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F.3D 1129 (11TH CIR. 2007)**

Brian Gause

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**BUC INTERNATIONAL CORP. V.  
INTERNATIONAL YACHT COUNCIL LTD.**

***498 F.3D 1129 (11TH CIR. 2007)***

I. INTRODUCTION

In *BUC International Corp. v. International Yacht Council Ltd.*, BUC International Corp. (“BUC”), sued International Yacht Council Ltd. (“IYCL”) and its corresponding business partners, MLS Solutions, Inc. (“Solutions”), and William Pazos (“Pazos”) in the United States District Court for the Southern District of Florida, seeking damages and injunctive relief related to allegations of copyright infringement and various other charges.<sup>1</sup> BUC is the creator of the BUC Marine Sales & Charter Network (“BUCNET”), which is an electronic listing of yachts for sale.<sup>2</sup> BUC claimed that the defendants infringed BUC’s copyright by copying the information from BUCNET onto the defendant’s competing system for listing yachts for sale.<sup>3</sup> The defendants brought a counterclaim seeking a declaration of invalidity for BUC’s copyrights in that they were not original works of authorship, and moved for judgment as a matter of law after BUC presented evidence at trial.<sup>4</sup> The district court ruled against the motion, found BUC’s copyrights valid, ruled against the defendant’s affirmative defenses, and awarded a permanent injunction and damages to BUC.<sup>5</sup>

MLS Solutions, Inc. and IYCL (collectively “MLS”) appealed the district court’s findings to the Eleventh Circuit Court of Appeals, asserting that the district court erred in (1) denying the motion for judgment as a matter of law, (2) submitting jury

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1. *BUC Int’l Corp. v. Int’l Yacht Council Ltd.*, 489 F.3d 1129, 1137 (11th Cir. 2007).

2. See BUCNET, <http://www.bucnet.com> (last visited Feb. 1, 2008).

3. *BUC Int’l*, 489 F.3d at 1136-37.

4. *Id.* at 1137-38.

5. *Id.* at 1138-39.

instructions stating a “substantially similar” standard as opposed to a “virtually identical” standard, and (3) declaring BUC’s copyrights valid.<sup>6</sup> Additionally, MLS claimed that the district court abused its discretion in (4) admitting BUC’s evidence regarding the causation of damages and (5) charging the jury on the issue of statutory damages.<sup>7</sup> The Eleventh Circuit fully affirmed the findings of the district court.<sup>8</sup>

## II. BACKGROUND

BUC was founded in 1961 and began publishing the BUC Used Boat Price Guide soon thereafter.<sup>9</sup> This guide listed the market values of boats and yachts.<sup>10</sup> Walter Sullivan was an employee of BUC and became BUC’s president in 1971.<sup>11</sup> In the 1980s, BUC developed an electronic application, BUCNET, to provide easier and more centralized access to information regarding the yacht sales industry for yacht brokers and yacht dealers.<sup>12</sup> Prior to the BUCNET system, brokers and dealers typically had to communicate with each other through faxes and mailings to disseminate yacht sales information.<sup>13</sup> To use BUCNET, brokers had to enter into license agreements and a central listing agreement with BUC.<sup>14</sup> These agreements limited the licensee’s right to “use, sell, distribute, display, or otherwise transfer, any information obtained from the BUC Licensed System to others for any purpose . . . .”<sup>15</sup> This license agreement, however, allowed the licensees to provide printed listings to potential buyers or sellers of boats.<sup>16</sup> The license agreements also limited the ability of the licensees to

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6. *Id.* at 1139.

7. *Id.* at 1139. Issues (4) and (5) were disposed of by the Eleventh Circuit quickly and were not a significant consideration in the case. *Id.* These issues will not be discussed in this article.

8. *BUC Int’l*, 489 F.3d at 1151.

9. *Id.* at 1133-34.

10. *Id.* at 1134.

11. *Id.*

12. *Id.*

13. *Id.* at 1134.

14. *BUC Int’l*, 489 F.3d at 1134.

15. *Id.* at 1134 n.5.

16. *Id.*

list their boats with other listing services.<sup>17</sup>

It took BUC three to four years to develop BUCNET to a point where it contained enough information to be useful for brokers and profitable for BUC.<sup>18</sup> To facilitate this developmental process, Sullivan created a “Standard Listing Form and Format.”<sup>19</sup> When boat listings were entered into the system, brokers would choose between this standard format and a more flexible arrangement that might better portray the boat for sale.<sup>20</sup> Ninety-eight percent of BUCNET users created their listings using the standard listing format created by Sullivan.<sup>21</sup>

In 1997, BUC registered a copyright in the “compilation, selection, and organization” of BUCNET and obtained a Certificate of Copyright Registration from the Register of Copyrights.<sup>22</sup> This registration was updated annually and, in 2002, the words “and text of vessel listings” were added to the registration.<sup>23</sup> Each vessel listing in BUCNET contained a copyright notice.<sup>24</sup>

IYCL was formed in 2000.<sup>25</sup> In 2001, IYCL hired Solutions to create a web based multiple listing service for yachts, (“Web MLS”).<sup>26</sup> Web MLS involved two parts: one part was a private site for use by yacht brokerages, and the other part was open to the public.<sup>27</sup> By 2002, more than half of the listings on the Web MLS were derived from listings on BUCNET.<sup>28</sup> These listings were either provided by BUCNET licensees, or by Solutions themselves with passwords acquired from BUCNET licensees.<sup>29</sup> When BUC became aware of these practices, they began to place “markers” in BUCNET listings that allowed BUC to track the copying of

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17. *See id.*

18. *Id.* at 1134.

19. *Id.*

20. *BUC Int'l*, 489 F.3d at 1134.

21. *Id.*

22. *Id.* at 1135.

23. *Id.*

24. *Id.*

25. *Id.*

26. *BUC Int'l*, 489 F.3d at 1135.

27. *Id.* at 1137.

28. *Id.*

29. *Id.*

BUCNET listings.<sup>30</sup> These markers were composed of an identifiable series of characters placed in the middle of BUCNET listings.<sup>31</sup> Using this marker system, BUC discovered that more than 4,000 Web MLS listings were replications of BUCNET listings.<sup>32</sup> Not only did these listings contain the BUCNET markers, but many even contained BUC's copyright notice.<sup>33</sup>

BUC brought suit against MLS and Pazos in the United States District Court for the Southern District of Florida seeking damages and injunctive relief relating to allegations of copyright infringement and various other charges.<sup>34</sup> The defendants brought a counterclaim seeking a declaration of invalidity for BUC's copyrights by claiming that they were not an original work of authorship, and moved for judgment as a matter of law after BUC presented their evidence at trial.<sup>35</sup>

The district court ruled against the motion and found that BUC's copyrights were valid.<sup>36</sup> The court also ruled against the defendants' affirmative defenses and awarded a permanent injunction and damages to BUC, though Pazos was not personally liable.<sup>37</sup> MLS appealed the case to the Eleventh Circuit. The primary issues on appeal were whether BUC's compilation of facts in BUCNET lacked the originality needed to acquire a copyright, and whether "substantial similarities" or "virtually identical" should be the standard used in the infringement analysis.<sup>38</sup>

### III. LEGAL ANALYSIS

#### *A. Originality Required for a Copyright*

The Eleventh Circuit addressed the originality of BUCNET by making three findings. First of all, the number of brokers who

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30. *Id.* at 1136.

31. *BUC Int'l*, 489 F.3d at 1136.

32. *Id.* at 1136-37.

33. *Id.* at 1137.

34. *See id.*

35. *Id.* at 1137-38.

36. *Id.* at 1138.

37. *See BUC Int'l*, 489 F.3d at 1138-39.

38. *Id.* at 1139.

deviated from the standard format and section headings provided by BUCNET were “*de minimis*” and did not “destroy BUC’s authorship in the compilation.”<sup>39</sup> Secondly, the large number of expressive opportunities to describe the listed boats indicated that BUC’s section heading selection “did not merge with the larger idea of describing a yacht.”<sup>40</sup> Lastly, the district court properly found that the issue of originality was not a question of law.<sup>41</sup>

### *1. BUC’s Authorship*

The Eleventh Circuit recognized that out of the almost 5,000 listings on BUCNET, less than two percent modified their section headings from the standard format provided by BUCNET.<sup>42</sup> From this fact, the court reasoned that this effective non-exercised ability to alter the standard format did not constitute authorship by the brokers.<sup>43</sup> The court also recognized that the section headings selected by BUC for BUCNET changed over time.<sup>44</sup> The court, however, found that this was due to the natural evolution of the standard format and did not destroy BUC’s authorship status.<sup>45</sup>

### *2. Merger Doctrine*

The Eleventh Circuit continued its analysis by refining the terms “idea” and “expression,” and rejected a narrow reading of idea suggested by MLS.<sup>46</sup> The court stated that “[a]rticulating the idea and expression is not merely an exercise in semantics; it is a policy decision that must be carefully drawn.”<sup>47</sup> The court went on to

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39. *Id.* at 1142.

40. *Id.* at 1144.

41. *Id.* at 1145.

42. *See id.* at 1142.

43. *BUC Int’l*, 489 F.3d at 1142.

44. *See id.* at 1142 n.31.

45. *Id.* at 1142.

46. *See id.* at 1143-44. The merger doctrine states that “expression is not protected in those instances where there is only one or so few ways of expressing an idea that protection of the expression would effectively accord protection to the idea itself.” *Id.* at 1142 (quoting *BellSouth Adver. & Publ’g Corp. v. Donnelley Info. Publ’g, Inc.*, 999 F.2d 1436, 1442 (11th Cir. 1993)).

47. *Id.* at 1144.

state that MLS was “defining the idea around the contours of the chosen expression . . . .”<sup>48</sup> In trying to cast both the idea and the expression as a singular concept, the court held that MLS’s suggested reasoning would “swallow up the idea-expression dichotomy” implied by the existence of the merger doctrine.<sup>49</sup> Using this understanding, the court reasoned that MLS’s argument could be summarized by suggesting that the “only way to describe a boat for the purposes of a vessel listing is to use the section headings that BUC selected for its compilation.”<sup>50</sup> The court struck down this argument by comparing other industry vessel listings not generated by BUCNET or MLS that were presented at trial.<sup>51</sup> These listings did use some similar section headings, but “they varied substantially in the overall selection and arrangement of [the] information.”<sup>52</sup> The court concluded from the diversity of the listings available outside of BUCNET that there were multiple potential expressive options, and that “BUC’s selection of section headings did not merge with the larger idea of describing a yacht.”<sup>53</sup>

### *3. Originality Not A Question of Law*

The court recognized the arguments of both sides when it came to the question of originality in the creation of the BUCNET.<sup>54</sup> At trial, BUC presented testimony that characterized the state of yacht advertisements prior to the creation of BUCNET as a “hodgepodge” with little uniformity between listings.<sup>55</sup> MLS tried to characterize the compilation of information as completely devoid of creativity and not the work of original thought.<sup>56</sup> The Eleventh Circuit declared the issue an appropriate question for the fact finder and not one that could be decided by a motion for

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48. *Id.*

49. *BUC Int’l*, 489 F.3d at 1144.

50. *Id.*

51. *See id.*

52. *Id.*

53. *Id.*

54. *See id.* at 1144-45.

55. *BUC Int’l*, 489 F.3d at 1144.

56. *Id.* at 1145.

judgment as a matter of law.<sup>57</sup>

### *B. Substantial Similarities or Virtual Identicality*

The Eleventh Circuit found that BUC's copyright infringement claims were based on "the selection, order and arrangement of a factual compilation, not the nonliteral elements of a computer program," and thus the "substantial similarity" standard was correct.<sup>58</sup> The court also dismissed MLS's claim that the district court abused its discretion by not entertaining MLS's request to substitute "virtual identicality" for "substantial similarity" in the jury instructions used at trial.<sup>59</sup> The court pointed out the inadequacies in MLS's presentation of the issue and request at trial.<sup>60</sup>

#### *1. "Substantial Similarity" as the Appropriate Standard*

As the court approached the issue of the appropriate standard to apply in this case, the court recognized that in "comparison, the 'virtual identicality' standard calls for a greater degree of similarity between the copyrighted work and the allegedly infringing work than does [the] 'substantially similarity' [standard]."<sup>61</sup> The court reasoned that BUC was not claiming infringement based on some "nonliteral element" as was done in *MiTek*.<sup>62</sup> The court stated that BUC did not claim that MLS copied the overall appearance of the program, but instead claimed an infringement of the selection, order, and arrangement of a factual compilation.<sup>63</sup> In this way, the Eleventh Circuit seemed to limit the virtual identicality standard to nonliteral display elements,

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57. *Id.*

58. *Id.* at 1149.

59. *Id.* at 1151.

60. *See id.* at 1150-51.

61. *BUC Int'l*, 489 F.3d at 1148 (quoting *MiTek Holdings, Inc. v. Arce Eng'g Co.*, 89 F.3d 1548, 1558 n.4 (11th Cir. 1996)).

62. *Id.* at 1149. *MiTek* involved a dispute over the copyright infringement of a computer program. *MiTek*, 89 F.3d at 1550. In that case, the Eleventh Circuit held that "virtual identicality" applied to "claims of compilation copyright infringement of nonliteral elements of a computer program." *Id.* at 1558.

63. *BUC Int'l*, 489 F.3d at 1149.

and they differentiated between the creative content involved in the organization of compilations and computer programs.<sup>64</sup> This differentiation allowed the court to find the substantial similarity standard to be appropriate.<sup>65</sup>

## 2. *No Abuse of Discretion by the District Court*

The Eleventh Circuit emphasized a lack of diligence by MLS in its analysis involving the accusations of an abuse of discretion by the district court. The district court did not entertain the merits of MLS's request that virtual identity be substituted for substantially similar in the jury instructions. In rejecting their appeal, the court cited MLS's failure to identify and present the relevant case law earlier in the trial's timeline.<sup>66</sup> The court stated that MLS "either overlooked *MiTek* or concluded that it was inapposite [because MLS] represented to the court in [its] proposed jury instructions . . . that 'substantial similarity' was the applicable standard."<sup>67</sup> The court also took issue with the fact that, at the charge conference when the request for the modified jury instruction language was given by MLS, MLS did not furnish the district court with a copy of *MiTek* citing the alternate standard.<sup>68</sup> Instead, they only provided a citation to a case decided one day before the charge conference, which relied on *MiTek* and applied the "virtual identity" standard.<sup>69</sup> It seemed to the court in this situation that MLS "expected the [district] court, at the eleventh hour, to do what counsel had not done-get out the law books, decide for itself which standard applied, and then draft a set of jury instructions."<sup>70</sup> The district court ruled that since MLS waited until the charge conference to request the different standard, and did not do it "one week prior to the calendar call" as outlined in the district court's scheduling order, MLS waived any right it had

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64. *Id.*

65. *Id.*

66. *See id.* at 1150.

67. *Id.*

68. *Id.*

69. *BUC Int'l*, 489 F.3d at 1150.

70. *Id.*

to a jury instruction on the alternate standard.<sup>71</sup> The Eleventh Circuit agreed with the judgment of the district court and held that the district court did not abuse its discretion in this instance.<sup>72</sup>

### *C. Declaratory Judgment in Favor of BUC on Counterclaims*

The last issue to be disposed of by the Eleventh Circuit was MLS's contention that the district court erred in entering a declaratory judgment in favor of BUC on MLS's counterclaims challenging the validity of BUC's copyrights.<sup>73</sup> The court indicated that the jury rejected MLS's counterclaim by answering "Yes" to an interrogatory that asked whether or not BUC owned a valid copyright registration.<sup>74</sup> The court concluded that the jury's findings were based on several factual inquiries, and was therefore a finding of fact, binding the district court to the jury's decision.<sup>75</sup>

## IV. CONCLUSION

The Eleventh Circuit upheld the findings of the district court that the BUCNET system did not lack originality and BUC owned a valid copyright to the selection, order and arrangement of BUCNET as a factual compilation.<sup>76</sup> The Eleventh Circuit also held that the district court appropriately used the substantially similar standard in the jury instructions, and the district court did not err in entering a judgment for BUC on MLS's counterclaim.<sup>77</sup>

*Brian Gause*

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71. *Id.*

72. *Id.* at 1151.

73. *Id.*

74. *Id.*

75. *BUC Int'l*, 489 F.3d at 1151.

76. *Id.* at 1145.

77. *Id.* at 1149, 1151.

