

UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

Chambers v. Time Warner, Inc.

282 F.3d 147 (2d Cir. 2002) · Decided February 21, 2002

SUMMARY

The Second Circuit reviewed the dismissal of recording artists' claims against record companies and MP3.com concerning digital exploitation of their recordings and use of their names and likenesses. The court held that the district court improperly considered materials outside the pleadings without converting the Rule 12(b)(6) motion into one for summary judgment, although the recording contracts were integral to the complaint. The court also held that the Lanham Act claim was improperly dismissed based on only one alleged instance of conduct, vacated the judgment, and remanded for further proceedings.

CASE DETAILS

COURT	United States Court of Appeals for the Second Circuit
WRITING FOR THE COURT	B.D. Parker, Jr.; Cardamone; Parker; Pooler
JURISDICTION	Federal
DECIDED	February 21, 2002
DISPOSITION	vacated
PROCEDURAL POSTURE	Plaintiffs appealed the district court's dismissal of their amended complaint under Federal Rule of Civil Procedure 12(b)(6).
STANDARD OF REVIEW	De novo review of a Rule 12(b)(6) dismissal, construing the complaint liberally, accepting factual allegations as true, and drawing all reasonable inferences in plaintiffs' favor.
PRECEDENTIAL VALUE	published precedential opinion
PARTIES	Lester Chambers, Carl Gardner, Bill Pinkney, Tony Silvester v. Time Warner, Inc., Sony Corporation of America, BMG Entertainment, Inc., Universal Music Group, Inc., MP3.com, Inc.

TOPICS

[motions to dismiss](#) [pleadings](#) [civil procedure](#) [trademark infringement](#) [copyright law](#)

PRACTICE AREAS

QUESTIONS PRESENTED

1. Whether the district court improperly considered unsigned AFTRA Code drafts and other material outside the pleadings while ruling on the Rule 12(b)(6) motion without converting the motion to one for summary judgment.
2. Whether the recording contracts were integral to the amended complaint and therefore could be considered on a Rule 12(b)(6) motion.
3. Whether the district court improperly dismissed plaintiffs' Lanham Act claim by considering only one alleged instance of MP3.com's use of plaintiffs' names and likenesses.
4. Whether the district court adequately considered plaintiffs' beneficial-ownership and licensing-fee claims under the Copyright Act.

HOLDINGS

1. When a district court considers material outside the complaint and does not exclude it, Rule 12(b) requires the court to convert the motion to one for summary judgment and provide the parties a reasonable opportunity to present pertinent Rule 56 material.
2. On a Rule 12(b)(6) motion, a court may consider documents attached to the complaint, incorporated by reference, subject to judicial notice, or integral to the complaint because the plaintiff relied on their terms and effect; mere notice or possession of a document is insufficient.
3. The district court erred by dismissing the Lanham Act claim based solely on one example of alleged conduct where the amended complaint, construed favorably to plaintiffs, alleged broader use of plaintiffs' names, likenesses, and MP3 files in connection with MP3.com's services.

KEY QUOTATIONS

“a plaintiffs reliance on the terms and effect of a document in drafting the complaint is a necessary prerequisite to the court’s consideration of the document on a dismissal motion; mere notice or possession is not enough.” (153)

“This conversion requirement is “strictly enforced” whenever a district court considers extra-pleading material in ruling on a motion to dismiss.” (154)

“Because it is not “beyond doubt” that plaintiffs “can prove no set of facts which would entitle [them] to relief,” the District Court erred by dismissing the claim on the basis of the listed example without considering the other conduct raised by plaintiffs’ allegations.” (156)

FACTUAL BACKGROUND

Plaintiffs were recording artists who recorded musical performances under contracts with predecessors of the defendant record companies from the 1950s through the mid-1990s. They alleged that the record companies' digital exploitation of their recordings and MP3.com's Internet distribution of digital versions reduced their

royalty stream and infringed their rights. Plaintiffs also alleged that MP3.com used their names and likenesses without authorization in connection with its online music services.

PROCEDURAL HISTORY

The Southern District of New York dismissed the federal copyright and Lanham Act claims and declined supplemental jurisdiction over the state-law claims. The district court considered recording contracts and unsigned AFTRA Code drafts submitted with defendants' motion papers without converting the Rule 12(b)(6) motion to summary judgment. The Second Circuit vacated the judgment and remanded for further proceedings.

DISPOSITION

vacated

REMAND INSTRUCTIONS

Vacate the judgment and remand for further proceedings consistent with the opinion. The district court must either exclude extrinsic materials or convert the Rule 12(b)(6) motion to summary judgment and provide the parties a reasonable opportunity for discovery and submissions. It must also reconsider the Lanham Act claim in light of all allegations and determine whether to consider or permit repleading of the Copyright Act beneficial-ownership and licensing-fee claims.

CASES CITED

- Gregory v. Daly, 243 F.3d 687, 691 (2d Cir. 2001)
- Sweet v. Sheahan, 235 F.3d 80, 83 (2d Cir. 2000)
- Int'l Audiotext Network, Inc. v. Am. Tel. & Tel. Co., 62 F.3d 69, 72 (2d Cir. 1995) (per curiam)
- Cortec Indus., Inc. v. Sum Holding L.P., 949 F.2d 42, 47-48 (2d Cir. 1991)
- Brass v. Am. Film Techs., Inc., 987 F.2d 142, 150 (2d Cir. 1993)
- Furman v. Cirrito, 828 F.2d 898, 900 (2d Cir. 1987)
- Carter v. Stanton, 405 U.S. 669, 671, 92 S. Ct. 1232, 31 L. Ed. 2d 569 (1972) (per curiam)
- Friedl v. City of New York, 210 F.3d 79, 83-84 (2d Cir. 2000)
- Morelli v. Cedel, 141 F.3d 39, 45-46 (2d Cir. 1998)
- Amaker v. Weiner, 179 F.3d 48, 50 (2d Cir. 1999)
- Salahuddin v. Cuomo, 861 F.2d 40, 42 (2d Cir. 1988)
- Cortner v. Israel, 732 F.2d 267, 270-71 (2d Cir. 1984)
- Wal-Mart Stores, Inc. v. Samara Bros., Inc., 529 U.S. 205, 209-10, 120 S. Ct. 1339, 146 L. Ed. 2d 182 (2000)
- Two Pesos, Inc. v. Taco Cabana, Inc., 505 U.S. 763, 768, 112 S. Ct. 2753, 120 L. Ed. 2d 615 (1992)
- EMI Catalogue P'ship v. Hill, Holliday, Connors, Cosmopolulos Inc., 228 F.3d 56, 61-62, 67 (2d Cir. 2000)
- Mushroom Makers, Inc. v. R.G. Barry Corp., 580 F.2d 44, 47 (2d Cir. 1978)
- New Kids on the Block v. News Am. Publ'g, Inc., 971 F.2d 302 (9th Cir. 1992)

- Moore v. Am. Fed'n of Television & Radio Artists, 216 F.3d 1236, 1239 (11th Cir. 2000), cert. denied, 533 U.S. 950, 121 S. Ct. 2592, 150 L. Ed. 2d 751 (2001)
- Alternative Energy, Inc. v. St. Paul Fire & Marine Ins. Co., 267 F.3d 30, 33 (1st Cir. 2001)
- Collins v. Morgan Stanley Dean Witter, 224 F.3d 496, 498-99 (5th Cir. 2000)
- Venture Assocs. Corp. v. Zenith Data Sys. Corp., 987 F.2d 429, 431 (7th Cir. 1993)
- Jackson v. City of Columbus, 194 F.3d 737, 745 (6th Cir. 1999)
- Parrino v. FHP, Inc., 146 F.3d 699, 706 (9th Cir. 1998)
- In re Burlington Coat Factory Sec. Litig., 114 F.3d 1410, 1426 (3d Cir. 1997)
- Parnes v. Gateway 2000, Inc., 122 F.3d 539, 546 n.9 (8th Cir. 1997)
- In re Donald J. Trump Casino Sec. Litig., 7 F.3d 357, 368 n.9 (3d Cir. 1993)
- GFF Corp. v. Associated Wholesale Grocers, 130 F.3d 1381, 1384 (10th Cir. 1997)
- Brooks v. Blue Cross & Blue Shield of Fla., Inc., 116 F.3d 1364, 1369 (11th Cir. 1997) (per curiam)
- New Beckley Mining Corp. v. Int'l Union, United Mine Workers of Am., 18 F.3d 1161, 1164 (4th Cir. 1994)
- Murphy v. Cadillac Rubber & Plastics, Inc., 946 F. Supp. 1108, 1115 (W.D.N.Y. 1996)
- Argo Contracting Corp. v. Paint City Contractors, Inc., No. 00 Civ. 3207, 2000 WL 1528215, at *2 (S.D.N.Y. Oct. 16, 2000)
- Granite Partners, L.P. v. Bear, Stearns & Co., 58 F. Supp. 2d 228, 251-52 (S.D.N.Y. 1999)