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**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA**

BENSBARGAINS.NET, LLC,,
Plaintiff,
vs.
XPBARGAINS.COM, ET AL.,
Defendants.

CASE NO. 06cv1445 BTM

**ORDER GRANTING IN PART AND
DENYING IN PART MOTION FOR
SUMMARY JUDGMENT**

AND RELATED COUNTERCLAIMS.

Defendants have filed a motion for summary judgment on Plaintiffs' Second Amended Complaint for copyright infringement. For the reasons discussed below, Defendants' motion is **GRANTED IN PART** and **DENIED IN PART**.

I. BACKGROUND

Benjamin Chui ("Chui") is the owner of BensBargains.net LLC, which operates the internet website www.Bensbargains.net. Chui posts daily lists of deals that he has chosen as the best deals. (Chui Decl., ¶ 2.) The deals pertain to a variety of products, including electronics, software, computer hardware, lawn furniture, sporting goods, bicycles and cameras. (*Id.*) Chui compiles his list by searching the Internet and by learning of deals from

1 vendors with whom Chui has a relationship. (Chui Decl., ¶ 4.) Chui typically posts only one
2 product from any given category of products. (Id.) When users click a deal on the
3 BensBargains website, the users are directed to the vendor's website. (Chui Decl., ¶ 3.) If
4 the users make a purchase, BensBargains typically receives a commission from the vendor.
5 (Id.)

6 Chui claims: "My compilations of postings are unique in that they are eclectic, often
7 going from a deal on a ream of paper to a Mont Banc pen, to a mountain bike. Each
8 seemingly random compilation, keeps the user engaged by offering disparate products priced
9 from very small amounts to very high amounts, but intentionally not in any monetary order,
10 and offers the user a bargain on something at almost every given price point." (Chui Decl.,
11 ¶ 5.) Chui explains that his eclectic grouping of deals tends to create an excitement among
12 users and create an experience similar to a "flea market" or estate sale. (Id.)

13 In late 2002, Chui suspected that Defendants were copying significant portions of his
14 compilations onto their website, www.xpbargains.com. Chui began registering his daily
15 compilations of deals. Between February 27, 2004 and October 31, 2005, Chui registered
16 29 compilations. (Defs.' Lodgements 4-30.)

17 According to Chui, BensBargains would publish its compilation at 11:00 p.m., or so,
18 and Defendants would typically begin copying these compilations around 6:00 a.m. the
19 following morning. (Chui Decl., ¶ 7.) Because Defendants would copy starting from the top
20 of BensBargain's list, their list would be in the inverse order. (Id.) Additional deals added
21 by Chui during a given day would be copied within a matter of hours to XPBargains. (Id.)

22 On or about October 9, 2005, Chui began placing intentional misspellings in individual
23 deals in some of the compilations by inserting his name, "Ben," into the text. On October 9,
24 2005, 7 instances of the misspellings were reflected on XPBargains. On October 16, 2005,
25 6 instances appeared on XPBargains. (Pl.'s Ex. C.)

26 In his Second Amended Complaint, Plaintiff asserts a single claim of copyright
27 infringement. Defendants have asserted Counterclaims against Plaintiff and Mr. Chui. Mr.
28 Chui has filed state counterclaims against all Defendants.

1 **II. DISCUSSION**

2 Defendants move for summary judgment against Plaintiff on Plaintiff's claim for
3 copyright infringement. Defendants argue that (1) Plaintiff's compilations are not sufficiently
4 original to qualify for copyright protection; and (2) Even if Plaintiff's compilations are
5 protected by copyright laws, Plaintiff cannot show substantial similarity between its
6 compilations and Defendants'. As discussed below, Plaintiff's compilation consists of an
7 original selection of deals and, arguably, an original arrangement of deals. However, there
8 are only a few instances where there is sufficient similarity between the protected features
9 of Plaintiff's compilation and Defendants' corresponding compilation to raise a triable issue
10 as to copyright infringement.

11
12 1. Originality

13 The Copyright Act of 1976 defines compilation as "a work formed by the collection and
14 assembling of preexisting materials or of data that are selected, coordinated, or arranged in
15 such a way that the resulting work as a whole constitutes an original work of authorship." 17
16 U.S.C. § 101. Under the statute, three distinct elements must be met for a work to qualify
17 as a copyrightable compilation: (1) the collection and assembly of pre-existing material, facts,
18 or data; (2) the selection, coordination, or arrangement of those materials; and (3) the
19 creation, by virtue of the particular selection, coordination, or arrangement, of an original
20 work of authorship. Feist Publications, Inc. v. Rural Telephone Service Co., 499 U.S. 340,
21 357 (1991).

22 The originality requirement is not a stringent one. As explained by the Supreme
23 Court:

24 A compiler may settle upon a selection or arrangement that others have used;
25 novelty is not required. Originality requires only that the author make the
26 selection or arrangement independently . . . and that it display some minimal
level of creativity. Presumably, the vast majority of compilations will pass this
test, but not all will.

27 Id. at 359.

28 In Feist, the Court held that the selection, coordination and arrangement of the

1 plaintiff's white pages did not entail the slightest bit of creativity. Id. at 362. The selection
2 consisted of basic information - name, town, and telephone number - of each person who
3 applied to it for telephone service. The arrangement was an alphabetical listing by surname.

4 In contrast, in Key Publications, Inc. v. Chinatown Today Publishing, 945 F.2d 509 (2d
5 Cir. 1991), the Second Circuit held that the plaintiff's directory for New York City's Chinese-
6 American community was entitled to copyright protection because of plaintiff's original
7 selection and arrangement. Plaintiff had to select from numerous businesses, in New York
8 and elsewhere, those that would be of greatest interest to her audience. "Selection implies
9 the exercise of judgment in choosing which facts from a given body of data to include in a
10 compilation." Id. at 513.

11 The plaintiff in Key Publications arranged the businesses in categories, some of which
12 were of particular interest to the Chinese-American community and not common to yellow
13 pages. The Second Circuit explained that "arrangement" refers to "the ordering or grouping
14 of data into lists or categories that go beyond the mere mechanical grouping of data as such,
15 for example, the alphabetical, chronological, or sequential listings of data." Id. (quoting
16 Copyright Office, Guidelines for Registration of Fact-Based Compilations 1 (Rev. Oct. 11,
17 1989)).

18 In terms of selection, this case is more like Key Publications than Feist. Chui's
19 compilation is not an inclusive list of all deals for all products. Chui uses his individual
20 judgment to select among a multitude of deals for various products. There is nothing
21 automatic or obvious about his selections. Therefore Chui's compilations are original and
22 are entitled to copyright protection.

23 Plaintiff arrangement is also arguably subject to copyright protection. According to
24 Chui, he arranges his list so that it is not in any particular order to help create a flea-market
25 type atmosphere. His arrangement is not a mechanical grouping, but, rather, requires him
26 to exercise his own judgment. See Lipton v. Nature Co., 71 F.3d 464 (2d Cir. 1995)
27 (arrangement was original where plaintiff arranged terms of ventry in a sequence that was
28 based on his own aesthetic judgment).

1 2. Substantial Similarity

2 Defendants argue that even if Plaintiff's selection and arrangement are sufficiently
3 original to warrant copyright protection, there is no substantial similarity between the
4 protected elements of Plaintiff's compilations and Defendants' compilations. Although the
5 Court agrees with Defendants for the most part, there is a triable issue as to whether
6 Defendants infringed Plaintiffs' copyright in connection with Copyright Registration 6-394-131
7 (compilation published on 10/16/05), Copyright Registration 6-394-132 (compilation
8 published on 10/18/05), and Copyright Registration 6-394-125 (compilation published on
9 10/20/05).

10
11 a. Governing Law

12 To establish copyright infringement, the plaintiff must prove ownership of the work in
13 question, access to the work by the defendant, and substantial similarity of both the general
14 ideas and the expression of those ideas. Sid & Marty Krofft Television Prods., Inc. v.
15 McDonald's Corp., 562 F.2d 1157, 1164 (9th Cir. 1977).

16 Plaintiff contends that it is not required to show substantial similarity because it can
17 prove that actual copying occurred. Plaintiff cites to the "inverse ratio rule," which provides
18 that when access is proven, the required degree of similarity is lessened. See, e.g., Three
19 Boys Music Corp. v. Bolton, 212 F.3d 477, 485 (9th Cir. 2000). However, Plaintiff confuses
20 the issues of copying as a *factual matter* and actionable copying. The inverse ratio rule
21 applies to the issue of copying as a factual matter only:

22 Proof of access can logically aid in showing copying as a factual matter –
23 added to the probative similarity that exists between two works, it can bolster
24 the proof that one was in fact derived from the other. But access logically
25 exerts no impact on copying as a legal matter; no matter how steeped in
26 plaintiff's work defendant may have been, if the resulting product is non-
27 actionable as a matter of law, then the absence of substantial similarity that
28 must underlie every successful claim still dooms the infringement suit.

26 Nimmer on Copyright, § 13.03[D] (2007). Thus, Plaintiff must prove the existence of a triable
27 issue of material fact with respect to substantial similarity, regardless of how strong its

1 evidence is that Defendants *in fact* copied from Chui's compilations.¹

2 Proof of substantial similarity is satisfied by a two-part test. Under the extrinsic test,
3 the focus is on whether the two works share a similarity of ideas and expression as
4 measured by external, objective criteria. Swirsky v. Carey, 376 F.3d 841, 845 (9th Cir.
5 2004). This analysis often requires analytical dissection of a work and expert testimony.
6 Three Boys, 212 F.3d at 485. Once the extrinsic test is satisfied, the factfinder applies the
7 intrinsic test. The intrinsic test is subjective and asks whether the ordinary, reasonable
8 person would find the "total concept and feel of the works" to be substantially similar. Id.
9 For purposes of summary judgment only the extrinsic test is relevant. Swirsky, 376 F.3d at
10 845.

11 In applying the extrinsic test, it is important to distinguish between the protected and
12 unprotected elements of the plaintiff's work because the requirement is one of substantial
13 similarity to the *protected* elements of the copyrighted work. Swirsky, 376 F.3d at 845. In the
14 context of a factual compilation, only the compiler's original selection and/or arrangement
15 may be protected – the underlying facts may be copied at will. Feist, 499 U.S. at 350.

16 The less copyright protection a work receives, the more similarity is required to meet
17 the "substantial similarity" standard. As explained by Nimmer: "It would seem to follow
18 analytically that more similarity is required when less protectible matter is at issue. Thus, if
19 substantial similarity is the normal measure required to demonstrate infringement,
20 'supersubstantial' similarity must pertain when dealing with 'thin' works." Nimmer on
21 Copyright, § 13.03[A]. In keeping with this principle, the Ninth Circuit has held that copyright
22 infringement of compilations consisting largely of uncopyrightable elements should not be
23 found in the absence of "bodily appropriation of expression, " or "unauthorized use of
24 substantially the entire item." Harper House, Inc. v. Thomas Nelson, Inc., 889 F.2d 197, 205

25
26 ¹ Plaintiff does have probative evidence that Defendants *in fact* copied from Plaintiff's
27 website. This evidence includes the copying of the intentional insertion of "Ben" in some of
28 Plaintiff's entries, the overlap of a significant portion of deals, the timing of Defendants'
postings, the inverse order of certain deals on Defendants' website, and the sharp decrease
in the amount of overlapping deals after October 19, 2005 (when Plaintiff sent Defendants
a cease and desist letter). (Chui Decl., 7, 9, 12; Pl.'s Exs. B, D.)

1 (9th Cir. 1989).

2

3 b. Analysis

4 Defendants contend that the amount of overlap in deals between their compilations
5 and Plaintiffs is insufficient to constitute copyright infringement. Defendants also argue that
6 the arrangements of their compilations differ substantially from the arrangements of Plaintiff's
7 compilations. The Court agrees that there is no substantial similarity between the
8 arrangements of Defendants' and Plaintiff's compilations, but finds that there is sufficient
9 similarity between the selection of deals in a few of the copyrighted compilations and
10 Defendants' corresponding compilations to create a triable issue as to infringement.

11

12 i. Selection

13 Looking at the percentage of BensBargains' deals that also appear on XPBargains,
14 the numbers range from 23% to a high of 81%, with an average of 48%. (Pl.'s Ex. A.) The
15 percentages skew a little higher if one excludes from the calculations deals Plaintiff offered
16 from vendors who did not have affiliate relationships with third parties or only had a
17 relationship with BensBargains (Plaintiff refers to these deals as "exclusives"). Excluding
18 exclusives, the percentage of BensBargains deals appearing on XPBargains ranges from
19 24% to 87%, with an average of 53%.

20 The Court finds that the appropriate percentage to consider is the percentage of *all*
21 of BensBargains' deals that also appear on XPBargains. Cases have found infringement
22 where the alleged infringer has copied substantially all of a discrete portion of the protected
23 work. See, e.g., Eckes v. Card Prices Update, 736 F.2d 859 (2d Cir. 1984) (holding that
24 there was copyright infringement where the defendant's listing of premium baseball cards
25 contained substantially the same 5,000 cards that plaintiff's guide (containing 18,000
26 baseball cards in all) had listed as premium cards). Here, however, the "exclusive" listings
27 are not truly a discrete portion of Plaintiff's work. It does not appear that there is separate
28 selection criteria for the purported category of "exclusive" listings. Although Defendants had

1 a financial motive for not including the exclusives on their website, the exclusives were part
2 of Plaintiff's selection and should be considered in determining whether Defendants have
3 infringed that aspect of Plaintiff's compilations.

4 Although the Court's primary consideration is whether a substantial portion of
5 Plaintiff's selection was copied by Defendants, the Court also considers how much of
6 Defendants' selection was original. In the context of factual compilations, the defendant's
7 addition of original material is relevant in determining whether the defendant's selection is
8 itself original. See, e.g., Kregos v. Associated Press, 937 F.2d 700 (2d Cir. 1990)
9 (expressing doubt whether AP's 1986 form, which contained six of the nine items included
10 on Kregos's form *and included four additional items*, infringed Kregos's form); Ross Brovins
11 & Oehmke, P.C. v. Lexis Nexis Group, 462 F.3d 478 (6th Cir. 2006) (holding that there was
12 no infringement where Lexis chose not to include various forms used by LawMode in its
13 compilation and added at least 35 forms of its own selection); Lipton v. Nature Company, 71
14 F.3d 464 (2d Cir. 1995) (holding that there was infringement where defendant's compilation
15 included 72 out of 77 animal terms compiled by plaintiff and only included one additional
16 item).

17 Caselaw does not provide specific percentages of overlap beyond which infringement
18 is presumed because the amount of copying that rises to the level of substantial similarity
19 varies depending on the circumstances of the case – e.g., the size of the universe of facts
20 from which selections can be made and how comprehensive the compilations are. For
21 example, in Schoolhouse, Inc. v. Anderson, 275 F.3d 726 (8th Cir. 2002), Schoolhouse
22 published a magazine which included tables of information on area public and private
23 schools. Anderson, a real estate agent, organized and listed information on local schools
24 in his website. Approximately 74% of the topics in Schoolhouse's tables were included on
25 Anderson's website. However, the Eight Circuit found there was no substantial similarity in
26 selection, explaining:

27 A great deal of the overlap between Schoolhouse's table and Anderson's
28 website is the result of Schoolhouse's comprehensive approach to reporting
data. For example, the topics in the "Athletic" section of Schoolhouse's 1996
public schools table comprise all of the seventeen sports that are generally

1 available in local high schools. For purposes of compiling such a table, there
2 is nothing original about simply selecting all of the generally available sports.
3 Similarly, nearly all of the topics selected by Schoolhouse, such as school
4 district population, number of pupils, pupil/staff ratio, and particular classes
5 offered, convey facts that parents obviously consider important in selecting a
6 school for their children.

7 Id. at 730.

8 This case is distinguishable from Schoolhouse because the universe of deals from
9 which Plaintiff and Defendants can select is vast, and Plaintiff's compilation is not a
10 comprehensive listing of deals. Under the facts of this case, Defendants' copying of 74% of
11 Plaintiff's deals, without significant additional selections, would be sufficient to raise a triable
12 issue as to infringement.

13 However, the Court finds that there is insufficient similarity to survive summary
14 judgment where either the percentage of Plaintiff's deals that were copied or the percentage
15 of Defendants' deals that were derived from Plaintiff's website is less than 70%. As
16 explained in Kregos: "Kregos can obtain a copyright by displaying the requisite creativity in
17 his selection of statistics. But if someone else displays the requisite creativity by making a
18 selection that differs in more than a trivial degree, Kregos cannot complain." Kregos, 937
19 F.2d at 710.

20 There are three compilations where the percentage of Plaintiff's deals that have been
21 copied and the percentage of Defendants' deals copied from Plaintiff's website exceed 70%:
22 Copyright Registration 6-394-131 (compilation published on 10/16/05), Copyright
23 Registration 6-394-132 (compilation published on 10/18/05), and Copyright Registration 6-
24 394-125 (compilation published on 10/20/05). Summary judgment is denied as to these
25 compilations, but is granted as to the other compilations.

26 ii. Arrangement

27 Plaintiff contends that the arrangements of Defendants' compilations was substantially
28 similar to Plaintiff's arrangements. According to Plaintiff, Defendants' compilations had the
same arrangements as Plaintiff's corresponding compilations but in inverse order.

1 Although there are portions of Defendants' compilations that include some of Plaintiff's
2 deals in inverse order, Defendants' own deals are often interspersed throughout these
3 portions, obliterating any sense of inverse arrangement that might have otherwise existed.
4 (Pl.'s Ex. B). In addition, Defendants' inclusion of additional deals throughout each
5 compilation as a whole creates an original arrangement. Furthermore, Defendants'
6 compilations frequently contain overlapping deals that do not fall into the inverse order
7 pattern - whether because the deals were copied later in the day, Defendants found the deal
8 on their own, or for some other reason.

9 A visual comparison of Plaintiff's compilations and Defendants' corresponding
10 compilations confirms the Court's conclusion that there is no substantial similarity of
11 arrangement between any of Plaintiff's copyrighted compilations and Defendants'
12 compilations.

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III. CONCLUSION

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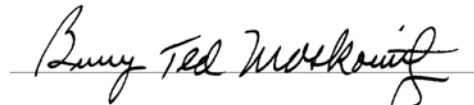
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For the reasons discussed above, Defendant's Motion for Summary Judgment is
GRANTED IN PART and **DENIED IN PART**. Summary judgment is **DENIED** as to Copyright
Registration 6-394-131, Copyright Registration 6-394-132, and Copyright Registration 6-394-
125. Summary judgment is **GRANTED** as to the remaining compilations.
IT IS SO ORDERED.

DATED: August 16, 2007



Honorable Barry Ted Moskowitz
United States District Judge