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Trials & Tribulations

Imitation may not be the sincerest form of flattery

Court finds copying of draft brief by a co-defendant constituted copyright infringement

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What do "To Kill a Mockingbird" and the "Appellate Brief" of Newegg Inc., Newegg.Com, Inc., & Rosewill, Inc. have in common? Both are works registered with the U.S. Copyright Office.

Attorneys or firms have registered their work product for various reasons, including attempting to prevent other attorneys from utilizing their sweat equity. Of course, a copyright will not protect against unlicensed use if it constitutes "fair use" under the Copyright Act. Indeed, in a 2014 case out of the Southern District of New York, the Court found that the publishing of registered briefs by Westlaw or Lexis constituted acceptable fair use. See *White v. West Pub'l Corp.*, 29 F Supp 3d 396 (S.D.N.Y. 2014).

In contrast, in a recent decision, the Central District of California reached the opposite conclusion with respect to Newegg's appellate brief. *Newegg Inc. v. Ezra Sutton*, Case No. 2:15-cv-01395 (C.D.C. Sept. 13, 2016). The court found that an attorney who essentially copied and later filed a draft brief provided to him by his co-defendant's counsel engaged in copyright infringement. Some underlying facts are necessary to understand how this situation came to be.

Facts of the case

In 2010, a company called Adjustacam, LLC commenced an action against numerous defendants, including but not limited to Newegg Inc. (and other related entities, collectively "Newegg") and a company called Sakar International, Inc. Newegg was represented in that litigation by several outside firms, working in conjunction with Newegg's in-house counsel. Co-defendant Sakar was represented by an attorney named Ezra Sutton and his law firm (collectively "Sutton").

Ultimately, Newegg and Sakar were successful in the action commenced by Adjustacam and sought statutory fees in connection with their win. Both parties' fee applications were denied by the district court and each party filed a separate appeal to the U.S. Court of Appeals for the Federal Circuit.

Approximately nine days before the deadline for submission of the appellate briefs, Sutton reached out to Newegg's in-house counsel under the apparent belief that Newegg was also drafting its appellate brief on behalf of Sakar [see Case No. 2:15-cv-01395, Docket No. 48-3]. Sutton was informed by Newegg's in-house counsel that there was never any agreement to share Newegg's brief, but Newegg would agree to do so if Sakar was willing to pay for its share of the preparation and filing costs of the appellate brief [Id.]. Sutton declined this offer [Id.]. According to Newegg's in-house counsel, Sutton then asked for a copy of Newegg's draft brief to utilize as a resource in drafting Sakar's brief [Id.]. A copy of the draft brief was provided to Sutton.

Thereafter, Sutton filed Sakar's appellate brief one day before Newegg filed the finalized version of its brief. According to Newegg's counsel, Sakar's brief was almost a verbatim copy of its draft brief, with a few changes [Id.]. Clearly unhappy about the situation, Newegg's counsel decided to register both its draft and final briefs with the United States Copyright Office. After obtaining copyrights for both briefs, Newegg's counsel then commenced an action against Sutton and his law firm for copyright infringement. In response, Sutton withdrew the initial brief filed on Sakar's behalf and filed a shortened and revised brief instead.

Newegg ultimately sought partial summary judgment in the copyright action. Sutton argued that there was no copyright infringement for several reasons, including claiming that the initial brief filed by Sakar did not copy Newegg's draft brief because it contained revisions and additional parts, Sutton withdrew Sakar's initial brief and filed a different one altogether, and Sutton's use of the brief was "fair use" pursuant to the Copyright Act (17 U.S.C. § 107) [see Case No. 2:15-cv-01395, Docket No. 50-1].

Court's finding

Unfortunately for Sutton, the court found that the affirmative defense of fair use did not apply and, therefore, granted partial summary judgment in favor of Newegg with respect to its cause of action for copyright infringement [see Case No. 2:15-cv-01395, Docket No. 64]. In reaching this determination, the court weighed the four statutory factors set forth in § 107 of the Copyright Act for determining whether the use of a work is indeed "fair use." The first factor considers "the purpose and character of the use." 17 U.S.C. § 107(1). The second factor looks at the "nature of

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the copyrighted work." Id. at § 107(2). The third factor involves a determination of "the amount and substantiality of the portion used in relation to the copyrighted work as a whole." Id. at § 107(3).

Finally, the fourth factor considers whether the use of the copyrighted work would have an effect on the potential market or value of that work. Id. at § 107(4). The Court explained that, with respect to the first factor, the more the new work [for example, the legal brief that was created by using another attorney's brief as a resource] changed the old work, the less weight will be afforded the other factors [see Case No. 2:15-cv-01395, Docket No. 64].

The court found that the first and third factors weighed in favor of Newegg. As part of its analysis under the first factor, the court found that Sutton only made minor "cosmetic" changes to the brief, he did not add any new meaning to the work, and that the intended use of Sutton's brief was the same as Newegg's (i.e., to obtain a favorable ruling on the application for attorneys' fees). Similarly, with respect to the third factor, the court found it weighed in favor of Newegg because Sakar's brief was essentially a copy of Newegg's draft brief and because Sakar's brief did not add any new meaning to Newegg's draft brief.

The second factor was determined in Sutton's favor, largely because factual works, as opposed to works of fiction, are treated more lightly under the copyright laws in an effort to encourage dissemination of the former. Finally, the court found that the fourth factor weighed in favor of Sutton because Newegg did not allege that there was any market for the sale or purchase of its legal briefs.

Considering all of the statutory factors, the court determined that the affirmative defense of fair use did not apply to Sutton, and granted Newegg's partial summary judgment motion for copyright infringement.

Takeaways from case

There are several lessons to be learned from *Newegg*. First and most obviously, it goes without saying that you should never copy someone else's legal brief. In addition, if there is ever any question as to why work product is being shared – especially in circumstances such as the ones at issue in *Newegg* where the parties were likely already frustrated with the underlying Adjustacam lawsuit and the denial of their fee applications – do not copy any portion of the work. As pointed out by the Court in *Newegg*, there are typically other mechanisms through which a party can join in or adopt portions of a co-party's brief [see Case No. 2:15-cv-01395, Docket No. 64, referring to Rule 28(i) of the Federal Rules of Appellate Procedure, which permits co-parties to join in or adopt by reference part of another party's brief].

On the flip-side, if you choose to share your work product with another party for resources purposes only, make it very clear (in writing) that it is to be used as a reference only and that no permission has been given to copy any portion of the work.

Newegg has taught us that any miscommunication regarding the use of the legal brief may put you at risk for becoming the subject of the next copyright infringement action.

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