

## Recent Copyright Cases

By Anita Modak-Truran

# Trending Icons and Moments Destined to Become Iconic

**F**our recent cases can help attorneys master the maze partly created by the copyright revolution in 1978 at least for now, or until the next revolution surfaces.

“Holy copyright law, Batman!” Those aren’t my words. I found this insightful pop culture reference in Judge Sandra Ikuta’s opinion on the Batmobile, and they fit perfectly in a serious, thought-provoking discussion on trending

icons and some moments in recent copyright cases destined to become iconic.

What do “Happy Birthday,” a dancing babies video, “Santa Claus Is Comin’ to Town,” and the Batmobile have in common? If you thought that these four dissimilar works are all icons celebrating life, the holidays, and super hero adventures, you are correct! These four icons have a place in our pop culture, the same way as but perhaps even more significantly than the Campbell Soup cans or the Marilyn Monroe portraits replicated on canvas by Andy Warhol, the master of infringement avoidance.

Who hasn’t sung “Happy Birthday”?

Who doesn’t love watching dancing babies on YouTube?

Who hasn’t hummed the melody to “Santa Claus Is Comin’ to Town” during the Christmas holidays and wondered, do the heirs still own this tune?

And the Batmobile is as legendary as the caped crusader himself. That’s gospel

comic book truth and certainly what Judge Ikuta found when she wrote the opinion in *DC Comics v. Towle*, No. 13-55484, 215 U.S. App. Lexis 16837 (Sept. 23, 2015).

Based on four decisions that came down in the last six months and assuming that they are not overturned by en banc reviews or appeals to the United States Supreme Court, here’s what we know from a legal perspective about these trending icons from the recent copyright decisions that seem destined to become iconic.

The Batmobile could sing “Happy Birthday” to Batman, Robin, Alfred, or anyone else in a video or sound recording or other “fixed medium” with reckless abandon. “Happy Birthday” is in the public domain. Now for filmmakers who have wanted to use that tune in a movie, that’s something to sing about. But no one can make an unauthorized Batmobile replica that sings that or any other song. The line has been drawn between cars with character and characters that happen to be cars.



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As an encore, you could record and post on the worldwide web a video recording of cute, diapered, dancing babies in Santa hats moving to the groove of that iconic, classic “Santa Claus Is Comin’ to Town.” And that may—or may not be—fair use. Fair use is and always will be a blurry line, but one that must be considered before a copyright owner can seek a takedown of your YouTube video.

## “Happy Birthday”

was not the only iconic song to receive judicial scrutiny in the past year.

### A Present for the Public Domain

For anyone in the film industry, the inability to use the lyrics to “Happy Birthday” presented challenges. The alleged copyright owners in the lyrics held a tight leash, leading filmmakers to go to great lengths to depict birthday celebrations with other songs to avoid making hefty royalty payments. Enough was enough for Rupa Marya and others. They filed a federal class action lawsuit to declare invalid the defendants’ copyright in the song. They won. *Marya v. Warner/Chappell Music, Inc.*, No. 13-4460, 2015 U.S. Dist. Lexis 129575 (C.D. Cal. Sept. 22, 2015).

In a comprehensive opinion, Judge George King relied on historical facts to decide the case. The court observed that “Happy Birthday” has at least two copyrightable elements, those being the music and the lyrics. The music copyrights expired in 1949, and the music is in the public domain. The lyrics presented a more complex issue. The song was originally written in 1893 by sisters Mildred and Patty Hill, but due to serious questions about the chain of title for more than a hundred years afterward, the court found that the defendants did not own a copyright in the lyrics.

The defendants’ copyright registration did not help. Judge King found that the registration certificate for the lyrics was flawed: “Because this registration does not list any Hill sister as the author or other-

wise make clear that the *Happy Birthday* lyrics were being registered, we cannot presume this registration reflects the Copyright Office’s determination that Summy Co. had the rights to the lyrics to copyright them.” *Marya*, 2015 U.S. Dist. Lexis 129575, at \*23 (italics in original).

In reviewing the history of the lyrics, the court determined that as a matter of law, the Summy Company never received the rights to the “Happy Birthday” lyrics from the Hill sisters.

Defendants have no evidence a transfer occurred, whether by oral statement, by writing or by conduct.... There is no other testimony or circumstantial evidence tending to show that a transfer of the lyrics occurred. In fact, Defendants cannot even point to evidence showing that the Hill sisters transferred their rights in the lyrics to the Hill Foundation, such that the Hill Foundation could, in turn, legitimately transfer them to Summy Co.

*Marya*, 2015 U.S. Dist. Lexis 129575, at \*67.

### Yes, Virginia, the Heirs of J. Fred Coots Own “Santa Claus Is Comin’ to Town”

“Happy Birthday” was not the only iconic song to receive judicial scrutiny in the past year. Flipping to the other coast, the Second Circuit Court of Appeals held in favor of the heirs of the musical composer of “Santa Claus Is Comin’ to Town.” *Baldwin v. EMI Feist Catalog, Inc.*, No. 14-182-cv, 2015 U.S. App. Lexis 17632 (2d Cir. Oct. 8, 2015). The decision, which is fact intensive and complicated, usefully analyzes the legal rights that heirs to works created before 1976 may have in certain circumstances to terminate publishing rights previously granted to others.

Back in the 1930s, J. Fred Coots and Haven Gillespie wrote the iconic musical composition “Santa Claus Is Comin’ to Town.” (I have no idea where the “g” in “Comin’” went, but clearly this was a precursor to what would become the norm in the texting era.) Coots and Gillespie sold their rights in the song to EMI’s predecessor, Leo Feist, Inc. (Feist) in an agreement dated September 5, 1934. Naturally, Feist registered the song shortly afterward with the U.S. Copyright Office. The 1909 U.S. Copyright Act controlled until the copy-

right revolution in 1978. But let us not get ahead of the story.

In 1951, Coots granted to Feist his renewal right in “Santa Claus Is Comin’ to Town.” Feist renewed its copyright registration in the song in September 1961. If the 1909 Act had stayed in play, then this copyright would have expired on September 27, 1990.

But in 1976, Congress enacted a major overhaul of the U.S. Copyright law (the 1976 Act). As explained by the Second Circuit,

For works created on or after January 1, 1978, the 1976 Act did away with the 1909 Act’s dual-term structure, replacing it with a single copyright term lasting for the life of the author plus fifty years. By contrast, for works created before January 1, 1978 [such as “Santa Claus Is Comin’ to Town”], the 1976 Act retained the dual-term structure... and for works (like the [s]ong), already in their renewal term, it extended the renewal term to “seventy-five years from the date copyright was originally secured.”

*Baldwin*, 2015 U.S. App. Lexis 17632, at \*\*5–6 (internal citations omitted).

That meant that the rights in “Santa Claus Is Comin’ to Town,” which Coots had granted to Feist, “were scheduled to expire in 2009.” *Id.* at 6.

After the passage of 1976 Act, Coots entered into another contract dated December 15, 1981 with Feist’s successor, Robbins Music Corporation (Robbins), for the song. In that agreement, Coots sold, assigned, granted, and transferred to Robbins all rights known or unknown in the song owned by Coots “under any and all renewals and all extension of copyrights therein and all United States revisionary and termination interests in copyright now in existence or in expectant.” Coots also represented in this agreement that he had served upon Robbins “and recorded with the Copyright Office” a termination of the 1951 agreement. This representation turned out not to be correct. And that created some of the problems before the court. Was the 1951 agreement still in effect because of the failure to record the termination of that agreement?

When the 1981 agreement was signed, under the law at that time Robbins would retain the copyright in “Santa Claus Is Comin’ to Town” until December 31, 2009.



*Baldwin*, 2015 U.S. App. Lexis 17632, at \*13. But then more changes came. In 1998, Congress enacted the Sony Bono Copyright Term Extension Act (the 1998 Act), which “[f]or copyrights still in their renewal term at that time, ... extended the renewal term to last ‘95 years from the day the copyright was originally secured.” *Id.* (quoting 17 U.S.C. §304 (b)). Applying the new copyright math, because the song’s copyright was secured in 1934, under the 1998 Act the copyright would expire on December 31, 2029.

The 1998 Act also added a new termination right to allow authors and their heirs to extract value from the new 20-year extension of the renewal term.

For copyrights still in their renewal term, authors (or their statutory heirs) could affect termination in the same general way as under Section 304 (c) if ‘the termination right provided in Section 304(c) has expired by such date’ and ‘the author or owner of the termination right has not previously exercised such termination right.’

*Baldwin*, 2015 U.S. App. Lexis 17632, at \*\*13–14 (quoting 17 U.S.C. §304(d)).

The *Baldwin* court found that the right to terminate could “‘be effected at any time during a period of 5 years beginning at the end of 75 years from the date the copyright was originally secured.” *Baldwin*, 2015 U.S. App. Lexis 17632, at \*14 (quoting 17 U.S.C. §304(d)(2)). In the case of “Santa Claus Is Comin’ to Town,” that meant that the five-year period for termination began on September 27, 2009. *Id.* at \*14.

With smart lawyers at their sides, in 2007 Coots’ heirs served a termination notice upon the then-current copyright holder, EMI, explained a bit more below, but not under Section 304, but rather under Section 203, which allowed termination of grants “executed by authors on or after January 1, 1978.” *Id.* at \*37. Under Section 203, when an “author is dead, termination may be effected by individuals holding more than half of the author’s termination interest as set forth in the statute.” *Id.* (citing 17 U.S.C. §203 (a)(1), (a)(2)). Further, the rights afforded under Section 203 cannot be contracted away. 17 U.S.C. §203(a)(5) (“Termination of the grant may be effected notwithstanding any agreement to the contrary”). EMI,

which was the successor in interest to the publisher, Robbins, to the copyright in the song, did not honor the termination notice of the heirs.

Subsequently, Coots’ heirs filed suit against EMI, seeking a declaratory judgment that their termination notice was effective and terminated EMI’s rights in “Santa Claus Is Comin’ to Town.” The Second Circuit agreed with the heirs and overturned a lower court decision to the contrary. The appellate court found that the 1981 agreement was intended to replace the 1951 agreement. Because the 1981 agreement was the source of EMI’s rights in “Santa Claus Is Comin’ to Town,” the statutory heirs could terminate the agreement under Section 203 of the 1998 Act. The court found that the heirs’ termination notice in 2007 was proper and effective in December 2016 under Section 203 of the 1998 Act.

### **The Batmobile and Its Creative Heir Have Something to Sing About**

Similar to Coots’ heirs, the Batmobile, which is not just a car, and DC Comics have something to sing about. In *DC Comics v. Towle*, No. 13-55484, 215 U.S. App. Lexis 16837 (9th Cir. Sept. 23, 2015), the Ninth Circuit held that the Batmobile cannot be duplicated or replicated without permission from DC Comics. Any unauthorized Batmobile replicas violate U.S. copyright law, and those replicas will join the confiscate and destroy piles along with other fakes.

Didn’t Mark Towle understand that the Batmobile was a “character” worthy of copyright protection before embarking on his commercial monetization of Batmobile replicas?

Before the crackdown on his business, Gotham Garage, Towle produced replicas of the Batmobile as it appeared in both the 1966 television show and 1989 motion picture. He sold these beauties at around \$90,000 to serious car collectors. He also sold kits that allowed customers to modify their cars to look like the Batmobile from the TV show and movie. Towle advertised each replica as a Batmobile and used the domain name batmobilereplicas.com to market the products. Trouble brewed next.

Writing for the Ninth Circuit, Judge Ikuta analyzed the evolution of the Batmobile.

She found that the “Batmobile is a fictional, high-tech automobile that Batman employs as his primary mode of transportation,” and while it “has varied in appearance over the years, ... its name and key characteristics as Batman’s personal crime-fighting vehicle have remained consistent.” Judge Ikuta observed that “[o]ver the past eight decades, the comic books have continually depicted

**Nice try, but wrong,** said the court: “A consistent appearance is not as significant in our analysis as consistent character traits and attributes.”

the Batmobile as possessing bat-like external features, ready to leap into action to assist Batman in his fight against Gotham’s most dangerous villains, and equipped with futuristic weaponry and technology that is ‘years ahead of anything else on wheels.” *Towle*, 215 U.S. App. Lexis 16837, at \*3.

The court rejected Towle’s defenses. Towle argued that the Batmobile was not a copyrightable character because its appearance kept morphing and changing. Nice try, but wrong, said the court: “A consistent appearance is not as significant in our analysis as consistent character traits and attributes.” *Towle*, 215 U.S. App. Lexis 16837, at \*22. The Batmobile is a “crime-fighting car with sleek and powerful characteristics that allow Batman to maneuver quickly while he fights villains.” *Id.* at \*19.

Towle also urged the court to reject copyright infringement because his replicas looked substantially different from the depiction of the Batmobile in the comic books. The court was unpersuaded because the Batmobile’s character traits, not appearance, guided the analysis.

The court concluded that Towle’s production and sale of Batmobile replicas infringed upon DC Comics’ exclusive right to produce derivative works of this character. Further, because Towle willfully



infringed DC Comics' trademarks in marketing his Batmobile replicas, the court upheld the lower court's finding that he was not entitled to a laches defense to DC Comics' trademark claim.

### Babies Can Dance

Is there anything cuter than babies dancing to "Let's Go Crazy" by the artist for-

### In the dancing babies

case, the issue before the court was whether Universal, the copyright holder, knowingly and materially misrepresented that the video was infringing.

merly known as Prince a/k/a the "love symbol"? Stephanie Lenz didn't think so. Lenz made a 29-second, shaky, loud, and noisy home video of her two children in the family kitchen shaking their booties to Prince's song. Understandably proud of the cuteness of her two little tikes, Lenz posted the dancing babies video under the title "Let's Go Crazy #1" on YouTube on February 7, 2007. See <https://www.youtube.com/watch?v=N1HfJFWIhQ> (last visited October 26, 2015).

Lenz's video wasn't all about "bebop-pin" babies, however. About four seconds into the video, Lenz asks her 13-month-old son, "what do you think of the music?" The precocious lad responds by bobbing up and down while holding a push toy. *Lenz v. Universal Music Corp.*, No. 13-16106, No. 13-16107, 2015 U.S. App. Lexis 16308 (9th Cir. Sept. 14, 2015).

Back at Universal Music Corp. and Universal Music Publishing, Inc. (collectively Universal), the copyright police, who were housed in business affairs, diligently monitored YouTube on a daily basis for infringements. Sean Johnson had this task, and he had a "gotcha" moment when he found Lenz's dancing babies video. He found that

Prince's song played loudly in the background, the video's name was the name of Prince's song, and the question that Lenz posed to her son proved that Prince's song "was very much the focus of the video" and thus, an infringement. Johnson ran his analysis up the chain, and his boss agreed. Universal had video evaluation guidelines in place, but the fair use doctrine was not part of the assessment. *Lenz*, 2015 U.S. App. Lexis 16308, at \*\*6-7.

Johnson notified YouTube to take down the dancing babies video. YouTube complied and removed the video. Subsequently, YouTube sent Lenz an e-mail notifying her of the removal. Lenz attempted to restore the video by sending a counternotification. But she failed to acknowledge properly that her statement was made under penalty of perjury as required by the law. Universal squabbled about the error and omission. Lenz found pro bono counsel and rectified the mistake in a second counternotification. This resulted in YouTube reinstating the video.

Lenz sued Universal seeking damages. After vigorous motion practice and amendments to the pleadings, only the claim for misrepresentation under 17 U.S.C. §512(f) remained. Both parties moved for a summary judgment. The district court denied both motions and certified the summary judgment order for an interlocutory appeal. The Ninth Circuit affirmed the district court's decision.

The central dispute concerned Title II of the Digital Millennium Copyright Act, (DMCA), entitled the "Online Copyright Infringement Liability Limitation Act," codified in 17 U.S.C. §512. Section 512(c) permits service providers, such as YouTube, to avoid copyright infringement liability for storing users' content if, among other requirements, a service provider "expeditiously" removes or disables access to the content after receiving notification from a copyright holder that the content is infringing." *Lenz*, 2015 U.S. App. Lexis 16308, at \*10 (quoting 17 U.S.C. §512(c)). Under the DMCA "takedown procedures," a takedown notification must contain "identification of the copyrighted work, identification of the allegedly infringing material, and, critically, a statement that the copyright holder believes in good faith the infringing material 'is not authorized

by the copyright owner, its agent, or the law.'" *Id.* (quoting 17 U.S.C. §512(c)(3)(A)).

To avoid liability for removing content, a service provider must notify a service user of a takedown, and the notified service user then has the option of restoring the content by sending a counternotification. 17 U.S.C. §512(g)(3)(C). The counternotification must include a statement of a "good faith belief that the material was removed or disabled as a result of mistake or misidentification...." *Id.* Under the DMCA "put-back procedures," upon receipt of a valid counternotification, a service provider must inform the copyright holder of the counternotification and restore the content within 10 to 14 business days unless the service provider receives notice that the copyright holder has filed a lawsuit. 17 U.S.C. §512(g)(2)(B)-(C).

An entity that abuses the DMCA may be subject to liability under Section 512(f), which specifies that "[a]ny person who knowingly materially misrepresents under this section —(1) that material or activity is infringing, or (2) that material or activity was removed or disabled by mistake or misidentification, shall be liable for damages...." 17 U.S.C. §512(f). Subsection 1 generally applies to copyright holders, and subsection 2 generally applies to service users.

In the dancing babies case, the issue before the court was whether Universal, the copyright holder, knowingly and materially misrepresented that the video was infringing. Universal argued that it did not have to contemplate the fair use doctrine in assessing whether the video was infringing. Agreeing with the district court, the Ninth Circuit held that the U.S. Copyright Act unequivocally contemplates fair use as a use authorized by law: "Fair use is not just excused by the law, [sic] it is wholly authorized by the law." *Lenz*, 2015 U.S. App. Lexis 16308, at \*12. Indeed, because 17 U.S.C. §107, which codified the fair use doctrine, "created a type of non-infringing use, fair use is 'authorized by the law' and copyright holder must consider the existence of fair use before sending a takedown notification under Section 512(c)." *Id.* at \*\*13-17.

Lenz argued that Universal should have known that using the song in the dancing babies video would qualify as fair use as a matter of law. The Ninth Circuit disagreed: "Universal faces liability if it knowingly misrepresented in the takedown notifica-



tion that it had formed a good belief that the video was not authorized by the law, *i.e.*, did not constitute fair use.” *Lenz*, 2015 U.S. App. Lexis 16308, at \*19. *Lenz* presented evidence that Universal did not form any subjective belief about the video’s fair use of the song because it “failed to consider fair use at all, and knew that it failed to do so.” *Id.*

Universal countered that while its evaluation procedure did not formally use the fair use label, its evaluation process was “tantamount to such consideration.” *Id.* The court held that an issue of material fact existed on whether Universal formed a subjective belief about the song’s fair use in the video.

The court was “mindful of the pressing crush of voluminous infringing content that copyright holders face in a digital age. But that does not excuse a failure to comply with the procedures outlined by Congress.” *Lenz*, 2015 U.S. App. Lexis 16308, at \*21. The court noted that “the implementation of computer algorithms appears to be a valid and good faith idle ground for processing a plethora of content while still meeting the DMCA’s requirement to somehow consider fair use.” *Id.* at \*22. For instance, “consideration of fair use may be sufficient if copyright holders utilize computer programs that automatically identify for takedown notifications content” for which the video track “matches” the video track of a copyrighted work, or the audio track “matches” the audio track of this copyrighted work, or when “nearly the entirety... [of a video track] is comprised of a single copyrighted work.” *Id.* (internal citation omitted). Copyright holders could then hire individuals “to review the minimal remaining content a computer program does not cull.” *Id.* at \*23.

The court further held that “the willful blindness doctrine may be used to determine whether a copyright holder ‘knowingly materially misrepresent[ed]’ that it held a ‘good faith belief’ the offending activity was not fair use.” *Lenz*, 2015 U.S. App. Lexis 16308, at \*23 (internal citation omitted) (alternation in original). Generally, willful blindness requires a defendant deliberately to have acted to evade “confirming a high probability of wrongdoing” and that the defendant “can almost be said to have actually known the critical facts.” *Id.* at \*24 (citing and quoting *Global-Tech Appli-*

*ances, Inc. v. SEB S.A.*, 563 U.S. 754 (2011)). To demonstrate this willful blindness, a plaintiff must establish two threshold factors: first, “the defendant must subjectively believe that there is a high probability that a fact exists”; and second, “the defendant must take deliberate actions to avoid learning of that fact.” *Id.* at \*24.

Applying the *Global-Tech Appliance* factors, the court determined that *Lenz* failed to demonstrate sufficiently that Universal subjectively believed that there was a high probability that the video constituted fair use before sending the takedown notification. The court never reached the second factor because *Lenz* did not satisfy her burden of proof for the first threshold factor. The court also addressed damages for *Lenz*’s misrepresentation claim. Section 512(f) permits the recovery of “any damages,” which includes the recovery of even nominal damages. *Lenz*, 2015 U.S. App. Lexis 16308, at \*\*25–26 (citing 17 U.S.C. §512(f)) (emphasis added). Accordingly, the court found that “*Lenz* may seek recovery of nominal damages due to an unquantifiable harm suffered as a result of Universal’s actions.” *Id.*

### What’s Trending in Copyright Law?


Fair use continues to be an important and iconic doctrine in copyright law. “Copy-

right holders cannot shirk their duty to consider—in good faith and before sending a takedown notification—whether allegedly infringing material constitutes fair use, a use which the DMCA plainly contemplates as authorized by the law. That this step imposes responsibility on copyright holders is not a reason” for courts to reject it. *Lenz*, 2015 U.S. App. Lexis 16308, at \*30.

The public domain—the big “PD”—may apply to older works, which may not have the necessary documentation to establish a clean chain of title to the copyrights. While courts are not eager to find works in the public domain, a work without a clear chain of title establishing copyright ownership falls within the public domain if it meets the time requirements under the U.S. Copyright Act.


For attorneys representing heirs owning intellectual property, particularly works published before 1976, the “Santa Claus Is Comin’ to Town” decision is a must read because it provides a road map to interpreting the intricacies of various statutory copyright provisions as amended after 1976.

Lastly, don’t mess with super heroes, even when they are cars. They will win every battle in a court of law or in a court of popular opinion. **PD**



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## Intellectual Property Litigation



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