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## CASES OF INTEREST

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### IP/ENTERTAINMENT LAW WEEKLY CASE UPDATE FOR MOTION PICTURE STUDIOS AND TELEVISION NETWORKS

March 23, 2011

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**Dawes-Ordonez v. Forman**, USCA Eleventh Circuit, March 17, 2011 (not for publication)

 [Click here for a copy of the full decision.](#)

- Court of appeals affirms award of attorney's fees to defendant who prevailed in copyright infringement action because plaintiff did not provide notice to defendant of alleged infringement before filing suit, and orders sanctions against plaintiff because appeal is frivolous.

Plaintiff sued defendant Realtor Association of Greater Fort Lauderdale, among other defendants, for infringing her copyright in certain photographs of a house by disseminating those photographs on a multiple listing service owned by defendant Association. The district court granted summary judgment in favor of the Association, holding that plaintiff had "constructively delivered" the photographs to the Association and "intended the [p]hotographs be distributed by the Association." The district court awarded reasonable attorney's fees to the Association, explaining that plaintiff's decision to sue before giving notice to the Association of its alleged infringement was "objectively unreasonable" and "demonstrate[d] a questionable subjective motivation." The district court also awarded attorney's fees to "deter" copyright holders from filing similar suits without first attempting to resolve them out of court.

On appeal, the Eleventh Circuit held that the district court did not abuse its discretion by awarding attorney's fees, and affirmed the award. Finding that



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“the district court was entitled to question plaintiff’s motive in refusing to notify the Association after she had notified the realtors and the real estate company that also participated in the alleged infringement,” the court observed that “the purposes of the copyright laws are served only when parties ‘litigate meritorious’ arguments.” Turning to the Association’s request for “frivolous appeal” sanctions, the court concluded that plaintiff’s appeal was “entirely without merit,” awarded the Association double costs and reasonable attorney’s fees, and remanded the matter to the district court for a determination of the amount of defendants’ reasonable attorney’s fees on appeal.

**Cariou v. Prince**, USDC S.D. New York, March 18, 2011

 [Click here for a copy of the full decision.](#)

- Court holds that defendant’s use of plaintiff’s photographs to create “appropriation art” is not a fair use because it does not comment on the original photographs and is not transformative; court also holds that gallery that exhibited and sold defendant’s “appropriation art” is directly, vicariously and contributorily liable for copyright infringement.

Plaintiff Patrick Cariou owns the copyright in several photographs taken of Rastafarians and various Jamaican landscapes. These photographs were published in a book called *Yes, Rasta*. Defendant Richard Prince is a well-known “appropriation artist” who created a series of collages, which included at least 41 photographs torn from *Yes, Rasta*. Prince painted over some portion of these photographs, and used only small portions of others. These collages were exhibited, and some were sold.

Cariou sued Prince for direct copyright infringement, and sued the Gagosian Gallery, which represents Prince and markets his work, for direct, vicarious, and contributory copyright infringement.

Defendants argued that use of copyrighted work in “appropriation art” is *per se* fair use, but the court disagreed. It then applied the four-factor fair use analysis and held that all four factors weighed against a finding of fair use.

The first fair use factor is the purpose and character of the use. After noting that there would be no practicable boundary to the fair use defense if any



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infringement could be justified solely on the basis of some claim to a higher or different artistic use, the court determined that Prince's collages were "transformative" only to the extent that they commented on the plaintiff's photographs. Turning to the evidence, the court concluded that Prince did not have any such purpose.

Regarding the commerciality prong of the first fair use factor, the court noted that the Gagosian Gallery sold eight of defendant's collages for over \$10 million, with 60% going to Prince and 40% going to the Gagosian Gallery, and sold over \$6,000 worth of exhibit catalogues. Based on these sales, the court concluded that defendants' use of plaintiff's photographs was substantially commercial.

Turning to the bad faith prong, the court found that Prince's bad faith "was evident." Among other things, the court noted that Prince's employee contacted the publisher of *Yes, Rasta* to purchase additional copies of the book, but that Prince never sought permission to use the photos contained therein legitimately. It also found that the Gagosian Gallery acted in bad faith by failing to inquire into the legitimacy of Prince's use of the photos, and by ceasing to commercially exploit the collages after receiving plaintiff's cease-and-desist letter.

The second fair use factor is the nature of the copyrighted work. The court held this factor weighed against a finding of fair use because plaintiff's photographs are "highly original and creative artistic works and . . . fall within the core of the copyright's protective purposes."

The third fair use factor is the amount and substantiality of the portion of the plaintiff's photographs that was used. Noting that in a number of his collages Prince appropriated entire photographs, and that in the majority of them he appropriated the central figures depicted in them, the court found this factor weighed "heavily against" a finding of fair use.

The fourth fair use factor is the effect of the defendants' use of the plaintiff's work on the potential market for or value of the plaintiff's work. After noting that "a gallery owner had discontinued plans to show *Yes, Rasta* photographs, and to offer them for sale to collectors, because she did not



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want to appear to be capitalizing on Prince's collages and did not want to show work which had been 'done already' at the nearby Gagosian Gallery," the court concluded that the market for the plaintiff's photos had been usurped.

Finding that all four fair use factors weighed against a finding of fair use, the court granted summary judgment for the plaintiff.

With respect to the Gagosian Gallery, the court also found it directly, vicariously and contributorily liable for copyright infringement because it exhibited the collages; reproduced the collages in the an exhibit catalogue; supervised Prince's work "or at the very least [had] the right and ability (and perhaps even responsibility) to ensure that Prince obtained" appropriate licenses; and was "well aware of," and had capitalized on, "Prince's reputation as an appropriation artist who rejects the constricts of copyright law."

**Arista Records LLC v. Lime Group LLC**, USDC S.D. New York, March 10, 2011

 [Click here for the full March 10 decision.](#)

 [Click here for the full March 11 decision.](#)

 [Click here for the full March 18 decision.](#)

- In copyright infringement litigation against peer-to-peer network, court limits plaintiffs to one award of statutory damages per song infringed.

In May 2010, the court [granted summary judgment](#) to plaintiff record companies on their claims against defendants for secondary copyright infringement. Defendants were affiliated with the Lime Wire online file-sharing network, and the court concluded that they had induced hundreds if not thousands of users of the site to infringe plaintiffs' copyrights.

Now in the damages phase, the parties disputed how to calculate statutory damages, which plaintiffs elected to pursue for about 9,500 sound recordings pursuant to 17 U.S.C. § 504(c)(1) (providing for minimum damages of \$750 and maximum damages of \$30,000 when a work has been registered prior to its infringement).



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The issue was whether the plaintiffs were entitled to a separate statutory damage award for *each infringement* for which the defendants were jointly and severally liable, or whether they were entitled to one statutory damage award *per infringed work*, regardless of how many individual Lime Wire users had directly infringed that particular work.

The court began its analysis by noting that a primary infringer who is individually liable is assessed statutory damages for each work infringed, regardless of the number of infringements. It found no reason why the same result should not apply with respect to defendants, like the Lime Wire defendants, who are secondarily liable. The court then noted that “the dollar amount of each statutory award that Plaintiffs ultimately receive can account for the number of direct infringers Defendants induced to infringe through the Lime Wire system.”

Turning to the practicalities of the issue, the court observed that if Plaintiffs were to recover statutory damages based on the number of direct infringers per work, defendants’ damages could reach into the trillions. It noted that the “absurdity of this result” was one of the factors that had motivated other courts to reject similar theories.

Turning to applicable case law, the court concluded that *Columbia Pictures Television v. Krypton Board of Birmingham*, 106 F.3d 284 (9th Cir. 1997), was unpersuasive. In that case, the Ninth Circuit held that a defendant was secondarily liable for each infringement of a television show committed by three different stations that he owned. With respect to damages, the defendant argued that he should pay one statutory award for each infringed work. The Ninth Circuit rejected that argument, ordering the defendant to pay three separate statutory damage awards for each work infringed.

The court distinguished *Columbia Pictures* on its facts, finding it inapplicable to cases involving large numbers of infringements. After surveying additional case law, the court held that “the most plausible interpretation of Section 504(c) is one that authorizes only a single statutory damage award per work against a secondarily liable defendant, particularly in the context of the mass infringement found in online peer-to-peer file sharing.”



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In a related order, entered on March 11, 2011, the court denied defendants' Rule 12(c) motion to dismiss plaintiffs' claims of statutory damages for those works (1,355) for which plaintiffs had allegedly received a judgment from the primary direct infringers. The court held that defendants had presented insufficient evidence to support their argument that judgment had already been entered as to the 1,355 works.

Finally, in a related order entered on March 18, 2011, the court held that plaintiffs were barred from recovering statutory damages with respect to works infringed before their registration, even if there were other individual Lime Wire users who first infringed that work after it was registered. The court noted that plaintiffs could still recover actual damages for those works, and that plaintiffs would thus be compensated in the event that those works were infringed on the Lime Wire system.

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For more information, please contact Jonathan Zavin at [jzavin@loeb.com](mailto:jzavin@loeb.com) or at 212.407.4161.

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