VALLEY LAWYER

JULY 2022 • $5

A Publication of the San Fernando Valley Bar Association

Copyright Law: The View from 30,000 Feet

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Ethics Rooted in the Past: Meet SFVBA's Judge of the Year, Hon. Firdaus F. Dordi

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DEPARTMENTS

VALLEY LAWYER

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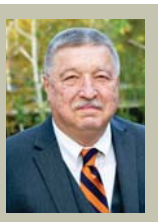
Different Generations, Shared Values

MICHAEL D. WHITE
SFVBA Communications Manager



michael@sfvba.org

THERE ARE TWO VERY GOOD AND DECENT MEN whose lives are laid out in this issue of *Valley Lawyer.* One, Hon. Firdaus Dordi, the SFVBA's Judge of the Year, and the other, attorney Albert Ghirardelli, who, sadly, passed away a few weeks ago.

Though different in age, education, cultural heritage, and life experience, both are very much alike in the ways that count—a dedication to public service, a devotion to the law and its fair and equal application, and a love of community and country.

Writing of Judge Dordi, a former co-worker, commenting at his swearing-in as Superior Court judge, praised his "fortitude" and "moral compass," adding that he "is always kind. Firdaus is always approachable. And he is always incredibly easy to work with. He is simply never ever short with anyone. And he handles stress better, or as well, as I've ever ever seen, and I think that's really going to serve him well on the bench.

"He is truly patriotic," she added. "He loves the law and he believes in the power of the U.S. legal system and I know that he will never take his role as a Superior Court judge for granted. He will work his hardest every single day to make the best and most just decisions that he can."

> "They have left, and will leave, legacies that undoubtedly will continue to inspire others well into the future."

Retired attorney Albert Ghirardelli, a wounded combat veteran of World War II, attended law school on the GI Bill.

He served as President of the Association in 1955, and, over the years, was lauded for volunteering countless hours and effort to community service.

"Al was kind and always helpful," says Liz Post, who served as Executive Director of the SFVBA from 1994 to 2018.

"During my tenure, I always considered Al the dean of the San Fernando Valley Bar Association."

As president of the Bar, she says, "he knew the Bar's almost 100-year history inside and out."

Recipient of numerous honors for his volunteer work, in 2012, the *Los Angeles Business Journal* presented him with its Lifetime Volunteer Award, "recognizing him as a man who has shown unwavering stewardship and community service in his quest to secure quality healthcare for San Fernando Valley."

Hon. Firdaus Dordi and Albert "Al" Ghirardelli—two very fine men who have left, and will leave, legacies that undoubtedly will continue to inspire others well into the future. The San Fernando Valley, and our country, have benefited from their dedicated service.

Volunteers Needed for LAPD Elder Abuse Program

The LAPD Van Nuys Community Police Station currently has an opening for volunteer attorneys to work with its Detectives Division in working cases involving suspected both elder and dependent adult physical and financial abuse.

There is a very limited number of such positions, and this duty would involve service four hours per morning, two mornings a week. Training will be provided.

This duty would be ideally suited for retired attorneys who have had practice experience in one or more of the following areas: probate, trusts and estates; conservatorships; elder law; civil fraud litigation involving contested family wealth transactions; litigation involving undue influence concerning dispositive instruments; estate planning; and cases involving special needs trusts.

Although no courtroom work or field work is involved, you would be working in the Van Nuys Community Police Station with Detectives. For details, email Thomas Stindt at 012VT@LAPD.online.

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3	4 HAPPY 4th of July	**5** ZOOM MEETING **Editorial Committee** 12:00 NOON	6	**7** ZOOM MEETING **Membership and Marketing Committee** 6:00 PM	8	**9** **Our Sister Organization: Santa Clarita Valley Bar Association** ***Dodger Game*** **7:00 PM DODGER STADIUM** Tickets for the game are $100 each and the seats are on the Loge level, 1st base side, providing a great view to watch the action. Only few seats remain, Call Sarah at SCV Bar 661-505-8670 or info@scvbar.org.
10	11	**12** **Board of Trustees Meeting** 6:00 PM	13	**14** MEMBER APPRECIATION Summer PARTY MEET THE EXPERTS 6:00 PM See ad on page 19	15	
17	**18** ZOOM MEETING **Mock Trial Committee Meeting** 6:00 PM	**19** SFVBR–San Fernando Valley Bar **Review** ***A Social Gathering!*** 6:00 PM TRUMAN HOUSE TAVERN Join this monthly gathering of Bar Leaders, attorneys, friends and associates. Each month a different locale, each month a chance to connect with old friends and new. This month the San Fernando Valley Bar Review travels to San Fernando's Truman House. Come join our Bar Leaders. No Host Bar.	20	**21** WEBINAR **Bankruptcy Law Section** ***Denial of a Discharge*** 12:00 NOON Attorneys Robert Aronson and Nicholas Gebelt will discuss Section 727(a)(4). (1 MCLE Hour)	22	23
24	25	26	**27** **Joint Mixer with Santa Clarita Valley Bar Association** 6:30 – 8:30 PM LINCOLN BEER COMPANY Join us for a drink and a bite with our Santa Clarita colleagues at Lincoln Beer Company, right near the Burbank Airport. Only $10/member. Thank You SFVBA Sponsor Donohoe, Young & Williams LLP See ad on page 6	28	29	30
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By John M. Genga

Copyright Law:

The View from 30,000 Feet

Two heirs of the writer of an article first published nearly 40 years ago have filed suit against Paramount Pictures claiming that the blockbuster film *Top Gun: Maverick* infringes the copyright they own for the original magazine story.

THE BLOCKBUSTER FILM TOP GUN: MAVERICK just had its first opening weekend box office of over $100 million, and, as with many hit films, someone other than the credited writer claims to have conceived it.

It is no surprise then that two heirs of the writer of an article first published nearly 40 years ago have filed suit against Paramount—the studio that produced the film—claiming that *Maverick* infringes the copyright they now own for the original magazine story.

The June 6, 2022 complaint in *Yonay v. Paramount Pictures Corp*., purports to turn on a provision of the Copyright Act allowing the termination of transfers in copyrighted works.[1]

Specifically, the Act provides that "*a transfer…of copyright … is subject to termination*" by the author of the work.[2]

Yet, an admission in the pleading may moot that issue, as discussed further below.

Congress' Perview

The power of Congress to legislate what defines 'copyright' comes directly from the Constitution, which states: "*The Congress shall have Power...To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries*."[3]

Does copyright protect authors or the public? Yes… that is, both.

On the one hand, it serves "*to encourage people to devote themselves to intellectual and artistic creation, Congress may guarantee to authors and inventors a reward in the form of control over the sale or commercial use of copies of their works*."[4]

From this perspective, copyright provides an incentive to create works by giving authors a form of monopoly against others.

On the other hand, "*the Progress of Science and useful Arts"* refers not only to *"creation,"* but also to the *"spread of knowledge and learning."*[5]

Under this view, copyright benefits the public as Congress may enact copyright legislation for this purpose even if it does not give authors an incentive to create new works.[6]

Indeed, under the 1909 Copyright Act, Congress deemed the public interest important enough that it made copyright protection contingent upon registering a work with the Copyright Office for all to see, or by publishing it with the familiar '©' symbol followed by the author's name and date of first release.[7]

The currently operative 1976 Act arguably establishes safeguards—and, thereby, incentives—for authors that they did not have previously.

For example, an author first publishing a work on or after the Act's January 1, 1978 effective date does not run the risk of it falling into the public domainby not including a copyright notice with it, as it would under the 1909 Act.

Copyright "*subsists*" in a work "*from its creation*"—i.e., the moment it gets "*fixed*" in "*any tangible medium of expression*" from which it can be "*perceived, reproduced, or otherwise communicated*..."[8]

In addition, the 1976 Act's termination right gives "*authors or their heirs a second opportunity to share in the economic success of their works*," by operating to "*counterbalance the unequal bargaining position of artists, resulting in part from the 'impossibility of determining a work's value until it has been exploited.'*"[9]

To strengthen this right, Congress allows for the Act's exercise "*notwithstanding any agreement to the contrary*."[10]

For a post-1977 transfer of copyright, an author or that person's heirs may terminate that transfer "*at any time during a period of five years beginning at the end of thirty-five years from the date of execution of the grant*," by a written, signed notice stating "*the effective date of the termination, which shall fall within the five-year period*."[11]

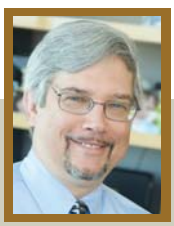
The notice, then, must be served on the transferee or its successor in a manner prescribed by Copyright Office regulations between two and ten years before, and record it in the Copyright Office before the termination date.[12]

While the Act does not make termination automatic, "*[h]armless errors in a notice that do not materially affect the adequacy of the information required to serve the purposes of 17 U.S.C. § 203...shall not render the notice invalid*."[13]

Granting of Rights

In the *Maverick* case, the plaintiffs aver they complied with the Act's termination provisions, and thus now own the copyright in the story.[14]

Thus, they claim that, while Paramount can still distribute *Top Gun* since termination cannot extinguish the



John Genga has practiced law for over 35 years in business litigation, with subject matter expertise in "soft" IP, entertainment, the Internet and other technology. He founded Genga & Associates, P.C. in 2004 in the San Fernando Valley. He can be reached at jgenga@gangalaw.com.

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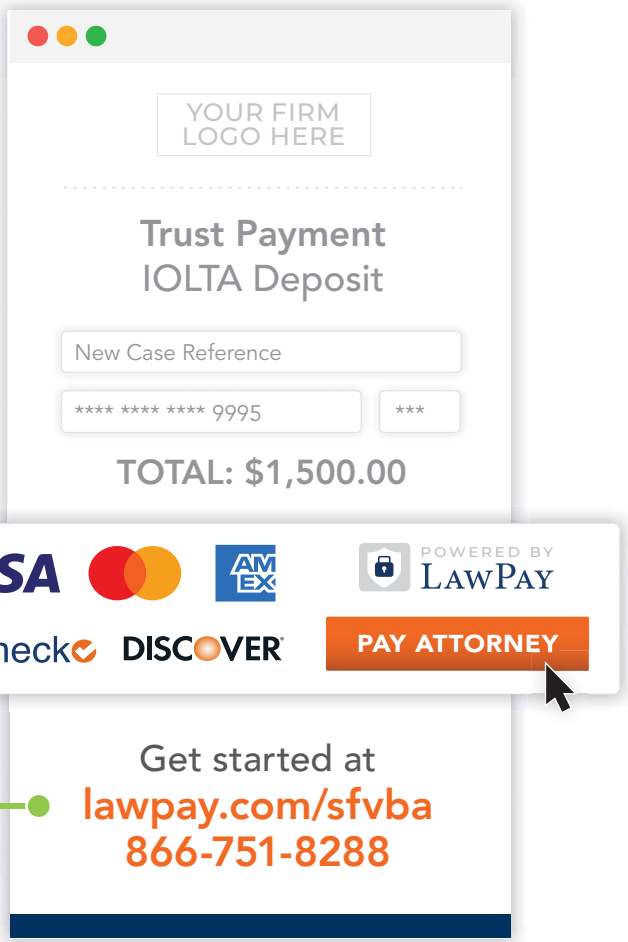

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right to exploit works based on the grant and created before termination, they maintain the exclusive right from the time of termination to make "*derivative*" works from the story, and that Paramount infringed that right by producing *Maverick*.[15] [16] [17]

The Yonays assert that Paramount based the original *Top Gun* on, and owes the "*genesis*" of its "*beloved film franchise*" to, a grant of motion picture rights in the story by Ehud Yonay first published on April 21, 1983, in *California* magazine, a "*not well known*" publication.[18]

The article described "*the Navy Fighter Weapons School training program…through the eyes of two lieutenants in the course, a hotshot pilot…and his friend and second in the two-man cockpit… .*"[19]

The Yonays allege that Ehud "*brought to life what easily could have been a barren subject of facts and figures by painting the Naval Air Station as a place of death-defying competition, comradery, romanticism, and 1950s post-war nostalgia*."[20]

Such "*colorful telling of the Navy training program was so exhilarating and cinematic that it compelled Paramount to immediately seek him out and secure the exclusive rights to produce films based on the story.*"[21]

The 1986 Top Gun film, produced by Jerry Bruckheimer and written by Jim Cash and Jack Epps, Jr., "*specifically credits Ehud Yonay for his story*," from which the plaintiffs deem the film was "*based on the story*."[22]

"*It naturally follows*," say the plaintiffs, that Maverick, also produced by Bruckheimer "*and on which Cash and Epps again received writing credit, is derived from Ehud Yonay's story*."[23]

The plaintiffs allege that Maverick manifests "*key elements that are substantially similar to those in the story*," in violation of the copyright they claim after terminating the license to Paramount.[24]

Terminating the original grant, though, only positions Paramount in the plaintiffs' gunsights. To shoot it down, the plaintiffs must establish first what rights they own in the story, and that the new film violates those rights.

In an alleged infringement, a plaintiff "*must prove ownership of a valid copyright, and the copying of constituent elements of the work that are original*."[25]

Since direct evidence of "*copying*" rarely exists, a plaintiff proves that aspect of infringement by circumstantial evidence of defendant's "*access*" to his or her work and the "*substantially similarity*" of the two works.[26]

However, an author cannot protect everything that he or she "*fixes*" in a "*tangible medium of expression*."

"*In no case*," for example, "*does copyright protection for an original work of authorship extend to any idea … or discovery, regardless of the form in which it is described, explained, illustrated, or embodied in such work*."[27]

Expression v. Protection

So goes the axiom that "*copyright does not protect ideas*," only the "*expression*" of ideas.[28]

Thus, "*[n]o author may copyright facts or ideas*." Feist, 499 U.S. at 350, quoting *Harper & Row, Publishers, Inc. v. Nation Enterprises*.[29]

Because a work may include these and other un-protectable elements, cases often state that the "*copying*" part of the infringement test requires proof that that defendant copied a substantial, *legally protectable* portion of the plaintiff's work.[30]

For creative works such as motion pictures, courts in the Ninth Circuit determine the "*substantial similarity*" of protected "*expression*" by an "*extrinsic*" test that evaluates "*objective*" elements such as plot, theme, characters, dialogue, mood, setting, pace and sequence of events.[31]

Factual works, by contrast, enjoy only "*thin*" copyright protection, which does not extend to the facts themselves or to the work done to uncover them.[32]

Copyright depends simply on originality—meaning something the author comes up with alone, even if someone else has done it before—but does not protect discovery or "*sweat of the brow*," so regarding fact-based works covers mainly the selection, coordination, and arrangement of the facts, along with any separate original expression.[33]

Consequently, courts have held that an author recounting historical events "*may make significant use of a prior work, so long as he does not bodily appropriate the expression of another.*"[34]

Bodily Appropriation

The Ninth Circuit follows the "*bodily appropriation*" test.

In *Narell*, the Court affirmed summary judgment for a defendant who admitted to consulting plaintiff's history of the Jews of San Francisco to write her own work on the same subject.

The Court found that finding that even her verbatim copying of plaintiff's specific phrases did not, as a matter of law, rise to the level of infringement because they "*minimally*" employed "*commonly-used expressions*."[35]

Permitting the use of some expressive elements from fact-based works not only protects those who innocently rely on their factual content, but also results from the nature of such works themselves.

For example, similar ideas in a purely fictional work "*can be expressed...with infinite variations in setting, sequence of incident, and characterization. An author…can choose from a wide range of materials in composing his or her own expression of the idea*."[36]

"*Factual works*," observed Landsberg, "*are different. Subsequent authors [of] … a factual work often can choose from only a narrow range of expression …, [which] may have to amount to verbatim reproduction or very close paraphrasing before a factual work will be deemed infringed.*"[37]

A court comparing two historical works will therefore "*filter out*" unprotected elements such as facts, common expressions and themes, as well as "*incidents, characters or settings that naturally flow from or are standard to the treatment of certain ideas or themes*."

In *Anderson v. Paramount Pictures Corp.*, and in *Alexander v. Haley*, the plaintiff alleged that Roots infringed on her account of black slavery in America.[38] [39]

On a defense motion for summary judgment, the court filtered out:

- All claimed similarities that were "*embodiments of the cultural history of black Americans, or of both black and white Americans playing out the cruel tragedy of white-imposed slavery*;"
- "*Incidents, characters or settings*" dealing with such conventional matters as slaves singing or escaping or otherwise related to "*the atrocity of buying and selling of human beings*;" and,
- All "*other alleged infringements*" that "*display no similarity at all in terms of expression or language, but show at most…the skeleton of a creative work rather than the flesh*."[40]

Finding from this analysis no "*substantial*" similarity of "*protected*" expression as a matter of law, the court granted the motion.[41]

The Court in *Mattel, Inc. v. MGA Ent., Inc*., likewise required removing un-protectable elements when conducting a substantial similarity analysis.[42]

In that particular case, a jury, without identifying any specific infringement, reached a $10 million verdict on a $1 billion claim that MGA's Bratz dolls infringed Mattel's copyright in preliminary sketches and a sculpt prepared by a Mattel employee who then went to work for MGA.[43]

Equitable Relief

Awarding equitable relief on the jury's verdict, the District Court found virtually all of MGA's dolls infringing and enjoined the company from continuing to produce them or any other substantially similar dolls.[44]

With Judge Kozinski writing the opinion, the Ninth Circuit held that the trial court had erred in failing to filter un-protectable elements out of the allegedly infringed sketches and sculptures.

The opinion stated that:

> "*Producing small plastic dolls that resemble young females is a staple of the fashion doll market. To this basic concept, the Bratz dolls add exaggerated features,…[b]ut many fashion dolls have exaggerated features…. Moreover, women have often been depicted with exaggerated proportions [in other contexts] – from from Betty Boop to characters in Japanese anime and Steve Madden ads. The concept of depicting a young, fashion-forward female with exaggerated features, including an oversized head and feet, is therefore unoriginal as well as an un-protectable idea.*"[45]

The Court vacated the injunction on the basis that the District Court could not properly have based its "finding of substantial similarity" on such "similarities in un-protectable elements."[46]

Judge Kozinski, now retired and serving as co-counsel of record for the plaintiffs, will have to clear this substantial hurdle in the *Maverick* case.

That Paramount acquired motion picture "*rights*" for the story in 1983 does not amount to an admission that it required or used such rights to produce the original *Top Gun* or *Maverick*.[47]

Studios often acquire "*life rights*" or rights in factual material not because such rights exist by law, but to avoid having to deal later with those who may claim to "*own*" some protectable interest in such "*rights*."

It appears that Paramount had such considerations in mind when it acquired the right to make a motion picture "*based on*" the story that first appeared in *California* magazine.

The Yonays' complaint includes an attachment that lists numerous components of the story that they contend *Maverick* improperly uses.

Many of them seem simply to recite facts, or to ascribe attitudes or characteristics to the two main subjects of the story based on the observations of the author or on what those subjects actually said or did.

Judge Kozinski's own opinion in the *Bratz* case will require Hon. Percy Anderson, the District Judge assigned to *Maverick*, to disregard many of these claimed similarities as un-protectable facts, ideas or expressions common to the world of cocky, competitive fighter pilots who thrive on the adrenaline rush they get from the thrill and danger of what they do.

If that leaves him with little more than "*random similarities scattered throughout the works*," as a matter of law, that will not suffice to permit a jury to find infringement.[48]

The complaint in *Yonay* does not attach the story or disclose in any detail what it expresses. The content and circumstances of the 1983 license also do not appear clear.

These and other matters will come out in discovery, and the parties will, no doubt, retain experts to say what they need

about substantial similarity of protectable expression.

We do not yet know all the evidence or what it might show, but, we do know that the issues discussed herein will figure prominently in the case's outcome.

[1] *Yonay v. Paramount Pictures Corp*., U.S. Dist. Ct. (C.D. Cal.) Case No. 22-CV-03846.
[2] Copyright Act, 17 U.S.C. § 203(a).
[3] U.S. Const. art. I, § 8, cl. 8.
[4] *Goldstein v. California*, 412 U.S. 546, 555 (1973).
[5] *Golan v. Holder*, 565 U.S. 302, 324 (2012).
[6] *Id.* at 327.
[7] 17 U.S.C. §§ 9, 11.
[8] *Id.* §§ 102(a), 302(a).
[9] *Mtume v. Sony Music Ent*., 408 F. Supp. 3d 471, 477 (S.D.N.Y. 2019), quoting H.R. Rep. No. 94-1476, at 124 (1976).
[10] 17 U.S.C. § 203(a)(5).
[11] *Id.* § 203(a)(3), (4).
[12] *Id*. § 203(a)(4).
[13] *Mtume*, 408 F. Supp. 3d at 476, quoting 37 C.F.R. § 201.10(e).
[14] Cmplt. 25-27.
[15] 17 U.S.C. § 203(b)(1)
[16] *Id*. § 106
[17] *Id*.
[18] Cmplt. 21-22, 24.
[19] *Id.* 28.
[20] *Id.* 29.
[21] *Id.* 30.
[22] *Id.* 31.
[23] *Id.* 32.
[24] *Id.* 33, 37, *passim*.
[25] *CMM Cable Rep, Inc. v. Ocean Coast Properties, Inc*., 97 F.3d 1504, 1513 (1st Cir. 1996), citing *Feist Publications, Inc. v. Rural Tel. Serv. Co*., 499 U.S. 340, 361 (1991).
[26] *Sid & Marty Krofft Television Prods., Inc. v. McDonald's Corp*., 562 F.2d 1157, 1162 (9th Cir. 1977), *overruled on other grounds by Skidmore v. Led Zeppelin*, 952 F.3d 1051, 1066 (9th Cir. 2020).
[27] 17 U.S.C. § 102(b).
[28] *Reyher v. Children's Television Workshop*, 533 F.2d 87, 90 (2d Cir. 1976), citing *Mazer v. Stein*, 347 U.S. 201, 217 (1954); *Baker v. Selden*, 101 U.S. 99, 102-103 (1879).
[29] *Harper & Row, Publishers, Inc. v. Nation Enterprises*, 471 U.S. 539, 547-48 (1985)
[30] *See, e.g., Narell v. Freeman*, 872 F.2d 907, 910 (9th Cir. 1989); *Hartman v. Hallmark Cards, Inc*., 833 F.2d 117, 120 (8th Cir. 1987); *Hoehling v. Universal City Studios, Inc*., 618 F.2d 972, 977 (2d Cir. 1980).
[31] *Shaw v. Lindheim*, 919 F.2d 1353, 1362 (9th Cir. 1990), *overruled on other grounds by Skidmore, supra*, 952 F.3d at 1066, quoting *Narell, supra*, 872 F.2d at 912; *Berkic v. Crichton*, 761 F.2d 1289, 1292, *cert. denied*, 474 U.S. 826 (1985).
[32] *Feist,* 499 U.S. at 349; *Narell*, 872 F.2d at 911.
[33] *Feist,* 499 U.S. at 356-63, citing 17 U.S.C. § 101 (defining "*compilation*") and § 103(b) (copyright in compilation "*extends only to the material contributed by the author of such work, as distinguished from the preexisting material employed in the work*").
[34] *Morrison v. Solomons*, 494 F. Supp. 218, 226 (S.D.N.Y. 1980), *citing Rosemont Enterprises, Inc. v. Random House, Inc.*, 366 F.2d 303, 310 (2d Cir. 1966), *cert. denied*, 385 U.S. 1009 (1967).
[35] 872 F.2d at 911.
[36] *Landsberg v. Scrabble Crossword Game Players, Inc.*, 736 F.2d 485, 488 (9th Cir. 1984), cert. denied, 469 U.S. 1037 (1984).
[37] *Id.* (citations omitted).
[38] *Anderson v. Paramount Pictures Corp.*, 617 F.Supp. 1, 2 (C.D. Cal. 1985).
[39] *Alexander v. Haley,* 460 F. Supp. 40 (S.D.N.Y. 1978).
[40] 460 F. Supp. 40 at 45-46.
[41] *Id.* at 47.
[42] *Mattel, Inc. v. MGA Ent., Inc.*, 616 F.3d 904 (9th Cir. 2010), *as amended on denial of reh'g* (Oct. 21, 2010).
[43] 616 F.3d at 912.
[44] *Id.*
[45] *Id.* at 915.
[46] *Id.* at 916-18, citing *Data East USA, Inc. v. Epyx, Inc*., 862 F.2d 204, 209 (9th Cir. 1988).
[47] *See, e.g., Wright v. Warner Books, Inc*., 953 F.2d 731 (2d Cir. 1991) (affirming summary judgment for defendant on plaintiff's copyright infringement, breach of contract and libel claims despite defendant's use of certain information and writings of plaintiff's decedent after unsuccessfully requesting plaintiff's permission to use such materials).
[48] *Litchfield v. Spielberg*, 736 F.2d 1352, 1356-57 (9th Cir. 1984).

Copyright Law: The View from 30,000 Feet

Test No. 165

This self-study activity has been approved for Minimum Continuing Legal Education (MCLE) credit by the San Fernando Valley Bar Association (SFVBA) in the amount of 1 hour. SFVBA certifies that this activity conforms to the standards for approved education activities prescribed by the rules and regulations of the State Bar of California governing minimum continuing legal education.

1. "*To promote the Progress of Science and useful Arts*," the Constitution authorizes Congress to enact legislation "*securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries*," but only if such legislation provides an incentive for authors to create new works by rewarding them for doing so.
❑ True ❑ False

2. Copyright does not protect the facts in an author's work, but it does protect his or her discovery of previously unknown facts.
❑ True ❑ False

3. While copyright does not protect facts, it can protect an author's selection, coordination and arrangement of such facts, if original to the author.
❑ True ❑ False

4. Copyright protects an author's ideas from being expressed in substantially similar ways by another.
❑ True ❑ False

5. To prove copyright infringement, a plaintiff must demonstrate that he or she owns a valid copyright in a work, and that defendant copied a substantial, legally protectable portion of that work.
❑ True ❑ False

6. To counterbalance the relatively unequal bargaining power between artists and the more sophisticated enterprises they initially may need to help exploit their works, Congress created an automatic termination right after a period of 35 years.
❑ True ❑ False

7. Copyright law can give authors an incentive to create new works.
❑ True ❑ False

8. "*Substantial similarity*" between fact-based works generally must rise to the level of "bodily misappropriation" to support a finding of copyright infringement.
❑ True ❑ False

9. The "*originality*" required to obtain copyright protection means something that no one has ever done before.
❑ True ❑ False

10. The exclusive rights of copyright include "*life rights*."
❑ True ❑ False

11. Under the Copyright Act of 1909, an author could secure a copyright in his or her work by publishing it with a notice of copyright, the familiar "c" with a circle around it.
❑ True ❑ False

12. That Paramount in fact obtained a license from plaintiffs' decedent in 1983 suggests it needed such permission to make *Top Gun* in 1986.
❑ True ❑ False

13. The nature of fact-based works permits the use of some expressive elements from such a work, because facts lend themselves to a narrower range of expression than purely fictional or creative works.
❑ True ❑ False

14. The right to terminate a copyright transfer can help an author obtain greater value from his or her rights than he or she may have received in consideration for the original transfer.
❑ True ❑ False

15. Termination of a copyright transfer does not prevent the original transferee from continuing to exploit a work created from the transferred material before termination.
❑ True ❑ False

16. A party who has the right to terminate a transfer of copyright must adhere strictly to the Act's procedures for doing so; failing to take all the necessary steps in the manner and by the times prescribed will invalidate the termination.
❑ True ❑ False

17. Copyright does not vary the degree of protection it affords to different types of works; fact-based works enjoy the same extent of protection as creative works.
❑ True ❑ False

18. Ehud Yonay's vivid depiction of a naval training base in a relatively obscure magazine enhances plaintiffs' likelihood of succeeding on their copyright infringement claim.
❑ True ❑ False

19. Copyright under the 1976 Act inheres in a work from the moment an author "*fixes*" it "*in a tangible medium of expression*."
❑ True ❑ False

20. Parties may contract around the termination right bestowed by the Copyright Act.
❑ True ❑ False

Copyright Law

MCLE Answer Sheet No. 165

INSTRUCTIONS:

1. **Accurately complete this form.**
2. **Study the MCLE article in this issue.**
3. **Answer the test questions by marking the appropriate boxes below.**
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Mark your answers by checking the appropriate box. Each question only has one answer.

1.	❑ **True**	❑ **False**
2.	❑ **True**	❑ **False**
3.	❑ **True**	❑ **False**
4.	❑ **True**	❑ **False**
5.	❑ **True**	❑ **False**
6.	❑ **True**	❑ **False**
7.	❑ **True**	❑ **False**
8.	❑ **True**	❑ **False**
9.	❑ **True**	❑ **False**
10.	❑ **True**	❑ **False**
11.	❑ **True**	❑ **False**
12.	❑ **True**	❑ **False**
13.	❑ **True**	❑ **False**
14.	❑ **True**	❑ **False**
15.	❑ **True**	❑ **False**
16.	❑ **True**	❑ **False**
17.	❑ **True**	❑ **False**
18.	❑ **True**	❑ **False**
19.	❑ **True**	❑ **False**
20.	❑ **True**	❑ **False**

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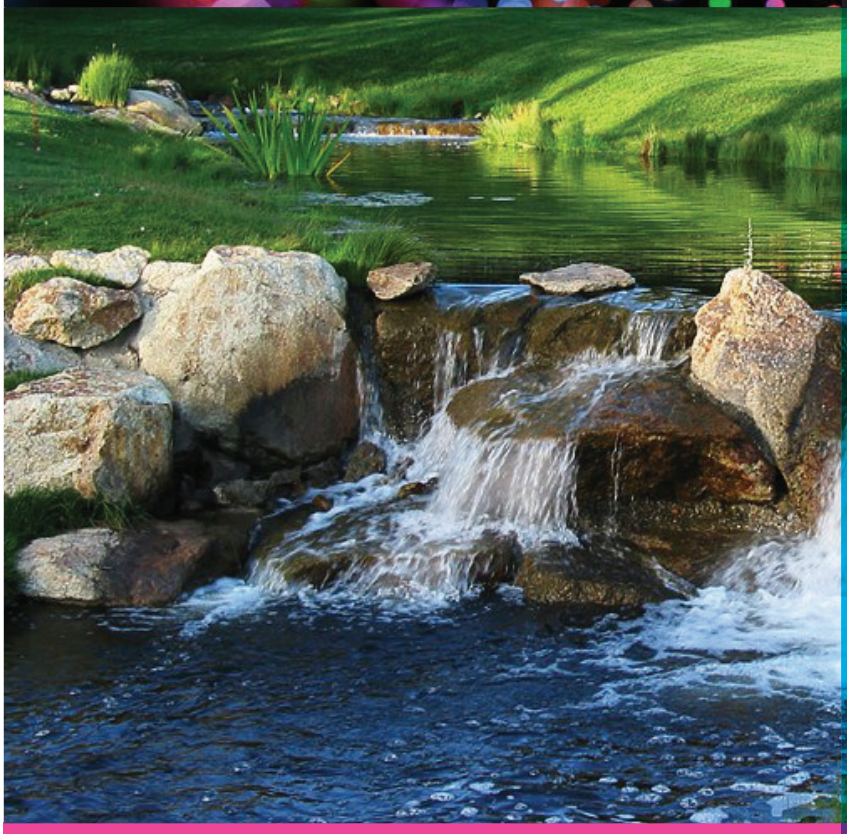

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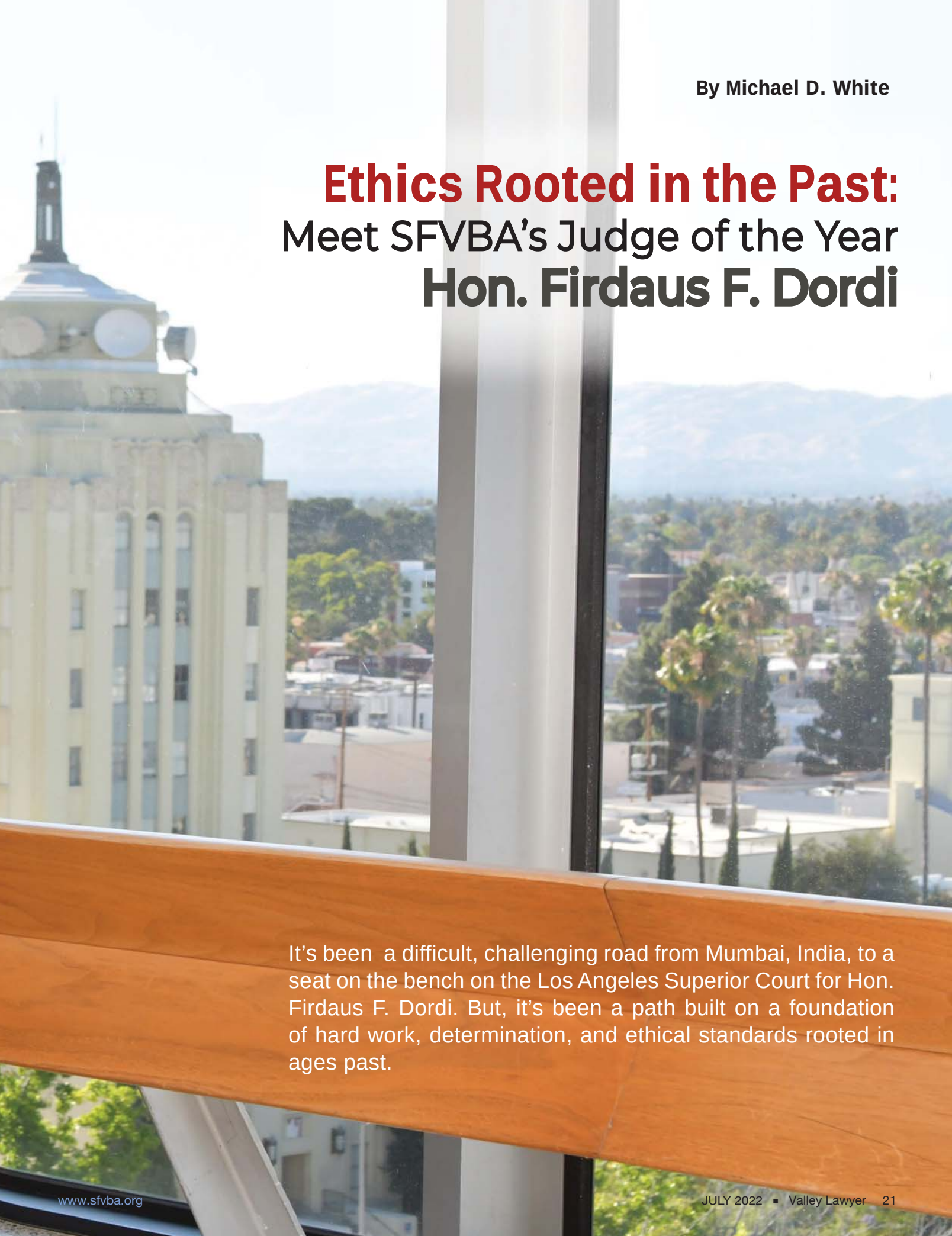
Ethics Rooted in the Past:
Meet SFVBA's Judge of the Year
Hon. Firdaus F. Dordi



It's been a difficult, challenging road from Mumbai, India, to a seat on the bench on the Los Angeles Superior Court for Hon. Firdaus F. Dordi. But, it's been a path built on a foundation of hard work, determination, and ethical standards rooted in ages past.

IT IS A LONG, HARD ROAD FROM THE CROWDED streets of Mumbai, India, to a seat on the bench as a judge on the Los Angeles County Superior Court, the largest single unified trial court in the entire United States.

A difficult, challenging road, indeed, but for Los Angeles Superior Court Judge, Hon. Firdaus F. Dordi, it was, and remains, a path built on a foundation of a desire to serve others, determination, and a strong work ethic rooted in ages past.

"I was born in Mumbai, in a lower-middle class neighborhood. It would now be considered kind of a slum," says Judge Dordi. "It was a two-bedroom apartment unit, and we lived with my grandparents in one room, and the four of us in the other. We didn't have running water throughout the day, as we had to fill a tank at a particular time when the municipality would turn on the water. That was the water you'd have for the day.

"Each day, my grandmother would get up at about five o'clock and make sure that the tanks were filled. There was no hot water, so we would have to boil it. We didn't have a toilet inside of our apartment; the communal toilets were at the back end of the building."

It was, he says, "a very humble existence, but we were lucky because of my dad's job, and the fact that my mom also worked at a time in India when women generally did not work outside the home. She was pretty rebellious and pretty independent. My grandparents cared for my brother and me from the time that we would come back from school until my parents arrived home from work."

Judge Dordi's father was "very gritty" and "quite fortunate, in that despite going to a school for underprivileged children, he had some good teachers and did exceedingly well in math"—a proficiency in math and a high score on a national academic test gained him admission into one of India's best universities at the time.

"Because of his parents' circumstances, he could not avail himself of that education and had to begin working to support his parents," says Judge Dordi.

An interview with Air India led to a job with the air carrier and a 25-year career that lifted him to a posting as Air India's Assistant Sales Manager in New York, and ultimately West Coast Regional Sales Manager in Los Angeles.

The move to New York by his parents required Judge Dordi and his brother to spend a year at a Catholic, English-speaking boarding school in India.

"They put us in the boarding school because they anticipated a severe culture shock, especially coming from where we were in India to New York. English was my third language. They wanted to acclimate first, while providing us the opportunity to speak more English regularly before coming here. They thought that would make our transition to the United States a little smoother."

The reconnected family lived in Queens "in a one-bedroom apartment where my brother and I slept in the living room and my parents in the bedroom until we came to California."

Shortly after moving to California, the family bought their first home. It was in the Valley. Judge Dordi's father retired from Air India and started a travel agency when the posting to Los Angeles ended.

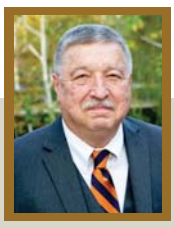
"My brother had gained admission to UCLA, and my parents wanted us to avail of the educational opportunities that they could not."

"I grew up in the Valley. It has been my home since I was about eight years old."

According to Judge Dordi, the experience of his ancestors has played a major role in how he translates the course of the path his life has taken.

"My ancestry is Zoroastrian. A group of Zoroastrians from the town of Pars fled persecution in Iran, in about the early 8th Century. They first settled on a small island between India and Pakistan. After nineteen years on the island, they traveled to the west coast of India, near what is modern-day Gujarat.

"When they arrived, the king of the province of Sanjan sent, as a symbol to the priest on the ship, a glass of milk that was filled to the brim."



Michael D. White is editor of *Valley Lawyer* magazine. He is the author of four published books and has worked in business journalism for more than 40 years. Before joining the staff of the SFVBA, he worked as Web Content Editor for the Los Angeles County Metropolitan Transportation Authority. He can be reached at michael@sfvba.org.

The full glass of milk "was a symbol that their society was full, and they couldn't allow the Zoroastrians to land on their shore. The Zoroastrian priest on the boat poured sugar in the milk and sent it back to the King to taste. The King tasted it, and he knew that it meant that 'we will make your society metaphorically sweeter.'"

The King, says Judge Dordi, "realized that these were wise people who needed refuge and could be an asset to his kingdom. He allowed the Zoroastrians to land ashore. And that's the history of the Parsees, the people from Pars who came to India.

"It's a great immigration story for not only the Parsees in India, but also immigrants in the United States and the impact they have on our society. I don't know if the story is actually true, but I like it quite a bit."

In January 2017, Judge Dordi was sworn in as a Los Angeles County Superior Court Judge.

During his career, he spent nearly 14 years with the Office of the Federal Public Defender, starting as a Deputy and ending his service there as the Chief of the Los Angeles office's Trial Unit.

One of those who addressed the gathering at Judge Dordi's swearing-in was his former boss, Federal Public Defender Hilary Potashner.

"Firdaus was an absolute institution when he was at the Federal Public Defender's Office," she said. "And it was so bittersweet when he left the office because we all wanted the very best for him.

"Back in January, the federal defense world officially lost one of its very brightest and best to the state bench. And as [Chief] Judge [Virginia A.] Philips said, our loss is certainly the state of California's gain. I'm sure that Firdaus is and will continue to be an absolutely extraordinary judge

JUDGE DORDI, WHAT CAN YOU TELL US ABOUT YOUR EDUCATION IN HIGH SCHOOL, COLLEGE AND LAW SCHOOL?

"I grew up in the Woodland Hills area, and went to elementary, middle, and high school all in that area with El Camino being my high school. My undergraduate studies were at UC Santa Barbara. When I arrived there and saw the campus, I instantly fell in love with it. I'm still in love with it and if it had a law school, I would have probably gone there.

"I wanted to be an English professor and teach. I loved the art of storytelling and how literature mixed with history to contribute to human progress and understanding. One of the classes that I had to take as part of my other major, political science, was either constitutional law or international law. I chose international law primarily because it started a little later in the morning. I didn't anticipate that I would love the class or do as well as I did.

"My international law professor and his assistant pulled me aside and said, 'You should really think about applying

to law school and taking the LSAT. You think and write very clearly, structuring your arguments and providing proof for each one, as a good lawyer would."

"That's when I considered taking the LSAT. Even after I took it, I wasn't sure that I would want to go to law school because I was always insecure about my ability to speak English well enough to be the voice of others.

"That class gave me some confidence to consider going into the law. I then met a deputy public defender from San Diego. She invited me to come shadow her. After observing her for a day, I really felt like that was something I wanted to do."

"I've always been a huge student of the Constitution. I'm amazed at how short it is, how long it has survived, and how it has stood up to all of the trials and tribulations of interpreting it over the years.

"As a public defender, you're really ensuring the rights set out in the Constitution and defending them on a daily basis. That is a wonderful thing to do, and it was then that I was certain of wanting to pursue a career in law."

"I attended Loyola Law School in Los Angeles, and my desire to pursue a career in the public interest made my decision to remain in Southern California easier. I didn't want to incur a lot of debt, even at that time (when law school was much more affordable than it is now), so I lived at home and commuted to Loyola. I earned a partial scholarship after my first year, which made it even easier to graduate debt free.

"My parents taught me that hard work, service to others, and a good education are the pillars of a meaningful life. That has become a mantra for me."

FOLLOWING LAW SCHOOL, YOU WORKED AS A RESEARCH ATTORNEY, AS A LAW CLERK IN THE U.S. DISTRICT COURT, IN PRIVATE PRACTICE WITH YOUR OWN FIRM, AND 13 YEARS AS A FEDERAL PUBLIC DEFENDER FOR THE CENTRAL DISTRICT OF CALIFORNIA. AT ANY TIME DURING ALL THAT DID YOU EVER SET YOUR SIGHTS ON BECOMING A JUDGE?

"No, not really. I am pleasantly surprised to be where I am. I learned a lot from the judges for whom I clerked but having chosen a career in public interest at the Public Defender's Office, I did not conceive that being a bench officer would be in the stars for me.

"At that time, there were really very few paths to the bench, state and federal, for public defenders. In fact, I wasn't aware of anyone, when I started in the Federal Public Defender's Office in 2000, that had ever been appointed to the federal bench. There were just a few samples of folks that had been appointed to the state bench. So, I really didn't see that as an option or career path.

"It's nice to see now that so many public defenders are being appointed to the bench, including our latest United States Supreme Court Justice. Now, public defenders are even running for election to the bench in California.

"It really wasn't until the former head of the Federal Public Defender's Office—then Judge, now Justice—Maria Stratton and the former Deputy Chief, Judge Dennis Landin, and other mentors approached me and suggested that I should consider applying to the bench after I'd been with the Federal Public Defender's Office for almost 14 years.

"Even after they suggested that to me, I waited another three years before ultimately applying. At the time I applied, I'd already left the PD's office, and I had started a small firm with two partners. I realized that my heart's always been in public service and that I'm happiest when I'm serving people. Even though I enjoyed private practice and the firm was very successful, on a personal level, I feel the greatest satisfaction in public service."

HOW HAS YOUR LIFE EXPERIENCE INFLUENCED YOUR SERVING AS A JUDGE?

"Every aspect of my background has always been a source of inspiration to me in terms of what I can achieve, and what I know others can achieve.

"I am very fortunate because of my humble upbringing and my parents' careers in the travel industry, I have had the opportunity to travel the world and meet people from different socioeconomic and cultural backgrounds.

"Every summer, my parents had my brother and I travel back to visit my grandmother in India. My parents didn't want us to lose our Indian cultural heritage. We maintained our language skills and our culture through those visits. That said, I always felt like an outsider both here and there while I was growing up. When I first came here, I was obviously an outsider, in that sense, but when I went back to India, because my family had moved to the United States, I was no longer seen as a local, even in my old neighborhood.

"Those experiences have taught me to be able to assimilate to different situations quickly. They have also helped me understand people and develop an inclusive judicial philosophy, where I am much more mindful of such things as implicit bias and access to justice issues.

"For example, someone not looking you in the eye while they are testifying, might be based on their culture, as opposed to them not telling the truth. Imagine how nervous someone may be appearing in a U.S. courtroom where English is not their first language. Now imagine that appearance is in a case where the person's liberty is at stake in terms of a criminal case, or their being able to be with their children in a family law or dependency case.

"I am always less likely to assume any of those things just because culturally, I understand that that could be a very different experience for different people.

"For our society to continue to thrive, we have to ensure that everyone feels that they are included, that they have access to the courts, and that they're not going to be judged unfairly based on cultural differences, rather than the merits of their case."

DURING YOUR TIME ON THE BENCH, HAVE YOU SEEN ANYTHING CHANGE IN THE ATTITUDES OF THE PUBLIC TOWARD THE JUDICIARY, WHAT YOU DO, AND HOW YOU DO IT?

"As a society, I think we are more divided than I've ever seen, but I'm a student of history. It teaches us that there've been many times that we were even more divided than we are today.

"The independence of the courts is an essential safeguard and feature of our country that makes us so unique in terms of overcoming the most difficult adversities.

"I feel that I am one of the beneficiaries of the progress this country has made in terms of civil rights.

"I am always reminded of a quote by Dr. King, where he said that, 'Human progress is neither automatic nor inevitable. Every step towards the goal of justice requires sacrifice, suffering, struggle, and the tireless exertions and passionate concerns of dedicated individuals.'

"I wholeheartedly agree with Dr. King. The pursuit of progress and justice have been a real significant part of my adult life. I don't think it just comes from my Western legal education, I know a significant part of it comes from my philosophy and faith, which has its central tenet: thinking good thoughts, speaking good words, and performing good deeds.

"On a daily basis, it's important for me to make sure that I'm not prejudging something or someone, that I'm speaking good words, treating everyone with respect, and serving as a model for those that are in my courtroom, in my life…my children, my family…and making sure that what I do is good in the context of what I think is needed for progress and justice."

SITTING ON THE BENCH IS VERY CHALLENGING IN MANY WAYS. HOW WOULD YOU GAUGE THE MORALE OF THE JUDGES YOU SERVE WITH?

"The judges that I work with are extremely committed, dedicated public servants. I'm constantly in awe of the energy and the passion that they have for serving the community.

"The bench is extremely collegial, and the Van Nuys bench, in particular. It's just been a pleasure to be here. When I was appointed and learned I was going to be in Van Nuys, I was thrilled it would allow me to serve the Valley community that has given so much to my family and me.

"When I first started, Judge Huey Cotton was the Supervising Judge and now Judge Virginia Keeny has taken on that role. They're both so supportive and such wonderful people. They set such great examples for all of us. The professionalism and grace with which they handle their responsibilities is a constant source of inspiration for me."

THERE ARE THOSE WHO THINK THE JUDICIARY HAS, IN SOME WAYS, STARTED TO BECOME MORE LEGISLATIVE THAN JUDICIAL IN ITS APPROACH TOWARDS APPLYING THE LAW. WHAT IS YOUR FEELING ABOUT THAT PERCEPTION?

"I see the work of my colleagues on a daily basis and what I see are very dedicated people, focused not on some agenda, but rather on ensuring justice for all who come before them."

HOW HAS COVID-19 IMPACTED THE JUDICIAL SYSTEM AND DO YOU THINK THERE ARE SOME THINGS THAT SHOULD GO BACK TO THE WAY THEY WERE PRE-PANDEMIC?

"I don't think we'll ever go back to where we were before the pandemic, in terms of not utilizing the available technology.

"I don't know if we'll completely move to a remote justice model. But I think having that flexibility will allow us to have the greatest ability to serve the entire community, and, as those technologies become more available to marginalized populations, the access to justice for all will continue to grow.

"The need for human interaction is also quite substantial, as we're seeing by having more in-person events. People are very excited to see each other face-to-face again.

"This hybrid model of serving the needs of the community may be ideal.

"During the pandemic, I was able to do several trials involving witnesses, internationally, using multiple interpreters, and the technology held up, not always without any glitches, but those will be ironed out as the technology improves."

HOW DO YOU THINK THE IMPACT OF NEW TECHNOLOGY IN THE COURTROOM WILL AFFECT HOW YOUNG ATTORNEYS APPROACH THEIR WORK?

"It's going to be increasingly important to understand that there are people who are resistant to new technology and others who fully embrace it.

"Young lawyers are integrating new technology into their day-to-day practice quite effectively. It's easy to see where it's heading and it looks as though it's going to continue.

"When I was coming out of law school, Westlaw was just starting up and so we were learning to 'shepardize' a case and doing legal research on Westlaw. Now, most new lawyers don't even know what the verb 'shepardize' means. Most are pulling cases from public search engines, not even Westlaw.

"I see lawyers doing legal research on their phones, and I don't have any problem with them looking something up that can educate the court.

"Technology will just continue to allow us to have quicker and easier access to research, and I think that is a good thing."

SHARE A BIT ABOUT YOUR FAMILY AND WHAT YOU DO IN YOUR FREE TIME?

"My wife and children are a source of constant joy in my life. They also ground me, tell me when I need to slow down, and when I make dad—bad—jokes. I enjoy the law as a hobby and reading. I'm in several book clubs. I am also a huge Los Angeles Lakers fan.

"One of my biggest hobbies is travel, and I've always enjoyed taking my time off to go to places that are new to me. I've come to the point, now, where I've gone back to places that I have previously visited, but that are new to my children. That way, I get to introduce them to places I have seen and see them anew through their eyes."

GIVING BACK TO THE COMMUNITY IS SOMETHING THAT YOU VALUE HIGHLY. YOU'VE BEEN INVOLVED WITH SEVERAL VOLUNTEER PROJECTS, SUCH AS THE ASIAN-PACIFIC AMERICAN LEGAL CENTER, THE ACLU, AND WESTERN LAW CENTER FOR DISABILITY RIGHTS. CURRENTLY, YOU'RE A DRIVING FORCE BEHIND THE BAR ASSOCIATION'S VALLEY COMMUNITY LEGAL FOUNDATION. WHERE DOES THAT 'GIVING BACK' VALUE COME FROM?

"It largely comes from feeling blessed and the importance of service my parents instilled in me at a young age. In January 1994, after the start of my second semester of my 1L year of law school, the Northridge earthquake struck

Photos Courtesy of Federal Public Defender

Los Angeles. There were freeway closures and 'red-tagged' buildings.

"All around my law school there were flyers from legal clinics that needed help and assistance with landlord tenant and other issues. This was my community, and we were all impacted, so, I started involving myself with causes that were near and dear to me.

"I went to law school wanting to help others, and when the opportunity to do so came to me, I was not about to let it pass by."

YOU MENTIONED EARLIER THAT YOU HAD CONSIDERED GOING INTO TEACHING AS A PROFESSION. AS A BENCH OFFICER, AS A JUDGE, DO YOU SEE YOURSELF AS A TEACHER?

"Yes, I do. In the way I conduct my courtroom, I just make sure that everybody understands the rules, has all the information as to their rights, or if there are forms, that they're available for them.

"When I am making a ruling, I like to write it out or orally explain the reasons for it.

"Respect for our legal system grows when judges explain themselves and when they're transparent so that people understand the reasons for why they win or lose a case. That way, the public can trust that justice is based on the rule of law.

"The decisions must be rooted in the law and the facts at hand. The people must see the analysis of both the law and the facts as to how the decision came to be.

"I'm going to be teaching constitutional law starting in the fall at the University of West Los Angeles School of Law. Teaching has always been one of the activities I have really enjoyed.

"Judge Robert Takasugi, who I clerked for, started a pro bono Bar Review class about 50 or so years ago, and I've been teaching it for about 24 years, since I was a new lawyer.

"It's a professional responsibilities class for folks who have taken the bar and not passed it the first time and who have an interest in pursuing a career in the public interest.

"It's free and many of the professors that teach various subjects in the class, are either judges or law professors from different law schools.

"We teach it because we think it's very important for folks that have an interest in public service to be able to have additional resources in terms of being able to pass the Bar and pursue a career in the law."

AS A JUDGE, AS A TEACHER, WHAT ADVICE WOULD YOU HAVE FOR NEW LAWYERS ON THE THRESHOLD OF STARTING THEIR PROFESSIONAL CAREERS?

"I would tell them that the law is a worthy and noble profession, and your reputation is everything. Guard it with your life."

U.S. Bankruptcy Judge **Hon. Maureen A. Tighe**

Stanley Mosk Legacy of Justice Award

ON AUGUST 17, 2022, THE SAN FERNANDO Valley Bar Association will present Hon. Maureen A. Tighe, Immediate Past Chief Bankruptcy Judge of the Central District of California, with its Stanley Mosk Legacy of Justice Award.

The August 2022 issue of *Valley Lawyer* will feature an in-depth interview with Judge Tighe celebrating her career, and her well-deserved honors.

The presentation will be made at the Bar's Annual Judges' Night event at the Mountaingate Country Club in Los Angeles.

Judge Tighe attended the Douglass College of Rutgers University and received her JD degree Rutgers Law School, where she was Editor-in-Chief of the Law Review.

She was admitted to the New Jersey Bar in 1985 and both the New York and California Bars in 1988.

After clerking in the U.S. District of New Jersey, she worked for two years in private practice before serving as Assistant U.S. Attorney, Office of the U.S. Attorney in Los Angeles and Deputy Chief, Major Frauds Section; and chairperson, Bankruptcy Fraud Task Force.

Prior to her appointment to the bench in November 2003, Judge Tighe was the United States Trustee for the Central District of California between 1998 and 2003, the U.S. Trustee for the Districts of Southern California, Hawaii, Guam, and the Northern Mariana Islands between 2002-2003.

From 2019-2021, she served as Chief Judge, Bankruptcy Court, Central District of California, and has been appointed as a Recalled Bankruptcy Judge.

While on the bench, Judge Tighe has dedicated a significant amount of time to issues relating to pro se litigants, including preventing fraud and encouraging pro bono advice and improving processes for pro se litigants and has been instrumental in opening self-help desks in the San Fernando Valley Division and throughout the Central District.

In addition, she is active in mentoring new attorneys, saying that, "We need to continually work on training new lawyers. Junior lawyers don't get into court enough. We need to do more mentoring."

A native of New Jersey, Judge Tighe enjoys her adopted State of California. "I couldn't live anywhere not as diverse and interesting," she says.

By Corey A. Carter

Home Court Advantage: Getting the Desired Venue

IN THE NBA, HOME TEAMS WIN 56-58 percent of time as they have the advantage of not having to travel or sleep in hotels, and they have their fans cheering them on throughout the game.

While legal practitioners don't have fans in the courtroom cheering them on, for better or for worse, venue can still significantly affect the client's case.

Different venues have different judges and different jury *venires*—attorneys may be more familiar with the local rules and judges in one venue than another, while different jury venires will be more likely to view clients more or less favorably.

Therefore, ensuring a client gets the venue they bargained for in an agreement is of extreme importance.

According to the California Code of Civil Procedure: "*The court may, on motion, change the place of trial in the following cases: (a) When the court designated in the complaint is not the proper court*."[1]

In a breach of contract case, the Code, subject to some statutory exceptions set forth in subdivision (b), permits venue "*…in the county where the obligation is to be performed, where the contract in fact was entered into, or where the defendant or any defendant resides at the commencement of the action is a proper court for the trial of an action founded on that obligation...*".[2]

However, the statute further states that "*…if a defendant has contracted to perform an obligation in a particular county, the superior court and the county where the obligation is incurred is the county where it is to be performed, unless there is a special contract in writing to the contrary*."

Essentially, if the contract is silent as to the place of performance and venue, and otherwise appropriate documentation is lacking, a special contract in writing is required as to the place of performance if venue is to be properly established there.

Otherwise, venue is not proper solely based upon a choice of venue provision.

General Acceptance

In *General Acceptance*, the plaintiff filed a breach of contract suit in San Francisco County and the defendant moved to transfer venue to Alameda County, where he lived.

At that time, the defendant's residence would have been the only

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proper venue under the 1929 version of section 395.[3] [4]

The California Supreme Court summarized the contract as follows:

> "*The contract for such transfer was made and entered into by the Auburn Motor Sales Company, seller, and contained certain agreements by which the seller undertook to assure to the transferee of said contract the bona fides thereof and the ability of the purchaser under said agreement to fulfill the terms thereof.*
>
> "*The obligation of the seller under such agreement was therein declared to be an absolute and unconditional one as distinguished from that of a surety, guarantor or indemnifier, and it was agreed therein that said obligation should be enforceable, even though the purchaser's obligation under the original agreement for the sale of said automobiles should for any reason be suspended or impaired.*
>
> *The seller's agreement contained the final provision "that should suit be brought upon the contract or this assignment, that the trial of said action be in the City and County of San Francisco, State of California*."[5]

The trial court granted the defendant's motion and the plaintiff appealed, arguing that venue in San Francisco was proper because a clause in the contract provided for venue there.[6]

Supreme Court Affirmation

The Supreme Court affirmed the trial court's transfer, holding that the venue selection clause was void.[7]

The California Supreme Court grounded its reasoning on a case that came before the Supreme Court of Massachusetts which stated:

> "*The rules to determine in what courts and counties actions may be brought are fixed upon consideration of general convenience and expediency by general law; to allow them to be changed by the agreement of the parties would disturb the symmetry of the law, and interfere with such convenience. Such contracts might be induced by considerations tending to bring the administration of justice into disrepute*."[8]

The plaintiff did not get what they thought they had bargained for as the case was revisited by the Sixth District Court in *Alexander v. Superior Ct*., which used *General Acceptance* as the basis for its ruling.[9]

In *Alexander*, the trial court denied defendants' motions to change venue, concluding in both cases that the venue selection clauses were "*valid and binding*."[10]

The defendants petitioned for writs of mandate and the appellate court was asked to decide whether a contractual venue selection clause is dispositive of the proper venue for an action on the contract.[11]

The court concluded "*[T]hat to the extent the clause is inconsistent with the statutory venue scheme it is invalid.*"[12]

The defendants Alexander and Bellamy were located in Fresno County and separately contracted with the plaintiff Brix to serve as sales agents for cellular service. The defendants both executed the plaintiff's "Agency Agreement," which sets out the general terms of their relationship with the plaintiff.[13] [14]

The provision at issue stated…

> "*4.12 Choice of Law: The construction, interpretation, and performance of this Agreement shall be governed by the laws of the State of California and each party specifically stipulates to venue in Santa Clara County, California.*"[15]

The defendants filed motions to change venue to Fresno, arguing that Santa Clara was not a proper court under the pertinent venue statute.[16]

The plaintiff argued that venue was proper under section 395 because the contracts had been entered into, the obligations had been incurred, and the contracts designated the place of performance as Santa Clara County.[17]

In addition, the plaintiff argued that the contracts contained a provision setting venue in Santa Clara County.[18]

The trial court ruled based upon the venue selection clause. The appellate court reasoned that, "*Since the venue statutes themselves declare the public policy of this state with respect to the proper court for an action, agreements fixing venue in some location other than that allowed by statute are a violation of that policy*."[19]

The Appellate Court issued a writ of mandate commanding the lower court to reconsider its ruling to determine whether, consistent with the requirements of Code of Civil Procedure section 395, venue is otherwise proper in Santa Clara County.[20]

Again, the plaintiff did not get what they thought they had bargained for.

In *Fidelity Thrift & Loan Ass'n v. Hall*, the appellate court addressed the construction to be placed on the words "*special contract*" contained in section 395, Code of Civil Procedure.[21]

In *Fidelity Thrift & Loan Ass'n v. Hall,* the assignee of the conditional vendor brought suit in Fresno County and the defendants moved for a change of venue to Kern County where they resided and where the contract was made.[22]

The contract provided: "*Purchaser agrees to pay said contract balance in successive monthly installments payable at Fidelity Thrift & Loan Association on the same day of each month…*"[23]

In its verified complaint the plaintiff Association had alleged that its principal and only place of business "*was located in the Fresno Judicial District, County of Fresno, State of California*."[24]

Motion Denied

The trial court denied the motion for change of venue.[25]

The appellate court reversed stating…

> "*It is our opinion that it was the intention of the Legislature in using the words 'special contract' to require in a case of this character that there be a definite, certain place of performance specified in the contract, and that any deficiency or lack thereof cannot be remedied by extrinsic evidence*."[26]

More specifically, the appellate court determined that...

> "*It is our opinion that it was the intention of the Legislature in using the words 'special contract' to require in a case of this character that there be a definite, certain place of performance specified in the contract, and that any deficiency or lack thereof cannot be remedied by extrinsic evidence.*"[27]
>
> "*We construe the legislative purpose in using the words "special contract" to avoid all possibility of uncertainty on the part of either party as to the place of performance, by strictly requiring that such place be designated with certainty.*"[28]

Securing the Preferred Venue

So, the question: How should a contracting party ensure the venue provision they are bargaining for will be considered valid and binding by the court?

The answer: To properly secure the preferred venue, have payment made in the preferred venue, and state that fact put in writing.

For example, if the preferred venue is Los Angeles, the payment should be made in Los Angeles, and the payment address should be stated explicitly in the contract.

Alternatively, include the following language in their choice of venue clause:

> "*The Parties acknowledge that performance of this Agreement is to be in [CHOSEN VENUE] and that this is deemed to be a special contract in writing specifying the place of performance in [CHOSEN VENUE], California*."

Thus, even if the contract is silent on specifically where payment is to be made for example, the plaintiff can argue this language constitutes a special contract in writing thereby rendering venue proper.

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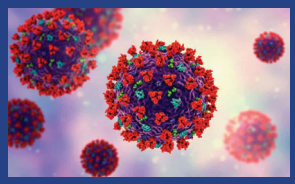
[1] Cal. Civ. Proc. Code § 397.
[2] Cal. Civ. Proc. Code § 395.
[3] *Gen. Acceptance Corp. of Cal. v. Robinson*, 207 Cal. 285, 286, 277 P. 1039, 1039 (1929).
[4] *See* Code Commissioners' note, Deering's Ann. Code Civ. Proc. (1991 ed.) foll. § 395, p. 359.
[5] *General Acceptance*, *supra*, 207 Cal. at p. 286, 277 P. 1039.
[6] *Id.*
[7] *Id.* at pp. 288–289, 277 P. 1039.
[8] *General Acceptance, supra*, 207 Cal. 285, 289, 277 P. 1039 citing to *Nute v. Hamilton Ins. Co*., 6 Gray (Mass.), 174.
[9] *Alexander v. Superior Ct*., 114 Cal. App. 4th 723, 8 Cal. Rptr. 3d 111, 117 (2003).
[10] *Id.* at 726.
[11] *Id.* at 725.
[12] *Id.*
[13] *Id.*
[14] *Id.* 725-726.
[15] *Id.* 726.
[16] *Id.*
[17] *Id.*
[18] *Id.*
[19] *Id.* at 731.
[20] *Id.* at 732.
[21] *Fid. Thrift & Loan Ass'n v. Hall*, 186 Cal. App. 2d Supp. 895, 896, 9 Cal. Rptr. 596 (App. Dep't Super Ct. 1960).
[22] *Id.* at 899.
[23] *Id.* at 897.
[24] *Id.*
[25] *Id.*
[26] *Id.* at 899.
[27] *Id.*
[28] *Id.* at 900.

COVID LIABILITY: The California Supreme Court has agreed to decide whether a company can be held liable for the spread of the virus to an employee's household, answering a question posed to the justices by the Ninth Circuit.



A three-judge 9th U.S. Circuit Court of Appeals panel earlier certified questions to the Court in a case brought by Corby Kuciemba, who says she became seriously ill with COVID-19 after her husband was exposed to the virus at his job with Victory Woodworks Inc.

The key issues in Kuciemba's case—namely, whether the state workers' compensation system covers the COVID infections of employees' spouses and whether employers have a general legal duty to prevent the spread of COVID—have never been previously addressed by the Supreme Court.

Several trade groups have said allowing employers to be held liable for so-called "take-home" COVID infections will prompt lawsuits not only by workers' family and friends, but by anyone infected by that circle of people.

Companies including Amazon.com Inc, Walmart Inc, McDonald's Corp, and Royal Caribbean Cruises Ltd have faced similar claims.

DISQUALIFIED: A U.S. Appeals Court has voted to throw out a $1.9 billion patent-infringement judgment against Cisco Systems, Inc. saying the judge in the original case should have disqualified himself after learning his wife owned stock in the company.

"It is seriously inimical to the credibility of the judiciary for a judge to preside over a case in which he has a known financial interest in one of the parties and for courts to allow those rulings to stand," Judge Timothy Dyk wrote in the 3-0 ruling Thursday for the U.S. Court of Appeals for the Federal Circuit.

According to the *Wall Street Journal*, after a bench trial but before issuing an opinion, Judge Henry Morgan in Norfolk, Va., disclosed that he had learned that his wife held $4,700 of Cisco stock during the trial.

Centripetal Networks Inc. a Virginia-based cybersecurity company, had filed a patent-infringement case against Cisco. Originally, Centripetal raised no objection to the judge remaining on the case, but Cisco requested that Judge Morgan step aside.

At a hearing, the judge said he would direct his lawyer to place the shares in blind trust instead of asking his wife to sell them off. He said he worried that dumping the stock ahead of his opinion on the merits of the case could look bad if he ruled against Cisco.

MANDATORY ARBITRATION: A Ninth Circuit panel has dealt a blow to California employers recently in holding that a state law prohibiting mandatory arbitration agreements is largely not preempted by the Federal Arbitration Act.

California employers often have employees enter into such mandatory arbitration agreements as a condition of employment.

At issue in Chamber of Commerce v. Bonta was AB 51, which prohibits employers from coercing employees into agreeing to arbitrate claims under the California Fair Employment and Housing Act and the California Labor Code.

Specifically, AB 51 places a prohibition on employers who "threaten, retaliate or discriminate against, or terminate any applicant for employment or any employee because of the refusal to consent to the waiver of any right, forum, or procedure for a violation of the [FEHA or Labor Code], including the right to file and pursue a civil action or a complaint with, or otherwise notify, any state agency, other public prosecutor, law enforcement agency, or any court."

Rather than invalidate the coerced arbitration agreement, AB 51 subjects the employer to civil and criminal penalties.

????: Ohio State University has officially registered a trademark for the most common word in the English language: *the*.

According to the *Columbus Dispatch*, Ohio State began to pursue a trademark in August 2019, after fashion retailer Marc Jacobs filed an application for the word a few months earlier.

Initial trademark applications by OSU were rejected by the U.S. Patent and Trademark Office on the basis of the word being "*ornamental*," and because Marc Jacobs' prior filing, which OSU challenged.

Marc Jacobs and OSU reached an agreement in August 2021 that would allow both parties to use the branding. Marc Jacobs is primarily high-end fashion, while Ohio State's focus is on athletic and casual wear.

The trademark approval, the paper reported, "*now gives Ohio State permission to use 'THE' for clothing, namely, t-shirts, baseball caps and hats; all of the foregoing being promoted, distributed, and sold through channels customary to the field of sports and collegiate athletics.*"

By Jeffrey H. Kapor

When Opportunity Knocks:
Maximizing Pre-Sale Value

WITH MERGERS AND acquisition activity for middle market companies reaching dizzying levels—more than $5 trillion in 2021 alone—buyers continue to seek growth opportunities.

This go-go market has increased the competition for business owners seeking a quality offer and entrepreneurs running a business eventually contemplating selling it.

Prior to initiating a sale process, the question, "*What needs to be done to get a company ready for sale?*" often arises for many reasons, including:

- A growth opportunity requires more capital than is available so the determination must be made whether to raise the needed capital by selling part of the operation, or find a buyer for the entire business.
- The seller receives an unexpected and unsolicited offer.
- Competitors have recently sold at desirable prices.
- A desire to retire, remove more cash than the business can support, or diversify personal assets into other investments beyond the company.

If an owner determines that now is the right time to sell, they should seriously consider ways to maximize its sales price and ensure the company is ready for sale. How?

Select The Corporate Structure Wisely

First, owners should consider the various corporate structures at the earliest stages of setting up a company.

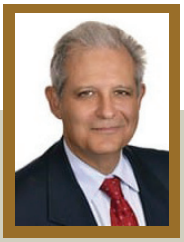
Most companies are established as a limited liability company, either an S-Corporation or a C-Corporation, all of which carry different tax implications.

In such cases, transactions are generally set up as a sale of substantially all the company's assets or a sale of the stock or membership interest.

From a tax perspective, a C-Corporation will be limited to a sale of stock rather than an asset sale to avoid double taxation and allow the buyer to receive a step up in basis. The business would have to pay the tax on the sales price, with the shareholders paying a tax on the proceeds paid to them.

A limited liability company that is taxed as a partnership provides the most flexibility to sellers.

Sellers should care greatly about potential tax bills because they will be



Attorney **Jeffrey H. Kapor** focuses on assisting company owners with the sale of their businesses as part of his focus on private equity and apparel and consumer products. A Shareholder at the law firm, Buchalter APC, he can be reached at jkapor@buchalter.com.

responsible for them and identifying long-term goals from the onset can protect owners from a low valuation price later.

Careful coordination between accountants, attorneys, and owners at the entity-structuring stage, especially prior to any subsequent changes being made, is a critical way to optimize the owner's position in a future sale.

Comply With All Employment Best Practices

The liabilities created by not operating legally on the employment front can been sufficient to alter the offer price—or even kill the deal as California has a vast array of labor and employment rules that must be adhered to.

Among the top employment issues to consider are proper classification of employees as exempt or non-exempt, and ensuring all employees have received and acknowledged receipt of the company's employee handbook.

Other items to cross-check include making sure that employment files are complete with I-9 forms, and work for hire and confidentiality agreements; any agreements with independent contractors are in writing, as should any special pay—a percentage of sales, for example—agreements with employees, which, in California, must be laid-out in writing.

An issue close to home is one frequently seen with many companies that enter into essential agreements—such as work for hire agreements with their employees/consultants—that prohibit an employee from claiming ownership for intellectual property they worked on as an employee or consultant.

A potential buyer will want documentation and disclosure of these types of employee/consultant contracts during due diligence.

These are among the easiest preventive measures that owners can take.

Having to bring employment practices and documentation into compliance is most likely achievable in the face of a pending sale—but is less complicated, time consuming, and expensive when carried out as part of a sound plan with well-thought-out operating practices rather than while facing a high-pressure deadline.

Safeguarding All IP

Disputes over brand identifiers and assets, such as logos, trademarks and copyrights, can be crippling to business operations.

There have been a few famous battles, such as Adidas' 'three stripes' and infringement by NBC when it unveiled its stylized "N," the same design used by a Nebraska television station.

Simply put, as disputes over a company's IP can be costly, they are best avoided.

Every company with trademarks and copyrights that play an important part in establishing its identity should thoroughly review its IP portfolios prior to contemplating a sale as a registered trademark could take over a year to obtain.

From the seller's view, securing the clean ownership of a trademark is far better than managing a pending application.

For consumer products such as the many beauty, clothing and lifestyle brands operating in Los Angeles, trademarks carry tremendous value with the growing influence of social media influencers boosting the power of brands considerably.

Registering marks early and checking for infringement are early-action steps that can be taken to capture and preserve the value of a company.

A conscientious buyer will thoroughly check IP registrations and any pending claims of misuse or infringement as a seminal part of the due diligence review to expose any 'red flags' that have the potential to affect the purchase price the seller

offers, or terminate the transaction altogether.

'Good Books' and Financial Statements

Most sales of companies are based on a meticulous review of the company's financial statements, while many buyers require audited financial statements.

Typically, audited financial statements are not recommended because of the cost involved.

However, for owners considering a transaction within the next two years, the company's accounting firm should monitor the inventory at the end of each year. If an audited statement becomes necessary during due diligence, these observations will permit an accounting firm to audit the previously reviewed financial statement.

A buyer uses financial statements to assess a company's fiscal health and gain critical context on company data.

Financial statements also include income and cash flow statements—information that influences the offer price, debt funding, competitive intelligence, and other deal factors.

Select an Investment Banker

The choice of an investment banker is as important as hiring an accountant or attorney.

When considering an investment banker, it is wise to evaluate not only the firm itself but also the depth of experience the banker has in your sector—How many transactions has the individual worked on? Who will be supporting the lead bankers? How large and experienced is the support staff?

Look for someone familiar with middle market mergers and acquisitions and the industry of the selling company. If a company distributes food, for example, an investment banker focused on healthcare technology is not likely the best choice.

The players backing them up should not be taken for granted, and it is smart to get a feel for the quality and depth of the administrative support team. It is not always necessary to go with a Wall Street player as many California-based professionals have the necessary expertise and experience.

Choosing an advisor located near you can cut deal costs and expenses, such as travel and lodging.

An experienced and trusted investment banker can bring a wealth of insights to the process. Middle-market buyers look to investment bankers' guidance and their in-depth industry knowledge and connections to optimize a deal.

Conclusion

As more company owners, especially retiring baby boomers, are tempted by market forces and buyers' high level of interest, we urge a note of caution with dreams of a well-funded exit into the sunset can too easily distract an owner from the daily tasks of running the company.

It's a scenario that is replayed over and over far too often.

Selling a company takes longer than selling a house with the time to closing taking as long as eight months.

During that period, it is essential for a company not to deteriorate from neglect. It should remain as attractive a purchase as it was when the offer was made.

It is strongly advised that owners keep their 'day jobs,' keep the company business on track, and avoid any kind of business downturn due to their own misstep.

With so many factors in play during such a sale, a smart seller seeks to clear obstacles to success, and maximize the value of the company they worked so hard to create.

Retrospective

Congressman James Corman presents Congressional Record to SFVBA member Kate Frost Sheridan (1969)

The *Congressional Record* was created in 1873 to keep faithful track of the daily doings of both the U.S. House of Representatives and the U.S. Senate.

For a private citizen to be acknowledged in the publication "for the public record" was, and still is, a high honor recognizing an individual's record of accomplishment and commitment to sacrifice and public service.

In October 1969, attorney and SFVBA member Kate Frost Sheridan was so honored in the *Record* when then-Congressman Jim Corman officially acknowledged her for her "selfless" work with the San Fernando Valley Bar's legal aid office in Van Nuys investing, over the span of a decade, more than 20,000 volunteer hours providing free counsel and assistance to 4,000 Valley residents in need of legal help.

"Her accomplishments which prompted my insertion in the *Record* need no embellishment from anyone," said Corman.

"I can think of few more appropriate uses of the *Congressional Record* than to permanently inscribe the contributions of quiet Americans like Kate Frost Sheridan in our official record of government...without her, and thousands of others like her, this American scene would have far less quality and grace."

Presentation of the *Record* to Kate Frost Sheridan was made by Congressman Corman at a surprise testimonial dinner held in honor that was attended by several hundred of her colleagues.

By Michael D. White

A Legend of Help and Service:

Remembering Al Ghirardelli

ON JUNE 18, 2022, RETIRED ATTORNEY ALBERT 'Al' Ghirardelli—one of the oldest and most highly respected members of the San Fernando Valley Bar Association—passed away at his home.

Ghirardelli served as President of the Association in 1955, and, over the years, was lauded for volunteering countless hours and effort to community service.

"Al was kind and always helpful," says Liz Post, who served as Executive Director of the SFVBA from 1994 to 2018.

During my tenure, I always considered Al the dean of the San Fernando Valley Bar Association.

As president of the Bar, she says, "he knew the Bar's almost 100-year history inside and out."

Recipient of numerous honors, in 2012, the *Los Angeles Business Journal* presented him with its Lifetime Volunteer Award, "recognizing him as a man who has shown unwavering stewardship and community service in his quest to secure quality healthcare for San Fernando Valley."

He also played a key role in the development of the San Fernando courthouse and the establishment of what is now the Providence Holy Cross Medical Center in Mission Hills.

Education Interrupted

His formal education began at UCLA and was interrupted at the end of his first year by his entry into military service.

In May of 1943, at the end of his freshman year at UCLA, Ghirardelli received his draft notice and was inducted into the U.S. Army.

Interviewed for the November 2017 cover article of *Valley Lawyer*, he shared that, "After several detours, I ended up with the 97th Infantry Division, as part of General Patton's 3rd Army."

Originally trained for amphibious assaults in the Pacific, the 97th Infantry Division was, instead, deployed to Europe because of the heavy infantry casualties suffered by the Army during the Battle of the Bulge in the winter of 1944-45.

On April 7, 1945, just a month before the end of the war in Europe, the 97th was assigned to clear out the heavily defended Ruhr Pocket, located just east of the Rhine River. In that bitter and costly engagement, Ghirardelli was seriously wounded when a German rifle shot tore through his upper jaw.

After five months of painful medical work, and the war in Europe over, he was discharged in November 1945, a recipient of the Bronze Star medal, a Purple Heart, and the Combat Infantryman Badge.

His recuperation complete, he returned to UCLA and continued his education there. Ghirardelli was drawn to the law and, since UCLA didn't have a law school at that time, he enrolled in USC Law School, which he attended as a disabled veteran.

A Career Spanning Six Decades

After graduation from USC, he passed the Bar exam and was admitted to the California State Bar in January 1951.

"My cousin was in practice in the Valley and his partner served as the part-time city attorney for the City of San Fernando," he said. "I asked if they had a place for me there and they took me on. In addition to sweeping the floors, I did everything and handled anything that fell off the table… collection work, bankruptcy work, family law, divorces, and criminal prosecutions for misdemeanor crimes committed in the city.

"I also did defense work for felonies committed outside the city. It was an interesting practice, a mixture of everything."

Both Ghirardelli's cousin, John Varni, and his law partner, Neville Lewis, had previously served as presidents of the San Fernando Valley Bar Association, a post that he himself would fill in 1955.

The partnership blossomed and the firm of Lewis, Varni & Ghirardelli eventually spanned more than 30 years with, at one point, eight attorneys on staff.

"That was a pretty good size for a practice in those days," he recalled. "It never got boring."

As time passed, his practice expanded more into business, probate and estate planning. The Valley and the legal community "was very different. Everybody knew everyone else and in those day, you treated each other fairly because if you messed around, it didn't take long to build up a reputation forcing you do things the hard way."

A Look in the Rear-View Mirror

Ghirardelli's voice "was instrumental when we put together the documentary Lawyers of the Valley in 2001 for the Bar's 75th Anniversary," says Liz Post.

"He reminisced about the SFVBA helping to bring a new courthouse to San Fernando in the early 1950s and how attorneys would gather each morning in the new courthouse to discuss bar association business."

Looking back over his career, Ghirardelli recalled a, perhaps, more collegial approach toward the practice of law.

"There was more of a feeling that you belonged to a group that had a lot in common. It wasn't nearly as adversarial as today," he said.

"I can remember sitting in court waiting for my matter to be called and one of the older lawyers was sitting next to me. We started talking about the notes on my case and so he offered to take a look. He did and made some suggestions to me about what I might do in the future. Where would you find that kind of thing today? Sadly, not very often."

"It's not easy making a living as a lawyer," added Ghirardelli. "There are a lot of expectations that you have to shoulder. It's a tough business, but there's a lot of satisfaction in knowing you've helped solve someone's problem. That's a reward of its own."

A long-time friend and SFVBA member, attorney Lee Alpert remembers Al Ghirardelli as "a wonderful, honest man and an icon in the North East San Fernando Valley.

"He dedicated his life to his family and the law and a kinder, more ethical, more caring and more competent nice man you will never find. He will be sincerely missed, but his legend of help to those in need will never be forgotten."

Al was also very active in his church and Providence Hospitals and their boards and Doctors regularly sought his guidance, even when term limits remove him from their Boards.

Respect for Al was never ending from all ethnic and other communities. He just tried to do the right thing. He and I discussed not just legal issues, but community issues and I often ran things by him for his well thought out and experienced responses. He was a humble man.

By Craig B. Forry

Licensed, Or No: Due Diligence on Contractors

THE APPEAL IN THE RECENT California case of *Kim v. TW Construction, Inc.* involved a dispute between a married couple—respondents Sally Kim and Dai Truong—and their former general contractor, the appellant TWA Construction, Inc. and TWA's owner, Keith Tai Wong, who they hired to construct a home on a wooded lot.

During the early stages of the construction project, a subcontractor hired by Wong for tree trimming services damaged a large eucalyptus tree that was partly owned by Kim and Truong's neighbor.

The neighbor brought suit against Kim and Truong for damage to her property resulting from the work on the eucalyptus tree, which precipitated the litigation that eventually resulted in the appeal.

Cross Complaints Filed

After the neighbor filed suit, Kim and Truong filed a cross-complaint against TWA for comparative negligence, breach of contract, express contractual indemnity, equitable indemnity, and other claims.

TWA, in turn, filed a cross-complaint against Kim and Truong alleging breach of contract and other claims. The complaint and cross-complaints proceeded to trial before a single jury.

During trial, Kim, Truong, and TWA settled the suit with the neighbor, which was not at issue in the appeal.

The suits involving the respondents' and TWA's cross-complaints continued before the jury.

TWA had presented no evidence at trial that the subcontractor who worked on the eucalyptus tree was licensed to perform tree trimming work.

Relevant to the appeal, the jury returned special verdicts finding that TWA was 100 percent at fault for the neighbor's damages and that Kim had paid TWA $10,000 for the tree trimming services performed by TWA's subcontractor.

The trial court entered judgment in favor of Kim for $10,000 on Kim's cross-complaint and also in favor of Kim and Truong on their cross-claims against TWA.

On appeal, TWA contended the judgment must be reversed because the trial court erred in its interpretation of the relevant licensing statute in the California Business and Professions Code.[1]

In addition, Wong asserted the trial court misinterpreted the construction agreement, and substantial evidence did not support the jury finding that Kim paid TWA $10,000 for tree trimming.

For the reasons discussed below, the appellate court affirmed the judgment.

Attorney **Craig B. Forry**, based in Mission Hills, has practiced for 38 years in the areas of family, divorce and real estate law. He can be reached at forrylaw@aol.com.

Kim and Truong had purchased real property located in a wooded area of Los Gatos, and planned to build a home and a bridge on the property. As part of the project, they sought to remove some trees, including a large eucalyptus tree.

The tree straddled the property line between their property and that of their neighbor, Joan Todd.

Kim and Truong did not at first understand that the eucalyptus was partially on Todd's property, and that they would need her permission to remove it.

They assumed they could remove the eucalyptus because they had received permits to do so from the county.

In February 2015, Kim and Truong first met with Wong to discuss hiring TWA as the general contractor to build their home.

Wong was an experienced contractor and served as Kim and Truong's only point of contact with TWA during the events at issue here.

TWA held a Class A—general engineering—and a Class B—general building—license during all relevant times. Truong recalled showing Wong the eucalyptus in February 2015 and telling him they wanted it removed.

Wong and Kim then executed a written construction agreement that included provisions fixing the contract price at approximately $1.6 million, detailing the scope of work—which could include site work, bridge work, and the house and retaining walls—and stating that all work would be performed by licensed individuals.

In addition, the contract indemnified Kim from and against *inter alia* claims and damages arising from any negligence of TWA or its employees or subcontractors in performing work under the construction agreement, and addressing attorney and expert fees.

Although the parties disputed whether tree removal was encompassed within the terms of the construction agreement or addressed in a separate agreement, it was undisputed that Wong agreed as part of the overall project to remove the eucalyptus.

To perform the tree work, Wong hired an individual named Marvin Hoffman, whom Wong did not previously know and had located on the *Craig's List* website.

He testified that he had paid Hoffman $400 by check and $16,000 in cash, although he did not have proof of the cash payments.

When he hired Hoffman for the project, Wong had not verified Hoffman's licensure status and could not recall whether he asked Hoffman about it. Wong believed Hoffman was a professional tree trimmer because Hoffman had a truck, trailer, and a large saw.

On the same day Wong executed the construction agreement, Hoffman began removing the eucalyptus. Before Hoffman and his crew had finished removing the tree, the neighbor, Todd, told Hoffman's workers to stop and contacted the police. Work on the eucalyptus tree ceased.

Following this incident, Truong and Kim continued for a period of time to use TWA as their general contractor.

Ultimately, however, the only work TWA did on the property was related to erosion control that was performed by Wong himself, and on the trees, performed by Hoffman.

Later, Kim and Truong terminated the contract with Wong, informing him they could not secure a construction loan using TWA as the contractor.

They eventually hired another contractor to complete the project with Kim paying TWA $16,000 for its work on the project.

Todd brought suit against the pair for negligence, trespass, and other claims related to the work on the eucalyptus tree, and later amended her complaint to add TWA as a defendant.

Kim and Truong responded, filing a cross-complaint against TWA for comparative negligence, breach of contract, express contractual indemnity, equitable indemnity, and other claims.

Their operative cross-complaint alleged, *inter alia*, that TWA was required to indemnify them for the amount of any judgment or settlement they might be compelled to pay in the lawsuit with Todd, and included a claim that TWA was expressly required to indemnify Kim under the terms of the written construction agreement.

TWA then filed its own operative cross-complaint against Kim and Truong alleging a breach of contract based on the written construction agreement and sought damages, including lost profits and asserted an indemnification claim for Todd's lawsuit against TWA.

The trial court inquired of TWA's counsel whether Hoffman was employed by TWA.

TWA responded that it did not contend that Hoffman was a TWA employee, and it did not suggest it had any evidence stating that Hoffman had been licensed, or make any offer of proof on the subject.

The trial court found that the Business and Professions Code applied here where suing general contractor "*seeks compensation for services of a purported unlicensed subcontractor under a subcontract between the general and subcontractor*."[2]

The trial court ruled that the Code barred TWA from collecting compensation for services performed by the subcontractor for the tree trimming if, in fact, the subcontractor was unlicensed at the relevant time.[3]

The ruling in effect allowed Kim and Truong to claim the money paid for the unlicensed contractor should be disgorged and disallowed TWA from presenting a claim for money owed for the tree removal work performed by an unlicensed subcontractor.

The ruling did not, however, explicitly bar any party from bringing

evidence at trial as to whether Hoffman was licensed.

A Two-Phase Jury Trial

The jury trial occurred in two phases and lasted eight days.

The first phase addressed Todd's suit against Kim, Truong, and TWA for damage to the trees on her property. Todd called as witnesses Kim and a certified arborist, who generally testified that the tree removal work that had been done on the eucalyptus was unprofessional and fell below the professional standard of care.

The second phase addressed the claims in the cross-complaints.

The jury heard testimony from Wong, Kim, and Truong, and one expert witness—Gary Ransone, a general contractor—who testified in support of Kim and Truong's case-in-chief.

Ransone opined that it was simple to verify whether a subcontractor is properly licensed and insured by visiting the state Contractor's License Board website—a verification process, he said, would only take approximately two minutes.

The court entered judgment in favor of Kim and Truong in the amount of $18,196 on their cross-claims against TWA based on contributory negligence and indemnity and on Kim's separate cross-claim for express contractual indemnity.

The judgment ordered TWA to return the $10,000 paid for the tree trimming work performed by its unlicensed subcontractor.

Pursuant to the terms of the construction agreement, the trial court issued a post-judgment order awarding Kim $137,821 in attorney fees and $22,505.16 in expert witness fees. The order also awarded Kim and Truong, as the prevailing parties, $18,273.59 in costs, while denying TWA's motion to tax costs.

Court Error Charged

Appellants TWA and Wong collectively raised three claims against the judgment.

Acting together as appellants, TWA and Wong contended the trial court erred as a matter of law in its pretrial ruling on the application of the Business and Professions Code.[4]

They argued the ruling effectively caused TWA to forfeit its claim for compensation from respondents for the tree work.

Further, Wong asserted the written construction agreement did not include tree removal and, therefore, Kim's claims for indemnity and attorney fees based on that agreement cannot stand.

In addition, Wong maintained that substantial evidence did not support the jury's finding that Kim paid TWA $10,000 for tree services.

He also challenged the post-judgment order awarding attorney fees to Kim and acknowledged that this issue rises and falls with his contractual claim.

Section 7031 is the component of the Contractors' State License Law (CSLL) that imposes strict and harsh penalties for a contractor who fails to maintain proper licensure.[5]

Among other things, a general rule of the Law states that, regardless of the merits of the claim,

> *"a contractor may not maintain any action, legal or equitable, to recover compensation for the performance of any act or contract unless he or she was duly licensed at all times during the performance of that act or contract."*

At the time of the trial court's ruling, the Law stated in pertinent part that:

> *"…no person engaged in the business or acting in the capacity of a contractor, may bring or maintain any action, or recover in law or equity in any action, in any court of this state for the collection of compensation for the performance*

of any act or contract where a license is required by this chapter without alleging that he or she was a duly licensed contractor at all times during the performance of that act or contract, regardless of the merits of the cause of action brought by the person.[6]

If licensure is controverted, the CSLL mandates that a plaintiff must prove, by producing a verified Certificate of Licensure from the Contractors' State License Board, that it held all necessary licenses during performance of the work.

Subcontractors are also governed by the Licensing Law, under which both owners and general contractors are entitled to protection against illegal subcontract work by unlicensed persons.[7]

Hence, an unlicensed subcontractor may not recover compensation for his work from either the owner or the general contractor.

The California Supreme Court had not directly addressed the factual situation presented here as applied to the CSLL, where a licensed general contractor seeks compensation from an owner for work performed by an unlicensed subcontractor.[8]

Section 7031 bars all actions, regardless of the equities and however they are characterized, which effectively seek compensation for illegal unlicensed contract work.

Thus, if the primary relief sought is compensation for the unlicensed work, then the Law bars the action, and courts may not resort to equitable considerations in defiance of it.[9]

The plain meaning of the CSLL, as construed by the California Supreme Court, is that, except as expressly otherwise provided, "*a contractor may not sue to collect compensation for performance of any act or contract requiring a license without alleging that he or she was duly licensed at all times during the performance of that act or contract.*"[10]

To narrowly construe the Law to allow TWA's claim for compensation to proceed under the circumstances here—thus reversing the trial court's order—would undermine certain other provisions of the statutory scheme governing contractor licensing and contravene the policy behind the statute.[11]

The essence of TWA's claim is that Hoffman's licensure status was legally irrelevant because it is undisputed that TWA was itself licensed to perform the task in question.

> "Only licensed and insured contractors should be hired, and their credentials carefully vetted."

However, from precedent, state law contains a strong policy barring actions that effectively seek compensation for unlicensed work.

Denying Access

Section 7031 accomplishes this policy purpose by denying a contractor access to the courts to recover compensation for his labor when he is found in violation of the statute.

Furthermore, it is clear that an unlicensed subcontractor may not recover payment for his work from either the owner or the general contractor.

Nevertheless, to enable a contractor to recover compensation for the performance of unlicensed work simply because the work was accomplished by hiring a subcontractor, would circumvent the purpose of the contractor's licensing law.[12]

It would render meaningless the bar and expansive definition of contractor to include work performed by or through others.[13]

The Business and Professions Code bars even a licensed general contractor in California from bringing an action for compensation "*for an act or contract performed by an unlicensed subcontractor where a license is required.*"[14]

Therefore, TWA did not satisfied its burden of demonstrating error in the trial court's pretrial ruling applying the licensing law and the judgment was affirmed.[15]

Lessons Learned

This case is another example of the need to obtain a survey regarding the property lines for any issues relative to the property lines.

Clients should be advised that only licensed and insured contractors should be hired, and that their credentials carefully vetted by review of the information from the Contractor's State License Board, and inquiry of the contractor.

It is also important to remember that, if the primary relief sought is compensation for the unlicensed work, then section 7031 of the Business and Professions Code bars the action, and courts may not resort to equitable considerations in defiance of the Code.

Section 7031 bars even a licensed general contractor in California from bringing an action seeking compensation for an act of work or a contract performed by an unlicensed subcontractor where a license is required.

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[1] Business and Professions Code § 7031.
[2] *Id.* § 7031.
[3] *Id.* § 7031.
[4] *Id.* § 7031.
[5] Contractors' State License Law § 7000 et seq.
[6] Business and Professions Code § 7031(a).
[7] *Id.* § 7026.
[8] *Id.* § 7031(a).
[9] *Id.* § 7031.
[10] *Id.* § 7031(a).
[11] *Id.* § 7031(a).
[12] *Id.* § 7031.
[13] *Id.*
[14] *Id.*
[15] *Id.*

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SPARKS FLEW IN A GOOD WAY AT THE ANNUAL July 4th Extravaganza, held at the Warner Center Park and hosted by the Valley Cultural Foundation.

The event, open and free to the entire community, saw thousands of Valley residents lay out their blankets, deploy their lawn chairs, and enjoy the evening under the stars.

A number of food trucks were on site offering a wide range of faire from street tacos to cinnamon rolls as the crowd were entertained by a free concert and a spectacular 20-minute fireworks display.

And, as it has been for the past several years, the SFVBA's Attorney Referral Service was there with a booth to offer information to members of the public with questions about the ARS and what critical services it provides.

Several attorneys also visited to ask about joining the ARS team, as well as membership in the Association.

Long lines formed as a tabletop prize wheel spinning game drew the attention of everyone from children to seniors and complimentary gifts ranging from string backpacks, cup holders, pens, and other promotional items were distributed.

All in all, a great event offering an outstanding opportunity for the ARS and the SFVBA to serve the Valley community.

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