UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

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EASTERN BROADCASTING AMERICA CORP., a California corporation doing business as BNE, BNE (USA), Inc., and ETTV AMERICA CORP.,

Plaintiff,

-against-

UNIVERSAL VIDEO, INC. a/k/a/ C.F.W. PRODUCTION, INC., SUPER DOUBLE INTERNATIONAL (USA) INC., VIDMART INTERNATIONAL INC. a/k/a LASER VIDEO CITY, INC., "ABC CORP." #1 through #20, "JOHN DOES" and/or "JANE DOES" #1 through #20, names of said individuals being fictitious and unknown to Plaintiff,

Defendants.

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MEMORANDUM AND ORDER

Civil Action No.
CV-04-5654 (DGT)

TRAGER, J:

On December 27, 2004, Plaintiff Eastern Broadcasting America Corp., or BNE Corp. ("BNE"), brought suit against several defendants, including Vidmart, for copyright infringement. In three causes of action, BNE seeks an injunction against further infringement by defendants, asserts that defendants have been unjustly enriched and seeks an accounting to determine the amount of damages. Compl. ¶¶ 20-27. On March 21, 2005, Vidmart filed a motion to dismiss under Rule 12(b)(6) and a motion for a more definite statement under Rule 12(e). Vidmart further claimed that there is no subject matter jurisdiction under federal

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copyright law in this case.

(1)

Background[1]

BNE is the exclusive licensee in the United States or United States copyright holder of 126 Korean and Chinese language television programs that are filmed in Taiwan, China and Korea, all of which are listed in Exhibit A of the complaint. Compl. ¶ 11, Ex. A. BNE manufactures, imports and distributes these programs within the United States. Compl. ¶¶ 11-13.

On or about December 7, 2004, a representative of BNE visited Vidmart and found that a program titled "Tei Chi Tung Ya Ji Xiao Lan" had been reproduced into videocassettes and was being rented to customers. Compl. ¶ 15(c). BNE held an exclusive distribution license to that title and did not, at that time, have a contract with Vidmart granting it the right to copy, rent or otherwise use the program. Id., see also Ex. A, 1. Plaintiff's representative rented the video and confirmed that the content was identical to the plaintiff's master copy of the program. Compl. ¶ 15(c). BNE further alleged that on or before December 7, 2004, the defendant "knowingly and willfully began to copy, manufacture, rent, sell, distribute and/or otherwise exploit copies" of BNE's protected material, referencing the list

[1] Plaintiff BNE alleges the following facts in its complaint, which, for the purposes of this motion to dismiss, are taken as true.

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of 126 programs in Exhibit A. Id.

Vidmart argues that because a licensing agreement with BNE granted Vidmart permission to copy and rent the videos in question, the instant action is a breach of contract action, not an action for infringement. Mem. of Law in Support of Def. Vidmart's Mot. to Dismiss ¶ 12 ("Def. Mem. of Law"). This argument and Vidmart's arguments in support of dismissal for failure to state a claim for relief or for a more definite statement are addressed below.

Discussion

(1)

Copyright Infringement Versus Breach of Contract

Vidmart argues that a previous agreement between BNE and Vidmart requires BNE to raise this claim under state contract law, rather than under federal copyright law.[2] Both sides agree that at one time, Vidmart was a licensee of BNE. BNE's complaint makes clear that as of December 7, 2004 Vidmart had no rights under a license, but does not reference the previous license.

[2] While evidence outside the pleadings is generally not considered on a motion to dismiss, plaintiff has an affirmative duty to prove by a preponderance of the evidence that subject matter jurisdiction exists and a court, therefore, may rely on facts outside the pleadings for that limited purpose. Makarova v. U.S., 201 F.3d 110, 113 (2d Cir. 2000) (citing Malik v. Meissner, 82 F.3d 560, 562 (2d Cir. 1996); Kamen v. American Tel. & Tel. Co., 791 F.2d 1006, 1011 (2d Cir. 1986)); Wiesman v. C.I.R., 103 F. Supp. 2d 621, 623 n. 2 (E.D.N.Y. 2000).

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Compl. ¶ 15. At the February 10, 2005, evidentiary conference for this motion, Vidmart's witness Johnny Cheung, an employee of the store, admitted that the license agreement had lapsed and that the store was in the process of attempting to negotiate a new agreement. Tr. 62, 67-8. According to the complaint, the defendant continued to copy and rent the programs after the end of the agreement. Compl. ¶ 15.

Under these facts, plaintiff has clearly alleged a cause of action under copyright law. Even if a license agreement previously existed, a copyright action can arise once a licensee makes himself a "stranger" to the licensor by using the copyrighted material in a way that exceeds the duration or scope of the license. Microsoft Corp. v. Harmony Computers & Elecs., Inc., 846 F. Supp. 208, 214 (E.D.N.Y. 1994) (finding that defendants made themselves strangers to plaintiffs by exceeding the scope of licensing agreements); Kamakazi Music Corp. v. Robbins Music Corp., 684 F.2d 228, 228 (1982) (construing the claim as one arising under copyright because once defendant's contract to print sheet music expired, it no longer had the right to print the copyrighted material).

Here, BNE's complaint makes clear that the licensing agreement with Vidmart was no longer in effect, a fact confirmed by Vidmart's own witness. Compl. ¶ 15. Vidmart, therefore, had no right to duplicate the copyrighted material or rent it to its

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customers. In the absence of such a right, the claim is not one for breach of contract but rather arises under the copyright laws.

(2)

The Standard for a Copyright Infringement Claim Under Rule 8(a)

Rule 8 requires "a short and plain statement of the claim showing that the pleader is entitled to relief." Fed. R. Civ. P. 8(a)(2). To show a prima facie case of copyright infringement, the plaintiff must allege "(1) it is the valid owner of a copyright and (2) defendant has engaged in unauthorized 'copying,' where 'copying' is shorthand for the infringing of any of the copyright owner's five exclusive rights, described at 17 U.S.C. § 106." Microsoft Corp. v. Harmony Computers & Electronics, Inc., 846 F. Supp. 208, 210 (E.D.N.Y. 1994) (citations omitted); see also Tangorre v. Mako's, Inc., No. 01-cv-4430, 2002 WL 313156, at *2 (S.D.N.Y. Jan. 30, 2002) (citing Feist Publ'ns, Inc. v. Rural Tel. Serv. Co., 499 U.S. 340, 361 (1991). To be sufficient, a copyright infringement claim must allege: "(1) which specific original works form the subject of the copyright claim; (2) that plaintiff owns the copyrights in those works; (3) that the copyrights have been registered in accordance with the statute; and (4) by what acts [and] during what time the defendant infringed the copyright." Home & Nature

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