

UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF OHIO
DAYTON DIVISION

JAMES RANEY,)	
)	
Plaintiff,)	
)	
v.)	No. 3:14-cv-342
)	
THE CONNOR GROUP,)	
)	
Defendant.)	

OPPOSITION TO MOTION TO DISMISS

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MISCELLANEOUS

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This is an action for a declaratory judgment in which a dissatisfied tenant, who created a blog to discuss his grievances against a big company that managed the apartment complex where he resided, seeks the Court's protection against a misuse of the copyright laws to interfere with his free speech. To illustrate his criticisms, he posted small excerpts from a newsletter that the management company published for its staff; the management company sent repeated communications to the blogger's hosting company, asserting that the excerpts infringed its copyright and implicitly threatening the host with infringement liability. Because the excerpts were all fair use, and because it is a misuse of copyright to invoke infringement concerns to suppress unwanted expression, the blogger seeks a declaratory judgment of non-infringement. The management company moves to dismiss the complaint based on outmoded precedent that held that registration of a copyright is a jurisdictional predicate for litigation over whether that copyright was infringed, and on other spurious grounds. The Supreme Court has since held that registration is **not** jurisdictional, but rather a procedural hurdle imposed on copyright holders to encourage them to register their copyrights. Applying that rule to prevent accused infringers from seeking relief from charges of infringement would turn the statute on its head, and the few courts that have addressed this issue since the Supreme Court's ruling have held that accused infringers need not allege registration to protect their rights. Moreover, arguments for dismissal based on the proposition that copyright misuse is only an equitable defense against monopolistic abuses ignore both the fact that the blogger invokes that doctrine only as a defense, and the appellate authority recognizing the applicability of the theory of copyright misuse to suppress expression of which the copyright holder disapproves.

STATEMENT OF THE CASE

When plaintiff James Raney lived in the Meridian Apartments, a building managed by defendant Connor Group, he became dissatisfied with the latter's management, and he created a blog

entitled “Meridian Tenants Association,” which was located at <http://meridian-tenants-assoc.tumblr.com/> and hosted by a company called Tumblr. Complaint ¶ 5. Although he no longer lives at the Meridian, he has continued to maintain his blog. Among other matters, Raney’s blog sometimes referred to statements that Connor Group made to its own employees, in a newsletter published for employees, that Raney thought his readers would find interesting and, indeed, contrary to their own values. Raney illustrated some of these criticisms with short excerpts from the newsletters, published as images on the blog. *Id.* ¶ 6. The doctrine of fair use entitled Raney to include the excerpts in his blog. *Id.* ¶ 11. Several illustrative excerpts from the blog are attached to the affidavit of James Raney that is filed with this brief.¹

Connor Group makes no secret of its displeasure with Raney’s criticisms. In fact, it has sued him for defamation; that action is pending in this Court as No. 3:14-cv-00283-WHR. In addition to suing for defamation, Connor Group has invoked the copyright laws to interfere with Raney’s blog. *Id.* ¶ 9. Specifically, Connor Group repeatedly sent notifications to Tumblr under the Digital Millennium Copyright Act (“DMCA”) demanding the removal of the newsletter excerpts. *Id.*

The DMCA grants services which host Internet content authored by their users an immunity from liability for copyright infringement based on infringing matter placed on their services without the specific knowledge of the hosting company, so long as the host complies with several significant conditions. *Id.* One of the most important conditions is that, when a copyright owner brings to the host’s attention that specific infringing material is hosted in a specific location on the host’s computer services, the host “responds expeditiously to remove, or disable access to, the material that

¹ Because the blog and the images are alleged as a basis for the complaint, they can be considered in connection with the motion to dismiss under Rule 12(b)(6). *Weiner v. Klais and Co.*, 108 F.3d 86, 89 (6th Cir. 1997).

is claimed to be infringing or to be the subject of infringing activity.” 17 U.S.C. § 512(c)(1)(C). The statute provides a specific form that the notification of infringing material must take; such notifications are referred to as “DMCA takedown notices.” When a hosting service is sued for allegedly hosting vast quantities of infringing material, one of the issues that is briefed and discussed in rulings is whether the host has responded promptly to takedown notices by complying with the notice. *UMG Recordings v. Shelter Capital Partners*, 718 F.3d 1006, 1023 (9th Cir. 2013). A second condition for DMCA immunity is that the host must deal swiftly with repeat infringers: it must “adopt[] and reasonably implement . . . a policy that provides for the termination in appropriate circumstances of subscribers and account holders of the service provider’s system or network who are repeat infringers.” 17 U.S.C. § 512(a)(1)(A). Evidence about repeat infringers also plays a significant role in litigation brought by large copyright holders against hosting services; evidence that the service does not deal effectively with repeat infringers can be sufficient reason alone to deny the host’s DMCA immunity defense. *Disney Enters. v. Hotfile Corp.*, 2013 WL 6336286, at *24 (S.D. Fla. Sept. 20, 2013). Consequently, a host that receives DMCA takedown notices has a strong incentive to effect an expeditious takedown, and a host that receives multiple notices about a single user has a strong incentive to keep track of the number of notices and to take action accordingly. As a result plaintiff Raney, having been the target of two successive DMCA takedown notices sent to Tumblr by Connor Group, asserting multiple instances of infringement, had (and has) every reason to worry about his continued ability to host a blog about Connor Group.

To protect his free speech rights, Raney brought this action seeking a declaratory judgment of non-infringement. He does not seek an award of damages, or any affirmative relief personal to himself, because his objective is only to protect his free speech rights. He asks the Court to declare

that he is not an infringer for two separate reasons: that each of the images he posted from Connor Group's newsletters was fair use, and that Connor Group engaged in copyright misuse when it served takedown notices on Tumblr. Raney will be able to use that declaratory judgment to show Tumblr, or any other Internet Service Provider that may host his blog, that he is not an infringer and that the ISP can safely provide him with hosting services.

Summary of Argument

Defendant Connor Group argues that the complaint should be dismissed for three closely related reasons: 1) that no lawsuit can ever be brought relating to claims of copyright infringement unless the copyright has been registered; 2) that copyright misuse is an equitable defense that cannot support an affirmative claim; and 3) that copyright misuse is improperly asserted here because Raney has an adequate legal remedy. Each of these arguments is wrong: each rests on a common mischaracterization of this action. Raney has not sought damages or injunctive relief; he only seeks this Court's protection against a misuse of the trademark laws to suppress his dissenting views about the defendant. He has brought a classic declaratory judgment action in which the Court is asked to declare his rights vis-à-vis the copyright holder, thus eliminating a reason for a third party, whom the copyright owner has threatened, to refuse to host his blog or to allow images to be shown on that blog. Specifically, he seeks a judgment that Connor Group's threatened claims of trademark infringement are barred by the defenses of fair use and copyright misuse. Even if Connor Group cannot **currently** bring a lawsuit for copyright infringement because it has not yet registered its copyright in the newsletters from which Raney copied the posted images, Connor Group could remove that impediment at any time by the simple step of registration. Hence the current lack of registration (assuming the accuracy of Connor Group's representation that the copyright is not

registered) would not lessen Raney's need for the declaratory judgment for which he has prayed.

Moreover, all of the cases on which Connor Group relies for the proposition that copyright-related lawsuits, even suits by claimed infringers seeking a judgment of non-infringement, are forbidden before the copyright is registered, rest on a proposition of law that the Supreme Court rejected in a 2010 decision: that the Copyright Code makes registration a jurisdictional prerequisite. Even before the Supreme Court ruled, the better-reasoned argument was that registration is a prerequisite for infringement suits but not for claims of non-infringement; since the Supreme Court ruled, every court to address the issue has treated registration as a condition for suit by the copyright owner but not for suits **against** the copyright owner. And because Raney invokes copyright misuse only as a defense to the threatened infringement claim, not as a basis for affirmative relief, that defense is, like the fair use defense, available to him.

Finally, Connor Group cites a few cases saying that copyright misuse is a possible defense only against misuse of the copyright to suppress economic competition, analogous to an antitrust violation. Although there are some cases that discuss the copyright misuse doctrine in an antitrust context, other appellate cases provide that the doctrine can be invoked when copyright claims are asserted to suppress expression that the copyright holder does not like. For example, in a leading decision the defense was successfully raised against a copyright holder who was trying to suppress a critical biography. And the decision by Circuit Judge Batchelder sitting by designation in a district court case, on which defendant heavily relies, explicitly recognized that the misuse defense can extend beyond antitrust concerns.

ARGUMENT

Declaratory judgment suits are a common procedure for resolving disputes about intellectual

property claims,² because intellectual property is most commonly used in connection with business relationships with third parties.³ There are several related doctrines—direct infringement, contributory infringement, and secondary infringement⁴—that enable the owners of intellectual property to impose third-party liability on companies doing business with an alleged infringer. Such third parties often have little stake in the business of the alleged infringer, in that they can make their profits dealing with other companies whose properties pose less legal risk. Thus, when a claim of infringement is made, such parties may well simply decide to do business with somebody else rather than risk being entangled in intellectual property litigation, which tends to be quite expensive. AIPLA, *Report of the Economic Survey* 25 (2007). As in this case, when threats of infringement liability are made to third parties, such as the parties who host a critic’s blog, an action for declaratory judgment may preserve the alleged infringer’s access to third-party hosting services.

I. RANEY CAN SEEK A DECLARATORY JUDGMENT OF NON-INFRINGEMENT WITHOUT ALLEGING THAT THE WORKS WERE REGISTERED.

A. Connor Group’s Argument That Raney Cannot Seek a Declaration That He Has Not Infringed a Copyright Because Right Has Not Yet Been Registered Rests on Precedents That the Supreme Court Overruled Five Years Ago.

Connor Group argues that the complaint should be dismissed because it does not allege that Connor Group has registered its copyright in any of the newsletters from which the excerpts were

²*E.g., MedImmune, Inc. v. Genentech, Inc.*, 549 U.S. 118 (2007) (patent); *Static Control Components v. Lexmark Int’l*, 697 F.3d 387, 397 (6th Cir. 2012), *aff’d on other grounds*, 134 S. Ct. 1377 (2014) (copyright); *Data Concepts v. Digital Consulting*, 150 F.3d 620, 622 (6th Cir. 1998) (trademark).

³*E.g., CompuServe, Inc. v. Patterson*, 89 F.3d 1257, 1264 (6th Cir. 1996).

⁴*Metro–Goldwyn–Mayer Studios v. Grokster, Ltd.*, 545 U.S. 913, 928-934 (2005); *UMG Recording v. Shelter Capital Partners*, 718 F.3d 1006, 1031-1033 (9th Cir. 2013).

taken. Connor Group relies on section 411 of the Copyright Code, and a series of decisions construing that statute. Section 411 provides as follows, in pertinent part:

[N]o civil action for infringement of the copyright in any United States work shall be instituted until preregistration or registration of the copyright claim has been made in accordance with this title.

Because this action is for a declaratory judgment of non-infringement, not a civil action for infringement, it should be apparent that lack of registration is not a statutory bar to this proceeding. Moreover, as Connor Group concedes, Mem. at 5, 8, the United States Supreme Court squarely held in *Reed Elsevier v. Muchnick*, 559 U.S. 154 (2010), that lack of registration is **not** a jurisdictional defect, even in an action for infringement. Despite that concession, Connor Group cites a long string of decisions holding that section 411 is a jurisdictional provision in any suit that relates to copyright infringement. But those cases have **all** been overruled by the Supreme Court in *Reed Elsevier*.

For example, *Stuart Weitzman, LLC v. Microcomputer Res.*, 542 F.3d 859, 863 (11th Cir. 2008), cited by Connor Group, held that, in addition to being a jurisdictional condition for actions for infringement, copyright registration is a jurisdictional prerequisite to actions seeking declarations of non-infringement. *Id.* at 862 n.1, 863. This holding was based on the unique way that courts assess the federal question jurisdiction of suits seeking a declaration of non-infringement. *Id.* at 861-62 & 862 n.1. Instead of considering whether federal question jurisdiction exists on the face of the well-pleaded complaint, a court in a declaratory judgment action asks whether such jurisdiction would be present if the parties' roles were reversed and the defendant in the declaratory judgment action were the one to sue the plaintiff. *Id.* at 861-62; *see also Franchise Tax Bd. v. Constr. Laborers Vacation Trust*, 463 U.S. 1, 19 & n.19 (1983). In the context of an action brought by an alleged copyright infringer for a declaration of non-infringement, the court therefore assesses

whether it has federal question jurisdiction over the action by asking whether it would have jurisdiction over a hypothetical copyright infringement action brought by the copyright holder against the alleged infringer. *See id.* at 863. Employing this analysis, the court in *Stuart Weitzman* held that it had no federal question jurisdiction over an alleged infringer’s declaratory action because it would have no jurisdiction over a hypothetical copyright infringement suit brought by the holder of the unregistered copyright. *Id.* at 863.

The Supreme Court specifically held in *Reed Elsevier*, however, that copyright registration is *not* a jurisdictional prerequisite to a copyright infringement suit. 559 U.S. at 163-166. As a leading copyright treatise has stated, *Reed Elsevier* “evaporate[d]” *Stuart Weitzman*’s jurisdictional premise. Melville B. Nimmer & David Nimmer, 2-7 *Nimmer on Copyright* § 7.16(B)(3)(b)(v) (Matthew Bender, Rev. Ed.). *Stuart Weitzman* “cannot survive the Supreme Court’s ruling.” *Id.*

Because *Reed Elsevier* establishes that registration is not jurisdictional, registration is simply another one of the elements, like originality, copying, and ownership, that a copyright owner must allege in order to establish its ability to sue for copyright infringement. By the same token, the absence of that element, or the availability of a defense such as fair use or copyright misuse, is simply one more reason why someone who has been accused of copyright infringement might be able to secure a declaratory judgment that he is not liable for infringement. There is, however, a significant difference between registration and other elements of or defenses to a civil claim for infringement: unlike lack of originality, lack of copying, lack of ownership, fair use or copyright misuse, the copyright owner can correct the lack of registration at any time by the simple act of registration. There is no reason why an accused infringer should have to delay seeking a judgment of non-infringement in the hope that the copyright owner will never register especially when, as in

this case, the copyright owner has “repeatedly invoked its ownership of the copyright . . . to force removal of the [copies].” Complaint ¶ 9.

Connor Group cites several post-*Reed Elsevier* cases for the proposition that registration is a procedural prerequisite for “infringement-related claims,” Def. Mem. 6, 9, but this characterization is deceptively vague: not one of its post-*Reed Elsevier* cases was a declaratory judgment action seeking to establish non-infringement. Each one of Connor Group’s post-*Reed Elsevier* cases was a suit by a copyright owner seeking remedies for infringement or, in one case, seeking to establish that it and not the defendant was the owner of the copyright.

Indeed, in *Mayo Clinic v. Elkin*, 2010 WL 5421322 (D. Minn. Dec. 27, 2010), which Connor Group cites as supporting its analysis, plaintiffs sued Elkin, not under federal law for copyright infringement, but rather in state court and under state law for breach of a licensing agreement and for a declaration of ownership rights (which is a state-law question, not a copyright law question). *Id.* at *1. Elkin removed to federal court and counterclaimed for a declaratory judgment, *id.*, and argued that the court should not dismiss his counterclaim because he was **not** suing for copyright infringement but rather for a declaration that counterclaim-defendant Cerner had no right to copyright its product. *Id.* at *5. The district court reject that argument, but **not** on the ground that suits claiming non-copyrightability are judged by the same registration precondition as suits for infringement; instead, it held that Elkin’s pleadings belied his argument: Elkin was suing for a declaration that depended on the proposition that the counterclaim defendant had infringed Elkin’s right to produce derivative works, and such infringement claims cannot be brought by one who does not own a registered copyright. Had the court believed that registration was needed for a declaratory judgment of non-infringement of copyright, it would not have had to inspect the pleadings as it did

to determine whether it was non-infringement of copyright that was at issue. To the extent that *Mayo Clinic* bears at all on this issues in this case, it implicitly supports Raney’s argument that a suit for declaration that a copyright holder cannot seek relief does **not** require registration.

Only two post-*Reed Elsevier* decisions have addressed the propriety of a declaratory judgment suit against a copyright owner who had yet to register but issued claims of infringement, and **both** decisions support Raney’s position in this case. The first decision directly rejected “out-of-date case law, such as *Stuart Weitzman*,” and held that, under *Reed Elsevier*, “the absence of registration does not prevent a federal court from exercising jurisdiction over a copyright infringement suit.” *Telebrands Corp. v. Exceptional Prods.*, 2011 WL 6029402, at *3 n.2 (D.N.J. Dec. 5, 2011). More recently, in *Lee v. Makhnevich*, 2013 WL 1234829, at *5 (S.D.N.Y. Mar. 27, 2013), the district court refused to dismiss a declaratory judgment action for non-infringement against a dentist who required all patients to sign contracts assigning to her the copyright in anything they might write about the dentist, sent DMCA takedown notices to consumer review sites where a particular patient had posted criticisms of the dentist, and also threatened to sue that patient for copyright infringement. The copyright owner sought dismissal on the ground that she had never registered her copyright in the patient’s writings, but the district court refused to dismiss because registration is not jurisdictional and the language of section 411 clearly limits the condition of registration to a “civil action for infringement,” and thus is inapplicable to a suit by a plaintiff who does not seek remedies for infringement. “Defendants’ argument that the copyright must be registered before relief can be granted to Plaintiff turns the law upside down.” *Id.* at *5.

B. Common Sense and Policy Reasons Illustrate Why Congress’s Procedural Precondition for Suits for Infringement Does Not Apply to Suits for Declarations of Non-Infringement.

The *Telebrands* opinion makes clear why the registration requirement of Section 411(a) does not apply to actions seeking a declaration of non-infringement: “[E]ven without *Reed Elsevier v. Muchnick*’s clarification of ranking, the Eleventh Circuit’s reasoning [in *Stuart Weitzman*] still seems plainly wrong, given that the registration requirement set forth in the statute explicitly applies only to ‘an action for infringement of the copyright,’ not to a declaration of rights under the Copyright Act.” *Id.* at *3 n.3 (quoting 2-7 *Nimmer on Copyright* § 7.16[B][3][b][v]). Other authorities reached a similar conclusion, even before *Reed Elsevier* was decided. See, e.g., *Application Science & Tech. v. Statmon Techs. Corp.*, 2006 WL 1430215, at *1 (N.D. Ill. Apr. 26, 2006) (“[C]an a party accuse another of infringement and prevent the alleged infringer from seeking redress by failing to bring a coercive lawsuit? The answer is obviously ‘no’; that is a reason for permitting declaratory judgment actions. We think that answer pertains when the accuser seeks to prevent the alleged infringer from seeking redress by failing to register the copyright.”).

The reason why registration is not a prerequisite for bringing a declaratory judgment action is simple. Only copyright owners can register their works. 17 U.S.C. §§ 408(a), 409(5). Connor Group admits, Mem. at 7 n.3, that creating an incentive for copyright holders to register is the reason why Congress chose to condition a copyright infringement lawsuit on registration. See *Cosmetic Ideas v. IAC/InterActiveCorp*, 606 F.3d 612, 620 (9th Cir.) (“[T]he central goal of . . . the pre-litigation registration requirement [is to act] as an incentive to help Congress maintain a robust national register of copyrights.”) There is, however, no corresponding incentive to register when a potential defendant seeks a declaration of non-infringement and certainly none when a copyright

owner, who threatens to sue for infringement, is able to forestall a legal determination of a user's rights by simply refusing to apply for a registration. In fact, dismissing suits for declarations of non-infringement would encourage non-registration by allowing copyright holders to suppress fair use criticism by threatening infringement lawsuits while simultaneously insulating their assertions of infringement from judicial scrutiny. Surely, Congress did not intend to allow copyright holders like Connor Group to use the Copyright Act both as a sword—to stifle criticism by claiming infringement—and as a shield—to choose not to register and hence prevent users from receiving any clarity from the courts. That would be inimical to the purpose of the Copyright Act, which is to increase, not decrease, the amount of useful information for the public's benefit. *See Fogerty v. Fantasy, Inc.*, 510 U.S. 517, 524-27 (1994). *See also* U.S. Constitution, Article I, Section 8, Clause 8 (Copyright Clause empowers Congress to “promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries”)

Moreover, Connor Group's lack of registration of its copyright in the newsletters from which Raney excerpted the images he placed on his blog does not prevent Connor Group from once again serving DMCA takedown notices, thus threatening to impose liability on Raney's current hosting company. Nor is Connor Group prevented from registering its copyright in the future and then suing the hosting company. At the present time, lack of registration would bar Connor Group's suit, but Raney has brought this action because he believes that there are non-defeasible bars to an infringement action, namely the defenses of fair use and copyright misuse. This declaratory judgment action is intended to secure Raney against future threats by establishing defenses that would survive registration. It would be inequitable to allow a copyright holder to implicitly threaten

to impose liability on third-party hosts while withholding from them the information that it cannot yet sue them because the copyright is not registered, and at the same time prevent consumers like Raney from establishing their innocence through valid defenses to the charge of infringement.

Even before *Reed Elsevier* was decided, district courts were alert to the danger of such manipulation and refused to dismiss declaratory judgment actions where the copyright owner had initiated an enforcement proceeding, including a state-court infringement action that is patently unlawful because federal courts have exclusive jurisdiction to enforce copyrights. *Application Science*, 2006 WL 1430215, at *1 (“obvious[.]” that copyright holder cannot “prevent the alleged infringer from seeking redress” by “failing to register the copyright”); *Optovue Corp. v. Carl Zeiss Meditec*, 2007 WL 2406885, at *4 (N.D. Cal. Aug. 20, 2007) (approving of *Application Science*, but finding no reasonable apprehension on facts of that case); *see generally* 17 U.S.C. § 301; 28 U.S.C. § 1338.

In short, the effect of Section 411(a) is clear: the registration requirement applies only to copyright infringement suits by copyright holders, not to actions by alleged infringers for declarations of non-infringement. Connor Group’s arguments to the contrary seek to pervert and distort the both the congressional intent behind Section 411(a) and the Copyright Act’s larger purpose of increasing the flow of information that is useful to the public.

II. RANEY’S DEFENSE OF COPYRIGHT MISUSE IS PROPERLY CONSIDERED IN THIS ACTION.

Raney seeks a declaratory judgment that he has not infringed Connor Group’s copyright based on two separate and independent defenses: fair use and copyright misuse. Apart from its misguided argument that the action cannot proceed because Raney does not allege registration of the

relevant copyrights, Connor Group does not deny that the defense of fair use can be adjudicated in a declaratory judgment action. But it advances two separate arguments against consideration of Raney's copyright misuse arguments. Because Raney seeks a declaratory judgment establishing his fair use defense as well as copyright misuse, these arguments would not result in dismissal of the entire lawsuit, only of the request for a judgment about the copyright misuse defense, and in any event neither of Connor Group's arguments against consideration of copyright misuse is sound.

First, Connor Group argues that because a claim for copyright misuse seeks an affirmative equitable remedy, it is subject to the rule that equitable remedies cannot be awarded if there is an adequate remedy at law, and that in this case the adequate remedy of law is the action for damages that Congress has established for wrongful DMCA takedowns. However, both prongs of this argument are wrong—Raney does not seek an affirmative equitable remedy, and the DMCA wrongful takedown cause of action for damages is not an adequate remedy at law.

As for the former prong, Raney is not seeking an injunction, or a cancellation of Connor Group's copyright, or indeed any affirmative relief against Connor Group. Connor Group is correct that Congress provided an affirmative cause of action for monetary relief for wrongful takedown, providing for "damages, including costs and attorneys' fees, incurred by the alleged infringer." 17 U.S.C. § 512(f). But Raney does not seek money. He only wants the Court to declare that he has a valid defense against Connor Group's assertions of copyright infringement because Connor Group has been engaged in copyright misuse, so that he can go back to using excerpts from the newsletters to illustrate his criticisms of Connor Group on his blog, and can avoid the risk of being barred from blogging as a repeat infringer.

Connor Group has cited no authority for the proposition that a declaratory judgment of non-

liability based on a defense—either the defense of copyright misuse or, indeed, based on any other defense—is subject to dismissal based on an adequate remedy at law. *Altera Corp. v. Clear Logic*, 424 F.3d 1079 (9th Cir. 2005), the main authority on which Connor Group relies, Mem. at 3, 4, does not say that. Altera sued Clear Logic not for copyright infringement but under a special statute, the Semiconductor Chip Protection Act, as well as under state law to enforce certain licensing agreements, and Clear Logic presented copyright misuse as a ground for canceling the agreements. The Court of Appeals rejected this argument, not for availability of adequate remedies at law, but because copyright misuse is a defense to copyright infringement and Altera had not alleged copyright infringement. “We cannot now void the license agreements under the pretext of refusing to enforce a copyright that has not been asserted. Copyright misuse is not a defense to the state law claims asserted by Altera.” 424 F.3d at 1090.

Nor is the cause of action for wrongful takedown under 17 U.S.C. § 512(f) an adequate legal remedy, for several reasons. First of all, suing under section 512(f) would require Raney to prove that Connor Group made a “knowingly material misrepresent[ation]” of the infringing character of the use. *Id.*; *Tuteur v. Crosley-Corcoran*, 961 F. Supp. 2d 333, 341-342 (D. Mass. 2013); *Lenz v. Universal Music Corp.*, 2013 WL 27163, at *4-*8 (N.D. Cal. Jan. 24, 2013). To be sure, among the small number of cases decided under the statute, a couple of cases have held that copyright owners must consider fair use when issuing takedown notices, so that a knowing misrepresentation that the use was not fair would be cause for liability under section 512(f). *Lenz v. Universal Music Corp.*, 572 F. Supp. 1150, 1154-1155 (N.D. Cal. 2008); *Online Policy Group v. Diebold*, 337 F. Supp.2d 1195, 1203-1204 (N.D. Cal. 2004). But no case has ever addressed the question whether a knowing misrepresentation that copyright misuse is absent is a basis for a wrongful takedown

claim, and Raney should not be required to establish that novel proposition instead of simply obtaining the traditional remedy of a declaratory judgment when there is a dispute about whether someone has committed infringement. Moreover, the section 512(f) remedy is available only when the plaintiff can prove damages of the sort provided by the statute, which are not needed in an action for a declaratory judgment. In addition, a declaratory judgment action depends only on whether Raney's use was fair, not on a showing that Connor Group acted with mens rea. Raney reserves judgment about whether Connor Group was engaged in wrongful takedown—discovery may establish a basis for an additional claim under section 512(f). But he should not have to take on the burden of proving wrongful takedown in order to establish his right to engage in fair use, or his right not to be subjected to copyright misuse.

Indeed, even if there were an “irreparable injury” requirement for asserting the defense of copyright misuse, the Supreme Court has held that the deprivation of First Amendment rights, even for a minimal period of time, is irreparable injury justifying the issuance of a preliminary injunction. *Elrod v. Burns*, 427 U.S. 347, 373 (1976); *Newsom v. Norris*, 888 F.2d 371, 378 (6th Cir. 1989). Here, Raney seeks to protect his freedom to express himself in opposition to Connor Group's actions, and charges that Connor Group has misused its copyright to suppress his expression. However much Connor Group might prefer to pay damages rather than allow Raney to express himself freely as a result of the issuance of a declaratory judgment, Raney does not want to allow his right of free speech to be bought by the payment of damages. For all of these reasons, Connor Group's argument that Raney should be left to his claim for damages under section 512(f) should be rejected.

Connor Group also argues (Mem. at 3-4, 11-12, 14) that copyright misuse is limited to claims

that the copyright holder misused its copyright to achieve a monopoly not protected by the copyright laws, that is, to impose a form of antitrust injury. But although there are cases that discuss copyright misuse in those terms, other courts recognize that the defense extends well beyond antitrust concerns. For example, Connor Group cites *Lasercomb America v. Reynolds*, 911 F.2d 970, 976–79 (4th Cir. 1990), for the proposition that copyright misuse is limited to restraining economic competition, but as the Seventh Circuit has said, the precedent stands for the opposite proposition: “*Lasercomb* cut misuse free from antitrust, pointing out that the cognate doctrine of patent misuse is not so limited, 911 F.2d at 977-78.” *Assessment Techns. of WI v. WIREdata, Inc.*, 350 F.3d 640, 647 (7th Cir. 2003). Judge Posner’s opinion for the panel continued:

The argument for applying copyright misuse beyond the bounds of antitrust, besides the fact that confined to antitrust the doctrine would be redundant, is that for a copyright owner to use an infringement suit to obtain property protection, here in data, that copyright law clearly does not confer, hoping to force a settlement or even achieve an outright victory over an opponent that may lack the resources or the legal sophistication to resist effectively, is an abuse of process.

350 F.3d at 647.

Similarly, although Connor Group repeatedly invokes a decision by Circuit Judge Batchelder, sitting by designation, in *Budish v. Gordon*, 784 F. Supp. 1320 (N.D. Ohio. 1992), Judge Batchelder too recognized the broader scope of the copyright misuse defense: the party invoking the defense must show the copyright holder **either** “illegally extended its monopoly **or otherwise violated the public policy underlying copyright law,**” *id.* at 1336 (emphasis added), although on the facts of the case she found it “unnecessary to decide whether to recognize the misuse defense.” *Id.*

Invoking copyright to suppress critical expression is precisely the sort of violation of public policy underlying copyright to which Judge Batchelder was referring. One of the leading copyright

cases applied barred the use of copyright law to suppress expression by a hostile critic. In *Rosemont Enterprises v. Random House*, 366 F.2d 303 (2d Cir. 1966), the Second Circuit overturned a preliminary injunction against an alleged copyright infringer where the copyright holder sought to use his copyright “to restrict the dissemination of information.” *Id.* at 311 (concurring opinion for two judges of three-judge panel). In *Rosemont*, a corporation acting for the publicity-shy Howard Hughes purchased the copyright to an article about Hughes solely to bring an infringement suit to enjoin the publication of a forthcoming biography on Hughes. *Id.* at 313. Without using the term “copyright misuse” (which first appeared at the appellate level event years later), the concurring opinion by Chief Judge Lumbard, which represented the majority view of the judges on the panel, reasoned:

The spirit of the First Amendment applies to the copyright laws at least to the extent that the courts should not tolerate any attempted interference with the public's right to be informed regarding matters of general interest when anyone seeks to use the copyright statute which was designed to protect interests of quite a different nature.

Id. at 311.

The Third Circuit has broadly endorsed this analysis, treating it as form of copyright misuse and thus taking the doctrine well beyond the scope of economic competition concerns:

Although *Rosemont* . . . did not concern an anti-competitive licensing agreement as in the typical misuse case, it focused as do the misuse cases on the copyright holder's attempt to disrupt a copyright's goal to increase the store of creative expression for the public good. 366 F.2d at 311 (“It would be contrary to the public interest to permit any man to buy up the copyright to anything written about himself and to use his copyright ownership to restrain other[s] from publishing biographical material concerning him.”); *Lasercomb*, 911 F.2d at 978 (“[T]he company is required to forego utilization of the creative abilities of all its officers, directors and employees in the area of [computer assisted design and computer assisted manufacture] die-making software. Of yet greater concern, these creative abilities are withdrawn from the public.”). A copyright holder's attempt to restrict expression that is critical of it (or of its copyrighted good, or the industry in which it operates, etc.) may, in

context, subvert as do anti-competitive restrictions, copyright's policy goal to encourage the creation and dissemination to the public of creative activity.

Video Pipeline v. Buena Vista Home Entm't, 342 F.3d 191, 205-206 (3d Cir. 2003).

Enforcement of copyright to obstruct free expression by a critic of the author of the copyrighted work would contradict "copyright's purpose . . . to **promote** the creation and publication of free expression." *Eldred v. Ashcroft*, 537 U.S. 186, 219 (2003) (emphasis in original).

This case implicates the same concerns about the suppression of critical expression that animated the Second Circuit and the Third Circuit in *Rosemont* and *Video Pipeline*, concerns that rest easily within the conception of the doctrine that Judge Batchelder recognized in her opinion. The Complaint alleges that Connor Group used DMCA takedown notices to force the removal of images from its newsletters that Raney had excerpted and either marked up parodically or accompanied by critical text that commented on the excerpts, and further alleges that the takedowns sought to interfere with the effectiveness of Raney's criticism. That is enough to invoke the defense of copyright misuse, and the allegations of the complaint seeking a declaratory judgment on that issue should not be dismissed.

CONCLUSION

The motion to dismiss the complaint should be denied.⁵

⁵Connor Group suggests that if the Court grants its motion to dismiss, it should also award attorney fees to Connor Group as the prevailing party. Mem. 14-15. However, the Copyright Code bars an award of attorney fees in favor a copyright holder unless the copyright has been timely registered. 17 U.S.C. § 412. Thus, wholly apart from the fact that Connor Group's motion to dismiss should be denied, Connor Group cannot obtain fees in this case given that its main argument for dismissal is Raney's failure to allege registration, and given the (unattested) assertion in its brief that the copyright was never registered. In any event, addressing the issue now is premature: Connor Group will need to file a separate, post-judgment motion under Rule 54(d)(2) if it prevails in this case and claims an entitlement to an award of attorney fees.

Respectfully submitted,

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