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FEB - 6 2007

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**IN THE UNITED STATES DISTRICT COURT FOR THE
WESTERN DISTRICT OF OKLAHOMA**

Capitol Records, Inc., et al.,)
Plaintiffs,)
vs.)
Debbie Foster and Amanda Foster,)
Defendants.)

Case No. Civ. 04-1569-W

ORDER

Before the Court is the defendant Deborah Foster’s application for an award of attorneys’ fees (docket no. 129). The matter has been fully briefed and is ready for determination.

Background

Prior to filing this action, the plaintiffs learned from documents obtained under subpoena from Cox Communications, Inc. that an Internet user named “fflygirl11” had downloaded several of their copyrighted works utilizing an account registered to the defendant Deborah Foster. The plaintiffs, through their “settlement support center,” contacted Ms. Foster regarding the alleged infringement. Although Ms. Foster never denied owning the account, she vehemently denied employing the Internet user name “fflygirl 11” or downloading the plaintiffs’ works. Ms. Foster did indicate that her estranged husband and her adult daughter, Amanda Foster, had access to her account and might possibly have been responsible for the alleged infringement. The plaintiffs represented to Ms. Foster that regardless whether she had directly participated in the downloading of their works, she would be liable as the owner of the Internet account used by “fflygirl 11.”

On November 18, 2004, the plaintiffs filed this action against Ms. Foster alleging that she had infringed their copyrights by unlawfully downloading musical works to which they owned the copyrights. After some initial discovery, the plaintiffs amended their complaint to name Amanda Foster as a co-defendant to the action. The First Amended Complaint, filed July 7, 2005, also added an allegation that “Plaintiffs are informed and believe that Defendants, without the permission or consent of Plaintiffs, have contributorily and/or vicariously infringed Plaintiffs’ Copyrighted

Recordings, including, but not limited to the extent that one or more members of their household engaged in copyright infringement.” Deborah Foster answered denying that she had infringed the plaintiffs’ copyrights and counterclaimed for “a declaratory judgment of non-infringement.”¹ Amanda Foster failed to answer and, on December 7, 2005, the Court granted the plaintiffs’ motion for a default judgment against her.

The plaintiffs continued to pursue their claims against Deborah Foster² and, after failed attempts to resolve the matter outside of court, the plaintiffs moved to dismiss their claims against Ms. Foster with prejudice. Ms. Foster, whose litigation investment was by that point considerable, refused to dismiss her counterclaim. On July 13, 2006, the Court, upon motion by the plaintiffs, ordered that the plaintiffs’ claims against Ms. Foster be dismissed with prejudice. In addition, it found that the dismissal of the plaintiffs’ claims against Ms. Foster effectively resolved the controversy in her favor and negated any justiciable case or controversy between the parties. The Court, therefore, ordered that Ms. Foster’s counterclaim for a declaratory judgment of non-infringement be dismissed. Finally, the Court determined that Ms. Foster was the prevailing party in the action and was thus eligible for an award of attorneys’ fees pursuant to the federal Copyright Act, 17 U.S.C. § 505. The question of Ms. Foster’s entitlement to such an award was reserved for adjudication upon Ms. Foster’s application for attorneys’ fees.

ANALYSIS

Under the Copyright Act, a prevailing party’s entitlement to an award of attorneys’ fees is a matter left to the Court’s discretion. Fogerty v. Fantasy, Inc., 510 U.S. 517, 533-34 (1994). However, prevailing plaintiffs and prevailing defendants must be treated alike. Id. While there is no “precise rule or formula” for the court to employ when determining a party’s entitlement to an award of attorneys’ fees, factors the court may consider include frivolousness, motivation, objective unreasonableness of the non-prevailing party’s case, and need in particular circumstances to advance

¹Deborah Foster also asserted a counterclaim for prima facie tort. That counterclaim was dismissed pursuant to the Court’s order entered October 5, 2005.

²The plaintiffs maintain that they were willing to dismiss their claims against Deborah Foster, but that she would not agree to resolve the matter unless she was reimbursed the amount she had incurred in attorneys’ fees.

considerations of compensation and deterrence. Palladium Music, Inc. v. Eatsleepmusic, Inc., 398 F.3d 1193 (10th Cir. 2005). These factors may be used “to guide courts’ discretion, so long as such factors are faithful to the purposes of the Copyright Act and are applied to prevailing plaintiffs and defendants in an evenhanded manner.” Id. quoting Fogerty at 534 n. 19.

The plaintiffs argue that it would be inappropriate to grant Ms. Foster an award for attorneys’ fees in this case. First, they point to the fact that the Court previously determined that it was improper to condition dismissal of the plaintiffs’ claims against Ms. Foster on an award of attorneys’ fees under Rule 41(a)(2) of the Federal Rules of Civil Procedure. In its July 13, 2006 order, the Court noted that when a plaintiff dismisses an action with prejudice, attorneys’ fees are usually not a proper condition of dismissal because the defendant cannot be made to defend again. See Aero Tech, Inc. v. Estes, 110 F.3d 1523, 1528 (10th Cir. 1997). It is only in exceptional circumstances that a court may condition a dismissal with prejudice upon the plaintiffs’ payment of the defendant’s attorneys’ fees. Id. Exceptional circumstances include such situations as where a plaintiff makes a practice of repeatedly bringing claims and then dismissing with prejudice “after inflicting substantial litigation costs on the opposing party and the judicial system.” Id.

The Court concluded there was no evidence that the plaintiffs engaged in any practice that would constitute exceptional circumstances justifying an award of attorneys’ fees under the provisions of Rule 41(a)(2). The plaintiffs contend that this finding is dispositive of the issue of Ms. Foster’s entitlement to attorneys’ fees under the Copyright Act. It is not. While awards for attorneys’ fees are not granted to the prevailing party automatically under the Copyright Act, neither are they confined to “exceptional circumstances.” Rather they are to be granted when equity and the ends of the Copyright Act are advanced. In fact, district courts within this circuit have observed that “though said to be a matter within the court’s discretion, attorney’s fees are awarded more often as the rule than the exception.” Walden Music, Inc. v. C.H.W., Inc., 1996 WL 254654 (D.Kan.) at *6, quoting Big Tree Enterprises, Ltd. v. Mabrey, 1994 WL 191996 (D.Kan), aff’d 45 F.3d 439 (10th Cir. 1994); see also Frank Music Corp. v. Sugg, 393 F.Supp.2d 1145,1147 (W.D. Okla. 2005). Furthermore, although there is some overlap in the factors considered in their application – notably,

in both instances the court is to consider whether the claims at issue were “frivolous” – the underlying aims of Rule 41 (a)(2) and the Copyright Act are dissimilar. Rule 41 (a)(2) aims primarily to thwart a claimant’s abuse of his opponent and the judicial process. Copyright law “ultimately serves the purpose of enriching the general public through access to creative works.” Fogerty at 527. Because that end is served by delineating the boundaries of copyright law as clearly as possible, both plaintiffs and defendants should be encouraged to litigate their meritorious claims and defenses. Id.

Because the Court’s denial of Ms. Foster’s request for attorneys’ fees pursuant to Rule 41 (a)(2) does not resolve the question of her entitlement to fees under the Copyright Act, the Court will next consider whether the plaintiffs claims were frivolousness, improperly motivated, or objectively unreasonable as outlined in Fogerty.

The plaintiffs’ claims against Ms. Foster were for direct, as well as contributory or vicarious copyright infringement. The plaintiffs appear to base their secondary liability claims against Ms. Foster solely on the fact that she maintained an Internet account which a member of her household utilized to infringe the plaintiffs’ copyrights. The Copyright Act does not expressly render anyone liable for infringement committed by another. Metro-Goldwyn-Mayer Studios, Inc. v. Grokster, Ltd., 545 U.S. 913, (2005). Rather, the doctrine of secondary liability emerged from common law principles. Id. Under those common law principles, one infringes a copyright contributorily by intentionally inducing or encouraging a direct infringement. The elements of a claim for contributory copyright infringement are: (1) direct infringement by third party; (2) knowledge by the defendant that third parties were directly infringing; and (3) substantial participation by the defendant in infringing activities. See Newborn v. Yahoo!, 391 F.Supp.2d 181, 186 (D.D.C. 2005); see also Newborn v. Yahoo! Inc., 437 F.Supp.2d 1 (D.D.C. 2006) (finding defendant was entitled to an award of attorneys’ fees after prevailing upon plaintiff’s frivolous and objectively unreasonable contributory copyright claim). Merely supplying means to accomplish infringing activity cannot give rise to imposition of liability for contributory copyright infringement. Id.; see also A & M Records, Inc. v. Napster, Inc., 239 F.3d 1004, 1013 (9th Cir. 2001). One infringes a copyright vicariously by

profiting from direct infringement while declining to exercise a right to stop or limit it. Grokster, 545 U.S. 913.

The plaintiffs failed to allege any facts in their complaint that would support Ms. Foster's secondary copyright infringement liability. The complaint is devoid of any suggestion that Ms. Foster knew third parties were using her account to infringe the plaintiffs' copyrights or that she substantially participated in any infringing activities. Also absent from the complaint is any allegation that Ms. Foster profited from a direct infringement. Additionally, neither the parties' submissions nor the Court's own research has revealed any case holding the mere owner of an Internet account contributorily or vicariously liable for the infringing activities of third persons. The single case this Court has found which even alludes to the merits of a claim made by recording industry plaintiffs against a parent for the alleged infringing activities of her children is Elektra Entertainment Group, Inc. v. Santangelo, 2005 WL 3199841, *3 (S.D.N.Y.). In Santangelo, the court denied the defendant's motion to dismiss the plaintiffs' direct infringement claim against her, but expressed skepticism that "an Internet-illiterate parent, who does not know Kazaa from a kazoo" could be held liable for copyright infringement committed by a child who downloads music over the Web without the parent's knowledge or permission but using the parent's Internet account. While the Court is not prepared to pronounce the plaintiffs' secondary copyright infringement claims to be frivolous or objectively unreasonable, they would certainly appear to be untested and marginal.

In addition to the weakness of the secondary copyright infringement liability claims against Ms. Foster, there is a question of the plaintiffs' motivations in pursuing them. The plaintiffs had every right to attempt to reach a settlement of their claims with a suspected infringer but there is an appearance that the plaintiffs initiated the secondary infringement claims to press Ms. Foster into settlement after they had ceased to believe she was a direct or "primary" infringer.

The plaintiffs maintain that their litigation approach has been sanctioned by numerous courts which have refused to grant attorneys' fees awards to defendants who achieved favorable results in their copyright litigation. The Court will examine each of the unpublished opinions proffered by the plaintiffs.

Capitol Records, Inc., et al. v. O'Leary, 2006 U.S. Dist. LEXIS 5115 (C.D. Cal. Jan. 31, 2006) (attached as Exhibit G to the plaintiffs' response in opposition to the defendant's application for attorneys' fees), addresses a request for attorneys' fees not under the Copyright Act, but under Rule 41(a)(2) of the Federal Rules of Civil Procedure. It is inapposite for reasons discussed above.

In Priority Records L.L.C., et al. v. Chan, No. 2:04-CV-73645-LPZ-RSW (E.D. Mich. May 19, 2005) (attached to the plaintiffs' response in opposition as Exhibit H), upon dismissal of the plaintiffs' claims with prejudice, the court declined to find that the defendant was the prevailing party. It conjectured, however, that even were the defendant determined to be the prevailing party, she would not be entitled to an award of attorneys' fees under the Copyright Act. The Court does not find Priority to be particularly applicable to this case. There are simply too many substantial dissimilarities between Priority and the case at hand for it to be persuasive. For instance, as soon as the plaintiffs in Priority concluded that it was the defendant's children who likely infringed their copyrights, they moved to amend their complaint to name the children and to dismiss the defendant. It appears that prior to the dismissal, the defendant had filed no counterclaims and no dispositive motions. The decisive dissimilarity, however, is the fact that in Priority, the defendant had only to defend against a well-established direct infringement claim. There was no claim against her for contributory or vicarious infringement.

Similarly, in Virgin Records America, Inc., et al. v. Darwin, No. SA CV 04-1346 AHS (ANx) (C.D. Cal. Apr. 17, 2006) (attached to the plaintiffs' response in opposition as Exhibit I), after learning that it was the defendant's former roommate who was the direct infringer of the plaintiffs' copyrights, the plaintiffs moved to dismiss the defendant without prejudice. After entering a dismissal with prejudice, the court concluded that the defendant was the prevailing party, but denied his application for attorneys' fees after finding that such an award was not supported by the Fogerty factors. The court found it was not frivolous or unreasonable for the plaintiffs to pursue a direct infringement claim against the individual with an apparent connection to the I.P. address associated with unlawful downloads of the plaintiffs' copyrighted works.

Like Priority, Darwin involves only a direct infringement claim. Once the plaintiffs in Darwin determined that the defendant's former roommate was the direct infringer of their copyrights, they sought to dismiss the defendant. They did not elect instead to pursue secondary liability claims against the defendant. It is this Court's opinion that such claims veer much closer toward the boundaries of the frivolous and unreasonable than does a direct infringement claim.

Finally, Elektra Entertainment Group, Inc. v. Perez, Civ. No. 05-931 AA (D. Or. Oct 25, 2006) (attached to the plaintiffs' supplemental authority to their response in opposition), involves a dismissal without prejudice. The Court is unable to accept the plaintiffs' contention that the distinction between a dismissal without prejudice and a dismissal with prejudice is one "without a difference." The dismissal of the plaintiffs' claims against Ms. Foster with prejudice served as the basis for the Court's finding that she was the prevailing party in this litigation and was thus eligible for an award of attorneys' fees. Neither can the Court agree with the plaintiffs that the facts in Perez are "virtually identical" to the facts in this case. Like the other cases cited by the plaintiffs, Perez entails only direct infringement claims. It does not involve a claim of contributory or vicarious liability against the dismissed defendant. In fact, in direct contrast to this case, upon becoming convinced that it was other members of the defendant's family who were responsible for infringing their copyrights, the Perez plaintiffs dismissed the defendant and proceeded against those family members.

Unlike the courts in the unpublished opinions cited by the plaintiffs, this Court must consider whether a defendant should receive an award of attorneys' fees when she successfully defends against the novel application of secondary copyright infringement claims. The United States Supreme Court has recognized that "it is peculiarly important that the boundaries of copyright law be demarcated as clearly as possible. To that end, defendants who seek to advance a variety of meritorious copyright defenses should be encouraged to litigate them to the same extent that plaintiffs are encouraged to litigate meritorious claims of infringement." Furthermore, when the prevailing party is the defendant, "who by definition receives not a small award but no award," awarding fees becomes particularly important. See Woodhaven Homes & Realty, Inc. v. Hotz, 396

F.3d 822, 824 (7th Cir. 2005), quoting Assessment Technologies of WI, LLC v. WIREdata, Inc., 361 F.3d 434, 436-37 (7th Cir. 2004). “[W]ithout the prospect of such an award, the party might be forced into a nuisance settlement or deterred all together from exercising his rights.” Id. The Court finds that this case presents a situation where considerations of compensation under Fogerty weigh in favor of the Court’s award of attorneys’ fees to Ms. Foster. Her only alternative to litigating the plaintiffs’ contributory or vicarious liability claim was to capitulate to a settlement for a violation she insists she did not commit. Such capitulation would not advance the aims of the Copyright Act as the plaintiffs’ untested theory would remain untested. The Court concludes that under the facts of this case, the prevailing defendant is entitled to an award representing her reasonable attorneys’ fees and costs pursuant to § 505 of the Copyright Act.

Ms. Foster has submitted copies of her counsel’s billings and affidavits as to their reasonableness. The plaintiffs have not addressed the reasonableness of the amount of fees requested by the defendant but have instead requested that the Court grant them time for discovery into the matter should the Court find Ms. Foster to be entitled to a fee award. The Court will, therefore, take up the matter of the appropriate fee award after discovery on the issue has been completed and the matter has been briefed by the parties.

Accordingly the Court:

1. GRANTS in part the defendant Deborah Foster’s application for attorneys’ fees, finding she is entitled to an award of her reasonable attorneys’ fees in this action under § 505 of the Copyright Act;
2. DENIES the defendant Deborah Foster’s application for attorneys’ fees under 28 U.S.C. § 1927;
3. ORDERS the plaintiffs to inform the Court on or before February 13, 2006, of the amount of time they require for discovery into the issue of the reasonableness of the defendant’s fee request;
4. DENIES the defendant Deborah Foster’s motion for leave to file amici brief (docket no. 132); and

5. DENIES the defendant Deborah Foster's motion for scheduling order (docket no. 131). Once the Court has set a date for completion of discovery into the matter of the reasonableness of the defendant's fee request, it will establish firm dates for the defendant to supplement her application for attorneys' fees, for the plaintiffs to respond to that supplemented application, and for the defendant to reply.

ENTERED this 6th day of February, 2007.



LEE R. WEST
UNITED STATES DISTRICT JUDGE