

Temengil v. Palau Nat'l Communications Corp., 13 ROP 224 (Tr. Div. 2005)

JEROME E. TEMENGIL,
Plaintiff,

v.

**PALAU NATIONAL COMMUNICATIONS CORPORATION and ROLL'EM
PRODUCTIONS,**
Defendants.

CP/CIVIL ACTION NO. 05-132

Supreme Court, Trial Division
Republic of Palau

Decided: November 11, 2005

1225

KATHLEEN M. SALII, Associate Justice:

Jerome Temengil (“Plaintiff”), a local artist, brings suit against Defendants Palau National Communication Corporation (“PNCC”) and Roll ‘em Productions for copyright infringement. Specifically, Plaintiff claims that Roll ‘em Productions used, without his permission, sketches he had completed of the various Palauan state flags in a tourism video it produced pursuant to a contract with PNCC. Defendant Roll ‘em Productions now moves to dismiss for failure to state a claim under Rule 12(b)(6) and for failure to join an indispensable party under Rule 12(b)(7). For the reasons discussed below, Defendant’s motion is GRANTED.

BACKGROUND

In 2002, Plaintiff produced and published the 2002 Belau Business Directory (the “Directory”). The Directory included illustrations of the flags of Palau’s sixteen states, along with a short introduction to each state. Initially, Plaintiff had planned on obtaining images of the various state flags from the Belau National Museum. Due to the poor quality of the resultant photographs, however, Plaintiff instead illustrated the flags by hand, with the assistance of his brother, Jones Temengil. According to Plaintiff, his brother illustrated the “easier flags,” while he **1226** illustrated the remaining, more difficult flags.¹

Neither Plaintiff nor his brother (who is not a party to the present lawsuit) created the original flag designs, rather they merely drew their own illustrations based on the actual state flags. These illustrations, which were published in the Directory in 2002, were intended to be as accurate a representation of the actual flag designs as possible.

¹ Plaintiff did not allege in his complaint which flags his brother had initially sketched. In later briefing, Plaintiff stated that his brother sketched a number of state flags of Kayangel, Ngatpang, Ngaremlengui, Peleliu, Sonsorol, and Hatohobei in black and white. From these black and white illustrations, Plaintiff completed the final flag images by adding color using a computer.

Temengil v. Palau Nat'l Communications Corp., 13 ROP 224 (Tr. Div. 2005)

Following publication of the Directory, Plaintiff alleges that Timothy Sinsak, an employee of the Palau Post Office, contacted him regarding the possibility of his flag illustrations from the Directory appearing on postal stamps. Plaintiff informed Sinsak that he would authorize the usage of his illustrations in exchange for \$50.00 per flag. According to Plaintiff, Sinsak told him that he would get back to him. Although Plaintiff never heard back from Sinsak, the Post Office proceeded to issue the flag stamps using Plaintiff's illustrations. When Plaintiff learned of this, he complained to postal officials, who informed him that the images had been obtained from the Belau National Museum. Upon speaking with museum officials, Plaintiff was told that the flag images provided to the Post Office had been scanned from the 2002 Belau Business Directory. Plaintiff subsequently demanded that the Post Office discontinue the use of the flag illustrations in letters dated April 15 and May 1, 2002. Plaintiff received no response to these letters.

On December 17, 2002, Defendant Roll 'em Productions ("Roll 'em") entered into a contract with Defendant PNCC to produce programming for a new Palau Visitors Channel (the "PVC Program" or the "Program"). The PVC Program was to be an hour-long educational piece focusing on Palau's history, culture, and attractions. The Program features content on each of Palau's sixteen states, and Roll 'em included an image of each state's flag during the relevant portion of the program. Roll 'em delivered the final version of the Program to PNCC on April 5, 2005. Since that time, the Program has aired repeatedly on cable television.

On May 25, 2005, Plaintiff filed an application with the Attorney General's Office for a provisional copyright registration covering all illustrations appearing within the Directory. Plaintiff then informed Defendants, in a letter dated June 3, 2005, that the flags shown in their program consisted of his own illustration of the Palau state flags and requested that they cease displaying his illustrations or replace them with their own artwork by June 30, 2005. In a second letter, dated July 4, 2005, Plaintiff reiterated his demand that the illustrations be removed from the Program, threatening to take legal action if this was not accomplished in a timely manner. In the process of delivering this second letter, Plaintiff spoke with Defendant Jeff Barabe, President of Roll 'em. According to Plaintiff, Barabe informed him that the flag images shown in the Program had been obtained from the flag stamps issued by the Palau Post Office.

On July 11, 2005, Plaintiff filed a complaint alleging that Defendants' use of the flag images constitutes an infringement of his copyright. Defendant Roll 'em now moves to 1227 dismiss the complaint.

ANALYSIS

In considering a motion to dismiss under Rule 12(b)(6), all allegations in the complaint are accepted as true, and the Court's inquiry is limited to whether the allegations are sufficient to make out a valid claim. *Baules v. Nakamura*, 6 ROP Intrm. 317, 317 (Tr. Div. 1996) (citing *Letica Corp. v. Sweetheart Cup Co.*, 790 F. Supp. 702, 704 (E.D. Mich. 1992)); *Yano v. Kadoi*, 3 ROP Intrm. 174, 180 (1992) (citing *Scheuer v. Rhodes*, 416 U.S. 232 (1974)).

Defendant claims that four distinct bases exist for dismissal of Plaintiff's lawsuit. First,

Temengil v. Palau Nat'l Communications Corp., 13 ROP 224 (Tr. Div. 2005)

Defendant maintains that the Copyright Act does not apply to the PVC Program because the Act does not retroactively apply to contracts entered into before the passage of the act. Second, Defendant similarly maintains that Plaintiff's copyright cannot apply because it was registered after final completion of the contract between Roll 'em and PNCC for production of the PVC Program. Defendant also argues that Plaintiff is not entitled to protection under the Copyright Act because he was not the original designer of the state flags and his illustrations are mere copies of those designs. Finally, Defendant moves to dismiss under Rule 12(b)(7) for failure to join the Palau Post Office as an indispensable party to the lawsuit.

A. Applicability of the Copyright Act to Contracts “Entered Into” Prior to Its Passage

Defendant argues that Plaintiff's claims against it must be dismissed in light of the fact that the contract with PNCC for the production of the PVC Program was entered into prior to passage of the Copyright Act. In effect, Defendant argues that the Copyright Act cannot be applied retroactively to the contract with PNCC for production of the Program. The Court makes the following comments based on the language of the Copyright Act without looking to the legislative history thereof.

The Palau Copyright Act of 2003 was signed into law on November 26, 2003. Section 25 of the Act, which governs the treatment of “existing subject matter,” states:

The provisions of this Act shall not apply to works created and first published and performances first fixed before the effective date of this Act. The Act shall not affect contracts on works and performances concluded before the effective date of this Act.

RPPL No. 6-38, § 25 (Nov. 26, 2003). Approximately one year after the passage of the Copyright Act, the Olbiil Era Kelulau (the “OEK”) amended section 25's provisions regarding coverage of the Copyright Act to preexisting works. The new provision reads as follows:

Any work or performance first fixed or published in the Republic of Palau, by a national or Palauan resident of the United Nations Trust Territory of the Pacific Islands, Palau District, or the Republic of Palau; prior to November 26, 2003, may receive protection under this Chapter if the work is registered with the Office of **1228** the Attorney General under regulations promulgated pursuant to section 5(f). Copyright protection for works registered pursuant to this section shall be effective prospectively from the date of registration. The Act shall not affect contracts on works and performances *entered into* before the effective date of this Act.

RPPL No. 6-53, § 25 (Dec. 29, 2004) (emphasis added). Citing this “entered into” language, Defendant urges that it is not liable under the Copyright Act because it entered into a contract with PNCC for production of the PVC Program on December 17, 2002, nearly a full year prior to the enactment and effective date of the Copyright Act.²

² The Act became effective immediately upon enactment. RPPL No. 6-38, § 26.

Temengil v. Palau Nat'l Communications Corp., 13 ROP 224 (Tr. Div. 2005)

The revised “entered into” language does, at least on its face, appear to exempt Defendant from liability for copyright infringement. See *In the Matter of the Application of Won and Song*, 1 ROP Intrm. 311, 312 (Tr. Div 1986) (citing 73 Am. Jur. 2d *Statutes* § 196) (holding that the OEK is “presumed to know the meaning of words, and to have used the words of a statute advisedly” and thus that statutes are to be “taken, construed, and applied in the form enacted”). Nevertheless, it is the Court’s belief that Defendant’s interpretation of this provision is too broad. Under its reading of the statute, having “entered into” the contract with PNCC prior to passage of the Copyright Act, it was completely exempt from the Act and had free rein to infringe on any and all copyrights despite the fact that it did not complete the Program until over eighteen months after the passage of the Act. Moreover, this exemption exists, according to Defendant’s theory, despite the fact that it could have fulfilled its contract with PNCC without infringing on any copyright. In other words, this is not a situation in which a publisher, for example, enters into a contract to publish a certain book prior to passage of the Act, only to be faced with, upon passage of the Act, the choice of facing a suit for breach of contract or copyright infringement.

As previously noted, however, the Court’s opinion is based strictly on the language of the Copyright Act without resorting to its legislative history. Whether the Copyright Act was intended to apply as broadly as Defendant argues, however, need not be ultimately decided because there are alternative, substantive grounds for granting Defendant’s motion as discussed in sections B and C below.

B. Plaintiff’s Failure to Register Copyright Until After Completion of Program

Defendant also claims that it is not liable under the Copyright Act due to the fact that Plaintiff’s registration of his copyright did not occur until after Roll ‘em had completed production of the PVC Program and delivered the final product to PNCC. Again, Defendant relies on section 25 of the Copyright Act, as amended, which covers the “Registration of prior works and performances” and reads, in relevant part, “Copyright Protection for works registered pursuant to this section shall be effective *prospectively* from the date of registration.” RPPL No. 6-53, § 25 (emphasis added).

The plain language of section 25, as amended, extends copyright protection on works created or first published prior to **1.229** enactment of the Copyright Act only to those works that have been registered with the Office of the Attorney General. Importantly, copyright protection is only effective “prospectively” from the date of registration. Plaintiff himself concedes this point: “The instant that Plaintiff registered his works under the Copyright Registration Regulations as mandated by Palau’s first copyright law such works were immediately protected under the laws of the island.” (Plaintiff’s Argument to Roll ‘em’s Reply and Plaintiff’s Opposition to Defendant’s Motion to Dismiss at 2.) As noted, Roll ‘em delivered the final version of the Program to PNCC on April 5, 2005. Plaintiff did not file his provisional copyright registration for the illustrations in the Directory until May 25, 2005, nearly two months later. Thus, in light of the fact that Roll ‘em’s allegedly infringing act occurred prior to Plaintiff’s registration of his copyright, Plaintiff has failed to state a claim upon which he is entitled to relief

Temengil v. Palau Nat'l Communications Corp., 13 ROP 224 (Tr. Div. 2005) on this ground and cannot maintain suit against Defendant Roll 'em.³

C. Copyrightability of Plaintiff's Work

Defendant's third ground for dismissal is that Plaintiff's flag illustrations are not eligible for copyright protection. Specifically, Defendant urges that the illustrations lack the originality requirement necessary for such protection.

Under the Copyright Act, copyright protection "arises . . . in *original* works of authorship fixed in any tangible medium of expression from which those works can be perceived, reproduced, or otherwise communicated." RPPL No. 6-38, § 3 (emphasis added). Originality has been called "the *sine qua non* of copyright." *Feist Publ'ns, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340, 348 (1991); 18 Am. Jur. 2d *Copyright and Literary Property* § 18.⁴ The standard for "originality" is, however, minimal. "Originality does not mean that the work for which copyright protection is sought must be either novel or unique, it simply means a work independently created by its author, one not copied from pre-existing works, and a work that comes from the exercise of the creative powers of the author's mind, in other words, 'the fruits of [the author's] intellectual labor.'" *Boisson v. American County Quilts and Linens, Inc.*, 273 F.3d 262, 268 (2d Cir. 2001) (quoting *In re Trade-Mark Cases*, 100 U.S. 82, 94 (1879)). The level of creativity required is "extremely low, and a work satisfies that requirement as long as it possesses some creative spark, no matter how crude, humble, or obvious it might be." 18 Am. Jur. 2d *Copyright and Literary Property* § 18. Ultimately, this requirement contains "little more . . . than a prohibition of actual copying." *West Pub. Co. v. Mead Data Cent., Inc.*, 799 F.2d 1219, 1223 (8th Cir. 1986) (citing *Alfred Bell & Co. v. Catalda Fine Arts*, 1230 191 F.2d 99, 102-03 (2d Cir. 1951)).

Defendant maintains that Plaintiff's flag illustrations contain no such creative spark. Defendant focuses on the fact that Plaintiff did not originally design the flag, nor did he improve on or alter those designs in any manner. Instead, Plaintiff merely made illustrations of the various state flags based on actual photographs of those flags. In Plaintiff's words, he "merely redrew the flags modeled by pictures taken of the flags." (Plaintiff's Submits Points in Support of His Motion to Rule on Behalf of Plaintiff, hereinafter "Pl.'s Brief," at 4.) Indeed, a cursory overview of Plaintiff's flag illustrations and the original photographs on which Plaintiff claims they were based shows that the former differ only in their improved clarity and color. The overall designs do not differ in any significant respect.

³ This reasoning may not apply to Defendant PNCC. Although PNCC received the PVC Program from Roll 'em on May 5, 2005, prior to Plaintiff's copyright registration, it has been continually airing the Program on cable television since that date. These airings arguably represent continual violations of Plaintiff's copyright. In light of the fact that PNCC has not brought a motion to dismiss, the court need not decide this issue.

⁴ Although Palau has adopted its own Copyright Act, much of the language in that Act mirrors that found in the United States copyright statute. See 17 U.S.C. § 101 *et seq.* (extending copyright protection to "original works of authorship fixed in any tangible medium of expression"). In light of this similarity and the absence of Palauan case law on the subject, the interpretation of the statute by American courts is instructive.

Temengil v. Palau Nat'l Communications Corp., 13 ROP 224 (Tr. Div. 2005)

Nevertheless, Plaintiff maintains that his illustrations are not copies, but rather hand-drawn sketches of the state flags, which constitute “original works or arts in his own perspective in the form of a creative expression that is distinct from the original.” (Pl.’s Brief, at 3-4.) Although based on images of designs not of his own creation, Plaintiff urges that his hand-drawn illustrations constitute derivative works entitled to copyright protection. Under the Copyright Act, a derivative work consists of:

a work based upon one or more preexisting works, such as a translation, musical arrangement, dramatization, fictionalization, motion picture version, sound recording, art reproduction, abridgement, condensation, or any other form in which a work may be recast, transformed, or adapted. A work consisting of editorial revisions, annotations, elaborations, or other modifications which, as a whole, represent an original work of authorship, is a derivative work.

RPPL No. 6-38, § 2(i). In order for a derivative work to be entitled to copyright, “more than a modicum of originality is required.” 18 Am. Jur. 2d *Copyright and Literary Property* § 41; see also *Gracen v. Bradford Exchange*, 698 F.2d 300, 305 (7th Cir. 1983) (“a derivative work must be substantially different from the underlying work to be copyrightable”). Although not every element of the work must bear the marks of originality, the requirement “cannot be satisfied by the mere reproduction of a work of art in a different medium.”⁵ *Id.*

¶231 Although Plaintiff’s illustrations are the product of his artistic skill and effort, an examination of the case law makes clear that they lack the type of artistic originality necessary for copyright protection. In similar cases, courts have held that works demonstrating such similarity to existing works lack the requisite originality for protection as derivative works. In *Gracen v. Bradford Exchange*, for example, the court held that an artist’s painting of the character “Dorothy” from the copyrighted movie “The Wizard of Oz,” did not stand as an original derivative work within the meaning of the American copyright act. *Gracen*, 698 F.2d 300. There, the painting at issue was based on the movie, both as recollected by the artist and through still photographs of movie scenes. *Id.* at 301. The court held that although the artist’s painting undoubtedly stood as the product of artistic skill, and perhaps as an “original work” in

⁵ The issue of the copyrightability of a derivative work can arise in connection with something derived from an underlying work in the public domain or a work derived from other copyrighted materials. In the case of the former, the issue “is not the right to copy the underlying work but whether there is enough difference between the derivative work and the underlying work to satisfy the statutory requirement of originality.” *Gracen*, 698 F.2d at 302 (citations omitted). In the case of the latter, a court must also examine whether the artist creating the derivative work had authority to use the copyrighted materials because “the copyright owner’s bundle of rights includes the right ‘to prepare derivative works based upon copyrighted work.’” *Id.* (quoting 17 U.S.C. § 102(a)). The Palauan Copyright Act similarly grants a copyright holder the right to prepare derivative works. RPPL No. 6-38, § 6(a)(2). In the present case, there is no evidence that the original state flags designed have been copyrighted. Thus, the court will assume that the original flag designs are in the public domain and focus on the originality issue. See RPPL No. 6-53, § 25 (“Any work or performance first fixed or published in the Republic of Palau . . . prior to November 26, 2003, may receive protection under this Chapter if the work is registered with the Office of the Attorney General . . .”); *Durham Indus., Inc. v. Tomy Corp.*, 630 F.2d 905, 908 (2d Cir. 1980) (“in the absence of copyright protection, even original creations are in the public domain and may be freely copied”).

Temengil v. Palau Nat'l Communications Corp., 13 ROP 224 (Tr. Div. 2005)
an artistic sense, the painting was not “substantially different” from the underlying work and thus lacked the requisite originality to be copyrightable as a derivative work. *Id.* at 305. Similarly, in *Durham Industries, Inc. v. Tomy Corporation*, the court held that the mere reproduction of Disney characters such as Mickey Mouse and Donald Duck in plastic toy form did not constitute sufficient originality to entitle such works to copyright protection as derivative works. 630 F.2d 905, 910-11. In so holding, the court noted that although the adaptation of the preexisting characters from sketch form into plastic “undoubtedly involved some degree of manufacturing skill,” the toys reflected “no independent creation, no distinguishable variation from preexisting works, nothing recognizably the author’s own contribution that sets [the plastic] figures apart from the prototypical Mickey, Donald, and Pluto, authored by Disney.” *Id.* at 910.

As mere illustrations of existing flags, Plaintiff’s flag images, while certainly artistically and skillfully done, do not contain the level of originality necessary for copyright as a derivative work. Ultimately, Plaintiff’s illustrations involved little more than the transfer of the flag designs from the medium of fabric to the medium of paper. Courts have routinely held that “the mere reproduction of a work of art in a different medium should not constitute the required originality” for copyright as a derivative work. *See, e.g., L. Batlin & Son, Inc. v. Snyder*, 536 F.2d 486, 491 (2d Cir. 1976) (quoting 1 M. Nimmer, *The Law of Copyright* § 10, at 94 (1975)). Moreover, the fact that the illustrations were the product of Plaintiff’s skill and effort is not sufficient; a derivative work must demonstrate true artistic originality or creativity in order to be eligible for copyright protection. *Feist*, 499 U.S. at 359-60 (“originality, not ‘sweat of the brow’ is the touchstone of copyright protection”); *Earth Flag Ltd. v. Alamo Flag Co.*, 153 F. Supp. 2d 349, 356 (S.D.N.Y. 2001) (“the hard work and special skill involved in reproducing derivative works of art cannot confer copyright protection, . . . ‘a considerably higher degree of skill is required, true artistic skill, to make the [work] copyrightable’”) (quoting *L. Batlin & Son*, 536 F.2d at 491). While the Court certainly agrees that Plaintiff’s illustrations are skillfully done, they nevertheless demonstrate no such artistic originality or creativity. For this reason, the Court believes Plaintiff’s 1232 illustrations are not entitled to copyright protection and Plaintiff has failed to state a claim under which he is entitled to relief.

D. Failure to Join an Indispensable Party

Finally, Defendant moves to dismiss Plaintiff's lawsuit under Rule 12(b)(7) for failure to join an indispensable party. Specifically, Defendants contend that the Palau Post Office is a necessary party to this action in light of the fact that Plaintiff alleges that the Post Office also used his flag illustrations, without his permission, to create postal stamps featuring the flags of the Palau's sixteen states. Defendant maintains that it obtained the flag images used in the PVC Program from these stamps. Plaintiff does not contest this, but contends that Defendants did not have permission to use the images on the stamps, and that, in any event, the Post Office did not secure his permission prior to using his images.

Under Rule 19(a) of the Palau Rules of Civil Procedure, a person or entity whose joinder would not deprive the court of jurisdiction "shall be joined" if (1) "in the person's absence complete relief cannot be accorded among those already parties" or (2) the person claims an interest relating to the subject of the action and is so situated that the disposition of the action in the person's absence may "impair or impede the person's ability to protect that interest or leave the persons already parties subject to a substantial risk of incurring multiple liability. ROP R. Civ. P. 19(a). In this case, Plaintiff's copyright claim against Defendants may require this court to examine whether the Post Office violated Plaintiff's copyright when it used his illustrations on its flag stamps⁶. A court ruling as to the validity of Plaintiff's copyright could "impair or impede" the Post Office's ability to protect itself in relation to its usage of the illustrations on the stamps; indeed, a ruling that Defendants infringed Plaintiff's copyright may require a ruling that the Post Office also infringed the copyright. Given the possibility of such a judgment, the Post Office's presence is vital. Moreover, there is nothing to suggest that joinder of the Post Office as a defendant would interfere with this court's jurisdiction. For this reason, Defendant's motion to dismiss under Rule 12(b)(7) for failure to join an indispensable party is GRANTED.

CONCLUSION

Defendant's motion to dismiss for failure to join an indispensable party is easily remedied by joining the Post Office as a party to this action. However, even were the Post Office brought in, for the reasons discussed in sections A through C above, Palau's Copyright Act bars retroactive applicability and protects original, not replicated work. Thus, even accepting the allegations contained in the complaint as true, Plaintiff has failed to show that he is entitled to relief under the Copyright Act. Accordingly, Defendant's motion to dismiss for failure to state a claim under ROP R. Civ. P. 12(b)(6) against Defendant Roll 'em Productions is GRANTED. It is hereby ORDERED that pursuant to ROP R. Civ. P 12(b)(6), the Complaint be, and it hereby is, DISMISSED as against Defendant Roll 'Em Productions.

⁶ This is especially true in light of any potential argument that upon their appearance on postage stamps, the flag illustrations entered the public domain.