features or expressions that are dictated by external factors and mere functionality, such as the generalized notion of a convex/concave building or the standard elevator shaft.⁶⁴ But a court could find that a particular expression of a convex/concave building is sufficiently original, such that the concrete manifestation of that idea may be protected.⁶⁵ As Judge Posner explains,⁶⁶ the presence of *scènes à faire* such as a kiss in a love scene or dive bombers in a Pearl Harbor movie “obviously does not forfeit copyright protection of the work as a whole.”⁶⁷ Rather, “it is the combination of elements, or particular novel twists given to them, that supply the minimal originality required for copyright protection.”⁶⁸

b. Substantially Similar Analysis

While approaches vary by circuit, the substantial similarity analysis used by the Sixth Circuit is instructive. Once the unprotectable elements are screened out, a court in the Sixth Circuit will consider whether the allegedly infringing work is substantially similar to the protectable portions of the plaintiff's work.⁶⁹ That court will ask “whether, based upon his ‘net impression’ of the works’ expressive elements, the ordinary lay observer would find them substantially similar to one another.”⁷⁰ In *Stromback v. New Line Cinema*, the author of a screenplay and poem entitled “The Keeper” sued the producer of a movie called *Little Nicky*. In appealing the district court's grant of summary judgment in favor of the makers of *Little Nicky*, the author of “The Keeper” argued that the district court erred in

63. *Automated Solutions Corp. v. Paragon Data Sys.*, 756 F.3d 504, 521 (6th Cir. 2014).

64. *See Oravec v. Sunny Isles Luxury Ventures, L.C.*, 469 F.Supp.2d 1148, 1165 (S.D. Fla. 2006) (“[C]ourts must limit the protection to the particular concrete expression in the copyright and factor out those features that are too common, too generalized in application or merely functional.”).

65. *Id.*

66. Writing for the panel in *Bucklew v. Hawkins, Ash, Baptie & Co., LLP*, 329 F.3d 923 (7th Cir. 2003).

67. *Id.* at 929.

68. *Id.*

69. *Murray Hill Publ'ns, Inc. v. Twentieth Century Fox Film Corporation*, 361 F.3d 312, 318 (6th Cir. 2004) (noting that the District Court for the District of Columbia courts follow this approach and that this approach is closer to that of the Ninth Circuit than the Second Circuit, but not identical to either).

70. *Stromback v. New Line Cinema*, 384 F.3d 283, 297 (6th Cir. 2004).

its finding of no substantial similarity.⁷¹ The court set aside stock themes, *scènes à faire*, and general ideas before comparing whether the protectable part of the poem and screenplay “The Keeper” had been infringed by *Little Nicky*. The court considered the fact that the respective themes, plots, moods, and settings of the stories were dissimilar. One story was dark and humorless without a redeeming theme, while the other was a comedy with a theme of good prevailing over evil. While the main character in “The Keeper” does achieve his goals, he does so in a vicious and hurtful way. He battles with a Governor whom he refers to as the Devil at times. The main character in *Little Nicky* is actually the son of the Devil. He is portrayed as sweet and good-hearted, yet he succeeds in the end by returning the world to the proper balance of good and evil and thereby saving the world. The court found that, of the similarities claimed by the author of “The Keeper,” some “similarities do not exist, others are overstated, and, to the extent there are similarities, they are simply too general or tenuous to meet the legal standard for similarity.”⁷²

For an example of the Ninth Circuit’s approach to the substantial similarity analysis, consider the case of *Funky Films v. Time Warner Entertainment Co., L.P.*⁷³ The decision illustrates how fact-intensive each determination of substantial similarity will be, and how a party must tailor its substantial similarity argument around the particular test used in the forum circuit. In this case, the creators of a screenplay called “The Funk Parlor” sued the developers of the television show *Six Feet Under*. The case focused on whether the two works, both centered on the lives of families that run funeral parlors, were substantially similar. The district court compared the works and determined that the few similarities existed on a general, abstract level and that a reasonable jury could not find that the works were substantially similar.⁷⁴ The Ninth Circuit explained that in reviewing works for substantial similarity there is an extrinsic and an intrinsic component. Only the extrinsic test is subject to summary judgment because the intrinsic test, which examines an ordinary person’s subjective view of the works’ similarities, is exclusively the purview of the jury.⁷⁵ However, a plaintiff must pass both the extrinsic and intrinsic test, so a finding at summary judgment as to failure to meet the extrinsic test is fatal to the plaintiff’s claim.

71. *Id.* at 293–96.

72. *Id.* at 298.

73. 462 F.3d 1072 (9th Cir. 2006).

74. *Id.* at 1076.

75. *Id.*

The court described the extrinsic test as objective in nature, comparing “not the basic plot ideas for stories, but the actual concrete elements that make up the total sequence of events and the relationships between the major characters.”⁷⁶ The court acknowledged that, upon first review of the many asserted similarities, they seemed significant. However, reading the two works showed “more significant differences and few real similarities at the levels of plot, characters, themes, mood, pace, dialogue, or sequence of events.”⁷⁷

3. Expert Testimony

One of the developing issues in presenting an argument on substantial similarity is whether it is appropriate to use expert testimony. Traditionally, expert testimony was permitted only on the question of whether a work was actually copied.⁷⁸ The substantial similarity analysis was off limits to experts because it was supposed to rely on the observations of the average observer. This is, in part, the reason for the development of the extrinsic portion of a substantial similarity analysis; the dual test carves out a way to use expert input and still preserve the ordinary observer aspect of the analysis. Increasingly, expert testimony is being permitted for portions of a substantial similarity analysis when the relevant details about the works to be examined are technical or the distinctions are too subtle for the average observer.⁷⁹

In *Sturdza v. United Arab Emirates*, the federal appeals court for the District of Columbia adopted a two-step substantial similarity analysis in which the first step examines what portion of the plaintiff's work is protectable and the second step looks at whether an allegedly infringing work is substantially similar to the protectable portion of the plaintiff's work identified in step one.⁸⁰ The court noted that earlier decisions had held that expert testimony was not appropriate on step two of the analysis, and then stated “that standard, however, is in need of modification.”⁸¹ The court explained the new standard “where the audience for the work possesses specialized expertise that is relevant to the purchasing decision and lacking in the lay observer, the trier of fact should make the substantial

76. *Id.*

77. *Id.* at 1078.

78. *See Sturdza v. United Arab Emirates*, 281 F.3d 1287, at 1300 (D.C. Cir. 2002).

79. *See id.* at 1300 (noting admission of expert testimony when analyzing substantial similarities for computer programs and highly specialized musical arrangements); *Kohus v. Mariol*, 328 F.3d 848 (6th Cir. 2003) (expert testimony permitted where the work's target audience possesses specialized expertise, such as technical product drawings).

80. *Sturdza*, 281 F.3d at 1300.

81. *Kohus*, 328 F.3d at 856.

similarity determination from the perspective of the intended audience. Expert testimony will usually be necessary to educate the trier of fact in those elements for which the specialist will look.”⁸²

It is important for defense counsel to note, however, that the fact that experts may reach different opinions on the question of substantial similarity does not foreclose the possibility of summary judgment on the question of substantial similarity.⁸³

III. Useful Affirmative Defenses

Even if a plaintiff successfully establishes a *prima facie* case of copyright infringement, there are still a number of defenses available to defeat the claim. A defendant should consider whether the allegedly infringing conduct falls into any of the statutorily defined exceptions to a copyright owner’s rights, namely fair use (17 U.S.C. § 107), reproduction by libraries and archives (17 U.S.C. § 108), resale of a phonorecord (17 U.S.C. § 109), exemption for certain performances and displays (17 U.S.C. § 110), secondary transmissions (17 U.S.C. § 111), ephemeral recordings (17 U.S.C. § 112), scope limitations for pictorial, graphic, and sculptural works (17 U.S.C. § 113), and scope limitations for computer programs (17 U.S.C. § 117). The first of these carve-outs, fair use, is by far the most litigated of the statutory exceptions to the scope of a copyright holder’s rights and is discussed below.

The other affirmative defenses discussed below arise from application of the Copyright Act (license or assignment, joint ownership, jurisdictional defects, first sale doctrine, safe harbor for service providers, and statute of limitations), the operation of civil procedure rules and concepts (*res judicata* and collateral estoppel), as well as equitable principles (*laches*, abandonment of copyright, equitable estoppel, copyright misuse, and unclean hands).

It should be noted that an alleged infringer’s intent is not generally a defense to liability in copyright cases. The Eighth Circuit, in accord with all of the circuits, explains this point as follows: “Once a plaintiff has proven that he or she owns the copyright on a particular work, and that defendant has infringed upon those ‘exclusive rights,’ the defendant is liable for the infringement and this liability is absolute. The defendant’s intent is

82. *Id.* at 857.

83. *See Oravec v. Sunny Isles Luxury Ventures, L.C.*, 469 F. Supp. 2d 1148, 1169 (S.D. Fla. 2006), *aff’d* 527 F.3d 1218 (11th Cir. 2008) (though plaintiff’s expert submitted a report finding designs in question to be substantially similar and defendant’s expert reached the opposite conclusion, “their ultimate conclusions are not particularly helpful because the experts have no reliable method of making the legal determination of substantial similarity”).

simply not relevant: The defendant is liable even for ‘innocent’ or ‘accidental’ infringements.”⁸⁴ Innocent intent on the part of an infringing defendant is relevant to the question of damages and can be asserted as a defense in that regard.⁸⁵ Accordingly, even an “innocent” infringer must make every effort to block the plaintiff’s recovery by establishing one or more of the roadblocks, or affirmative defenses, described below.

A. Establishing Fair Use

One of the most litigated copyright defenses is a common law doctrine called fair use, which was codified in the 1976 Copyright Act at 17 U.S.C. § 107.⁸⁶ Fair use stands at the intersection between the goal of exchanging information without unreasonable restrictions and the goal of promoting the creation of new ideas by protecting ownership in the works of original authors. Fair use is an affirmative defense, meaning that a defendant asserts fair use in response to a plaintiff’s *prima facie* case of copyright infringement.⁸⁷ In other words, despite the fact that the defendant may have copied the original elements of a work protected by a valid copyright, if the defendant made a “fair use” of the work, then he is not liable for copyright infringement. The existence of a fair use defense should be examined and developed as early as possible by a defendant because courts regularly resolve fair use issues at summary judgment.⁸⁸ Fair use is a “mixed question of law and fact, which means that it may be resolved on summary judgment if a reasonable trier of fact could reach only one conclusion—but not otherwise.”⁸⁹

The Copyright Act states that the fair use of a copyrighted work for certain purposes does not constitute copyright infringement.⁹⁰ Those purposes include (a) criticism, (b) comment, (c) news reporting, (d) teaching, (e) scholarship, and (f) research.⁹¹ However, not every use for the identified purposes qualifies as fair use. To evaluate whether the use made of a particular work is fair use, a court will consider the following four factors: “(1) the purpose and character of the use, including whether such use is of a commercial

84. *Pinkham v. Sara Lee Corp.*, 983 F.2d 824, 829 (8th Cir. 1992).

85. *See* 17 U.S.C. § 504(c)(2) (where an infringer “was not aware and had no reason to believe that his or her acts constituted an infringement of copyright, the court in its discretion may reduce the award of statutory damages to a sum of not less than \$200”). *See* Chapters 22 and 27 for a more detailed discussion of willfulness.

86. *See* Chapter 8 for more detailed discussion of fair use.

87. *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 590 (1994).

88. *See* *Bill Graham Archives v. Doring Kindersley Ltd.*, 386 F.Supp.2d 324, 328 (S.D.N.Y. 2005); *Author’s Guild et al. v. HathiTrust*, 755 F.3d 87 (2d Cir. 2014) (upholding summary judgment in favor of the defendant’s fair use defense).

89. *Ty, Inc. v. Publ’ns Int’l.* 292 F.3d 512, 516 (7th Cir. 2002).

90. 17 U.S.C. § 107.

91. *Id.*

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. The fact that a work is unpublished shall not itself bar a finding of fair use if such finding is made upon consideration of all the above factors.”⁹² A detailed analysis of these four factors can be found in Chapter 8. For purposes of illustration, several important fair use cases are discussed here as well.

The four factors are evaluated in relation to one another and balanced accordingly. For instance, the more transformative a work, the less significance may be given to the other factors that may weigh against a finding of fair use.⁹³ Parodies of a work, for example, are often found to qualify as fair use because of their transformative nature. In *Campbell v. Acuff-Rose Music, Inc.*, the underlying dispute was an action by the holders of the copyright in Roy Orbison’s song “Oh, Pretty Woman” against the rap group 2 Live Crew based on a parody version of the song created and marketed by 2 Live Crew. The district court granted summary judgment for 2 Live Crew on the grounds that their version was a parody and qualified as fair use under the statute. The court of appeals reversed, holding that the commercial nature of the work made it presumptively unfair, and presumptively established market harm under the fourth factor of Section 107. The court of appeals also found that, by taking the “heart” of the first work and using it as the “heart” of the new work, the third factor also weighed against a finding of fair use.⁹⁴ The Supreme Court overruled the appellate court and remanded the case holding, among other things, that (a) fair use is not subject to bright-line rules and each analysis must involve full evaluation of the factors; (b) the more “transformative” a new work is (altering the original with new expression, meaning, or message), the less significant the other Section 107 factors; (c) an allegedly infringing work’s commercial nature does not justify a presumption against a finding of fair use; (d) even though parody by its nature often copies from the “heart” of an original work, it can still qualify as fair use; and (e) despite all of these holdings, 2 Live Crew was not entitled to summary judgment because it had failed to present evidence on the fourth Section 107 factor, namely, the effect of the parodied rap version of the “Oh Pretty Woman” song on a market for a derivative rap version of the original song.⁹⁵

92. *Zomba Enters., Inc. v. Panorama Records Inc.*, 491 F.3d 574 (6th Cir. 2007).

93. *Campbell*, 510 U.S. at 578; *see also* *Zomba*, 491 F.3d at 582 (facsimile-like copying of songs and lyrics repackaged for use in karaoke is not transformative, thus unable to cause the creative metamorphoses that fair use is designed to protect).

94. *Campbell*, 510 U.S. at 569.

95. *Id.* at 569–70.

A fact-intensive weighing of the four Section 107 factors took place in the Southern District of New York's decision finding that the author of "The Lexicon, An Unauthorized Guide to Harry Potter Fiction and Related Materials" (the "Lexicon") infringed copyrights held on J.K. Rowling's Harry Potter series.⁹⁶ The Lexicon was a detailed guide to characters and events brought to life in the Harry Potter books. The court concluded that the Lexicon fit within the narrow genre of nonfiction reference guides to fictional works.⁹⁷ The trial included lengthy testimony focused on the numerous instances where the Lexicon copied verbatim colorful phrasings and word choices from the Harry Potter books, or, as J.K. Rowling described, it was as if the Lexicon had plundered "all the plums in [her] cake."⁹⁸ The court found that the plaintiff had met her burden of proof in establishing a *prima facie* case of copyright infringement as to all but a few accessory works to the main works.⁹⁹

The court then addressed the defendant's assertion of the affirmative defense of fair use. After explaining that all four Section 107 factors must be weighed together, the court quoted other courts and noted that "[t]he ultimate test of fair use, therefore, is whether the copyright law's goal of 'promoting the Progress of Science and useful Arts,' U.S. Const., art I, § 8, cl. 8 'would be better served by allowing the use than by preventing it.'"¹⁰⁰ Looking at the first and third factors first and weighing one against the other, the court felt that, while the Lexicon was transformative from the Harry Potter series, that transformative value was offset to some degree by the significant amount of verbatim copying of language "in the same sort of extensive borrowing that might be expected of a copyright owner, not a third party author."¹⁰¹ The court then addressed the second factor, the nature of the copyrighted work, and found that it weighed in favor of the plaintiffs and against a finding of fair use. In considering the nature of a work, fictional work receives more protection than factual work. Because the Harry Potter series is a highly imaginative fictional work and thus "close to the core" of copyright protection, factor two weighed heavily in the plaintiff's favor.¹⁰² The fourth factor, market harm, was found to exist only between the Lexicon and two of Rowling's companion books to the Harry Potter series, "Quidditch Through the Ages" and "Fantastic Beasts & Where to Find Them." The court

96. Warner Bros. Entm't, Inc. v. RDR Books, 575 F. Supp. 2d 513 (S.D.N.Y. 2008).

97. *Id.* at 525–26.

98. *Id.* at 526.

99. *Id.* at 534, 538 (no case for infringement of "The Daily Prophet Newsletters" and the "Famous Wizard Cards").

100. *Id.* at 540.

101. *Id.* at 548.

102. *Id.* at 549.

rejected the plaintiff's argument that her intention to publish her own encyclopedia meant that the Lexicon was legitimately within the derivative market of the Harry Potter novels and thus harmful to the plaintiff's market for the encyclopedia that she may create. The court held that reference guides are not derivative works, even if the author of the copyrighted work has announced an intention to create her own reference guide.¹⁰³ Balancing all factors together, the court held that the defendant failed to establish the defense of fair use.¹⁰⁴

The transformative nature of a work has been the factor to tip the balance in an increasing number of fair use evaluations.¹⁰⁵ Courts consider both whether the defendant has transformed the work itself and whether the defendant's use of the work is transformative. Whether a work transforms and complements the original rather than substituting and superseding the original (first factor), "is best understood in terms of the fourth factor, i.e., the effect the new work has on the market for the original work."¹⁰⁶ Market harm caused by transformative use of a work is not injury that weighs against finding fair use because "such uses, by definition, do not serve as substitutes for the original work."¹⁰⁷ In a number of high-profile fair use defense victories, wholesale copying of the original work has been excused because of the transformative nature of aggregating content and creating a searchable database of copied works, either for nonprofit¹⁰⁸ or commercial purposes.¹⁰⁹

B. License or Assignment

Another defense that should be considered by a defendant in a copyright action is the defense of license or assignment.¹¹⁰ While there used to be a

103. *Id.* at 538–39, 550.

104. *Id.* at 551.

105. *See* Kientz v. Sconnie Nations LLC, 766 F.3d 756 (7th Cir. 2014), *cert. denied* 135 S.Ct. 1555 (2015) (expressing concern over this development).

106. *Leveyfilm, Inc. v. Fox Sports Interactive Media, LLC et al.*, 2014 U.S. Dist. LEXIS 92809, *33 (N.D. Ill. 2014).

107. *Authors Guild, Inc.*, 755 F.3d at 99.

108. *Id.* (digital collection of over 10 million books in trust held by nonprofit member organizations).

109. *Fox News Network, LLC v. TVEyes, Inc.*, 43 F. Supp. 3d 379 (S.D.N.Y. 2014) (media-monitoring service converting recorded television and radio broadcasts into a searchable database); *Perfect 10, Inc. v. Google, Inc.*, 508 F.3d 1146, 1174–75 (9th Cir. 2007) (thumbnail images of copyright-protected photographs used without permission or payment as part of Google's searchable database).

110. Note that the defense of lack of standing to bring an infringement action can arise if the party bringing the action is a nonexclusive licensee. *See* 17 U.S.C. § 501(b); *Eden Toys, Inc. v. Florelee Undergarment Co., Inc.*, 697 F.2d 27, 32 (2d Cir. 1982) ("The Copyright Act authorizes only two types of claimants to sue for copyright infringement; (1) owners of copyrights, and (2) persons who have been granted exclusive licenses by owners of copyrights."). This defense is covered more fully in the section on standing, later in this chapter.

distinction between the rights that could be transferred by license versus by assignment, the 1976 Copyright Act eliminated that distinction. Under the operating copyright laws, both licenses and assignments can be structured to convey all or part of the rights to a copyrighted work.¹¹¹

The Copyright Act addresses issues of transfer of ownership and licensing of rights in 17 U.S.C. §§ 201–05. Transfer of ownership, in whole or in part, may be accomplished “by any means of conveyance or by operation of law,” including passage through a will or through the laws of intestate succession.¹¹² Short of transferring ownership of all exclusive rights, any of the Section 106 exclusive rights of a copyright owner can be transferred and owned separately.¹¹³ Importantly, the transfer of ownership, other than by law, “is not valid unless an instrument of conveyance, or a note or memorandum of the transfer, is in writing and signed by the owner of the rights conveyed or such owner’s duly authorized agent.”¹¹⁴ In other words, any transfer of exclusive rights (rights to exclude others from use of the copyrighted work) must be in writing.¹¹⁵ The proper methods for recording transfers and distinguishing between conflicting transfers are found in 17 U.S.C. § 205.

The party that has allegedly infringed a copyrighted work is not liable for infringement if she can demonstrate that she was a party to a contract that gave her ownership or permission to reproduce or distribute a copyrighted work. With the exception of the statutory requirement that exclusive rights can only be transferred in writing, this line of defense follows general contract rules.¹¹⁶

A party claiming a nonexclusive license can establish the license by establishing the existence of that license in a contract that was either: (1) in writing, (2) oral, or (3) implied.¹¹⁷ In *Asset Marketing Systems, Inc. v. Gagnon*, the Ninth Circuit found that the defendant was not liable for infringement because the plaintiff had granted the defendant an unlimited, nonexclusive license to retain, use, and modify the work at issue.¹¹⁸ The court found an unlimited nonexclusive license both in the language of

111. *Peer Int’l Corp. v. Latin American Music Corp.*, 161 F. Supp. 2d 38, 49 (D. Puerto Rico 2001).

112. 17 U.S.C. § 201(d)(1).

113. *Id.* § 201(d)(2).

114. *Id.* § 204(a).

115. *See Asset Mkt’g Sys., Inc. v. Gagnon*, 542 F.3d 748 at 754–55 (9th Cir. 2008) (“exclusive licenses must be in writing”).

116. *See, e.g., United States v. King Features Entm’t, Inc.*, 843 F.2d 394 (9th Cir. 1988) (applying contract law and finding that licensing agreement was not a defense to copyright infringement claim because the licensee exceeded the scope of the license agreement).

117. *Asset Mkt’g Sys., Inc.*, 542 F.3d at 754.

118. *Id.* at 757.

the contract between the parties, and implied through the course of conduct of the parties.

An implied license is granted when “(1) a person (the licensee) requests the creation of a work, (2) the creator (the licensor) makes that particular work and delivers it to the licensee who requested it, and (3) the licensor intends that the licensee-requestor copy and distribute his work.”¹¹⁹ The intent at issue in the third prong is the intent that existed at the time that the requested work was delivered, as manifested by the parties’ conduct at that time and subsequently.¹²⁰ The relevant factors for analyzing this intent are: “(1) whether the parties were engaged in a short-term relationship; (2) whether the creator utilized written contracts . . . providing that copyrighted materials could only be used with the creator’s future involvement or express permission and (3) whether the creator’s conduct during the creation or delivery of the copyrighted material indicated that use of the material without the creator’s involvement or consent was permissible.”¹²¹

C. Joint Ownership

Another avenue of affirmative defense to a copyright infringement claim exists where an alleged infringer has evidence that the work at issue is a jointly owned work and that he is one of the owners of the work.¹²² Joint ownership can be achieved by contract or license conveying an undivided interest in the work, or by joint authorship. Joint authorship entitles the joint owners to all rights of authorship, including certain renewal rights.¹²³ A “joint work” in the Copyright Act refers to joint authorship rather than contractual joint owners and is identified as “a work prepared by two or more authors with the intention that their contributions be merged into inseparable or interdependent parts of a unitary whole.”¹²⁴ A joint owner’s independent and undivided copyright ownership rights are subject to a duty to account to the other joint owner for any profits.¹²⁵

To show that she is a joint owner, and therefore not liable for infringement, a defendant must show either a contract identifying her undivided

119. *Id.* at 754–55 (quoting *I.A.E., Inc. v. Shaver*, 74 F.3d 768, 776 (7th Cir. 1996)).

120. *Id.* at 756.

121. *Id.* (quoting *Nelson-Salabes, Inc. v. Morningside Dev., LLC*, 284 F.3d 505, 516 (4th Cir. 2002)).

122. *Gillespie v. AST Sportswear, Inc.*, 2001 U.S. Dist. LEXIS 1997, *11, 58 U.S.P.Q.2D (BNA) 1134, 1137 (S.D.N.Y. 2001) (“[A]n action for infringement between joint owners will not lie because an individual cannot infringe his own copyright.”) (quoting *Weissmann v. Freeman*, 868 F.2d 1313, 1318 (2d Cir. 1989)).

123. See 17 U.S.C. § 201(a); 1 Nimmer on Copyright § 6.01 (1991) (noting the distinction between joint owners by contract and joint authors).

124. 17 U.S.C. § 101; see also 1 Nimmer on Copyright § 6.01 (1991).

125. *Gillespie*, 2001 U.S. Dist. LEXIS 1997, at *11.

interest in the work or that she is a joint author.¹²⁶ To prove she is a joint author, she must demonstrate that (1) she contributed to the work, (2) her contribution is independently copyrightable, and (3) both authors intended the work to be a joint effort.¹²⁷

Often, the question of joint authorship will turn on whether there is evidence to support the argument that both authors prepared their contributions with the knowledge and intention that it would be a unitary whole.¹²⁸ As a general principle, where one party clearly intends the work to be considered a joint work, but the primary author does not accede to this view, a claim for joint authorship will fail.¹²⁹ The evaluation of intent will be somewhat different for each type of work, that is architecture, songs, novels, or computer programs, but in each case the trier of fact will consider the written agreements between the parties, communications between the purported joint authors, and expressions of copyright ownership affixed to the work. The “expressions of intent” that may give rise to a finding of joint ownership are most easily discovered by assessing the various tasks that are required to create the final product. In the clothing-advertising context, for example, the relevant tasks that may express intent include selecting the models, clothing, poses, lighting, the type of camera and film, camera settings, and angles used to produce the final image.¹³⁰ Where these tasks are allocated among more than one individual, there may be more than one owner.¹³¹

D. Jurisdictional Issues

Until a recent decision by the Supreme Court, registration was considered by some courts to be a jurisdictional requirement to the court’s adjudication of copyright infringement actions.¹³² That finding was based on the language of 17 U.S.C. § 411(a), which states that no action for copyright infringement “shall be instituted until preregistration or registration of the copyright claim has been made.” In *Reed Elsevier, Inc. v. Muchnick*,

126. *Childress v. Taylor*, 945 F.2d 500, 508–09 (2d Cir. 1991).

127. *Id.* at 504, 506 (noting that Nimmer argues against requiring each author’s work to be independently copyrightable, but finds that a broad spectrum of case precedent and the position of the Register of Copyrights support the prerequisite of independent copyright ability of each contribution).

128. *Id.* at 505, 509 (“Intent at the time the writing is done remains the touchstone”) (internal quotations omitted).

129. *See id.* at 509 (research, incidental suggestions, ideas, and “minor bits of expression” by the woman who commissioned the playwright to create the play and performed the lead role did not amount to co-authorship of the play).

130. Gillespie, 2001 U.S. Dist. LEXIS 1997, at *15.

131. *Id.*

132. *See Kernel Records Oy v. Mosley*, 2013 U.S. Dist. LEXIS 99094, at *11–14. (S.D. Fla. July 16, 2013).

the Court clarified that registration is a non-jurisdictional prerequisite to bringing an infringement claim.¹³³

A defendant can move for dismissal of an action premised on an unregistered copyright without challenge to the court's jurisdiction. Importantly, the understanding of "registration" for purposes of this prerequisite varies by court. Some courts find that a complete application received by the Copyright Office before suit is filed satisfies this requirement.¹³⁴ Other courts find that this prerequisite is not met unless a registration has issued, or been declined.¹³⁵

To register, an author must submit to the Copyright Office "a complete copy or phonorecord" of the work for which registration is sought, also referred to as the "deposit copy."¹³⁶ Most of the requirements and rules outlining how to properly register one's copyright ownership are found in Sections 401–12 of the Copyright Act. A complete application must include an actual copy of the work to be registered. An invalid registration (involving fraud, material errors, or an incomplete application) may not meet the registration prerequisite.

Third parties do not have standing, as a matter of U.S. law, to bring infringement claims on behalf of their member copyright owners.¹³⁷

E. Limitations

Any civil action brought under the Copyright Act, including any action for copyright infringement, is subject to a three-year limitation period.¹³⁸ The limitations period is construed to accrue from the date of discovery; the date on which "the plaintiff learns, or should as a reasonable person have learned, that the defendant was violating his rights."¹³⁹ As to criminal proceedings, the statute provides that "no criminal proceeding shall be maintained under the provisions of this title unless it is commenced within five years after the cause of action arose."¹⁴⁰

133. *Reed Elsevier, Inc. v. Muchnick*, 559 U.S. 154, 157, 130 S.Ct. 1237, 176 L.Ed.2d 18 (2010).

134. *See, e.g., Alicea v. Machete*, 744 F.3d 773, 778 (1st Cir. 2014); *Nimmer on Copyrights* § 7.16[B][3].

135. *Nimmer on Copyright* § 7.16[B][3].

136. 17 U.S.C. § 408(b).

137. *Authors Guild, Inc., v. HathiTrust*, 755 F.3d 87, 94 (2d Cir. 2014) (affirming dismissal of authors' associations, except for foreign associations asserting that their laws authorize them to seek injunctive relief on behalf of members with foreign copyrights).

138. 17 U.S.C. § 507(b); *Gaiman v. McFarlane*, 360 F.3d 644, 653 (7th Cir. 2004).

139. *Gaiman*, 360 F.3d at 653 (*citing* *Taylor v. Meirick*, 712 F.2d 1112, 1117 (7th Cir. 1983)); *Psihoyos v. John Wiley & Sons, Inc.*, 748 F.3d 120, 124 (2d Cir. 2014) (resolving a split within that circuit between the discovery rule and the injury rule).

140. 17 U.S.C. § 507(a).

The three-year statute of limitations applies to any civil action brought under the Copyright Act, not just to infringement actions. In a case where the plaintiff is seeking a declaration that he is a co-author, the statute of limitations will begin running when the defendant has made “an express assertion of sole authorship or ownership.”¹⁴¹ The application of this principle is effectively illustrated by the case of *Gaiman v. McFarlane*. In this case, the plaintiff and defendant jointly worked on several issues of a comic book. The defendant-publisher included an exclusive copyright notice in several paperback books contradicting the plaintiff’s understanding of his rights to several of the characters in the works. The defendant also registered the works without the knowledge or consent of the plaintiff. But these acts alone were not sufficient to begin the statute of limitations because there is no duty of authors to study copyright notices, and registration does not automatically provide constructive notice of a conflicting claim.¹⁴² Rather, the plaintiff was found not to have discovered the violation until he received a letter in which the defendant clearly asserted sole ownership of a copyright in the characters.¹⁴³

To avoid the application of the limitations defense, a plaintiff may assert an equitable tolling argument. The equitable tolling tool is appropriate only where a plaintiff can demonstrate that he was not aware of his claim because the defendant concealed his assertion of a claim inconsistent with the plaintiff’s rights. For instance, to prevail on an attempt to excuse the failure to timely bring a claim for co-author status under the equitable tolling doctrine, a plaintiff must prove “(1) that he was ignorant of the author’s assertion of sole authorship, e.g., as a result of fraudulent concealment, and (2) that his ignorance is not attributable to a lack of diligence on his part.”¹⁴⁴ Regarding prong one, the reason for delay in bringing a timely action under the Copyright Act must be a result of the defendant’s wrongdoing, such as “lulling” the plaintiff into believing that it was not necessary to file a lawsuit.¹⁴⁵ Prong two’s requirement of due diligence requires more than a mere statement that the plaintiff trusted the defendant; the plaintiff’s reliance on the defendant’s statements or conduct must be reasonable.¹⁴⁶

A variation on this theme is a plaintiff’s use of the doctrine of equitable estoppel to defeat a statute of limitations defense. In that instance, a plaintiff will defend against a statute of limitations problem by establishing

141. *Price v. Fox Entm’t Grp., Inc.*, 473 F. Supp. 2d 446, 455 (S.D.N.Y. 2007).

142. *Gaiman*, 360 F.3d at 654.

143. *Id.* at 652.

144. *Id.* at 458.

145. *Price*, 473 F. Supp. 2d at 455, 459.

146. *Id.*

that the plaintiff did not act on her knowledge of the defendant's assertion of rights inconsistent with the plaintiff's rights because of some "egregious wrongdoing" by the defendant.¹⁴⁷ For instance, the defendant will be estopped from asserting a statute of limitations defense where her conduct leads the plaintiff to believe that the defendant would not assert the defense.¹⁴⁸ The broader applications of equitable estoppel as an affirmative defense are discussed in Section III.L.

F. First Sale Doctrine

Another defense to infringement claims is codified at Section 109(a) of the Copyright Act and is known as the first sale doctrine. The defense prohibits copyright owners from overreach into the downstream use or transfer of a lawfully acquired copy of a copyrighted work.

The first sale doctrine provides that a copyright owner who has consented to the ownership transfer of particular copies of a work cannot later claim infringement for distribution of those copies.¹⁴⁹ In other words, the owner of a lawfully acquired copy of a work can sell or dispose of that copy without the copyright owner's permission. As an example, a copyright owner who mandates a minimum price for the original transfer of a work cannot enforce that minimum on the resale of the product.¹⁵⁰ This is how a used book store, used record store, or online auction site is able to sell pre-owned items without consent or payment to the original copyright owner.

The defense has been given increased impact with the Supreme Court's determination that "the 'first sale' doctrine applies to copies of a copyrighted work lawfully made abroad."¹⁵¹ Some courts have limited use of the first sale doctrine in the context of digital copies.¹⁵²

G. Limitations on Liability Relating to Material Online

The Digital Millennium Copyright Act ("DMCA") has created a defense available to Internet service providers who have put in place specified procedures for removing infringing content on their sites.¹⁵³ This defense and the statutory details creating it are known as the safe harbor provisions. The safe harbor is meant to protect content hosting sites, such as YouTube and Facebook, from infringing activity of the users of these sites in return

147. *See id.*

148. *See id.*

149. *See Omega S.A. v. Costco Wholesale, Corp.*, 776 F.3d 692, 694 (9th Cir. 2015).

150. *Id.* (Costco may, without Omega's permission, sell Omega watches purchased indirectly through a line of transfers beginning with an authorized foreign distributor).

151. *Kirtsaeng v. John Wiley & Sons, Inc.*, 133 S.Ct. 1351, 1352 (2013).

152. *See, e.g., Capitol Records LLC v. ReDigi, Inc.*, 934 F.Supp. 2d 640, 655 (S.D.N.Y. 2013).

153. 17 U.S.C. § 512.

for their assistance in removing infringing content when it is discovered. As with any affirmative defense, the defendant has the burden of establishing that it meets the statutory requirements.¹⁵⁴

A service provider is an “entity offering the transmission, routing, or providing of connections for digital online communications, between or among points specified by a user, of material or the user’s choosing, without modification to the content of the material as sent or received.”¹⁵⁵ A service provider is only eligible for this defense if it has met certain requirements, such as the “adoption and reasonable implementation of a ‘repeat infringer’ policy and accommodation of “‘standard technical measures’ that are ‘used by copyright owners to identify or protect copyrighted works.’”¹⁵⁶ A service provider qualifying for this defense is protected from all affirmative claims for monetary relief relating to the alleged infringing activity.¹⁵⁷

After establishing that the entity is a service provider who has met certain eligibility requirements of Section 512, a service provider must then satisfy the requirements of a particular safe harbor.¹⁵⁸ In addition to familiar host sites, the safe harbor provisions protect service providers engaged in transitory digital network communications, system caching, and information location tools.¹⁵⁹ Each of these safe harbors has its own requirements and considerations.

The statutory elements of each harbor, and litigation interpreting those elements, are beyond the scope of this chapter. However, certain details relating to the content host harbor are worth noting. Service providers who host content at the direction of users must have an agent designated to receive notifications of claimed infringement, commonly known as “take-down notices.”¹⁶⁰ While a service provider does not have the affirmative duty to discover and remove infringing content, the service provider may be disqualified from the protection of this defense if it had “actual knowledge or awareness of facts or circumstances that indicate specific and identifiable instances of infringement.”¹⁶¹ Actual knowledge is knowledge or awareness of specific infringing activity, rather than the general knowledge that one’s services could be used to share infringing material.¹⁶²

154. *Columbia Pictures Indus., Inc. v. Fung*, 710 F.3d 1020, 1039 (9th Cir. 2013).

155. 17 U.S.C. § 512(k)(1).

156. *Viacom Int’l, Inc. v. YouTube, Inc.*, 676 F.3d 19, 27 (2d Cir. 2012).

157. *Id.*, at 41.

158. *Id.*, at 27.

159. *See* 17 U.S.C. §§ 512 (a)–(d).

160. 17 U.S.C. § 512(c)(2).

161. *Viacom*, 676 F.3d at 32. *See* 17 U.S.C. § 512 (c)(1)(A).

162. *See BWP Media USA Inc. v. Clarity Digital Grp., LLC*, 2015 U.S. Dist. LEXIS 42211 *27–28 (D. Co. 2015).

And, a service provider hosting content is only eligible for this safe harbor if it is not receiving a financial benefit directly attributable to infringing activity that it has the right and ability to control.¹⁶³

The DMCA's safe harbor provisions are important safeguards for qualifying defendants. The provisions and their use will continue to develop as courts apply the statutory framework to ever-changing Internet technology.

H. Laches

In response to intricate and varying precedent developing across the country, the Supreme Court recently ruled squarely on the availability of laches as a defense in copyright cases.¹⁶⁴ In *Petrella*, the Supreme Court held that laches could not bar an action for damages on any claim brought within the Copyright Act's three-year statute of limitations.¹⁶⁵ The Supreme Court left open the possibility that laches could serve as a factor in "extraordinary circumstances" to curtail the scope of equitable relief, making certain injunctive relief inequitable, given the plaintiff's delay in seeking it.¹⁶⁶ The Supreme Court also made clear that delay combined with deception on the part of the copyright owner may still operate as a complete defense where a defendant can establish the more "exacting" elements of equitable estoppel, as addressed later in this chapter.¹⁶⁷

The defense of laches asserts that a plaintiff who has sat on rights should not be able to assert them later if that delay has unfairly prejudiced the defendant. The party asserting a laches defense must show that (1) the party against whom the defense is asserted was not diligent, and (2) the party asserting the defense has been prejudiced.¹⁶⁸ The defense does not arise simply from a passing of time, but rather from "changed circumstances [that] inequitably work to the advantage or prejudice of another if the claim is now to be enforced."¹⁶⁹

A defendant needs to assess the availability and viability of this limited defense to equitable relief with a careful look toward the precedent in the circuit where the action is filed.¹⁷⁰

163. 17 U.S.C. § 512 (c)(1)(B). *See also* *Viacom*, 676 F.3d at 38 (holding that this provision does not include a specific knowledge requirement).

164. *Petrella v. Metro-Goldwyn-Mayer, Inc.*, 134 S.Ct. 1662, 188 L.Ed. 2d 979 (2014), *remanded* *Petrella v. MGM*, 584 F. Appx. 653, 654 (9th Cir. 2014).

165. *Id.*, Syllabus, 1.

166. *Id.* at 1978.

167. *Id.* at 1977.

168. *Chirco v. Crosswinds Communities, Inc.*, 474 F.3d 227, 231 (6th Cir. 2007).

169. *Id.*

170. For instance, most circuits use a discovery rule as an alternative to the incident rule for determining claim accrual, which is critical, obviously, to any consideration of laches or other time-related defenses. *See Petrella*, at 1969 134 S.Ct., n.4.

I. *Res Judicata*

Res judicata is an affirmative defense that should be considered by all defendants, including defendants in copyright cases. It is a defense designed to prevent a plaintiff from bringing suit multiple times on the same claim.¹⁷¹ The doctrine of res judicata “provides that when a final judgment has been entered on the merits of a case, it is a finality as to the claim or demand in controversy, concluding parties and those in privity with them, not only as to every matter which was offered and received to sustain or defeat the claim or demand, but as to any other admissible matter which might have been offered for that purpose.”¹⁷²

In order to prevail on a res judicata defense, a defendant must establish: “(1) an identity of claims between the first and second actions, (2) a final judgment on the merits in the first action, and (3) privity between the parties of the first and second actions.”¹⁷³ These are the same elements that a defendant in any type of case would have to establish to prevail on a res judicata defense.¹⁷⁴

A good example of the application of the res judicata doctrine is found in *Thomas v. United States*. Here, the Federal Circuit found that res judicata barred a claim that the plaintiff, Mr. Thomas, was entitled to \$20 million from the federal government on his charge that the United States Postal Service used his idea to honor Dr. Martin Luther King with a postcard and was thereby liable for copyright infringement.¹⁷⁵ An earlier action by Mr. Thomas, asserting the same claims of copyright infringement against the federal government, had been dismissed for failure to state a claim on which relief could be granted. In the second action, the court noted that the complaint filed was identical to the complaint in the first action, making it easy to conclude that there was an identity of claims between the first and second actions.¹⁷⁶ The court found that the earlier dismissal for failure to state a claim constituted a final judgment on the merits.¹⁷⁷ Finally, the plaintiff in both the first and second actions was Mr. Thomas and the

171. *Thomas v. United States*, 245 Fed. Appx. 18, 19 (Fed. Cir. 2007).

172. *Nevada v. United States*, 463 U.S. 110, 130–31 (1983).

173. *Durney v. Wavecrest Labs., LLC*, 441 F. Supp. 2d 1055 (N.D. Cal. 2005).

174. *See Hells Canyon Preservation Council v. U.S. Forest Ser.*, 403 F.3d 683, 686 (9th Cir. 2005).

175. *Thomas*, 245 Fed. Appx. at 19 identifying the same three elements of a res judicata defense, but in the following order “(1) the parties are identical or in privity; (2) the first suit proceeded to a final judgment on the merits; and (3) the second claim is based on the same set of transactional facts as the first”).

176. *Id.*

177. *Id.*

defendant was the federal government.¹⁷⁸ As all three requirements of a res judicata defense were met, the second action was barred and plaintiff's complaint was dismissed.¹⁷⁹

It is important to note that, as in *Thomas v. United States*, a defendant need not establish that the claims in an action were litigated all the way through a contested trial to meet the requirement that the first suit "proceed to a final judgment on the merits." For instance, in *Durney v. Wavecrest Laboratories*, the court held that the requirement of a final judgment on the merits was met where the earlier action had been resolved before trial by way of settlement.¹⁸⁰ The court cited precedent in finding that "the test is not whether or not the claim was litigated, but whether or not there was a final judgment on the merits."¹⁸¹

The question of whether the claims in the first action are the same as those in the second action is not always as straightforward as it was in the *Thomas* case. To give some guidelines for evaluating the similarity between the claims in the first and second action, the Ninth Circuit identified the following criteria "(1) whether rights or interests established in the prior judgment would be destroyed or impaired by prosecution of the second action, (2) whether substantially the same evidence is presented in the two actions, (3) whether the two suits involve infringement of the same right, and (4) whether the two suits arise out of the same transactional nucleus of facts."¹⁸²

Finally, the fact that copyright cases are within the exclusive jurisdiction of the federal courts should factor into your analysis. An earlier state court decision that otherwise would fit the test for the doctrine of res judicata may not be able to prevent relitigation of the claim if the state court was outside of its jurisdictional competency in rendering a decision on a legal issue within the exclusive jurisdiction of a federal court.¹⁸³

178. *Id.*

179. *Id.*

180. *Durney v. Wavecrest Labs., LLC*, 441 F. Supp. 2d 1055, 1059 (N.D. Cal. 2005).

181. *Id.* See also *Fantasy, Inc. v. La Face Records*, 49 U.S.P.Q.2d (BNA) 1148 (E.D. Cal. 1998) (Rule 12(b)(6) dismissal is final judgment on the merits); *Ivanova v. Columbia Pictures Indus.*, 217 F.R.D. 501, 513 (C.D. Cal. 2003) (res judicata applies to federal judgments notwithstanding a pending appeal); *Bianchi & Assocs., Inc. v. Ford Motor Co.*, 1989 U.S. Dist. LEXIS 1575, at *15 (E.D. La.) (unless the order specifies otherwise, a Rule 41(b) dismissal operates as a final judgment on the merits); *Galet v. Carolace Embroidery Co.*, 49 U.S.P.Q.2d (BNA) 1857, at *5 (S.D.N.Y. 1998) (a dismissal based on statute of limitations operates as a final judgment on the merits).

182. *Durney*, 441 F. Supp. 2d at 1060.

183. See *Siegel v. Time Warner Inc.*, 496 F. Supp. 2d 1111, 1134 (C.D. Cal. 2007).

J. Collateral Estoppel

Like *res judicata*, collateral estoppel is a defense available in all types of litigation, including copyright litigation. A defendant can bar a plaintiff from relitigating an issue that was actually and necessarily determined as to that plaintiff by an earlier decision of a court of competent jurisdiction, even though the claims in the two actions may be different.¹⁸⁴ This is known as issue preclusion, as opposed to *res judicata*, which is claim preclusion.¹⁸⁵ By using the collateral estoppel doctrine, courts “prevent parties or their privies . . . from re-litigating in a subsequent action an issue of fact or law that was fully and fairly litigated in a prior proceeding.”¹⁸⁶

Although there is no exact formula for estoppel decisions, a court must determine that the issue in the pending action is identical to the issue in the previous litigation and that the party against whom collateral estoppel is asserted did participate, or had an opportunity to participate in the earlier litigation where the issue was decided.¹⁸⁷ A defendant can use collateral estoppel against a party that did not participate in the earlier litigation, but which is in privity with the party that did participate, such that there is a “substantial identity of parties.”¹⁸⁸ Musician Bruce Springsteen successfully used the doctrine of collateral estoppel to avoid relitigating the copyright ownership of his early unpublished songs. In this case, the rather complicated issue of ownership of the copyright rights in the songs had been decided in Springsteen’s favor by a court of competent jurisdiction in England against a record company that was a licensee of the party seeking now to sue Springsteen in the United States.¹⁸⁹ Although the licensee in the earlier action had refused to allow its licensor to participate in the earlier litigation, the licensor had the legal right to participate and could have taken action to force the licensee to allow it to participate. Accordingly, the court in the later action found that, because the plaintiff had not acted to enforce its legal right to participate in the earlier action, they had not been denied the opportunity to exercise that

184. *Pony Express Records, Inc. v. Springsteen*, 163 F. Supp. 2d 465, 473 (D.N.J. 2001).

185. *See Siegel v. Time Warner Inc.*, 496 F. Supp. 2d 1111, 1120 n.4 (C.D. Cal. 2007) (discussing the difference between the two doctrines).

186. *Id.* at 1124.

187. *Pony Express Records, Inc.*, 163 F. Supp. 2d at 473, 474.

188. *Id.* at 474 (*quoting* *Chicago, Rock Island & Pac. Ry. v. Schendel*, 270 U.S. 611, 621 (1926)).

189. *Id.* at 465.

right.¹⁹⁰ The licensor was thus barred from relitigating the issue of copyright ownership that had been decided in the English action.¹⁹¹

In copyright actions, the question of collateral estoppel also must take into consideration the further analysis required when the earlier decision was made by a state court and a party in federal court now seeks to use the state court decision to preclude litigating what might be an issue that is within the scope of the federal court's exclusive jurisdiction. The court in *Siegel v. Time Warner* considered this complication at length and found that, in such instances, a "federal court cannot simply transplant a state court's finding as including the legal conclusions of the purely and exclusively federal issues before it; . . . resolution of that federal question must involve the application of those state findings to the governing federal law on the topic in question before making the legal conclusion concerning the exclusively federal issues."¹⁹² After noting that a similar limitation to the application of estoppel in the case of an earlier state court decision applies to the doctrine of *res judicata*, the court found that while "many of the state court's findings may properly bear on the analysis of the federal issue, in the end, the federal court's conclusion must be the product of the application of federal law to those state court findings and any additional evidence properly considered by the federal court."¹⁹³ The court in *Siegel* then proceeded to consider each of the relevant legal issues (questions of "work for hire," "joint authorship," date on which the work was 'published," and whether the work was a derivative work) by considering the findings of the state court in the earlier action, applying the governing body of copyright law to those findings, and rendering a legal judgment.¹⁹⁴

K. Abandonment of Copyright

The affirmative defense of copyright waiver or abandonment can be asserted where the alleged infringer can present evidence that the holder of copyright rights demonstrated an intent to surrender rights to the work.¹⁹⁵ Some circuits hold that "intent must be manifested by some overt act."¹⁹⁶ Other circuits require only that there be some act or failure to act

190. *Id.* at 475.

191. *Id.*

192. *Siegel*, 496 F. Supp. at 1132.

193. *Id.* at 1134.

194. *Id.* at 1135–55.

195. *A & M Records, Inc. v. Napster, Inc.*, 239 F.3d 1004, 1026 (9th Cir. 2001).

196. *Oravec v. Sunny Isles Luxury Ventures L.C.*, 469 F. Supp. 2d 1148, 1177 (S.D. Fla. 2006).

by which the court can readily infer that the party intended to abandon the copyright rights.¹⁹⁷

An example of the stricter approach is found in *Oravec v. Sunny Isles Luxury Venture, L.C.* In this case, summary judgment was entered for the defendant where the evidence demonstrated that the plaintiff, Oravec, had signed an agreement expressly releasing any intellectual property rights, including copyright ownership, in his World Trade Center design submitted as part of a competition sponsored by the Lower Manhattan Development Corporation.¹⁹⁸ Central pieces of that overall design were used by the defendants in designing the Trump Grande Ocean Resort and certain other buildings. Although the earlier agreement was signed as part of the plaintiff's submission to a competition not involving the defendants, the court found that Oravec had expressly surrendered his rights in a global sense because the submission process required all applicants to acknowledge that they did not have copyright protection of submitted works.¹⁹⁹ In response to the motion for summary judgment, Oravec submitted an affidavit stating that it was not his intent to release his copyright rights in the work. The court found that his affidavit was self-serving and could not defeat the express evidence of surrender.²⁰⁰

Both a copyright holder's efforts and expenditures in protecting its copyrights and a copyright registration symbol on the work in question convey evidence of an intent not to abandon one's copyrights.²⁰¹ Accordingly, a defendant can use the lack of these actions as evidence of intent to abandon copyright ownership of that work.²⁰² But the lack of such evidence is not dispositive. In *Dam Things from Denmark v. Russ Berrie & Co., Inc.*, the defendant urged a finding of abandonment where the plaintiff had failed to place proper notice on its troll dolls, let an unfavorable decision against its rights stand, and made an admission that its trolls were in the public domain.²⁰³ The court held that these actions did not constitute abandonment, particularly against a backdrop of a change in U.S. law that allowed foreign copyrights to be restored.²⁰⁴

197. *Dam Things from Denmark v. Russ Berrie & Co., Inc.*, 290 F.3d 548, 560 (3d Cir. 2002) (referencing 4 Nimmer § 13.06 for the conflicting authorities).

198. *Id.* at 1178.

199. *Id.*

200. *Id.*

201. *Paramount Pictures Corp. v. Carol Publishing Grp.*, 11 F. Supp. 2d 329, 337 (S.D.N.Y. 1998).

202. *But see id.* at 337 (“[T]he fact that an occasional infringement slips through a copyright holder’s surveillance net is insufficient to establish the intent required to find abandonment”).

203. 290 F.3d 548, 560 (3d Cir. 2002).

204. *Id.*

L. Equitable Estoppel

The defense of equitable estoppel can be used to deny a plaintiff the right to a claim for copyright infringement due to action or inaction on the part of the plaintiff.²⁰⁵ A defendant who can show that he was “misled into reasonably and justifiably believing that the plaintiff would not pursue his claims against the defendant” should prevail on an equitable estoppel defense.²⁰⁶

An otherwise valid cause of action for copyright infringement can be derailed where the defendant shows that: “(a) the plaintiff knew of the defendant’s wrongful conduct; (b) the plaintiff intended that his conduct be acted upon or acted in a way that the defendant had a right to believe it was so intended; (c) the defendant was ignorant of the true facts; and (d) the defendant relied on plaintiff’s conduct to his detriment.”²⁰⁷ While equitable estoppel is often based on allegations of implied consent to the alleged infringer’s use, where there is evidence of express consent to use of the work at issue, a defendant will not have to establish element (c): that defendant was ignorant of the true facts.²⁰⁸

Although an evaluation of an equitable estoppel defense is often fact-intensive, estoppel can be decided on a summary judgment basis. For example, the defendants in the case of *Rouse v. Walter & Associates, L.L.C.* prevailed in summary judgment on a defense of equitable estoppel.²⁰⁹ The plaintiffs in *Rouse*, professors at Iowa State University (“professor plaintiffs”), had developed a test for evaluating the amount and quality of meat on a cow before the cow was slaughtered. They worked with another professor, Dr. Viren Amin, to conceive a software program that could run on Windows and could process large numbers of images and manipulate data gleaned from the professors’ intramuscular fat prediction models. Amin wrote the software (“USOFT”), which was an upgraded version of a software program Amin had written to facilitate the earliest versions of the professors’ technology. The first version of the software was called “the LAIPS program.”²¹⁰

The defendants formed a private sector business that licensed from the University the technology and equipment developed by the professor plaintiffs. The University knew of the LAIPS program, but the professor

205. Petrella, 134 S.Ct. at 1777 (“[T]he doctrine of estoppel may bar the copyright owner’s claims completely, eliminating all potential remedies”).

206. *Encyclopedia Brown Prods., Ltd. v. Home Box Office, Inc.*, 1994 U.S. Dist. LEXIS 21372, *39, 1998 WL 734355 (S.D.N.Y. 1994) (*quoting* *Merchant v. Lymon*, 828 F. Supp. 1048, 1064 (S.D.N.Y. 1993)).

207. *Merchant*, 828 F.Supp. at 1064. *See also* *Rouse v. Walter & Assocs., L.L.C.*, 513 F. Supp. 2d 1041, 1068 (S.D. Iowa 2007).

208. *Encyclopedia Brown Productions*, 1994 U.S. Dist. LEXIS 21372 at *41.

209. 513 F. Supp. 2d at 1069.

210. *Id.* at 1046.

plaintiffs had not fully disclosed the USOFT software to the University.²¹¹ When the defendants licensed the technology from the University in early 2001, the computers and technology transferred included the updated USOFT software, though the licensing agreement only referred to the LAIPS program. The defendants were assured by the University, with input from the professor plaintiffs, that they were getting everything they needed to use the technology successfully.²¹² The defendants were under the impression that the University knew of and owned the rights to USOFT. The professor plaintiffs knew that the defendants were using USOFT and did nothing to indicate that the defendants should not use USOFT until 2005, when the professor plaintiffs decided to start their own business in competition with the defendants.²¹³ In 2005, the professor plaintiffs filed a Certificate of Registration with the Copyright Office and sent the defendants a cease and desist letter.

The court looked at the factors identified above and granted the defendants' motion for summary judgment on the defense of equitable estoppel.²¹⁴ The court found that (a) the professor plaintiffs knew that the defendants were using USOFT and even had participated in transferring USOFT to the defendants; (b) there was no evidence indicating that the defendants did not have a right to believe that the professor plaintiffs intended the defendants to rely on their conduct to indicate that the defendants were entitled to use the work at issue; (c) the defendants did not know that the professor plaintiffs claimed copyright ownership of USOFT until they received the cease and desist letter; and (d) the defendants detrimentally relied on the professor plaintiffs' conduct by licensing technology and setting up a lab upon the representations that the license and materials transferred included everything the defendants would need to run their business.²¹⁵

M. Copyright Misuse

While there is some uncertainty regarding the validity of a copyright misuse defense, courts may rule in favor of a defendant where he can establish that, though he may have engaged in copyright infringement, the plaintiff is barred from recovery for misusing her copyright.²¹⁶ The facts supporting

211. *Id.* at 1048.

212. *Id.* at 1049.

213. *Id.* at 1050.

214. *Id.* at 1069.

215. *Id.* at 1069.

216. *See* Lasercomb America, Inc. v. Reynolds, 911 F.2d 970, 976 (4th Cir. 1990); *see also* Int'l Motor Contest Assn., Inc. v. Staley, 434 F. Supp. 2d 650, 663 n.4 (N.D. Iowa 2006) (noting that the Ninth, Fifth, Fourth, Third, and Second Circuits have expressly recognized the defense of copyright misuse).

a misuse defense may also be considered as a basis for awarding attorneys' fees to a prevailing defendant.²¹⁷ This defense draws from the misuse defense developed more fully in the patent context. In recognizing the misuse defense, courts follow the equitable principle allowing them to "appropriately withhold their aid where the plaintiff is using the right asserted contrary to the public interest."²¹⁸ As stated early on by the Supreme Court with reference to plaintiffs asserting rights in a patent, the "patentee, like these other holders of an exclusive privilege [trademark and copyright] granted in the furtherance of a public policy, may not claim protection of his grant by the courts where it is being used to subvert that policy."²¹⁹ The doctrine of copyright misuse "'prevents copyright holders from leveraging their limited monopoly to allow them control of areas outside the monopoly."²²⁰ Alleged misuse frequently involves anti-competitive conduct, but it need not be established that the plaintiff violated the anti-trust laws in order to find the plaintiff engaged in copyright misuse.²²¹

For instance, in *Lasercomb America, Inc. v. Reynolds*, the defendants argued that the standard license agreement used by the plaintiff went beyond the bounds of acceptable copyright rights and was impermissibly anti-competitive.²²² The license agreement language at issue stated, "Licensee agrees during the term of this Agreement that it will not permit or suffer its directors, officers and employees, directly or indirectly, to write, develop, produce or sell computer assisted die making software."²²³ The Fourth Circuit explained that the question in a copyright misuse case is "whether the copyright is being used in a manner violative of the public policy embodied in the grant of a copyright."²²⁴ The court found that the license restrictions would operate to inhibit the lawful development of competing software and was an attempt by the plaintiff "to use its copyright in

217. See *Omega S.A. v. Costco Wholesale Corp.*, 776 F.3d 692, 695–96 (9th Cir. 2015) (evidence of copyright misuse served as a basis for attorneys' fee award, even where it was not, ultimately, the basis for judgment in defendant's favor).

218. *Morton Salt Co. v. G.S. Suppiger Co.*, 314 U.S. 488, 492, 62 S.Ct. 402 (1942) (recognizing a patent misuse defense) *overturned on other grounds by* *Illinois Tool Works, Inc. v. Independent Ink, Inc.*, 547 U.S. 28, 126 S.Ct. 1281 (2006).

219. *Id.* at 494.

220. *Assessment Techs. of WI, LLC v. WIREdata, Inc.*, 350 F.3d 640, 647 (7th Cir. 2003) (*quoting* *A & M Records, Inc. v. Napster, Inc.*, 239 F.3d 1004, 1026–27 (9th Cir. 2001)).

221. *Lasercomb*, 911 F.2d at 977, 978. See also *Thomas M. Gilbert Architects, P.C. v. Accent Builders and Devs., LLC*, 629 F. Supp. 2d 526, 536 (E.D. Va. 2008) (recognizing that copyright misuse is viable outside of anti-trust violations, but declining to find that a copyright owner's exorbitant pricing constitutes misuse of copyright).

222. 911 F.2d at 972.

223. *Id.* at 973.

224. *Id.* at 978.

a manner adverse to the public policy embodied in copyright law, and that it has succeeded in doing so with at least one licensee.”²²⁵ Accordingly, the Fourth Circuit reversed the lower court’s injunction and award of damages for copyright infringement.²²⁶

The focus of a copyright misuse defense is on the conduct of the copyright holder alleging infringement. A defendant alleging copyright misuse need not have been damaged by the misuse in order to successfully mount the defense.²²⁷ In fact, in most jurisdictions, a defendant’s own inequitable conduct will not preclude him from a copyright misuse defense against a plaintiff seeking equitable relief.²²⁸ The Fifth Circuit has rejected the majority approach, recognizing the possibility that unclean hands may bar a defendant from using the copyright misuse defense.²²⁹ Yet, the focus on public harm in a copyright misuse defense is strong justification for preventing unclean hands from barring the equitable defense of copyright misuse and separates this defense from laches or other equitable defenses.²³⁰ Ultimately, the decision to allow a defendant’s unclean hands to preclude her from asserting a copyright misuse defense is within the court’s broad discretion and is not subject to any formula.²³¹

N. Unclean Hands

“Unclean hands” is available as a defense²³² in copyright actions “to bar enforcement of a valid copyright when a plaintiff commits ‘wrongdoing of serious proportions.’”²³³ Unlike the defense of copyright misuse, the defense of unclean hands generally requires that the defendant establish a nexus, or direct relationship, between the alleged misconduct of the copyright holder and the merits of the controversy between the parties.²³⁴ Although

^{225.} *Id.*

^{226.} *Id.*

^{227.} *Lasercomb*, 911 F.2d at 979; *Video Pipeline, Inc. v. Buena Vista Home Entm’t, Inc.*, 342 F.3d 191 at 204 (3d Cir. 2003).

^{228.} See *Alcatel USA, Inc. v. DGI Techs., Inc.*, 166 F.3d 772, 794, 795 (5th Cir. 1999) (“Although a smattering of other courts have proposed this type of bar to the use of an equitable defense, we find these decisions unpersuasive.”); *In re Napster, Inc. Copyright Litigation*, 191 F. Supp. 2d 1087, 1110 (N.D. Cal. 2002) (noting the general proposition that unclean hands does not bar a misuse defense, but recognizing a minority view and treatise support for the minority position at 4 *Nimmer* § 13.09[B] at 13-295).

^{229.} *Alcatel*, 166 F.3d at 794.

^{230.} *In re Napster*, 191 F. Supp. 2d at 1110, 1111.

^{231.} *Id.*

^{232.} The defense of unclean hands is different from a copyright holder’s attempt to use unclean hands as a bar to the assertion of the copyright misuse described in Section M, above.

^{233.} *Saxon v. Blann*, 968 F.2d 676, 680 (8th Cir. 1992) (*quoting* 3 *Nimmer*, § 13.09[B] at 13-148-49 (1991)).

^{234.} *International Motor Contest Ass’n, Inc. v. Staley*, 434 F. Supp. 2d 650, 670 (N.D. Iowa 2006).

some jurisdictions consider the unclean hands defense to encompass copyright misuse, others treat unclean hands as a distinct defense.²³⁵

The Eighth Circuit is among the jurisdictions expressly recognizing the viability of a distinct unclean hands defense.²³⁶ In *Saxon v. Blann*, the plaintiff testified at trial that after selling his publishing rights to the defendant he made slight revisions to the original work and republished the revised work (as the “new improved” edition) in an effort to take away business from the defendant.²³⁷ The Eighth Circuit held that this amounted to misconduct of a sufficiently serious level and that the conduct was directly related to the parties’ relationship vis-à-vis the published works so that the defense of unclean hands operated to bar the plaintiff’s copyright infringement claim.²³⁸

IV. Counterclaims

A defendant will want to consider any appropriate counterclaims when drafting her answer and asserting any of the applicable defenses stated above. Cases involving copyright infringement claims often are accompanied by a defendant’s concerns over questions of breach of contract, unfair competition, anti-trust activity, and property rights (i.e., unjust enrichment or conversion). A defendant in a copyright infringement case has an extra hurdle to jump in bringing any counterclaim, and that is the preemption test codified in Section 301 of the Copyright Act. The Act provides that “all legal or equitable rights that are equivalent to any of the exclusive rights within the general scope of copyright . . . are governed exclusively by this title . . . no person is entitled to any such right or equivalent right in any such work under the common law or statutes of any State.”²³⁹

Federal courts hearing copyright cases can exercise supplemental jurisdiction to hear and decide state law claims related to the copyright action. But the only related claims that will be heard are those not excluded by application of Section 301. If the supplemental claim is a legal theory for recovery based on rights that are “equivalent” to a copyright owner’s exclusive rights, the claim is preempted by the copyright action. If, however, there is an extra element to the supplemental claim that makes the claim qualitatively different than the copyright claim, the claim is not preempted

235. *Id.* at 666 n.5.

236. *Id.* at 666.

237. *Saxon*, 968 F.2d at 677, 680.

238. *Id.* at 680.

239. 17 U.S.C. § 301(a).

and can proceed as a cause of action or counterclaim to be decided in the copyright litigation.²⁴⁰

V. Conclusion

Although a plaintiff armed with a copyright registration and intent on proving infringement is a formidable challenge, a defendant in a copyright case has multiple ways to either defeat the plaintiff's prima facie case or defeat liability for infringement. Some of the defenses vary among the circuits, so defense counsel must find local precedent and tailor her arguments to the analysis favored by the courts in the circuit in which her case is pending.

240. See, e.g., *Computer Assoc. Int'l v. Altai, Inc.*, 982 F.2d 693, 716–21 (2d Cir. 1992) (after discussion of preemption, the Second Circuit finds trade secret claims where “the use of copyrighted expression is simultaneously the violation of a duty of confidentiality established by state law, that extra element renders the state right qualitatively distinct from the federal right, thereby foreclosing preemption under section 301”); *Ritchie v. Williams*, 395 F.3d 283, 285–90 (6th Cir. 2005) (discussion of preemption and criticism of extra element analysis); *Shuptine v. McDougal Littell*, 535 F. Supp. 2d 892, 895–97 (E.D. Tenn. 2008) (criticizing Sixth Circuit analysis in *Ritchie* and finding that fraud claim is not preempted).