

NOT FOR PUBLICATION

FILED

UNITED STATES COURT OF APPEALS

MAR 15 2019

FOR THE NINTH CIRCUIT

MOLLY C. DWYER, CLERK  
U.S. COURT OF APPEALS

DOC'S DREAM, LLC,

Plaintiff-Appellant,

v.

DOLORES PRESS, INC.; MELISSA  
SCOTT,

Defendants-Appellees.

No. 18-55288

D.C. No.

2:15-cv-02857-R-PLA

MEMORANDUM\*

DOC'S DREAM, LLC,

Plaintiff-counter-  
defendant-Appellee,

v.

DOLORES PRESS, INC.; MELISSA  
SCOTT,

Defendants-counter-claim-  
3rd-party-plaintiffs-  
Appellants,

v.

PATRICK ROBINSON; TRUTH  
SEEKERS, INC.; BOBBI JONES,

No. 18-55487

D.C. No.

2:15-cv-02857-R-PLA

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\* This disposition is not appropriate for publication and is not precedent except as provided by Ninth Circuit Rule 36-3.

Third-party-defendants- Appellees.
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Appeal from the United States District Court  
for the Central District of California  
Manuel L. Real, District Judge, Presiding

Argued and Submitted February 15, 2019  
Pasadena, California

Before: CALLAHAN and OWENS, Circuit Judges, and KORMAN,\*\* District Judge.

Case Numbers 17-55068, 17-55069, 17-55071, 18-55288, and 18-55487 involve what is essentially a single copyright and trademark infringement dispute. In a series of lawsuits, copyright and trademark claimants, Dolores Press, Inc. and Pastor Melissa Scott, sued Patrick Robinson, Truth Seekers, Inc., Doc's Dream, LLC, and Bobbi Jones. Doc's Dream also filed its own lawsuit, seeking a judicial determination that the works at issue were abandoned to the public domain. Dolores Press and Pastor Scott challenge the district court's dismissal of all three of their lawsuits and of their counterclaims in Doc's Dream's lawsuit. Doc's Dream challenges the grant of summary judgment on its claim of copyright abandonment. We have jurisdiction under 28 U.S.C. § 1291. We reverse in 17-

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\*\* The Honorable Edward R. Korman, United States District Judge for the Eastern District of New York, sitting by designation.

55068, 17-55069, 17-55071, and 18-55487, and we affirm in 18-55288.

1. The alleged infringers argue we lack appellate jurisdiction in two of the appeals (17-55068 and 17-55069) because Dolores Press did not file a notice of appeal within thirty days of the district court's initial orders granting the motion to dismiss in the First Action<sup>1</sup> and Third Action, respectively.<sup>2</sup> The record suggests, however, that the district court did not intend the June 23, 2015 order in the First Action or the April 22, 2016 order in the Third Action as "the court's final act in the matter." *Casey v. Albertson's Inc.*, 362 F.3d 1254, 1258 (9th Cir. 2004) (citation omitted). In both cases, substantial litigation followed the district court's grant of the respective motions to dismiss. After ruling on several later motions, the district court entered judgment, from which the copyright claimants timely appealed. We have appellate jurisdiction in each of the cases.

2. In the First Action (17-55069), the district court granted the defendants' motion to dismiss the initial complaint for failure to state a claim under Federal Rule of Civil Procedure 12(b)(6). We review such a dismissal de novo. *Soltysik v.*

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<sup>1</sup> We refer to each district court action by reference to the sequence in which each action was filed: First Action (17-55069), Second Action (18-55288 and 18-55487), Third Action (17-55068), and Fourth Action (17-55071).

<sup>2</sup> In 17-55071 (the Fourth Action), the alleged infringers argue we lack appellate jurisdiction based on the doctrine of res judicata. But res judicata, if applicable, would provide a basis for affirming the district court's decision; it would not deprive us of appellate jurisdiction.

*Padilla*, 910 F.3d 438, 444 (9th Cir. 2018). The denial of a motion for leave to amend is reviewed for abuse of discretion. *Hoang v. Bank of Am., N.A.*, 910 F.3d 1096, 1102 (9th Cir. 2018). “Dismissal with prejudice and without leave to amend is not appropriate unless it is clear on de novo review that the complaint could not be saved by amendment.” *Hicks v. PGA Tour, Inc.*, 897 F.3d 1109, 1124 (9th Cir. 2018) (quoting *Eminence Capital, LLC v. Aspeon, Inc.*, 316 F.3d 1048, 1052 (9th Cir. 2003)).

The district court granted the motion to dismiss on the basis that Dolores Press failed to sufficiently plead ownership of the copyrights. The district court faulted Dolores Press for “us[ing] only general words to describe the copyrights allegedly bequeathed to Pastor Scott” and for not alleging ownership on the part of Dolores Press. The district court found Dolores Press’s “all-encompassing statements of ownership of every audio and video recording Dr. Scott ever made” were “insufficient to demonstrate ownership.”<sup>3</sup>

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<sup>3</sup> The district court also stated, “it is very likely that not all of Dr. Scott’s Works were copyrighted and registered with the Copyright Office.” This reasoning is erroneous. First, the complaint alleges that “each” of the copyrighted works “is the subject of a valid Certificate of Copyright Registration issued by the Register of Copyrights.” At the pleading stage, that plausible allegation is sufficient. Second, although copyright registration is a prerequisite for filing suit, *see* 17 U.S.C. § 411(a), a failure to register some of the works alleged in the complaint would, at most, limit the works for which the plaintiff could sue for infringement—it would not justify dismissal of a claim for infringement of works that *were* registered.

“Copyright infringement claims have two basic elements: ‘(1) ownership of a valid copyright, and (2) copying of constituent elements of the work that are original.’” *Seven Arts Filmed Entm’t Ltd. v. Content Media Corp. PLC*, 733 F.3d 1251, 1254 (9th Cir. 2013) (quoting *Feist Publ’ns, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340, 361 (1991)); *see also* 4 Melville B. Nimmer & David Nimmer, Nimmer on Copyright § 13.01 (Matthew Bender, rev. ed. 2017) (“Reduced to most fundamental terms, there are only two elements necessary to the plaintiff’s case in an infringement action: ownership of the copyright by the plaintiff and copying by the defendant.”).

The district court erred in granting the motion to dismiss. Dolores Press alleged that it “is the exclusive licensee of all of the pertinent intellectual property rights of Pastor Melissa Scott, including the rights of Pastor Scott in and to the audiovisual recordings of Dr. Scott’s teachings.” In its complaint, Dolores Press also described the works created by Dr. Scott, alleged that Dr. Scott bequeathed “all rights to his intellectual property” to Pastor Scott, and alleged that Pastor Scott “granted an exclusive license to all rights in the Works to [Dolores Press].” These allegations of ownership are sufficient. *See Minden Pictures, Inc. v. John Wiley & Sons, Inc.*, 795 F.3d 997, 1003 (9th Cir. 2015) (stating that an exclusive licensee has standing to bring a claim for copyright infringement).

The alleged infringers argue the dismissal was proper because the license

agreement, which Dolores Press attached to its proposed amended complaint, was non-exclusive. In its order denying Dolores Press's motion for reconsideration of the denial of leave to amend, the district court concluded that amendment would be futile on that basis. The district court's reading of the license agreement was erroneous. The license agreement is ambiguous. The district court cited the one provision of the agreement suggesting that the license is non-exclusive, but it ignored other provisions suggesting exclusivity. For example, a provision titled "Grant of Licenses" states, "Subject to the terms and conditions of this Agreement, Licensors grants to Licensee a revocable, *exclusive*, worldwide, royalty-free . . . right and license during the Term . . . ." (Emphasis added). The district court's selective reading of the agreement was improper, particularly at the pleading stage where the plaintiff is entitled to reasonable inferences in its favor. *See Consul Ltd. v. Solide Enters., Inc.*, 802 F.2d 1143, 1149 (9th Cir. 1986) (reversing the grant of a motion to dismiss where the contractual language was conflicting on the controlling issue).

3. In the Third Action (17-55068), the district court granted the defendants' motion to dismiss based on lack of statutory standing. The district court's conclusion was based on its erroneous interpretation of the license agreement.

Even if Dolores Press were not an exclusive licensee, the district court should have allowed Dolores Press to add the copyright and trademark owner,

Pastor Scott, as a plaintiff. The district court relied on Federal Rule of Civil Procedure 17(a)(3) in refusing to allow Pastor Scott to join the action. Rule 17(a)(3) is inapplicable. The district court cited a district court decision (which we later reversed) stating that a real party in interest cannot ratify an action brought by a party who lacks statutory standing. *See Minden Pictures, Inc. v. John Wiley & Sons, Inc.*, 10 F. Supp. 3d 1117, 1131 (N.D. Cal. 2014), *rev'd*, 795 F.3d 997 (9th Cir. 2015). But the addition of the copyright holder as a party is not “ratification”—let alone improper ratification—under Rule 17(a)(3). It is *joinder* of the real party in interest, which would eliminate the statutory standing defect and any other defect under Rule 17(a). There was no such attempt to join the copyright holder in *Minden Pictures*, and the court in that case stated that the summary judgment against the party lacking statutory standing “d[id] not bar [the copyright holders] themselves from suing [the defendant] on the same claims.” 10 F. Supp. 3d at 1132. Not only would Rule 17(a)(3) permit Pastor Scott’s joinder, under the plain language of that rule, “[t]he court may not dismiss [the] action” without giving a reasonable time for Pastor Scott to join or be substituted into the action. Fed. R. Civ. P. 17(a)(3).

4. Applying the “first-to-file” rule, the district court dismissed the Fourth Action (17-55071) in favor of the Second Action. The first-to-file rule “permits a district court to decline jurisdiction over an action when a complaint involving the

same parties and issues has already been filed in another district.” *Pacesetter Sys., Inc. v. Medtronic, Inc.*, 678 F.2d 93, 94–95 (9th Cir. 1982). A district court’s “decision to accept or decline jurisdiction based on the first-to-file rule” is reviewed for abuse of discretion. *Alltrade, Inc. v. Uniweld Prods., Inc.*, 946 F.2d 622, 625 (9th Cir. 1991).

Dolores Press argues that the first-to-file rule is inapplicable when the two actions are filed in the same district. We need not resolve that issue, however, because even if the district court did not err in concluding that the first-to-file rule applies, it abused its discretion by dismissing the action, rather than staying it or consolidating it with the earlier filed action. *Id.* at 628–29 (“[W]here the first-filed action presents a likelihood of dismissal, the second-filed suit should be stayed, rather than dismissed.”). Dismissal under the first-to-file rule is improper if it would prejudice the plaintiff in the second-filed case from presenting its claims in either the first-filed case or a later case. *See id.* When the district court dismissed the Fourth Action under the first-to-file rule, the Second Action had already been dismissed (and that dismissal was on appeal).

The defendants argue for affirmance of the dismissal of the Fourth Action based on res judicata, a reason not given by the district court. Specifically, they contend that the prior final judgment in the First Action bars the claims in the Fourth Action. Because we reverse the dismissal of the First Action, res judicata



does not apply. *See Ornellas v. Oakley*, 618 F.2d 1351, 1356 (9th Cir. 1980) (“A reversed or dismissed judgment cannot serve as the basis for a disposition on the ground of res judicata or collateral estoppel.”).

Even if the judgment in the First Action could have preclusive effect as to Dolores Press, that judgment would not preclude Pastor Scott’s claims. We reject the defendants’ argument that Pastor Scott should be deemed to be in privity with Dolores Press. The district court dismissed Dolores Press’s claims in the First Action because it found that Dolores Press—as opposed to some other person—did not have standing to assert that claim. When Pastor Scott—that other person—attempted to become a party, she was not allowed. Her interests were distinct from those of Dolores Press, and she was not adequately represented by Dolores Press. *Cf. Kourtis v. Cameron*, 419 F.3d 989, 998 (9th Cir. 2005) (holding that a copyright owner and the author were not in privity because the prior contractual relationship did “not satisfy the adequacy-of-representation requirement”), *abrogated on other grounds by Taylor v. Sturgell*, 553 U.S. 880 (2008).

5. In the Second Action—Doc’s Dream’s defensive action asserting a claim that the copyrights were abandoned—we previously held that the district court abused its discretion in denying Doc’s Dream leave to amend. *See Doc’s Dream, LLC v. Dolores Press, Inc.*, 678 F. App’x 541 (9th Cir. 2017). Upon remand, Doc’s Dream amended its complaint and Dolores Press and Pastor Scott re-alleged

their infringement claims as counterclaims. Dolores Press and Pastor Scott challenge the dismissal of their counterclaims (18-55487), which the district court ruled were precluded by the prior judgments in the First, Third, and Fourth Actions. Because we reverse the dismissals in each of the prior actions, res judicata does not apply. *See Ornellas*, 618 F.2d at 1356.

6. Doc's Dream challenges the district court's rulings on the parties' cross motions for summary judgment in the Second Action (18-55288). The district court concluded that Dolores Press and Pastor Scott were entitled to judgment as a matter of law on Doc's Dream's claim of copyright abandonment. "We review the district court's grant of summary judgment de novo." *Bravo v. City of Santa Maria*, 665 F.3d 1076, 1083 (9th Cir. 2011). "Viewing the evidence and drawing all inferences in the light most favorable to the non-moving party, we must determine whether any genuine issues of material fact remain and whether the district court correctly applied the relevant substantive law." *Id.*

"[R]ights gained under the Copyright Act may be abandoned." *Micro Star v. Formgen Inc.*, 154 F.3d 1107, 1114 (9th Cir. 1998). Abandonment "must be manifested by some overt act indicative of a purpose to surrender the rights and allow the public to copy." *Hampton v. Paramount Pictures Corp.*, 279 F.2d 100, 104 (9th Cir. 1960). Doc's Dream's theory of abandonment shifted during the summary judgment proceedings. Initially, its position was that Dr. Scott (the

author of the works) abandoned all of his rights under copyright law. That position was well refuted by evidence that Dr. Scott during his life was consistent (and adamant) in asserting copyright protection in his works. Doc's Dream then changed its theory by claiming that a *limited* abandonment (what Doc's Dream calls a "Naked License") occurred. Under Doc's Dream's narrowed theory, Dr. Scott abandoned the right to control non-commercial dissemination of his works by allowing the public to view his works on the Internet, while retaining other rights afforded by the Copyright Act. The district court did not err in refusing to entertain Doc's Dream's limited abandonment theory, which was raised for the first time during the summary judgment briefing. We affirm the grant of summary judgment in favor of Dolores Press and Pastor Scott on Doc's Dream's claim of a complete abandonment without reaching the merits of the theory of a limited abandonment.

We REVERSE the dismissals in the First Action (17-55069), Third Action (17-55068), and the Fourth Action (17-55071), and we REVERSE the dismissal of the counterclaims in the Second Action (18-55487). We AFFIRM the grant of summary judgment in the Second Action (18-55288) but only as to the initially pled complete abandonment claim. We do not address the viability of Doc's Dream's Naked License/limited abandonment theory, and our decision should not be construed as precluding Doc's Dream or the other alleged infringers from

asserting that defense (or any other defenses) at trial. Nor does our decision preclude Doc's Dream from presenting at trial the evidence it offered in the summary judgment proceedings.

To serve the interest of judicial efficiency, and for the convenience of the parties, we encourage the district court to consolidate these cases.<sup>4</sup>

REVERSED and costs awarded to appellants in 17-55069, 17-55068, 17-55071, and 18-55487; AFFIRMED and costs awarded to appellees in 18-55288.<sup>5</sup>

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<sup>4</sup> At oral argument, the parties agreed consolidation would be appropriate.

<sup>5</sup> The pending motions for judicial notice (Dkt. 12 in 17-55068, Dkt. 13 in 17-55069, and Dkt. 12 in 17-55071) are denied.