

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

BRUSH CREEK MEDIA, INC.,

Plaintiff,

No. C-02-3491 EDL

v.

ORDER REMANDING CASE

JACK BOUJAKLIAN, et al.,

Defendants.

INTRODUCTION

Plaintiff Brush Creek Media commenced this action in San Francisco Superior Court on June 28, 2002, alleging five state law claims: (1) interference with prospective economic advantage; (2) conversion; (3) injunctive relief; (4) accounting and (5) false designation of origin, unfair competition and misappropriation. Plaintiff's fifth state law claim, including an allegation of interference with intellectual property rights by copying, appeared to sound in copyright, which would have conferred jurisdiction on this Court. On July 22, 2002, Defendants removed the action. On July 26, 2002, Plaintiff moved to enforce a preliminary injunction issued by the state court and Defendants moved to vacate or modify the injunction.

On August 1, 2002, the Court held a hearing on the parties' motions. In addition to argument by counsel, the Court heard testimony from three witnesses. The main focus of the hearing was this Court's jurisdiction. Plaintiff informed the Court that he intended to file a First Amended Complaint eliminating the state law claim sounding in copyright. He did so on August 2, 2002. On August 5, 2002, without leave of court or stipulation of the parties, Plaintiff submitted a Second Amended Complaint. The parties submitted further briefing as ordered by the Court on August 7 and August 9, 2002. The Court held a second hearing on

1 August 13, 2002, which also focused on the Court’s jurisdiction. Upon consideration of the parties’ oral
2 arguments and their submissions, good cause appearing, and for the reasons set forth below, the Court remands
3 this case for lack of subject matter jurisdiction.

4 **BACKGROUND FACTS**

5 Plaintiff is a California corporation in the business of selling adult gay pornographic movies and
6 magazines. Plaintiff’s president and sole owner is Bear Dog Hoffman. Defendant Jack Boujaklian is Hoffman’s
7 former domestic partner and former business partner, who now operates Defendant Panther Entertainment.
8 Defendant Pacific Sun Entertainment is also a California corporation that manufactures and distributes adult gay
9 pornographic films.

10 On April 22, 2002, Hoffman and Boujaklian entered into an agreement under which Boujaklian would
11 be the Chief Operating Officer and Hoffman would be the Chief Executive Officer of Brush Creek Media.
12 Subsequently, Boujaklian allegedly stole over 300 master video tapes from Plaintiff’s office. Plaintiff owned
13 the master tapes and videos made from those tapes. Declaration of Bear Dog Hoffman in Support of Motion
14 to Enforce Preliminary Injunction ¶¶ 4-5.

15 Boujaklian entered into licensing agreements for the videos with Defendant Pacific Sun on May 2-3,
16 2002. Declaration of Motti Green in Support of Motion to Vacate or Modify Preliminary Injunction ¶¶ 3, 6,
17 9; Exs. A, B, C. In each of the agreements, it appears that Boujaklian purported to act on behalf of several
18 entities, including Plaintiff. Pacific Sun had conducted business with Hoffman, Boujaklian and Brush Creek for
19 approximately seven years and believed, at the time it executed the licensing agreements, that Boujaklian had
20 authority to enter into contracts for Brush Creek. *Id.* ¶ 2. Payments under these licensing agreements were
21 made primarily to Boujaklian individually, however, rather than to Brush Creek Media. At the hearing on
22 August 1, 2002, Boujaklian admitted that he used at least some of the money to make payments on a house.
23 On May 8, 2002, Hoffman terminated Boujaklian’s employment.

24 Brush Creek obtained a Temporary Restraining Order in state court on June 28, 2002 that prohibited
25 Defendants from “producing, manufacturing, selling marketing or transferring the master tapes or the rights to
26 those tapes to any party.” Declaration of Robert Crowe in Support of Defendant Pacific Sun’s Motion to
27 Vacate or Modify Preliminary Injunction Ex. A. Later, on July 19, 2002, Plaintiff secured a preliminary
28 injunction during a state court hearing. The preliminary injunction restrained Defendants Boujaklian and Pacific
Sun from “manufacturing, selling or marketing the master tapes or from marketing or selling DVDs that are

1 copies of the master tapes.” Transcript of July 19, 2002 Hearing at 8:15-18. Defendants were also required
2 to return the master tapes to Plaintiff. Id. at 8:19.

3 On August 2, 2002, Plaintiff sent copyright registration materials for certain master tapes to the
4 Copyright Office. According to Plaintiff, the Copyright Office received those materials on August 5, 2002.
5 Based on the filing of copyright registration materials, Plaintiff included a claim for copyright infringement in his
6 First Amended Complaint.

7 **DISCUSSION**

8 Pursuant to 17 U.S.C. § 411(a), “no action for infringement of the copyright in any work shall be
9 instituted until registration of the copyright claim has been made in accordance with this title.” The question of
10 whether a plaintiff can bring a copyright infringement claim under 17 U.S.C. § 411(a) after the Copyright Office
11 receives an application for copyright registration, but before it issues a certificate of registration, is unsettled.

12
13 Several courts, as well as the authors of the leading treatise on copyright, have concluded that a pending
14 registration application is sufficient to confer federal jurisdiction over a copyright infringement claim. See Apple
15 Barrel Prods., Inc. v. R.D. Beard, 730 F.2d 384 (5th Cir. 1984) (finding that to bring a copyright infringement
16 suit, a plaintiff need not prove possession of a certificate, but need only prove payment of the fee, deposit of
17 the work in question and receipt by the Copyright Office of the application); see also Geoscan, Inc. of Texas
18 v. Geotrace Techs., Inc., 226 F.3d 387, 393 (5th Cir. 2000); Sefton v. Jew, 201 F. Supp. 2d 730, 747, n.
19 13 (W.D. Tex. 2001); Sefton v. Webbworld, Inc., 2001 WL 896933, *2, n. 2 (N.D. Tex.); Gable-Leigh, Inc.
20 v. North Am. Miss, 2001 WL 521695, *4 (C.D. Cal. 2001); Lennon v. Seaman, 84 F. Supp. 2d 522, 523
21 (S.D. N.Y. 2000); Dielsi v. Falk, 916 F. Supp. 985, 994, n. 6 (C.D. Cal. 1996); Tang v. Hwang, 799 F.
22 Supp. 499, 502-03 (E.D. Pa. 1992); Secure Servs. Tech., Inc. v. Time & Space Processing, Inc., 722 F.
23 Supp. 1354, 1364 (E.D. Va. 1989); 2 Melville B. Nimmer & David Nimmer, Nimmer on Copyright, §
24 7.16[B][1][a] at 7-155 (citing Apple Barrel Prods., Inc. v. R.D. Beard, 730 F.2d 384 (5th Cir. 1984);
25 International Kitchen Exhaust Cleaning Ass’n v. Power Washers of North Am., 81 F. Supp. 2d 70, 72 & n.
26 17 (D. D.C. 2000); Sebastian Int’l, Inc. v. Consumer Contact Ltd., 664 F. Supp. 909, 912 (D. N.J. 1987);
27 Wilson v. Mr. Tee’s, 855 F. Supp. 679, 682-83 (D. N.J. 1994)). Other courts have concluded instead that
28 a certificate of copyright registration from the Copyright Office is a prerequisite to bringing a copyright
infringement claim. See Oyster Software, Inc. v. Forms Processing, Inc., 2001 WL 1736382, *10-11 (N.D.

1 Cal.); Goebel v. Manis, 39 F. Supp. 2d 1318, 1319 (D. Kan. 1999) (preferring the Apple Barrel approach,
2 but holding that a certificate is required based on the plain language of the statute); Ryan v. Carl Corp., 1998
3 WL 320817, *2-3 (N.D. Cal.).

4 In Ryan v. Carl Corp., 1998 WL 320817, *2 (N.D. Cal.), Judge Fern Smith, recognizing the absence
5 of controlling or consistent case law on this issue, examined the language of the Copyright Act. Ryan held that
6 the plain language of the Act compelled the conclusion that a plaintiff cannot maintain an infringement action until
7 the Copyright Office issues a certificate of registration. See also Oyster Software, Inc. v. Forms Processing,
8 Inc., 2001 WL 1736382, *10-11 (N.D. Cal.) (following Ryan and finding a lack of subject matter jurisdiction
9 where the plaintiff did not allege in its complaint that it possessed a certificate of copyright registration). Judge
10 Smith specifically found that Roth Greeting Cards v. United Card Co., 429 F.2d 1106 (9th Cir. 1970) did not
11 control the issue, because Roth construed the 1909 Copyright Act and did not govern interpretation of the
12 current Copyright Act. See Roth, 429 F.2d at 1108-09 (interpreting the language of the 1909 Copyright Act,
13 which differed from the current Act by providing that no infringement action “shall be maintained” until the
14 applicant has “complied with” the requirements to deposit copies of the work and registration materials, to find
15 that the plaintiff could maintain a copyright action where the plaintiff had deposited the requisite forms and fees
16 in the mail on the same day as it filed the complaint, and where the registration date related back to earlier
17 materials sent to the Copyright Office prior to filing the complaint.)

18 Section 410(a) of the Copyright Act states that the Register of Copyrights shall register a claim and
19 issue a certificate “when, *after examination*, [the Register of Copyrights] determines that . . . the material
20 deposited constitutes copyrightable subject matter and that the other legal and formal requirements of this title
21 have been met.” 17 U.S.C. § 410(a) (emphasis added). Judge Smith found that this section cut against
22 automatic registration because it indicated that the Copyright Office, not the copyright applicant, must register
23 the copyright after examination. Ryan, 1998 WL 320817, * 2. Further, although the Copyright Act states that
24 the “effective date of a copyright registration is the day on which an application, deposit, and fee, which are
25 determined by the Register of Copyrights or by a court of competent jurisdiction to be acceptable for
26 registration, have all been received” (17 U.S.C. § 410(d)), Judge Smith interpreted this provision to mean not
27 that an application is considered registered while it is being examined by the Copyright Office, but instead that
28 once an application has been considered and accepted by the Copyright Office, the registration is backdated
to the time the application is received. Ryan, 1998 WL 320817, * 2. Finally, Judge Smith determined that

1 17 U.S.C. § 408(a), which states that an applicant can obtain registration by delivering the application materials
2 to the Copyright Office, did not supersede the requirement from 17 U.S.C. § 410(a) that examination is a
3 prerequisite to registration. Id.

4 In concluding that the plain language of the Copyright Act precluded an infringement action while a
5 copyright application is pending, Judge Smith recognized that “construing the statute this way leads to an
6 inefficient and peculiar result.” Ryan, 1998 WL 320817 at *2. Even so, where Congress’ intent is clear, as
7 in the case of the Copyright Act, the court did not feel free “to redraft statutes to make them more sensible or
8 just.” Id.

9 Here, the Court reluctantly agrees with Ryan that the plain language of the statute precludes institution
10 of an infringement action while a copyright application is merely pending, even though the Court shares Ryan’s
11 view that this result is inefficient. Under the plain language of the Act, application for copyright registration does
12 not constitute registration. Indeed, examination of the Copyright Act reveals further support for the view that
13 the Copyright Office’s examination of the material sought to be copyrighted and determination whether to issue
14 a certificate of registration is a prerequisite to bringing an infringement action. In 1976, Congress amended the
15 Act to provide that:

16 [i]n any case, however, where the deposit, application and fee required for registration
17 have been delivered to the Copyright Office in proper form and registration has been
18 refused, the applicant is entitled to institute an action for infringement if notice thereof, with
19 a copy of the complaint, is served on the Register of Copyrights.

20 17 U.S.C. § 411(a). If “registration” is complete upon receipt of the application materials by the Copyright
21 Office, then an application that would later be rejected by the Copyright Office could support an infringement
22 action prior to receiving a certificate or denial thereof and without satisfying the condition that Congress
23 included for bringing actions upon rejection, that is, to give notice to the Copyright Office. Interpreting the Act
24 to require a certificate prior to bringing an infringement action gives effect to the requirements for bringing a
25 claim upon rejection of the copyright application contained in 17 U.S.C. § 411(a).

26 Although the Apple Barrel line of cases is more appealing from an efficiency standpoint, the plain
27 language of the statute forecloses copyright suits while a copyright application is pending and before a certificate
28 of registration issues (or is denied). Therefore, Plaintiff here cannot maintain his copyright infringement claim
at this time because Plaintiff does not yet have a certificate of registration of copyright. As granting leave to file
Plaintiff’s proposed Second Amended Complaint would be futile until the Copyright Office acts on the

1 application and issue or denies registration, the Court cannot allow filing of the Second Amended Complaint.

2
3 The question remains whether the Court has jurisdiction over Plaintiff's state law claims based on
4 preemption under the Copyright Act. An action arises under the Copyright Act "if and only if the complaint
5 is for a remedy expressly granted by the Act, e.g., a suit for infringement or for statutory royalties for record
6 reproduction . . . or asserts a claim requiring construction of the Act, . . . or, at the very least and perhaps more
7 doubtfully, presents a case where a distinctive policy of the Act requires that federal principles control the
8 disposition of the claim." Topolos v. Caldewey, 698 F.2d 991, 993 (9th Cir. 1983) (quoting T.B. Harms Co.
9 v. Eliscu, 339 F.2d 823, 828 (2d Cir. 1964) cert. denied 381 U.S. 915 (1965)). Specifically,

10 If that claim involves copyright infringement or other matter directly related to the
11 interpretation and enforcement of the Copyright Act, jurisdiction has been upheld. On the
12 other hand, where it has been determined that the claim is essentially for some common law
13 or state-created right, most generally for a naked declaration of ownership or contractual
14 rights, jurisdiction has been declined, even though the claim might incidentally involve a
15 copyright or the Copyright Act.

16 Topolos, 698 F.2d at 993 (quoting Royalty Control Corp. v. Sanco, Inc., 175 U.S.P.Q. 641, 642 (N.D. Cal.
17 1972)); see also Vestron, Inc. v. Home Box Office Inc., 839 F.2d 1380 (9th Cir. 1988); Firoozye v. Earthlink
18 Network, 153 F. Supp. 2d 1115, 1125 (N.D. Cal. 2001). The plaintiff's complaint is dispositive of the issue;
19 anticipated defenses such as the plaintiff's lack of copyright ownership do not defeat jurisdiction. Vestron, 839
20 F.2d at 1381.

21 In Firoozye, a case of first impression in this Circuit, Judge Charles Breyer followed Rosciszewski v.
22 Arete Assocs., Inc., 1 F.3d 225 (4th Cir. 1993) to hold that state law claims that are equivalent to federal
23 copyright claims are completely preempted by the Copyright Act. He stated,

24 Accordingly, if any of the plaintiff's claims are preempted under the Copyright Act, those
25 preempted claims must be viewed as involving federal questions for the purpose of the
26 well-pleaded complaint rule. This Court would then possess subject matter jurisdiction
27 over the entire complaint, thereby requiring the Court to deny the plaintiff's motion to
28 remand. On the other hand, if none of the plaintiff's claims is preempted, the face of the
plaintiff's well-pleaded complaint would not arise under federal law and this Court would
not have jurisdiction, compelling remand to state court.

29 Firoozye, 153 F. Supp. 2d at 1123. A plaintiff's state law cause of action is preempted under the Copyright
30 Act if: "(1) the work involved falls within the general subject matter of the Copyright Act . . . ; and (2) the rights
that the plaintiff asserts under state law are equivalent to those protected by the Act" Firoozye, 153 F.

1 Supp. 2d at 1123-24. To determine whether the rights asserted are equivalent to those protected by the Act,
2 Judge Breyer enunciated the following extra-element test:

3 . . . a court must analyze the elements of the state-law cause of action to see if the right
4 defined by state law may be abridged by an act which in and of itself would infringe one
5 of the exclusive rights in the Act. Conversely, if there is an ‘extra element’ that is required
6 in place of or in addition to the acts of reproduction, performance, distribution, or display
in order to constitute a state-law cause of action, and the ‘extra element’ required by state
law changes the nature of the action so that it is qualitatively different from a copyright
infringement claim, the state-law claim is not preempted.

7 Firooyze, 153 F. Supp. 2d at 1125.

8 Here, Plaintiff alleges state law claims for Receipt of Embezzled Property, Interference with Prospective
9 Economic Advantage and Conversion. None of these are preempted under Vestron or even under the
10 complete preemption approach of Firooyze. Each claim requires an extra element in place of or in addition to
11 claims under the Copyright Act, which focuses on reproduction of a work. Specifically, the first claim requires
12 the extra element of receipt of embezzled property. The second claim requires the extra element of
13 interference, in this case by allegedly improperly licensing the rights to the videos. The third claim, conversion,
14 involves the extra element of alleged theft of a work as to Boujaklian and of falsifying documents as to Pacific
15 Sun. Indeed, in Firooyze, Judge Breyer noted that a conversion claim that involves tangible property is
16 probably immune from preemption. Because these claims are not preempted, the Court does not have
17 jurisdiction over them.

18 Plaintiff’s remaining “claims” for injunctive relief and an accounting are not really claims, but types of
19 remedies. These remedies are not per se preempted by the Copyright Act and appear to be potential remedies
20 for the remaining state law claims. For example, the conversion claim could well support an injunction requiring
21 return of stolen property and accounting of profits from its illicit use while stolen. Defendants raise the legitimate
22 question whether one particular aspect of the state court preliminary injunction-- the provision enjoining copying
23 -- is a remedy preempted by the Copyright Act. That question, however, is more properly addressed to the
24 state court on remand, since this Court has determined that it lacks jurisdiction over the state claims. This Court
25 declines Defendant’s request that it edit the state court injunction.

26 **CONCLUSION**

27 Because Plaintiff cannot maintain a copyright infringement claim at this time and the remaining state law
28 claims are not preempted, the Court lacks jurisdiction. Therefore, this case must be remanded.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

The Court is mindful of Pacific Sun’s concern about the propriety of the injunction issued by the state court prohibiting reproduction of the tapes. The issue of the scope of the injunction in light of the amended complaint, however, is more properly directed to the state court.

IT IS SO ORDERED.

Dated: August 19, 2002

ELIZABETH D. LAPORTE
United States Magistrate Judge