

<p>FILED CLERK, U.S. DISTRICT COURT</p> <div style="border: 1px solid black; padding: 5px; margin: 5px auto; width: 80%;"> <p style="text-align: center;">Oct 13, 2015</p> </div> <p style="text-align: center;">CENTRAL DISTRICT OF CALIFORNIA BY: _____ PMC _____ DEPUTY</p>

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UNITED STATES DISTRICT COURT
 CENTRAL DISTRICT OF CALIFORNIA

EQUALS THREE, LLC a California
 limited liability company,)
)
 Plaintiff,)
)
 v.)
)
 JUKIN MEDIA, INC., a California)
 corporation, and DOES 1 through 50,)
 inclusive,)
)
 Defendants.)

CASE NO. 2:14-cv-09041-SVW-
 MAN
 ORDER GRANTING IN PART AND
 DENYING IN PART JUKIN MEDIA,
 INC.’S MOTION FOR PARTIAL
 SUMMARY JUDGMENT AND
 JUDGMENT
 [34]

I. INTRODUCTION

This copyright action centering around funny videos presents issues that are anything but simple. The instant motion requires the Court to evaluate whether a humorist’s use of “viral videos”¹ is a fair use. This complicated inquiry requires this Court to make distinctions along the fuzzy boundaries between commenting on humorous videos in a transformative manner and simply exploiting them for their inherent humor without paying the customary price.

On November 21, 2014, plaintiff and counterclaim defendant Equals Three, LLC (“Equals Three”) sued defendant and counterclaimant Jukin Media, Inc. (“Jukin”) for a

¹ A viral video is “a video that becomes popular through the process of (most often) Internet sharing, typically through video sharing websites, social media, and email.” (Compl. ¶ 19 n.2) (quoting Viral Video, WIKIPEDIA, http://en.wikipedia.org/wiki/Viral_video).

1 declaratory judgment and for relief under § 512(f) of the Digital Millennium Copyright Act
2 (“DMCA”) (which prohibits fraudulent use of DMCA takedown notices). Jukin counterclaimed,
3 asserting that Equals Three infringes nineteen of its copyrights. Presently before the Court is
4 Jukin’s motion for partial summary judgment regarding fair use. (Dkt. 34.). For the reasons
5 discussed below, the Court GRANTS IN PART and DENIES IN PART Jukin’s motion for
6 summary judgment.

7 **II. FACTUAL BACKGROUND**²

8 Jukin is a digital media company that amasses a library of user-generated internet video
9 clips to license on the clip creators’ behalf. (Def.’s SUF ¶¶ 1–2, 4, 12.) Jukin employs a research
10 and acquisitions team of eleven people to scour the internet for videos likely to “go
11 viral”—become sensationally popular. (Def.’s SUF ¶¶ 13–18.) Jukin’s employees then locate
12 the videos’ creators and enter licensing agreements with them.³ (Def.’s SUF ¶ 19–24.) Jukin has
13 a library of over 17,000 short-form videos. (Def.’s SUF ¶ 4.)

14 Jukin uploads these videos to its YouTube multi-channel network and to Jukin’s own
15 content-focused websites. (Def.’s SUF ¶¶ 5, 8.) Jukin also uses these videos to create “digital
16 productions,” which Jukin distributes on its YouTube multi-channel network and websites.
17 (Smith Decl. ¶ 7.) Beyond arguing that these productions are original, Jukin does not offer
18 evidence regarding the precise nature and content of these “digital productions.” Jukin also
19 monetizes its videos via ad-supported or subscription-based third-party syndicators, which take
20 responsibility for content distribution and use Jukin’s videos to generate advertising revenue.
21 (Def.’s SUF ¶ 9.) Media partners also pay to sponsor a particular compilation of Jukin’s videos.
22 (Def.’s SUF ¶ 10.) Finally, Jukin promotes its videos to and licenses them for use on traditional
23 media platforms, such as television and cable shows. (Def.’s SUF ¶ 146.) Jukin’s partners
24 include “the what da faq show” and “The Young Turks”—which Jukin describes as YouTube
25 shows that are similar to Equals Three’s show. (Def.’s SUF ¶ 152.)

26
27 ² To the extent that the Court relies on disputed evidence or facts without addressing objections
in this section or in its analysis below, any objections raised are overruled.

28 ³ The Court notes that Jukin does not proffer any actual licensing agreements that it has entered
with content creators. The Court further notes the issues (discussed below)

1 Equals Three does not dispute the fact that Jukin’s partner’s include these two shows, but
2 argues that the shows are distinct from Equals Three’s show. In support of this argument, Equals
3 Three offers the declaration of its executive producer Kadiatou Martin (“Martin”). Martin states
4 that: (1) “The Young Turks” is distinguishable from Equals Three because “it is a politically-
5 charged news and current events show”; and (2) “the what da faq show” is distinguishable from
6 Equals Three because it “is in Spanish, it plays viral videos one after another in no particular
7 arrangement, and the host offers few remarks.” (Martin Decl. ¶ 9.)

8 Equals Three produces short humor programs which it broadcasts via YouTube. (Def.’s
9 SUF ¶ 30, 32.) Its humor programs typically involve a host who gives an introduction, shows
10 parts of video clips⁴ (which are usually shown in edited form and inset within a decorative
11 graphical frame) and remarks about the events and people presented in the clip. (Martin Decl.,
12 Ex. B.; Def.’s SUF ¶ 32; Pl.’s SUF ¶¶ 157, 162.) In each episode, “the host weaves an
13 originally-crafted humorous story theme throughout the episode using multi-media
14 content—text, graphics and animation, sound effects, voice overs, and video clips—to enhance
15 and develop the story.”⁵ (Pl.’s SUF ¶ 157.) Often portions of the viral video are shown more
16 than once during a single Equals Three episode. (Def.’s SUF ¶ 34.) The “host will frequently
17 offer an originally-authored monologue, and will provide spoken and performed commentary on
18 the various video clips, including facial expressions, sarcastic remarks, derisive commentary,
19 sexual innuendo, and social commentary directly targeting and referencing the people, events,
20 and circumstances depicted in the Source Videos.” (Pl.’s SUF ¶ 162.) Each program is roughly
21 five minutes long and typically features three segments, each of which centers around a different
22 video. (Def.’s SUF ¶ 32, Johnson Decl. ¶ 6–7; Landry Decl. ¶¶ 4–5.) Equals Three also offers
23 its executive producer’s declaration that “[s]tylistically, the E3 Episodes feature frequent jump
24 cuts” and are “edited to appeal to . . . fast-paced tastes[.]” (Martin Decl. ¶ 3.)

25
26 ⁴ Of Equals Three’s 268 episodes, 220 episodes show three clips, one episode shows five clips,
and 47 episodes show one clip. (Johnson Decl. ¶ 7.)

27 ⁵ Jukin does not dispute that the Equals Three episodes include such elements, but argues that
28 they are not original because Equals Three admits to copying others’ content and because Equals
Three purportedly “add[s] nothing except effects and commentary to ‘drive the story.’” (Def.’s
Rep. to Pl.’s SUF ¶ 157.)

1 Equals Three typically obtains source footage for its show by scouring the Internet for
 2 source videos. (Pl.'s SUF ¶ 159.) Jukin argues that Equals Three directly targets its videos, but
 3 fails to offer any evidence beyond rank speculation proving this fact. *See* (Smith Decl. ¶ 47.)
 4 Equals Three provides its creator's declaration that Equals Three does not target Jukin. (Johnson
 5 Decl. ¶ 12.)

6 It is undisputed that Equals Three uses portions of Jukin's videos without paying a
 7 licensing fee.⁶ Each of the subject source clips from Jukin is a user-generated video featuring
 8 either a slapstick-style mishap, an animal in a humorous situation, or simply a cute video of an
 9 animal (such as a dachshund chasing a crab on the beach). (Ramas Decl., Ex. 1; Marti Decl., Ex.
 10 B.) Jukin asserts that Equals Three infringed on its videos as follows:

<u>Equals Three Episode</u>	<u>Jukin Video</u>
1. The Resurrection	1. Black Bear Milk Bottle Rescue
2. Like a Girl	2. Disney World Surprise Gone Wrong
3. High on Killer Wasp Spray	3. Funny . . . Wasp stings man while wife laughs!
4. Drunk Babies	4. Groom drops bride
5. Blazing Crow—Key & Peele	5. Insane Dodge Ball Kill!
6. Boat Trick Accident	6. Skim Board Fail
7. Fun with Rednecks!	7. Road worker trick fail 8. Dog Gets Spoon Fed
8. Itchy Balls	9. Dog thinks terrace door is closed
9. Wiener Crabs	10. Dachshund v. Crab
10. So Long Ray	11. Went beautifully
11. Skydiving Accident	12. Skydiving Plane Crash Incident
12. Sheep to the Balls	13. First person to buy iPhone 6 in Perth drops it on live TV when pressured by reporters

27 _____
 28 ⁶ The Court notes that Equals Three asserts that a few of the subject episodes do not actually use Jukin's videos, but rather use similar source footage. The Court does not reach this issue because the dispute is immaterial to the instant motion.

13. Bear Thief	14. Edelweiss Bear Take Out 2
14. I HAVE SUPER POWERS	15. trampoline hump dog
15. Gallon Smash Prank	16. Burning My Hair Off
16. Train Orgasm	17. MOMMY'S BIG SECRET :) THIS IS A MUST SEE!!!!
17. How to shoot up in the woods	18. 500 Smith&Wesson tree fail.
18. Hottest New Jam	19. Camera Falls From Airplane and Lands in Pig Pen

(Martin Decl. ¶ 13.) It is undisputed that each of the allegedly infringed Jukin videos was published before Equals Three's alleged use of that video. (Pl.'s SUF ¶ 159.)

On March 12, 2014, Equals Three's then-host Ray William Johnson announced that the Equals Three show would be going on hiatus to find a new host. (Johnson Decl. ¶ 14.) When Jukin heard that Equals Three was to resume its broadcasts, Jukin contacted Equals Three to inform Equals Three that any use of Jukin's videos would be considered infringing.⁷ (Def.'s SUF ¶ 35.) Jukin's letter indicates that Jukin is willing to negotiate a license agreement and indicates that Equals Three's willingness to link to and credit Jukin's content is not sufficient. (Smith Decl., Ex. A.) It is undisputed that no license agreement resulted.

On July 16, 2014, Equals Three resumed broadcast and published its episode titled "The Resurrection" to YouTube. (Def.'s SUF ¶ 37.) It is undisputed that "The Resurrection" used Jukin's video "Black Bear Milk Bottle Rescue." (Def.'s SUF ¶ 44.)

On July 17, 2014, Equals Three responded to Jukin's July 9 letter. (Def.'s SUF ¶ 38.) On July 25, 2014, Jukin sent a letter to Equals Three's counsel with an attached invoice for Equals Three's use of Jukin's videos.⁸ (Def.'s SUF ¶¶ 39–40.) Jukin argues that Equals Three never responded to the July 25 letter, never paid the invoice, and never attempted to negotiate a

⁷ Equals Three asserts that Jukin sent this letter to an individual who was not affiliated with or authorized to act on behalf of Equals Three. However, Equals Three does not dispute that it was notified of the letter. Moreover, this dispute is irrelevant to the instant motion.

⁸ The invoice was addressed to the same purportedly unaffiliated individual as the July 9 letter. As noted above, this dispute is immaterial for the instant motion.

1 license. (Def.'s SUF ¶ 41.)

2 Equals Three asserts that since May 1, 2014, Jukin has filed at least 41 copyright
3 infringement claims with YouTube regarding Equals Three's episodes. Once such a claim is
4 filed against an Equals Three episode, Equals Three can no longer earn advertising revenue from
5 that episode. (Pl.'s SUF ¶ 168.) Additionally, once Jukin has filed a claim against the episode
6 Jukin can place advertisements on the episode redirecting viewers to its own YouTube channel.
7 (Pl.'s SUF ¶ 169.)

8 The parties agree that the fair use issue is ripe for adjudication and that this issue may be
9 dispositive of the case. At the status conference held on February 9, 2015, the Court set a
10 briefing schedule regarding the instant motion for summary judgment. (Dkt. 29.)

11 **III. LEGAL STANDARD**

12 Federal Rule of Civil Procedure 56 requires summary judgment for the moving party
13 when the evidence, viewed in the light most favorable to the nonmoving party, shows that there
14 is no genuine issue as to any material fact, and that the moving party is entitled to judgment as a
15 matter of law. Fed. R. Civ. P. 56(a); *Tarin v. County of Los Angeles*, 123 F.3d 1259, 1263 (9th
16 Cir. 1997).

17 The moving party bears the initial burden of establishing the absence of a genuine issue
18 of material fact. *See Celotex Corp. v. Catrett*, 477 U.S. 317, 323-24 (1986). On an issue for
19 which the moving party does not have the burden of proof at trial, the moving party may satisfy
20 this burden by "'showing'—that is, pointing out to the district court—that there is an absence of
21 evidence to support the nonmoving party's case." *Celotex*, 477 U.S. at 325. Once the moving
22 party has met its initial burden, the nonmoving party must affirmatively present admissible
23 evidence and identify specific facts sufficient to show a genuine issue for trial. *See id.* at 323-24;
24 *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248 (1986). The nonmoving party must "do more
25 than simply show that there is some metaphysical doubt as to the material facts." *Matsushita*
26 *Elec. Indus. Co. v. Zenith Radio Corp.*, 475 U.S. 574, 586 (1986). "[A] jury is permitted to draw
27 only those inferences of which the evidence is reasonably susceptible; it may not resort to
28 speculation." *British Airways Bd. v. Boeing Co.*, 585 F.2d 946, 952 (9th Cir. 1978). Thus, a

1 mere scintilla of evidence or evidence that is not significantly probative does not present a
2 genuine issue of material fact. *Addisu v. Fred Meyer*, 198 F.3d 1130, 1134 (9th Cir. 2000).

3 “To survive summary judgment, a party does not necessarily have to produce evidence in
4 a form that would be admissible at trial, as long as the party satisfies the requirements of Federal
5 Rules of Civil Procedure 56.” *Block v. City of Los Angeles*, 253 F.3d 410, 419 (9th Cir. 2001).
6 “At the summary judgment stage, we do not focus on the admissibility of the evidence’s form.
7 We instead focus on the admissibility of its contents.” *Fraser v. Goodale*, 342 F.3d 1032, 1036
8 (9th Cir. 2003). Thus, even if evidence is presented upon a motion for summary judgment in a
9 form that does not strictly meet the requirements of the Federal Rules of Evidence, the Court will
10 still consider the evidence if it is apparent that the deficiency can be overcome at trial. *Id.* at
11 1037; *see also Fonseca v. Sysco Food Servs. of Ariz., Inc.*, 374 F.3d 840, 846 (9th Cir. 2004.)
12 However, the Court may not consider inadmissible hearsay evidence that could not be presented
13 in an admissible form at trial. *See Bliesner v. Commc'n Workers of Am.*, 464 F.3d 910, 915 (9th
14 Cir. 2006); *Orr v. Bank of Am., NT & SA*, 285 F.3d 764, 779, 779 n.27 (9th Cir. 2002)
15 (considering an appeal from a grant of summary judgment and affirming exclusion of evidence
16 under hearsay rules where the *contents* of two depositions were hearsay); *see also Stonefire*
17 *Grill, Inc. v. FGF Brands, Inc.*, 987 F. Supp. 2d 1023, 1037 (C.D. Cal. 2013); *Medina v.*
18 *Multaler, Inc.*, 547 F. Supp. 2d 1099, 1122 (C.D. Cal. 2007) (citing *J.F. Feeser, Inc. v.*
19 *Serv-A-Portion, Inc.*, 909 F.2d 1524, 1542 (3d Cir.1990)).

20 **IV. DISCUSSION**

21 As a preliminary matter, the Court notes that Jukin does not submit any of the licensing
22 agreements granting it rights in the subject videos. Additionally, Jukin has only submitted
23 copyright registration certificates for two of the subject videos. (Counterclaim, Exs. A & B.)
24 Nevertheless, Equals Three provides the copyright registration numbers for 18 of the 19 subject
25 videos. (Martin Decl. ¶ 13.) The Court notes that the records for each of these registration
26 numbers indicate that Jukin is the copyright claimant for the subject video and that it obtained its
27 rights by written agreement. In response to Jukin’s proposed Statement of Undisputed Facts,
28 Equals Three argues that it is unclear whether Jukin obtained its rights from the actual copyright

1 owner and whether Jukin’s rights include the right to assert copyright claims. Equals Three rests
2 this argument on Jukin’s Chief Executive’s statement in a newspaper article that the difficult part
3 of the business for Jukin is finding the true owners of the videos it targets for acquisition.
4 (Martin Decl., Ex. A.) Regardless, the Court assumes *arguendo* for this motion that Jukin has
5 validly obtained the rights to the videos at issue—including the right to assert copyright claims.
6 Additionally, solely for purposes of the instant motion, the Court assumes *arguendo* that each of
7 Equals Three’s complained-of episodes actually used one of Jukin’s videos.

8 **A. RULE 56(d) REQUEST**

9 Equals Three responds to many of the facts stated in Jukin’s Statement of Undisputed
10 Facts by stating that the fact is undisputed for purposes of the instant motion, but that if the
11 Court finds that particular fact dispositive then Equals Three requests that the motion be denied
12 so the parties can conduct discovery on that fact. Jukin asserts that Equals Three waived its right
13 to seek discovery for purposes of this motion when it agreed to present the fair use issue to the
14 Court at this stage of the case. Jukin also submits its counsel’s declaration stating that she
15 attended the parties’ Rule 26(f) conference, at which they agreed that the fair use issue was ripe
16 for adjudication. (Bentz Decl. ¶ 2.)

17 Equals Three has not filed a separate declaration and request for discovery pursuant to
18 Federal Rule of Civil Procedure 56(d). Fed. R. Civ. P. 56(d); *see also Tatum v. City & Cnty. of*
19 *San Francisco*, 441 F.3d 1090, 1101 (9th Cir. 2006). Additionally, the Court notes that Equals
20 Three did not file any requests to continue its deadline to oppose the instant motion. For the
21 aforementioned reasons the Court DENIES Equals Three’s request for additional discovery.

22 **B. FAIR USE**

23 “The fair use doctrine has been called the most troublesome in the whole law of
24 copyright.” *Monge v. Maya Magazines, Inc.*, 688 F.3d 1164, 1170 (9th Cir. 2012) (internal
25 quotation marks omitted) (quoting *Dellar v. Samuel Goldwyn, Inc.*, 104 F.2d 661, 662 (2d
26 Cir.1939) (per curiam)). The Copyright Act provides that the fair use of a copyrighted work,
27 “for purposes such as criticism, comment, news reporting, teaching (including multiple copies
28 for classroom use), scholarship, or research, is not an infringement of copyright.” 17 U.S.C. §

1 107. In determining whether the use of a work is a fair use, courts should consider the following
2 factors:

3 (1) the purpose and character of the use, including whether such use is of a
4 commercial nature or is for nonprofit educational purposes; (2) the nature of
5 the copyrighted work; (3) the amount and substantiality of the portion used
6 in relation to the copyrighted work as a whole; and (4) the effect of the use
7 upon the potential market for or value of the copyrighted work.

8 *Id.* These factors should not be treated in isolation, and instead must be explored and weighed
9 in light of copyright’s purpose. *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 578 (1994)
10 The Supreme Court has found that transformative uses “lie at the heart of the fair use doctrine’s
11 guarantee of breathing space within the confines of copyright” because such works generally
12 further “the goal of copyright, to promote science and the arts[.]” *Id.* at 579.

13 1. Purpose and Character of the Use

14 The key inquiry for the first statutory factor is “whether and to what extent the new work
15 is ‘transformative.’” *Perfect 10, Inc. v. Amazon.com, Inc.*, 508 F.3d 1146, 1164 (9th Cir. 2007)
16 (citing *Campbell*, 510 U.S. at 579). A new work is transformative when it does not “merely
17 supersede the objects of the original creation but rather adds something new, with a further
18 purpose or different character, altering the first with new expression, meaning, or message.” *Id.*
19 (internal quotation marks omitted) (quoting *Campbell*, 510 U.S. at 579). The “more
20 transformative the new work, the less will be the significance of the other factors . . . that may
21 weigh against a finding of fair use.” *Morris v. Young*, 925 F. Supp. 2d 1078, 1084-85 (C.D. Cal.
22 2013) (alteration in original) (quoting *Campbell*, 510 U.S. at 579). The preamble to § 107 lists
23 criticism and comment as illustrative bases supporting fair use under this factor. *See Monge*, 688
24 F.3d at 1173. Additionally, the Supreme Court has stated that parody has “an obvious claim to
25 transformative value.” *Campbell*, 510 U.S. at 579. Nevertheless, there are no bright-line rules;
26 fair use must be evaluated on a case-by-case basis by reference to the four statutory factors. *Id.*
27 at 577.

28 Equals Three asserts that its episodes are transformative because they are parodies of the
Jukin videos. Jukin argues that Equals Three’s episodes are not parodies because they do not
critique Jukin’s videos. According to Jukin, Equals Three’s episodes are, at most, satires of

1 society or some other subject in general.

2 A parody is a work that uses “some elements of a prior author’s composition to create a
3 new one that, at least in part, comments on that author’s works.” *Campbell*, 510 U.S. at 580. In
4 contrast, satire has been defined as a work “in which prevalent follies or vices are assailed with
5 ridicule, or are attacked through irony, derision, or wit[.]” *Id.* at 581 n.15 (internal citations and
6 quotation marks omitted). Thus, “[p]arody needs to mimic an original to make its point, and so
7 has some claim to use the creation of its victim’s (or collective victims’) imagination, whereas
8 satire can stand on its own two feet and so requires justification for the very act of borrowing.”
9 *Id.* at 580–81.

10 Determining whether Equals Three’s episodes parody Jukin’s videos is a difficult and
11 nuanced task. As pertains to this case, Jukin’s videos are typically short, “point-and-shoot” style
12 depictions of events that actually happened. These events typically have an unplanned or
13 spontaneous aspect to them—such as an attempted boat stunt failing or a child having an
14 unexpected reaction to the news of his mother’s new pregnancy. Jukin asserts that its videos’
15 purpose is humor and entertainment. (Mot. 17.) It is difficult to say whether Equals Three’s
16 episodes, which undisputedly use graphics and narration to tell jokes about the events depicted in
17 the videos, criticize these videos—which were themselves made to serve the purpose of humor
18 and entertainment—or simply point out their inherent humor.

19 Nevertheless, even if Equals Three’s episodes are not parodies, the episodes comment
20 upon or criticize Jukin’s videos.⁹ Equals Three’s episodes directly respond to and highlight
21 humorous aspects of Jukin’s videos. The episodes do so via the host’s reactions to the videos,
22 jokes, narration, costumes and graphics. The host’s narration does not simply recount what is
23 shown in Jukin’s videos; instead the host makes comments about Jukin’s videos that highlight
24 their ridiculousness by creating fictionalized narratives of how the events transpired, using
25 similes, or by directly mocking the depicted events and people. Equals Three’s episodes also
26 repeat portions of Jukin’s videos multiple times within the same segment.

27 _____
28 ⁹ The foregoing discussion applies to each of the Equals Three episodes at issue except “Sheep to
Balls,” which is discussed below.

1 For example, the Equals Three episode entitled “The Resurrection” uses part of Jukin’s
2 video “Black Bear Milk Jug Rescue.” Jukin’s video shows *inter alia* footage from a distance of
3 the bear in a field, at least three attempts by a tractor’s crane to grasp the milk jug on the bear’s
4 head, the crane successfully clasping and removing the jug from the bear’s head, and the bear
5 running away. (Martin Decl. ¶ 15; Ramas Decl. Ex. 1.) The Resurrection shows, *inter alia*,
6 some shots of the crane next to the bear with the jug on its head, one unsuccessful attempt by the
7 crane to grasp the jug, the crane successfully grasping and removing the jug, and part of the
8 footage of the bear running away. (Martin Decl. ¶ 15; Martin Decl., Ex. B.) The host makes
9 such comments as “playing the crane game at Chuckie Cheese’s wasn’t a waste of time” and
10 compares using a crane to remove a jug from a bear’s head to “fishing with a hand grenade.”
11 (Martin Decl. ¶ 15; Martin Decl., Ex. B.) The Equals Three episode “Drunk Babies” uses part of
12 Jukin’s video “Groom drops bride.” (Martin Decl., Ex. B; Ramas Decl. Ex. 1.) Drunk Babies
13 shows Jukin’s video the groom running while carrying his (presumed) bride, tripping, and falling
14 on her. (Martin Decl., Ex. B; Ramas Decl. Ex. 1.) Drunk Babies shows the footage of the actual
15 trip and fall multiple times with different graphics and commentary interspersed. (Martin Decl.,
16 Ex. B; Ramas Decl., Ex. 1.) The host makes such comments as “shit, he literally body-slammed
17 his new bride” and describes the incident as an example of why you shouldn’t wait to have sex
18 until marriage because you get “way too excited.” (Martin Decl., Ex. B; Ramas Decl. Ex. 1.)

19 In plain terms, whether or not Equals Three’s episodes criticize Jukin’s videos, the events
20 depicted in Jukin’s videos are the butt of Equals Three’s jokes. Thus, the jokes, narration,
21 graphics, editing, and other elements that Equals Three adds to Jukin’s videos add something
22 new to Jukin’s videos with a different purpose or character.

23 This is not a case where the addition of minimal narration, an introduction, or text did not
24 change the essential character of the original work. *See, e.g., Monge*, 688 F.3d at 1175–76
25 (finding that use of photos of celebrity couple’s secret wedding in a magazine article was not
26 transformative); *Los Angeles News Serv. v. KCAL-TV Channel 9*, 108 F.3d 1119, 1122 (9th Cir.
27 1997) (reversing determination that use of video footage of Reginald Denny beating was fair use
28 where the news station’s voice-over didn’t add anything new or transformative to what made the

1 footage valuable—a clear visual recoding of the beating). This is also not a case where Jukin’s
 2 videos are used “to get attention” or to “avoid the drudgery in working up something fresh.” *Dr.*
 3 *Seuss Enterprises, L.P. v. Penguin Books USA, Inc.*, 109 F.3d 1394 (9th Cir. 1997) (quoting
 4 *Campbell*, 510 U.S. at 580). For the aforementioned reasons, the Court FINDS Equals Three’s
 5 episodes (except Sheep to Balls) highly transformative. *Nat’l Ctr. for Jewish Film v. Riverside*
 6 *Films LLC*, No. 5:12-CV-00044-ODW, 2012 WL 4052111, at *3 (C.D. Cal. Sept. 14, 2012)
 7 (finding that defendants’ use of footage was transformative where their voice-overs, editing, and
 8 overall production added something new to the underlying footage).

9 Equals Three’s use of Jukin’s videos is admittedly commercial. Nevertheless, the
 10 commercial nature of the use is outweighed by the episode’s transformativeness. *See SOFA*
 11 *Entm’t, Inc. v. Dodger Prods., Inc.*, 709 F.3d 1273, 1278–79 (9th Cir. 2013) (finding
 12 insignificant the commercial nature of defendant’s work where defendant’s use was
 13 transformative).

14 The one exception to the aforementioned analysis is Equals Three’s episode entitled
 15 Sheep to Balls. Sheep to Balls uses Jukin’s video of the first person to buy an iPhone 6 in Perth
 16 dropping the phone. According to Equals Three, it used this footage for the purpose of making
 17 two points: (1) “don’t be first at shit”; and (2) Apple Inc.’s method of packaging iPhones at the
 18 top of the box is absurd. (Martin Decl. ¶ 14.) Equals Three thus admits that its purpose of using
 19 Jukin’s video was to make two general, broad points that were not directly aimed at criticizing or
 20 commenting on the *video*. The use of Jukin’s footage to make these two points is akin to using
 21 news footage without adding anything transformative to what made the footage valuable—in this
 22 case a clear view of the first person to obtain the iPhone 6 in Perth dropping the phone upon
 23 opening its package. *See Los Angeles News Serv.*, 109 F.3d at 1122.¹⁰

24 Finally, the Court does not find that Equals Three’s purported bad faith in not obtaining a
 25 license mitigates against fair use. “If the use is otherwise fair, then no permission need be

26
 27 ¹⁰ Moreover, *Los Angeles News Service* recognized that if the footage itself were the news item
 28 (i.e. if the fact that someone had been able to make such a clear tape of the beating was itself the
 news item) then the first factor would favor fair use. *Id.* at 1121. This distinction illustrates the
 difference between using Jukin’s videos to comment on the videos themselves and using Jukin’s
 videos gratuitously to illustrate a broader message.

1 sought or granted.” *Campbell*, 510 U.S. at 585 n.18. If using a song after requesting and being
2 denied a license does not show bad faith, then neither does failing to obtain a license and
3 continuing to use footage after being sent a demand letter. *See id.* (finding that being denied
4 permission to use a work does not weigh against fair use). Moreover, there is no evidence that
5 Equals Three did not in good faith believe that it was making fair use of Jukins’ videos. *See id.*
6 The Court is similarly unpersuaded by Jukin’s argument that Equals Three unfairly reaps the
7 benefits from the time and money Jukin spends selecting its videos.

8 For the aforementioned reasons the Court FINDS that Equals Three’s episodes, except
9 for Sheep to Balls, are highly transformative. Thus, for all episodes except Sheep to Balls, this
10 factors weighs heavily in favor of fair use. *See SOFA Entm’t*, 709 F.3d at 1273 (finding that first
11 factor heavily favored fair use where defendant’s use was transformative).

12 2. Nature of the Copyrighted Work

13 This factor looks at the extent to which the copied work is creative and whether it is
14 unpublished. *Monge*, 688 F.3d at 1177. Courts recognize that creative works fall closer to the
15 core of copyright’s protection. *SOFA Entm’t*, 709 F.3d at 1279.

16 Here, it is undisputed that Jukin’s videos were all published before Equals Three used
17 them. However, it is more difficult to determine the extent to which these works are creative.
18 The Ninth Circuit has recognized that a “point-and-shoot” photograph is not on the same level as
19 the works of famous photographers. *See Monge*, 688 F.3d at 1177. Nevertheless, the Ninth
20 Circuit has also found that just because a photograph “documents an event does not turn a
21 pictorial representation into a factual recitation.” *Id.* Here, the largely “point-and-shoot” videos
22 do not exhibit the cinematic masterpiece of many famous film directors. Nevertheless, the Court
23 cannot say that they convey mainly factual information. *See SOFA Entm’t*, 709 F.3d at 1279
24 (“While the entire episode of *The Ed Sullivan Show* or the individual performances may be near
25 to the core of copyright, the clip [at issue] conveys mainly factual information—who was about
26 to perform.”).

27 Thus, the Court FINDS that the nature of Jukin’s works is creative. Nevertheless, the
28 copied work’s creative nature is not particularly important where the new work is highly

1 transformative. *See Kane v. Comedy Partners*, No. 00 CIV. 158 (GBD), 2003 WL 22383387, at
2 *5 (S.D.N.Y. Oct. 16, 2003) *aff'd*, 98 F. App'x 73 (2d Cir. 2004) (citing *Castle Rock*
3 *Entertainment, Inc. v. Carol Publishing Group, Inc.*, 150 F.3d 132, 144 (2d Cir.1998).
4 Moreover, the works were already published when Equals Three used them. Thus, while this
5 factor favors Jukin, it carries only slight weight.

6 3. Amount and Substantiality of the Portion Used

7 The third factor looks to “the quantitative amount and qualitative value of the original
8 work used in relation to the defendant's justification for the use.” *SOFA Entm't*, 709 F.3d at
9 1279. Jukin does not argue that Equals Three uses its videos in their entirety. Instead, Jukin
10 complains that Equals Three takes the most important parts of its videos—their “heart.”

11 The Supreme Court has recognized that a parody may need to take a work's heart in
12 order to conjure up the original and achieve its parodic purpose. *Campbell*, 510 U.S. at 588–89.
13 Equals Three asserts that it uses no more of Jukin's videos than is necessary to achieve its
14 purpose of criticizing and commenting on Jukin's videos. The Court agrees. Though Equals
15 Three uses the arguable heart of Jukin's videos, it does not show more than is reasonably
16 necessary to convey enough of the events to allow the host's jokes, comments, and criticisms to
17 make sense to the viewer and resonate. *See id.* at 588. The Court therefore FINDS that the third
18 factor favors fair use.

19 4. Market Harm

20 The fourth factor looks to the “effect of the use upon the *potential market* for or value of
21 the copyrighted work.” *Monge*, 688 F.3d at 1180 (emphasis in original). This inquiry requires
22 courts to consider both the extent of the harm caused by the alleged infringer and “whether
23 unrestricted and widespread conduct of the sort engaged in by the defendant . . . would result in a
24 substantially adverse impact on the potential market for the original.” *Campbell*, 510 U.S. at 590
25 (internal quotation marks and citation omitted). This inquiry must include harm to the market
26 for the original and harm to the market for derivative works. *Id.* However, the law does not
27 recognize a derivative market for critical works. *Id.* at 592. Market harm caused by effective
28 criticism that suppresses demand is not cognizable. *Id.* at 591. Instead, the only kind of harm

1 cognizable is market substitution—i.e. where the new work diminishes demand for the original
2 work by acting as a substitute for it. *Id.* at 591–92. Thus, where a work is transformative,
3 market harm may not so readily be inferred and there is no presumption of market harm. *Monge*,
4 688 F.3d at 1180–81.

5 Jukin argues that the market for its original videos is harmed because Equals Three
6 frequently copies its videos during the time when they are allegedly most valuable—shortly after
7 their publication. In support of this contention, Jukin offers only the declaration of Christina
8 Smith (“Smith”), its Vice President of Content Operations. Smith gives no foundation upon
9 which she basis this speculative conclusion. She simply makes the conclusory assertion that
10 Jukin’s videos are “generally” most valuable within the initial days and weeks after their first
11 publication. (Smith Decl. ¶ 6.) Smith also acknowledges that sometimes an older video
12 becomes more popular and valuable only after Jukin promotes it. (*Id.*) Smith gives no specific
13 facts regarding the value of the videos at issue in the case before or after Equals Three used
14 them. Moreover, even assuming *arguendo* that the videos are more valuable shortly after
15 publication, focusing on harm from Equals Three’s failure to pay a license risks circular
16 reasoning—if Equals Three’s use is fair then no license fee is required by it or by other similar
17 users.

18 Jukin further argues that Equals Three’s episodes usurp demand for Jukin’s videos. In
19 support of this argument, Jukin offers evidence that it licenses its videos to shows which it
20 claims are similar to Equals Three’s. However, as stated above, there is no cognizable derivative
21 market for criticism. Thus, Jukin’s argument fails to the extent that Jukin claims harm to a
22 licensing market for shows that critique and mock its videos in the manner that Equals Three
23 does.¹¹

24 Nevertheless, the Court must still consider the possibility that Equals Three’s viewers use

26 ¹¹ This is thus distinguishable from a case where a news organization uses the plaintiff’s news
27 footage without paying a license fee. *Los Angeles News Serv.*, 108 F.3d at 1122–23. For similar
28 reasons, Jukin cannot claim harm to the market for its own derivative productions criticizing its
own videos (if such productions—which do not appear anywhere in the record—exist). *See*
Campbell, 510 U.S. at 539 (finding that the lower court erred to the extent that it considered harm
to the market for parodies of the original work).

1 the episodes as a substitute for Jukin’s videos. Jukin claims that viewers no longer need to watch
2 its videos after watching Equals Three’s episodes; Equals Three claims that its episodes actually
3 increase Jukin’s video’s views. Neither side submits admissible evidence strongly supporting its
4 position. Jukin submits no admissible evidence showing that a single viewer actually watched
5 Equals Three’s episode rather than Jukin’s video or of any instance when it lost a deal to license
6 its videos. Instead, Jukin relies on Smith’s unfounded testimony that Equals Three’s viewers no
7 longer need to watch Jukin’s videos. Jukin also relies on the conclusory statement of its Director
8 of Licensing, Andrew Dignan (“Dignan”), that Equal’s Three’s use of Jukin’s videos decreases
9 their licensing values. (Dignan Decl. ¶ 11.) However, Dignan’s only support for this statement
10 is that “[f]or instance, a potential licensee is less likely to license a video if they think others are
11 copying it for free. Equals Three’s use of Jukin’s videos contributes to a culture of infringement
12 and gives the impression to other potential licensees that they also do not need a license to use
13 the content.” (*Id.*) Dignan fails to offer sufficient foundation to support this broad,
14 unsubstantiated statement.

15 To support its position, Equals Three relies primarily on its employees’ inadequately
16 supported testimony and on unauthenticated statements purportedly from Equals Three’s viewers
17 to show that its viewers also watch Jukin’s videos. Equals Three also speculates that when one
18 of its viewers wants to re-watch a particular source video or to share it on the internet, that
19 viewer will likely go to the video’s original source (Jukin) rather than re-watching the Equals
20 Three episode. Equals Three also submits evidence that there is no way for one of its viewers to
21 share a source video contained in an Equals Three episode without having the recipient watch
22 the entire Equals Three episode. (Martin Decl. ¶ 26.) Equals Three fails to submit admissible
23 evidence defining the relevant market.

24 While the transformative nature of Equals Three’s videos makes cognizable market harm
25 less likely, the Court cannot say that it is completely implausible that at least some viewers
26 would substitute Jukin’s videos with Equals Three’s videos. Both videos are meant to be
27 humorous and the Court can imagine a fine line between the demand for the humorous original
28 and the humorous new work commenting thereon. Nevertheless, there is no actual evidence of

1 any such harm and (as discussed above) Equals Three’s episodes do not take excessively from
2 Jukin’s videos. Thus, on this record, where any market harm remains hypothetical, the Court
3 FINDS that this factor does not favor either party.¹² See *Perfect 10*, 508 F.3d. at 1168 (finding
4 that market harm factor favored neither party where potential market harm was hypothetical).

5 5. Conclusion

6 The Court must now weigh the four factors in light of copyright’s purpose. See *id.* In so
7 doing, the Court notes that transformative works generally further copyright’s goal of promoting
8 the arts and sciences. *Campbell*, 510 U.S. at 579.

9 Here, Equals Three’s episodes (except Sheep to Balls) are highly transformative and use
10 of Jukin’s videos only what is reasonably necessary to achieve their transformative purpose. The
11 first and third factors thus strongly favor fair use. There is no proof of cognizable harm to any
12 actual or potential market, and thus the fourth factor favors neither party. Moreover, though the
13 second factor weighs against fair use, it is of little weight in light of Equals Three’s episodes
14 transformativeness. Moreover, Jukin’s videos were published before Equals Three used them.
15 Thus, on balance, the factors weigh in favor of fair use for all episodes except Sheep to Balls.
16 Therefore Jukin (as the movant) has failed to carry its burden of showing that it is entitled to
17 judgment as a matter of law regarding whether these episodes are fair use. However, as
18 discussed above, Sheep to Balls is not transformative and is likely to cause market harm. Thus,
19 Sheep to Balls does not make fair use of Jukin’s video “First person to buy iPhone 6 in Perth
20 drops it on live TV when pressured by reporters.”

21 For the aforementioned reasons, the Court GRANTS IN PART Jukin’s motion for
22 summary judgment to the extent that Jukin asserts that Sheep to Balls is not a fair use. In all
23 other respects, the Court DENIES Jukin’s motion.

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¹² This analysis does not apply to Sheep to Balls. As discussed above, Sheep to Balls is not
transformative and thus is likely to cause market harm by usurping demand for a cognizable
derivative market.

1 **V. ORDER**

2 1. For the aforementioned reasons, the Court GRANTS IN PART Jukin's motion for
3 summary judgment to the extent that Jukin asserts that Sheep to Balls is not a fair use, and
4 ENTERS PARTIAL JUDGMENT in Jukin's favor to that effect.

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6 2. For the aforementioned reasons, the Court DENIES Jukin's motion for summary
7 judgment in all other respects.

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9 **IT IS SO ORDERED.**

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11 Dated: October 13, 2015

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STEPHEN V. WILSON
United States District Judge

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