

IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF NEBRASKA

CODY FOSTER & CO., INC.,

Plaintiff,

vs.

URBAN OUTFITTERS, INC.,  
et al.,

Defendants.

8:14-CV-80

MEMORANDUM AND ORDER

This matter is before the Court on cross-motions for summary judgment (filings [117](#) and [121](#)), as well as on Urban Outfitters' motions to supplement its index of evidence (filings [185](#) and [196](#)). For the reasons discussed below, each summary judgment motion is granted in part and denied in part, and the motions to supplement are both granted.

BACKGROUND

1. CONTRACT DISPUTE

The following facts are not meaningfully disputed. Cody Foster & Co., Inc. (CFC) is a Nebraska corporation that sells ornaments and décor items to retailers. Filing [122](#) at 2. Urban Outfitters, Inc. is a Pennsylvania corporation, and is the parent company of all of the other defendants (collectively, "Urban Outfitters"). Filing [122](#) at 2. In 2013, Urban Outfitters purchased ornaments from CFC on several occasions. Filing [22](#) at ¶ 14. A Terms of Purchase Agreement ("Purchase Agreement") applied to each order.<sup>1</sup> Filing [118](#) at 12–13. However, the parties disagree as to whether the purchase orders were integrated into the Purchase Agreement—creating a single, merged contract—or whether each purchase order was an independent contract that merely incorporated the provisions of the Purchase

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<sup>1</sup> CFC asserts that it is "unable to verify" that the Purchase Agreement in filing [120-4](#) at 25 is indeed the correct contract. However, CFC offers no evidence or argument that another agreement should control. Thus, the Court does not understand CFC's assertion to be a genuine dispute, and will consider the Purchase Agreement attached in filing [120-4](#) to be the governing agreement.

Agreement, such that the Purchase Agreement had no life independent of the purchase orders. *See* filing 159 at 14–15.

On October 16, 2013, an artist named Lisa Congdon alleged on her blog and in other public forums that some of CFC's ornaments infringed on her copyrighted artwork. Filing 118 at 13. Urban Outfitters had purchased at least one of the allegedly infringing CFC ornaments. Filing 122 at 2. In a conference call with Urban Outfitters on October 17, 2013, Cody Foster<sup>2</sup> informed Urban Outfitters of Congdon's allegations and said that CFC would accept return of the allegedly infringing ornament. Filing 118 at 13–14. At the time of this call, Urban Outfitters had several pending purchase orders with CFC. *See* filing 118 at 15. Urban Outfitters requested that CFC provide it with product development information for sixteen of the items included in these pending orders. Filing 122 at 3.

After the conference call, Urban Outfitters sent an email to CFC, reiterating its request for "sketches or design briefs" for the sixteen items. Filing 122 at 3. The email stated, "We need assurance for our internal home team as well as our executive management that these are all original designs." Filing 124-2 at 3. CFC responded with product development documentation for the items. Filing 122 at 3. Urban Outfitters employees reviewed this information, and found it to be "lacking and alarming." Filing 122 at 3. The following day, October 24, 2013, Urban Outfitters cancelled its purchase orders with CFC. Filing 122 at 4.

CFC had already shipped some, but not all, of the product covered by the cancelled purchase orders. Filing 118 at 15. Urban Outfitters sought to return this merchandise to CFC. Filing 118 at 15. CFC accepted the initial shipment, but refused to accept any further returns. Filing 118 at 15.

## 2. URBAN OUTFITTERS' ALLEGED INFRINGEMENTS

Beginning in October and November 2013, Urban Outfitters began selling a deer globe ornament, an owl ornament, a jingle bell garland, and glass alphabet letter ornaments.<sup>3</sup> Filing 118 at 11–12. Urban Outfitters purchased each of these ornaments from third-party vendors. Filing 118 at 11–12. CFC alleges that these ornaments are copies of four of CFC's copyrighted ornaments. Filing 22 at ¶ 52. The parties agree that for each of CFC's ornaments, CFC registered the copyright after Urban Outfitters began selling its alleged copy. Filing 153 at 15.

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<sup>2</sup> The Court will refer to Cody Foster & Co., Inc. as CFC and to Cody Foster the individual as Foster.

<sup>3</sup> CFC has withdrawn its claim that Urban Outfitters sold a sacred heart ornament that infringed on CFC's design. Filing 153 at 21.

First, CFC alleges that Urban Outfitters' deer globe ornament infringes on a deer globe ornament CFC sells. *See* filing 22 at ¶ 50. Foster personally designs CFC's product lines. Filing 118 at 4. To develop the deer globe ornament, he purchased an antique deer figure, some sisal trees, and a small mushroom figure. Filing 118 at 5. He arranged these figures in a glass globe, and glued the globe to a base, which he cut out and trimmed with gold glitter. *See*, filing 118 at 5; filing 153 at 2–3. Then, Foster sent a photograph of the globe to a manufacturer overseas, with the instructions to duplicate it. Filing 118 at 5.

Second, CFC alleges Urban Outfitters' owl ornament infringes on CFC's owl ornament. *See* filing 22 at ¶ 50. To develop the owl ornament, Foster purchased an antique illustration or lithograph of an owl, and sent it to an overseas manufacturer. Filing 118 at 6. The manufacturer returned pictures of a clay sculpture of an owl, but Foster does not recall if he suggested any changes to the sculpture in response to the pictures. Filing 118 at 6–7. The manufacturer later sent Foster a glass sculpture of the owl, which Foster painted with glitter, and embellished with beads and fiber. Filing 118 at 7.

Third, CFC alleges Urban Outfitters' jingle bell garland infringes on CFC's jingle bell garland. *See* filing 22 at ¶ 50. Foster developed the garland by locating photographs of other garlands with jingle bells, and sending them to an overseas manufacturer. Filing 118 at 8. Foster does not know where the photographs of the other garlands were from. Filing 118 at 8.

Fourth, CFC alleges Urban Outfitters' glass alphabet ornaments infringe on CFC's glass alphabet ornaments. *See* filing 22 at ¶ 50. Foster developed the alphabet ornaments by locating a photograph of other alphabet ornaments, and then sending that photograph to an overseas manufacturer. Filing 118 at 9. Foster does not know where the photograph came from. Filing 118 at 9. Foster gave instructions to use an "antique mercury" finish on the ornaments. Filing 118 at 9.

#### STANDARD OF REVIEW

Summary judgment is proper if the movant shows that there is no genuine dispute as to any material fact and that the movant is entitled to judgment as a matter of law. *See Fed. R. Civ. P. 56(a)*. The movant bears the initial responsibility of informing the Court of the basis for the motion, and must identify those portions of the record which the movant believes demonstrate the absence of a genuine issue of material fact. *Torgerson v. City of Rochester*, 643 F.3d 1031, 1042 (8th Cir. 2011) (en banc). If the movant does so, the nonmovant must respond by submitting evidentiary materials that set out specific facts showing that there is a genuine issue for trial. *Id.*

On a motion for summary judgment, facts must be viewed in the light most favorable to the nonmoving party only if there is a genuine dispute as to those facts. *Id.* Credibility determinations, the weighing of the evidence, and the drawing of legitimate inferences from the evidence are jury functions, not those of a judge. *Id.* But the nonmovant must do more than simply show that there is some metaphysical doubt as to the material facts. *Id.* In order to show that disputed facts are material, the party opposing summary judgment must cite to the relevant substantive law in identifying facts that might affect the outcome of the suit. *Quinn v. St. Louis County*, 653 F.3d 745, 751 (8th Cir. 2011). The existence of a mere scintilla of evidence in support of the nonmovant's position will be insufficient; there must be evidence on which the jury could conceivably find for the nonmovant. *Barber v. C1 Truck Driver Training, LLC*, 656 F.3d 782, 791-92 (8th Cir. 2011). Where the record taken as a whole could not lead a rational trier of fact to find for the nonmoving party, there is no genuine issue for trial. *Torgerson*, 643 F.3d at 1042.

## ANALYSIS

### 1. DEFENDANTS' MOTION FOR SUMMARY JUDGMENT

#### (a) Copyright infringement

CFC has sued Urban Outfitters for copyright infringement. Filing 22 at ¶ 48–60. To prevail on a copyright infringement claim, the plaintiff must show "(1) ownership of a valid copyright, and (2) copying of constituent elements of the work that are original." *Feist Publ'ns, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340, 361 (1991). Urban Outfitters argues that it is entitled to summary judgment on CFC's copyright infringement claims because as a matter of law, none of CFC's copyrights are valid. Filing 118 at 16.

A certificate of registration made within 5 years of the first publication of the work is prima facie evidence of the validity of the copyright. 17 U.S.C. § 410(c). Here, the parties do not dispute that the ornaments were registered within 5 years of the date of first publication. Accordingly, CFC is entitled to a presumption that its copyrights are valid. See *Taylor Corp. v. Four Seasons Greetings, LLC*, 315 F.3d 1039, 1042 (8th Cir. 2003). Urban Outfitters offers two arguments in rebuttal of this presumption: that the ornaments are not original works of CFC's authorship, filing 118 at 16, and that the copyright registrations are invalid due to misrepresentations in CFC's applications, filing 118 at 24.

#### *1. Authorship and originality*

Copyright protects only "original works of authorship fixed in any tangible medium of expression." 17 U.S.C. § 102(a). Urban Outfitters argues that CFC's copyrights lack two of the requisite elements: authorship and

originality. See filing 118 at 17, 23. First, Urban Outfitters contends that CFC is not the author of the ornaments because the manufacturers, rather than CFC, translated the concepts for the ornaments into tangible expression. Filing 118 at 23. Second, Urban Outfitters contends that to the extent CFC did author the ornaments, its contributions were not sufficiently original to deserve copyright protection. Filing 118 at 17. CFC offers three alternative arguments as to authorship: that Foster is the sole author of each ornament, that Foster and the manufacturers are co-authors of each ornament, or that the manufacturers transferred their rights to the ornaments to CFC. Filing 153 at 13. CFC further contends that each of its ornaments is sufficiently original to be copyrightable. Filing 153 at 6.

First, the term "author" in copyright law, is shorthand for "the party who actually creates the work, that is, the person who translates an idea into a fixed, tangible expression." *Cnty. for Creative Non-Violence v. Reid*, 490 U.S. 730, 737 (1989). Authorship is a question of fact. See *S.O.S., Inc. v. Payday, Inc.*, 886 F.2d 1081, 1086 (9th Cir. 1989). Where a given work contains some elements the author created, and some he did not, the author's copyright extends only to the elements of the work that he himself contributed. See *Feist Publ'ns*, 499 U.S. at 359.

However, where multiple people contribute to a given work with the intent to merge their work into a unitary whole, each person may be considered a joint author. See, 17 U.S.C. § 101; *Reid*, 490 U.S. at 753. Each joint author has a copyright over the entire work. 17 U.S.C. § 201(a). Most circuits have held that one must make an independently copyrightable contribution to the work to be considered a joint author.<sup>4</sup> Some courts, however, have suggested that the contribution need only be something more than *de minimis*.<sup>5</sup> Courts seem to agree that contributions of ideas and

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<sup>4</sup> See, *Gaylord v. United States*, 595 F.3d 1364, 1377 (Fed. Cir. 2010); *BancTraining Video Sys. v. First Am. Corp.*, 956 F.2d 268, 1992 WL 42345, at \*3 (6th Cir. 1992); *Childress v. Taylor*, 945 F.2d 500, 506 (2d Cir. 1991); *M.G.B. Homes, Inc. v. Ameron Homes, Inc.*, 903 F.2d 1486, 1493 (11th Cir. 1990); *S.O.S., Inc.*, 886 F.2d at 1087; see also *Gaiman v. McFarlane*, 360 F.3d 644, 659 (7th Cir. 2004) (noting that requiring a joint author to make a contribution that "if it stood alone would be copyrightable" is the generally the correct rule, but holding that this rule does not apply in "the case in which it *couldn't* stand alone because of the nature of the particular creative process that had produced it").

<sup>5</sup> See *Greene v. Ablon*, 794 F.3d 133, 151 (1st Cir. 2015); *Brownstein v. Lindsay*, 742 F.3d 55, 64 (3d Cir. 2014); see also *Cnty. for Creative Non-Violence v. Reid*, 846 F.2d 1485, 1496 (D.C. Cir. 1988) ("If Nimmer is correct on the point that the contribution of a joint author need not be copyrightable 'standing alone,' even [plaintiff's] choice of the title . . . while not independently copyrightable . . . may count . . . toward meeting the 'more than *de minimis*' threshold required for joint authorship."), *aff'd on other grounds*, 490 U.S. 730 (1989).

concepts—even fairly detailed directions—are never sufficient to make someone a joint author.<sup>6</sup>

Second, the originality requirement is not a requirement that the author's creation is particularly inspired or creative, but only that it originated with the author, instead of being copied from someone else's work. See *Feist Publ'ns*, 499 U.S. at 345. The Eighth Circuit has not addressed whether originality is a question of law or fact, and other circuits have split on the issue. The Second and Ninth Circuits treat copyrightability as a mixed question of law and fact, at least when it depends on originality.<sup>7</sup> The First and Seventh Circuits state that copyrightability is always a question of law.<sup>8</sup> Because originality is an inherently fact-specific inquiry, the Court is persuaded that copyrightability is a mixed question of law and fact, and that originality is a question of fact for the jury.

A combination of uncopyrightable elements is eligible for copyright protection only if those elements are numerous enough and their selection and arrangement original enough that their combination constitutes an original work. 17 U.S.C.A. § 102(a). There must be some minimal degree of judgment in the arrangement. The arrangement cannot totally lack creativity (e.g., arranging names by alphabet in a phone book, *Feist Publ'ns*, 499 U.S. at 362). Nor are scènes à faire—stock or hackneyed themes—copyrightable (e.g., a play set in medieval times with a hero-on-a-quest plot, *Frye v. YMCA Camp Kitaki*, 617 F.3d 1005, 1008 (8th Cir. 2010)). However, the "requisite level of creativity is extremely low," and the "vast majority of works make the grade quite easily, as they possess some creative spark." *Feist Publ'ns*, 499 U.S. at 345. For example, courts have held that copyrightable arrangements include the particular composition of a chain and gemstones in a bracelet, *Yurman Design, Inc. v. PAJ, Inc.*, 262 F.3d 101, 110 (2d Cir. 2001), or the sorting of stock photos into collections by topic, *Yellow Pages Photos, Inc. v. Ziplocal, LP*, 795 F.3d 1255, 1277 (11th Cir. 2015).

With those propositions in mind, the Court will consider the authorship and originality of each ornament.

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<sup>6</sup> *TMTV, Corp. v. Mass Prods., Inc.*, 645 F.3d 464, 469 (1st Cir. 2011); *Gaylord*, 595 F.3d at 1380; *BancTraining Video Sys.*, 1992 WL 42345, at \*3; *Childress*, 945 F.2d at 506–07; *S.O.S., Inc.*, 886 F.2d at 1087; see, *M.G.B. Homes, Inc.*, 903 F.2d at 1493; *Aitken, Hazen, Hoffman, Miller, P. C. v. Empire Const. Co.*, 542 F. Supp. 252, 259 (D. Neb. 1982).

<sup>7</sup> See, *Matthew Bender & Co. v. W. Pub. Co.*, 158 F.3d 674, 681 (2d Cir. 1998); *N. Coast Indus. v. Jason Maxwell, Inc.*, 972 F.2d 1031, 1035 (9th Cir. 1992).

<sup>8</sup> See, *Gaiman*, 360 F.3d at 648–49; *Yankee Candle Co. v. Bridgewater Candle Co., LLC*, 259 F.3d 25, 34 n.5 (1st Cir. 2001).

(i) *Deer globe*

As discussed above, Urban Outfitters argues that CFC's copyrights are invalid because they lack the requisite elements of authorship and originality. Filing 118 at 16. With respect to the deer ornament, the Court finds that a genuine issue of fact exists for both elements.

First, there is a genuine issue of fact as to whether CFC is the author of the deer globe ornament. Foster's (and by extension, CFC's) contributions to the creation of the deer globe ornament are not meaningfully disputed. Foster purchased and arranged the deer, trees, and mushrooms within a glass globe, and glued it on a base, which he trimmed with gold glitter. *See*, filing 118 at 5; filing 153 at 2–3. A manufacturer then duplicated the ornament for CFC to sell. Filing 118 at 5. From this evidence, the trier of fact could reasonably conclude CFC is "the person who translate[d] [the] idea into a fixed, tangible expression." *Reid*, 490 U.S. at 737.

Next, a genuine issue of fact exists as to the originality of the ornament. CFC does not argue that it owns the copyrights for the deer, trees, or mushroom. *See* filing 153 at 3. However, the parties disagree as to whether Foster's combinations of those elements, together with the globe and base, is original enough to be copyrighted. *See* filing 153 at 10–11. The Court cannot say that the ornament's woodland scene is not original enough for copyright protection as a matter of law. From the evidence provided, a reasonable trier of fact could conclude that the arrangement is sufficiently original.

(ii) *Owl*

The Court finds that, as a matter of law, CFC is neither the sole author, nor a joint author, of the owl ornament. The undisputed evidence shows that Foster essentially made two contributions to the owl ornament. First, Foster contributed the concept for the ornament, by providing the manufacturer with an illustration and directions for creating the ornament. Filing 118 at 6. These are mere contributions of ideas and direction, which are insufficient as a matter of law to establish Foster as a sole or joint author.<sup>9</sup>

Second, Foster embellished the ornament with glitter, beads, and fiber fringe. Filing 118 at 7. This contribution is likewise insufficient for joint authorship. As previously noted, the circuits do not agree as to whether a joint author's contribution must be independently copyrightable, or merely more than *de minimis*. This Court does not reach the question, as Foster's contribution of glitter, beads, and fringe fails under either standard. To begin with, these contributions are not independently copyrightable. Mere

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<sup>9</sup> *See supra* note 6.

variations in color or medium are generally not eligible for copyright protection. 37 C.F.R. § 202.1(a); see also *L. Batlin & Son, Inc. v. Snyder*, 536 F.2d 486, 491 (2d Cir. 1976). Glitter and beading should be no different. Furthermore, the Court finds that the trimmings Foster added are trivial, failing even to rise above the level of de minimis. Therefore, as a matter of law, CFC is not an author of the pine owl ornament. Thus, the Court does not reach Urban Outfitters' attack on the ornament's originality.

*(iii) Alphabet letters*

The Court finds that, as a matter of law, CFC is not the author of the alphabet ornaments. The undisputed evidence shows that Foster developed the ornaments by locating a photograph of other alphabet ornaments, which he instructed a manufacturer to duplicate using an "antique finish." Filing 118 at 9–10. In other words, Foster's contribution was limited to providing the concept for the ornaments, and direction as to their creation and coloration. As previously discussed, contributions of ideas and direction are, as a matter of law, insufficient to establish joint authorship. Thus, the Court does not reach Urban Outfitters' attack on the originality of the ornaments.

*(iv) Jingle bell garland*

The Court finds that, as a matter of law, CFC is not the author of the jingle bell garland. Here, as with the alphabet ornaments, Foster's contributions are limited to concept and supervision: he located photographs of other jingle bell garlands, and submitted them to a manufacturer, along with instructions as to the shape and color of the garland. Filing 118 at 9. These contributions are insufficient as a matter of law to establish Foster as a joint author of the garland. Thus, the Court does not reach Urban Outfitters' attack on the originality of the ornaments.

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CFC argues in the alternative that even if Foster was not the author of the ornaments, that the manufacturers transferred the copyrights of the ornaments to CFC. Filing 153 at 13. CFC claims that it effected this transfer by purchasing the manufacturing molds of the ornaments with the "understanding" that the manufacturers would not use those molds for any other company. Filing 153 at 13.

However, even if all these facts are true, it would not effect a transfer of copyright from the manufacturer to CFC. Transferring ownership of a material object does not necessarily transfer ownership of the copyright to that object. 17 U.S.C. § 202. The law requires that any "transfer of copyright ownership, other than by operation of law, is not valid unless an instrument



of conveyance, or a note or memorandum of the transfer, is in writing and signed by the owner of the rights conveyed or such owner's duly authorized agent." 17 U.S.C. § 204. CFC does not allege, let alone produce evidence supporting a finding, that such a writing exists for any of the four ornaments. Thus, CFC has produced no evidence from which the trier of fact could find CFC purchased the copyrights to the ornaments.

In sum, the Court finds that, as a matter of law, the owl ornament, alphabet ornaments, and jingle garland are not copyrightable. A genuine issue of material fact exists with respect to whether the deer globe ornament is copyrightable.

## *2. Copyright registration validity*

Urban Outfitters next argues that even if CFC's ornaments are copyrightable, that those copyrights are invalid because CFC failed to disclose its use of pre-existing works in creating the ornaments. Filing 118 at 24. CFC contends that it made no misrepresentations on any of its applications. Filing 153 at 14. Because the Court has already concluded that three of CFC's ornaments are not copyrightable as a matter of law, it considers this issue with respect to the deer globe only.

According to 17 U.S.C. § 409, an application for a copyright registration for a compilation or derivative work must include "an identification of any preexisting work or works that it is based on or incorporates, and a brief, general statement of the additional material covered by the copyright claim being registered."

In some circumstances, failing to disclose a pre-existing work can invalidate a copyright registration. A plaintiff is only entitled to bring a civil suit for copyright infringement if it has registered his copyright with the Copyright Office. 17 U.S.C. § 411(a). Even an inaccurate copyright certificate satisfies this prerequisite, unless: (1) the copyright holder provided the inaccurate information on its application knowing it was inaccurate, and (2) the inaccuracy, "if known, would have caused the Register of Copyrights to refuse registration." 17 U.S.C. § 411(b)(1). If a party to a lawsuit alleges that a copyright is invalid because the application listed inaccurate information, "the court shall request the Register of Copyrights to advise the court whether the inaccurate information, if known, would have caused the Register of Copyrights to refuse registration." 17 U.S.C. § 411(b)(2).

Here, the parties do not dispute that CFC's deer globe incorporated figures of a deer, trees, and a mushroom, all of which were based on figures Foster purchased. Filing 153 at 3. The parties also do not dispute that CFC did not identify any pre-existing works in its copyright application for the deer globe ornament. Filing 153 at 14. CFC contends that doing so was

unnecessary, because "[n]o pre-existing work matching final design existed." Filing 153 at 14. However, § 409 does not require disclosure only where the new work duplicates the preexisting work. Rather, § 409 states that the application must identify "any preexisting work or works that it . . . incorporates" (emphasis added). Consequently, the Court will follow the procedure set forth by 17 U.S.C. § 411(b)(2), and will request the Register of Copyrights to advise whether the inaccuracies in CFC's copyright application would have caused the Register to refuse registration.

(b) Partial summary judgment on copyright infringement

Urban Outfitters moves for partial summary judgment on CFC's claim for statutory damages under 17 U.S.C. § 504(c) and costs and attorney fees under 17 U.S.C. § 505, arguing that CFC is not entitled to these awards because it did not file its copyright registrations before Urban Outfitters began selling the allegedly infringing ornaments. Filing 118 at 28–29. CFC does not dispute its registrations were filed after the alleged infringements, and concedes that it is not entitled to those awards. Filing 153 at 14–15. Accordingly, the Court grants partial summary judgment, in favor of Urban Outfitters, as to CFC's claims for statutory damages and costs and attorney fees.

Urban Outfitters also moves for partial summary judgment on CFC's copyright infringement claim for a sacred heart ornament, arguing that no evidence exists showing Urban Outfitters ever sold the allegedly infringing ornament. Filing 118 at 30. CFC has withdrawn its copyright infringement claim for the sacred heart ornament. Filing 153 at 21. Thus, the Court grants partial summary judgment, in favor of Urban Outfitters, on CFC's claim for copyright infringement of the sacred heart ornament.

(c) Breach of contract

Urban Outfitters argues it is entitled to summary judgment on CFC's breach of contract claim for two reasons. First, Urban Outfitters alleges that Section 8 of the Purchase Agreement authorized it to cancel the contract because a claim of copyright infringement was made. Filing 118 at 31. Second, Urban Outfitters argues that under Section 4 of the Purchase Agreement, it was entitled to cancel any purchase order if its requirements changed. Filing 118 at 33. CFC disputes Urban Outfitters' interpretation of the relevant language in the Purchase Agreement. Filing 153 at 19.

As an initial matter, Pennsylvania law applies to the interpretation of the contract. Urban Outfitters cites Pennsylvania law in its motion, filing 118 at 31, presumably relying on the Purchase Agreement's provision that "[e]ach order and the contract arising therefrom shall be construed according to the

laws of the State of Pennsylvania." Filing 120-4 at 29. CFC, in its motion for summary judgment, expresses uncertainty as to whether Urban Outfitters has waived this choice of law provision by citing Nebraska law in some filings. Filing 122 at 6. However, CFC suggests no alternative. Its agnosticism on this point does not constitute a genuine dispute as to which state's law applies. Therefore, the Court will apply Pennsylvania law in interpreting the Purchase Agreement.

Under Pennsylvania law, when "the intent of the parties to a written contract is to be regarded as being embodied in the writing itself, and when the words are clear and unambiguous the intent is to be discovered only from the express language of the agreement." *Stewart v. McChesney*, 444 A.2d 659, 661 (Pa. 1982). However, when a contract's language is ambiguous, extrinsic evidence may be considered to determine the intent of the parties. *Murphy v. Duquesne Univ. Of The Holy Ghost*, 777 A.2d 418, 429 (Pa. 2001). Determining whether an ambiguity exists is a question of law for the Court. *Hutchison v. Sunbeam Coal Corp.*, 519 A.2d 385, 390 (Pa. 1986). Using extrinsic evidence to resolve ambiguities is the province of the trier of fact. *Id.*

### 1. Section 8

First, Urban Outfitters argues that Section 8 of the Purchase Agreement authorized it to cancel the contract as a result of allegations that CFC's ornaments infringed on the copyrights of others. Filing 118 at 31. Section 8 reads as follows: "Company reserves the right to return at Vendor's expense any merchandise and cancel this contract where a claim is made that the sale by Company infringes any alleged patent, design, trade name, trademark or copyrights." Filing 120-4 at 26.

As an initial matter, the parties disagree as to the nature of the Purchase Agreement. Urban Outfitters argues that the Purchase Agreement represents a single master contract that governed the general business relationship between the parties and applied to each purchase order. *See* filing 159 at 14. Under Urban Outfitters' interpretation, if a "claim" of copyright infringement was made with respect to *any* purchase order, Urban Outfitters would be entitled to cancel the entire master agreement, and any purchase order made pursuant to it. *See* filing 159 at 15.

CFC, on the other hand, contends that each purchase order was a separate contract that incorporated the terms of the Purchase Agreement, and that the Purchase Agreement itself had no independent existence. *See* Filing 153 at 20. Under this interpretation, a "claim" of copyright infringement for one purchase order would trigger Urban Outfitters' right to cancel that purchase order, but would not entitle Urban Outfitters to cancel any other purchase order. Filing 153 at 20.

The Court finds, as a matter of law, that the Purchase Agreement is unambiguously a master agreement governing the entire relationship between the parties. The language of the Purchase Agreement makes this clear. For one, the Purchase Agreement repeatedly makes reference to "each purchase order" or "all orders." *See generally* filing 120-4 at 26–29. These phrases only add up if the Purchase Agreement was intended to stand on its own, apart from the individual purchase orders. Similarly, section 22 of the Purchase Agreement only makes sense if it is construed as an agreement governing the entire relationship between the parties. That section requires CFC to conduct yearly audits of all of its factories for compliance with human rights standards. Filing 120-4 at 29. This ongoing requirement, contemplating years of transactions between the parties, demonstrates that the Purchase Agreement was intended to stand apart from individual purchase orders.

CFC also challenges Urban Outfitters' interpretation of section 8. Section 8 states that Urban Outfitters is entitled to cancel the Purchase Agreement when a "claim" of infringement is made. Urban Outfitters contends "claim" unambiguously means "an assertion open to challenge," and that Congdon's allegations clearly qualify. Filing 159 at 13. CFC, however, argues that "claim" is undefined, and therefore ambiguous. CFC argues that if "claim" is interpreted to mean "any comment made on the internet, meritorious or not," any third party would have the power "to disrupt business relationships between Plaintiff and Defendants." Filing 153 at 20.

The Court finds that "claim" is ambiguous. It could mean, as Urban Outfitters asserts, any allegation of infringement. However, it could also refer to a claim for relief in a lawsuit, or could take some other meaning. This ambiguity is appropriate for the fact finder to resolve at trial.

## 2. Section 4

Urban Outfitters next argues that it was entitled to cancel the contract under section 4, which provides,

Company reserves the right to revoke or cancel any order at any time prior to delivery, should the Company's requirements change. In the event Vendor has shipped merchandise . . . prior to such revocation or cancellation, when the Company revokes or cancels the order it shall be responsible for reasonable transportation costs.

Filing 120-4 at 25. Urban Outfitters contends that "its purchase requirements from CFC had changed and were, in fact, ending in light of

Congdon's allegations." Filing 118 at 33. Thus, according to Urban Outfitters, it had the right to cancel its purchase orders with CFC. Filing 118 at 33.

This argument is without merit. A change in requirements might exist if Urban Outfitters, for whatever reason, no longer needed Christmas ornaments. However, Urban Outfitters has not alleged such circumstances. Rather, its decision to terminate its relationship with CFC was motivated by Congdon's allegations against CFC, which presumably made selling CFC ornaments less profitable. See filing 118 at 33. It cannot be the case that the Purchase Agreement allows Urban Outfitters to cancel any purchase order simply because it deems that the order would no longer be in its interests. Such a broad definition of "requirements" would render the contract practically illusory. Therefore, the Court finds as a matter of law that Lisa Congdon's allegations did not constitute a change in "requirements" entitling Urban Outfitters to cancel its purchase orders with CFC. Summary judgment as to CFC's breach of contract claim is denied.

## 2. PLAINTIFF'S MOTION FOR SUMMARY JUDGMENT

### (a) Authentication and evidence

Urban Outfitters argues that CFC's motion for summary judgment should be denied, both because it failed to properly authenticate documents, and because CFC's arguments reference facts not included in its statement of material facts. Filing 150 at 10–11.

First, Urban Outfitters contends that CFC did not authenticate all of its exhibits. Filing 150 at 10–11. After Fed. R. Civ. P. 56 was amended in 2010, submission of unauthenticated documents in support of or opposition to a summary judgment motion no longer violates it *per se*. See *Foreword Magazine, Inc. v. OverDrive, Inc.*, 2011 WL 5169384, at \*2 (W.D. Mich. 2011). Instead, the proper objection to unauthenticated evidence is that it cannot be authenticated, and therefore cannot be presented in admissible form at trial. See Fed. R. Civ. P. 56(c)(2); see also *Foreword Magazine*, at \*2. Urban Outfitters has not made such an allegation. Further, to the extent that CFC's failure to authenticate its exhibits violates NECivR 7.1, CFC has now cured the defect by filing a declaration authenticating those exhibits. See filing 158. Thus, the Court will not deny CFC's motion for summary judgment on the basis of authentication.

Second, Urban Outfitters argues that CFC's motion for summary judgment should be denied because although CFC included a statement of material facts in its motion, its arguments reference facts not included in that statement. Filing 150 at 11. Urban Outfitters is correct that failing to file a statement of material facts may be grounds to deny a motion for summary judgment under the local rules. NECivR 56.1. However, Urban

Outfitters does not allege that CFC failed to file a statement of material facts at all, and CFC's motion does, in fact, include such a statement. *See* filing 122 at 2–4. Thus, the Court has no authority to deny summary judgment on that basis. Urban Outfitters also contends that because it is not required to controvert any facts not included in CFC's statement of material facts, any other facts CFC relies on should be disregarded. Filing 150 at 11. In its consideration of CFC's motion, the Court relies only on those facts or exhibits that are referenced in either party's statement of material facts and that are not genuinely disputed. *See LOL Fin. Co. v. Paul Johnson & Sons Cattle Co.*, 758 F. Supp. 2d 871, 877 n.8 (D. Neb. 2010) Accordingly, the Court will not deny CFC's motion on the basis of its allegedly deficient statement of material facts.

(b) Choice of law provision

As an initial matter, CFC notes its uncertainty as to which law applies to the various claims in the case. *See* filing 122 at 6. As previously discussed, Pennsylvania law applies to the interpretation of the Purchase Agreement; CFC has cited no law establishing that Urban Outfitters has waived the Purchase Agreement's choice of law provision, nor has it suggested that the Court must apply the laws of any other state.

(c) Defenses and counterclaims involving actual infringement

According to CFC, several of Urban Outfitters' counterclaims and affirmative defenses are based on CFC's alleged copyright infringement. *See* filing 122 at 13–15. CFC argues that it is entitled to summary judgment on each of these claims and defenses, because under no circumstances can proving actual infringement be relevant to the case. *See* filing 122 at 13.

CFC's argument, as the Court understands it, is that Urban Outfitters' cancellation of the Purchase Agreement and purchase orders was not motivated by any actual, proven infringement on the part of CFC. Rather, according to CFC, the cancellation was motivated either by (1) Congdon's mere allegations that such infringement occurred, filing 122 at 11–12, or (2) Urban Outfitters' dissatisfaction with the product development information it requested from CFC after Congdon's allegations came to light, filing 122 at 9. CFC contends that if Urban Outfitters cancelled the agreement without proof of actual infringement, it cannot now offer proof of actual infringement to justify that cancellation *post hoc*. *See* filing 122 at 14. Thus, CFC argues, evidence of actual infringement is not relevant, and CFC is entitled to summary judgment on all of Urban Outfitters' counterclaims and affirmative defenses that depend on proving it. *See* filing 122 at 13–15.

This argument is without merit, because under Pennsylvania law, Urban Outfitters' subjective motivations in terminating the Purchase Agreement are irrelevant. In Pennsylvania, a material breach of contract excuses the non-breaching party from performance, even if that party "was unaware of this breach at that time." *Frontline Technologies, Inc. v. CRS, Inc.*, 880 F. Supp. 2d 601, 619 (E.D. Pa. 2012); see *Restatement (Second) of Contracts* § 237 cmt. c (1981). In other words, if Urban Outfitters establishes that CFC materially breached the contract, its termination of the contract would be excused no matter what its *actual* reasons for termination were. Urban Outfitters has argued that if CFC sold infringing products to Urban Outfitters, such sale would constitute a material breach. See filing 150 at 15. CFC's alleged actual infringement is therefore clearly relevant to Urban Outfitters' defenses and counterclaims. The Court denies summary judgment on Urban Outfitters' counterclaims and defenses that require proof of actual infringement.

(d) Independent development defense

Next, CFC argues that it is entitled to summary judgment on Urban Outfitters' independent development defense, arguing that Pennsylvania does not recognize independent development as an affirmative defense. Filing 122 at 15–16. To begin with, Pennsylvania law does not control this issue. Urban Outfitters asserts independent development as a defense to CFC's *federal* copyright claim; the relevant law is, therefore, federal. See filing 22 at ¶¶ 66–70.

Urban Outfitters has clarified that by "independent development" it is referring to the defense often called "independent creation." Filing 150 at 19. Federal circuit courts have generally held that independent creation is not an affirmative defense; rather, it is a rebuttal to an essential element of the plaintiff's prima facie case: copying.<sup>10</sup> When a copyright plaintiff establishes "reasonable access and substantial similarity," it creates a presumption of copying. *Taylor Corp.*, 403 F.3d at 967 (quoting *Three Boys Music Corp. v. Bolton*, 212 F.3d 477, 486 (9th Cir. 2000)). Then, the burden of production "shifts to the defendant to rebut that presumption through proof of independent creation." *Id.* The burden of persuasion remains at all times with the plaintiff. *Moore*, 318 F.3d at 573.

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<sup>10</sup> See, e.g., *Moore v. Kulicke & Soffa Indus., Inc.*, 318 F.3d 561, 573 (3d Cir. 2003); *Calhoun v. Lillenas Publ'g*, 298 F.3d 1228, 1230 n.3 (11th Cir. 2002); *Keeler Brass Co. v. Cont'l Brass Co.*, 862 F.2d 1063, 1066 (4th Cir. 1988); *Granite Music Corp. v. United Artists Corp.*, 532 F.2d 718, 723 (9th Cir. 1976).

Summary judgment is inappropriate in these circumstances. The mere fact that Urban Outfitters labeled independent creation an affirmative defense does not entitle CFC to resolution of the issue in its favor.

(e) Independent acts defense

CFC contends that it is entitled to summary judgment on Urban Outfitters' independent acts defense—the assertion that the defendants purchased the infringing goods from a third party, over whom the defendants had no right of control or supervision. Filing 150 at 20; see *Pinkham v. Sara Lee Corp.*, 983 F.2d 824, 834 (8th Cir. 1992). CFC argues that this defense is "not applicable when Defendants already knew of Plaintiff's offerings when the[y] intentionally sought to order the exact ornaments without going through Plaintiff and knew that Plaintiff claimed to own all ornaments it was selling, and began selling similarly designed ornaments." Filing 122 at 16. Even assuming that CFC's version of the facts is correct, CFC fails to cite any law demonstrating that these facts entitle it to summary judgment on the independent acts defense. On a motion for summary judgment, the movant bears the responsibility of informing the district court of the basis for its motion. *Torgerson*, 643 F.3d at 1042. CFC has not met that burden here. Accordingly, summary judgment as to Urban Outfitters' independent acts defense is denied.

(f) Invalid copyright defense

CFC argues that Urban Outfitters has failed to prove that CFC's copyrights were invalid. Filing 122 at 17. As discussed above, Urban Outfitters has established as a matter of law that CFC's copyrights for three of the ornaments are invalid. As to the remaining ornament, the deer globe, Urban Outfitters has produced evidence sufficient for the trier of fact to reasonably conclude the copyright is invalid.

(g) Fair Use defense

CFC argues that it is entitled to summary judgment on Urban Outfitters' affirmative defense of fair use. Filing 122 at 20. Fair use is the affirmative defense that even if the defendant did use plaintiff's copyrighted work, such use was "for purposes such as criticism, comment, news reporting, teaching . . . scholarship, or research." 17 U.S.C. § 107. As with all affirmative defenses, the burden of proof is on the defendant. The statute sets forth four factors for determining whether use of a copyrighted work is fair use:



- (1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;
- (2) the nature of the copyrighted work;
- (3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
- (4) the effect of the use upon the potential market for or value of the copyrighted work.

[17 U.S.C. § 107.](#)

CFC contends that Urban Outfitters has failed to establish this defense, and cannot demonstrate that its sale of the allegedly infringing ornaments count as fair use under the factors above. Filing [122](#) at 15, 20–21. It points to several aspects of the alleged infringement that, in its opinion, make fair use an unlikely defense here. Filing [122](#) at 20–21. Urban Outfitters has not produced evidence in response to CFC's arguments demonstrating that it has met its burden of production with respect to the fair use defense. Therefore, it has failed to point to facts establishing a genuine issue for trial. See *Torgerson*, [643 F.3d at 1042](#). The Court grants summary judgment, in favor of CFC, as to Urban Outfitters' fair use defense.

### 3. MOTIONS TO FILE SUPPLEMENTAL INDEXES

Urban Outfitters has filed two motions to supplement its index of evidence in opposition to CFC's motion for summary judgment. Filings [186](#) and [196](#). First, Urban Outfitters requests to supplement the index with some of CFC's product development sheets, which the Magistrate Judge ordered CFC to produce on July 16, 2015. Filing [186](#) at 2. Second, Urban Outfitters seeks to supplement its index with deposition testimony of Congdon and Cassandra Smith. Filing [186](#) at 2. Urban Outfitters took their depositions on July 28, 2015 and August 4, 2015, respectively. Filing [186](#) at 2. Third, Urban Outfitters requests to supplement its index with testimony from an additional deposition it conducted with CFC on August 31, 2015 after the Magistrate Judge ordered Foster to answer questions he had previously refused to answer. Filing [196](#) at 2. Urban Outfitters filed its initial brief in opposition to CFC's motion for summary judgment on June 25, 2015. See filing [150](#).

A court may, in its discretion, allow parties to supplement the summary judgment record for good cause. See *Lujan v. Nat'l Wildlife Fed'n*,

497 U.S. 871, 895 (1990). Here, the Court finds that Urban Outfitters has shown good cause. Thus, the motions are granted.

### CONCLUSION

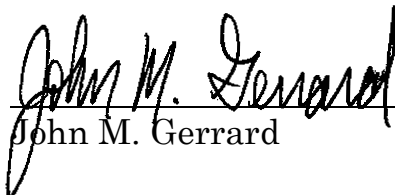
To summarize: the Court finds that summary judgment is warranted in favor of Urban Outfitters as to CFC's claims for statutory damages, costs, and attorney fees; in favor of Urban Outfitters on CFC's copyright infringement claims for the owl ornament, alphabet letter ornaments, jingle bell garland, and sacred heart ornament; and in favor of CFC on Urban Outfitters' fair use defense. Still pending, then, are CFC's claims for copyright infringement with respect to the deer globe ornament, and all other claims and defenses raised by the parties.

### IT IS ORDERED:

1. The defendants' motion for summary judgment (filing 117) is granted in part and denied in part, as set forth above.
2. The plaintiff's motion for summary judgment (filing 121) is granted in part and denied in part, as set forth above.
3. The defendants' motions to file supplemental indexes of evidence in opposition to the plaintiff's motion for summary judgment (filings 186 and 196) are granted.

Dated this 25th day of September, 2015.

BY THE COURT:

  
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John M. Gerrard