Against the Grain

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Cases of Note-Copyright-To Exploit or Not to Exploit; That is the Question

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LEGAL ISSUES

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Cases of Note — Copyright – To Exploit or Not to Exploit; That is the Question

Column Editor: **Bruce Strauch** (The Citadel) <strauchb@citadel.edu>

RIGHTHAVEN LLC V. WAYNE HOEHN, UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT, 2013 U.S. App. LEXIS 9413.

Righthaven was an LLC formed for the purpose of suing bloggers for posting news articles without authorization. After a targeted blogger posted an article, the newspaper — *Las Vegas Review-Journal* — would assign copyright to **Righthaven** subject to rights of reversion. Their Strategic Alliance Agreement (SAA) really only assigned the right to sue.

And here we see the death gasp of the print news industry. The paper could have hired the lawyers to sue. But they must have wanted to conceal their role.

And now we get an attempt at homespun humor. The circuit judge tells the tale of ol' Rail-splitter **Abe Lincoln** telling the tale of a lawyer trying to establish a calf had five legs by calling the tail a leg. But old **Abe** sagely observed that calling a tail a leg does not make it so. And thus the 9th Circuit sagely notes that calling someone a copyright owner does not make it so.

Wayne Hoehn and **Thomas DiBiase** are our defendants in question with their cases consolidated on appeal. The district court found in each case that **Righthaven** lacked standing to sue as it was not the owner of any of the exclusive rights under copyright law. In the **Hoehn** case, the judge found that fair use was available as a defense in the alternative.

And whups! We find that **Dibiase** is a practicing lawyer and was once an assistant U.S. attorney. Not a good candidate for a quick settlement shake-down. He runs a blog about murders where no body is found.

And it's fairly interesting. Check it out.

Stephens Media — owner of the *Review-Journal* — entered into the SAA with **Righthaven** reserving a strict veto right on who was sued. **Righthaven** could not exploit the copyright in the usual ways or participate in copyright royalties. And after all was settled with a suit, **Righthaven** was to reassign copyright to Stephens.

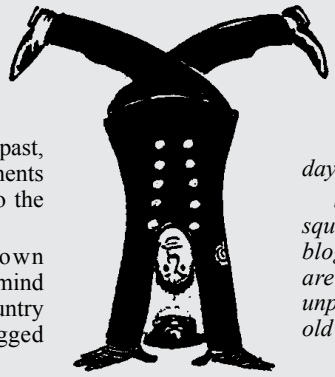
Only the "legal or beneficial owner of an exclusive right under a copyright" has standing to sue. *See* 17 U.S.C. § 501(b); ***Silvers v. Sony Pictures Entertainment, Inc.***, 401 F3d 881,890 (9th Cir. 2005) (en banc).

In law school I always used to think it was so cool to put "en banc" in a citation. It seemed to resound with the majesty of the law.

Section 106 lists the exclusive rights: reproduce; do derivative works; sell, rent, lease, lend copies. And ***Silvers*** addresses the very issue we have here. The bare right to sue for infringement does not confer standing.

*Yes, some really super legal research on the parts of **Righthaven** and **Stephens'** in-house counsel. But, hey, it's Vegas. You can easily see the screenplay for the movie version of this.*

Righthaven points to the SAA language "all copyright requisite to have **Righthaven** recognized as the copyright owner of the Work for purposes of **Righthaven** being able to claim ownership as well as the right to seek redress for past, present, and future infringements of the copyright … in and to the Work."



Now, shall we lean down from the bench, sigh, and remind **Righthaven's** counsel of country lawyer **Abe** and the five-legged calf? Yes, let's.

You have to look beyond the labels to the substance and effect of the contract. **Stephens Media** retained "the unfettered and exclusive ability" to exploit the copyright. **Righthaven** had no right to exploit.

And **Righthaven** continued to tap dance. **Righthaven** was given full ownership under the assignment, see? But then the SAA granted **Stephens** an exclusive license. So they had copyright? Right?

No. Even if they did, in granting the exclusive license to **Stephens**, **Righthaven** no longer had the exclusive rights. And only the exclusive licensee can sue for infringement. 3 M. Nimmer & D. Nimmer, Nimmer on Copyright § 12.02[C] (2012).

This whole thing was so in the news there for a while. But stop and think. Is there any real exploitation of Vegas-Journal news articles possible after the day's issue becomes fish wrap?

So all this time and money were squandered flailing at those pesky bloggers of the new media who are making life so gosh-darned unpleasant for the stuffy, geriatric old media.

Questions & Answers — Copyright Column

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QUESTION: The U.S. Supreme Court decided Kirtsaeng v. John Wiley & Sons on May 19, 2013, in favor of Kirtsaeng who was sued for infringing Wiley's copyrights when he imported and sold in this country foreign editions of Wiley's textbooks sent to him by his family from Thailand. The Court held that the first sale doctrine was not limited to within the United States. (See http://www2.bloomberglaw.com/desktop/public/document/Kirtsaeng_v_John_Wiley__Sons_Inc_No_11697_2013_BL_71417_US_Mar_19/1) What is the

continued on page 51