

NOTE: CHANGES MADE BY THE COURT

**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA**

GREAT MINDS,
Plaintiff,
v.
OFFICE DEPOT, INC.,
Defendant.

Case No. 2:17-cv-07435-JFW (Ex)

**STATEMENT OF DECISION
GRANTING DEFENDANT OFFICE
DEPOT, INC.'S MOTION FOR
ATTORNEYS' FEES AND COSTS
PURSUANT TO 17 U.S.C. § 505**

Hon. John F. Walter
Courtroom 7A
United States Courthouse
350 W. 1st Street
Los Angeles, CA 90012

Statement of Decision

This matter came before the Court on Defendant Office Depot, Inc.’s (“Office Depot”) Motion for Attorneys’ Fees and Costs Pursuant to 17 U.S.C. § 505 (“Motion”). Having considered the briefing of the parties, and for the reasons set forth below, the Court hereby **GRANTS** Office Depot’s Motion and awards Office Depot its reasonable attorneys’ fees and costs.

I. Relevant Procedural Background

Great Minds is a non-profit organization whose stated mission is to “support a comprehensive and high-quality education in America’s public schools,” Compl. ¶ 9. It has created a math curriculum for grades Pre-K through 12, Eureka Math, which it makes freely available to school districts and other members of the public under the terms of a public license promulgated by a third-party organization, Creative Commons Corporation (“Creative Commons”). *Id.* ¶¶ 9-10, 13. Great Minds initiated this lawsuit on October 11, 2017, alleging claims for copyright infringement and breach of contract against Office Depot. Great Minds’ copyright claim was predicated on allegations that Office Depot’s reproduction of its Eureka Math materials on behalf of schools and school districts was a “commercial” use beyond the scope of the Creative Commons Public License, and therefore constituted an unauthorized infringing use by Office Depot. Compl. ¶¶ 13-14, 35.

On December 6, 2017, Office Depot moved to dismiss the copyright infringement claim, arguing that the unambiguous terms of the Creative Commons Public License at issue (1) authorizes schools to reproduce and use the Eureka Math materials for non-commercial purposes, (2) expressly permits the schools to provide those materials to the public “by any means or process,” and (3) does not prohibit the schools from outsourcing the copying to third party vendors. *See* ECF No. 25. On January 18, 2018, the Court granted Office Depot’s motion to dismiss Great Minds’ copyright claim with prejudice. *See* ECF No. 40. The Court held that “the Creative Commons Public License unambiguously grants the licensee schools and school

1 districts the right ‘to reproduce and Share the Licensed Material, in whole or in part,
2 for NonCommercial purposes only,’ and does not prohibit the schools and school
3 district from employing third parties, such as Office Depot, to make copies of the
4 Materials.” *Id.* at 5.

5 In dismissing Great Minds’ copyright claim, this Court acknowledged the
6 Eastern District of New York’s decision in [Great Minds v. FedEx Office & Print](#)
7 [Servs., Inc.](#), which involved the same public license at issue in this case. 2017 WL
8 744574 (E.D.N.Y. Feb. 24, 2017). The Court agreed with the Eastern District of New
9 York that “[b]ecause the schools and school districts are the entities exercising the
10 rights granted under the Creative Commons Public License, it is irrelevant that Office
11 Depot may have profited from making copies for schools and school districts.” ECF
12 No. 40 at 5. The Court found that any attempt by Great Minds to amend its copyright
13 infringement claim would be futile “because the Court’s interpretation of the Creative
14 Commons Public License is a question of law,” and dismissed the claim with
15 prejudice. *Id.* at 7 n.8.

16 On February 1, 2018, Great Minds filed a consent motion to dismiss its
17 remaining claim for breach of contract without prejudice, ECF No. 41, which was
18 granted on February 12, 2018. ECF No. 43. On February 20, 2018, judgment was
19 entered on both claims. ECF No. 45. On March 6, 2018, after reviewing the parties’
20 joint certification regarding the meet and confer process on Office Depot’s anticipated
21 motion for attorneys’ fees and costs, the Court ordered the parties to mediate the fees
22 issue and extended Office Depot’s deadline to file its fees motion to April 30, 2018.
23 ECF No. 48.

24 On March 21, 2018, the Second Circuit affirmed the Eastern District of New
25 York’s decision dismissing Great Minds’ nearly identical claim against FedEx in its
26 entirety. See [Great Minds v. FedEx Office and Print Servs., Inc.](#), 886 F.3d 91 (2d Cir.
27 2018). Relying on “long-established principles of agency law,” and noting that Great
28 Minds’ arguments “fail[] to account for the mundane ubiquity of lawful agency

relationships,” the Second Circuit held that “a licensee under a non-exclusive copyright license may use third-party assistance in exercising its license rights unless the license expressly provides otherwise.” *Id.* at 95. After reviewing the Creative Commons license at issue *de novo*, the Second Circuit found that it did not prohibit licensees from using vendors to copy the licensed material, and held that FedEx’s reproduction of the Eureka Math materials on behalf of licensed school districts did not infringe Great Minds’ copyrights. *Id.* at 94, 96. On April 25, 2018, the Second Circuit denied Great Minds’ Petition for Rehearing *En Banc* or Panel Rehearing.

The parties reported that they held a mediation on April 11, 2018 on Office Depot’s anticipated motion for attorneys’ fees and costs, but were not able to reach a settlement or advance beyond their disagreement as to Office Depot’s entitlement to fees. *See* ECF No. 52. Office Depot timely filed its fees motion pursuant to the Court’s March 6, 2018 order extending the relevant deadline. ECF No. 48.

II. Legal Standard

The Copyright Act authorizes “the court in its discretion [to]...award a reasonable attorney’s fee to the prevailing party.” 17 U.S.C. § 505; *see Fogerty v. Fantasy, Inc.*, 510 U.S. 517, 534 (1994). When awarding fees, “[p]revailing plaintiffs and prevailing defendants are to be treated alike.” *Id.* at 534.

“In deciding whether to award fees under the Copyright Act, the district court should consider, among other things: the degree of success obtained on the claim; frivolousness; motivation; objective reasonableness of factual and legal arguments; and need for compensation and deterrence.” *Uckardesler v. Azteca Int’l Corp.*, 2010 WL 11520019, at *1 (C.D. Cal. July 6, 2010) (quoting *Maljack Prods. v. Goodtimes Home Video Corp.*, 81 F.3d 881, 889 (9th Cir. 1996)); *see also Fogerty*, 510 U.S. at 534. A court “may order fee-shifting ... to deter ... overaggressive assertions of copyright claims ... even if the losing position was reasonable in a particular case.” *Kirtsaeng v. John Wiley & Sons, Inc.*, 136 S. Ct. 1979, 1988-89 (2016). And while “blameworthiness is not a prerequisite to awarding fees to a prevailing defendant,”

1 advancement of the purpose of the Copyright Act is “the pivotal criterion” in
 2 awarding attorney’s fees. [Fantasy, Inc. v. Fogerty](#), 94 F.3d 553, 558 (9th Cir. 1996)
 3 (hereinafter *Fogerty II*).

4 **III. Office Depot is Entitled to Its Reasonable Attorneys’ Fees and Costs** 5 **Associated with Litigating Great Minds’ Copyright Claim**

6 **A. Office Depot Prevailed on the Merits of Great Minds’ Copyright** 7 **Claim**

8 “[A] defendant is a prevailing party [under § 505] following dismissal of a claim
 9 if the plaintiff is judicially precluded from refileing the claim against the defendant in
 10 federal court.” [Cadkin v. Loose](#), 569 F.3d 1142, 1150 (9th Cir. 2009). This “factor
 11 weighs more in favor of a party who prevailed on the merits, rather than on a technical
 12 defense.” [DuckHole Inc. v. NBCUniversal Media LLC](#), 2013 WL 5797204, at *2 (C.D.
 13 Cal. Oct. 25, 2013). Great Minds does not dispute that Office Depot prevailed on the
 14 merits of its copyright claim, which was dismissed with prejudice. This factor weighs
 15 in favor of granting Office Depot’s motion.

16 **B. Great Minds’ Copyright Claim Was Objectively Unreasonable in** 17 **Light of the Eastern District of New York’s Prior Dismissal Order**

18 The Eastern District of New York dismissed Great Minds’ nearly identical
 19 copyright claim against FedEx before Great Minds filed this case against Office
 20 Depot. That decision analyzed the same Creative Commons Public License and
 21 concluded that its unambiguous terms did not prohibit school licensees from using
 22 commercial copy services to copy licensed materials for licensed uses. [FedEx](#), 2017
 23 WL 744574, at *4. Thus, by bringing this claim, Great Minds made the choice to
 24 relitigate a legal issue that had already been decided by another district court in a
 25 thorough and well-reasoned decision. That decision has now been affirmed by the
 26 Second Circuit Court of Appeals. [See Great Minds](#), 886 F.3d at 97.

27 Great Minds argues that its litigation conduct was not unreasonable because the
 28 opinions of the Eastern District of New York and the Second Circuit Court of Appeals
 were erroneous. The Court finds that this argument borders on the frivolous.

1 First, Great Minds’ claim that it had at least a “reasonable” chance of reversing
 2 the Eastern District of New York’s decision at the time it filed this case is based on a
 3 gross mischaracterization of that opinion. Great Minds argues that the *FedEx* court
 4 ignored its argument that “each and every recipient of the licensed Eureka Math
 5 materials who exercises the licensed rights by reproducing or distributing those
 6 materials is in fact a *licensee*” under the terms of the Creative Commons Public
 7 License. Opp’n at 8-10 (emphasis in original). However, the court acknowledged the
 8 contractual language relied upon by Great Minds but nevertheless held that “the
 9 school districts are the entities exercising the rights granted by the License.” *FedEx*,
 10 2017 WL 744574, at *1, 4. This Court agreed with the Eastern District of New
 11 York’s analysis on that issue. See ECF No. 40 at 2, 6 (“the entities in this case
 12 exercising the rights ... are the schools and school districts, not Office Depot.”). The
 13 Court does not find Great Minds’ alleged belief that the Second Circuit would reverse
 14 the Eastern District of New York’s opinion to be a reasonable basis to assert its nearly
 15 identical copyright claim against Office Depot before the Second Circuit issued its
 16 opinion.

17 Second, Great Minds attacks the Second Circuit’s opinion on the grounds that it
 18 “affirmed the result on a new basis that was never raised by the district court or either
 19 party, and to which Great Minds never had a chance to respond; namely, the Second
 20 Circuit invoked ‘well-established agency principles’” Opp’n at 10 (citing *Great*
 21 *Minds*, 886 F.3d at 94). This Court finds that the Second Circuit’s reliance on “the
 22 mundane ubiquity of lawful agency relationships” was not a “new basis” for rejecting
 23 Great Minds’ claims to which it never had a chance to respond. See, e.g., *FedEx*,
 24 2017 WL 744574, at *4 (“[a]s the school districts are the entities exercising the rights
 25 granted by the License, it is irrelevant that FedEx may have benefitted by having been
 26 hired by them to act, viz. make copies, in their stead.”). This Court’s order dismissing
 27 Great Minds’ copyright claim is consistent with both of these decisions, and the cases
 28 relied upon by both this Court and the Eastern District of New York also rely on

1 agency principles. *See* ECF No. 40 at 7 (“[b]ecause a licensee may lawfully use a
 2 third party agent or contractor to assist it in exercising its licensed rights, absent
 3 contractual provisions prohibiting such activity, Great Minds has failed to allege that
 4 Office Depot’s conduct was outside the scope of the license”); *see also, e.g.,*
 5 [*Automation by Design, Inc. v. Raybestos Prods. Co.*](#), 463 F.3d 749, 757 (7th Cir.
 6 2006) (“[a]llowing one’s agent or contractor to use [copyrighted] designs for one’s
 7 own benefit is not a transfer [of copyright ownership]”). For these reasons, the Court
 8 rejects Great Minds’ suggestion that the Second Circuit’s opinion provided Great
 9 Minds with a reasonable basis to believe that the outcome of this case would be
 10 substantially different than the outcome in *FedEx*.¹

11 Great Minds’ remaining arguments are similarly unpersuasive. Great Minds
 12 purports to introduce extrinsic evidence of a common understanding by third parties
 13 that the terms of the Creative Commons Public License do not permit Office Depot’s
 14 conduct here. But Great Minds had its opportunity to argue that amending its
 15 Complaint would not have been futile when it opposed Office Depot’s motion to
 16 dismiss, and waived that opportunity by failing to exercise it. Nor does the Court
 17 agree that the opinions of third parties that it is a “commercial use” of licensed
 18 materials simply if money changes hands is relevant, given the more nuanced issue
 19 here of whether a licensee can properly outsource copying under the terms of the
 20 license. Finally, the Court is not persuaded by Great Minds’ argument that Office
 21 Depot’s prior licensing history with Great Minds shows that it agrees with Great
 22 Minds’ interpretation of the license. And as Great Minds itself alleged, Office Depot
 23

24 ¹ Great Minds also mischaracterizes the Second Circuit’s opinion as a wholesale
 25 repudiation of the Eastern District of New York’s reasoning, noting that “the Second
 26 Circuit expressly rejected an argument made by FedEx ... that the Public License’s
 27 ‘any means or process’ language permitted licensees to employ commercial copiers.”
 28 *Opp’n* at 8, 10-11. But the fact that the Second Circuit disagreed with *one* of the
 bases for the district court’s conclusion does not convert Great Minds’ otherwise
 unreasonable claim into a reasonable one.

1 terminated the license agreement following the Eastern District of New York's
 2 decision, all of which occurred well *before* Great Minds filed the Complaint in this
 3 case. *See* Compl. ¶¶ 27-28.

4 Because the Court finds that Great Minds' copyright claim was not objectively
 5 reasonable in light of the Eastern District of New York's opinion and the lack of
 6 support for Great Minds' interpretation in the language of the license, this factor
 7 weighs in favor of Office Depot.

8 **C. Great Minds' Copyright Theory Lacks Merit**

9 Where the moving party shows that the party's copyright claim was objectively
 10 unreasonable, it is not necessary to find that the claim was frivolous. [DuckHole](#), 2013
 11 WL 5797204, at *2 (citing [Fogerty](#), 510 U.S. at 523-533 n.18). Nonetheless, the facts
 12 here demonstrate that Great Minds' copyright claim lacked merit. Not only did Great
 13 Minds have the benefit of the Eastern District of New York's decision before it filed
 14 suit against Office Depot, but this Court and the Second Circuit Court of Appeals have
 15 now concluded that the terms of the Creative Commons Public License do not prohibit
 16 schools and school districts from using commercial copy services in order to make
 17 copies for licensed uses. Because Great Minds' copyright claim had already been
 18 rejected by the *FedEx* court and lacked support in the language of the license, Great
 19 Minds' claims against Office Depot were "wholly without merit." [Glass v. Sue](#), 2011
 20 WL 561028, at *3 (C.D. Cal. Feb. 8, 2011). Great Minds' arguments to the contrary
 21 rely exclusively on its perceived shortcomings with the courts' analysis and lack merit
 22 for the reasons set forth above. This factor weighs in favor of Office Depot.

23 **D. Great Minds' Copyright Claim Was Motivated By A Desire to 24 Relitigate its Claim in an Alternate Forum**

25 While a finding of bad faith or improper motive is not a prerequisite to an
 26 award of attorney's fees, "a court 'may be influenced by the plaintiff's culpability in
 27 bringing or pursuing the action'" [Fogerty II](#), 94 F.3d at 558. In this case, it is
 28 undisputed that for some unexplained reason, Great Minds elected to relitigate the

1 same legal issue in this district, rather than wait for the outcome of the fully-briefed
 2 Second Circuit appeal of the *FedEx* decision. In fact, Office Depot even agreed to
 3 stay this litigation pending the Second Circuit's decision, with the parties otherwise
 4 preserving their positions, in order to conserve the parties' and, most importantly, the
 5 Court's resources, but Great Minds inexplicitly refused. Moreover, Great Minds fails
 6 to identify any legal basis (such as the expiration of the relevant statute of limitations)
 7 that required it to act quickly, and fails to meaningfully distinguish the facts of this
 8 case from its allegations in the *FedEx* case. The Court concludes that Great Minds'
 9 conduct was motivated by a desire to relitigate its dismissed copyright claim in this
 10 forum in hopes of obtaining a different result. Accordingly, this factor weighs in
 11 favor of Office Depot. *See, e.g., Organization for Advancement of Minorities with*
 12 *Disabilities v. Brick Oven Restaurant*, 406 F. Supp. 2d 1120, 1131 (S.D. Cal. 2005)
 13 ("discouraging forum-shopping is a legitimate goal for the federal courts.") (citation
 14 omitted).

15 **E. Awarding Reasonable Fees and Costs to Office Depot Will Advance**
 16 **the Purposes of the Copyright Act**

17 Under the final factor, "the Court determines whether an award for defendants
 18 would 'advance considerations of compensation and deterrence.'" *DuckHole*, 2013
 19 WL 5797204, at *4. "[W]hen a copyright infringement claim is objectively
 20 unreasonable, deterrence is an important factor." *Randolph v. Dimension Films*, 634 F.
 21 Supp. 2d 779, 796 (S.D. Tex. 2009).

22 In successfully defending Great Minds' copyright infringement claim in this
 23 case, Office Depot has advanced the purpose of the Copyright Act by furthering the
 24 legal understanding of the scope of the Creative Commons Public License at issue and
 25 that it does not prohibit licensees from using commercial copy services. *See Fogerty*
 26 *II*, 94 F.3d at 560 ("a successful defense of a copyright infringement action may
 27 further the policies of the Copyright Act every bit as much as a successful prosecution
 28 of an infringement claim by the holder of a copyright."); *Uckardesler*, 2010 WL

1 11520019, at *1 (awarding fees where the defendant “advanced the purpose of the
 2 Copyright Act ... by furthering the legal and factual understanding of the scope of
 3 copyright protection for reality television formats”). Furthermore, “[d]eterring non-
 4 meritorious lawsuits against defendants seen as having ‘deep pockets’ and
 5 compensating parties that must defend themselves against meritless claims are both
 6 laudable ends.” [Scott v. Meyer](#), 2010 WL 2569286, at *3 (C.D. Cal. June 21, 2010).

7 On balance, this factor also weighs in favor of a fee award to Office Depot.
 8 Because all of the *Fogerty* factors weigh in favor of Office Depot, the Court finds that
 9 Office Depot is entitled to recover its attorneys’ fees under the Copyright Act.

10 **IV. Office Depot’s Requested Attorneys’ Fees and Costs Are Reasonable**

11 Once a court determines that fees are warranted under the Copyright Act, it
 12 must determine the reasonable value of the work performed. [The Traditional Cat](#)
 13 [Ass’n v. Gilbreath](#), 340 F.3d 829, 833 (9th Cir. 2003). The moving party bears the
 14 burden of establishing the appropriate hours expended and the hourly rates. [Fantasy](#)
 15 [Inc. v. Fogerty](#), 1995 WL 261504, at *2 (N.D. Cal. May 2, 1995).

16 The first step is calculating the lodestar, or, “the number of hours reasonably
 17 expended on the litigation multiplied by a reasonable hourly rate.” [Hensley v.](#)
 18 [Eckhardt](#), 461 U.S. 424, 433 (1983). The party seeking attorneys’ fees bears the
 19 burden of producing evidence supporting the hours worked and a reasonable rate; the
 20 district court may reduce the award accordingly if insufficient evidence is produced.
 21 However, “[t]here is a strong presumption that the lodestar figure is reasonable, and
 22 adjustments are to be adopted only in exceptional cases.” [Oviatt v. Pearce](#), 954 F.2d
 23 1470, 1482 (9th Cir. 1992); [see also Harris v. Marhoefer](#), 24 F.3d 16, 18 (9th Cir.
 24 1994) (“only in rare instances should the lodestar figure be adjusted on the basis of
 25 other considerations.”).

26 “[I]n determining the reasonableness of an attorneys’ rate, the Court must
 27 review the ‘prevailing market rates in the relevant community.’” [Shame on You](#)
 28 [Productions, Inc. v. Banks](#), 2016 WL 5929245, at *14 (C.D. Cal. Aug. 15, 2016).

1 “The proper rate to employ in computing fees is that which a lawyer of comparable
 2 skill, experience and reputation would command in the relevant community.” *Id.* A
 3 declaration by the fee applicant’s counsel supporting its rates and identifying
 4 comparable rates approved in other cases constitutes sufficient evidence of the
 5 prevailing market rate. *Camacho v. Bridgeport Fin., Inc.*, 523 F.3d 973, 980 (9th Cir.
 6 2008).

7 Office Depot argues that Great Minds does not dispute the reasonableness of
 8 the relevant attorneys’ billing rates or the total attorneys’ fees and costs of
 9 \$133,193.06, consisting of \$130,525.46 in attorneys’ fees and \$2,667.60 in costs
 10 requested in its Motion. In its proposed Order, Office Depot also includes an award of
 11 attorneys’ fees and costs incurred in connection with attending the Court-ordered
 12 mediation, finalizing the Motion, preparing the Reply, and attending the hearing on
 13 this Motion. However, the Court declines to award attorneys’ fees and costs for any
 14 work done after the judgment was entered in this case on February 20, 2018. *See* ECF
 15 No. 45. Accordingly, the parties are ordered to meet and confer *in person* and agree
 16 on the amount of attorneys’ fees and costs to be awarded to Office Depot and submit a
 17 proposed Order on June 8, 2018. In the unlikely event that the parties are unable to
 18 agree, they are ordered to submit their remaining disputes to the Honorable Carla M.
 19 Woehrle of ADR Services for resolution.

20 **V. Conclusion**

21 For all the foregoing reasons, Office Depot’s motion for attorneys’ fees and
 22 costs pursuant to 17 U.S.C. § 505 is **GRANTED**.

23 IT IS SO ORDERED.

24 Dated: May 30, 2018

25 
 Hon. John F. Walter

26 United States District Judge