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United States District Court
Central District of California
Western Division

NEWEGG INC.,

Plaintiff,

v.

EZRA SUTTON, P.A., *et al.*,

Defendants.

CV 15-01395 TJH (JCx)

Order

[48]

The Court has considered Defendant Sutton’s motion for leave to amend the Final Pretrial Conference Order to add the affirmative defense of fair use and Plaintiff Newegg’s motion for partial summary judgment, together with the moving and opposing papers.

The Court must take account the following when considering whether to amend a Final Pretrial Conference Order: the degree of prejudice to any party, any impact which the amendment would have on the conduct of the trial, and any willfulness or bad faith by the party seeking the amendment. *See Galdamez v. Potter*, 415 F.3d 1015, 1020 (9th Cir. 2005).

There would be no prejudice to Newegg if the Final Pretrial Conference Order is amended because Newegg competently dealt with the affirmative defense in its partial

1 summary judgment motion. Next, the amendment would not adversely affect the
2 conduct of the trial. Finally, there is no evidence that Sutton acted in bad faith.
3 Accordingly, the Final Pretrial Conference Order will be amended to include the
4 affirmative defense of fair use.

5 Because there is no dispute that Newegg is the owner of a valid and registered
6 copyright for its draft brief, or that Sutton copied substantial portions of Newegg's draft
7 brief without permission, the next issue is whether Sutton's copying constituted fair use
8 of Newegg's draft brief.

9 In a summary judgment motion, when the nonmoving party has the burden of
10 proof at trial, as Sutton has here on the affirmative defense of fair use, summary
11 judgment should be granted when the nonmoving party fails to produce evidence to
12 establish a *prima facie* case. *Celotex Corp. v. Catrett*, 477 U.S. 317, 322 (1986).
13 Thus, the burden is on Sutton to establish a *prima facie* case for fair use. Newegg, as
14 the moving party, however, has the initial burden to show that Sutton does not have
15 enough evidence to establish a *prima facie* case of fair use. *See Williams v. Gerber*
16 *Prods. Co.*, 552 F.3d 934, 938 (9th Cir. 2008). Newegg has met this initial burden.
17 Consequently, the burden shifts to Sutton to establish, with admissible evidence, a
18 *prima facie* case that the copying was fair use. *See Celotex*, 477 U.S. at 322.

19 The Copyright Act sets out four statutory factors that should be considered before
20 fair use can be successfully raised as an affirmative defense to copyright infringement.
21 17 U.S.C. § 107. The first statutory factor concerns the "purpose and character of the
22 use," the second factor examines the "nature of the copyright work," the third factor
23 assesses the "amount and substantiality" of the copyrighted work used by the alleged
24 infringer, while the fourth factor assesses whether the allegedly infringing work has an
25 adverse effect on the potential market for, or the value of, the copyrighted work. 17
26 U.S.C. § 107.

27 The purpose of the fair use doctrine is to permit "courts to avoid rigid application
28 of the copyright statute when, on occasion, it would stifle the very creativity which that

1 law is designed to foster.” *Stewart v. Abend*, 495 U.S. 207, 236 (1990). While § 107
2 sets out four factors to consider, there is no bright line rule for fair use; an analysis
3 must be undertaken on a case-by-case basis with each factor weighed against each other
4 rather than considered in isolation. *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569,
5 577 (1994).

6 In considering the first statutory factor, the Ninth Circuit has held that when an
7 allegedly infringing work was used for the same intrinsic purpose as the copied work,
8 it is a “strong *indicia*” that there was no fair use. *See Jartech, Inc. v. Clancy*, 666 F.2d
9 403, 407 (9th Cir. 1982). A key, though not “absolutely necessary” element in
10 considering this first statutory factor is whether and to what extent the allegedly
11 infringing work is “transformative.” *Campbell*, 510 U.S. at 579. In *Campbell*, the
12 Supreme Court held that the “more transformative the new work, the less will be the
13 significance of other factors [...] that weigh against a finding of fair use.” *Campbell*,
14 510 U.S. at 579. For a new work to have made a transformative use of an old work,
15 the new work must have altered the copyrighted work to create “new expression,
16 meaning or message.” *Campbell*, 510 U.S. at 578.

17 Here, Sutton did not add new expression, meaning or message to Newegg’s draft
18 brief. Sutton merely made minor and cosmetic changes to the draft brief. Further,
19 Sutton’s brief and Newegg’s draft brief had the same intrinsic use – to persuade the
20 Federal Circuit. Therefore, Sutton’s brief cannot be said to be a transformative use of
21 the draft brief. Thus, the first statutory factor weighs heavily in favor of Newegg.

22 The second factor – the nature of the copyrighted work – calls for recognition
23 that some works are closer to the core of intended copyright protection than others, with
24 the consequence that fair use is more difficult to establish when the former works are
25 copied. *See Stewart v. Abend*, 495 U.S. 207, 237–238 (1990). For example, the
26 Supreme Court has held that there is a “greater need” to disseminate factual works than
27 works of fiction. *Harper & Row Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 540
28 (1985). Moreover, the Southern District of New York held that legal briefs are

1 copyrightable “functional presentations of fact and law,” which tends toward a finding
2 of fair use. *White v West Pub’l. Corp.*, 29 F. Supp. 3d 396, 399 (S.D.N.Y. 2014).
3 While only of persuasive value, *White* nonetheless demonstrates the principle that legal
4 briefs can be the subject of copyright infringement and, by extension, can be captured
5 within the scope of the fair use defense. Because Sutton’s brief is a functional
6 presentation of fact and law, and in accordance with the Supreme Court’s priority in
7 disseminating factual works, the second statutory factor weighs slightly in favor of
8 Sutton. *See Harper & Row Publishers, Inc.*, 471 U.S. at 540.

9 For the third factor, the Court must consider the the amount and substantiality of
10 the portion copied in relation to the copyrighted work as a whole. 17 U.S.C. § 107(3).
11 “This factor calls for thought not only about the quantity of the materials used, but
12 about their quality and importance, too.” *Campbell*, 510 U.S. at 587. Moreover, the
13 copying of a substantial portion of the original work “may reveal a dearth of
14 transformative character or purpose under the first factor.” *Campbell*, 510 U.S. at 587.
15 Given that Sutton copied most, if not all, of the substantive portions of the draft brief,
16 and that Sutton’s use of the draft brief was not transformative, this factor weighs
17 heavily in favor of Newegg.

18 As to the fourth factor – the degree of harm to the potential market – Newegg
19 failed to provide any evidence that it has ever licensed or sold its briefs, or that there
20 is a market for the licensing or sale of its legal briefs. When a copyright holder fails
21 to identify a market for its copyrighted work that might be harmed by an infringing
22 work, the infringer need not present evidence demonstrating the lack of harm in the
23 market for the copyrighted work. *Leibovitz v Paramount Pictures Corp.*, 137 F.3d 109,
24 116 (2nd Cir. 1998). Therefore, because Newegg has failed to identify a market for
25 its legal briefs, the fourth statutory factor weighs slightly in favor of Sutton.

26 Upon consideration of all four factors, with more weight given to the first and
27 third factors based on the facts, circumstances and particular nature of this case, Sutton
28 did not meet his burden of establishing a *prima facie* case that his copying of Newegg’s

1 draft brief was fair use.

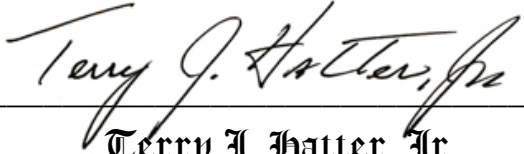
2 Finally, Fed. R. App. P. 28(i) cannot be used to justify Sutton's copying of the
3 draft brief. Rule 28(i) specifically permits a party to either join in or adopt by reference
4 a part of a co-party's brief. By copying Newegg's draft brief, Sutton went beyond
5 joining the brief or incorporating parts of it by reference.

6
7 Accordingly,

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9 **It is Ordered** that Defendants' motion for leave to amend the Final Pretrial
10 Conference Order to add the affirmative defense of fair use be, and hereby is,
11 **Granted**.

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13 **It is further Ordered** that Plaintiff's motion for partial summary judgment as
14 to copyright infringement be, and hereby is, **Granted**.

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16 Date: September 13, 2016

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20 Terry J. Hatter, Jr.
21 Senior United States District Judge
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