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Oh, Where Cases Like That Will Go: HOW A CEASE AND DESIST LETTER STOPPED THE PLAY BUT STARTED THE SUIT

BY JAMES P. FLYNN OF EPSTEIN BECKER GREEN ON MARCH 22, 2017

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Lombardo et al v. Dr. Seuss Enterprises, L.P., case number 1:16-cv-09974, in the U.S. District Court for the Southern District of New York, is an interesting case for intellectual property practitioners, especially those involved in copyright matters and curious as to how the parody/fair use discussion started in my last post for *ILN IP Insider* continues to play out.

The story begins with producers getting ready to open a show entitled *Who's Holiday: A New Comedy In Couplets* — a comedy that is either a parody of, or pastiche to, Dr. Seuss' beloved *How The Grinch Stole Christmas* story. Dr. Seuss Enterprises had not been asked for permission to tell such a story or use such characters. So they had their lawyers, among other things, send a cease and desist letter to the play's

producers and the theater that those producers had booked had booked. Though it was probably actually a typical lawyer's letter frequently used in intellectual property matters, we imagine it could have said:

Through this letter we must insist
That your infringing conduct should desist.

In fact to assure that you do not persist,
We include in our letter a list,
Stating concerns that should not be dismissed.

We are not playing about your play,
And care little about your saying what you say.

Your claim to parody is abstruse,
You just cannot utilize Dr. Seuss
Because it subjects our rights to abuse.

We require surrender, not a truce,
Or our Rambo lawyers we'll unloose.

So in the end, if you do not cease,
You will have no peace,
And litigation expense will increase.

The only problem was, as stated in a brief later filed by the producers as part of their lawsuit against Dr. Seuss Enterprises "Defendant did not read the Play – let alone have a copy of it – prior to alleging in cease and desist letters that the Play is not a parody and infringes Defendant's rights." According to the plaintiff producers, "Defendant – a sophisticated copyright owner who has litigated fair use in other cases – should have read the Play and relevant case law (like *Adjmi*) in order to analyze in good faith whether it constitutes copyright infringement." Of course, the producers could have said:

Our response to your letter says a bunch,
And it packs a certain punch.

Since you had not first read the play,
We will see you in court any day.

Our use of Seuss is fair.
It is your tactics our claims will lay bare–
They are what is tortious and unfair.

Indeed, there was no impermissible copyright abuse of Seuss;
Using character names and settings is simply permissible Who's fair use.

Because the theater cancelled to avoid this dispute,
We have no choice but to file suit.

So the producers did, indeed, file a lawsuit. And that lawsuit raises the issue of whether Defendant's cease and desist letters were privileged, and therefore could not create liability for tortious interference. New York law has long-held that copyright infringement allegations published to third-parties must be made in good faith, *John W. Lovell Co. v. Houghton* (N.Y.1889), and the Court of Appeals recently

clarified that the privilege attaching to pre-litigation cease and desist letters is only a qualified one, *Front, Inc. v. Khalil* (NY 2015). According to the plaintiff producers' brief:

> "The Play humorously juxtaposes the rhyming innocence of *Grinch* and its 'Cindy-Lou Who' character with, among other things, profanity, bestiality, teen-age pregnancy, familial estrangement, ostracization and scandal, poverty, drug and alcohol abuse, the eating of a family pet, domestic violence and murder. The Play is distinctive from, and departs markedly from, *Grinch*. The Play does not copy *Grinch* verbatim, quote substantial (if any) portions of the text of *Grinch*, or copy the illustrations in *Grinch*. The highly transformative Play contains original dialogue, a newly devised plot, and the structure, tone and themes of the Play are materially different from *Grinch*."

But in a certain sense, there is a question as to whether any of that matters? Dr. Seuss Enterprises has, of course, argued that the characters are its property, and copyrightable, memorable and valuable. According to Dr. Seuss Enterprises' brief, that alone provides a good faith basis for sending the cease and desist letter. Additionally, one might wonder whether copyright pre-emption principles should play a role here to limit the application to state law claims based on cease and desist letters concerning copyrighted materials. *Compare* Ninth Circuit decision in *MDY Industries, LLC v. Blizzard Entertainment, Inc.*, (no pre-emption of tortious inference claim) *with* Second Circuit decision in *Miller v. Holtzbrinck Publishers, L.L.C.* (tortious interference claim pre-empted). Further, Dr. Seuss Enterprises also argued in its brief that the *Noerr-Pennington* doctrine gave them an immunity for activity related to petitioning a court to protect their rights, and that such immunity extended to pre-suit cease and desist communications.

Moreover, the fair use test itself is a fact intensive one, demanding more than a review or comparison of the works. There is, of course, the question of whether the claimed fair use as parody meets the test for parody under U.S. law–"**The parody must target the original**, and not just its general style, the genre of art to which it belongs, or society as a whole." *Campbell v. Acuff-Rose Music, Inc.* (Kennedy, J., concurring). It is not clear that *Who's Holiday* targeted the original rather than using the original to target other things – like "profanity, bestiality, teen-age pregnancy, familial estrangement, ostracization and scandal, poverty, drug and alcohol abuse, the eating of a family pet, domestic violence and murder," as the producers' brief stated—about society. Of course, this begs the question of whether satire or commentary that borrows characters and style of such a work for comedic and sociological effect amounts to parody under US law. It would seem that it does not, as previously discussed. Further, *Who's Holiday* could very well be accurately characterized as a pastiche or tribute piece to Dr. Seuss, but that too moves the ball little under US law, as has also been pointed out before.

Beyond the parody/pastiche issue, the fair use test also requires "a determination of not just quantitative, but also qualitative substantiality" of the copied aspects and well as analysis of (i) analysis of "the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes." 17 U.S.C. § 107(1); (ii) whether a work "of creative expression, as opposed to an informational work, [] is precisely the sort of expression that the copyright law aims to protect." *Leadsinger, Inc. v. BMG Music Publ'g*,, and (iii) "the effect of the use upon the potential market for or value of the copyrighted work." 17 U.S.C. § 107(4). This also raises the related question of whether fair use and parody (or pastiche) is a defense, and whether one making a claim acts in good faith so long as there is a basis for a *prima facie* claim. Must a rights holder not only analyze in good faith the basis of its own claim, but the strength of a possible defense as well? Even if the characters alone were copied and

one had to assess the fair use defense before sending such a letter, might one not have a good faith belief that it was a qualitative copying of a creative work for a commercial purpose where there could be "market harm caused by the particular actions of the alleged infringer" as well as by "unrestricted and widespread conduct of the sort engaged in by the defendant would result in a substantially adverse impact [of market substitution] for the original" and for derivative works. *See* *Campbell v. Acuff-Rose Music, Inc*.

This will remain an interesting case to watch as it is in its very early stages, and there will doubtless be twists and turns in the litigation. But in the end, the question will remain as to whether to send the cease and desist letter before you have perfect information, and whether you are smart enough to avoid slipping up along the way. As Dr. Seuss once wrote in *Oh The Places That You'll Go*: "With your head full of brains and your shoes full of feet, you're too smart to go down any not-so-good street." Let's hope so, and make sure that you understand that in intellectual property cases, just like employment cases, it is "critical to do your homework before sending (or having outside counsel send) such a letter."

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Executive Offices
179 Kinderkamack Road
Westwood, NJ 07675
Tel: 201.594.9985/ Fax: 201.740.9765

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