

EMI Records Ltd. v Premise Media Corp. L.P.

2008 NY Slip Op 33157(U)

August 8, 2008

Supreme Court, New York County

Docket Number: 601209/08

Judge: Richard B. Lowe

Republished from New York State Unified Court System's E-Courts Service.
Search E-Courts (<http://www.nycourts.gov/ecourts>) for any additional information on this case.

This opinion is uncorrected and not selected for official publication.

SUPREME COURT OF THE STATE OF NEW YORK — NEW YORK COUNTY

PRESENT: Richard B. Lowe III
Justice

PART 56M

EMI Records Limited and
Capitol Records, LLC

INDEX NO. 601209/08

MOTION DATE 7/2/08

- v -

MOTION SEQ. NO. 001

MOTION CAL. NO. _____

Premiere Media Corporation, L.P., C/S
Production L.P. d/b/a Rampart Films,
Premiere Media Distribution L.P. and
Rocky Mountain Pictures, Inc.

The following papers, numbered 1 to _____ were read on this motion to/for _____

PAPERS NUMBERED

Notice of Motion/ Order to Show Cause — Affidavits — Exhibits ...

Answering Affidavits — Exhibits _____

Replying Affidavits _____

Cross-Motion: Yes No

Upon the foregoing papers, It is ordered that this motion

FILED
AUG 13 2008
NEW YORK
COUNTY CLERK'S OFFICE

MOTION IS DECIDED IN ACCORDANCE
WITH ACCORDANCE WITH MEMORANDUM
DECISION

MOTION/CASE IS RESPECTFULLY REFERRED TO JUSTICE FOR THE FOLLOWING REASON(S):

Dated: 8/8/08



J.S.C.

Check one: FINAL DISPOSITION NON-FINAL DISPOSITION

Check if appropriate: DO NOT POST REFERENCE

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK : IAS PART 56

-----X
EMI RECORDS LIMITED and CAPITOL
RECORDS, LLC,

Plaintiffs,

Index No: 601209/08

-against-

DECISION AND ORDER

PREMISE MEDIA CORPORATION L.P.,
C&S PRODUCTION L.P. d/b/a RAMPANT
FILMS, PREMISE MEDIA
DISTRIBUTION L.P. and ROCKY
MOUNTAIN PICTURES, INC.,

Defendants.

-----X
RICHARD B. LOWE III, J:

This dispute arises out of the unauthorized use of John Lennon’s Imagine Recording in the documentary film EXPELLED: No Intelligence Allowed. Motion sequence numbers 001 and 005 are consolidated for disposition. In motion sequence number 001, Plaintiffs move for a preliminary injunction. In motion sequence number 005, Defendants move to dismiss.

BACKGROUND

Founded in 1942, Capitol Records, LLC (“Capitol”) is one of the largest producers and sellers of sound recordings of musical performances (McMullan Aff ¶ 3). Capitol distributes and sells its recordings in the United States and, through foreign affiliates, throughout the world in the form of records, compact discs, cassette tapes, and digital recordings (*id.*). Capitol invests in the creation and marketing of sound recordings featuring an array of artists (*id.* at ¶ 4). Capitol recoups its investment by earning revenue from the sale of these recordings to the public and the licensing of the recordings to third parties (*id.*).

One particular means of earning revenue is by licensing recordings for use in feature movies, television, commercials, documentaries and other audiovisual works (commonly referred to as “synchronization licenses”) (*id.* at ¶ 5). The synchronization licenses vary in audiovisual uses as well as in duration (*id.* at ¶ 6).

Capitol acquires rights in recordings through various means, including by ownership pursuant to agreements with artists or by licensing rights to produce and sell recorded musical performances of popular recordings artists (*id.* at ¶ 8). For example, Capitol functions as the exclusive United States licensee of certain recordings owned by its British affiliates, co-plaintiff EMI Records Ltd. (“EMI”), including the “Imagine” sound recording (the “Imagine Recording”) at issue (*id.*). EMI owns the Imagine Recording by virtue of an agreement between EMI’s predecessor-in-interest with the members of the Beatles (*id.*).

In 1971, Capitol released the album “Imagine,” which included the album-titled song “Imagine” (*id.* at ¶ 9). The Imagine Recording gained immediate success (*id.*). Today, the Imagine Recording has arguably reached iconic status, recognizable and representative of many ideals (*see id.*).

Premise Media Corporation L.P. (“Premise Media”) is engaged in the business of providing management services in connection with the concept development, planning, financing, creation, production, direction, promotion and distribution of print, video, film and other media products (Craft Decl ¶ 5). These activities include the production of the documentary film entitled “EXPELLED: No Intelligence Allowed” (“Expelled”) (*id.*).

Expelled is a feature-length documentary motion picture (Craft Decl ¶ 7). The film purports to inspire viewers to participate in debates related to the criticism of Darwinian

evolution and the advocacy of Intelligent Design (*id.* at ¶ 8). The film is narrated and hosted by Ben Stein (*id.* at ¶ 9).¹ The film attempts to offer evidence that proponents of Intelligent Design are being unfairly criticized, censored, and expelled from public schools, universities and other forums (*id.* at ¶ 11). The film revolves around the idea of freedom, and most importantly freedom of speech and freedom of inquiry within science (Sullivan Decl ¶ 8). The essential message of the film is that if we lose this precious right we are losing what is at the heart of America (*id.*). The film documents several cases of professors, researchers and a doctor who dissent from the consensus view of Neo-Darwinian evolution and the consequences of this dissent on their careers (*id.*)

Expelled includes an unauthorized synchronized performance of an excerpt of the Imagine Recording (McMullan Aff ¶ 16). Following an interview of a professor who expresses skepticism about the role of religion, the film's narrator, Stein, introduces the Imagine Recording and approximately 15 seconds of the 3-minute recording is played (*id.*).

In motion sequence number 001, Plaintiffs seek a preliminary injunction enjoining Defendants from reproducing, distributing or otherwise exploiting the Imagine Recording, including as part of Expelled. And, in motion sequence number 005, Defendants seek dismissal of the Complaint.

DISCUSSION

Plaintiffs' motion for preliminary injunction

"The party seeking a preliminary injunction must demonstrate a likelihood of success on

¹Ben Stein is a former presidential speech writer, comedian, television show host, attorney, author of numerous books, and frequent contributor to The Wall Street Journal, The New York Times, The Washington Post, among other publications.

the merits, danger of irreparable injury in the absence of an injunction and a balance of equities in its favor” (*Nobu Next Door, LLC v Fine Arts Hous., Inc.*, 4 NY3d 839, 840 [2005]).

Likelihood of success

Common law copyright infringement

In 2005, the New York Court of Appeals was asked whether there is common-law copyright protection for sound recordings made prior to 1972 and answered the question in the affirmative (*Capitol Records, Inc. v Naxos of Am., Inc.*, 4 NY3d 540, 563 [2005]). To that end, the Court of Appeals held that a copyright infringement cause of action in New York consists of two elements: (1) the existence of a valid copyright; and (2) unauthorized reproduction of the work protected by the copyright (*id.*).

The first issue raised concerns the quantum of the unauthorized reproduction. Plaintiffs argue that a de minimus exception is not recognized at common law and, therefore, any unauthorized use is actionable. As its sole source of authority, Plaintiffs rely on *Bridgeport Music, Inc. v Dimension Films*, 410 F3d 792 [6th Cir 2005].

The court in *Bridgeport Music* addressed the issue of de minimus copying in the context of digital sampling (*id.* at 797). The case involved copyright infringement claims. The action arose out of the use of a sample from the composition and sound recording in a rap song, which was included in the sound track of a movie. The plaintiff argued that the alleged infringement was de minimus and therefore not actionable. Reasoning that reproduction of some portion of a sound recording would be tantamount to reproduction of the entire sound recording in that either constitutes actionable infringement, the court held that “a sound recording owner has the exclusive right to ‘sample’ his own recording” (*id.* at 800).

Defendants argue the complete opposite - that only an entire reproduction of the copyrighted work is actionable. Relying on *Naxos*, Defendants argue that New York common law only offers protection from reproduction of an entire sound recording.

This Court is unpersuaded by either position. A number of reasons persuade this Court against endorsing the recommendation in *Bridgeport Music*. Putting aside that *Bridgeport Music* does not represent controlling authority, this Court declines to follow the statutory interpretation of Section 114 relied upon by the court in *Bridgeport Music* to declare the bright line rule that a de minimis exception is not available. The criticism of *Bridgeport Music* by Prof. David Nimmer² best articulates this Court's basis for rejecting the holding therein.

The linchpin for the [*Bridgeport Music*] court's conclusion lies in its interpretation of Section 114(b) of the Copyright Act. * * * [Section 114(b)] immunizes the maker of a sound-alike recording; if no sounds are recaptured, the newcomer is categorically exempt from liability to the owner of the sound recording. From that proposition, the panel summarily reasons that if some sounds are recaptured, the newcomer's liability is complete. But it is submitted that that conclusion rests on a logical fallacy. By validating entire sound-alike recordings, the quoted sentence contains no implication that partial sound duplications are to be treated any differently from what is required by the traditional standards of copyright law--which, for decades prior to adoption of the 1976 Act and unceasingly in the decades since, has included the requirement of substantial similarity.

* * *

Indeed, had *Bridgeport Music* consulted Section 114's legislative history instead of dismissing that history as irrelevant, it would have discovered that Congress explicitly noted in that context that "infringement takes place whenever all or any substantial portion of the actual sounds that go to make up a copyrighted sound recording are reproduced in phonorecords by repressing, transcribing, recapturing off the air, or any other method . . ." That excerpt debunks the court's imputation that Congress, when adopting Section 114, intended to dispense with traditional notions of substantial similarity.

²Prof. Nimmer updates and revises *Nimmer on Copyright*, the standard reference treatise in the field of copyright law, first published in 1963 by his late father, Professor Melville B. Nimmer.

(4 Nimmer on Copyright § 13.03[2][b].)

Conversely, Defendants urge this Court to adopt the extreme proposition that an entire reproduction of a copyrighted work must be made in order to demonstrate an actionable claim. While the cases cited by Defendants discuss reproduction of an entire or substantial portion of copyrighted works, nothing suggests that an entire reproduction is required. Indeed, Defendants concede as much by citing *Estate of Hemingway v Random House, Inc.*, which stated “there must be a showing of a significant appropriation of plaintiffs’ property” (53 Misc 2d 462, 466 [Sup Ct New York County 1967] [dicta]). Accordingly, this Court declines to endorse either position that any minimal reproduction is actionable or that only an entire reproduction is actionable.

Here, Plaintiffs sufficiently plead a prima facie cause of action for common law copyright infringement. In their supporting papers, Plaintiffs have alleged both the ownership of a valid copyright and the unauthorized reproduction of that copyrighted work (*see McMullan Decl ¶¶ 8, 16*). While Plaintiffs fail to demonstrate that New York common law does not recognize a de minimis exception, Defendants fail to demonstrate that common law requires a complete reproduction in order to be actionable infringement. Accordingly, Plaintiffs have sufficiently demonstrated valid ownership and unauthorized reproduction of Plaintiffs’ copyrighted work.

Fair use

Moving to the affirmative defense argument, Defendants assert that its use is fair and, therefore, does not constitute infringement. Alleged infringers have the burden of proving fair use (*see Infinity Broadcast Corp. v Kirkwood*, 150 F3d 104, 107 [2d Cir 1998]). The recognition of fair use as a defense to common law copyright infringement of a sound recording is an issue

of first impression under New York law. Of central importance concerning the affirmative defense, is whether, under New York common law, fair use is recognized, and, if the defense is indeed recognized, to what extent.

While no New York case has applied the doctrine of fair use with respect to a common law claim of infringement of a copyrighted sound recording, New York cases acknowledge that fair use exists at common law (*Hemingway*, 53 Misc 2d at 466 [“Where there is a mere minor use of fragments of another’s work, especially in historical, biographical, or scholarly works, such appropriation is characterized as a ‘fair use’, and is permitted.”], aff’d without opinion, 29 AD2d 633 [1st Dept 1967]], aff’d on other grounds, 23 NY2d 341 [1968]; *Casino Productions v Vitaphone Corp.*, 163 Misc 403, 405 [Trial Term New York County 1937] [finding that the copyrighted work was substantially copied and that the use was not a fair use]; accord *Folsom v Marsh*, 9 Fed Cas 342 [CC D Mass] [1841] [Story, J.]; see also *Naxos*, 4 NY3d at 564 [“In the related area of the federal ‘fair use’ doctrine, it is a general rule that the reproduction of an entire copyrighted work constitutes infringement. We see no justification for adopting a different rule of state law.”] [internal citation omitted]). As the court in *Hemingway* explained, the overarching principle is: “[t]o promote the Progress of Science and the useful Arts,” as set forth in the Constitution (*id.* at 466-67 [internal quotation marks omitted]; accord *Bill Graham Archives, LLC v Dorling Kindersley Ltd.*, 386 F Supp 2d 324, 328 [SD NY 2005] [“The ultimate test of fair use, therefore, is whether the copyright law’s goal of ‘promoting the Progress of Science and useful Arts,’ U.S. Const., art. I § 8, cl., 8, ‘would be better served by allowing the use than by preventing it.’”], citing *Arica Inst., Inc. v Palmer*, 970 F2d 1067, 1077 [2d Cir

1992]).³

Despite the recognition of fair use at common law, neither the parties' briefs nor this Court's review of New York case law produced a case that applied fair use to a common law claim of copyright infringement. Moreover, no case appears to apply fair use to a common law claim of infringement of a copyrighted sound recording. Although courts recognized fair use as an available defense, the cases never presented the appropriate circumstances to apply the defense (*see e.g. Naxos*, 4 NY3d at 564 [even if recognized, fair use was unavailable because reproduction of an entire copyrighted work constitutes infringement]; *Hemingway*, 53 Misc 2d at 465 ["All of [the allegedly copyrighted material has] been generally published, in that they have been distributed to the public at large, without any of the limitations that could preserve the common-law copyright."]).

Historically, common law copyright protection inured only to unpublished works (*Estate of Hemingway v Random House, Inc.*, 23 NY2d 341, 345 n. 1 [1968] ["Although common-law copyright in an unpublished work lasts indefinitely, it is extinguished immediately upon publication of the work by the author."]; *see also* Vincent H. Peppe, *The Second Circuit Review -- 1986-1987 Term: Copyright: Fair Use of Unpublished Materials in the Second Circuit: the Letters of the Law: Salinger v. Random House, Inc.*, 54 Brooklyn L Rev 417, 423 n. 37 ["The division between common law and statutory copyright protection and the unavailability of fair

³ "[The] author's consent to a reasonable use of his copyrighted works [had] always been implied by the courts as a necessary incident of the constitutional policy of promoting the progress of science and the useful arts, since a prohibition of such use would inhibit subsequent writers from attempting to improve upon prior works and thus . . . frustrate the very ends sought to be attained." (*Harper & Row, Publr. v Nation Enters.*, 471 US 539, 549 [1984], quoting H. Ball, *Law of Copyright and Literary Property* 260 [1944]).

use for unpublished works [began in England and] was continued in the United States”], quoting William F. Patry, *The Fair Use Privilege in Copyright Law* 436-41 [1985]).

As the Supreme Court discussed at length in *Harper & Row, Publr. v Nation Enters.*, fair use was generally unavailable as a defense with respect to unpublished works (471 US 539, 551 [1985] [“fair use traditionally was not recognized as a defense to charges of copying from an author’s as yet unpublished works]). Deeply entrenched in the analysis was an emphasis on “first publication” (*see id.* at 555 [“Under ordinary circumstances, the copyright owner’s right of first publication would outweigh any needs of reproduction for classroom purposes.”] [internal quotation marks and citations omitted]; *American Tobacco Co. v Werckmeister*, 207 US 284, 299 [1907] [“the property of the author . . . in his intellectual creation [was] absolute until he voluntarily [parted] with the same”]).

In contrast to literary works, sound recordings secure common law copyright protection regardless of publication (*Naxos*, 4 NY3d at 560).⁴ As the Court of Appeals in *Naxos* explained:

⁴*Naxos* also addressed the origin of different treatment between sound recordings and other copyrighted works.

With the dawn of the 20th century, courts throughout the country were confronted with issues regarding the application of copyright statutes, which were created with sole reference to the written word, to new forms of communication. In *White-Smith Music Pub. Co. v Apollo Co.*, 209 US 1 [1908], the United States Supreme Court was asked to determine whether the federal Copyright Act encompassed perforated rolls of music used in player pianos.

* * *

[T]he Supreme Court had declared that player piano rolls and, by implication, sound recordings could not be “published” (i.e., read by a person) under federal law, Congress did not include audio musical works within the scope of the statute. Despite the fact that sound recordings could not be “published” under federal law, they were eligible for state common-law protection. (*Naxos*, 4 NY3d at 552 [citations omitted].)

[t]he evolution of copyright law reveals that the term “publication” is a term of art that has distinct meanings in different contexts. With regard to literary works, it has long been the rule that common-law protection ends when a writing is distributed to the public because it is at that point that federal statutory copyright protection controls. In contrast, in the realm of sound recordings, it has been the law in this state for over 50 years that, in the absence of federal statutory protection, the public sale of a sound recording otherwise unprotected by statutory copyright does not constitute a publication sufficient to divest the owner of common-law copyright protection.

(*Id.* [citations omitted].) Fair use was generally inapplicable because the copyrighted work was unpublished, however, sound recording copyright protection obtains regardless of publication. Thus, the erosion of the publication distinction in the context of sound recordings vitiates the underlying rationale preventing application of pre-publication fair use. Indeed, the Supreme Court has suggested that making the copyrighted work available, while not technically publishing, favors permitting fair use (*Harper & Row*, 471 US at 551 [“In a given case, factors such as implied consent through de facto publication on performance or dissemination of a work may tip the balance of equities in favor of prepublication use”], citing Copyright Law Revision -- Part 2: Discussion and Comments on Report of the Register of Copyrights on General Revision of the U.S. Copyright Law, 88th Cong., 1st Sess., 27 [H R Comm Print 1963]). Accordingly, this Court holds that fair use is available as a defense in the context of sound recordings.

That fair use is available to sound recordings does not resolve, however, the scope of the defense as applied to such works (*see Salinger v Random House, Inc.*, 811 F2d 90, 95 [2d Cir 1987] [Leval, J.], *rev'd*, 811 F2d 90 [2d Cir], *cert denied*, 484 US 890 [1987]). This Court finds guidance in looking to the federal statute to inform the inquiry as to the contours of common law fair use. The issue of infringement depends “upon a nice balance of the comparative use made in one of the materials of the other; the nature, extent and value of the materials thus used; the

objects of each work; and the degree to which each writer may be fairly presumed to have resorted to the same common sources of information or to have exercised the same common diligence in the selection and arrangement of the materials” (*Fendler v Morosco*, 253 NY 281, 291 [1930]; *see also Folsom v Marsh*, 9 Fed Cas 342 [CC D Mass] [1841] [Story, J.]).

Although New York cases have not applied the doctrine of fair use, New York case law has shown that factors such as the purpose and character of the copyrighted work, nature, amount, and market effect have been discussed and comport with the federal statutory fair use regime (*see e.g. Naxos*, 4 NY3d at 564 [discussing the purpose and character of the copyrighted work and that “the ability to enforce copyright protections provided by New York common law is not diminished due to the size of the market and, therefore, the popularity of a product does not affect a state common-law copyright infringement claim”]; *Hemingway*, 53 Misc 2d at 464, 466 [discussing “materials of significantly different nature” and “a showing of a significant appropriation of plaintiffs’ property”]; *Casino Productions*, 163 Misc at 405 [“The conclusion is inescapable that the defendant in its picture actually used substantial parts of plaintiff’s act . . .”]; *accord Salinger*, 650 F Supp at 422 [“In addition to reiterating that defendants had not quoted verbatim, the court [in *Hemginway*] emphasized the biographical purpose for using the letters, the nature of plaintiffs’ literary property, and the absence of any harm to the market for the letters.”]).

Thus informed as to the scope of fair use at common law, this Court turns to the analysis of fair use under the guidance of case law applying the statutory factors under 17 USC § 107.

Purpose of the Use

Section 107(1) instructs courts to consider “the purpose and character of the use,

including whether such use is of a commercial nature or is for nonprofit educational purposes.”

“The goal of copyright, to promote science and the arts, is generally furthered by the creation of transformative works” (*Campbell*, 510 US at 579). “Such [transformative] works thus lie at the heart of the fair use doctrine’s guarantee of breathing space . . .” (*id.*).⁵

Accordingly, the test is whether Defendants’ use of the Imagine Recording in Expelled “merely supersedes the objects of the original creation, or instead adds something new, with a further purpose or different character, altering the first with new expression, meaning, or message” (*Blanch*, 467 F3d at 253, citing *Campbell*, 510 US at 579). The Supreme Court explained that

“[f]or the 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. If, on the contrary, the commentary has no critical bearing on the substance or style of the original composition, which the alleged infringer merely uses to get attention or to avoid the drudgery in working up something fresh, the claim to fairness in borrowing from another’s work diminishes accordingly (if it does not vanish), and other factors, like the extent of its commerciality, loom larger.”

(*Campbell*, 510 US at 591). The court in *Blanch* added that “if the secondary use adds value to the original -- if [copyrightable expression in the original work] is used as raw material, transformed in the creation of new information, new aesthetics, new insights and understandings -- this is the very type of activity that the fair use doctrine intends to protect for the enrichment of society” (467 F3d at 251-52 [internal quotation marks and citation omitted]).

⁵ While *Campbell* concerned parody, its principles extend to non-parody cases as well (*Blanch v Koons*, 467 F3d 244, 255 [2d Cir 2006] [“We have applied *Campbell* in too many non-parody cases to require citation for the proposition that the broad principles of *Campbell* are not limited to cases involving parody.”]).

Here, the asserted purpose of the use is criticism. Defendants purport to criticize the sound recording itself and to criticize the idea and viewpoint that the sound recording evokes from the listener (*see* Mem in Opp at 10-11; Tr 5/20/08 13:25-14:19, 15:1824). Before the sound recording is played in *Expelled*, a series of clips show commentators expressing a common view that the world would be better off without religion.

[COMMENTATOR#1]: Religion, I mean it's just fantasy, basically. It's completely empty of any explanatory content . . . and it's evil as well. (Laugh)

[COMMENTATOR#2]: Half of the people in this country think that drugs is what you have to regulate to make it safer and half the people think guns, that's what you got to regulate to make it safer. But I always think if you're going to regulate one thing that has the most potential to cause death and destruction, religion, you got to start with religion. (audience applauds)

[COMMENTATOR#3]: Religion is an, is an idea that gives some people comfort, and we don't want to take it away from them. It's like, it's like knitting. People like to knit. You know, we're not going to take their knitting needles away, we're not going to take away their churches. Uh, but what we have to do is, is get it to a place where religion is treated at the level it should be treated, that is, something fun that people get together and do on the weekend and really doesn't affect their life as much as it has been so far.

STEIN: So what would the world look like if Dr. Myers got his wish?

[COMMENTATOR#3]: Greater science literacy, which is going to lead to the erosion of religion and then we'll get this positive feedback mechanism going where, as religion slowly fades away we'll get more and more science to replace it, and that will displace more and more religion, which will allow more and more science in, and we'll eventually get to that point where religion taken that appropriate place as, as, as side dish rather the main course.

STEIN: Dr [sic] Myers would like you to think that he's being original but he's merely lifting a page out of John Lennon's songbook.

SONG: "Nothing to kill or die for,
And no religion too"

(Sullivan Decl Ex C).

This Court finds that the use of the *Imagine* Recording may reasonably be viewed as a criticism of an anti-religious message represented in the sound recording and in general.

Defendants may have used the *Imagine* Recording for a transformative purpose by criticizing the

sound recording as well as the viewpoint it represents (*Blanch*, 467 F3d at 252 [transformative use confirmed by the sharply different objectives that the alleged infringer had in using and the copyright owner had in creating]; *Castle Rock*, 150 F3d at 142 [“When, as here, the copyrighted work is used as “raw material” in the furtherance of distinct creative or communicative objectives, the use is transformative.”] [internal quotation marks and citation omitted]).

Moreover, in *Toward a Fair Use Standard*, Judge Pierre N. Leval provided a candid appraisal of his decisions applying fair use doctrine and reflected upon a finer point of analysis: “Courts must consider the question of fair use for each challenged passage and not merely for the secondary work overall” (103 Harv L Rev 1105, 1112 [1990]). Thus, when considering fair use in light of the portion of *Expelled* containing the *Imagine Recording*, as opposed to the overall message of *Expelled*, the assertion of criticism looms larger. Accordingly, this Court finds that Defendants’ use of John Lennon’s *Imagine Recording* is transformative.

That the secondary work may have a commercial purpose does not undercut a finding of transformative use. “[T]here is a strong presumption that factor one favors the defendant if the allegedly infringing work fits the description of uses described in § 107” (*Wright*, 953 F2d at 736). “This presumption, moreover, is not necessarily rebutted by a concurrent commercial purpose on a defendant’s part . . .” (*NXIVM Corp. v Ross Inst.*, 364 F3d 471, 477 [2d Cir 2004]). As the Supreme Court noted in *Campbell*, “nearly all of the illustrative uses listed in the preamble paragraph of § 107, including news reporting, comment, criticism, teaching, scholarship, and research . . . ‘are generally conducted for profit’” (*Campbell*, 510 US at 584, quoting *Harper & Row*, 471 US at 592).

Additionally, Plaintiffs argue that the use of the actual sound recording was unnecessary.

Plaintiffs suggest that Defendants could have “referenced the words” or used other “equally informative non-infringing alternatives” (Mem in Support at 14). Plaintiffs cite *Byrne v BBC*, 132 F Supp 2d 229, 234 [SD NY 2001], for the proposition that “if equally informative non-infringing alternatives were available,” the first factor of fair use should favor the plaintiff. However, in *Byrne*, the court was unpersuaded that the defendant’s use of the copyrighted work for the purpose of news reporting was transformative (*see id.*). Moreover, the defendant argued that by virtue of it being a not-for-profit corporation alone, its use of the copyrighted work “was necessarily ‘non-commercial,’ and was instead ‘for nonprofit educational purposes’” (*id.*). The court rejected the argument, explaining that not-for-profit organizations “enjoy no special immunity from determinations of copyright violation” (*id.*). Only after finding that the copyrighted work was not used for a transformative purpose did the court discuss “equally informative non-infringing alternatives” (*see id.* at 234-35). Because this Court finds Defendants’ use to be transformative, *Byrne* is inapplicable here.⁶ Accordingly, the first factor favors Plaintiffs.

Nature of the Copyrighted Work

Section 107(2) directs courts to consider “the nature of the copyrighted work.” “This factor calls for recognition that some works are closer to the core of intended copyright

⁶To argue that Defendants could “easily have referenced the words of the John Lennon song at issue without using the actual recording” invites the argument that John Lennon could have easily communicated an “equally informative” message in written or spoken prose rather than in music and verse (*see* Mem in Support at 14). “It is not, of course, [a court’s] job to judge the merits of [the secondary work], or of [the alleged infringer’s] approach to art” (*Blanch*, 467 F3d at 244, citing *Campbell*, 510 US at 582 [“[I]t would be a dangerous undertaking for persons trained only to the law to constitute themselves final judges of the worth of a work, outside of the narrowest and most obvious limits.”])).

protection than others, with the consequence that fair use is more difficult to establish when the former works are copied” (*Campbell*, 510 US at 586). The Supreme Court explained that “this factor calls for recognition that some works are closer to the core of intended copyright protection than others, with the consequence that with the former fair use is more difficult to establish” (*id.*).

Here, it can be said that Lennon’s Imagine Recording is in the nature of an artistic creation that falls close to “the core of the copyright’s protective purposes” (*id.*). Indeed, Defendants acknowledge that the nature of the Imagine Recording may be closer to the core of intended copyright protection (*see* Mem in Opp at 15). Accordingly, the second factor favors Plaintiffs (*but see Campbell*, 510 US at 586 [“This fact, however, is not much help in this case, or ever likely to help much in separating the fair use sheep from the infringing goats in a parody case, since parodies almost invariably copy publicly known, expressive works.”])

Amount and Substantiality of the Portion Used

Under section 107(3), courts also consider “the amount and substantiality of the portion used in relation to the copyrighted work as a whole.”

Here, with respect to the amount used, the duration of the sound recording used is a minimal portion of the secondary work. Defendants used approximately 15 seconds of the Imagine Recording in 99 minutes of *Expelled* (*see* McMullan Aff ¶ 16; Sullivan Decl ¶ 17; Craft Decl ¶ 6).

However, Plaintiffs contend that the amount of the Imagine Recording used is substantial - an assertion challenging the qualitative portion used (*Harper & Row*, 471 US at 599 [“The judgment that this taking [approximately 300 words from a manuscript of more than 200,000

words] was quantitatively “infinitesimal,” does not dispose of the inquiry, however. An evaluation of substantiality in qualitative terms is also required.”)]. Plaintiffs offer a number of cases in which a fair use argument was rejected even where a fractional amount of the copyrighted work was used. While the cases indeed involved a minimal portion of the copyrighted work being used in the secondary work, the amount must be evaluated in light of the purpose of the use (*Campbell*, 510 US at 586). Moreover, none of the cases cited by Plaintiffs hew to its suggested formulaic holding that use of approximately 8% of a copyrighted work should be infringing (*see e.g. Harper & Row*, 471 US at 539 [“The portions actually quoted were selected by Mr. Navasky as among the most powerful passages in those chapters. * * * In short, he quoted these passages precisely because they qualitatively embodied Ford’s distinctive expression.”]; *Iowa State University Research Foundation, Inc. v American Broadcasting Co.*, 621 F2d 57, 61-62 [2d Cir 1980] [“ABC stresses that it used only 2 1/2 minutes of a 28-minute film, suggesting that such limited copying is insignificant. But ABC actually broadcast approximately eight percent of *Champion*, some of it on three separate occasions. Obviously, ABC found this footage essential, or at least of some importance”]; *Roy Export Co. Establishment etc. v Columbia Broadcasting System Inc.*, 503 F Supp 1137, 1145 [SD NY 1980] [“CBS concedes that each of the scenes it used was amongst Chaplin’s best and there was evidence that each such excerpt was central to the film in which it appeared.”]).⁷ Accordingly, this Court rejects EMI’s suggestion to find substantiality of use based on the amount used alone.

To be sure, the 15 seconds used from the *Imagine* Recording constitutes an important

⁷Indeed, in *Roy Export*, CBS used copyrighted material from five different works: 105 seconds of an 89 minute film; 225 seconds of a 60 minute film; 85 seconds of an 72 minute film; 55 seconds an 89 minute film; and 75 seconds of a 72 minute film (503 F Supp at 1145).

portion of the song. “But using some characteristic features cannot be avoided” (*Campbell*, 510 US at 589). If Defendants had copied a significantly less important part of the original, it is difficult to see how its criticism would have been apparent (*id.*). When considering whether Defendants took “the heart of the original and [made] it the heart of a new work,” (*id.* at 587), Plaintiffs appear to answer the question. In an affidavit submitted on behalf of Plaintiffs, the affiant states: “[n]othing in the recording itself is intrinsically relevant to the very specific focus of the movie on a dispute over the origin of life and an alleged bias on the part of academia against the theory of Intelligent Design” (McMullan Aff ¶ 17). Rather, as Defendants claim, the purported use of the Imagine Recording is directed at criticizing a specific viewpoint - that a world without religion is where people can live in peace - within the larger context of the movie (*see* Sullivan Decl ¶ 14). Thus, Plaintiffs’ own allegations belie the notion that Defendants used the Imagine Recording and made it the heart of *Expelled*. Moreover, Plaintiffs neither argue that the Imagine Recording was “prominently featured” in the film (*see Meeropol v Nizer*, 560 F2d 1061, 1071 [2d Cir 1977]), nor that *Expelled* is “structured around the [copied material] which serve as its dramatic focal points” (*Harper & Row*, 471 US at 566). Accordingly, this Court finds that the third factors favors the Defendants.

Effect on the Market

Lastly, section 107(4) teaches courts to consider “the effect of the use upon the potential market for or value of the copyrighted work.”

Here, Defendants argue that there is no cognizable market harm to Plaintiffs. Indeed, “there is no protectible derivative market for criticism” (*Campbell*, 510 US at 592). “The market for potential derivative uses includes only those that creators of original works would in

general develop or license others to develop” (*id.*). The Supreme Court in *Campbell* explained that “the unlikelihood that creators of imaginative works will license critical reviews or lampoons of their own productions removes such uses from the very notion of a potential licensing market” (*id.*).

Plaintiffs argue that the market for licensing recordings for use in films is nonetheless a cognizable market for Plaintiffs, regardless of whether Plaintiffs actually license or would have licensed the Imagine Recording for Expelled. However, Plaintiffs’ reliance on *Castle Rock*, 150 F3d 132, is misplaced. The court in *Castle Rock* stated that “[u]nlike parody, criticism, scholarship, news reporting, or other transformative uses, [the infringing work] substitutes for a derivative market that a television program copyright owner such as Castle Rock “would in general develop or license others to develop” (150 F3d at 145, citing *Campbell*, 510 US at 592 [“the role of the courts is to distinguish between “biting criticism [that merely] suppresses demand [and] copyright infringement[, which] usurps it”] [alterations in original and citation omitted]).

Accordingly, the asserted harm on Plaintiffs’ market is not recognized. Therefore, the fourth factor favors the Defendants. Because an analysis of fair use favors a finding of fair use, Plaintiffs fail to demonstrate a probability of success.⁸

Irreparable injury

To be “irreparable,” the injury alleged must be incapable of being adequately

⁸Plaintiffs asserted two causes of action in its Complaint: common law copyright infringement and unfair competition. However, because likelihood of success with respect to the second cause of action was neither briefed nor raised at oral argument, this Court declines to address likelihood of success with respect to unfair competition.

compensated in money damages (*see OraSure Tech., Inc. v Prestige Brands Holdings, Inc.*, 42 AD3d 348, 348 [1st Dept 2007]). “In copyright cases, however, if probable success - a prima facie case of copyright infringement - can be shown, the allegations of irreparable injury need not be very detailed, because such injury can normally be presumed when a copyright is infringed” (*Wainwright Secur. v Wall Street Transcript Corp.*, 558 F2d 91, 94 [2d Cir 1977]).

Here, however, Plaintiffs fail to demonstrate a likelihood of success. Accordingly, a presumption of irreparable injury is unwarranted. Presumptions aside, Plaintiffs assert that they will suffer irreparable injury because the unauthorized use of a sound recording that Plaintiffs have selectively licensed to third-parties will confuse the public and harm their reputation.

Here, Plaintiffs allege that Defendants’ use of the Imagine Recording causes harm to Plaintiffs’ reputation because of an element of confusion (*see McMullan Aff* ¶ 18). Plaintiffs assert that following the release of *Expelled*, the use of the Imagine Recording caused criticism and concern about why those responsible for the recording would permit Defendants’ use of the recording in *Expelled* (*id.* at ¶¶ 18, 19).⁹

Furthermore, Plaintiffs allege that Defendants’ use of the Imagine Recording in *Expelled* causes irreparable injury because use of its intellectual property without permission cannot be quantified (*McMullan Aff* ¶ 20). Plaintiffs explain that it carefully manages licensing rights to avoid the erosion of its intellectual property (*id.*). And that lost ability to control its management results in a loss of value to the intellectual property as well as other non-quantifiable loss (*id.*).

⁹For example, on April 16, 2008, The Wall Street Journal (online edition) reported that “Word of the song’s appearance in ‘Expelled: No Intelligence Allowed’ outraged bloggers, who immediately began speculating about why Ms. Ono would allow the song to appear in what they characterized as ‘creationist propaganda.’” (*McMullan Aff Ex A.*)

Moreover, Plaintiffs allege that such loss is exacerbated when unauthorized use of the Imagine Recording harms the legacy the recording is associated with (*id.* at ¶ 21).

Defendants' release of a film containing a copyrighted sound recording owned by Plaintiffs and the association of a well-recognized sound recording with the film affects Plaintiffs' goodwill and reputation. Because Defendants' conduct threatens Plaintiffs' goodwill and reputation, this Court finds that Plaintiffs sufficiently demonstrate irreparable harm (*see Four Times Square Assocs., L.L.C. v Cigna Investments, Inc.*, 306 AD2d 4, 6 [1st Dept 2003]; *Brintec Corp. v Akzo, N.V.*, 129 AD2d 447, 448 [1st Dept 1987]; *see also EMI Latin v Bautista*, SD NY, Feb. 24 2003, Pauley, J., No. 03 Civ. 0947, *40-42 [finding irreparable harm where harm to the plaintiffs goodwill and business relationships and lost sales were incapable of being fully remedied by monetary damages]).

Balance of equities

Courts consider a variety of factors when balancing the equities, including whether the irreparable injury to plaintiffs is more burdensome than the harm to defendant through the imposition of the injunction (*see Metropolitan Steel Corp. Industries, Inc. v Perini Corp.*, 50 AD3d 321, 322 [1st Dept 2008]).

On the one hand, the unauthorized use of Plaintiffs sound recording affects both Plaintiffs' ability to control the licensing process as well as the Plaintiffs' reputation with respect to the recording. However, the copyright of the song is not the grant of an exclusive right (*Newcomb v Young*, 43 F Supp 744, 745 [SD NY 1942], citing *Warner Bros. Pictures v Majestic Pictures Corp.*, 70 F2d 310 [2d Cir 1934]).

On the other hand, removing of the recording from Expelled may constitute a

countervailing hardship for Defendants because “[t]he loss of First Amendment freedoms, for even minimal periods of time, unquestionably constitutes irreparable injury” (*Five Borough Bicycle Club v City of New York*, 483 F Supp 2d 351, 360 [SD NY 2007]). However, Defendants chose to use Plaintiffs sound recording without authorization while simultaneously choosing to license numerous other recordings used in the movie. Accordingly, a balancing of equities favors neither Plaintiffs nor Defendants.

Defendants’ motion to dismiss

In the context of a motion to dismiss the court accepts as true the facts alleged in the complaint, and may grant the motion only if it appears beyond doubt that the plaintiff can prove no set of facts in support of his claim which would entitle him to relief (*Sokoloff v Harriman Estates Development Corp.*, 96 NY2d 409, 414 [2001]). “However, allegations consisting of bare legal conclusions, as well as factual claims inherently incredible or flatly contradicted by documentary evidence are not entitled to such consideration” (*Caniglia v Chicago Tribune-New York News Syndicate*, 204 AD2d 233, 233-34 [1st Dept 1994]). “The sole criterion is whether the pleading states a cause of action, and if from its four corners factual allegations are discerned which taken together manifest any cause of action cognizable at law, a motion for dismissal will fail” (*Guggenheimer v Ginzburg*, 43 NY2d 268, 275 [1977]). “Whether a plaintiff can ultimately establish its allegations is not part of the calculus in determining a motion to dismiss” (*EBC I, Inc. v Goldman, Sachs & Co.*, 5 NY3d 11, 19 [2005]).

At the outset of this motion’s discussion, it should be noted that “[i]t is settled law that the grant or denial of a request for a preliminary injunction, a provisional remedy designed for

the narrow purpose of maintaining the *status quo*, is not an adjudication on the merits and will not be given *res judicata* effect” (see *Preston Corp. v Fabrication Enters.*, 68 NY2d 397, 402 [1986]).

Common law copyright infringement

Again, Defendants reprise the argument that New York common law does not recognize fragmentary copying of copyrighted works. Discarding its previous argument that only an entire reproduction is actionable, Defendants, in its motion to dismiss, argue that under the rule in *Hemingway*, Plaintiffs must allege a significant appropriation (53 Misc 2d at 466). *Hemingway* states in dicta that “[b]efore an action may be maintained, there must be a showing of a significant appropriation of plaintiffs’ property -- significant both in volume and impact” (*id.*). However, the Court of Appeals in *Naxos* has stated that an unauthorized use may constitute infringement if it “utilizes the original *elements* of the protected performances” (4 NY3d at 564-65 [emphasis added]). To be sure, the Court of Appeals confirmed that reproduction of entire work generally constitutes infringement (*id.* at 564). Yet, nothing suggests that the entire work must be reproduced in order to constitute infringement.

Although this Court cannot conclude that Plaintiffs will probably succeed on its claim for common law copyright infringement, on their motion to dismiss, Defendants fail to show that Plaintiffs fail to plead a cause of action (*Guggenheimer*, 43 NY2d at 275).

Unfair competition

Under New York law, “[a]n unfair competition claim involving misappropriation usually concerns the taking and use of the plaintiff’s property to compete against the plaintiff’s own use of the same property” (*ITC Ltd. v Punchgini, Inc.*, 9 NY3d 467, 478 [2007]). The court’s

holding was intended “to reaffirm established state law prohibiting unfair competition, specifically, the principle that ‘when a business, through renown in New York, possesses goodwill constituting property or commercial advantage in this state, that goodwill is protected from misappropriation under New York unfair competition law’” (*ITC Ltd. v Punchgini, Inc.*, 518 F3d 159, 160-61 [2d Cir 200] , citing 9 NY3d 467). In *Naxos*, the Court of Appeals held that “[c]opyright infringement is distinguishable from unfair competition, which in addition to unauthorized copying and distribution requires competition in the marketplace or similar actions designed for commercial benefit” (4 NY3d at 563).

Indeed, “New York courts have noted the incalculable variety of illegal practices falling within the unfair competition rubric, calling it a ‘broad and flexible doctrine’ that depends ‘more upon the facts set fort . . . than in most causes of action’ (*see Roy Export*, 672 F2d at 1105 [internal quotation marks and citations omitted]). Moreover, the principle has long stood that direct competition is not an absolute requirement (*see Forsythe Co. v Forsythe Shoe Corp.*, 234 AD 355, 358 [1st Dept 1932]; *accord Sullivan v Ed Sullivan Radio & T. V., Inc.*, 1 AD2d 609, 610-11 [1st Dept 1956] [“it is not essential for parties to be in competition with each other in order to sustain an injunction”]). In *Forsythe*, it was argued that there must be direct competition before an injunction will issue. The court responded: “[o]n the contrary, the whole trend of decision is to prevent by injunction a threatened competition which is unfair, being calculated to impair the value of a trade name or to deceive the public” (*id.*). “The trend of the law, both statutory and decisional, has been to extend the scope of the doctrine of unfair competition, whose basic principle is that commercial unfairness should be restrained whenever it appears that there has been a misappropriation, for the advantage of one person, of a property right

belonging to another” (*Tiffany & Co. v L’Argene Products Co.*, 67 Misc 2d 384, 388 [Sup Ct New York County 1971]).

Here, Plaintiffs allege that Defendants engaged in unfair competition by the unauthorized “use and exploitation” of the Imagine Recording (Compl 19); running misleading credit information (*id.* at 22); falsely suggesting that the Imagine Recording was properly licensed (*id.* at 23); “intentionally and willfully” using the Imagine Recording “in a fashion that suggests to the public that such use was authorized, endorsed or sponsored by the proprietors of the ‘Imagine’ recording” (*id.* at 25); using the Imagine Recording in a fashion that “is likely to confuse and mislead the public into believing that the Imagine Recording was properly licensed for use” in Expelled (*id.* at 30). Because the allegations sufficiently allege that Defendants appropriated the “‘skill, expenditures and labor’ of the plaintiffs to its own commercial advantage”(*id.*), Plaintiffs have pleaded a cause of action for unfair competition.

CONCLUSION

Based on the foregoing, it is hereby

ORDERED that Plaintiffs' motion seeking a preliminary injunction is denied; and it is further

ORDERED that Defendants' motion to dismiss is denied; and it is further

ORDERED that Defendants shall serve an answer to the complaint within twenty days after service of a copy of this order with notice of entry.

Dated: August 8, 2008

ENTER:



J.S.C.