

ANNUAL REVIEW OF INTELLECTUAL PROPERTY CASES



By Greg Sater

We are pleased, once again, to present Greg's Sater's annual summary of some of the past year's notable intellectual property cases.

DOG EAT FROG

French luxury handbag manufacturer Louis Vuitton sued a small American company named Haute Diggity Dog for selling pet items, such as stuffed chew-toys for dogs and pet beds in the shape of handbags, under the name "Chewy Vuitton." The defendant's pet products also used a "CV" logo that looked a lot like the "LV" logo used by Louis Vuitton. The court granted summary judgment for the defense holding that, contrary to Louis Vuitton's allegation, consumer confusion would be unlikely between "Louis Vuitton" and "Chewy Vuitton." The court viewed "Chewy Vuitton" as a humorous parody of the famous French brand and denied all claims, including trademark infringement, dilution, counterfeiting, and copyright infringement. *Louis Vuitton v. Haute Diggity Dog*, 464 F.Supp.2d 495 (E.D.Va. 2006).

KEEPING THE "UT" IN SMUT

Clean Flicks, a company in Utah, purchases DVDs of popular Hollywood movies, makes a digital copy of each such DVD, edits that digital copy by removing content which it considers to be offensive, and then sells the edited version to its customers in Utah, along with the original, unedited version which it had purchased originally. After several Hollywood studios filed suit for copyright infringement, the court ruled against Clean Flicks and rejected its fair use argument. *Clean Flicks v. Soderbergh*, 433 F.Supp.2d 1236 (D. Colo. 2006).

A LAWYER BY ANY OTHER NAME ...

The plaintiff in this case was a 20-lawyer law firm in Connecticut, in existence since the 1950's. The firm advertised itself as "Suisman Shapiro." Two of the firm's original founders, decades earlier, were named Suisman and Shapiro. The firm filed suit when the sons of those

founding partners, younger lawyers whose last names not surprisingly were Suisman and Shapiro, decided to start their own law firm in Connecticut called "Suisman & Shapiro." Although they argued that they should be entitled to use their names as the name of their law firm, with an "&" in between, the court disagreed and granted summary judgment in favor of the original firm. The court found that, over the years, the name Suisman Shapiro had developed secondary meaning and therefore was entitled to protection as a valid trademark that belonged to the original firm. *Suisman, Shapiro, Wool, Brennan, Gray & Greenberg v. Suisman*, 2006 WL 387289 (D. Conn. 2006).

STEER CLEAR OF PEER TO PEER

BMG Music sued a woman for downloading copyrighted music through KaZaA. The woman had downloaded 1,370 songs, storing them on her computer, until she was caught. The decision focused on 30 of the songs that she admitted she never had legitimately owned prior to her download. Although the woman argued "fair use," contending she was "just sampling" to determine which songs she liked enough to buy, the court rejected her argument, holding that "as file sharing has increased over the last four years, the sales of recorded music have dropped by approximately 30%" and holding in no uncertain terms that songs downloaded for free from peer-to-peer sites on the Internet are substitutes for legitimately purchased music and constitute copyright infringement, even if it is "only 30." *BMG Music v. Gonzalez*, 430 F.3d 888 (7th Cir. 2005).

THE LIMITS OF LINGERIE

The plaintiff in this case designed, manufactured, and sold lingerie, including a camisole with scalloped lace edging along the hemline and around the top and a three-flower embroidery design below the right hip. The defendant began selling a camisole resembling the one made by the plaintiff. Although clothing designs normally cannot be protected, the court in this case held

Continued on page 2

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Continued from page 1

that the plaintiff's lace and embroidery accents were not utilitarian, were not functional, and had a sufficient level of creativity to qualify for copyright protection so that, within limits, there would be protection for the designs. As the court stressed, however, it would be a "thin" level of protection, so that only an identical copy of the designs would violate copyright law. *Express v. Fetish Group*, 424 F.Supp.2d 1211 (C.D. Cal. 2006).

NO © IN CPR

The plaintiff in this case sued a competitor for selling a portable defibrillator that used the same words and instruction protocols on how to perform CPR as the plaintiff's defibrillator. The court ruled for the defense, holding that the allegedly copied words and instructions were not copyrightable because CPR protocols on the timing and the quantity of chest compressions are processes or procedures that are not subject to copyright protection, "even if plaintiff had invented CPR" (which he did not). The short phrases used by the defendant such as "check breathing," "call for help," and "stay calm" were functional expressions of ideas that could only be expressed in a limited number of ways. Therefore, they were not copyrightable. *Hutchins v. Zoll Medical*, 430 F.Supp.2d 24 (D. Mass. 2006).

DUELING FOR DOLLARS

A financial services firm ran a TV ad campaign featuring a balding man named "Bill" dressed in a full-body costume designed as a one dollar bill; the theme was that "Bill" was lazy, a metaphor for one's money not being put to work and earning a good rate of return. The defendant then started its own TV ad campaign featuring a number of men dressed as one dollar bills, each appearing to be lazy, out of shape, and in one case bald. While the defendant's ads had the same general theme of "lazy money," they also had many differences. Although the court found that the idea of having a man wear a dollar bill costume for an ad about financial services was not copyrightable, it ruled that this particular character's traits had been sufficiently established in the plaintiff's commercials to be protectable. *JB Oxford v. First Tennessee*, 427 F.Supp.2d 784 (M.D. Tenn. 2006).

I STREAM, YOU STREAM ...

The producer and promoter of "Supercross" motorcycle racing events, which broadcasts the events live on the radio, TV, and the Internet, sued the owner of a website that was "streaming" the live audio webcasts of the races, without permission, through a link to an authorized website. The court held that the plaintiff's live Internet webcast was copyrightable, and that it had been infringed by the defendant's live distribution of the content on the defendant's website. *Live Nation Motors Sports v. Davis*, 2006 WL 3616983 (N.D.Tex. 2006).

SHARE AND SHARE ALIKE, AND YE SHALL ALL BE SUED

In this landmark case, the defendants were accused of distributing file-sharing software on their website that, although free to the users, was supported through advertising revenue. While there could be "fair uses" for the software, the U.S. Supreme Court nevertheless found that the defendants were liable for contributory copyright infringement because the primary use for their software was the dissemination of copyrighted material from one person to another without payment to the copyright owners. The court found that users of the software "mostly use it to share copyrighted music and video files." Thus, it ruled that the promoters of the software were contributory infringers. In the litigation, it did not help the defendants that the record was "replete with evidence that when they began to distribute their free software, they clearly voiced the objective that recipients could use it to download copyrighted works" and that "after the notorious file-sharing service, Napster, was sued for facilitating copyright infringement, the defendants marketed themselves as Napster alternatives." *MGM v. Grokster*, 125 S.Ct. 2764 (2005), on remand, 454 F.Supp.2d 966 (C.D. Cal. 2006).

CRAWLING WITH CACHE

Google's search engine software "crawls" the web and organizes the content that it finds into a searchable index. When a user types in a query, Google's proprietary technology produces a list of hyperlinks that are organized by relevance. In providing this service, Google makes a copy of each website its "crawler" has found and stores the copy in a "cache," or temporary storage tool. When it produces a list of results for a query, Google can include a link to the cache (in which case it notes that it is an archival copy of the original web page). Two different courts in 2006 arrived at the same conclusion regarding this practice, namely, that Google is *not* committing infringement for the reason that this is "automated, non-volitional conduct." Both courts found it to be a fair use. *Field v. Google*, 412 F.Supp.2d 1106 (D. Nev. 2006); *Parker v. Google*, 422 F.Supp.2d 492 (E.D. Penn. 2006).

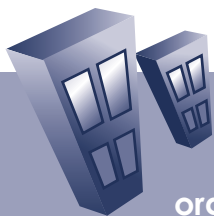
Greg Sater represents a wide variety of clients in all areas of law relating to trademarks, trade dress, trade secrets, copyrights and other forms of intellectual property, as well as business litigation, contractual negotiations and transactions, and the review of advertising claims and substantiation.

Greg is a regular contributor to Electronic Retailer and Response magazines and frequently speaks about intellectual property and other legal issues. Greg can be reached at (310) 286-1700 or by email at gsater@rutterhobbs.com.

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Recent Intellectual Property-Related Engagements Completed by RHD

- In a lawsuit alleging counterfeiting and trade dress, trademark, patent, and copyright infringement, obtained nationwide injunction on behalf of a leading television infomercial product marketer against several e-commerce websites selling “knock offs” of popular infomercial products.
- Forced Chinese e-commerce website Alibaba.com to disable more than one hundred Chinese company postings offering counterfeit products that infringed clients’ U.S. intellectual property rights.
- Through false advertising litigation, forced a client’s leading competitor to re-write all of its ads and promotional materials to remove misleading and unfair comparisons of the parties’ products, services, and prices.
- Defeated injunction motion filed against manufacturer of children’s toys claiming that a “miniature” of the plaintiff’s well-known product violated the plaintiff’s trade dress rights.
- Guided numerous clients through the process of bringing new consumer products to market, including:
 - corporate formation, drafting license and other agreements, protecting and registering IP rights, and reviewing the content of advertising claims and their substantiation.
- Negotiated license and co-branding agreement between client and ADP relative to on-line automotive parts database for use by dealers and retailers.
- As general corporate counsel for a communications software development company, prepared various licensing agreements, joint venture agreements, and capital raising documents; represented company in its ultimate sale.
- Assigned copyright and trademark mortgages on film library from initial lender to private equity client that purchased the portfolio.
- Negotiated transactions and prepared contracts for clients that advertise products on television and over the Internet, including infomercial production agreements, marketing and distribution agreements, television host agreements, license agreements, and joint ventures.



RHD IN THE COMMUNITY



We are committed to giving back to the community. Some of the charitable organizations in which we are actively involved include:

BIG SUNDAY

www.bigsunday.org

Started as a community service day, Big Sunday has grown into an annual citywide volunteer weekend in Los Angeles, coordinated in partnership with the office of Mayor Antonio Villaraigosa. RHD is proud to be a principal sponsor of Big Sunday 2007 (April 28 – 29). In addition to providing financial support, RHD attorneys and staff were among the 50,000 volunteers who contributed to over 300 projects throughout the Los Angeles area.

BET TZEDEK

www.bettzedek.org

One of the nation’s premier legal services organizations, Bet Tzedek provides free assistance to more than 10,000 people of every racial and religious background. With a dedicated staff of over 55 and more than 400 active volunteers, Bet Tzedek makes a crucial difference in the lives of the most vulnerable members of the community. RHD partners Geoff Gold and Frank Melton are active volunteers with Bet Tzedek and serve on its board of directors.

HOLLYWOOD ARTS

www.hollywood-arts.org

Hollywood Arts was founded to provide a range of arts classes, creative activities and job training for at-risk, runaway and homeless teenagers and young adults in the Hollywood neighborhood of Los Angeles. RHD partner Andrew Apfelberg is an active contributor to Hollywood Arts and serves on its Board of Directors.


HARRIET BUHAI CENTER FOR FAMILY LAW

www.hbcfl.org

Through the efforts of volunteer lawyers, paralegals and students, the Harriet Buhai Center provides low-income families in Los Angeles with family law and domestic violence assistance. Various RHD attorneys, including Jeanne Wanlass, assist with Pro Bono Services through the Center.

R H D I N T H E N E W S

- May 18, 2007: Andrew Apfelberg will be moderating "Standing Apart From the Crowd," an educational workshop for members of the **Professionals Network Group**.
- April 29, 2007: RHD was a proud sponsor of the **9th Annual Big Sunday Event**.
- April 24, 2007: Greg Sater was a panelist presenting on maximizing protection of Intellectual Property in a direct response campaign at the **Electronic Retailing Association's West Coast Legal Series: Be a Leading Strategist in Your Field**.
- April 24, 2007: Brian Davidoff participated in a panel discussion regarding law firm growth strategies at the **2007 Law Firm Survival and Growth Workshop**.
- April 5, 2007: Frank Melton and Olivia Goodkin presented "HR Legal Compliance" at the **2007 Human Resources Seminar**.
- March 21, 2007: Elizabeth Botsford was named Co-Secretary of the **Beverly Hills Bar Association's** Trusts & Estates Section.
- March 2, 2007: **The Los Angeles Daily Journal** published "Pickup Styx," an article by Fred Fenster on the Anna Nicole Smith paternity case.
- February 22, 2007: Natasha Shabani's article "Avoid Traps in Sponsoring Contests" was published in **The Los Angeles Daily Journal**.
- February 2007: **Los Angeles Magazine and Law & Politics** named nine RHD attorneys as Super Lawyers: Andrew Apfelberg (Business), Brian Davidoff (Bankruptcy), Fred Fenster (Business Litigation), Curtis Graham (Business Litigation), Frank Hobbs (Business Litigation), Frank Melton (Employment), Terry Nunan (Estate Planning), Marc Petas (Real Estate) and Marshall Rutter (Family Law).

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