

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

No. 12 Civ. 3492 (RJS)

16 CASA DUSE, LLC,

Plaintiff,

VERSUS

ALEX MERKIN, *et al.*,

Defendants.

MEMORANDUM AND ORDER
September 27, 2013

RICHARD J. SULLIVAN, District Judge:

Plaintiff 16 Casa Duse, LLC (“Plaintiff”) brings this action against Alex Merkin (“Merkin”) and A. Merkin Entertainment, LLC (“AME,” and with Merkin, “Defendants”), asserting causes of action under federal copyright law and state common law. Specifically, Plaintiff seeks declaratory judgments respecting the ownership of the copyright to a short film that Plaintiff produced and Merkin directed, as well as damages for breach of contract, tortious interference with business relationships, and conversion. Merkin brings counterclaims against Plaintiff for breach of contract and for declaratory judgments regarding copyright law. Now before the Court are (1) Plaintiff’s motion for summary judgment on its

claims; (2) Plaintiff’s motion for attorneys’ fees and sanctions; (3) Merkin’s cross-motion for summary judgment on Plaintiff’s claims; (4) Merkin’s motion for summary judgment on his counterclaims; (5) Merkin’s motion to strike elements of the relief sought by Plaintiff, pursuant to Federal Rule of Civil Procedure 12(f); and (6) AME’s motion to dismiss Plaintiff’s action in its entirety. For the reasons set forth below, the Court grants Plaintiff’s motions for summary judgment and attorneys’ fees; denies Merkin’s cross-motion and motion for summary judgment; dismisses Merkin’s first three counterclaims; denies Merkin’s motion to strike elements of Plaintiff’s prayer for relief; and grants AME’s motion to dismiss.

I. BACKGROUND

A. Facts¹

This case arises from the production of a short film entitled “Heads Up” (the “Film”). Plaintiff, a production company owned and operated by Robert Krakovski (“Krakovski”), financed and produced the Film. (Doc. No. 38 (“Pl. 56.1”) ¶ 1; Decl. of Robert Krakovski, dated Oct. 1, 2012, Doc. No. 35 (“Krakovski Decl.”), ¶ 1.) Merkin served as the Film’s director. (Doc. No. 42 (“Merkin 56.1”) ¶ 1.)

Plaintiff purchased the Film’s screenplay from its author, Ben Carlin (“Carlin”), in September 2010. (Pl. 56.1 ¶¶ 2–3.) Under the terms of their contract, Carlin assigned to Plaintiff all rights in and to the screenplay. (*Id.* ¶ 3.) Over the next several months, Plaintiff assembled the Film’s cast and crew, eventually hiring approximately thirty people, including two co-producers, a director, a script supervisor, a director of photography, two assistant cameramen, a production designer, costume designer, sound and lighting technicians, and actors. (*Id.* ¶ 4.) Except for Merkin, every member of the cast and crew executed an agreement with Plaintiff assigning it the rights to their contributions to the Film. (*Id.* ¶ 5;

Krakovski Decl. Ex. 3 § 7.1 (providing that Plaintiff “shall own all of the results and proceeds of the [artist’s] services in connection with the [Film]”).) In addition, the cast and crew-members’ agreements recognized Plaintiff’s “complete control of the production of the [Film], including, but not limited to, all artistic controls and the right to cut, edit, add to, subtract from, arrange, rearrange, and revise the [Film] in any manner.” (Krakovski Decl. Ex. 3 § 6.) Even for those crew members whom Merkin recommended and referred to Plaintiff, there is no evidence that anyone other than Krakovski held authority over whether to actually hire them. (*See, e.g.*, Decl. of Robert Krakovski, dated Nov. 19, 2012, Doc. No. 57 (“Krakovski Reply Decl.”), ¶ 11.) These terms reflected Plaintiff’s intention that it would be the sole owner of all the rights to the Film. (Pl. 56.1 ¶ 7; Krakovski Decl. ¶ 6 (“[I]t was never [Plaintiff’s] intention that any party . . . own any copyright interest in the results of their work on the project, including the finished Film or any elements thereof.”).)

Merkin first became involved with the Film when Krakovski approached him in September 2010 proposing that Merkin serve as the Film’s director. (Krakovski Decl. Ex. 1 (“Krakovski PI Decl.”) ¶ 8.) After Merkin read the Film’s script, he and Krakovski informally agreed to certain terms, including that Merkin would receive \$1,500 for his directorial services. (*Id.*; Pl. 56.1 ¶¶ 10–11.) Krakovski sent Merkin a draft of the formal director’s-services agreement on February 25, 2011. (Krakovski PI Decl. ¶ 9.) The draft contained terms similar to those in the other cast and crew-members’ contracts, including that Plaintiff would “be entitled to and [would] solely and exclusively own, in addition to [Merkin’s] services hereunder, all results and proceeds thereof (including but not limited to all rights . . . of copyright .

¹ The following facts are taken from the Local Rule 56.1 statements submitted by the parties and the affidavits and exhibits submitted in connection with the motions. Where only one party’s Rule 56.1 statement is cited, the opposing parties do not dispute that fact or have offered no admissible evidence to controvert that fact. In deciding these motions, the Court has also considered Plaintiff’s Memorandum of Law in Support of Summary Judgment and Attorneys’ Fees (“Pl. Mem.”), Defendants’ Opposition (“Defs. Opp’n”), Plaintiff’s Reply (“Pl. Reply”), Defendants’ Memorandum of Law in Support of Their Motions for Summary Judgment and Dismissal (“Defs. Mem.”), Plaintiff’s Opposition (“Pl. Opp’n”), and Defendants’ Reply (“Defs. Reply”).

. . .).” (Krakovski Decl. Ex. 4 § 9.) The following day, Merkin acknowledged having received the draft and said that he would give it to his lawyer to review. (Krakovski PI Decl. ¶ 9.)

Nevertheless, discussion of the director’s-services agreement stalled between February and April 2011 while Merkin was overseas for work. (Krakovski PI Decl. ¶ 10; Decl. of Alex Merkin, dated May 7, 2012, Doc. No. 5 (“Merkin PI Decl.”), ¶¶ 9–10.) In mid-May 2011 – with only eight days left before rehearsal and production were to begin – Krakovski attempted to resume contract negotiations, but Merkin was unresponsive. (Krakovski PI Decl. ¶ 11; *see* Krakovski Decl. Ex. 5.) Thereafter, Krakovski decided to proceed with filming without a signed agreement with Merkin, believing that Merkin had agreed in principle that his services would be a work-for-hire and that Krakovski would have final editorial control over the Film – that is, “final cut” authority. (Krakovski PI Decl. ¶ 12.) There is no evidence that Merkin raised any objections to the draft agreement before filming began. (Pl. Counter 56.1 ¶¶ 12–13.)

Merkin proceeded to direct the film in late May 2011, evidently without incident. (*See* Krakovski PI Decl. ¶¶ 12–13.) The parties characterize Merkin’s contributions to the Film differently, but they largely agree on what those contributions were and were not. It is undisputed that Merkin did not act in, edit, finance, or produce the Film. (Pl. 56.1 ¶¶ 13, 16–18.) Merkin also did not serve as the Film’s director of photography or cameraman. (*Id.* ¶¶ 14–15.) On the other side, no one disputes that both before and during the three days of filming, Merkin instructed crew and cast members on matters including lighting, lens choices, camera angles and movements, focal points, wardrobe, props, makeup, blocking, and

dialogue delivery. (*See* Decl. of Lukasz Pruchnik, dated Oct. 19, 2012, Doc. No. 49 (“Pruchnik Decl.”), ¶¶ 6–7; Decl. of Dara Wishingrad, dated Oct. 19, 2012, Doc. No. 50 (“Wishingrad Decl.”), ¶ 6; Decl. of Gary Gimelfarb, dated Oct. 19, 2012, Doc. No. 54 (“Gimelfarb Decl.”), ¶ 6.)

On June 1, 2011, after filming concluded, Krakovski provided Merkin with a hard drive containing the Film’s raw footage in order to allow Merkin to prepare an initial edit of the Film. (Pl. 56.1 ¶¶ 19–20.) Because the parties had not signed a director’s-services agreement, on June 1, they entered into a short media agreement (the “Media Agreement”) to protect the footage. The Media Agreement permitted Merkin to begin editing the footage, but required that “the footage on th[e] [hard] drive [would] not be licensed, sold, copied, exhibited, transferred, in part or in whole, for personal or public use for any purpose whatsoever by [Merkin] without prior written consent from [Plaintiff].” (Krakovski Decl. Ex. 7 (“Media Agreement”).)

Merkin and Krakovski’s relationship began to fray in mid-June, when Krakovski emailed Merkin with proposed changes to the Media Agreement. Among the changes Krakovski sought were clarification that the hard drives and all the Film footage were owned exclusively by Plaintiff and that Plaintiff was not consenting to any directorial or editorial terms by allowing Merkin to begin the editing process. (Merkin 56.1 ¶ 14; Decl. of Alex Merkin, dated Oct. 1, 2012, Doc. No. 41 (“Merkin Decl.”), Ex. A.) Merkin responded that it was his understanding that “all of [his] creative work that went into the project . . . is still [his] work and not the property of [Plaintiff] until [the parties have] worked out [their] full agreement” and that he “was not giving up any creative or artistic rights [he]

currently hold[s] in [the Film].” (Krakovski Decl. Ex. 8 at 1.) The following day, June 19, 2011, Krakovski wrote back, stating that his “intent when making th[e] film was never as a ‘Joint Venture’” but rather that Merkin’s “directorial services were . . . a ‘work-for-hire.’” (*Id.* Ex. 8 at 2.)

Over the ensuing months, the parties continued to negotiate the terms of both a director’s-services agreement and a revised media agreement. Although the parties appeared at various points to agree in principle to key provisions – namely, that Plaintiff would have final cut authority and would exclusively own the Film, while Merkin would have the right to make a director’s cut and to remove his name from the Film if he objected to its final form (*see* Merkin Decl. Ex. F; Decl. of Maurice A. Reichman, dated May 7, 2012, Doc. No. 6 (“Reichman PI Decl.”), ¶ 8; Decl. of Eleanor M. Lackman, dated Oct. 1, 2012, Doc. No. 34 (“Lackman Decl.”), Ex. 1 (“Cannistraci Decl.”) ¶¶ 6, 9; Krakovski PI Decl. ¶ 18) – the negotiations ultimately foundered over the scope and nature of Merkin’s involvement in editing the Film. As to that issue, the parties appear to have interpreted the same documents very differently and against their own interests. Merkin insisted that documents drafted by his attorney, Maurice Reichman (“Reichman”), made it “ABSOLUTELY and abundantly clear that [Merkin] ha[d] no ownership interest WHATSOEVER in the [F]ilm” (Lackman Decl. Ex. 2 at 18; *see also* Merkin PI Decl. ¶ 18 (“I was always prepared to enter into an agreement with [Krakovski] assigning my copyrights to [Plaintiff]”)) and acknowledged Plaintiff’s final cut authority (Merkin PI Decl. ¶ 20; Merkin Decl. Ex. G). By contrast, Krakovski and his attorney, Andrea Cannistraci (“Cannistraci”), interpreted those draft documents as giving final cut authority to Merkin. (Cannistraci

Decl. ¶ 8; Krakovski Decl. ¶¶ 12–14; Krakovski PI Decl. ¶ 19.)

The parties’ negotiations permanently broke down in October 2011, when Krakovski informed Merkin that he would hire someone else to edit the Film and requested that Merkin return the hard drive storing the Film’s raw footage. (Pl. 56.1 ¶¶ 26–28.) With that breakdown, the parties’ relationship assumed an increasingly litigious tone. On October 5, 2011, Merkin wrote to Krakovski, “As you know, you can never release the [F]ilm without a proper Chain of Title[,] which requires my sign off. Unfortunately, if we can’t come to an agreement, we’ll have to let the courts come to a decision.” (Lackman Decl. Ex. 2 at 17.) Several weeks later, after another exchange of emails, Merkin wrote Krakovski, “[Y]ou are not getting a chain of title for this film and [are] also forcing me to seek whatever remedies which are available to me.” (Krakovski Decl. Ex. 11 at 1.) Then, on November 3, Merkin sent Krakovski a letter titled “Notice of Restriction on Use of Raw Footage of Film Directed by Alex Merkin for Film Now Titled ‘Heads Up.’” (*Id.* Ex. 11 at 3.) The letter stated:

I have never disputed that you own the story and screenplay for the film now titled “Heads Up”. However the ownership of such rights as you have with the story and screenplay does not give you any rights to use the raw footage which I directed and which is my creative work. This letter is to notify you that you may not use my creative work without a written agreement. . . . By this letter I am putting you on notice that I forbid any use whatsoever of the raw footage which I directed without a written agreement between us.

(*Id.*) On December 5, 2011, Plaintiff’s counsel sent Merkin’s counsel a letter proposing that Plaintiff pay Merkin for his directing services, that Merkin finish his director’s cut, and that Merkin be able to remove his name from the Film if he wished. (*Id.* Ex. 11 at 5.) In exchange, Plaintiff proposed, Merkin’s services would be expressly deemed works-for-hire for Plaintiff. (*Id.*) Merkin responded directly to Krakovski by email on December 27, 2011, reiterating his view that Krakovski was “not permitted to use [Merkin’s] work in any edit without [Merkin’s] involvement.” (*Id.* Ex. 11 at 6.) Merkin further threatened to “contact all major film festivals and submission services to inform them that [Plaintiff] do[es] not have the rights to [Merkin’s] work or the chain of title for the [F]ilm” unless Krakovski confirmed that he had not used any of the footage Merkin directed for the final version of the Film. (*Id.*)

On January 3, 2012, in response to Merkin’s threats, Cannistraci sent Reichman a letter disputing the legal basis of Merkin’s asserted authority to enjoin Plaintiff from using the Film’s raw footage. (Lackman Decl. Ex. 3 (the “January 3 Letter”).) Cannistraci’s letter challenged Merkin’s position on multiple grounds and warned that Merkin risked liability for all harm caused by his interference with Plaintiff’s use of the Film. (*Id.*)

That same day, unbeknownst to Plaintiff, Merkin registered a copyright for the Film with the United States Copyright Office. (Lackman Decl. ¶ 8; *id.* Ex. 6 (“Copyright Registration”).) The registration listed Merkin as the sole copyright claimant and stated that Merkin’s authorship consisted of “direction/director” and that his “basis of claim” was “all other cinematographic material, production as a motion picture.” (*Id.*) As part of his application for the

registration, Merkin copied the Film’s raw footage from the hard drive Krakovski had given him onto four DVDs. (Merkin Counter 56.1 ¶ 31.) Merkin did not obtain Plaintiff’s permission to submit the copyright application. (Pl. 56.1 ¶ 32.)

In early March, Plaintiff began the process of publicizing the film and submitting it to film festivals. (*Id.* ¶ 33.) As part of that process, Plaintiff arranged to host an invitation-only screening on April 18, 2012, for approximately seventy guests at the New York Film Academy (“NYFA”), to be followed immediately by a reception at the restaurant City Crab. (*Id.* ¶¶ 35–36.) Plaintiff paid a non-refundable deposit of \$1956.58 to secure the reception space. (*Id.* ¶ 37; Krakovski Decl. Ex. 14.)

On the day of the screening, the NYFA chairman informed Krakovski that he had received a phone call from Reichman, claiming that Reichman had a cease and desist order on Merkin’s behalf that prevented the film from being screened. (Pl. 56.1 ¶ 38.) Reichman avers that a slightly different series of events took place. Specifically, he states that NYFA representatives contacted him after receiving a call from Merkin personally and that he mentioned a cease and desist *notice*, rather than order. (Decl. of Maurice A. Reichman, dated Oct. 29, 2012, Doc. No. 51 (“Reichman Decl.”), ¶ 3.) Nevertheless, there is no dispute that on April 18, 2012, Reichman spoke with the NYFA chairman and, in the course of that conversation, asserted that Merkin held a copyright to the Film and referenced a “cease and desist” instrument. (*Id.*; Pl. 56.1 ¶ 38.) Nor is there any dispute that, in response to Reichman’s claims, NYFA cancelled the screening, and Plaintiff lost the money associated with its City Crab deposit. (Pl. 56.1 ¶¶ 38–39.)

Merkin's assertion of ownership of the Film's copyright also caused Plaintiff to miss at least four festival deadlines. (*Id.* ¶ 39; Karkovski Decl. ¶¶ 30–33.) And, to date, Merkin has not returned the hard drive or the footage. (Pl. 56.1 ¶ 29.)

B. Procedural History

Plaintiff initiated this action on May 2, 2012, by filing its Complaint and an *ex parte* application for a temporary restraining order (“TRO”) and preliminary injunction enjoining Defendants from, among other things, interfering with Plaintiff's use of the Film or claiming that Plaintiff has infringed their copyright in the Film. (Doc. Nos. 1, 2.) That same day, the Court granted Plaintiff a TRO against Defendants and ordered Defendants to show cause why the Court should not enter a TRO and preliminary injunction against them. (Doc. No. 2.) On May 18, 2012, after a full round of briefing, the Court entered a preliminary injunction against Defendants. (Doc. No. 9.)

Plaintiff filed an Amended Complaint on July 23, 2012, which asserts two causes of action against both Defendants – for a declaratory judgment that Plaintiff is not liable for copyright infringement and for a declaratory judgment that Defendants have no copyright ownership interest in the Film – and four against only Merkin – for a declaratory judgment that Merkin's copyright registration is invalid, and for breach of contract, tortious interference with business relationships, and conversion. (Doc. No. 24.) Defendants filed an Amended Answer on August 31, 2012. (Doc. No. 27 (“AA”).) In the Amended Answer, Merkin also asserts counterclaims against Plaintiff for: (1) a declaratory judgment that Merkin's directorial services constitute authorship of the Film; (2) a declaratory judgment that Title 17 of the United States Code “has no provision of, or

for, a ‘merged work’”; (3) a declaratory judgment that Merkin's contributions were not a work-for-hire; (4) a declaratory judgment that Merkin's copyright is valid; (5) a declaratory judgment that Plaintiff's request for attorneys' fees pursuant to 17 U.S.C. § 505 is procedurally inappropriate; (6) a declaratory judgment that Plaintiff's prayer for sanctions pursuant to 28 U.S.C. § 1927 is procedurally inappropriate; and (7) breach of contract. (AA.)

On October 1, 2012, Plaintiff moved for summary judgment on its claims and for attorneys' fees and sanctions. (Doc. No. 32.) Two days later, AME moved to dismiss Plaintiff's Amended Complaint with respect to AME, and Merkin cross-moved for summary judgment as to Plaintiff's claims. (Doc. No. 40.) In addition, Merkin moved to vacate the preliminary injunction; to strike Plaintiff's prayer for attorneys' fees and sanctions; and for summary judgment as to his copyright counterclaims. (Doc. No. 40.) Both sets of motions were fully briefed as of November 19, 2012. (Doc. Nos. 56, 59.)

II. LEGAL STANDARD

Pursuant to Rule 56(a) of the Federal Rules of Civil Procedure, summary judgment should be rendered “if the movant shows that there is no genuine dispute as to any material fact and the movant is entitled to judgment as a matter of law.” Fed. R. Civ. P. 56(a); *see Celotex Corp. v. Catrett*, 477 U.S. 317, 322–23 (1986). The moving party bears the burden of proving that there is no genuine issue of material fact. *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 256 (1986). The court “is not to weigh the evidence but is instead required to view the evidence in the light most favorable to the party opposing summary judgment, to draw all reasonable inferences in favor of that party, and to eschew credibility

assessments.” *Weyant v. Okst*, 101 F.3d 845, 854 (2d Cir. 1996). As such, the court must resolve any ambiguity in favor of the nonmoving party. *Amnesty Am. v. Town of W. Hartford*, 361 F.3d 113, 122 (2d Cir. 2004). However, “[t]he mere existence of a scintilla of evidence in support of the [non-moving party’s] position will be insufficient.” *Anderson*, 477 U.S. at 252. Once a moving party has met its burden, the nonmoving party will defeat summary judgment only if it identifies “evidence in the record from any source from which a reasonable inference in [its] favor may be drawn.” *Binder & Binder PC v. Barnhart*, 481 F.3d 141, 148 (2d Cir. 2007) (internal quotation marks omitted); *see also Anderson*, 477 U.S. at 252 (“[T]here must be evidence on which the jury could reasonably find for the [nonmoving party].”). “Inferences and burdens of proof on cross-motions for summary judgment are the same as those for a unilateral summary judgment motion.” *Ferrigno v. U.S. Dep’t of Homeland Sec.*, No. 09 Civ. 5878 (RJS), 2011 WL 1345168, at *3 (S.D.N.Y. Mar. 29, 2011).

III. DISCUSSION

Both Plaintiff and Merkin seek summary judgment as to their federal copyright claims and New York state common law causes of action. In addition, Plaintiff seeks attorneys’ fees, pursuant to the Copyright Act, 17 U.S.C. § 505, and sanctions, pursuant to 28 U.S.C. § 1927. Finally, Defendant AME seeks to be dismissed from this action. Because the parties’ copyright claims form the heart of their dispute, the Court will begin with those claims before turning to the state law causes of action and to the parties’ remaining motions.

A. Copyright Claims

The Copyright Act vests initial ownership of the copyright in a work in the work’s authors. 17 U.S.C. § 201(a). This case concerns a question implicit in that rule: who qualifies as an author? Plaintiff asserts that it, and it alone, was the Film’s author. On this basis, it seeks declaratory judgments that it was not liable for copyright infringement, that Defendants have no copyright interest in the Film, and that Merkin’s copyright registration is invalid. Merkin, conversely, argues that he was an author – if not *the* author – of the Film by virtue of having directed it and that, therefore, his registration is valid. The Court will begin with Plaintiff’s claims.

1. Infringement

At the outset, the Court notes that it need not find that Plaintiff is the Film’s sole author in order to grant it summary judgment that it is not liable for copyright infringement. As the Court explained when it granted Plaintiff’s motion for preliminary relief, if Plaintiff is even a joint author of the Film, it cannot be liable for copyright infringement because co-authors each own an undivided interest in the work. (Doc. No. 9 at 5–6 (citing *Weissmann v. Freeman*, 868 F.2d 1313, 1318 (2d Cir. 1988)).) Here, Plaintiff at least shares in the authorship of the Film by virtue of his work-for-hire agreements with every member of the cast and crew besides Merkin. (Merkin 56.1 ¶ 4; Pl. 56.1 ¶ 5; Krakovski Decl. Ex. 3.) Those agreements made Plaintiff, as a matter of law, the author of any original contributions to the Film by the cast and crew. *See* 17 U.S.C. § 201(b). And as there is no dispute that cast- and crew-members besides Merkin actually made such contributions (*see* Pl. 56.1 ¶¶ 12–16; Defs. Opp’n 8), there can also be no dispute that Plaintiff can claim much, if not all, of the Film’s authorship.

Cf. Rogers v. Koons, 960 F.2d 301, 307 (2d Cir. 1992) (“Elements of originality in a photograph may include posing the subjects, lighting, angle, selection of film and camera, evoking the desired expression, and almost any other variant involved.”); *Gillespie v. AST Sportswear, Inc.*, No. 97 Civ. 1911 (PKL), 2001 WL 180147, at *6 (S.D.N.Y. Feb. 22, 2001) (“[A] person need not hold the camera or push a button to be considered the author of a visual work, since one can exercise control over the content of a work without holding the camera.”). Accordingly, Plaintiff is at least a co-author of the Film – indeed at least the “dominant” co-author, *see Childress v. Taylor*, 945 F.2d 500, 508 (2d Cir. 1991) – and as such cannot have infringed on the Film’s copyright. *See Thomson v. Larson*, 147 F.3d 195, 199 (2d Cir. 1998) (“Joint authorship entitles the co-authors to equal undivided interests in the whole work – in other words, each joint author has the right to use or to license the work as he or she wishes, subject only to the obligation to account to the other joint owner for any profits that are made.”); *Baker v. Robert I. Lappin Charitable Found.*, 415 F. Supp. 2d 473, 487 (S.D.N.Y. 2006). Plaintiff is therefore entitled to summary judgment on its first declaratory judgment claim.

2. Authorship of the Film

The Copyright Act recognizes that a work may have more than one author, *see* 17 U.S.C. § 201(a), and defines a “joint work” as “a work prepared by two or more authors with the intention that their contributions be merged into inseparable or interdependent parts of a unitary whole,” *id.* § 101. Where, as here, no written contract addresses co-authorship, the Second Circuit has established a two-pronged test for determining when a contributor to a copyrighted work is to be considered a joint author: “[a] co-authorship claimant bears the

burden of establishing that each of the putative co-authors (1) made independently copyrightable contributions to the work; and (2) fully intended to be co-authors.” *Thomson*, 147 F.3d at 200 (citing *Childress*, 945 F.2d at 507–08). This test, which makes the intention to be co-authors the touchstone of the inquiry, *see id.* at 199, “guard[s] against the risk that a sole author is denied exclusive authorship simply because another person rendered some form of assistance,” *Childress*, 945 F.2d at 504.

As to the first prong of the test, Plaintiff does not contest that Merkin made independently copyrightable contributions to the Film. Nor could it – the record clearly establishes that Merkin identified specific camera angles, lighting schemes, and focal points; directed the actors’ blocking, gestures, and delivery; and made concrete contributions to the set design and other visual elements of the Film. (*See* Wishingrad Decl. ¶ 6; Gimelfarb Decl. ¶ 6; Pruchnik Decl. ¶ 7.)

Despite those contributions, however, Merkin may be considered a joint author of the Film only if both he and Plaintiff “fully intend[ed] to be joint authors.” *Childress*, 945 F.2d at 509; *see Thomson* 147 F.3d at 202 (“[T]he contribution even of significant language to a work does not automatically suffice to confer co-author status on the contributor. . . . [A] specific finding of mutual intent remains necessary.”); *see also Marshall v. Marshall*, 504 F. App’x 20, 22 (2d Cir. 2012) (requiring mutual intent “even assuming that [a purported co-author] made independently copyrightable contributions”). To determine whether this was so, the Court must consider not only each party’s subjective intent, but also “factual indicia of ownership and authorship, such as how a collaborator regarded [him]self in relation to the work in terms of billing and credit, decisionmaking,

and the right to enter into contracts.” *Thomson*, 147 F.3d at 201.

Here, the record uniformly establishes that Plaintiff, through its principal, Krakovski, never intended to share authorship of the film with Merkin or anyone else. (Pl. 56.1 ¶ 7.) From the time he hired Merkin, Krakovski consistently communicated to Merkin that Merkin’s contributions were a work-for-hire and that Plaintiff retained final authority over the Film’s contents. (*See, e.g.*, Krakovski PI Decl. ¶ 8; Merkin 56.1 ¶ 14; Merkin Decl. Exs. A, C, F.) Further, Krakovski worked for months to finalize a written agreement with Merkin to that effect. (Pl. 56.1 ¶ 10; Krakovski Decl. ¶¶ 8, 11–12, Ex. 4.) Although the agreement was never signed, Krakovski’s efforts demonstrate that Plaintiff intended to hold all authority over the Film’s personnel and editing, and control the Film’s final form. (*See* Pl. 56.1 ¶¶ 26–27; Merkin Decl. Ex. S; Decl. of William Porter, dated Oct. 1, 2012, Doc. No. 37 (“Porter Decl.”), ¶ 14 (explaining that the Film’s editing was “[i]n keeping with Krakovski’s creative vision” and that Krakovski personally participated in the editing)); *Marshall*, 504 F. App’x at 22 (affirming a finding that a party lacked the intent to share authorship of films with his brother, “[e]ven assuming that [the brother] made independently copyrightable contributions to the videos,” based on the fact that the party “maintained decision-making authority” over the brother, including over the brother’s pay and editing of the videos); *Thomson*, 147 F.3d at 202–03 (“An important indicator of authorship is a contributor’s decisionmaking authority over what changes are made and what is included in a work.”). Moreover, as there is no evidence that Merkin ever objected to the substantive terms of the agreement (Pl. Counter 56.1 ¶¶ 12–13), there is no reason to believe that the lack of a signed

agreement changed Plaintiff’s intention. Finally, Plaintiff’s steadfast intent to be the Film’s sole author is also manifest in the agreements that it entered into with *every* member of the cast and crew except for Merkin, which assigned Plaintiff all rights to their contributions to the Film and the right of final approval over all creative matters. (Pl. 56.1 ¶¶ 5–6); *see Thomson*, 147 F.3d at 204 (recognizing that written agreements with third-parties “can provide insight into co-authorship intent, albeit to a somewhat more attenuated degree”). Accordingly, the record clearly demonstrates that Plaintiff never intended to be co-authors with Merkin.

There is also considerable evidence that Merkin never intended to be Plaintiff’s co-author. Indeed, Merkin has repeatedly disclaimed any interest in having any rights to the Film (*see, e.g.*, Merkin PI Decl. ¶ 18; Reichman PI Decl. ¶ 8), and during negotiations with Plaintiff over the director’s-services agreement, he insisted on being able to *dissociate* himself from the final version of the Film by having the option of substituting a pseudonym for his name in the Film credits (Pl. 56.1 ¶ 25); *see Thomson*, 147 F.3d at 203 (noting that billing is a “significant” factor in determining co-authorship intent). To be sure, Merkin has insisted that he holds certain “rights as director” (Krakovski Decl. Ex. 13; *see also id.* Ex. 8 (asserting that Merkin’s “creative work” belongs to Merkin)), but his consistent expressions of willingness to cede those rights suggests that he too lacked the intent to be identified as a co-author.² *See Childress*, 945 F.2d at 508 (observing that a “useful test” of intent is “whether . . . each participant intended that all would be identified as co-authors”). In

² As the Court explains below, those supposed rights do not exist.

any event, even if Merkin in fact intended that by not signing the director's-services agreement he would be rendered a co-author, Krakovski never shared that objective, and the lack of mutuality with Plaintiff is fatal to any claim of co-authorship. *See Thomson*, 147 F.3d at 201 (discussing the "requirement of mutual intent").

The Second Circuit has not explicitly addressed the scenario where, absent a work-for-hire agreement, two parties each made more than a minimal contribution to a work and yet did not mutually intend to be co-authors. *See Thomson*, 147 F.3d at 206. Past cases, however, follow a clear pattern. When the Second Circuit finds that there is no mutual intent to be co-authors, it holds that whoever was the "dominant" author is the sole author. *See, e.g., Marshall*, 504 F. App'x at 22 (holding for the creator with "decision-making authority"); *Richard J. Zitz, Inc. v. Pereira*, 225 F.3d 646, 2000 WL 1239830, at *3 (2d Cir. Aug. 21, 2000) (considering the division of labor between the two claimed authors); *Thomson*, 147 F.3d at 202, 206–07 (ruling in favor of the "indisputably . . . dominant author" after determining that the parties lacked mutual intent to be co-authors); *Childress*, 945 F.2d at 508–09 (same); *see also Fisher v. Klein*, No. 86 Civ. 9522 (PNL), 1990 WL 10072477, at *6 (S.D.N.Y. June 26, 1990) ("It is only where th[e] dominant author intends to be sharing authorship that joint authorship will result."), *quoted approvingly by Childress*, 945 F.2d at 508.

As the Second Circuit noted in *Thomson*,

[T]he requirement of intent is particularly important where one person is indisputably the dominant author of the work and the only issue is whether that person is the sole author or she and another are joint

authors. Care must be taken to guard against the risk that a sole author is denied exclusive authorship status simply because another person renders some form of assistance.

Thomson, 147 F.3d at 202 (internal quotation marks and citation omitted). The Court therefore holds that where (1) two or more parties each make independently copyrightable contributions to a work; (2) the resulting work is indivisible (such as a motion picture, as opposed to a song comprising music and lyrics);³ and (3) there is no joint authorship or assignment of copyright, the dominant author is the sole author.

As discussed above, Plaintiff and Merkin both contributed to the Film, which is an indivisible work, and were not co-authors and did not have a work-for-hire agreement. Further, Plaintiff was indisputably the dominant author. Thus, Plaintiff is the sole author and Merkin is not an author at all. Accordingly, Plaintiff is entitled to a declaratory judgment that Merkin holds no copyright ownership interest in the Film.

3. Merkin's Counterclaims

Despite the manifest absence of mutual intent, Merkin nevertheless argues that he is entitled to assert a claim of authorship of the Film. Merkin's argument, frankly, is hard to pin down. Even the way in which he styles his counterclaims – for instance, a counterclaim for a declaratory judgment

³ Compare *Canal+ Image UK Ltd. v. Lutvak*, 773 F. Supp. 2d 419, 437 (S.D.N.Y. 2011) ("A film is not a work that is easily divided into neat layers of abstraction in precisely the same manner one could with a text." (internal quotation marks omitted)), with *Childress*, 945 F.2d at 504 (describing the "the fairly straightforward context of words and music combined into a song").

“[t]hat [a] [m]otion [p]icture [d]irector [i]s [a]n [a]uthor” (AA 20) – reflects his failure to grapple with the obvious issues of joint ownership on which this case turns. Moreover, Merkin’s claims seem to be based on a misunderstanding of copyright law. Merkin’s conduct during the entire course of events up to and including this litigation appears to rely on the theory that the direction, lighting, editing, music, script, and cinematography of a film are each eligible for separate, distinct copyrights, such that a producer “can not [sic] register [an] entire film for copyright” unless he has gathered the copyrights to all of a film’s constituent parts. (Defs. Opp’n 8–9.) Thus, Merkin argues, he “alone own[s] the copyright for his work” unless and until he assigns it to Plaintiff. (*Id.* at 7; *see also id.* at 10–11 (“The common practice in the motion picture industry is that in order to avoid infringing the copyrights of each of the component parts of a motion picture, the producer of a motion picture obtains ‘work for hire’ agreements from every person who makes an original contribution before starting to make the movie.”).)

What Merkin misunderstands, however, is that “[c]opyright protection subsists . . . in original works of authorship *fixed in any tangible medium of expression.*” 17 U.S.C. § 102 (emphasis added); *see also* 37 C.F.R. § 202.3(b)(11) (stating that “[a]s a general rule only one copyright registration can be made for the same version of a particular work”). Here, the only tangible medium of expression for the direction, production, editing, and cinematography is the Film itself. Contrary to Merkin’s belief, only the Film receives copyright protection; there is no separate copyright for the film’s direction, production, or cinematography. (*See* Defs. Reply 6 (“As the sole director of the raw film footage Merkin is the complete owner of the copyright for direction of the raw footage of the Film . . .”).) In and of

themselves, those contributions are conceptual and cannot be copyrighted; it is only their expression in a tangible medium that receives copyright protection. *See* 17 U.S.C. §§ 101, 102; *cf. Rogers*, 960 F.2d at 308 (“It is not . . . the *idea* of a couple with eight small puppies seated on a bench that is protected, but rather [the plaintiff’s] *expression* of this idea – as caught in the placement, in the particular light, and in the expressions of the subjects – that . . . makes [the photograph] original and copyrightable.” (first emphasis added)); *Canal+ Image UK Ltd.*, 773 F. Supp. 2d at 437 (“[S]ome of the magic of the movies may indeed be the way that a film combines a wide variety of narrative, visual, and aural elements – lighting, camera angles, dialogue, sound, music, scenery, acting, and even special effects. And it is the combination of these disparate elements in a particular way that turns the otherwise innocuous into the iconic.” (internal quotation marks and citation omitted)).

Merkin’s error leads him to misapprehend the purpose of obtaining work-for-hire agreements. He argues that “[u]nless the producer has obtained work-for-hire agreements from each of the authors involved in making the film, it can not [sic] register the entire film for copyright.” (Defs. Opp’n 9.) In fact, the purpose of work-for-hire agreements is not to consolidate *copyrights* under a single owner, but rather to consolidate *authorship*. As the Second Circuit explained in *Thomson*, the work-for-hire provisions in 17 U.S.C. § 201 are “an exception to the rule that copyrights belong *in the first instance* only to creators.” *Thomson*, 147 F.3d at 205 n.27 (emphasis added); *see* 17 U.S.C. § 201(b) (“In the case of a work made for hire, the employer or other person for whom the work was prepared is considered the *author* for purposes of this title” (emphasis added)). That is, with a work-for-hire, the

creator never has a copyright; what the creator has is a claim of authorship, and the work-for-hire agreement assigns that claim to a third party.

As a result of Merkin's failure to grasp what is at issue in this case – whether he can be considered a co-author of the Film – he seeks declaratory judgment as to matters that are beside the point. To establish that he holds a valid copyright to the Film, he seeks declaratory judgments as to general principles that a film's director can be considered its author; that the Copyright Act contains no provision for a "merged work"; and that Merkin's contributions were not a work-for-hire because he and Plaintiff never signed a written agreement to that effect. (Doc. No. 20.) Those principles, however, are irrelevant here because, as a matter of law, Merkin can be no more than a co-author of the Film, and as a matter of law and fact, he is not. Merkin's claims therefore do not "serve a useful purpose in clarifying or settling the legal issues involved [in the case]," and do not properly fall under the Declaratory Judgment Act, 28 U.S.C. § 2201. *Dow Jones & Co., Inc., v. Harrods Ltd.*, 346 F.3d 357, 359 (2d Cir. 2003). Accordingly, the Court dismisses these claims for lack of subject-matter jurisdiction. *See* Fed. R. Civ. P. 12(h)(3); *cf.* *Dow Jones & Co.*, 346 F.3d at 359 ("[The Declaratory Judgment Act provides a] broad grant of discretion to district courts to refuse to exercise jurisdiction over a declaratory action that they would otherwise be empowered to hear.").

4. Copyright Registration

Plaintiff and Merkin each seek declaratory relief concerning Merkin's copyright registration in the Film: Plaintiff seeks to invalidate the registration, and Merkin seeks a judgment affirming its validity. (Pl. Mem. 9–10; Defs. Mem. 7–8.)

"A certificate of copyright registration is prima facie evidence that the copyright is valid." *Fonar Corp. v. Domenick*, 105 F.3d 99, 104 (2d Cir. 1997). The presumption created by the copyright registration, however, is not irrebuttable – it merely places the burden to prove invalidity on the party opposing the registration. *Carol Barnhart Inc. v. Economy Cover Corp.*, 773 F.2d 411, 414 (2d Cir. 1985); *accord Estate of Burne Hogarth v. Edgar Rice Burroughs Inc.*, 342 F.3d 149, 166–67 (2d Cir. 2003). That burden may be met by "other evidence in the record [that] casts doubt on" the registration's validity. *Fonar Corp.*, 105 F.3d at 104 (internal quotation marks and alterations omitted); *see also id.* (listing cases where the burden has been met).

Here, evidence in the record does more than call the registration into question. As discussed above, the record shows that Merkin was not an author of the film and is entitled to no copyright protection at all. Accordingly, the Court has no difficulty finding that Plaintiff is entitled to summary judgment invalidating Merkin's copyright registration. Conversely, the Court denies Merkin's motion for a declaratory judgment upholding the registration's validity.

B. Breach of Contract and Conversion

Plaintiff next seeks summary judgment on its claims that Merkin breached the parties' Media Agreement and converted Plaintiff's hard drive. Although the Amended Complaint states separate claims for breach of contract and for conversion (Doc. No. 24 at 13–15), Plaintiff's motion makes clear that there is really only one claim: Merkin has Plaintiff's hard drive and Plaintiff wants it back. (Pl. Mem. 10–13.) Under New York law, such a claim is properly called "replevin," *see Dore v. Wormley*, 690 F. Supp. 2d 176, 183 (S.D.N.Y. 2010); *In re Peters*, 821 N.Y.S 2d

61, 65 (App. Div. 2006), and the Court treats it as such.

For replevin, “the sole issue is which party has the ‘superior possessory right’ to the chattel[.]” *Christie’s Inc. v. Davis*, 247 F. Supp. 2d 414, 419 (S.D.N.Y. 2002). In this case, the right to possess the hard drive (and its contents) has swung back and forth between Plaintiff and Merkin. Plaintiff purchased the hard drive on May 31, 2011. (Krakovski Decl. Ex. 6.) At that time, Plaintiff clearly had both title to the hard drive and the right to possess it. The following day, after loading the Film footage onto the hard drive, Krakovski delivered the drive to Merkin with the expectation that Merkin would use it to edit the Film. (Pl. 56.1 ¶ 20; Media Agreement.) In legal jargon, that delivery was a bailment,⁴ and while the bailment remained in force, Merkin had the right to possess the hard drive. See *Elliott v. Leatherstocking Corp.*, No. 10 Civ. 934, 2011 WL 1431618, at *8 (N.D.N.Y. Apr. 14, 2011) (“In a bailment, title to the property remains in the bailor while possession is transferred to the bailee.”). Later, however, Plaintiff made several requests to Merkin to return the hard drive (Pl. 56.1 ¶ 28), thus terminating the bailment. 9 N.Y. Jur. 2d *Bailments & Chattel Leases* § 119 (stating that a bailment with no fixed term is terminable at will by either party). As such, Plaintiff has the

⁴ See *Herrington v. Verrilli*, 151 F. Supp. 2d 449, 457 (S.D.N.Y. 2001) (“A bailment is defined as a delivery of personal property for some particular purpose, . . . upon a contract express or implied, and that after such purpose has been fulfilled it shall be redelivered to the person who delivered it, or otherwise dealt with according to his directions or kept until he reclaims it, as the case may be.” (quoting *Mays v. N.Y., N.H & Hartford R.R. Co.*, 97 N.Y.S 2d 909, 911 (App. Div. 1950))).

superior right of possession and is entitled to return of the hard drive.

Merkin’s insistence that he did not breach the Media Agreement, which is in reality nothing more than a bailment contract, is both counterfactual and beside the point. First, contrary to his suggestion that the Media Agreement is concerned only with the physical hard drive, more than half of the agreement is dedicated to defining what Merkin is and is not permitted to do with “the *footage* on th[e] [hard] drive.” (Media Agreement (emphasis added).) Moreover, the agreement delineates those categories in unmistakable terms. It permits Merkin only to edit the footage. Otherwise, it categorically bars him from using it “in part or in whole, for personal or public use for any purpose whatsoever” without Plaintiff’s consent. (*Id.*) Thus, Merkin’s focus on the physical object on which the footage was stored is fatally misplaced. There is no dispute that he transferred the footage on the hard drive to the Copyright Office without Plaintiff’s permission, in clear violation of the Media Agreement. (Pl. 56.1 ¶ 32.) Second, even if Merkin’s original purpose in copying the footage was legitimate, by submitting the DVDs to the Copyright Office, he “transferred” the footage “for personal [and] public use . . . without prior written consent from [Plaintiff]” – conduct that the agreement specifically prohibited. (Media Agreement.) In any event, whether Merkin breached or not, Plaintiff’s requests for the hard drive’s return terminated the bailment. Plaintiff’s superior right to the hard drive is therefore beyond question and is sufficient to resolve the issue.

Accordingly, the Court grants Plaintiff’s motion for summary judgment on the return of the hard drive. Moreover, because the hard drive’s value comes from its contents, and because the Media Agreement strictly

limited Merkin's use of the contents, the Court also grants Plaintiff summary judgment on the return of the hard drive's contents and any copies made of its contents.

C. Tortious Interference

Plaintiff also seeks summary judgment on its claim that Merkin tortiously interfered with Plaintiff's NYFA screening and post-screening reception, resulting in the cancellation of the screening and the loss of Plaintiff's deposit with the restaurant City Crab. Merkin cross-moves for summary judgment dismissing Plaintiff's claim.

Under New York law, the elements of tortious interference with a business relationship are "(1) the plaintiff had business relations with a third party; (2) the defendant interfered with those business relations; (3) the defendant acted for a wrongful purpose or used dishonest, unfair, or improper means; and (4) the defendant's acts injured the relationship." *Catskill Dev., L.L.C. v. Park Place Entm't Corp.*, 547 F.3d 115, 132 (2d Cir. 2008).

Here, the record establishes that Merkin tortiously interfered with NYFA's screening of the Film. First, it is undisputed that Plaintiff had a business relationship with NYFA, which had agreed to screen the film. The invitation-only event was to be the Film's first major screening, and among the invited guests were several high profile members of the film industry. (Krakovski Decl. ¶ 24; Porter Decl. ¶ 15.) As such, the screening was important to the Film's success and thus to Plaintiff's business. Second, Merkin obviously interfered with Plaintiff's relations with NYFA by calling NYFA's chairman on the day of the screening and asserting that Plaintiff lacked the copyright to the Film. (*See* Reichman Decl. ¶ 3.) Merkin then aggravated that

interference by having his lawyer speak with NYFA's chairman to corroborate Merkin's assertion of copyright ownership to the Film and to state that he was preparing a cease and desist notice to serve on Krakovski.⁵ (*Id.* ¶ 3.)

The third element looks to the means by which a defendant interfered. Under New York law, litigation or the threat of litigation is improper if:

- (1) "the [claimant] has no belief in the merit of the litigation" or,
- (2) "having some belief in the merit of the suit, [the claimant] nevertheless institutes or threatens to institute litigation in bad faith, intending only to harass the third parties and not to bring his claim to definitive adjudication."

RFP LLC v. SCVNGR, Inc., 788 F. Supp. 2d 191, 197 (S.D.N.Y. 2011) (quoting *Universal City Studios, Inc. v. Nintendo Co., Ltd.*, 797 F.2d 70, 75 (2d Cir. 1986)). Here, at the time that Merkin threatened litigation by having his lawyer reference a cease and desist notice, Plaintiff's counsel had already explained to Merkin, at length, why his threat to contact all major film festivals and

⁵ There is some dispute over whether Reichman called NYFA's chairman or vice-versa and whether Reichman stated that he had a cease and desist *order* or whether he simply referenced a cease and desist *notice*. (*Compare* Pl. 56.1 ¶ 38 (stating that the NYFA's chairman informed Krakovski that Reichman had called him and claimed to have a cease and desist order prohibiting the Film's screening), *with* Reichman Decl. ¶ 3 (stating that the NYFA's chairman called Reichman and that Reichman referred only to a notice), *and* Lackman Decl. Ex. 4 (referring to a "cease and desist notice").) Nevertheless, for purposes of Plaintiff's tortious interference claims, those factual disputes are immaterial, as there can be no dispute that Merkin and Reichman interfered with the relationship between Plaintiff and NYFA.

inform them that Plaintiff did not have the rights to the Film footage was “incorrect, both factually and legally, and utterly baseless.” (See Lackman Decl. Ex. 3.) That explanation fell on deaf ears (see *id.* Ex. 4), but had Merkin or Reichman taken even a moment to research and consider Plaintiff’s argument, they would have come across the principle – affirmed in a long line of Second Circuit cases – that a co-owner of a copyright cannot be sued for infringement. See *Kwan v. Schlein*, 634 F.3d 224, 229 (2d Cir. 2011); *Thomson*, 147 F.3d at 199; *Childress*, 945 F.2d at 505; *Weissmann*, 868 F.2d at 1318; see also 1 M. Nimmer, *Nimmer on Copyright* § 6.10 (2013) (“One joint owner cannot be liable for copyright infringement to another joint owner, given the baseline proposition that one cannot infringe his own copyright. It follows that a joint owner may exploit the work himself, without obtaining the consent of the other joint owners.”). The only explanation for Merkin’s and Reichman’s persistence in threatening litigation is that they were willfully blind to the factual and legal realities of their position. Such willful blindness supports the inference of bad faith necessary to establish Merkin’s liability for tortious interference. See, e.g., *Johnson & Johnson Consumer Cos. v. Aini*, 540 F. Supp. 2d 374, 391–92 (E.D.N.Y. 2008); see also *Carr v. Marietta Corp.*, 211 F.3d 724, 732 (2d Cir. 2000) (collecting cases demonstrating that, under New York law, “a party does not act in good faith if she acts with knowledge and disregard of suspicious circumstances”).

Finally, it is clear from the record that as a result of Merkin’s interference, Plaintiff was injured in multiple ways. The most direct injury, of course, was that NYFA cancelled the screening and thus denied Plaintiff the opportunity to publicize the Film. (Pl. 56.1 ¶ 39.) In addition, the screening’s cancellation prevented Plaintiff

from holding the post-screening reception at City Crab, resulting in the forfeiture of Plaintiff’s non-refundable deposit of \$1,956.58. (*Id.* ¶ 27.); see *Int’l Minerals & Res., S.A. v. Pappas*, 96 F.3d 586, 597 (2d Cir. 1996) (stating that “[o]ne who is liable to another for interference with a . . . prospective contractual relation is liable for damages for . . . consequential losses for which the interference is a legal cause” (alteration in original) (quoting Restatement (Second) of Torts § 774A (1977)); *Guard-Life Corp. v. S. Parker Hardware Mfg. Corp.*, 50 N.Y.2d 183, 197 n.6 (1980) (“In an action against the third party for tortious interference, . . . the elements of damages, including consequential damages, would be those recognized under the more liberal rules applicable to tort actions.”).

Because Plaintiff has suffered injury as a result of Merkin’s wrongful interference in its relationship with the NYFA, the Court grants summary judgment as to its tortious interference claim and finds Merkin liable for \$1,956.58, the full amount sought by Plaintiff.

D. Dismissal of AME

AME seeks dismissal of the claims against it because Plaintiff has not alleged AME’s involvement in any of the conduct from which Plaintiff’s claims arise. Plaintiff produces no evidence to the contrary.⁶ Instead, Plaintiff argues that Merkin and AME are alter egos and that reverse piercing of the corporate veil is warranted to hold AME liable for Merkin’s conduct.

⁶ The fact that Plaintiff contemplated hiring Merkin via AME, his loan-out company, does not implicate AME given that Plaintiff and AME never actually entered into any agreement that would make AME a party to the instant controversy.

This argument is unavailing. In New York, the standard for reverse piercing is well established. Like straightforward piercing, reverse piercing is appropriate only when “the [corporate] form has been used to achieve fraud, or when the corporation has been so dominated by an individual or another corporation . . . and its separate identity so disregarded that it primarily transacted the dominator’s business rather than its own and can be called the other’s alter ego.” *Gartner v. Snyder*, 607 F.2d 582, 586 (2d Cir. 1979); see *Miramax Film Corp. v. Abraham*, No. 01 Civ. 5202 (GBD), 2003 WL 22832384, at *6 (S.D.N.Y. Nov. 25, 2003) (explaining that reverse veil piercing “may be appropriate in cases where the alter ego is being used as a ‘screen’ for the dominating entity” (quoting *Kingston Dry Dock Co. v. Lake Champlain Transp. Co.*, 31 F.2d 265, 267 (2d Cir. 1929))). New York requires that a party seeking to pierce a corporate veil must make a two-part showing: “[1] that the owner exercised complete domination over the corporation with respect to the transaction at issue; and [2] that such domination was used to commit a fraud or wrong that injured the party seeking to pierce the veil.” *Am. Fuel Corp. v. Utah Energy Dev. Co.*, 122 F.3d 130, 134 (2d Cir. 1997). Furthermore, the fact that an individual is a corporation’s sole member does not, in and of itself, establish the individual’s dominance of the corporation. Rather, the factors that “tend to identify a dominant corporation” include (1) “whether corporate formalities are observed,” (2) “whether the capitalization is adequate,” (3) “whether funds are put in and taken out of the corporation for personal rather than corporate purposes,” (4) “whether the corporation is treated as an independent profit center,” and (5) “whether the corporation in question had property that was used by the alleged dominator as if it were the dominator’s own.” *Id.* (citing *Wm.*

Passalacqua Builders, Inc. v. Resnick Developers S., Inc., 933 F.2d 131, 139 (2d Cir. 1991)).

In the instant case, Plaintiff fails to make either showing. It provides no evidence that Merkin dominated AME and offers little more than speculation about AME’s complicity in wronging Plaintiff. (See Pl. Opp’n 20 (asserting the *possibility* that Merkin hopes “to take advantage of his limited liability company for the purpose of concealing assets that would otherwise be used to satisfy a judgment in this case”).) Clearly, the law requires more.

Because Plaintiff has offered no evidence that AME was a party to the instant controversy and has not made a showing sufficient to pierce AME’s corporate veil, the Court must dismiss AME from this action.

E. Attorneys’ Fees and Sanctions

Finally, Plaintiff seeks an award of attorneys’ fees and costs as a sanction pursuant to both 17 U.S.C. § 505 and 28 U.S.C. § 1927. Merkin opposes Plaintiff’s prayer for relief on both procedural and substantive grounds. Ironically, many of Merkin’s arguments against awarding fees and costs fit the pattern of unreasonable, unsupported assertions that led Plaintiff to seek sanctions in the first place. The Court will briefly dispose of Merkin’s procedural objections before turning to the substantive question of whether attorneys’ fees and costs should be awarded in this action.

Merkin first argues that Plaintiff is ineligible for attorneys’ fees under 17 U.S.C. § 505 because it has not registered a copyright prior to initiating this lawsuit, which Merkin asserts Plaintiff must do under 17 U.S.C. § 412. (Def’s. Opp’n 20–21.) The plain language of § 412, however,

belies Merkin's position. That provision makes registration a precondition for eligibility for fees only in certain actions for copyright infringement. *See* 17 U.S.C. § 412 ("In any action under this title, . . . no award of statutory damages or attorney's fees . . . shall be made for . . . (1) any *infringement* of copyright in an unpublished work commenced before the effective date of its registration; or (2) any *infringement* of copyright commenced after first publication of the work and before the effective date of its registration, unless such registration is made within three months after the first publication of the work." (emphases added)). Thus, § 412 does not apply to the instant action, in which Plaintiff asserts no claims of copyright infringement.

Merkin next argues that it was improper for Plaintiff to include a prayer for attorneys' fees in the Amended Complaint because Federal Rule of Civil Procedure 54 requires such a request to be made by motion *after* judgment. Unfortunately, once again, Merkin's argument finds no support in the statutory text. Rule 54(d)(2), which Merkin cites (*see* Defs. Opp'n 21), provides that a motion for attorneys' fees must be "filed *no later* than 14 days after the entry of judgment." Fed. R. Civ. P. 54(d)(2)(B)(i). This provision, which sets a deadline by which a party must move for attorneys' fees, in no way suggests that a party must await judgment before seeking fees. The Court accordingly denies Merkin's motion to strike Plaintiff's prayer for attorneys' fees.

The Court now turns to the merits of Plaintiff's application for fees and costs. Although both 17 U.S.C. § 505 and 28 U.S.C. § 1927 permit a court to award attorneys' fees, there are two important differences between them. First, only parties, as opposed to their attorneys, are liable for awards under § 505. *Cf. Healey v. Chelsea Res., Ltd.*, 947 F.2d 611, 624 (2d

Cir. 1991) ("When a fee-shifting statute that authorizes the courts to award attorneys' fees to prevailing parties does not mention an award against the losing party's attorney, the appropriate inference is that an award against attorneys is not authorized."); *see also Neft v. Vidmark, Inc.*, 923 F.2d 746, 746–47 (9th Cir. 1991) (holding that § 505 does not permit sanctions against attorneys). By contrast, § 1927 is expressly limited to attorneys and "person[s] admitted to conduct cases" in federal courts. *See* 28 U.S.C. § 1927. Second, as detailed below, mere objective unreasonableness may satisfy § 505, *see Russian Entm't Wholesale, Inc. v. Close-up Int'l Inc.*, 482 F. App'x 602, 607 (2d Cir. 2012), whereas § 1927 requires a showing of bad faith, *see United States v. Int'l Bhd. of Teamsters*, 948 F.2d 1338, 1345 (2d Cir. 1991). Accordingly, the Court will analyze the appropriateness of a fee award under each provision separately.

1. 17 U.S.C. § 505

The Copyright Act permits a court to award reasonable attorneys' fees and costs to a "prevailing party." 17 U.S.C. § 505.⁷ The Second Circuit has interpreted § 505 to create a "standard for awarding fees [that] is very favorable to prevailing parties; indeed, fees are generally awarded to a prevailing plaintiff." *Twin Peaks Prods., Inc. v. Publ'ns Int'l, Ltd.*, 996 F.2d 1366, 1383 (2d Cir. 1993) (internal quotation marks omitted); *see Robinson v. Random House, Inc.*, 877 F. Supp. 830, 844 (S.D.N.Y. 1995). "There is no precise rule or formula" for determining the appropriateness or

⁷ "In any civil action under [the copyright law], the court in its discretion may allow the recovery of full costs by or against any party other than the United States or an officer thereof. Except as otherwise provided by this title, the court may also award a reasonable attorney's fee to the prevailing party as part of the costs." 17 U.S.C. § 505.

magnitude of attorneys' fees. *Fogerty v. Fantasy, Inc.*, 510 U.S. 517, 534 (1994) (internal quotation marks omitted). Rather, courts must exercise "equitable discretion." *Id.* In exercising such discretion, courts commonly consider several factors, including "(1) the frivolousness of the non-prevailing party's claims or defenses; (2) the party's motivation; (3) whether the claims or defenses were objectively unreasonable; and (4) compensation and deterrence." *Bryant v. Media Right Prods., Inc.*, 603 F.3d 135, 144 (2d Cir. 2010) (citing *Fogerty*, 510 U.S. at 534 n.19). The third factor, in particular, should "be given substantial weight in determining whether an award . . . is warranted." *Russian Entm't Wholesale*, 482 F. App'x at 607 (quoting *Matthew Bender & Co. v. West Pub. Co.*, 240 F.3d 116, 122 (2d Cir. 2001)). A party may establish entitlement to fees, however, without demonstrating that each of the four factors weighs in its favor. *See id.* (affirming a district court order denying fees despite the fact that the order "did not set forth all four of the factors described as potentially relevant in [*Fogerty*]"). Indeed, courts have granted fee motions based on a showing of objective unreasonableness alone. *See Baker v. Urban Outfitters, Inc.*, 431 F. Supp. 2d 351, 357 (S.D.N.Y. 2006) (collecting cases).

Plaintiff seeks an award of fees and costs under § 505 on the grounds that Merkin's "unwavering position that he has the right to enjoin exploitation of the Film" is objectively unreasonable. (Pl. Mem. 17.) "'Objective unreasonableness' is generally used to describe claims that have no legal or factual support." *Viva Video, Inc. v. Cabrera*, 9 F. App'x 77, 80 (2d Cir. 2001). Here, as the Court has explained, this entire suit arises from Merkin's utter failure to understand several basic tenets of copyright law. Over the course of this litigation, Merkin has asserted that he has the right to

enjoin Plaintiff's use of the Film footage (*see, e.g.*, Defs. Opp'n 9) and that he, and he alone, holds a distinct copyright "for the direction of the Film" (*see id.* at 12 (describing Merkin as "the sole author and therefore sole copyright holder" of the "copyright for the direction of the Film").) Neither of these positions has any factual or legal support. Merkin did not produce a scintilla of evidence to support a reasonable belief that Plaintiff was not, at the very least, a co-author of the Film; indeed, Merkin has effectively acknowledged Plaintiff's co-authorship (*see, e.g.*, Merkin Decl. ¶ 11; Merkin PI Decl. ¶ 33; Defs. Opp'n 8 (acknowledging that "[t]here are many author-creators in the making of a movie").) Given these facts, and in light of the straightforward principle that a co-author – to say nothing of a sole author – has the right to exploit its work however it sees fit, *see, e.g., Thomson*, 147 F.3d at 199, the Court has no difficulty concluding that it was objectively unreasonable for Merkin to assert the right to enjoin Plaintiff from screening the Film and to argue that Plaintiff is liable for copyright infringement.

Merkin's assertion of sole ownership of a copyright in the Film's direction is equally flawed. Copyright law is clear that there is but one copyright in a motion picture and that direction, in and of itself, does not qualify for copyright protection. *See* 17 U.S.C. §§ 101, 102(b); 37 C.F.R. 202.3(b)(11). Merkin's lack of citation to any authority recognizing a standalone copyright for direction only underlines the objectively unreasonable nature of that claim. In light of Merkin's objectively unreasonable claims, the Court finds that an award under § 505 is appropriate. *See, e.g., Diplomatic Man, Inc. v. Brown*, No. 05 Civ. 9069 (JSR), 2007 WL 2827125, at *1 (S.D.N.Y. Sept. 28, 2007) ("Since [the plaintiff] was, at best, a co-owner of the copyright in question, [the plaintiff's] claim

of infringement against other co-owners was objectively unreasonable, meriting a costs and fees award in this case.”).

Plaintiff argues that a fee award would also serve the interests of compensation and deterrence, and the Court agrees. Awarding Plaintiff fees “will provide compensation to an author-plaintiff[] who was forced to pursue this litigation in the face of obviously losing positions on the part of [the defendant].” *Harrell v. Van Der Plas*, No. 08 Civ. 8252 (GEL), 2009 WL 3756327, at *4 (S.D.N.Y. Nov. 9, 2009). Furthermore, a fee award would promote both specific and general deterrence. Merkin has proven remarkably immune to efforts to educate him about copyright law. Even after Plaintiff’s counsel sent him a detailed letter explaining why he lacked the authority to enjoin Plaintiff showing the Film (*see* Lackman Decl. Ex. 3), Merkin went ahead and sabotaged the NYFA screening anyway by asserting, through Reichman, a groundless claim of copyright infringement (Pl. 56.1 ¶ 38). To this day, Merkin doggedly refuses to acknowledge Plaintiff’s rights in the Film, contesting Plaintiff’s claim for a declaratory judgment that it is not liable for copyright infringement (*see* Doc. No. 40 ¶ II) despite offering neither evidence nor a plausible legal argument that Plaintiff is wrong. A fee award would deter both Merkin and similarly situated parties from pursuing such groundless copyright claims in the future. *See Crown Awards, Inc. v. Discount Trophy & Co.*, 564 F. Supp. 2d 290, 295 (S.D.N.Y. 2008) (awarding fees to deter future defendants from “litigating in bad faith and introducing objectively unreasonable components into copyright cases.”).

The justification for a fee award is especially strong here because the financial amount at stake between the parties is quite small. *See id.* (observing that a fee award is

“particularly justified . . . in a copyright case in which the monetary stakes are small”). Without the prospect of a fee award in such cases, “the [injured] party might be forced into a nuisance settlement or deterred altogether from enforcing his rights.” *Harrell*, 2009 WL 3756327, at *5 (internal quotation marks omitted). Accordingly, the Court finds that Plaintiff is entitled to an award of the costs and fees expended in connection with Plaintiff’s copyright claims and Merkin’s copyright counterclaims.⁸

2. 28 U.S.C. § 1927

Under 28 U.S.C. § 1927, an attorney who “multiplies the proceedings in any case unreasonably and vexatiously may be required by the court to satisfy personally the excess costs, expenses, and attorneys’ fees reasonably incurred because of such conduct.” 28 U.S.C. § 1927.⁹ This provision “does not distinguish between winners and losers, or between plaintiffs and defendants It is concerned only with limiting the abuse of court processes.” *Apex Oil Co. v. Belcher Co. of N.Y., Inc.*, 855 F.2d 1009, 1019 (2d Cir. 1988) (ellipsis in original) (quoting *Roadway Express v.*

⁸ Plaintiff is not entitled, however, to fees and costs under § 505 in connection with either prosecuting or defending any of the non-copyright claims in this action. *See Ritchie v. Gano*, 754 F. Supp. 2d 605, 609 (S.D.N.Y. 2010) (“[T]he prevailing party may recover only for those attorneys’ fees expenditures that relate to the copyright claims. The claimant may not recover for attorney billings for other claims brought in the same suit.”); *Scanlon v. Kessler*, 23 F. Supp. 2d 413, 417 (S.D.N.Y. 1998).

⁹ “Any attorney or other person admitted to conduct cases in any court of the United States or any Territory thereof who so multiplies the proceedings in any case unreasonably and vexatiously may be required by the court to satisfy personally the excess costs, expenses, and attorneys’ fees reasonably incurred because of such conduct.” 28 U.S.C. § 1927.

Piper, 447 U.S. 752, 762 (1980)); *see also Oliveri v. Thompson*, 803 F.2d 1265, 1273 (2d Cir. 1986) (identifying the purpose of § 1927 sanctions as the deterrence of unnecessary delays in litigation). To impose sanctions under § 1927, the Court “must find clear evidence that (1) the offending party’s claims were entirely meritless and (2) the party acted for improper purposes.” *Revson v. Cinque & Cinque, P.C.*, 221 F.3d 71, 79 (2d Cir. 2000) (internal quotation marks omitted). “Both conclusions must be supported by specific factual findings,” and “bad faith may be inferred only if actions are so completely without merit as to require the conclusion that they must have been undertaken for some improper purpose such as delay.” *DigiTelCom, Ltd. v. Tele2 Sverige AB*, No. 12 Civ. 3082 (RJS), 2012 WL 3065345, at *6 (S.D.N.Y. July 25, 2012) (quoting *Enmon v. Prospect Capital Corp.*, 675 F.3d 138, 143 (2d Cir. 2012)); *see United States v. Int’l Bhd. of Teamsters, Chauffeurs, Warehousemen & Helpers of Am., AFL-CIO*, 948 F.2d 1338, 1346 (2d Cir. 1991) (stating that § 1927 requires “subjective bad faith by counsel”).

The Court is generally reluctant to impose sanctions on attorneys lest it deter them from legitimately pursuing meritorious claims. *See Gollomp v. Spitzer*, 568 F.3d 355, 373 (2d Cir. 2008). Nevertheless, on the record before it, the Court concludes that sanctions are wholly warranted in this instance. As the Court has by now demonstrated at considerable length, Reichman has advanced numerous claims during this litigation that entirely lack merit. A non-exhaustive catalog of such colorless claims includes:

- Against uncontroverted evidence that Plaintiff is at least a co-author of the Film, and therefore cannot have infringed the Film’s copyright as a matter of well-established law,

Reichman has maintained that Plaintiff is liable for infringing Merkin’s standalone copyright in the Film’s direction, even though he cited no authority recognizing that such a standalone copyright can exist and even though both statutory and Second Circuit authority confirm that it does not. (*See* Defs. Opp’n 7–12.)

- In order to argue that Merkin did not breach the Media Agreement, Reichman has grossly mischaracterized that agreement’s terms, insisting that the agreement deals only “with Merkin’s possession of a material object” (Defs. Opp’n 18) – namely, the hard drive – when in fact more than half of the agreement deals explicitly with the hard drive’s contents – namely, the Film footage (*see* Media Agreement).

- Over the entire course of this litigation, Reichman has repeatedly advanced legal arguments that mischaracterize, misread, and misapply legal authority. At the start of this litigation, for example, Reichman argued that Merkin held protected “moral rights” in the Film pursuant to 17 U.S.C. § 106A (Reichman PI Decl. ¶¶ 3, 12), even though, by its plain terms, § 106A applies only to “work[s] of visual art,” which the Copyright Act explicitly defines so as not to include motion pictures, *see* 17 U.S.C. § 101 (“A work of visual art does not include . . . any . . . motion picture or other audiovisual work . . .”). In the context of the instant motions, Reichman has asserted that 17 U.S.C. § 412 and Federal Rule of Civil Procedure 54 bar Plaintiff from seeking attorneys’ fees (*see* Defs.

Opp'n 20–21; Defs. Mem. 10), even though the text of those provisions patently contradicts him.

As these examples suggest, Reichman's meritless claims are not one-off errors. Rather, they form a pattern infecting the entire course of Reichman's conduct leading up to and including this litigation. Most troublingly, this pattern persisted despite diligent efforts by both Plaintiff's counsel and the Court to educate Reichman about copyright law and the defects in his client's argument. On January 3, 2012 – months before both the cancelled NYFA screening and the start of the instant lawsuit – Plaintiff's counsel sent Reichman a detailed letter setting forth the factual and legal reasons why Merkin lacked authority to enjoin Plaintiff from screening or otherwise exploiting the Film's footage. (*See* Lackman Decl. Ex. 3.) That letter explained that every other member of the Film's cast and crew signed work-for-hire agreements and cited case law affirming the principle that co-authors cannot sue one another for copyright infringement. (*Id.* Ex. 3 at 1–2.) Ignoring that letter, Reichman proceeded to help Merkin torpedo the NYFA screening by asserting a groundless claim of copyright infringement. (Pl. 56.1 ¶ 38; Reichman Decl. ¶ 3.) Then, the following day, when Plaintiff's counsel emailed Reichman to again advise him that Merkin's position was frivolous (*see* Lackman Decl. Ex. 4 at 1), Reichman responded by reasserting Merkin's sole copyright to the footage without citing any authority for that proposition. (*Id.* Ex. 4 at 2.) Reichman repeated that assertion at oral argument on Plaintiff's application for preliminary relief, relying principally on the authority of “the Internet” and failing to cite any applicable statutes or case law. (Tr. of May 14, 2012, Oral Argument at 2:22.)

The clear import of Reichman's conduct since January is that not only has he evidently taken no affirmative steps to understand basic principles of copyright law, but he has obstinately refused to consider information placed right in front of him.¹⁰ *See Oliveri*, 803 F.2d at 1272 (“[B]ad faith may be found, not only in the actions that led to the lawsuit, but also in the conduct of the litigation.” (internal quotation marks omitted and alteration in original)). Such persistent conduct cannot be explained simply by poor legal judgment or ignorance of legal requirements – grounds that courts have found insufficient to justify sanctions under § 1927. *See Schlaifer Nance & Co. v. Estate of Warhol*, 194 F.3d 323, 340 (2d Cir. 1999) (reversing award of sanctions under § 1927 where the court could not conclude that the sanctioned conduct “was anything more than the result of poor legal judgment”); *Gianna Enters. v. Miss World (Jersey) Ltd.*, 551 F. Supp. 1348, 1360 (S.D.N.Y. 1982) (holding that “ignorance of legal requirements do[es] not amount to the intentional abuse of judicial process that is the target of protective awards of attorneys' fees”). Reichman had ample time, adequate notice, and multiple opportunities to change course and abandon his utterly groundless legal claims. He steadfastly refused to do so. Such persistent conduct can only be explained by willful blindness, and such willful blindness in turn persuades the Court that Reichman has acted in bad faith. *See*

¹⁰ In a similar vein, after Reichman asserted in a pre-motion letter dated May 17, 2012, that 17 U.S.C. § 412 bars Plaintiff's claim for attorneys' fees under § 505, both the Court and Plaintiff's counsel explained to him that § 412 does not apply to the instant action because Plaintiff has not brought claims for copyright infringement. (*See* Tr. of June 1, 2012 Pre-Motion Conference, Doc. No. 15, at 9:16-10:3.) Nevertheless, and in spite of § 412's clear language to the contrary, Reichman asserted that argument in his papers on the instant motions. (*See* Defs. Opp'n 20-21; Defs. Mem. 10.)

Gollomp, 568 F.3d at 369–71 (affirming order imposing § 1927 sanctions on attorneys who continued to press claims despite repeated warnings from courts that the claims were frivolous and should be withdrawn).

Accordingly, the Court grants Plaintiff's motion for sanctions against Reichman pursuant to 28 U.S.C. § 1927 for his conduct in connection with all of the copyright claims in this action.

IV. CONCLUSION

For the foregoing reasons, the Court grants Plaintiff's motion for summary judgment that (1) it is not liable for copyright infringement; (2) Merkin holds no copyright ownership interest in the Film; (3) Merkin's copyright registration for the Film is invalid; (4) Plaintiff is entitled to return of the hard drive and any copies of its contents; and (5) Merkin is liable for tortious interference with Plaintiff's business relationship with NYFA. Furthermore, the Court grants Plaintiff's motion for attorney's fees against Merkin, pursuant to 17 U.S.C. § 505, and for sanctions against Reichman, pursuant to 28 U.S.C. § 1927. Conversely, the Court denies all of Defendants' motions, with the exception of AME's motion to dismiss. The Court also dismisses Merkin's first three counterclaims.

Accordingly, as Plaintiff has prevailed on its copyright claims, **IT IS HEREBY ORDERED THAT** Merkin is permanently enjoined from further and future acts of interference and harassment against Plaintiff, including, but not limited to, contacting theaters, distributors, film festivals, and individuals in the motion picture industry to assert claims of copyright ownership in the Film or to challenge Plaintiff's copyright interest in the Film.

IT IS FURTHER ORDERED THAT Merkin's copyright registration to the Film is invalid, and he shall withdraw it from the U.S. Copyright Office by October 14, 2013.

IT IS FURTHER ORDERED THAT Merkin shall return the hard drive, together with all media storing footage copied from the hard drive, to Plaintiff by October 7, 2013.

IT IS FURTHER ORDERED THAT Plaintiff is awarded \$1,956.58 in damages.

IT IS FURTHER ORDERED THAT, by October 7, 2013, Plaintiff shall submit a calculation of its costs, including attorneys' fees, associated with litigating the copyright claims in this case. **IT IS FURTHER ORDERED THAT**, by October 7, 2013, Plaintiff shall submit a separate calculation of the excess costs, expenses, and attorneys' fees reasonably incurred because of Reichman's conduct. Merkin and Reichman shall then have until October 21, 2013 to raise objections. Any objections shall be limited to Plaintiff's calculation of its fees and costs, and shall not attempt to relitigate whether sanctions were appropriate in the first place.

IT IS FURTHER ORDERED THAT, by October 14, 2013, the parties shall submit a joint letter advising the Court how they wish to proceed on Merkin's counterclaim for breach of contract, which was not the subject of any of the instant motions.

The Clerk of the Court is respectfully directed to terminate the motions pending at Doc. Nos. 32 and 40.

SO ORDERED.


RICHARD J. SULLIVAN
United States District Judge

Dated: September 27, 2013
New York, New York

* * *

Plaintiff is represented by Eleanor M. Lackman and Joshua S. Wolkoff, of Cowan, DeBaets, Abrahams & Sheppard LLP, 41 Madison Avenue, 34th Floor, New York, New York 10010.

Defendants are represented by Maurice A. Reichman, 33 Greenwich Avenue, New York, New York 10014.

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