



UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

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BARCROFT MEDIA, LTD. et al., :  
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Plaintiffs, :  
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-v- :  
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COED MEDIA GROUP, LLC, :  
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Defendant. :  
:  
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16-CV-7634 (JMF)

OPINION AND ORDER

JESSE M. FURMAN, United States District Judge:

Plaintiffs in this case — Barcroft Media, Ltd. (“Barcroft”) and FameFlynet, Inc. (“FameFlynet”) — are the purveyors of entertainment-related photojournalism and owners of certain copyrighted celebrity and human interest photographs. Defendant Coed Media Group, LLC (“CMG”), which runs celebrity gossip and entertainment websites, displayed several of Plaintiffs’ photographs (the “Images”) on its websites without paying licensing fees or otherwise getting authorization. Plaintiffs now sue for copyright infringement. CMG concedes that Plaintiffs own the copyrights to the Images and that it used the Images without prior permission. Nevertheless, it contends that Plaintiffs waived most of their infringement claims and that, in any event, CMG’s display of the Images was fair use.

Last month, the Court held a one-day bench trial on Plaintiffs’ claims and CMG’s defenses. In this Opinion and Order, the Court provides its findings of fact and conclusions of law. Ultimately, for the reasons set forth below, the Court finds that CMG’s waiver and fair use defenses fall short, entitling Plaintiffs to injunctive relief and actual and statutory damages derived from the reasonable licensing fee CMG would have paid to use the Images.

## BACKGROUND

Based on the evidence and testimony presented at trial, the Court makes the following findings of fact by way of background. The Court includes additional factual findings in the context of the legal analysis below.

Plaintiffs provide entertainment-related photojournalism and own the copyrights for various paparazzi photographs and videos of celebrities and “other persons of interest.” (PTX 46 (“Taylor Aff.”) ¶¶ 8, 94). They acquire this content from photographers with whom they have ongoing relationships, in the form of employment agreements, assignment agreements, and work-for-hire agreements, (Taylor Aff. ¶¶ 9-10, 95), and Plaintiffs register new images received from their photographers with the U.S. Copyright Office, (Taylor Aff. ¶¶ 15, 102). Barcroft and FameFlynet employ the same copyright tracking service to register their copyrights; monitor digital uses of their photographs; identify such uses as potential infringements; and collect documentation, including screenshots, of potential infringements. (Taylor Aff. ¶¶ 2-7, 93).

At issue in this case are twelve images (or sets of images) owned by Plaintiffs and registered with the Copyright Office — namely, the Images.<sup>1</sup> The Images depict actress Salma Hayek (the “Hayek Image”), actress Amanda Bynes (the “Bynes Images”), singer Selena Gomez (the “Gomez Image”), actress Zooey Deschanel (the “Deschanel Image”), and actress Lea Michele (the “Michele Image”). The Images also include a depiction of a man waving a Union Jack in a matching hat and jacket while waiting outside the hospital for the birth of Prince William and Kate Middleton’s child (the “Loughrey Image”); and photographs depicting a

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<sup>1</sup> Plaintiffs’ Amended Complaint lists eighteen Images as in dispute. (See Docket No. 14, Ex. 1). The parties stipulated to dismissal of Plaintiffs’ claims relating to three of the photographs. (See Docket No. 28). Plaintiffs admitted that Images 1 and 9 are the same work, as are Images 2, 6, and 8. (See DTX 15, at 6).

mother and daughter, the former of whom underwent plastic surgery to resemble the latter (the “Horrocks Images”). It is undisputed that Plaintiffs own all of the Images; that Plaintiffs registered each Image with the Copyright Office; that CMG displayed the Images in whole or in part on its websites; and that CMG did not have Plaintiffs’ prior authorization to do so. (*See* Docket No. 46 (“Def. Opp’n”), at 7 (describing various “issues that are not even disputed”); *see also* Docket No. 36 (“JPTO”), at 7-12).<sup>2</sup>

CMG runs several small popular culture, sports, and entertainment websites, which collectively receive roughly four million unique users per month. (JPTO 6-7; DTX 21 (“Coakley Aff.”) ¶ 12). CMG has lost money every year since its inception, with the exception of 2012. (Coakley Aff. ¶ 15). In light of its business model and precarious financial situation, CMG does not license individual images for display on its websites; instead, it predominantly uses image subscription services to populate its websites with photographs. (Coakley Aff. ¶¶ 17-20). Indeed, the Chief Executive Officer of CMG testified that the company “would never pay a substantial fee to license any image for its Websites, which earn little revenue and have consistently been in the red.” (Coakley Aff. ¶ 21). CMG’s websites earn money by selling advertising space through online marketplaces. (JPTO 7; Coakley Aff. ¶ 24). CMG takes in approximately \$1.50 per thousand visitors to one of its webpages. (Coakley Aff. ¶ 25).

Between 2014 and March 2016, CMG posted each of the Images on its websites. Cropped versions of the Hayek and Michele Images were both posted as rectangular banner photographs at the top of webpages, called “Daily Dumps,” linking to celebrity gossip articles on

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<sup>2</sup> In its pretrial briefing, CMG argued that it did not use the copyrighted version of the Loughrey Image, (Docket No. 43 (“Def. PFOF”) ¶ 22; Def. Opp’n, at 12), and therefore that Plaintiffs could not establish a claim of infringement as to that Image, but it withdrew that argument on the record at the final pretrial conference.

other websites; the Images were edited to include text referencing the “Daily Dump” and to feature the CMG website’s logo. (PTX 28; PTX 30). A thumbnail version of the Hayek Image also appeared in its entirety in the link roundup below the banner image. (PTX 28). The Bynes Images were used in their entirety in conjunction with an article on a CMG website titled “Amanda Bynes is Alive and Well in Mexico (and in a bikini) [Photos],” which commented on the actress’s appearance and sought “to demonstrate her improved health after a stint in rehab and turbulent behavior on social media.” (Def. PFOF ¶¶ 34, 37; *see also* PTX 29; DTX 22 (“Jackson Aff.”) ¶ 30-31). The Gomez Image was cropped to exclude the subject’s lower legs and was included in a gallery of twenty-five images showcasing a “risqué” fashion trend described by CMG as “Underbutt Fever.” (Def. PFOF ¶ 29; PTX 31; Jackson Aff. ¶ 23). The Deschanel Image appeared at the bottom of an article titled “Zooeey Deschanel Reveals Her Sea Animal-Inspired Baby Name.” (PTX 34). Finally, the Loughrey and Horrocks Images were used to accompany CMG articles titled “These Grown Ass People Waiting For the Royal Baby Are Actually Psychotic” and “Mom Shells Out \$57k To Look Like Daughter’s Twin and It’s Creepier Than it Sounds,” respectively. (PTX 32, 33).

In May 2015, CMG received a cease-and-desist letter from FameFlynet regarding CMG’s use of several of the Images, including the Hayek, Bynes, and Gomez Images. (Jackson Aff. ¶ 15-16; DTX 4). CMG’s then-President, Bryant Jackson, contacted FameFlynet’s head of sales, Justin Smith, to discuss the letter, (Trial Tr. 84-85, 93), and the parties began negotiating a subscription package pursuant to which CMG would continue nonexclusively using certain FameFlynet photographs for a monthly fee, (Jackson Aff. ¶ 18; DTX 5). Jackson testified that, in their first conversation following CMG’s receipt of the cease-and-desist letter, Smith told him “not to worry” about the FameFlynet Images depicted in the letter. (Jackson Aff. ¶ 17). The

proposed subscription arrangement, however, was never consummated. (Jackson Aff. ¶ 19). CMG subsequently deleted the Images included in the cease-and-desist letter, as well as other licensed and unlicensed content, from its websites in August 2015. (Jackson Aff. ¶ 20). More than one year later, on September 29, 2016, Plaintiffs filed the instant action.

## DISCUSSION

There is no dispute that CMG used Plaintiffs' validly copyrighted Images in whole or in substantial part, and without authorization, thus establishing a *prima facie* case of copyright infringement. *See Feist Publ'ns, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340, 361 (1991) ("To establish infringement, two elements must be proven: (1) ownership of a valid copyright, and (2) copying of constituent elements of the work that are original."). Instead, CMG defends its use of the Images — or, more precisely, of all but one of the Images, as it concedes liability with respect to the Deschanel Image, (*see* Def. PFOF ¶ 59) — on either or both of two grounds: first, that Plaintiffs waived any infringement claim with respect to six of the Images and, second, that CMG's use of all of the Images was fair use under Section 106 of the Copyright Act. The Court will address each defense in turn.

### A. Waiver

CMG argues, first, that FameFlynet waived its infringement claims with respect to the Hayek, Bynes, and Gomez Images. Under New York law, which the parties agree governs for these purposes, "a claim of waiver requires proof of an 'intentional relinquishment of a known right with both knowledge of its existence and an intention to relinquish it.'" *Capitol Records, Inc. v. Naxos of Am., Inc.*, 372 F.3d 471, 482 (2d Cir. 2004) (quoting *Airco Alloys Division, Airco Inc. v. Niagara Mohawk Power Corp.*, 430 N.Y.S.2d 179, 187 (N.Y. App. Div. 1980)); *see also Johnson v. Zerbst*, 304 U.S. 458, 464 (1938). It is well established, moreover, that "the law

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