

# 19-0028

United States Court of Appeals for the Second Circuit

ESTATE OF JAMES OSCAR SMITH,  
Plaintiff-Appellant,

and

HEBREW HUSTLE, INC.,  
Plaintiff-Counter-Defendant-Appellant,

v.

AUBREY DRAKE GRAHAM,  
Defendant-Counter-Claimant-Appellee,

and

CASH MONEY RECORDS, INC., UNIVERSAL REPUBLIC RECORDS,  
UNIVERSAL MUSIC GROUP DISTRIBUTION, CORP., EMI MUSIC  
PUBLISHING MANAGEMENT, LLC, UNIVERSAL MUSIC-MGB NA, LLC,  
WARNER/CHAPPELL MUSIC, INC, SONY/ATV MUSIC PUBLISHING, LLC,  
APPLE, INC., AMAZON DIGITAL SERVICES, INC.,  
Defendant-Appellees,

STEPHEN HACKER,  
Counter-Defendant,

MATTHEW JEHU SAMUELS, personally known as BOI-1DA,  
JORDAN EVANS,  
Defendants

ON APPEAL FROM THE UNITED STATES DISTRICT COURT  
FOR THE SOUTHERN DISTRICT OF NEW YORK

Case No 1:14-cv-02703-WHP

The Honorable William H. Pauley, III, United States District Judge

BRIEF FOR AMICUS CURIAE INTELLECTUAL PROPERTY  
PROFESSORS IN SUPPORT OF DEFENDANTS-APPELLEES

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## **CORPORATE DISCLOSURE STATEMENT**

Amici are a group of university law professors. They neither are a corporation nor have a parent corporation.

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## INTEREST OF AMICI<sup>1</sup>

Amici are full-time legal academics who teach copyright law and who have studied and written extensively about fair use.<sup>2</sup> Amici Peter Jaszi, Edward Lee, Michael Madison, Pamela Samuelson, and David Shipley have authored quantitative and qualitative empirical studies analyzing patterns in fair use jurisprudence. In addition to the interest set forth above, these amici seek to respond specifically to misinterpretation of the empirical scholarship in a proposed amicus curiae brief by Digital Justice Foundation.

Amici submit this brief out of concern that Appellants' rigid interpretation of the requirements of fair use would suppress free speech by creating an unworkable fair use standard, inviting the courts to make impossible and inappropriate judgments about an artist's message.

Amici believe that well-balanced intellectual property rules promote the public good and strive to assist courts and policymakers in developing sound copyright law that respects freedom of expression while "promot[ing]

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<sup>1</sup> This brief is accompanied by a Motion for Leave to File as required by Federal Rule of Appellate Procedure 29(b). No party's counsel authored this brief in whole or in part, and no party or party's counsel made a monetary contribution to fund the preparation or submission of this brief. No person or entity other than Academic Amici made a monetary contribution to the preparation or submission of this brief.

<sup>2</sup> For a full list of amici, please see Appendix A, "List of Signatories."

the Progress of Science and useful Arts.” U.S. Const. art. I, § 8, cl. 8. Our only interest in this case is in the sound evolution of copyright law.

### **SUMMARY OF ARGUMENT**

Fair use is a flexible standard that develops and iterates categories over time, generating patterns in the case law. Some of these patterns focus on wholesale changes in purpose, as when a “big data” entity copies a corpus to extract new insights from the whole. Other patterns involve individual works and specific transformations in the use or meaning of those individual works. Systematic copying to enable Internet searching, *Authors Guild v. Google Inc.*, 804 F.3d 202 (2d Cir. 2015), is “transformative” in a different way from an individual painting incorporating a magazine image to comment on consumerism, *Blanch v. Koons*, 467 F.3d 244 (2d Cir. 2009), but both types of use are transformative and fair. Attempts to collapse transformativeness, and fair use, into rigid, static categories are inconsistent with the sound development of the law. Where, as here, a new work changes and incorporates portions of an existing work, a key question is whether a transformative meaning or message can reasonably be perceived—not whether there is clearly a single meaning.

## ARGUMENT

### **A. Transformativeness Is a Flexible Test Asking Whether the New Use “Alter[s] the First with New Expression, Meaning, *or* Message.”**

It is well-established that transformative use occurs where a copyrighted work is used to create a new artistic or expressive work, as long as the work “adds something new, with a further purpose or different character, altering the first with new expression, meaning, or message . . . .” *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 579 (1994).

In *Blanch*, 467 F.3d at 247 (2d Cir. 2009), Jeff Koons used Andrea Blanch’s photograph as a building block to create a new work with a different meaning and message. Koons’s use wasn’t parodic nor was his message specific to Blanch’s photograph, but he used Blanch’s work as part of a new work that conveyed a new message. The “genuine creative rationale” for Koons’s copying, *id.* at 255, which was that Blanch’s photo was a good example of the kind of celebration of consumerism he meant to comment on, established transformativeness. So too here.

Appellants disagree with the district court because they define the purposes of the parties’ works as being the same. App. Br. at 24; *see also* DJF Br. at 22. But it is always possible to describe the purpose of a work at multiple levels of abstraction: the purposes “to increase the amount of knowledge in



the world,” “to entertain,” and so on are shared by many works. Wisely, courts have declined to engage in word games about the purpose of a use in this fashion. Instead, where a case involves two works in the same general genre, courts ordinarily look for different expressive “meaning” or “message”—as here.<sup>3</sup> *Campbell*, 510 U.S. at 579 (two musical works); *Blanch*, 467 F.3d at 244 (two works of visual art); *Cariou v. Prince*, 714 F.3d 694, 706 (2d Cir. 2013) (multiple works of visual art).

Where the new work does have a new meaning or message—whether it directly rejects the original’s message (about jazz’s unique value, in the case at bar), or is orthogonal in meaning, as in cases such as *Cariou*—courts have found transformativeness. *Id.* In such circumstances, arguments that both works serve the same general “purpose” contradict the approach established

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<sup>3</sup> Not all changes create this type of transformativeness: a new episode of Gilligan’s Island wouldn’t be identical to previous episodes, but the different ways in which Gilligan bollixed a new attempt to leave the island wouldn’t themselves change the meaning or message of the work. *Cf. TCA Television Corp. v. McCollum*, 839 F.3d 168, 180-82 (2d Cir. 2016) (reversing grant of motion to dismiss because use of comedy routine had the same function in original and accused work; comedy routine wasn’t meaningfully altered, nor did its specific content matter to the meaning of the accused work as a whole; any comedy routine regardless of content would have done). But a reworking of Three’s Company that brings out the implications of its sexual politics, *Adjmi v. DLT Entm’t Ltd.*, 97 F. Supp. 3d 512 (S.D.N.Y. 2015), or a retelling of *Gone With the Wind* that reverses its racial judgments and sexual mores, *Suntrust Bank v. Houghton Mifflin Co.*, 268 F.3d 1257 (11th Cir. 2001), go beyond “more of the same” to provide the necessary new meaning or message.

in *Campbell*. 510 U.S. at 579. See, e.g., *Maxtone-Graham v. Burtchaell*, 803 F.2d 1253, 1260 (2d Cir. 1986) (fair use protected anti-abortion author’s use of portions of a book “to make the case against abortion”); *Abilene Music, Inc. v. Sony Music Entm’nt, Inc.*, 320 F. Supp. 2d 84, 90 (S.D.N.Y. 2003) (quote from jazz song in rap song was transformative fair use because the meaning of the phrase “what a wonderful world” was reversed); *Northland Family Planning Clinic, Inc. v. Center for Bio-Ethical Reform*, 868 F. Supp. 2d 962 (C.D. Cal. 2012) (using portions of plaintiff’s pro-choice video in making a video protesting abortion was fair use); *Savage v. Council on American-Islamic Relations, Inc.*, C 07–6076 SI, 2008 WL 2951281 (N.D. Cal. Jul. 25, 2008) (posting significant portions of radio host’s show to criticize his anti-Muslim views was protected fair use).

Appellants cite several “pure copying” cases to argue that there’s no transformation here. See, e.g., App. Br. at 24-25. Where a work is being reproduced faithfully for a different purpose, such as a work of popular culture used to document historical fact, courts understandably take a distinct approach to identifying transformativeness: the transformation has to be found in the larger context, because it can’t be found in the accused work itself. See *Bill Graham Archives v. Dorling Kindersley Ltd.*, 448 F.3d 605 (2d Cir. 2006); *Authors Guild, Inc. v. HathiTrust*, 755 F.3d 87 (2d Cir. 2014). But where, as

here, the transformation occurs because a part of the plaintiff’s work has been used as a building block in a new, creative work, the “meaning and message” of the two works come to the fore. *Cariou*, 714 F.3d at 706. The pure copying cases simply belong to different subsets of fair use cases.

Amicus DJF misreads the scholarship on fair use to argue that a musical work like “Pound Cake” cannot be critical, or at least to suggest that it would have to explicitly criticize the original individual work to qualify as critical. DJF brief at 21.<sup>4</sup> This interpretation is a significant distortion of the case law and scholarship, which identifies criticism—in all its possible forms—as the shared purpose protecting one subclass of fair uses. To hold that songs, or other non-analytic-essay forms of response and commentary, can’t be transformative “criticism” would discriminate against many culturally

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<sup>4</sup> DJF also misuses scholarship noting that there aren’t as many music fair use cases as there are other types of media cases by recasting that descriptive statement as a normative claim that fair use shouldn’t be possible in music cases. DJF Br. at 31. Professor Lee, for example, finds that defendants win most music infringement cases on other grounds, though 3.9% do prevail on parody/fair use grounds; he does not opine that fair use should be disfavored when asserted. Edward Lee, *Fair Use Avoidance in Music Cases*, 59 B.C. L. Rev. 1873, 1910-16 (2018). He actually concludes that “the lack of a clear fair use precedent for non-parody music cases may have the deleterious effects of chilling creativity and producing ‘copyright clutter’ by which bits of music in older copyrighted works are subject to property rights and viewed as off-limits to what would otherwise be transformative uses by other songwriters.” *Id.* at 1922. More broadly, there is no doctrinal basis for suggesting that the constitutionally-grounded fair use doctrine, *Eldred*, 537 U.S. at 219, 221, should apply differently depending on the genre of the use.

significant forms of communication, including popular songs. Simply put, §107's preamble, which notes a preference for criticism, does not say "but not for music." Nor does the criticism have to be directed at a particular work as long as it enables the audience to get a new perspective on an issue or topic. *See, e.g.,* Michael J. Madison, *A Pattern-Oriented Approach to Fair Use*, 45 Wm. & Mary L. Rev. 1525, 1650-53 (2004) (detailing pattern protecting criticism and commentary; citing, e.g., *Burtchaell*, which was not a criticism of the particular pro-choice work at issue but a criticism of abortion rights generally); Pamela Samuelson, *Unbundling Fair Uses*, 77 Fordham L. Rev. 2537, 2541, 2551-53 (2009) (identifying cluster of critical reuses as one of the protected categories).

A finding of transformativeness is also consistent with statements of best practices in various fields, which detail the consensus of a community of practice on the scope and limits of fair use. As one such statement summarizes, "[r]eproducing portions of copyrighted works as evidence, illustration, or documentation, as well as objects of commentary, is a recurring fair use activity across multiple best practices statements." Brandon Butler and Peter Jaszi, Appendix, *Fair Use and Sound Recordings: Lessons from Community Practice*, in ARSC GUIDE TO AUDIO PRESERVATION (Sam Brylawski, et al. eds.), 218 (2016), <https://cmsimpact.org/wp->

content/uploads/2016/08/ARSC-Audio-Preservation.pdf. Given the liminal status of spoken-word recordings, the most relevant best practices may be from the poetry community which recognizes the type of copying at issue here as fair:

Under fair use, a poet may adapt a poem or a portion of a poem in order to (1) offer a direct or indirect critique of that poem, its author, or its genre; (2) present a genuine homage to a poet or genre; or (3) hold up to ridicule a social, political, or cultural trend or phenomenon. . . . Under fair use, a poet may make use of quotations from existing poetry, literary prose, and non-literary material, if these quotations are re-presented in poetic forms that add value through significant imaginative or intellectual transformation . . . .

Patricia Aufderheide et al., *Code of Best Practices in Fair Use for Poetry* 9-10, [http://archive.cmsimpact.org/sites/default/files/documents/pages/fairusepoetrybooklet\\_singlepg\\_3.pdf](http://archive.cmsimpact.org/sites/default/files/documents/pages/fairusepoetrybooklet_singlepg_3.pdf).

Amicus DJF also ignores that several of the empirical, descriptive studies it cited were completed before *Cariou* and *Seltzer v. Green Day, Inc.*, 725 F.3d 1170 (9th Cir. 2013). These cases repudiate any suggestion that critical transformative use applies only when the accused work differs fundamentally in its genre or type of creativity from the source work. *Cariou* and *Seltzer*—and, for that matter, *Campbell* itself—make clear that copying to convey a new aesthetic or expressive message, but still in the same general

milieu, is well within the ambit of transformative use. *Campbell*, 510 U.S. at 579; *Cariou*, 714 F.3d at 706; *Seltzer*, 725 F.3d at 1170.

Although the district court's reasoning on transformativeness was generally sound, the court did misstep by distinguishing parody from other kinds of criticism by holding, without citing any authority, that "parody" could only apply where the targeted work was already well-known. *Estate of Smith*, 253 F. Supp. 3d at 750. The case law does not recognize such a limit, and for good reason.

The Supreme Court defined parody, for fair use purposes if not for English classes, as use that targets the original for criticism, at least in part. *Campbell*, 510 U.S. at 580 ("For purposes of copyright law, the nub of the definitions, and the heart of any parodist's claim to quote from existing material, is the use of some elements of a prior author's composition to create a new one that, at least in part, comments on that author's works."). The district court's new requirement made "parody" too rigid a category and would render all but the most famous works immune from parody or at least embroiled in disputes about whether a work was well-known enough to be parodied. It is also inconsistent with the judicial neutrality on aesthetics that copyright and fair use demand. *Cf. Mattel, Inc. v. Walking Mountain*

*Productions*, 353 F.3d 792, 802 (9th Cir. 2003) (“We do not make judgments about what objects an artist should choose for their art”).

The district court’s unsupported rationale could be read to insulate lesser-known works from parody and related types of criticism. *Cf. Northland Family Planning Clinic*, 868 F. Supp. 2d at 971-73 (finding that anti-abortion video was a parody of obscure work produced by abortion clinic); *id.* at 974 (“nowhere in [its] definition did the [*Campbell*] Court limit the parodist’s target to well-known works”); *Kane v. Comedy Partners*, 68 U.S.P.Q. 2d (BNA) 1748 (S.D.N.Y. 2003) (finding fair use of obscure public access cable show; “[t]he only significance of deeming a work a parody is the concomitant determination that the work contains elements of commentary and criticism”), *aff’d*, 98 F. App. 73 (2d Cir. 2004); *Rycraft, Incorporated v. Ribble Corporation*, No. 97–1573–KI, 1999 WL 375610, at \*9 (D. Or. Apr. 26, 1999) (relying on parody cases to find fair use of competitor’s little-known ad). This Court should not endorse such a rule.

**B. The Appropriate Standard for Transformativeness Is Whether A New Meaning May Reasonably Be Perceived.**

The fundamental nature of the transformativeness inquiry is not whether there is one true, correct reading of the works at issue; it is whether the defendant’s use has “alter[ed] the first with new expression, meaning, or

message.” *Campbell*, 510 U.S. at 579. Courts have long labored to avoid evaluating artistic merit and should be cautious about venturing further into the terrain of interpretation and evaluation. *Bleistein v. Donaldson Lithographing Co.*, 188 U.S. 239, 251 (1903) (“It would be a dangerous undertaking for persons trained only to the law to constitute themselves final judges of the worth of pictorial illustrations, outside of the narrowest and most obvious limits.”).

The key is that the transformativeness inquiry asks whether a new meaning or message “may *reasonably* be perceived” in the new work. *Campbell*, 510 U.S. at 582 (1994) (emphasis added); *Cariou*, 714 F.3d at 707; *Leibovitz v. Paramount Pictures Corp.*, 137 F.3d 109, 114-15 (2d Cir. 1998) (finding transformativeness where a reasonable viewer could perceive criticism). This analysis can often be done, as it was in *Campbell*, simply by examining the works at issue. *Campbell*, 510 U.S. at 583 (“While we might not assign a high rank to the parodic element here, we think it fair to say that 2 Live Crew’s song reasonably could be perceived as commenting on the original or criticizing it, to some degree.”). No testimony from an artist is necessary when the transformation may reasonably be perceived. *Cariou*, 714 F.3d at 707.



There are two core reasons for this rule: first, fair use is not reserved for the artistically competent who manage to communicate so clearly that everyone in the audience understands the message. *Yankee Pub. Inc. v. News Am. Pub. Inc.*, 809 F. Supp. 267, 280 (S.D.N.Y. 1992) (“First Amendment protections do not apply only to those who speak clearly, whose jokes are funny, and whose parodies succeed”) (quoted in *Campbell*, 510 U.S. at 583). Second, and more importantly, commentary is not about imposing a singular meaning on the work under scrutiny. A court is not required to do what critics cannot and put the final interpretive stamp on a work. To require an indisputable meaning would be to hold fair use hostage to the opinion of a majority (or even a minority):

While individuals may disagree on the success or extent of a parody, parodic elements in a work will often justify fair use protection . . . . Allowing majorities to determine whether a work is a parody would be greatly at odds with the purpose of the fair use exception and the Copyright Act.

*Mattel, Inc.*, 353 F.3d at 801. In a large and diverse world, the meaning of a work will never be unitary.<sup>5</sup> For example, some people read articles from the

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<sup>5</sup> Scholars recognize that different audiences read works differently, meaning that there is no one message that a transformative user could criticize. See John Fiske, *Reading the Popular* (1989). For example, “some viewers write letters . . . which applaud Archie [of *All in the Family*] for his racist viewpoint, while others applaud the show for effectively making fun of bigotry.” Neil Vidmar & Milton Rokeach, *Archie Bunker’s Bigotry: A*

satirical publication *The Onion* as standard reporting.<sup>6</sup> Given this multiplicity of interpretation, the “reasonably perceived” standard both serves the interests behind the Copyright Act in promoting the creation of new expression as well as the First Amendment interests served by limitations such as fair use.

A reasonable interpretation of “Pound Cake” is that it “transforms” the spoken word “Jimmy Smith Rap” (JSR) in a literal fashion not just by changing the words but by putting music and sounds under it, adding an unusual processing sound to the end of the passage, and using it as part of a larger piece of music rather than as a standalone spoken-word piece. These changes have a particularly strong communicative effect because the processing sound—highlighting the technologies used in rap—comes in at the point when Jimmy Smith originally turned to denigrating other types of music, and because the added sounds are of precisely the kind he was dismissing.

JSR called rap and other music “bullshit” that was “here today and gone tomorrow.” Drake quotes some of JSR but subverts it to prove that “real music” is not so limited, as shown by Drake’s references to his success—and

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*Study in Selective Perception and Exposure*, 24 *Journal of Communication* 36 (1974).

<sup>6</sup> See LITERALLY UNBELIEVABLE (last archived May 19, 2018), <http://literallyunbelievable.org/> [<https://web.archive.org/web/20180519202719/http://literallyunbelievable.org/>] (collecting multiple examples).

the long-term achievements of rappers generally—in “Pound Cake.” DRAKE, *Pound Cake*, on NOTHING WAS THE SAME (Young Money Entm’t, Cash Money, and Republic Records 2013). Using someone’s own words to prove them wrong is, at the very least, reasonably perceptible as a comment on the original work. *Cf. Campbell*, 510 U.S. at 583 (“The later words can be taken as a comment on the naiveté of the original of an earlier day . . .”). Indeed, recontextualizing someone’s own words against them is a form of the particularly African and African-American expressive, artistic, and rhetorical tradition of “signifyin(g),” which reveals latent meaning in expression through repetition and difference. *See* Henry Louis Gates, Jr., *The Signifying Monkey: A Theory of African-American Literary Criticism* 88 (Oxford Univ. Press, 1988) (“When one Signifies upon another text, by tropological revision or repetition and difference, the double-voiced utterance allows us to chart discrete formal relationships in Afro-American literary history. Signifyin(g), then, is a metaphor for textual revision.”).

The district court recognized that, in this context, the changes and juxtapositions have the effect of making the entire new song a rebuke to Mr. Smith’s claim that “jazz is the only real music that’s gonna last.” The changes claim for music in general, including for rap, a sense of creative accomplishment and the champagne-fueled camaraderie of working in a

studio to create music that will have lasting value. The alteration at the beginning of the excerpt sets the stage, but the new meaning also comes from the claim that all of the elements treated by Smith’s original speech as specific to jazz are part of the rap creation process as well.

It is therefore patently reasonable to conclude that Drake employed Jimmy Smith’s words to make a unique point of his own about the value of his own music genre, and to challenge Smith’s opinions about the primacy of jazz in American music. Indeed, we do not see how any reasonable factfinder could question the reasonableness of such a conclusion—even if other interpretations would also be reasonable. *See* Rebecca Tushnet, *Judges as Bad Reviewers: Fair Use and Epistemological Humility*, 25 *Law & Lit.* 20 (2013) (arguing in favor of recognizing the multiplicity of meanings to different communities); Michael W. Tyszko, *Whose Expression Is It, Anyway? Why “New Expression, Meaning, or Message” Should Consider All Reasonably Available Viewpoints*, 65 *Syracuse L. Rev.* 221 (2014) (advocating use of multiple reasonable viewpoints).

Appellants would instead have this Court wade into a “dispute” as to how decisively and unambiguously the use in “Pound Cake” rejects the key message of JSR. (App. Br. at 16 nn.3-4, 17, 26). Meanwhile, amicus DJF makes a different kind of aesthetic claim when it argues that the changes are

too small to be transformative. But (leaving aside the fact that the use in “Pound Cake” was different from JSR in myriad ways) small changes can matter a lot to meaning. As Mark Twain wrote, “the difference between the right word and the almost-right word is the difference between the lightning bug and the lightning;” one who writes an ode to the former is not writing an ode to the latter. *Lightning*, Mark Twain Quotations, Newspaper Collections, & Related Resources, <http://www.twainquotes.com/Lightning.html> (last visited July 18, 2019). Similarly, a statement that “this elected official is destroying the country; he has abused his power; he has un-American values,” etc., has a very different meaning depending on the referent—as the common political practice of deploying a person’s past tweets to criticize their current stances demonstrates. Repurposing of words to indicate that their import is the opposite of what they first meant is classically transformative. And that is true even if a substantial amount of expression remains the same, as long as there is also transformation.

**C. Arguments That Fair Use Doctrine Should Be More Rigid Should Be Rejected.**

Appellants argue that “Pound Cake” needs some unspecified extra “justification” beyond having a new, conflicting message and meaning for its

use.<sup>7</sup> App. Br. 17-18. Amicus DJF likewise argues for an “express nexus” requirement that would add a new necessity requirement that would run counter to decades’ worth of fair use jurisprudence. But Smith’s words asserted the primacy of jazz, and “Pound Cake” contends otherwise (among other things). As the district court properly recognized, one can criticize or comment on a subject by identifying some specific example that represents it. As a matter of both constitutional law and common sense, a court should not tell a speaker to use a different example or insist that if a speaker is targeting a general topic, she must make up a hypothetical example instead of using a real one. *See Cohen v. California*, 403 U.S. 15, 26 (1971) (“[W]e cannot indulge the facile assumption that one can forbid particular words without also running a substantial risk of suppressing ideas in the process.”); *Eldred*, 537 U.S. at 219, 221 (describing fair use as a “free speech safeguard[]” and a “First Amendment accommodation[]”).

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<sup>7</sup> Appellants also argue that “Pound Cake” is an infringing derivative work. App. Br. at 29. *Campbell* and subsequent cases have readily distinguished between transformative fair uses and infringing derivative works. Where there is a transformative fair use, there is no violation of the Copyright Act’s exclusive rights; §107 explicitly makes all the §106 rights, including the right to prepare derivative works, subject to fair use, and provides that fair use “is not an infringement.” *See generally* Pamela Samuelson, *The Quest for a Sound Conception of Copyright’s Derivative Work Right*, 101 *Geo. L.J.* 1505 (2013) (setting forth a framework for accurately defining the derivative works right without a conflict with fair use).

Likewise, Appellants’ perplexing suggestion that this case involves a musical work to which compulsory licensing provisions of the Copyright Act would apply, App. Br. 21 n.9, *see also* DJF Br. at 28, is entirely a red herring. First, JSR is not, in fact, a musical work—under the definition used by the Copyright Office, a “musical work” must have music; although lyrics may accompany it, words alone cannot comprise a musical work.<sup>8</sup>

More important, fair use is an exception to all the exclusive rights in all the protected works covered by the Act, including the §106 reproduction right that is further limited as to mechanical reproduction of musical works in §115; the arguments to the contrary are incoherent. Even assuming that the words at issue constitute a “musical work,” this isn’t a case about a cover song. The song “Pound Cake” is a new composition and including an excerpt of an existing song in a new song isn’t subject to the compulsory license in §115. *See* 17 U.S.C. § 115(a)(2). DJF further argues that there is no fair use cross-reference in §115, DJF Br. at 29, but of course there is not—§115, whose title

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<sup>8</sup> The Copyright Office has not classified JSR as a musical work. Its registration is within the category “Work of the Performing Arts”; there is no form specifically for musical works. *See* 37 C.F.R. § 202.3(b)(1); *see also* <https://www.copyright.gov/registration/performing-arts/>. Under longstanding Copyright Office rules, words alone (whether intended to be spoken or read) are not musical works. United States Copyright Office, *Compendium of U.S. Copyright Office Practices* §802.1 (3d ed. 2017); *see also* Lee, *supra*, at 1876.

is “Scope of exclusive rights in nondramatic musical works: Compulsory license for making and distributing phonorecords,” is itself about the scope of the §106 exclusive rights; it would not make any sense to put in a reference to §107, any more than it would make sense to refer to fair use as limiting the protections of the first sale doctrine.<sup>9</sup>

In addition, although the two other provisions closely grouped with §115—scope of rights in pictorial, graphic, and sculptural (PGS) works, §113, and scope of rights in sound recordings, §114—also don’t mention §107, fair use obviously may be made of a PGS work, *see Cariou*, 714 F.3d at 694, or of a sound recording, *see Swatch Group Management Services Ltd. v. Bloomberg L.P.*, 756 F.3d 73 (2d Cir. 2014); *see also Sega Enters. Ltd. v. Accolade, Inc.*, 977 F.2d 1510, 1521 (9th Cir. 1993) (rejecting the argument that §117, which permits the owner of a computer program to make certain

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<sup>9</sup> The argument from silence would implausibly imply that the other “exemptions”—first sale (§109), exemptions for certain public performances (§110), cable retransmission (§111), and ephemeral recordings (§112)—trump fair use because they don’t specifically mention §107. The cross-reference in §108 merely confirms that §108 was not intended to shrink §107 even as applied to “[r]eproduction by libraries,” despite the institution-specific need for exemptions beyond §107. *Authors Guild, Inc. v. HathiTrust*, 902 F. Supp. 2d 445, 456-57 (S.D.N.Y. 2012), *aff’d*, 755 F.3d 87 (2d Cir. 2014); H.R. Rep. No. 94-1476, at 74 (1976), *reprinted in* 1976 U.S.C.C.A.N. 5659, 5688 (“[S]ection 108 authorizes certain photocopying practices which may not qualify as a fair use. The criteria of fair use are necessarily outlined in general terms.”).



copies and does not mention §107, preempts the fair use defense for copying computer programs beyond what is allowed by §117).<sup>10</sup> The better rule is the statutory command this Court has always followed: fair use “is not an infringement” of any copyright rights. 17 U.S.C. §107.

The alleged slippery slope argued by DJF is a final red herring. First, *Campbell* was *actually* a musical work infringement case, and it found transformativeness. *Campbell*, though it changed the basic structure of fair use analysis in all U.S. courts, did not cause a slippery slope to free-for-all infringement, and neither will this individual case thirty-five years later. *Cf. Hofheinz v. AMC Prods., Inc.*, 147 F. Supp. 2d 127, 140–41 (E.D.N.Y. 2001) (“[A] finding of fair use here does not translate to a finding of fair use in each instance . . . . Thus, potential infringers of plaintiff’s copyrighted works, to the extent that they exist, are likely to seek a license to avoid . . . litigation.”). Second, there is no evidence of any such slippery slope in other areas of the law where robust transformative fair use defenses have been recognized, as

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<sup>10</sup> Even the much-criticized Sixth Circuit rule disallowing a de minimis defense in sound recording sampling cases recognizes a role for fair use. *Bridgeport Music, Inc. v. Dimension Films*, 410 F.3d 792, 805 (6th Cir. 2005); *cf. VMG Salsoul, LLC v. Ciccone*, 824 F.3d 871 (9th Cir. 2016) (rejecting *Bridgeport* and noting consensus that its reasoning, like that of DJF here, overreads the music-specific provisions of the law).

with search engines, *Authors Guild v. Google*, 804 F.3d at 219, or visual art, *Cariou*, 714 F.3d at 694.

Third, and serving to help explain the prior points, copyright infringement cases (including those involving a fair use defense) remain fact-intensive and expensive, so that the incentives to license remain strong. James Gibson, *Risk Aversion and Rights Accretion in Intellectual Property Law*, 116 Yale L.J. 882, 887-92, 895 (2007); Testimony of Karyn A. Temple, Register of Copyrights, Before the United States House of Representatives Committee on the Judiciary, June 26, 2019, 13-14 (observing that cost, time, and the threat of statutory damages create “insurmountable” hurdles “for the majority of users who believe that they have a strong fair use defense or are otherwise using a copyrighted work pursuant to an exception or limitation that allows their use”).

Instead, fair users need a reason to think it’s worth asserting their rights against copyright claimants, given the expense and difficulty of litigating a fair use case and the further difficulty of securing a fee award even when the fair use analysis decisively favors the defendant. *See Louis Vuitton Malletier, S.A. v. My Other Bag, Inc.*, 764 F. App. 39 (2d Cir. 2019) (upholding denial of fees); David S. Olson, *First Amendment Based Copyright Misuse*, 52 Wm. & Mary L. Rev. 537, 594 (2010) (“Because there is enough gray area in

determining fair use, the cost of defending a copyright infringement suit is high, and because a copyright holder can control whether and when to sue, and when to dismiss a suit if it starts going against him, the mere threat of litigation will deter many uses of copyrighted material that are fair as matter of law.”).

Amici strongly agree with DJF that the fair use standard should not give prominent artists more freedom to make fair uses than lesser-known artists, DJF Br. at 32, but the solution to that problem is not to find infringement from any use of a copyrighted work by a musician; it is rather to give emerging artists at least as much freedom to make new meanings and messages by incorporating limited portions of existing works into their new expressions and to find ways to provide legal support for their own exercises of fair use.

#### **D. Additional Fair Use Considerations.**

Amici believe that Appellees’ brief accurately describes the state of the jurisprudence on the remaining factors but wish to add additional context on factors three and four (the amount used and market effect) as they relate to transformativeness.

##### **1. Amount Used**

The third factor, the amount of the use, interacts with the transformativeness finding. A fair user need not take the absolute minimum

necessary to achieve the relevant artistic purpose. As with transformativeness, the standard is reasonableness. *See Cariou*, 714 F.3d at 710; *Bill Graham Archives*, 448 F.3d at 613 (finding fair use when copying was of the “size and quality” reasonably necessary to the transformative purpose). DJF’s proposed “nexus” analysis, DJF Br. at 35, is an attempt to reject this Court’s caselaw on the amount that may be used. But that law is already in the right place: it has recognized that the way to preserve artistic freedom and avoid a chilling effect is to allow the second artist to take an amount reasonably related to their expressive purpose. *See* Michael C. Donaldson, *Refuge from the Storm: A Fair Use Safe Harbor for Non-Fiction Works*, 59 J. Copyright Soc’y U.S.A. 477, 489-90 (2012) (noting that case law “often explicitly defers to the artist to determine how much is needed when the discussion is focused on just the third factor” and that “the real test is whether the creator of the new work only uses what is reasonably appropriate to illustrate or support the point being made in the new work”).

To instead require that the other artist use only the absolute minimum that courts might deem necessary in hindsight would force artists to obsess over the unknowable minutiae of justification. The choice is, in fact, between the judicial judgment of artistic choices and artistic judgment of artistic choices, and as between those, *Bleistein* counsels the latter. Once

transformativeness has been established, courts must be guided by the artist's choices about what is a reasonable amount, especially where the copying is still only a portion of the original rather than a full copy.

The scholarship identifying patterns in fair use can help explain how this rule protects artists without allowing unlimited copying. *See* Madison, *supra* (analyzing fair use patterns as found in the facts); Samuelson, *supra* (analyzing fair use patterns by grouping cases). In the instant case, one individual work was excerpted and modified in a second, more complex creative work, which added its own meaning and message.

The “amount taken” analysis may differ when the transformation at issue involves a pure transformation in purpose, without a change in the content. For example, where large-scale copying is at issue, the analysis of the reasonable need may differ—snippets may be acceptable for text, *Authors Guild v. Google*, 804 F.3d at 229; entire images at a lower level of definition may be acceptable for image search, *Perfect 10, Inc. v. Amazon.com, Inc.*, 508 F.3d 1146 (9th Cir. 2007); and amounts exceeding the length of the average news story may be unacceptable for TV news, *Fox News Network, LLC v. TVEyes, Inc.*, 883 F.3d 169 (2d Cir. 2018). As these outcomes reflect, judges need not be guided by artistic choices in “big data” cases. But in cases where

new art has been created, creators' aesthetic decisions should be given attention and respect.

## **2. Market Harm**

Analysis of the fourth factor, market harm, depends on the legitimate markets a copyright owner is allowed to control, and the market for transformative works is not among them. *See Authors Guild v. HathiTrust*, 755 F.3d at 99 (“any economic ‘harm’ caused by transformative uses does not count because such uses, by definition, do not serve as substitutes for the original work”). Under the standard applied in *Cariou*, “an accused infringer has usurped the market for copyrighted works, including the derivative market, where the infringer’s target audience and the nature of the infringing content is the same as the original.” *Cariou*, 714 F.3d at 709.

This standard also helps implement the rule that “a copyright holder cannot prevent others from entering fair use markets merely by developing or licensing a market for parody, news reporting, educational or other transformative uses of its own creative work. [C]opyright owners may not preempt exploitation of transformative markets . . . .” *Bill Graham Archives*, 448 F.3d at 614-15 (quoting *Castle Rock*, 150 F.3d at 146 n.11); *see also Am. Geophysical Un. v. Texaco Inc.*, 60 F.3d 913, 930 n.17 (2d Cir. 1994)

(rejecting the argument that an individual plaintiff's willingness to license demonstrates market harm); *TVEyes*, 883 F.3d at 180 (same).

For similar reasons, it does not matter that the producers of Pound Cake licensed the sound recording containing Smith's words. A sound recording covers different and distinct protectable expression than a musical work (or literary work) embodied in it. To that extent, amicus DJF has it backward when it argues that musical work and sound recording copyrights should be treated the same; precisely because they are different copyrights, covering different protected material, the licensing (and fair use) status of one is not necessarily dispositive of the other. *Cf. Newton v. Diamond*, 388 F.3d 1189 (9th Cir. 2004).

The law conclusively presumes, based on long experience with ordinary self-interest and self-regard, that a licensing market for critical, transformative uses is both unlikely and not within the appropriate scope of a derivative rights market. Although some voluntary licensing may occur in cases of uncertainty or even mere convenience, that does not (and should not) shrink the scope of fair use. *See Campbell*, 510 U.S. at 585 n.8 ("If the use is otherwise fair, then no permission need be sought or granted"; noting that the defendant's attempt to get a license did not weigh against a finding of fair use); *Bill Graham Archives*, 448 F.3d at 615 ("a publisher's willingness to pay

license fees for reproduction of images does not establish that the publisher may not, in the alternative, make fair use of those images”); Gibson, *supra*.

Additionally, this Court has emphasized that to weigh in favor of a plaintiff, the fourth factor requires a “meaningful or significant effect” on the market for the plaintiff’s work via substitution. *Authors Guild v. Google*, 804 F.3d at 224. The effect must come because of the copying of protected expression. *Id.* As even amicus DJF grudgingly acknowledges, DJF Br. at 35, the use in “Pound Cake” of Smith’s opinions on music serves a transformative and critical purpose. The relevant question, then, is whether there is any meaningful or significant difference in the effect on the market because of the specific contested expression chosen for use in “Pound Cake,” whatever that might be, and there is simply no reason to think that there is.



**CONCLUSION**

For the foregoing reasons, this Court should affirm the judgment of the district court.

July 19, 2019

Respectfully submitted,

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## **APPENDIX A**

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## **APPENDIX B**

 KeyCite Yellow Flag - Negative Treatment  
Distinguished by [Continental 332 Fund, LLC v. Albertelli](#), M.D.Fla.,  
August 2, 2018

2008 WL 2951281

Only the Westlaw citation is currently available.  
United States District Court,  
N.D. California.

Michael **SAVAGE**, Plaintiff,

v.

**COUNCIL ON AMERICAN-ISLAMIC RELATIONS, INC.**, Council on **American-Islamic Relations** Action Network, Inc.,  
**Council on American-Islamic Relations** of Santa Clara, Inc., and Does 3-100, Defendants.

No. C 07-6076 SI.

July 25, **2008**.

#### Attorneys and Law Firms

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#### ORDER GRANTING DEFENDANTS' MOTION FOR JUDGMENT ON THE PLEADINGS

[SUSAN ILLSTON](#), District Judge.

\*1 Defendants' Rule 12(c) motion for judgment on the pleadings came on for oral argument on April 7, **2008**. Having considered the arguments of the parties and papers submitted, the Court hereby GRANTS defendants' motion on both causes of action.

#### BACKGROUND

Plaintiff Michael Weiner, using the name "Michael **Savage**," is the host and star of "The **Savage** Nation," a nationally-syndicated radio program that plaintiff alleges "reaches eight million listeners per week." Second Amended Complaint ("SAC") at ¶¶ 1, 2. Plaintiff filed the instant suit in response to the use by defendants the **Council** on **American-Islamic Relations**, Inc., the **Council** on **American-Islamic Relations** Action Network, Inc., and the **Council** on **American-Islamic Relations** of Santa Clara, Inc. (collectively "CAIR"), of a four-minute audio clip taken from plaintiff's radio program. Plaintiff alleges that defendants, in posting the audio clip on their website, engaged in copyright infringement in an effort to raise money for terrorism and further a terrorist conspiracy. Plaintiff alleges that defendants are connected to terrorist organizations operating abroad and that defendants are responsible in some way for the September 11, 2001 terrorist attacks on the United States.

The 9/11 attacks were a staggering national tragedy. But it is important to note that this case is not about 9/11 or efforts by the United States to prevent future terrorist activities. It is, rather, a dispute about the ideas expressed in a four-minute audio clip and the protections of the First Amendment, protections upon which plaintiff relies for his livelihood and the airing of his radio program.

The audio clip at issue in this dispute was taken from the two-hour long **Savage** Nation program that aired on October 29, 2007, in which it is undisputed that plaintiff said the following, among other things, about Muslims and about CAIR:

- (1) "I don't want to hear one more word about Islam. Take your religion and shove it up your behind."
- (2) "They need deportation....You can take [CAIR] and throw them out of my country."
- (3) "You can take your due process and shove it...."
- (4) "[I]ts Muslims screaming for the blood of Christians or Jews or anyone they hate."

(5) “[Islam], a religion that teaches convert or kill, a religion that says oppress women, kill homosexuals....”

(6) “The Quran is a document of slavery and chattel.”

Ahmed Decl. at ex. A. In response to plaintiff’s remarks, defendants posted on their website, [www.cair.com](http://www.cair.com), a detailed criticism of plaintiff’s anti-Muslim and anti-CAIR commentary, entitled “National Radio Host Goes On Anti-Muslim Tirade.” The web page explained defendants’ objections to plaintiff’s remarks, *see id.*, and included an audio file containing the above-quoted excerpts from the show that, when played in its entirety, runs for four minutes and thirteen seconds, SAC at ¶ 24. Plaintiff alleges that defendants’ unauthorized use of his remarks was taken out of context and that defendants’ “misportrayals” destroyed the value of his material and led to a loss of advertising revenue. SAC at ¶¶ at 34-35; *see also* Ahmed Decl. at exs. A & B.

\*2 Plaintiff filed his original complaint on December 3, 2007. He has amended it twice since then, once as of right on December 25, 2007, and a second time by stipulation of the parties on February 14, 2008. The Second Amended Complaint alleges copyright infringement and civil RICO claims against defendants. In a lengthy and polemical complaint, plaintiff alleges that CAIR misappropriated in excess of four minutes of plaintiff’s show for fund-raising purposes and that the segment was used in a manner designed to cause harm to the value of the copyrighted material. He alleges that this misappropriation was part of a criminal and political agenda to silence those speaking out against various facets of Islam. Plaintiff alleges that defendants’ furtherance of foreign terrorist interests is part of a larger conspiracy of criminal activity that gives rise to his civil RICO claims. Generally, he alleges that defendants work to raise funds for terrorist groups, aim to silence voices that oppose their views, and have board members who are tied to alleged terrorist organizations. He further alleges that defendants are the domestic branch of a foreign terror organization posing as a civil rights organization.

Further reference to relevant background facts and allegations is set forth below in the body of the discussion.

## LEGAL STANDARD

“After the pleadings are closed but within such time as not to delay the trial, any party may move for judgment on the pleadings.” Fed.R.Civ.P. 12(c). “Judgment on the pleadings is proper when the moving party clearly establishes on the face of the pleadings that no material issue of fact remains to be resolved and that it is entitled to judgment as a matter of law.” *Hal Roach Studios, Inc. v. Richard Feiner & Co., Inc.*, 896 F.2d 1542, 1550 (9th Cir.1989). “For purposes of the motion, the allegations of the non-moving party must be accepted as true, while the allegations of the moving party which have been denied are assumed to be false.” *Id.*

Although Rule 12(c) neither specifically authorizes nor prohibits motions for judgment on the pleadings “directed to less than the entire complaint or answer ... [i]t is the practice of many judges to permit ‘partial’ judgment on the pleadings (e.g. on the first claim for relief, or the third affirmative defense).” *See* William W. Schwarzer, A. Wallace Tashima & James M. Wagstaffe, *Federal Civil Procedure Before Trial*, ¶ 9:340 (2001). “[C]ourts have discretion to grant a Rule 12(c) motion with leave to amend.” *Id.* ¶ 9:341.

When considering a motion on the pleadings, courts may consider exhibits submitted or referenced in the complaint and matters that may be judicially noticed pursuant to Federal Rule of Evidence 201. *See, e.g., Burnett v. Twentieth Century Fox Film Corp.*, 491 F.Supp.2d 962, 966 (C.D.Cal.2007). Indeed, “documents specifically referred to in a complaint, though not physically attached to the pleading, may be considered where authenticity is unquestioned.” *Id.* (citing *Daly v. Viacom, Inc.*, 238 F.Supp.2d 1118, 1121-22 (N.D.Cal.2002) (considering television program referenced in, but not attached to, complaint).

## DISCUSSION

### I. Copyright Act claim

\*3 Plaintiff alleges copyright infringement by defendants because they “misappropriated copyright protected material from [plaintiff] and made this material available on [their] website.” SAC at ¶ 27. A prima facie case of copyright infringement exists because there is no dispute as to plaintiff’s ownership of the copyrighted material and defendants’ copying of this material. [Hustler Magazine, Inc. v. Moral Majority Inc.](#), 796 F.2d 1148, 1151 (9th Cir.1986). However, defendants argue that plaintiff’s claim is barred as a matter of law by the doctrine of fair use, which “permits [and requires] courts to avoid rigid application of the copyright statute when, on occasion, it would stifle the very creativity which that law is designed to foster.” [Campbell v. Acuff-Rose Music, Inc.](#), 510 U.S. 569, 577, 114 S.Ct. 1164, 127 L.Ed.2d 500 (1994) (internal quotation marks omitted) (alteration in original). Section 107 of the Copyright Act provides that:

[T]he fair use of a copyrighted work ... for purposes such as criticism [and] comment ... is not an infringement of copyright. In determining whether the use made of a work in any particular case is a fair use the factors to be considered shall include-

- (1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;
- (2) the nature of the copyrighted work;
- (3) the amount and substantiality of the portion used in **relation** to the copyrighted work as a whole; and
- (4) the effect of the use upon the potential market for or value of the copyrighted work.

#### 17 U.S.C. § 107.

Two cases are particularly relevant to evaluating fair use in the instant case. The *Hustler* case involved a fundraising appeal sent by Moral Majority to thousands of donors. The mailer included a complete copy of a parody published in *Hustler Magazine*, used by Moral Majority without *Hustler*’s permission. See [Hustler Magazine](#), 796 F.2d

at 1150. Although the use was tied to an incontroverted fundraising and political purpose, the Ninth Circuit held that *Hustler*’s copyright infringement claim was barred by the doctrine of fair use. [Id.](#) at 1152-53, 1156. It found that Moral Majority had not sold the copyrighted work as its own, but had used it for political comment about the plaintiff and to rebut the plaintiff’s personal attack. [Id.](#) at 1153. The court reasoned that individual and institutional defendants may copy such portions of the work as is necessary to allow comprehensible comment in rebutting derogatory information. *Id.* (citing § 107 legislative history, H.R.Rep. No. 94-1474, at 73 (1976)H.R.Rep. No. 94-1474, at 73 (1976), reprinted in 1976 U.S.C.C.A.N. 5659, 5687). The Ninth Circuit concluded that Moral Majority’s copying of the entire parody was reasonably necessary to provide such comment, and held that the public interest in allowing individuals and institutions a defense against derogatory attacks rebuts the presumption of unfairness that otherwise might attach when a use is connected to a commercial purpose. *Id.*

\*4 The second case of particular relevance here is *Campbell v. Acuff-Rose Music, Inc.*, in which the Supreme Court considered whether fair use should apply to a situation in which a rap group created a “shocking” parody of the song “Oh, Pretty Woman.” [Campbell](#), 510 U.S. at 572-73. The Supreme Court held that the defendant’s commercial parody, which copied portions of the plaintiff’s copyrighted song, constituted fair use. In reaching the decision, it considered whether the new work was “transformative,” embodying a different purpose, meaning, or message from the original work. [Id.](#) at 579. The court recognized transformative works as being “at the heart of the fair use doctrine,” such that the commercial purpose of the use was given less weight. *Id.* The defendant’s parody was clearly intended to ridicule the original, and the court found it irrelevant to evaluate whether the parody was in bad taste. *Id.* at 582. The court further reasoned that the commercial character of a use does not bar a finding of fairness because many permissible uses, such as comment, criticism, news reporting, and teaching, are done for profit. *Id.* at 584.

The doctrine of fair use is evaluated as a “mixed question of law and fact.” [Harper & Row Publishers, Inc. v. Nation Enters.](#), 471 U.S. 539, 560, 105 S.Ct. 2218, 85 L.Ed.2d 588 (1985). However, “[i]f there are no genuine issues of material fact, or if, even after resolving all issues



in favor of the opposing party, a reasonable trier of fact can reach only one conclusion, a court may conclude as a matter of law whether the challenged use qualifies as fair use of the copyrighted work.” [Hustler Magazine](#), 796 F.2d at 1151; see, e.g., [Fisher v. Dees](#), 794 F.2d 432, 435-36 (9th Cir.1986) (finding fair use where the operative facts were undisputed or assumed; the court is to make fair use judgments, which “are legal in nature”); [Leadsinger, Inc., v. BMG Music Pub.](#), 512 F.3d 522, 530 (9th Cir.2008).

All fair use factors must be explored and weighed together, not in isolation, while considering the purposes of the Copyright Act. [Campbell](#), 510 U.S. at 578. Moreover, the scope of fair use is broader when the information relayed involves issues of concern to the public. [Harper & Row Publishers](#), 471 U.S. at 555-56. The Court evaluates the parties’ arguments on each of these four fair use factors and weighs the factors below.

#### A. The purpose and character of the use

Defendants argue that the first factor favors the application of the fair use doctrine because there is no dispute that the purpose and character of their use of the copyrighted materials was a form of public criticism and commentary protected by the Copyright Act. Plaintiff argues that the fair use defense is inapplicable to defendants’ usage of, and comment on, segments of the copyrighted audio work because defendants’ “infringement was not done for genuine criticism or comment,” but instead misrepresented plaintiff’s views with the intention to raise funds for their own political purposes as “a foreign agent for international terror” under the guise of a non-profit, civil rights group. Plaintiff’s Opposition at 5-7; see SAC at ¶¶ 24, 28-30, 32. Plaintiff asserts that these alleged motives behind the usage and comment are fatal to defendants’ fair use defense because fair use presupposes good faith and fair dealing.

\*5 The first fair use factor examines the “purpose and character of the use,” considering whether the character of the use is criticism and commentary and weighing, for instance, the “commercial or nonprofit purpose of the use.” See 17 U.S.C. § 107(1). The use of copyrighted work for a commercial purpose is presumptively unfair. [Hustler Magazine](#), 796 F.2d at 1152. However, “[s]ection 107

expressly permits fair use for the purposes of criticism and commentary.” [Id.](#) at 1153. In addition, the Supreme Court has recognized that commentary and criticism “traditionally have had a claim to fair use protection.” [Campbell](#), 510 U.S. at 583. Therefore, “[e]ven assuming that the use had a purely commercial purpose, the presumption of unfairness can be rebutted by the characteristics of the use.” [Hustler Magazine](#), 796 F.2d at 1152-53.

Plaintiff tries to conflate “motive” with the purpose and character of the use, which is not permitted by the case law. Rather, even assuming the truth of plaintiff’s allegations about motive, it is the manner of use, not the motivation behind it, which must be analyzed: “what use was made,” rather than “who is the user.” Defendants’ Reply at 3.

Plaintiff places primary reliance on the Supreme Court’s reasoning in *Harper and Row*, but it does not go so far as plaintiff contends. The *Harper and Row* court recognized that fair use presupposes good faith and fair dealing in the manner in which the copyrighted work was obtained by the defendant. [Harper & Row Publishers](#), 471 U.S. at 562-63. Accordingly, in evaluating the “character of the use” aspect of the first factor, the court found relevant “the propriety of the defendant’s conduct.” *Id.* The court found that by “exploiting a purloined manuscript” before the plaintiff had a chance to publish it, the defendants had arrogated to themselves the valuable commercial right of first publication, which weighed against a finding of fair use. *Id.* The Supreme Court’s good faith inquiry concerned how the original work was obtained, not the motive behind the use. See *id.* Here, plaintiff does not claim that the audio segments were not obtained in good faith, but alleges only that defendants’ motives are improper. In fact, plaintiff was the first to publicly broadcast the excerpts used by defendants, making the work readily accessible to anyone. Unlike *Harper*, there can be no claim of theft in obtaining the excerpts or destroying plaintiff’s right of first publication here. Defendants obtained the audio segments just as the general public would, and plaintiff’s arguments as to defendants’ alleged motives are not relevant to evaluating this factor.

Moreover, *Hustler* held as fair use the defendants’ distributing of plaintiff’s entire parody, despite the political purposes served by the defendants’ use. [Hustler Magazine](#), 796 F.2d at 1153. Protection under the doctrine of fair use extends to those with a political purpose, even

those engaged in fundraising activities. Thus plaintiff's allegation that defendants placed the link to the plaintiff's audio excerpt near a donate button on defendants' web page does not vitiate fair use, where defendants' use of the audio excerpt called attention to plaintiff's statements to raise funds from defendants' supporters, by providing criticism and comment. [Hustler Magazine](#), 796 F.2d at 1152-3, 1156; [Campbell](#), 510 U.S. at 571-72, 584; see also [Lennon v. Premise Media Corp.](#), --- F.Supp.2d ---, 2008 WL 2262631, at \*8 (S.D.N.Y. June 2, 2008) (balance of factors clearly favors finding of fair use where defendants used an excerpt from the John Lennon song "Imagine" in order to critique the lyrics contained in that excerpt).

\*6 Plaintiff has made no allegation that defendants used plaintiff's work for anything other than criticism of or comment on plaintiff's views; rather, the complaint affirmatively asserts that the purpose and character of defendants' use of the limited excerpts from the radio show was to criticize publicly the anti-Muslim message of those excerpts. See SAC at ¶¶ 26, 28, 32, 42. To comment on plaintiff's statements without reference or citation to them would not only render defendants' criticism less reliable, but be unfair to plaintiff. Further, it was not unreasonable for defendants to provide the actual audio excerpts, since they reaffirmed the authenticity of the criticized statements and provided the audience with the tone and manner in which plaintiff made the statements.

For all of these reasons, the Court finds that defendants used plaintiff's material in order to criticize and comment on plaintiff's statements and views. These facts are uncontested, and the Court finds that this factor weighs heavily in favor of defendants.

#### B. The nature of the copyrighted work

The work at issue is part of a radio talk show about public affairs. Defendants argue that, as a result, the law affords it less copyright protection, because the content of the work is more informational than creative. Plaintiff opposes by pointing to his allegations that his show is a performance with "value beyond the words and ideas conveyed," Plaintiff's Opposition at 7-8, which he compares to "live theater ... or other genres where a performer combines

social commentary with powerful performance," SAC at ¶¶ 3-4.

The second fair use factor considers the nature of the copyrighted work at issue. 17 U.S.C. § 107(2). In evaluating this factor, courts have considered creative works to be "closer to the core of intended copyright protection" than "informational" works. [Campbell](#), 510 U.S. at 586; [Hustler Magazine](#), 796 F.2d at 1153-54. In *Hustler*, the Ninth Circuit considered "whether the work is imaginative and original, or whether it represented a substantial investment of time and labor made in anticipation of financial return." [Hustler Magazine](#), 796 F.2d at 1154. Because the audio excerpts come from a call-in radio talk show, the original work at issue appears to be more informational than creative. It is reasonable to believe that plaintiff did not anticipate a future sale of, or future market for, the content arising from his comments made on a call-in show. Further, it would be difficult to reasonably construe plaintiff's on-air comments regarding Muslims, Islam, and CAIR as fiction or fantasy, which copyright law distinguishes from factual works. [Harper & Row Publishers](#), 471 U.S. at 563 ("The law generally recognizes a greater need to disseminate factual works than works of fiction or fantasy."). However, at this stage of the litigation, the Court must assume the truth of plaintiff's allegation that his work is a creative performance. Therefore, the Court finds that this factor weighs slightly in plaintiff's favor.

#### C. The amount and substantiality of the portion used

\*7 Defendants argue that the amount and substantiality factor favors the fair use defense because, as plaintiff alleges, defendants used a portion "in excess of four minutes" of the two hour radio talk show. However, plaintiff argues that "the relationship of the material used by defendants to the totality of the performance cannot be decided on the pleadings" because the copied portion of the twohour show constitutes a distinct work like a separate song on a CD and, therefore, there is a fact issue as to whether the amount copied in **relation** to the whole is unreasonable. Plaintiff's Opposition at 8.

This factor evaluates "the amount and substantiality of the

portion used in **relation** to the copyright as a whole.” 17 U.S.C. § 107(3). This factor looks to the quantity and significance of the material used to determine whether the use is reasonably necessary to accomplish the purpose of the defendant’s work and whether it supersedes or constitutes the heart of the original work. [Campbell, 510 U.S. at 586-87](#). In addition, the Supreme Court has considered the persuasiveness of the critic’s justification for the copying based on the first fair use factor, because the Court recognizes that the extent of permissible copying varies with the purpose and character of the use. *Id.* Even substantial quotations may constitute fair use in commenting on a published work. [Harper & Row Publishers, 471 U.S. at 564](#). For example, “an individual in rebutting a copyrighted work containing derogatory information about himself may copy such parts of the work as are necessary to permit understandable comment.” [Hustler Magazine, 796 F.2d at 1153](#) (held as fair use defendants’ copying of the entire parody to rebut the parody’s derogatory message about a defendant because the use was necessary to provide understandable comment).

Plaintiff argues that the amount and substantiality of the audio excerpt constitutes the heart of the original work because it is substantial in **relation** to incremental segments of the program, which by themselves should constitute separate original works. It should first be noted that this claim is inconsistent with various allegations in the complaint, such as the assertion that CAIR’s “repackaging damaged the work and damaged the public image of the work because it was taken out of context ... of ‘The **Savage Nation**’ ...,” SAC at ¶ 31, and that defendants did not use the excerpt in “the context of the statement and it is not consistent with the content of the programming as a whole,” *id.* at ¶ 32. In any event, however, defendants persuasively argue that plaintiff is barred from asserting that the audio excerpts should be compared to incremental portions as opposed to the entire two-hour show because plaintiff had registered the October 29, 2007 episode as a whole work. Defendants’ Reply at 6 n. 6 (citing Melville and Nimmer, Nimmer on Copyright § 13.05[A][3] ); *see* Copyright Registration Number SR0000610214. For these reasons, plaintiff’s admission that the excerpt is roughly four minutes out of a two hour show strongly suggests that the amount used was small in **relation** to the entire talk show program on October 29, 2007.

\*8 Further, even assuming as true plaintiff’s allegation that

incremental portions or segments of the show constitute separate copyrightable works, and accepting plaintiff’s argument that the audio excerpts used should be compared to these portions in analyzing the amount and substantiality factor, plaintiff’s contention that this factor should weigh in his favor fails as a matter of law. As discussed in the Court’s analysis of the first fair use factor, defendants used the audio excerpts to comment on and rebut derogatory statements regarding their organization and their religious affiliations, and the amount used in reference to plaintiff’s statements was reasonably necessary to convey the extent of plaintiff’s comments. As a result, regardless of whether the entire October 29, 2007 program or segments of that program constitute the entire original work for analysis under this factor, the extent of defendants’ copying of the audio excerpts falls within the fair use doctrine. [Hustler Magazine, 796 F.2d at 1153](#). Therefore, the Court finds that the amount and substantiality of material used in comparison to the original work favors the application of fair use under the third factor.

#### **D. The effect of the use upon the potential market for or value of the copyrighted work**

The fourth factor considers “the effect of the use upon the potential market for or value of the copyrighted work.” 17 U.S.C. § 107(4). Evaluation of this factor considers both the extent of the market harm caused by the alleged infringer’s conduct and the adverse impact on the potential market for the original if this conduct were unrestricted. [Campbell, 510 U.S. at 590](#); [Harper & Row Publishers, 471 U.S. at 568](#). The Ninth Circuit has provided that “in determining whether the use has harmed the work’s value or market, the courts have focused on whether the infringing use: (1) tends to diminish or prejudice the potential sale of the work; or (2) tends to interfere with the marketability of the work; or (3) fulfills the demand for the original work.” [Hustler Magazine, 796 F.2d at 1155-56](#) (internal citations and quotations omitted). In addition, the Supreme Court has held that critique or commentary of the original work, such as a parody, that kills demand for the original by force of its criticism, rather than by supplying the demands of the market, does not create a cognizable harm under the Copyright Act. [Campbell, 510 U.S. at 591-92](#). The role of the courts is to distinguish between criticism that decreases demand and copyright

infringement that essentially eliminates it by market substitution. *Id.* at 592. Furthermore, the Ninth Circuit has noted that “[a] use that has no effect upon the market for, and value of, the work need not be prohibited in order to protect the author’s incentive to create.” *Hustler Magazine*, 796 F.2d at 1155 (internal quotation marks omitted) (alteration in original). Therefore, the scope of fair use includes “copying by others which does not materially impair the marketability of the work which is copied.” *Id.* This last factor is the most important factor of the fair use defense. *Id.*

\*9 Defendants argue that their usage did not damage the market value of the original work. The complaint merely asserts, without more, that defendants’ usage “damaged the work and damaged the public image of the work.” SAC at ¶ 31. However, plaintiff fails to allege or suggest an impact on the actual or potential sale, marketability, or demand for the original, copyrighted work. There is no suggestion that plaintiff currently has, or ever had, any kind of market for the copyrighted work at issue outside its airing on the October 29, 2007 radio show. Further, he does not allege any attempts or plans to sell or license the material or derivatives thereof.<sup>2</sup> Plaintiff instead alleges that defendants caused him financial loss in advertising revenue. Assuming the truth of this allegation, it relates only to the economic impact on future shows, and has no impact on the market for the original, copyrighted show on October 29, 2007. Because this factor limits the evaluation of market impact to the *original* work at issue, not other works by the creator, the loss of advertising revenue for future shows, unrelated to the original work, does not give rise to a legal cognizable infringement claim. *Campbell*, 510 U.S. at 590. Allegations of this sort have been squarely rejected by the Supreme Court. *Id.* at 591-92.

Plaintiff alleges that defendants “destroyed [the] value of the copyright material and performance as a whole, *to the extent that people gave credence to the CAIR repackaging of the content.*” SAC at ¶ 35 (emphasis added). Thus, plaintiff admits that the effect of defendants’ usage is limited to the public criticism and condemnation of the ideas within the original work, not market damage in the economic sense. For example, the posting and criticizing of the audio segment on defendants’ website does not promote fundraising to the detriment of plaintiff’s potential revenue on the original work. The audience that might donate and listen to the audio segment on defendants’ website is separate from the audience that plaintiff possibly

could stand to profit from in using his website to sell the audio content at issue. Likewise, plaintiff’s allegation that defendants repackaged the original, misportraying its meaning and message, creates a presumption that the work is transformative. See *Campbell*, 510 U.S. at 579, 591-92 (reasoning that a new work that has a different purpose, meaning, or message than the original work is transformative). Because the use of the audio excerpts serves a different function, it cannot supercede the original as a market substitute. See *id.* at 591-92. As a result, the sum of plaintiff’s allegations and evidence demonstrate that there will be no actual or potential market impact on the original work, and the Court finds the fourth factor strongly favors defendants.

#### E. Conclusion re: copyright claims

Assuming all of plaintiff’s allegations are true, the Court finds that the majority of the four fair use factors, including the most important factors, weigh in favor of defendants. Accordingly, the Court finds that fair use applies, and GRANTS defendants’ motion for judgment on the pleadings as to plaintiff’s copyright infringement claims as a matter of law. Because the Court finds that the defects of plaintiff’s Second Amended Complaint will not be cured by amendment, plaintiff’s copyright claim is dismissed without leave to amend.

#### II. Civil RICO Claim

\*10 Defendants also assert that plaintiff has failed to state a claim for civil RICO. Plaintiff has made essentially these allegations: (1) defendants have received and made donations to terrorist affiliated groups and foreign parties; (2) defendants have had founders and officers who have been affiliated, or held positions, within groups alleged to be related to the Hamas terrorist group; (3) defendants have a goal of furthering a common agenda through the conduct of providing material support to terrorist groups by filing lawsuits and creating propaganda to discourage those who oppose their goals, by soliciting donations to certain terrorist-affiliated organizations, and by using the alleged copyright infringement to support these efforts; and (4) through this conduct, defendants have participated in a



terrorist enterprise and conspiracy.

Defendants urge (and plaintiff rejects) four independent reasons why the Court should grant judgment on the pleadings: (1) plaintiff has no standing because he has not alleged an injury resulting from defendant's conduct; (2) plaintiff has failed to identify the RICO statutes upon which he relies and has failed to meet the heightened pleading requirements of [Federal Rule of Civil Procedure 9\(c\)](#) for racketeering claims predicated on fraud; (3) plaintiff has failed to allege an association-in-fact enterprise with the necessary shared purpose; and (4) even if plaintiff could show some injury as a result of defendant's alleged conduct, plaintiff has not pled that defendant's conduct proximately caused any injuries to plaintiff. Defendants also argue that plaintiff's entire complaint should be dismissed pursuant to the First Amendment.

To state a civil RICO claim, plaintiff must allege "(1) conduct (2) of an enterprise (3) through a pattern (4) of racketeering activity (5) causing injury to plaintiff's 'business or property.'" [Ove v. Gwinn](#), 264 F.3d 817, 825 (9th Cir.2001) (quoting [18 U.S.C. § 1964\(c\)](#)).

#### A. First Amendment defenses

As an initial matter, plaintiff's RICO claim raises serious First Amendment concerns. Nearly all-and quite possibly all-of defendants' activities that trouble plaintiff and serve as the basis for defendants' alleged involvement in a RICO conspiracy are related to speech and thus may have First Amendment protection. Plaintiff alleges that defendants have engaged in the filing of lawsuits, the writing of letters, the organizing of boycotts, and the criticism of plaintiff himself on their website. SAC at ¶¶ 44-55. Putting aside the terrorist activities of other organizations not before the Court, the gravamen of plaintiff's dispute is with the ideas that defendants may or may not espouse. As plaintiff should no doubt be aware, this is fertile First Amendment territory, all the more so because the only one of defendants' actions that connects plaintiff in any way to the alleged RICO conspiracy-and thus potentially gives him standing to bring a RICO claim-is defendants' use of a four-minute audio clip of plaintiff's radio program on their website.

\*11 The First Amendment bears heavily on plaintiff's RICO allegations in two ways. First, the First Amendment bestows broad immunity on defendants for their liability arising from the filing of lawsuits or other petitions to the government. "The Supreme Court has long recognized that for the Petition Clause [of the First Amendment] to be a meaningful protection of the democratic process, citizens must be immune from some forms of liability for their efforts to persuade government officials to adopt policy or perform their functions in a certain way." [Kottle v. Nw. Kidney Ctrs.](#), 146 F.3d 1056, 1059 (9th Cir.1998). This doctrine is referred to as the *Noerr-Pennington* doctrine, which has its origins in the Supreme Court's decision that a party could be immune from liability under the Sherman Act for efforts to influence the legislative or executive branches of government. See *E. R.R. Presidents Conference v. Noerr Motor Freight, Inc.*, 365 U.S. 127, 81 S.Ct. 523, 5 L.Ed.2d 464 (1961); [United Mine Workers v. Pennington](#), 381 U.S. 657, 85 S.Ct. 1585, 14 L.Ed.2d 626 (1965). More recently, the Supreme Court expanded the *Noerr-Pennington* doctrine to protect petitioning activities before the judicial branch of government, holding that "[t]he right of access to the courts is indeed but one aspect of the right of petition." [Cal. Motor Transp. Co. v. Trucking Unlimited](#), 404 U.S. 508, 510, 92 S.Ct. 609, 30 L.Ed.2d 642 (1972). "We conclude that it would be destructive of rights of association and of petition to hold that groups with common interests may not, without violating the antitrust laws, use the channels and procedures of state and federal agencies and courts to advocate their causes and points of view...." [Id.](#) at 510-11. Moreover, the *Noerr-Pennington* doctrine has been applied to other federal laws beyond those involving antitrust violations, including the RICO Act. [Sosa v. DIRECTV, Inc.](#), 437 F.3d 923, 930 (9th Cir.2006) (applying the *Noerr-Pennington* doctrine to a civil RICO claim and explaining that "[r]ecognizing the constitutional foundation of the doctrine, the Supreme Court has applied *Noerr-Pennington* principles outside the antitrust field"); [Marina Point Dev. Assocs. v. United States](#), 364 F.Supp.2d 1144 (C.D.Cal.2005) (applying doctrine to civil RICO claim).

In short, the Supreme Court and the Ninth Circuit have made clear that the First Amendment may be used as a shield to protect those engaged in "petitioning" in the form of civil lawsuits and pre-litigation demand letters. See [DIRECTV](#), 437 F.3d at 939. Here, much of plaintiff's

RICO claim is based on defendants' involvement in the filing of lawsuits or the threat of lawsuits. SAC at ¶¶ 47, 50-52, 54. To the extent the actions complained of involve defendants' filing of lawsuits and amicus briefs, the Court finds that defendants are entitled to *Noerr-Pennington* protection. The Court further finds that plaintiff's complaint makes no suggestion that these lawsuits would fall under the "sham exception" to the *Noerr-Pennington* doctrine because there is no suggestion that defendants did not have genuine desire to seek judicial relief. *Or. Natural Resources Council v. Mohla*, 944 F.2d at 531, 534-35 (9th Cir.1991) (explaining the application of the sham exception to the filing of lawsuits). Accordingly, plaintiff's RICO claim may not be sustained on the basis of lawsuits and pre-litigation demand letters. See [DIRECTV, 437 F.3d at 942](#) ("[W]e hold that RICO and the predicate statutes at issue here do not permit the maintenance of a lawsuit for the sending of a prelitigation demand to settle legal claims that do not amount to a sham."); [Marina Point Dev., 364 F.Supp.2d at 1149](#) (Defendant's "motion to dismiss the [civil RICO] action with prejudice for failure to state a claim pursuant to [Rule] 12(b)(6) is granted because she is immune from liability under the First Amendment's *Noerr-Pennington* doctrine.").

\*12 Plaintiff's claimed injury also implicates the First Amendment. The only action by defendants which plaintiff contends confers standing on him to bring his RICO claim is defendants' decision to post a four-minute audio clip of plaintiff on their website in the context of criticizing plaintiff's views. Although the Supreme Court has not extended the *Noerr-Pennington* doctrine to speech-related activities other than petitioning, the doctrine demonstrates that defendants may use the First Amendment as a shield to defend against claims alleging antitrust and civil RICO violations, in addition to the usual cases involving state law claims for libel, defamation, false light, invasion of privacy, and the like. See, e.g., [New York Times Co. v. Sullivan, 376 U.S. 254, 84 S.Ct. 710, 11 L.Ed.2d 686 \(1964\)](#). Indeed, Justices Souter and Kennedy have warned of the danger presented by "harassing RICO suits" and the importance of the First Amendment in preventing such harassment. [Nat'l Org. for Women, Inc. v. Scheidler, 510 U.S. 249, 264, 114 S.Ct. 798, 127 L.Ed.2d 99 \(1994\)](#) (Souter, J., concurring). Those justices stated that it is "prudent to notice that RICO actions could deter protected advocacy and to caution courts applying RICO to bear in mind the First Amendment interests that could be at stake."

[Id. at 265](#). Justices Souter and Kennedy also explained

that

legitimate free-speech claims may be raised and addressed in individual RICO cases as they arise. Accordingly, it is important to stress that nothing in the Court's opinion precludes a RICO defendant from raising the First Amendment in its defense in a particular case. Conduct alleged to amount to Hobbs Act extortion, for example, or one of the other, somewhat elastic RICO predicate acts may turn out to be fully protected First Amendment activity, entitling the defendant to dismissal on that basis.

*Id.* at 264. Other courts have agreed that there would be "grave concerns were ... defendants held liable under civil RICO for engaging in the expression of dissenting political opinions in a manner protected under the First Amendment." *Ne. Women's Center, Inc. v. McMonagle, 868 F.2d 1342, 1348 (3d Cir.1989)* (finding that forcible entry into abortion clinic and destruction of medical equipment "establishes that the jury found that Defendants' actions went beyond mere dissent and publication of their political views").

Plaintiff's complaint appears to raise precisely the First Amendment problems in the RICO context recognized by Justices Souter and Kennedy and the Third Circuit. Even assuming the truth of plaintiff's alarming allegations that defendants are engaged in a worldwide RICO conspiracy with terrorist organizations, plaintiff's only connection to this conspiracy, for purposes of Article III standing, is the injury he allegedly received when defendants made available a portion of his radio show on their website and criticized his views, thus causing plaintiff's advertising revenue to decrease when some of his advertisers decided they could no longer support his show. Plaintiff's injury is entirely founded upon defendants' speech-related activities. It appears beyond dispute that plaintiff is a public figure and that plaintiff was discussing matters of public concern when he discussed the role of Islam in the United States and whether those of Islamic faith should be permitted to emigrate here. See [Philadelphia](#)

*Newspapers, Inc. v. Hepps*, 475 U.S. 767, 772-75, 106 S.Ct. 1558, 89 L.Ed.2d 783 (1986) (discussing *New York Times* and other First Amendment cases). Thus, for defendants' speech to amount to "injury" against plaintiff, for purposes of RICO and Article III standing, plaintiff would have to show with "convincing clarity," *New York Times*, 276 U.S. at 285-86, that defendants' allegedly injurious false statement or portrayal of plaintiff's own speech was done "with actual malice—that is, with knowledge that it was false or with reckless disregard of whether it was false or not," *id.* at 280 (internal quotation marks omitted); see also *Philadelphia Newspapers*, 475 U.S. at 773. This plaintiff has not even attempted to do or allege.

#### B. Standing and proximate cause

\*13 As discussed above, plaintiff's standing depends entirely on actions taken by defendants that may be entitled to First Amendment protection. In addition to this First Amendment problem, plaintiff has not alleged a required cognizable injury or proximate cause. Plaintiff's only allegation of injury to his business and/or property interests is that defendants inflicted damage to the value of the copyright through "the misportrayal of the meaning of the performance." Plaintiff's Opposition at 16-17; see also SAC ¶ 37. Plaintiff fails to raise any other arguments or allegations that would confer standing through a cognizable injury. See Plaintiff's Opposition at 16-17.

There are both constitutional and prudential dimensions to the standing question. The constitutional prerequisites to standing are (1) an injury in fact which is concrete and not conjectural; (2) a causal connection between the injury and defendant's conduct or omissions; and (3) a likelihood that the injury will be redressed by a favorable decision. *Lujan v. Defenders of Wildlife*, 504 U.S. 555, 560, 112 S.Ct. 2130, 119 L.Ed.2d 351 (1992). The prudential limitations require (1) that the plaintiff's claim must fall within the zone of interests to be protected or regulated by the statute or constitutional guarantee in question; (2) that the claim must be for injury to the plaintiff's own legal rights and interests, rather than the legal rights and interests of third parties; and (3) that the injury be individualized or confined to a discrete group as opposed to a generalized grievance. *Valley Forge Christian Coll. v. Ams. United*

*for Separation of Church and State*, 454 U.S. 464, 474-75, 102 S.Ct. 752, 70 L.Ed.2d 700 (1982).

In order for a plaintiff to have standing to sue under civil RICO, there must be a showing (1) that the plaintiff was injured and (2) that the defendant's conduct that constitutes a RICO violation must be the proximate cause of the plaintiff's injury at issue. *Holmes v. Sec. Investor Protection Corp.*, 503 U.S. 258, 268-69, 112 S.Ct. 1311, 117 L.Ed.2d 532 (1992). To show an injury under RICO, a plaintiff must show a concrete financial loss and not mere injury to a valuable intangible property interest. *Oscar v. Univ. Students Coop. Ass'n*, 965 F.2d 783, 785 (9th Cir.1992); *Fireman's Fund Ins. Co. v. Stites*, 258 F.3d 1016, 1021 (9th Cir.2001). The Supreme Court has stated that there must be "some direct relation between the injury asserted and the injurious conduct alleged. Thus, a plaintiff who complained of harm flowing merely from the misfortunes visited upon a third person by the defendant's acts was generally said to stand at too remote a distance to recover." *Holmes*, 503 U.S. at 268-69; see also *Anza v. Ideal Steel Supply Corp.*, 547 U.S. 451, 461, 126 S.Ct. 1991, 164 L.Ed.2d 720 (2006) ("When a court evaluates a RICO claim for proximate causation, the central question it must ask is whether the alleged violation led directly to the plaintiff's injuries.")

The only connection between plaintiff and the RICO conspiracy he alleges is that plaintiff's copyright interests were injured when defendants "repackaged and damaged" his work.<sup>3</sup> As determined above, however, defendants' usage of an audio segment of plaintiff's work is protected under the fair use doctrine as a matter of law. As a result, since the Court finds no copyright infringement, plaintiff has not properly asserted that he has suffered an injury to his business or property related to any of defendants' activities. *Anza*, 547 U.S. at 457. Therefore, the Court finds that plaintiff lacks standing to bring his civil RICO claim and has failed to allege proximate cause. Failure to meet these required elements is fatal to plaintiff's civil RICO claim.

#### C. Pleading requirements for racketeering claims

\*14 Defendants also argue that plaintiff's pleading is deficient for a number of reasons. The Court agrees. As to

all alleged predicate acts that sound in fraud, particularly regarding defendants' solicitations of donations on their website to other organizations, plaintiff fails to meet the heightened pleading requirements in specifically alleging the time and place of the misrepresentation, manner of misrepresentation, and parties to the misrepresentation. See Fed.R.Civ.P. 9(b); [Schreiber Distrib. Co. v. ServWell Furniture Co.](#), 806 F.2d 1393, 1401 (9th Cir.1986) (plaintiff "must state the time, place, and specific content of the false representations as well as the identities of the parties to the misrepresentation") (internal quotation marks omitted).

In addition, the Court finds that plaintiff's Second Amended Complaint is similar to the complaint at issue in [Pelletier v. Zweifel](#), 921 F.2d 1465, 1518-19 (11th Cir.1991), in which the Eleventh Circuit affirmed the district court's dismissal of a RICO claim because it was brought to harass the defendant and constituted "shotgun" pleadings that made it extremely difficult for the court and opposing parties to identify the facts that would give rise to a cognizable claim, [id.](#) at 1518 (noting that defendant and "the district court had to sift through the facts presented and decide for themselves which were material to the particular cause of action asserted, a difficult and laborious task indeed"). Plaintiff alleges that defendants are part of a criminal terrorist conspiracy, but makes only conclusory allegations lacking factual support. He sets forth a redundant narrative of allegations and conclusions of law, but makes no attempt to allege what facts are material to his claims under the RICO statute, or which facts are used to support what claims under particular subsections of RICO. For these reasons, the Court finds that plaintiff's complaint fails to meet the Rule 9 particularity requirement for averments of fraud, and also fails to meet the Rule 8 requirement of a short and plain statement that puts forth the grounds for relief and provides defendants with notice of the claims against them. These defects require dismissal of plaintiff's RICO claim.

#### D. Association-in-fact enterprise

Defendant challenges plaintiff's "enterprise" allegations. Plaintiff alleges that defendants are part of a conspiracy that operates by "dividing into cells with each cell helping the other but each cell maintaining a separate identity."

Plaintiff's Opposition at 20.

An enterprise is defined as "any individual, partnership, corporation, association, or other legal entity, and any union or group of individuals associated in fact although not a legal entity." 18 U.S.C. § 1961(4). The Supreme Court has identified a RICO enterprise as "a group of persons associated together for a common purpose of engaging in a course of conduct." [United States v. Turkette](#), 452 U.S. 576, 583, 101 S.Ct. 2524, 69 L.Ed.2d 246 (1981). The Ninth Circuit recently held that to meet the "enterprise" element of a RICO claim, a plaintiff must allege facts that will demonstrate (1) that defendant has "associated for a common purpose of engaging in a course of conduct"; (2) that there is an "ongoing organization either formal or informal" which "is a vehicle for the commission of two or more predicate crimes"; and (3) "that the various units function as a continuing unit," meaning that the "associates' behavior was ongoing rather than isolated activity." [Odom v. Microsoft Corp.](#), 486 F.3d 541, 553 (9th Cir.2007) (en banc).

\*15 For the purposes of this motion, the Court must accept plaintiff's allegations as true, and therefore finds that plaintiff has alleged facts sufficient to meet the "enterprise" element.

#### E. Conclusion re: RICO claims

The Court GRANTS defendants' motion for judgment on the pleadings as to plaintiff's RICO claim because plaintiff lacks Article III standing, has not pled proximate cause, and has filed a complaint that does not comply with the pleading requirements of the Federal Rules of Civil Procedure. The Court will grant plaintiff leave to amend the RICO portion of his complaint.

#### CONCLUSION

The Court GRANTS defendants' motion for judgment on the pleadings [Docket No. 12]. Plaintiff's copyright claim is dismissed without leave to amend. Plaintiff must amend



**Savage v. Council on American-Islamic Relations, Inc., Not Reported in F.Supp.2d (2008)**

2008 Copr.L.Dec. P 29,613, 87 U.S.P.Q.2d 1730, 36 Media L. Rep. 2089

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his civil RICO claim, should he wish to do so, by *August 15, 2008*. If plaintiff files an amended complaint, the Court will reschedule a case management conference as needed.

**IT IS SO ORDERED.**

**All Citations**

Not Reported in F.Supp.2d, 2008 WL 2951281, 2008 Copr.L.Dec. P 29,613, 87 U.S.P.Q.2d 1730, 36 Media L. Rep. 2089

Footnotes

- 1 This defendant was referred to as the “Counsel on **American-Islamic Relations, Inc.**” in the caption of the complaints. The parties apparently agree that the correct defendant is the “**Council on American-Islamic Relations, Inc.**” and the Court adopts this language.
- 2 Any potential claims on the market impact of derivative works are barred as a matter of law because “there is no protectible derivative market for criticism” and impairing such a market by the effectiveness of critical commentary is not relevant under copyright law. [Campbell](#), 510 U.S. at 592-93.
- 3 Plaintiff asserts the following RICO predicate acts: (1) conspiracy to commit murder; (2) conspiracy to commit arson; (3) fraud with identification documents; (4) mail fraud; (5) wire fraud; (6) financial institutional fraud; (7) illegal transactions in monetary instruments; (8) money laundering; (9) defrauding the U.S. government; (10) violation of the Travel Act; (11) filing false or materially false tax returns; (12) engaging in corrupt endeavor to impede and impair the due administration of the internal revenue laws; (13) providing material support of terrorism; and (14) criminal infringement of copyright.

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1999 WL 375610

Only the Westlaw citation is currently available.  
United States District Court, D. Oregon.

**RYCRAFT**, INC., an Oregon Corporation,  
Plaintiff,

v.

**RIBBLE** CORPORATION, a Pennsylvania  
Corporation, dba Fox Run Craftsman, and DOES  
1–20, inclusive, Defendants.

No. CIV. 97–1573–KI.

April 26, 1999.

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#### Opinion

KING.

\*1 Plaintiff **Rycraft**, Inc. (“**Rycraft**”) and defendant **Ribble** Corporation, dba Fox Run Craftsman (“**Ribble**”), are both engaged in the business of designing, marketing, and selling circular stamps made from red clay and inscribed with decorative design faces for use in imprinting designs on cookies.<sup>1</sup> Based on the configuration of **Ribble’s** cookie stamps, **Rycraft** alleges claims for trade dress infringement, trademark infringement, and unfair competition. Among its affirmative defenses, **Ribble** asserts that **Rycraft** is barred from maintaining this action based upon the doctrine of unclean hands and because the design elements of **Rycraft’s** cookie stamps are functional and, therefore, incapable of protection as trade dress. In addition, based on particular efforts by **Rycraft** to promote its cookie stamps, **Ribble** counterclaims for defamation, copyright infringement, and intentional interference with

commercial advantage.

In regard to **Rycraft’s** claims against **Ribble**, the following motions are before the court: (1) **Rycraft’s** motion for summary judgment (on its claims for trade dress infringement and unfair competition) (# 55); (2) **Ribble’s** motion for partial summary judgment based on the functionality of **Rycraft’s** purported trade dress (# 47); and (3) **Ribble’s** motion for summary judgment based on the doctrine of unclean hands (# 44). In regard to **Ribble’s** counterclaims against **Rycraft**, the following motions are before the court: (1) **Ribble’s** motion for partial summary judgment on its counterclaim for copyright infringement (# 51); and (2) **Rycraft’s** motion for summary judgment on **Ribble’s** counterclaims (# 39).

For the reasons set forth below, I grant **Rycraft’s** motion for summary judgment on **Ribble’s** counterclaims (# 39). I deny **Rycraft’s** motion for summary judgment (# 55), **Ribble’s** motion for summary judgment based on the doctrine of unclean hands (# 44), **Ribble’s** motion for partial summary judgment based on the functionality of **Rycraft’s** purported trade dress (# 47), and **Ribble’s** motion for partial summary judgment on its counterclaim for copyright infringement (# 51).

#### FACTS

##### *I. Competition Between **Rycraft** and **Ribble***

Since 1967, with a brief interruption in 1988, **Rycraft** has been in the business of manufacturing and selling cookie stamps and related items. Since 1974, **Rycraft** has manufactured and sold cookie stamps, to wholesale and retail customers throughout the world, with the following configuration. Each ceramic stamp is made of a red terra cotta clay. The body of the stamp has a circular shape approximately two inches in diameter and one-half inch thick. The face of the stamp consists of a design imprinted in the red terra cotta clay. A cylindrical handle approximately one inch long and five-eighths inch in diameter extends perpendicularly from the center of the circular back of each stamp. Each stamp is dipped in a glaze so that the glaze covers the handle, the back, and approximately one-quarter inch of the one-half inch thickness of the circular body. Since 1974, **Rycraft** has

introduced additional imprint designs on the face of its cookie stamps.

\*2 **Rycraft** asserts that, since 1974 and until 1996, it was the sole manufacturer and seller of cookie stamps that have the configuration described above. **Ribble** objects to this assertion and states that, for a nine year period (between 1983 and 1991), **Ribble** sold cookie stamps imported from Japan that were substantially the same size and shape as **Rycraft's** cookie stamps. **Rycraft** responds that **Ribble's** cookie stamps during that time period were porcelain, differently shaped, and had a different look and feel.

**Ribble** began to market and sell its cookie stamps in early 1997. Such stamps are manufactured by King's Flair Development, Ltd. ("King's Flair") in China and are configured identically to **Rycraft's** cookie stamps. **Rycraft** alleges that **Ribble** intended to copy the configuration of **Rycraft's** cookie stamps. **Ribble** does not challenge this assertion but states that it also sought to copy the configuration of the stamps imported from Japan that it had previously sold and sought to copy the configuration of the cookie stamps sold by Wilton Industries ("Wilton"). Additional facts related to the development of the **Ribble** line of cookie stamps are provided *infra*.

**Rycraft** sells its cookie stamps wholesale to small specialty shops and catalog retailers, as well as directly to consumers. **Ribble** has sold its cookie stamps to retail stores, including specialty kitchen and gift stores throughout the world, in direct competition with **Rycraft**.

**Ribble** has sold its cookie stamps in individually labeled packages ("carded") and also in bulk. In both cases, the cookie stamps themselves bore no marking indicating place of manufacture. Likewise, the packages of bulk stamps contained no marking or other indicator of the place of manufacture or identity of the manufacturer. The individually packaged stamps were packaged with a label that read "COOKIE STAMP" on the front and identified, on the back, "Fox Run Craftsman" as the manufacturer.

**Rycraft** offers cookie stamp displays for its wholesale buyers for use in retail stores. Such displays consist of a wooden board with holes designed to accommodate the handle of the **Rycraft** cookie stamp. **Ribble's** cookie stamps have been sold in stores side by side **Rycraft's** cookie stamps and, in some cases, displayed in **Rycraft** display boards. Robin **Rycraft**, the president of **Rycraft**, stated in his declaration that, on one occasion, he purchased

a **Ribble** cookie stamp from a store in the state of Washington and was given, without requesting it, a **Rycraft** recipe booklet. Likewise, in at least one catalog, a photo showed a **Rycraft** cookie stamp and a **Ribble** cookie stamp side by side, with no identification in the text or photograph of the manufacturers of the cookie stamps.

Both **Rycraft's** and **Ribble's** cookie stamps are offered for sale in bulk and have been displayed, with no individual packaging, in retail stores either standing alone on shelves or in baskets, bowls, or trays.

## II. Development and Marketing of **Ribble's** Line of Cookie Stamps

\*3 On May 5, 1996, **Rycraft** participated in the San Francisco Gourmet Show in San Francisco, California. Joseph Van Houten approached the **Rycraft** booth at that show and presented a business card identifying himself as a "Merchandise Manager" for a company called "Mayer/Berkshire." **Ribble** contends that Van Houten also identified himself as an employee of **Ribble** and that Van Houten was only providing consulting services to his previous employer, Mayer/Berkshire.<sup>2</sup> Van Houten requested, and was given, copies of **Rycraft** promotional materials, including a **Rycraft** catalog and a **Rycraft** "Top 40 Best Selling Designs" sheet.<sup>3</sup> At that time, **Ribble** was not engaged in the manufacture or sale of cookie stamps.

Van Houten subsequently obtained a **Rycraft** cookie stamp and delivered such stamp, in August 1996, to a factory in China operated by King's Flair. **Ribble** asserts that Van Houten also sent a cookie stamp distributed by Wilton. Referring to the **Rycraft** cookie stamp, Van Houten told the King's Flair representative "this is what we want."

Van Houten, along with other **Ribble** employees, subsequently met with Sandra Gerger in approximately November 1996. At that time, Gerger was an independent artist who occasionally did work for **Ribble**. Van Houten and the other **Ribble** employees gave Gerger a **Rycraft** cookie stamp, a **Rycraft** catalog, and the **Rycraft** "Top 40 Best Selling Designs" sheet. According to Gerger's deposition testimony, she was instructed to make designs of themes listed on **Rycraft's** Top 40 sheet for use on **Ribble's** cookie stamps. In his affidavit, Van Houten provides a slightly different version of the events:

A list of design themes picked by **Ribble** was given to the graphic artist with the assignment to create original artwork depicting such themes. To ensure that her artwork would be distinct from the **Rycraft** cookie stamps, the artist was provided with the **Rycraft** catalog and instructed to create different images.

Second Van Houten Aff., ¶ 21.

In January 1997, **Ribble** introduced its line of cookie stamps and began marketing those cookie stamps by distribution of a “sell sheet” that displays images of its 48 imprint designs in a six-by-eight grid pattern and includes the name of each design directly below each image. Supp. Gladstone Decl., Exh. 2. Of the 48 designs shown on the sell sheet, 41 are substantially similar in subject matter and appearance to designs in **Rycraft’s** catalog.<sup>4</sup> Likewise, the sell sheet contains 33 of the 40 designs included in **Rycraft’s** Top 40 List. If the rows of the sell sheet are read from left to right, the 33 corresponding designs are presented in essentially the same order as on **Rycraft’s** Top 40 List. See Supp. Gladstone Decl., Exh. 4. A copyright registration was issued for the sell sheet on June 9, 1998.

In reaction to the sell sheet, **Rycraft** created its own “flyer” with a six-by-eight grid in which images of **Rycraft** cookie stamp designs were substituted for the corresponding similar **Ribble** design. Supp. Gladstone Decl., Exh. 1, p. 3. For the seven boxes where there was no corresponding design, **Rycraft’s** circular logo was inserted. As with the **Ribble** sell sheet, **Rycraft’s** flyer sets forth the name of each design directly below each image. There is no dispute that **Rycraft’s** flyer uses the same layout as **Ribble’s** sell sheet and that **Rycraft** intentionally imitated **Ribble’s** sell sheet to show its customers how **Ribble** had copied **Rycraft’s** product line.

\*4 The flyer reads at the top: “Has another company shown you our designs lately? Well, here are the originals—Robin **Rycraft’s** designs most of which appeared on a Top 40 List we published for you.” In addition, another page that accompanied the flyer states:

As you may already know, there are

companies selling **Rycraft** look-alikes, produced offshore, at half the price. Our competition may have copied our designs and their names, publishing their assortments in nearly the same order as our Top 40, but we hope you’ll agree that **Rycraft’s** quality craftsmanship and design integrity are more important than price to your discriminating customers.

The distribution of the flyer by **Rycraft** was prompted by a drop in sales that coincided with the appearance of the **Ribble** sell sheet. **Rycraft** distributed its flyer to 231 of its past customers who had not placed an order for some time or whose orders had decreased in frequency or number. **Rycraft** did not know if the customers who it targeted with its flyer had received the **Ribble** sell sheet, with certain exceptions being those who had called “to state their outrage” regarding **Ribble’s** sell sheet. Plaintiff’s Concise Statement In Support of Motion for Summary Judgment Against Defendant’s Counterclaims, ¶ 9. There was no way for **Rycraft** to know whether the flyer was sent to customers who had actually purchased **Ribble’s** cookie stamps.

### III. Design and Construction of the **Rycraft** Cookie Stamps

In the mid-1970s, **Rycraft** introduced, and sold for a brief time, an egg-shaped cookie stamp. Also, up until 1990, **Rycraft** sold both round and square cookie stamps.

The size of the **Rycraft** stamp body is compatible with the use of a one-inch ball of cookie dough. Robin **Rycraft** testified that he considered a 3/4-inch stamp too small and that a 6-inch stamp would require more clay to manufacture the stamp and, thus, a higher costs of materials.

The use of red clay used by **Rycraft** allows for the manufacture of a relatively inexpensive cookie stamp, which is durable to the extent it is not abused or dropped on the floor. Robin **Rycraft** testified at his deposition that he did not know of any material other than clay that had the

combination of properties found in clay, such as moldability, heat resistance, and cost.

**Rycraft's** cookie stamps are made from two pieces bonded together: the stamp body and the handle. The application and firing of the glaze to the handle and the backside of the stamp body form a continuous, glassy-like surface that contributes to the strength of the bond between the stamp body and the handle. **Rycraft** advertises that its glazes are formulated to be strong and durable.

The use of a glaze on the handle and the back side of the stamp body provides a protective barrier that prevents the absorption of grease, oils, and dirt by the cookie stamp from the environment or from the hands of the cookie maker. The parties do not dispute that the glazed portions of the **Rycraft** stamp are easy to clean, but **Rycraft** takes issue with the assertion that the glazed terra-cotta stamps are easier to clean than non-glazed terra-cotta stamps. The imprint surface of the **Rycraft** cookie stamp is not glazed because doing so would tend to fill in the design, thus defeating the essential purpose of the cookie stamp.

\*5 The material comprising the handle of **Rycraft** cookie stamps is extruded into long, continuous cables of clay, uniform in diameter along the length thereof, and then cut into segments. **Ribble** asserts that the handles of the **Rycraft** stamps are round in cross section due to **Rycraft's** "efficient, mass production" extrusion method. **Rycraft** denies this assertion, with the exception of admitting that the process is efficient, although not the *most* efficient. In support of its denial, **Rycraft** cites to a statement in Robin **Rycraft's** declaration in which he states that the manufacturing methods currently used by **Rycraft**, including the use of the extruder for forming the handles, were developed after the cookie stamp configuration was designed and that such methods were adapted to produce the shapes and designs of the **Rycraft** stamp configuration.

**Ribble** also attributes the straight sides of the **Rycraft** cookie stamp handles to the extrusion process. **Rycraft** again denies this assertion and, relying on the declaration of Robin **Rycraft**, asserts that the die through which the clay is extruded can be in many different shapes and sizes, creating a wide variety of shapes and sizes of clay handles.

**Ribble** insinuates that the size and shape of the **Rycraft** cookie stamp handles are designed to hold **Rycraft** stamps securely in display racks. **Rycraft** responds that the holes in the display racks were designed to accommodate the

handle of the **Rycraft** stamp, not vice versa.

**Ribble** states that the centering of the handle on the **Rycraft** stamp body permits the force applied by the user to be transferred down the central axis of the stamp body. This assertion is supported by Robin **Rycraft's** deposition testimony, but he also testified contemporaneously that a person does not need a handle to press a cookie with the two-inch **Rycraft** stamp and that the handle does not necessarily assure that pressure is applied uniformly to the cookie dough ball.

The construction of the body of the **Rycraft** stamp is accomplished by means of applying a cylindrical cutter to a clay blank. As with the stamp handles, **Ribble** also attributes the straight sides of the **Rycraft** cookie stamp body to the use of the cylindrical cutter. **Rycraft** denies this assertion and again asserts that the manufacturing methods currently used by **Rycraft**, including the use of the cylindrical cutter, were developed after the cookie stamp configuration was designed and that such methods were adapted to produce the shapes and designs of the **Rycraft** stamp configuration.

Once the stamp body has been cut, a given design is then stamped onto the stamp body by means of a master which permits uniform reproduction of that design from stamp to stamp.

#### LEGAL STANDARDS

Summary judgment is appropriate when there is no genuine issue as to any material fact and the moving party is entitled to a judgment as a matter of law. Fed.R.Civ.P. 56(c). The initial burden is on the moving party to point out the absence of any genuine issue of material fact. Once the initial burden is satisfied, the burden shifts to the opponent to demonstrate through the production of probative evidence that there remains an issue of fact to be tried. **Celotex Corp. v. Catrett**, 477 U.S. 317, 323, 106 S.Ct. 2548, 2552–53, 91 L.Ed.2d 265 (1986). A scintilla of evidence, or evidence that is merely colorable or not significantly probative, does not present a genuine issue of material fact. **United Steelworkers of Am. v. Phelps Dodge Corp.**, 865 F.2d 1539, 1542 (9th Cir.), cert. denied,



493 U.S. 809, 110 S.Ct. 51, 107 L.Ed.2d 20 (1989).

\*6 The substantive law governing a claim or defense determines whether a fact is material. *T.W. Elec. Serv., Inc. v. Pacific Elec. Contractors Ass'n*, 809 F.2d 626, 630 (9th Cir.1987). The court must view the inferences drawn from the facts in the light most favorable to the nonmoving party. Accordingly, reasonable doubts about the existence of a factual issue should be resolved against the moving party. *Id.* at 630–31.

## DISCUSSION

The theories of liability presented by Ribble in its counterclaims are asserted not only to allow Ribble to recover from Rycraft, but also to preclude Rycraft from pursuing its claims against Ribble. Accordingly, I first address the merits of Ribble's counterclaims.

### I. Defendant's Counterclaims

#### A. Defamation

Ribble alleges that the statements included in Rycraft's flyer and its accompanying page are defamatory. For ease of reference, I repeat the statements with which Ribble takes umbrage:

1. Has another company shown you our designs lately? Well, here are the originals—Robin Rycraft's designs most of which appeared on a Top 40 List we published for you.

2. As you may already know, there are companies selling Rycraft look-alikes, produced offshore, at half the price. Our competition may have copied our designs and their names, publishing their assortments in nearly the same order as our Top 40, but we hope you'll agree that Rycraft's quality craftsmanship and design integrity are more important than price to your discriminating customers.

Rycraft argues that the statements are not capable of a defamatory meaning, particularly since there is no mention of Ribble or Fox Run Craftsman in the flyer and accompanying materials. Ribble acknowledges that its name is not mentioned but argues that the similarity between Rycraft's flyer and Ribble's sell sheet is enough to cause the reader of Rycraft's flyer to read between the lines and to understand that Rycraft is accusing Ribble of stealing its designs and/or using them without Rycraft's permission.<sup>5</sup> Implicit in such an argument is, of course, the somewhat dubious assumptions that the readers of Rycraft's flyer had previously seen Ribble's sell sheet, could recall its layout and contents, and would make the connection between the flyer and sell sheet.

Although a statement can be defamatory if a reasonable person could draw a defamatory inference therefrom, the link between the statement and the defamatory inference must not be too tenuous. *Reesman v. Highfill*, 327 Or. 597, 604, 965 P.2d 1030 (1998).<sup>6</sup> Although the link alleged by Ribble just barely passes muster (due to the assumptions noted directly above), there is enough of a connection between Ribble's sell sheet and Rycraft's flyer to find that a reasonable person could draw a defamatory inference from Rycraft's flyer and accompanying pages. As Rycraft admits, the flyer invites customers to make a comparison between Rycraft's and Ribble's stamps and then the accompanying page goes so far as to state that Rycraft's competition has "copied our designs and their names, publishing their assortment in nearly the same order as our Top 40...."

\*7 Even if a statement is capable of a defamatory meaning, there can be no viable action for defamation if the statement is substantially true. *Bahr v. Ellinger*, 88 Or.App. 419, 422, 745 P.2d 807 (1987). The allegations made by Rycraft in its written statements and through its imitation of Ribble's sell sheet are substantially true and, therefore, do not form the basis for a viable defamation claim.

As set forth above, the Ribble sell sheet contains 41 designs with subject matter matching Rycraft's designs and places 33 of those designs in essentially the same order as Rycraft's Top 40 list. As to the similarity of the designs themselves, Rycraft eloquently explains the facts as follows:

While technically not exactly identical, so many of the Ribble/Fox Run designs are so similar in appearance to the Rycraft designs that only the truly naive would believe the Rycraft designs did not serve as models for imitation. Just a few examples include: a heart surrounded by a circle of hearts; a heart circumscribing two flowers, surrounded by a lace border; a sun with a face, emanating a fiery corona; two ripe sunflowers, a small one to the left of a larger one; a sitting cat with a bow around its neck. Thus, even where obviously appealing and commonplace subject matter is used, the uncanny correspondence of detail belies independence of thought on the part of the later designers. Moreover, several of the names chosen by Ribble/Fox Run are identical to those used by Rycraft, despite the fact those titles display an element of creativity as opposed to a generic term to identify the subject matter: "Circle of Love," "Lacy Heart," "Sweet Hearts," "Christmas Swan." The close correspondence in selection of subject matter, order of display, design detail and name labels reveal a degree of congruence that is anything but coincidental.

Plaintiff's Memorandum In Support of Motion for Summary Judgment Against Defendant's Counterclaims, pp. 10–11.

Ribble argues that Rycraft's allegations are not true because it is undisputed that Ribble's stamp face designs are not identical to Rycraft's designs and that Rycraft cannot prevent Ribble from selecting the same subject matter as Rycraft for its cookie stamps. Whether or not Ribble's actions, vis-a-vis Rycraft's stamp faces, are legally actionable or prohibited by law, it is evident that Ribble sought to capitalize on Rycraft's success by using the same subject matter, underlying designs, and names of

many of Rycraft's most popular stamps. Such facts are sufficient to preclude a defamation claim based on the statements made in Rycraft's flyer and the accompanying materials. Summary judgment is granted against Ribble's counterclaim for defamation.

## B. Copyright Infringement

### 1. Enforceability of Copyright

Ribble alleges that Rycraft violated Ribble's copyright in its sell sheet when Rycraft created and disseminated its flyer that was modeled after the sell sheet. Ribble alleges that its sell sheet is an original work of authorship and comprises copyrightable material under the Copyright Act, 17 U.S.C. § 101 *et seq.* Ribble emphasizes that it holds a copyright registration for the sell sheet.

\*8 In support of its motion for summary judgment on Ribble's copyright counterclaim, Rycraft does not deny that its flyer contains elements of Ribble's sell sheet. In fact, as detailed above, Rycraft readily admits that it intentionally imitated the sell sheet. Instead, Rycraft argues that the sell sheet is not copyrightable because it lacks the requisite originality. Specifically, Rycraft argues that the sell sheet is an unoriginal compilation of Ribble's preexisting stamp face designs. Moreover, given the similarity between the contents of Ribble's sell sheet and Rycraft's Top 40 list, Rycraft argues that the sell sheet is little more than a derivative, illustrated version of Rycraft's Top 40 list. Even if the sell sheet has the requisite originality for copyright protection, Rycraft argues that its use of any copyrightable elements of the sell sheet is not an infringement because it constitutes fair use.

For the sake of argument, I will assume Ribble's sell sheet is copyrightable. I take this approach not because the originality of the sell sheet is undeniable, but because the facts of this case make particularly appropriate an application of the fair use doctrine.

### 2. Fair Use Doctrine

The fair use doctrine confers a privilege on people other than the copyright owner to use the copyrighted material in a reasonable manner without his consent. *Hustler Magazine, Inc., v. Moral Majority, Inc.*, 796 F.2d 1148, 1151 (9th Cir.1986). The statutory encapsulation of the doctrine is set forth at 17 U.S.C. § 107, which states in relevant part:

Notwithstanding the provisions of sections 106 and 106A, the fair use of a copyrighted work, including such use by reproduction in copies ... or by any other means specified by that section, for purposes of criticism [and] comment ... is not an infringement of copyright. In determining whether the use made of a work in any particular case is a fair use the factors to be considered shall include—

- (1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;
- (2) the nature of the copyrighted work;
- (3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
- (4) the effect of the use upon the potential market for or value of the copyrighted work.

a. *Purpose and Character of Use*

Under this factor, the inquiry is whether the allegedly infringing work merely supersedes the original, or whether and to what extent the new work is “transformative” and alters the original with new expression, meaning, or message. *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 578, 114 S.Ct. 1164, 1171, 127 L.Ed.2d 500 (1994). Likewise, this factor presents the court with the opportunity to apply the preamble of Section 107 and to determine if the allegedly infringing work is used for criticism or comment. *Id.*

\*9 In the case of a parody, in which some elements of a protected work are used to create a new work that comments on or criticizes the earlier work, a court looks to see if the new work conjures up the substance and content of the earlier work such that a comparison can be made. *Id.*

*Dr. Seuss Enterprises, L.P. v. Penguin Books*, 109 F.3d 1394, 1401 (9th Cir.1997); *Campbell*, 114 S.Ct. at 1173; *Leibowitz v. Paramount Pictures Corp.*, 137 F.3d 109, 113 (2d Cir.1998). Rycraft argues that its flyer targeted Ribble’s sell sheet and that it borrowed only the elements from the sell sheet that were necessary to allow the reader to determine the extent to which Ribble had copied Rycraft’s product line. Specifically, Rycraft took the six-by-eight layout of Ribble’s sell sheet and then substituted its own cookie stamp faces and names in the places where Ribble had shown its cookie stamp faces and names.

Ribble glosses over this purpose of the flyer and instead asserts that the first factor under Section 107 cannot favor Rycraft because Rycraft’s actions were motivated by commercial gain and “every commercial use of copyrighted material is presumptively ... unfair.” Defendant’s Memorandum in Opposition to Plaintiff’s Motion for Summary Judgment Against Defendant’s Counterclaims, p. 16 (quoting *Los Angeles News Service v. Reuters Television International*, 149 F.3d 987, 994 (9th Cir.1998)). The flaw in Ribble’s argument is that it relies on a statement of the law that has been disavowed by the Supreme Court. In *Campbell*, the Supreme Court faulted the appellate court for giving “virtually dispositive weight” to the commercial nature of the parody in that case and further held that “[t]he language of the statute makes clear that the commercial or nonprofit educational purpose of a work is only one element of the first factor enquiry into its purpose and character.” *Campbell*, 114 S.Ct. at 1174 (“If, indeed, commerciality carried presumptive force against a finding of fairness, the presumption would swallow nearly all of the illustrative uses listed in the preamble paragraph of § 107, including news reporting, comment, criticism, teaching, scholarship, and research, since these activities ‘are generally conducted for profit in this country.’ ” (citation omitted)); *Dr. Seuss*, 109 F.3d at 1401 n. 9.

I find that Rycraft’s flyer was a “transformative” work in that it used the basic layout of Ribble’s sell sheet and substituted its own stamp designs to demonstrate the similarity between Ribble’s line of cookie stamps and the majority of Rycraft’s Top 40 cookie stamp designs. As the language at the top of the flyer demonstrates, the main purpose of the flyer was to invite a comparison between it and Ribble’s sell sheet. Although Rycraft issued the flyer as part of its efforts to sell more of its own cookie stamps, I conclude that the circumstances leading up to Rycraft’s



creation of the flyer and its purpose in mimicking Ribble's sell sheet supports a finding of fair use. See [Hustler, 796 F.2d at 1153](#) (although defendants conceded they used copies of plaintiff's derogatory cartoon parody of the Reverend Jerry Falwell, in part, to raise money, court found that first factor favored defendants because they had used the copies to rebut the personal attack on Falwell).

b. *Nature of the Copyrighted Work*

\*10 This factor "recognizes that creative works are 'closer to the core of intended copyright protection' than informational and functional works, 'with the consequence that fair use is more difficult to establish when the former works are copied.'" [Dr. Seuss, 109 F.3d at 1402](#) (citing [Campbell, 114 S.Ct. at 1175](#)). The Ninth Circuit has also noted that this factor "typically has not been terribly significant in the overall fair use balancing..." *Id.*

With these standards in mind, and notwithstanding Ribble's contention that its flyer is "a creative work of graphic art," I find that this factor supports a fair use defense. Ribble's sell sheet is a simple and logical display of its cookie stamp designs in a six-by-eight grid. Because the actual stamp designs are not part of the claimed design elements of the sell sheet, it is reasonable to characterize the sell sheet as informational and functional rather than creative.

c. *Importance of Portion Used In Relation to the Copyrighted Work as a Whole*

In regard to this factor, the Supreme Court in *Campbell* provided this guidance:

Here, attention turns to the persuasiveness of a parodist's justification for the particular copying done, and the enquiry will harken back to the first of the statutory factors, for, as in prior cases, we recognize that the extent

of permissible copying varies with the purpose and character of the use.

[Campbell, 114 S.Ct. at 1175](#).

In this case, Rycraft used the sell sheet's six-by-eight grid and its characteristic of having each square enclosing one circular cookie stamp design and the name of the stamp. Although there might not be much more to the design of the sell sheet, it was necessary for Rycraft to use these features to fulfill its purpose of facilitating a comparison between its flyer and Ribble's sell sheet and, therefore, a comparison of it Top 40 designs and Ribble's entire line of cookie stamps. See *id.* at 1176 ("When parody takes aim at a particular original work, the parody must be able to 'conjure up' at least enough of that original to make the object of its critical wit recognizable. What makes for this recognition is quotation of the original's most distinctive or memorable features, which the parodist can be sure the audience will know." (internal citation omitted)). As Rycraft argues, "[n]o other format affords the quick assessment of correspondence between the two parties' product lines in terms of selection of subject matter, order of presentation and design detail essential to plaintiff's comment and criticism." Plaintiff's Memorandum in Support of Summary Judgment Against Defendant's Counterclaims, p. 26. The third factor weighs in favor of Rycraft's fair use defense.

d. *Effect on the Market or Value of Original Work*

\*11 Under this factor, I must consider both the extent of market harm caused by the infringing work and whether unrestricted and widespread dissemination would hurt the potential market for the original work and its derivatives.

[Dr. Seuss, 109 F.3d at 1403](#). As an initial matter, I note that it would be inappropriate to presume market harm just because Rycraft used design elements from Ribble's sell sheet for commercial purposes. Only when the original work is duplicated in its entirety can it be said to supersede the original and serve as a market replacement for it, thus making it likely that cognizable market harm to the original will occur. [Campbell, 114 S.Ct. at 1177](#). In other words, when a work is transformative and is, therefore, substantially different from the original, market harm cannot be inferred.

Furthermore, although the use of a copyrighted work may undercut its usefulness or value, such harm is not necessarily cognizable under the Copyright Act. As the Supreme Court stated in *Campbell*, “the role of the courts is to distinguish between ‘[b]iting criticism [that merely] suppresses demand [and] copyright infringement[, which] usurps it.’ ” *Id.* at 1178 (quoting [Fisher v. Dees](#), 794 F.2d 432, 438 (9th Cir.1986)). In this case, Rycraft’s flyer criticized Ribble’s sell sheet and, arguably, lessened the sell sheet’s ability to market effectively Ribble’s cookie stamps. Nevertheless, Rycraft’s flyer cannot be said to have replaced or supplanted Ribble’s sell sheet and the fourth factor does not weigh against a finding of fair use.

Based on the above application of the four factors set forth at 17 U.S.C. § 107, I conclude that Rycraft has a fair use defense to Ribble’s counterclaim for copyright infringement. Accordingly, summary judgment is granted in favor of Rycraft on this counterclaim and Ribble’s motion for partial summary judgment on its counterclaim for copyright infringement (# 51) is denied.

*C. Intentional Interference with Commercial Advantage*  
In its Amended Answer and Counterclaims, Ribble alleges that Rycraft’s intentional acts, which were accomplished through improper means and for an improper purpose, constitute an interference with Ribble’s business relationships. Amended Answer and Counterclaims, ¶ 51; see [Straube v. Larson](#), 287 Or. 357, 361, 600 P.2d 371 (1979) (plaintiff must prove that defendant intentionally interfered with his business relationship and that such interference was for an improper purpose or that defendant used improper means). Specifically, Ribble incorporated its allegations regarding defamation by Rycraft. *Id.* Ribble now argues that Rycraft’s defamatory statements and its copyright infringement establish improper means sufficient to sustain a claim of intentional interference. Defendant’s Memorandum In Opposition to Plaintiff’s Motion for Summary Judgment Against Defendant’s Counterclaims, p. 8.

\*12 As should be clear from the above discussion, I do not find that Rycraft acted with an improper purpose in creating and disseminating its flyer and the accompanying materials. Its purpose was to demonstrate how Ribble had

modeled its line of cookie stamps after Rycraft’s most popular stamps. My rulings above also establish that Rycraft’s acts do not constitute defamation or copyright infringement and, therefore, Rycraft did not engage in the improper means alleged by Ribble. Summary judgment is granted against Ribble’s counterclaim for intentional interference with commercial advantage.<sup>7</sup>

## II. Trade Dress Infringement

“Trade dress” refers to the “total image of a product” and may include features such as size, shape, color, color combinations, texture, or graphics. [International Jensen, Inc. v. Metrosound U.S.A., Inc.](#), 4 F.3d 819, 822 (9th Cir.1993) (quoting [Vision Sports, Inc. v. Melville Corp.](#), 888 F.2d 609, 612 (9th Cir.1989)). If a seller uses trade dress that is confusingly similar to a competitor’s, that conduct is actionable as unfair competition under section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a). [International Jensen](#), 4 F.3d at 822; [Disc Golf Ass’n, Inc. v. Champion Discs, Inc.](#), 158 F.3d 1002, 1005 n. 3 (9th Cir.1998).

To prove its claim for trade dress infringement, Rycraft must establish (1) the configuration of its cookie stamps is nonfunctional; (2) the configuration of its cookie stamps is inherently distinctive or has acquired distinctiveness through secondary meaning; and (3) there is a likelihood that the consuming public will confuse Rycraft’s cookie stamps with Ribble’s cookie stamps. *Id.* at 1005.

### 1. Functionality of Rycraft’s Design

Trade dress protection extends only to product features that are nonfunctional. A product feature is functional “if it is essential to the use or purpose of the article or if it affects the cost or quality of the article, that is, if exclusive use of the feature would put competitors at a significant non-reputation-related disadvantage.” *Id.* at 1006 (quoting [Qualitex Co. v. Jacobson Products Co., Inc.](#), 514 U.S. 159, 165, 115 S.Ct. 1300, 1304, 131 L.Ed.2d 248 (1995) (internal quotation marks and citation omitted)). Consistent with this definition of functionality, the Ninth Circuit has

observed that “[f]unctional features of a product are features which constitute the actual benefit that the consumer wishes to purchase, as distinguished from an assurance that a particular entity made, sponsored, or endorsed a product.” [Disc Golf](#), 158 F.3d at 1006 (quoting [Rachel v. Banana Republic, Inc.](#), 831 F.2d 1503, 1506 (9th Cir.1987) (internal quotation marks and citation omitted)).

\*13 The rationale for the requirement for nonfunctionality was explained by the Supreme Court in *Qualitex*:

The functionality doctrine prevents trademark law, which seeks to promote competition by protecting a firm’s reputation, from instead inhibiting legitimate competition by allowing a producer to control a useful product feature. It is the province of patent law, not trademark law, to encourage invention by granting inventors a monopoly over new product designs or functions for a limited time, 35 U.S.C. §§ 154, 173, after which competitors are free to use the innovation. If a product’s functional features could be used as trademarks, however, a monopoly over such features could be obtained without regard to whether they qualify as patents and could be extended forever (because trademarks may be renewed in perpetuity).

[Qualitex](#), 115 S.Ct. at 1304.

The Ninth Circuit considers four factors to determine whether a product design is functional: (1) whether the design yields a utilitarian advantage; (2) whether alternative designs are available; (3) whether advertising touts the utilitarian advantages of the design; and (4) whether the particular design results from a comparatively simple or inexpensive method of manufacture. [Disc Golf](#), 158 F.3d at 1006. No one factor is dispositive and all

should be weighed collectively. *Id.*

In determining the question of functionality, a product’s trade dress must be analyzed as a whole. [International Jensen](#), 4 F.3d at 823. Accordingly, the appropriate inquiry to be applied in this case “is not directed at whether the individual elements are functional but whether the whole collection of elements taken together are functional.” *Id.* (citing [Fuddrucker, Inc. v. Doc’s B.R. Others, Inc.](#), 826 F.2d 837, 842 (9th Cir.1987)).

At this juncture, it is important to note that the parties are in agreement about the authorities set forth in the immediately preceding paragraph. In fact, the paragraph is taken verbatim from [Ribble’s](#) memorandum in support of its motion for partial summary judgment based on the functionality of [Rycraft’s](#) design. I note this congruence because [Ribble](#) actually advocates a totally different approach to analyzing functionality. As [Ribble](#) argues in its reply brief:

Where nonfunctional features are present, functional features (which by themselves would be unprotectable) are capable of protection as *part of* trade dress. In other words, functional features may gain protection by riding the coattails of nonfunctional features, provided the trade dress, as a whole, is not considered functional. However, where nonfunctional features are completely absent, that is, where the asserted trade dress is nothing more than an arrangement of purely functional features, protection is not available under the Lanham Act. Stated in yet another way, functional features are incapable of protection if there are no coattails of nonfunctional features on which to ride.

\*14 *The resolution of whether a given trade dress, as a whole, is protectable requires that the functionality of each feature comprising the trade dress be determined.* Only by evaluating the functionality of the individual elements is the court in a position to determine whether there are any nonfunctional features capable of permitting the trade dress, as a whole, to be eligible for protection.

Defendant’s Reply Memorandum in Support of Motion for Partial Summary Judgment Based on Functionality, p. 4 (underlined emphasis in original; italicized emphasis added; citations omitted). In support of this theory, [Ribble](#) relies almost exclusively on one statement made by the Ninth Circuit in 1987 in *Rachel v. Banana Republic, supra*,

that “ ‘unique arrangements of purely functional features constitute a functional design’ not entitled as a matter of law to protection under the Lanham Act.” [Ribble v. Rycraft](#), 831 F.2d at 1506 (quoting [Stormy Clime Ltd. v. Pro-Group, Inc.](#), 809 F.2d 971, 974 (2d Cir.1987)).

Even if *Rachel* can be construed to imply that a court should evaluate each design element separately for functionality, [Ribble's](#) theory flies in the face of the Ninth Circuit's statement in *International Jensen*, as quoted by [Ribble](#) in its memorandum, that the appropriate inquiry “is not directed at whether the individual elements are functional but whether the whole collection of elements taken together are functional.” [International Jensen](#), 4 F.3d at 823. Just last year, in [Kendall–Jackson Winery v. E. & J. Gallo Winery](#), 150 F.3d 1042 (9th Cir.1998), the Ninth Circuit reiterated that, in the context of trade dress, “the proper inquiry is not whether individual features of a product are functional or nondistinctive but whether the whole collection of features taken together are functional or nondistinctive.” *Id.* at 1050 (citing [International Jensen](#), 4 F.3d at 822–23). Perhaps most telling is that [Ribble's](#) argument is inconsistent with the statement made by the Ninth Circuit in *Fuddruckers*, *supra*, just three months before its decision in *Rachel*:

*Fuddruckers* does not dispute that its trade dress includes functional elements. That, however, does not end the inquiry. We examine trade dress as a whole to determine its functionality; *functional elements that are separately unprotectable can be protected together as part of a trade dress*. In other words, *our inquiry is not addressed to whether individual elements of the trade dress fall within the definition of functional, but to whether the whole collection of elements taken together are functional*.

[Fuddruckers](#), 826 F.2d at 842 (citations omitted; emphasis added).

\*15 Based on this authority, and because [Ribble](#) only

analyzes the functionality of [Rycraft's](#) trade dress by examining the individual design elements of the [Rycraft](#) cookie stamps rather than the configuration of the stamps, taken as a whole, I cannot grant [Ribble's](#) motion for partial summary judgment based on the functionality of [Rycraft's](#) trade dress.

Even if it were appropriate, however, to determine the functionality of [Rycraft's](#) trade dress by examining individually each component of [Rycraft's](#) alleged trade dress, I still would have to deny [Ribble's](#) motion for partial summary judgment. This is due to the fact that, for all intents and purposes, [Ribble](#) relies exclusively on the deposition testimony of Robin [Rycraft](#) to show the functionality of [Rycraft's](#) design elements (*see* Defendant's Concise Statement in Support of Motion for Partial Summary Judgment Based on Functionality), yet that testimony cannot be reasonably construed to prove functionality.

For example, one of the five design “features” to which [Ribble](#) applies the four-factor functionality test is the “shape and dimensions of the [[Rycraft](#)] stamp body.” Defendant's Memorandum in Support of Motion for Partial Summary Judgment Based on Functionality, p. 11. Under the “utilitarian advantage” factor, [Ribble](#) asserts that it is undisputed that the circular shape and two-inch diameter of its cookie stamps are dictated by utilitarian considerations. [Ribble](#) claims that Robin [Rycraft](#) testified that [Rycraft](#) discontinued its egg-shaped and square-shaped stamps “due to lack of consumer interest” and, therefore, [Rycraft](#) admits that “the consuming public has demonstrated a strong preference for round cookie stamps.” *Id.* Not only is it questionable whether consumer satisfaction qualifies as a utilitarian advantage, but Robin [Rycraft's](#) testimony does not establish that the egg-shaped and square-shaped stamps were discontinued for lack of consumer interest. If anything, his testimony shows that the alternative-shaped stamps were discontinued based on Robin [Rycraft's](#) aesthetic preferences. *See* Robin [Rycraft](#) Dep., pp. 25–29.

The inferences that [Ribble](#) draws from Robin [Rycraft's](#) testimony regarding the diameter of the [Rycraft](#) stamp are more inaccurate. [Ribble](#) asserts that “[Rycraft](#) has admitted that if the stamp body were significantly smaller it would be unworkable, and if significantly larger it would require more clay per stamp resulting in an increased cost for each stamp.” [Ribble's](#) Memorandum, p. 11. More accurately, Robin [Rycraft](#) stated, in response to two hypotheticals posed by [Ribble's](#) counsel, that a 3/4” inch stamp body



would be unworkable while a *six-inch* disk could retain the same level of detail but would require more clay and, therefore, higher material costs. Robin Rycraft Dep., p. 116. Such hypotheticals and Robin Rycraft's answers reveal how Ribble has exaggerated the probative value of Rycraft's actual deposition testimony. A final example is Ribble's statement that "[t]he size of the stamp body provides a further utilitarian advantage in that it is proportioned to the size of the one inch balls of cookie dough specified in recipes provided by Rycraft." Ribble Memorandum, p. 11. The actual question to which Robin Rycraft answered in the affirmative was whether the size of the stamp is *compatible* with the use of a one-inch ball of dough. Robin Rycraft Dep., p. 132. As Robin Rycraft tried to clarify at the time, and later did clarify in his second declaration, the Rycraft recipes which refer to one-inch balls of dough were developed *after* Rycraft developed the size of the cookie stamp body and, thus, had no bearing on the design of the stamp body. [Second] Decl. of Robin Rycraft, ¶ 29.

\*16 As dependent as Ribble is on Robin Rycraft's deposition testimony to support its argument that Rycraft's alleged trade dress is functional, Rycraft is equally dependent on Robin Rycraft's declarations to support its argument that its trade dress is nonfunctional. See Plaintiff's Concise Statement in Support of Motion for Summary Judgment and Plaintiff's Response to Defendant's Concise Statement in Support of Defendant's Motion for Partial Summary Judgment Based on Functionality. Likewise, just as I find Robin Rycraft's deposition testimony inadequate to establish the functionality of Rycraft's trade dress, I also find the statements in his declarations to be inadequate to establish, as a matter of law, the nonfunctionality of Rycraft's trade dress.

In short, the statements in Robin Rycraft's declarations are conclusory and offer little more than a recitation of the factors and "magic words" relevant to a functionality analysis accompanied by unsupported opinions that the design elements of the Rycraft stamp do not satisfy those factors. For instance, Rycraft makes many statements regarding whether certain design elements of the Rycraft stamp are essential to its functioning as a cookie stamp. He also opines on the utilitarian advantage of particular design elements of the Rycraft stamp and the availability of alternative designs. Furthermore, while some of his statements are probative because they are based on his personal knowledge of Rycraft's business practices, other

statements regarding the original development of the cookie stamps are of questionable value due to Robin Rycraft assigning certain motivations to his deceased mother.

## 2. Remaining Issues Raised by Rycraft

Given my rulings on the functionality of Rycraft's trade dress, I decline to rule on the other issues raised by Rycraft in its motion for summary judgment. Specifically, I decline to decide whether (1) the trade dress of Rycraft's cookie stamps is inherently distinctive or has acquired distinctiveness through secondary meaning; and (2) if there is a likelihood that the consuming public will confuse Rycraft's cookie stamps with Ribble's cookie stamps. I believe it is best for one factfinder to decide all issues related to whether Rycraft's trade dress was infringed upon. I also decline to decide whether Ribble's affirmative defenses based on the doctrines of laches, estoppel, and waiver are viable. Although those defenses appear to be tenuous, the arguments and evidence presented by the parties are insufficient to allow me to rule on their viability. Rycraft's motion for summary judgment (# 55) is denied in its entirety.

## CONCLUSION

Rycraft's motion for summary judgment on Ribble's counterclaims (# 39) is GRANTED. Summary judgment is also GRANTED against Ribble's ninth affirmative defense based on the doctrine of unclean hands. Rycraft's motion for summary judgment (# 55), Ribble's motion for summary judgment based on the doctrine of unclean hands (# 44), Ribble's motion for partial summary judgment based on the functionality of Rycraft's purported trade dress (# 47), and Ribble's motion for partial summary judgment on its counterclaim for copyright infringement (# 51) are each DENIED.

## All Citations

Not Reported in F.Supp.2d, 1999 WL 375610

Footnotes

- 1 **Rycraft** also manufactures its cookie stamps.
- 2 There is no dispute that Van Houten was a **Ribble** employee at the time.
- 3 The record includes such a list from July 1996 that ranks, in order, 40 **Rycraft** cookie stamp designs, including the each stamp's design number, name, and catalog page. Supp. Gladstone Decl., Exh. 3.
- 4 I note that a number of the designs in both the **Rycraft** and **Ribble** collections are not commonplace subject matter, images, or names. As such, the similarity between the stamps cannot be attributed to coincidence (*see e.g.*, Circle of Love (a large heart surrounded by a circle of smaller hearts), Lacy Heart (a plant with two flowers inside a heart with lacelike texture); Sweet Hearts (an inner circle of six hearts surrounded by an identical number of ornate shapes); Christmas Swan (a swan inside a wreath or holly); Fuchsia Heart (a heart surrounded by two fuchsia-type flowers and a smaller heart on top)) (**Rycraft** names used).
- 5 In its Amended Answer and Counterclaims, **Ribble** alleged a factual basis for its defamation claim that it does not now assert and for which it provides no factual support. Namely, **Ribble** alleged that **Rycraft**, through at least one of its authorized agents, made statements to **Ribble's** customers and sales associates that **Ribble** was being sued by **Rycraft** for infringement and that they should not purchase **Ribble's** cookie stamps because **Ribble** would not be able to ship product as a result of the lawsuit. Amended Answer and Counterclaims, ¶ 45.
- 6 The parties concur that Oregon law governs **Ribble's** common law claims.
- 7 In **Ribble's** motion for summary judgment based on the doctrine of unclean hands (# 44), **Ribble** argues that **Rycraft's** inequitable conduct precludes it from prevailing on its claims for trademark infringement, trade dress infringement, unfair competition, and dilution. **Ribble** admits that, to succeed on such a theory, it has the burden of demonstrating that **Rycraft's** conduct is inequitable. As such, **Ribble** accuses **Rycraft** of defamation and copyright infringement, based on the facts discussed at length above. Because I have rejected **Ribble's** counterclaims for defamation and copyright infringement as a matter of law, I also reject **Ribble's** unclean hands argument as a matter of law and deny **Ribble's** motion for summary judgment based on the doctrine of unclean hands. Likewise, I also grant summary judgment against **Ribble's** ninth affirmative defense based on the doctrine of unclean hands.

**Certificate of Service**

I hereby certify that, on July 19, 2019, I electronically filed the foregoing with the Clerk of this Court using this Court's CM/ECF system. Participants in this case who are CM/ECF users, or represented by CM/ECF users, are hereby served by CM/ECF.

/s/ Rebecca Tushnet  
Rebecca Tushnet

**CERTIFICATE OF COMPLIANCE WITH RULE 32(a)**

This brief complies with the type-volume limitation of Fed. R. App. P. 32(a)(7)(B) because it contains 6466 words, excluding the parts of the brief exempted under Fed. R. App. P. 32(f).

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/s/ Rebecca Tushnet  
Rebecca Tushnet