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## LEADERSHIP

## Biden's choice of Kathi Vidal to head USPTO attracts praise

By Patrick H.J. Hughes

President Joe Biden's decision to nominate Kathi Vidal as the next U.S. Patent and Trademark Office director means a new focus on diversity and inclusion is in the cards for the agency, attorneys predict.

The White House announced Vidal's nomination Oct. 26 in a statement that included a list of her accomplishments as a lawyer representing both plaintiffs and defendants in patent disputes in district courts, before the International Trade Commission and at the USPTO.

The briefing described her as "a recognized thought leader" and "a recognized leader in diversity and women's issues."

Christina Ondrick, a principal with McKool Smith's intellectual property group, said Vidal fits with

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REUTERS/Andrew Kelly

## EXPERT ANALYSIS

Software copyright protection after *Google v. Oracle*

Attorneys Eric N. Kohli and Meng Zhong of Lewis Roca explain how a recent Supreme Court decision could influence future litigants in software copyright disputes.

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## EXPERT ANALYSIS

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R. Mark Halligan of FisherBroyles LLP discusses the importance of determining and investigating evidentiary proof of existence, ownership, notice and access before filing a suit alleging trade secret misappropriation.

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### Director, Content Strategy and Editorial:

Jim Scott

### Editor:

Patrick H.J. Hughes  
Patrick.Hughes1@tr.com

### Desk Editors:

Peter Ericksen, Jody Peters,  
Patty Pryor-Nolan, Maggie Tacheny

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# Software copyright protection after *Google v. Oracle*

By Eric N. Kohli, Esq., and Meng Zhong, Esq.  
Lewis Roca

The United States Supreme Court recently held that copying another’s software was okay. Specifically, it held that Google’s copying of Oracle’s software was *fair use*.<sup>1</sup>

The case concerns copyright protection of computer software. The Court described the software that was at issue, including its purpose, function, and use. But does the opinion provide a clear roadmap for copyright protection of software? Or for *fair use* of someone else’s software?

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The Court held that the case does not change the “nature of traditional copyright concepts” for computer software.

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The Supreme Court’s opinion is narrow. It is limited to Oracle’s specific software and Google’s specific use of that software. Whether that precedent can be creatively argued to successfully allege copyright infringement, or to successfully assert a *fair use* defense, will vary by case and depend on the cogency of the arguments.

The only thing we know definitively is that Google’s particular use of Oracle’s specific API code was *fair use*, nothing more.

## COPYRIGHT PROTECTION OF SOFTWARE

The Computer Software Copyright Act (“CSC Act”) of 1980 adds a definition of “computer program” to the 1976 Copyright Act.<sup>2</sup> Based on its legislative history, the CSC Act of 1980 “clearly [applies] the 1976 copyright law to computer programs.”<sup>3</sup> Consequently, computer programs are a “work of authorship” subject to copyright protection.<sup>4</sup>

Since then, the TRIPs agreement<sup>5</sup> requires all adhering states to protect computer programs as literary works under the Berne Convention.<sup>6</sup>

## GOOGLE V. ORACLE

In *Google v. Oracle*, the Supreme Court narrowly focused on the specific facts of the parties’ software-copyright dispute.<sup>7</sup> Acknowledging the fast-changing pace of modern technology, the Court stated that “[it] should not answer more than is necessary to resolve the parties’ dispute.” For added measure, the Court held that the case does not change the “nature of traditional copyright concepts” for computer software.

This is a Supreme Court case, so it will quintessentially be quoted countless times at various levels of the nation’s legal system. Did the Supreme Court intend to restrict the case’s precedent, or was it “not answer[ing]

more than is necessary to resolve the parties’ dispute?” Only the Court knows. But the Court did provide other guidance.

## TECHNICAL DETAILS

### A) Terminology

Google copied and used software code from Oracle’s Sun Java Application Programming Interface (“API”). The Court provided the following technical descriptions for the software:

- (1) **Sun’s Java API:** a user interface that provides a way through which programmers can manipulate and control task-performing computer programs via a series of menu commands.
- (2) **Tasks:** an API allows programmers to call upon prewritten computing **tasks** for use in their own programs.
- (3) **Methods, classes, and packages:** each individual **task** is known as a **method**. Groups of similar **methods** are known as **classes**. Groups of similar **classes** are known as **packages**.
- (4) **Method calls:** commands corresponding to specific **tasks** that are used to call up a specific **task**, or **method**. **Method calls** locate and invoke a particular **implementing code**.
- (5) **Implementing code:** software code that tells the computer how to execute a particular **task**.
- (6) **Declaring code:** part of the API that provides the name for each **task** and the location of each **task** within the API’s overall organizational system.

**Implementing code** is the vast majority of the software each party created for their respective APIs. Google did not copy Java API’s **implementing code**, it wrote its own. In fact, Google created a substantial majority of its own **declaring code** as well.

However, for 37 **packages**, Google copied Sun Java API’s **declaring code**. Those 37 **packages**, some 7,000 lines of code,



**Eric N. Kohli** (L) is of counsel at **Lewis Roca** in Las Vegas. His practice focuses on advising clients through intellectual property development, prosecution, enforcement, agreements, licensing and litigation. He can be reached at ekohli@lewisroca.com. **Meng Zhong** (R) is a partner in the firm’s Las Vegas office whose practice includes a wide array of complex IP litigation at both the trial and appellate levels in jurisdictions around the United States and internationally. He can be reached at mzhong@lewisroca.com.

amounted to only 0.4% of Google's API. And that 0.4% of code, i.e. those 37 **packages**, is what the entire case is about. Oracle claimed it was software copyright infringement, while Google asserted that it was *fair use*.

## B) The software

The Supreme Court did not answer the question of copyrightability of Java API's **declaring code**. It expressly chose not to. But the Court did say that such **declaring code** "resembles other copyrighted works in that it is part of a computer program" and "Congress has specified that computer programs are subjects of copyright." Nonetheless, if the **declaring code** is in fact copyrightable, the Court said it is "further than are most computer programs (such as the **implementing code**) from the core of copyright."

The Court stated that such **declaring code** "differs ... from many other kinds of copyrightable computer code" because "[i]t is inextricably bound together with a general system, the division of computing tasks, that no one claims is a proper subject of copyright." It is "inextricably bound" with: i) the idea of organizing **tasks**, ii) the use of specific commands known to programmers (**method calls**), and with iii) "the **implementing code**, which is copyrightable." (Emphasis added.)

Regarding **declaring code**, the Court said that it "differs to some degree from the mine run of computer programs" because although it is functional in nature like other computer programs, "its use is inherently bound together with uncopyrightable ideas ... and new creative expression."

Such **declaring code's** value, unlike many other computer programs, derives significantly from the computer programmers who do not hold the copyright but invest their own time and effort to learn the API's system.

Further regarding the **declaring code**, the Court found that it was the "key" that Google needed to unlock the programmers' creative energies, "to create and to improve its own innovative Android systems ... its value lies in its efforts to encourage programmers to learn and to use that system so that they will use ... Sun-related implementing programs that Google did not copy."

Allowing enforcement of a copyright in that **declaring code** would create "a lock limiting the future creativity of new programs ... to which ... Oracle alone would hold the key." To

the extent such a lock would burden creative improvements and new applications, it would interfere with copyright's creativity objectives rather than furthering them.

Professional software developers might find the Supreme Court's technical provisions limiting. However, these technical provisions arguably serve as precedent for future software copyrightability and *fair use* arguments.

## LIMITATIONS OF THE COURT'S HOLDING

While the Court's 15-page opinion expounded on policies, ideas, and copyrights in general, its explicit holding is limited to the software that was at issue — some lines of declaring code in Sun's Java API.

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Professional software developers might find the Supreme Court's technical provisions limiting.

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The holding did not discuss whether declaring code itself is copyrightable, whether the declaring code of other APIs is copyrightable, whether using declaring code from other APIs is *fair use*, or even whether another's use of declaring code from Sun's Java API would be *fair use*.

The opinion only said that *Google's* copying in this case was *fair use*. Whether some other copying of Sun's Java API is also *fair use* is also an issue for another day.

Despite its narrow nature, the opinion enlightens us on how the justices think about such issues and the policy considerations they find important. After all, why did the Supreme Court hold *Google's* copying of Oracle's software to be *fair use*?

To start, the Court said that computer programs "almost always serve functional purposes." This shows the Court's appreciation that limitations on software copying raise special considerations due to its potential impact on innovation and practical use.

Indeed, some scholars and caselaw have opined that copyright law is not well suited for protecting software.<sup>8</sup> (To be fair, we must note that others support copyright as the proper mechanism for protecting software.<sup>9</sup>)

Oracle's software at issue was an API. Generally speaking, an API is software that serves as a bridge, or a conduit, between different computer applications, computer platforms, etc. Applications, platforms, etc, each perform their own tasks and, in simple speak, "do their own thing."

But when they need to interact with each other, such as a trading application on a laptop needing live data from a stock exchange's computer servers, an API helps the two interact. To facilitate the flow and interpretation of a data stream comprising live trading data, for example.

Notable about APIs is that they are usually provided for free. The purpose is to encourage the use of the company's software or platform, which is how that company truly makes its money. In the above example, the trading application will use an API provided by the stock exchange to facilitate the consumption of live data from the stock exchange.

That API will serve several companies' trading applications, to facilitate data service for those companies' users. Although the stock exchange provides the API for free, it profits from the users who must pay for a subscription to the live trading data. That running income justifies the stock exchange's initial investment in developing the API.

The Supreme Court faced such an issue in *Google v. Oracle*. It was like the stock exchange arguing that a trading-services company copied a portion of their API, so it is liable for copyright infringement. The trading-services company answers that the stock exchange provided the API for the world to use, it was *fair use* to copy a small portion for its own, separate, API. This is of course an over simplified analogy, but it illustrates the point.

The Supreme Court commented that "about 6 million programmers ... spent considerable time" learning and using Oracle's Java. The Java API was provided for the world to use on multiple platforms, in fact their slogan was "write once, use anywhere."

Google used only a small portion of that API to create its popular Android platform. Again, open for the world to use. To say that Google must be deemed a copyright infringer who must pay Oracle is a "lock" that would restrain and defy the constitutional principles of creativity that underlie copyrights. Google's

copying of the small amount of code from Oracle's API was, therefore, *fair use*.

## CONCLUSION

In *Google v. Oracle* the Supreme Court provided very limited guidance for copyright protection and *fair use* of software.

The case's practical application will undoubtedly be argued by parties on both sides of software copyright disputes, forcing courts to reconcile this case's holdings with the facts of their respective cases. But will Courts limit this case's precedent only to APIs? Or only to software that is open to the world?

We don't know. But we do know that public policy considerations and the underlying purpose of copyrights played an important role in the Supreme Court's decision. That certainly provides guidance for future software copyright litigants.

For more guidance for software copyright protection we have to wait for the Supreme

Court to grant certiorari again. Fortunately it is not uncommon for the Supreme Court to hear copyright issues — it delivered some 22 copyright-related opinions in the nineteenth century, 73 in the twentieth century, and 17 so far in the roughly twenty years of the current twenty-first century.<sup>10</sup> In fact, the Supreme Court recently granted certiorari for another copyright case, although that case is not software related.

Despite the volume of copyright caselaw, we do not have much Supreme Court precedent for software copyrights. That creates a conspicuous void in today's software-driven technology environment. If we want more guidance from the Supreme Court, unfortunately all we can do for now is hurry up and wait! **WJ**

## NOTES

<sup>1</sup> *Google LLC v. Oracle America Inc.*, 141 S. Ct. 1183 (2021).

<sup>2</sup> 17 U.S.C.A. §101.

<sup>3</sup> H.R. Rep. No. 96-1307, Part 2, 96th Congress 2d Sess. 19 (1980).

<sup>4</sup> See, for example, *Williams Electronics, Inc. v. Artic International Inc.*, 685 F.2d 870 (3d Cir. 1982).

<sup>5</sup> Effective January 1, 1995.

<sup>6</sup> Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs), art. 10(1).

<sup>7</sup> *Google*, *supra* note 1.

<sup>8</sup> See *A Manifesto Concerning the Legal Protection of Computer Programs* by Pamela Samuelson, Randall Davis, Mitchell D. Kapur, and J.H. Reichman, 94 COLUM. L. REV. 2308 at 2347-2361 (1994); *Tailoring Legal Protection for Computer Software* by Peter S. Menell, 39 STAN. L. REV. 1329 (1987). Also see *Positive Software Solutions Inc. v. New Century Mortgage Corp.*, 259 F.Supp.2d 531 at 536 n.9 (N.D. Tex. 2003).

<sup>9</sup> See *Copyright Protection for Computer Programs, Databases, and Computer-Generated Works: Is Anything New Since CONTU?* by Arthy Miller, 106 HARV. L. REV. 978 (1993); *Envisioning Copyright Law's Digital Failure* by Peter S. Menell, 46 N.Y.L. Sch. L. Rev. 63 at 68-97 (2002-2003).

<sup>10</sup> See <https://bit.ly/3sbE4og>.

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# Pre-filing investigation of a trade secret misappropriation claim: the EONA proofs

By R. Mark Halligan, Esq.  
FisherBroyles LLP

To prevail in a trade secret misappropriation lawsuit, the plaintiff must submit evidentiary proof of existence, ownership, notice and access — the EONA proofs.

These evidentiary proofs should be determined and investigated by the trade secret holder for *each* alleged trade secret *before* the trade secret misappropriation lawsuit is filed.

Failure to investigate the EONA proofs should be grounds for a finding of “bad faith” under the UTSA (Uniform Trade Secrets Act) and DTSA (Defend Trade Secrets Act). Too often defendants face trade secret misappropriation claims not well grounded in fact or law and must incur hundreds of thousands of dollars in legal fees defending against alleged trade secret misappropriation claims that would have never been filed if there had been a good faith pre-filing investigation of the EONA proofs.

Trial courts need to require trade secret plaintiffs to make the requisite EONA showings at the outset of the litigation for each alleged trade secret. If the plaintiff fails, the defective alleged trade secrets should be dismissed, and the defendant should be awarded attorney’s fees and expenses as the prevailing party.

## THE ‘EXISTENCE’ PROOFS

There is no exact definition of a trade secret due to the vast spectrum of information that

could qualify as a trade secret. And the wide array of factual circumstances that could be determinative or fatal to the classification of a piece of information as a trade secret contributes to the malleable definition of a trade secret.

The statutory provisions defining a “trade secret” in the UTSA and DTSA focus on the secrecy and value of the information and the reasonable efforts by the trade secret owner to maintain secrecy and confidentiality. But these statutory requirements are not evidentiary, and they do not flush out the fact-intensive factors to be considered in determining whether a trade secret exists.

The key litmus test in trade secrets law is the six-factor test identified by the American Law Institute in 1939 after a review of over 100 years of case law in the 19th century. The six factors are:

- (1) The extent to which the information is known outside the business.
- (2) The extent to which the information is known by employees and others involved in the business.
- (3) The extent of measures taken by the business to guard the secrecy of the information.
- (4) The value of the information to the business and competitors.
- (5) The amount of time, effort and money expended by the business in developing the information.

- (6) The ease or difficulty with which the information could be properly acquired or duplicated by others.

Today, the six-factor test has been adopted by virtually every state and federal court in the United States.

The attraction of the six-factor test is its ability to evaluate any potential trade secret under any set of circumstances. It is extraordinarily versatile and compatible with modern trade secret law.

The pre-filing investigation of an alleged trade secret misappropriation claim should include an evaluation of the alleged trade secret including the evidentiary proofs under the six-factor litmus test. A trade secret misappropriation lawsuit should not be filed without a thorough review of these six-factor evidentiary proofs.

## THE ‘OWNERSHIP’ PROOFS

The “ownership” proof requires the holder of the trade secret to show proof of ownership. The existence of a trade secret precedes ownership of a trade secret. If a piece of information is generally known in the trade, or is readily ascertainable by proper means, ownership becomes irrelevant because anyone can disclose or use the piece of information. The world “owns” it.

There is no definition of “owner” in the UTSA. However, the DTSA defines “owner” regarding a trade secret as “the person or entity in whom or in which rightful legal or equitable title to, or license in, the trade secret is reposed.” Therefore, there can be concurrent (and multiple) owners of the same trade secret.

The allocation of ownership between employers and employees emanates from the law of agency. There is no “work for hire” doctrine in trade secret law or patent law. Without a contrary agreement or assignment, the law ordinarily assigns ownership to the person who conceives the invention or trade secret. Employees also may retain ownership



**R. Mark Halligan** is a partner at **FisherBroyles LLP** and is based in Chicago. He focuses his practice on intellectual property litigation and is recognized as a leading practitioner in the development of automated trade secret asset management blockchain systems. He has taught advanced trade secrets law in the LLM program at UIC John Marshall Law School for 26 years and is the lead author of the “Defend Trade Secrets Act Handbook,” third edition, published by Wolters Kluwer. He can be reached at [rmark.halligan@fisherbroyles.com](mailto:rmark.halligan@fisherbroyles.com).

of information comprising their general knowledge, skills and experience.

The sole exception is the “hired to invent” doctrine. If an employee is “hired to invent” something and later invents it — the employer owns it based on the “hired to invent” doctrine. But in all other circumstances, ownership vests in the employee as the creator of the trade secret or invention.

Courts also apply the “shop rights” doctrine to trade secrets. If an employee-invention involves the employer’s time, personnel, facilities or equipment, the employer retains a “shop right” — an irrevocable, nonexclusive, royalty-free license to practice the invention and related trade secrets.

### THE ‘NOTICE’ PROOFS

The trade secret owner must show that the alleged misappropriator had actual, constructive, or implied notice of the alleged trade secret. Notice requires identification of the alleged trade secret with particularity. An alleged trade secret must be described with sufficient specificity so that when a description of what is generally known in the industry is placed side-by-side with the description of the alleged trade secret, a comparison can be made between the alleged trade secret and what is already generally known in the trade.

The requirement of notice is a reasonable measure required to protect the secrecy of the piece of information alleged to qualify as a trade secret. It is improper to claim the existence of a trade secret after the fact. To maintain the secrecy of a putative trade secret, the employer must place the employee on notice of the trade secret status of matters the employee is working on. The traditional means for placing an employee “on notice” is to require the employee to sign a secrecy agreement or a nondisclosure agreement.

It is a fundamental tenet of trade secret law that an unprotected disclosure of confidential

information to the receiving party vitiates the status of the information as a trade secret. It is like a “pin pricking a balloon” — the status of the information as a protectable trade secret asset is forfeited.

The “notice” requirement in trade secrets law is the linchpin for imposing liability on the alleged trade secret misappropriator. There is no liability if there is no notice of the confidential character of the disclosure. If A discloses the secret to B despite B’s protest that he does not wish to hold the secret in confidence and will not so hold it if it is disclosed, there is no breach of confidence and no liability.

Notice can be proved by direct or circumstantial evidence: One has notice of the facts when he knows of them or when he should know of them. He should know of them if, from the information which he has, a reasonable person would infer these facts, or if, under the circumstances, a reasonable person would be put on inquiry and an inquiry pursued with reasonable intelligence and diligence would disclose the facts.

### THE ‘ACCESS’ PROOFS

Assuming the existence of at least one trade secret, there are three forms of misappropriation under the UTSA and DTSA: unauthorized acquisition, unauthorized disclosure, and unauthorized use.

There must be proof of “access.” This is a typical fact pattern:

- (1) An employee acquires Trade Secret X from the existing employer.
- (2) The employee resigns and joins a direct competitor (new employer).
- (3) The former employee takes Trade Secret X to the new employer.
- (4) The former employee discloses Trade Secret X to the new employer.

- (5) The new employer and the former employee are sued for trade secret misappropriation.

The entire fact pattern is triggered by the initial acquisition of Trade Secret X by the employee. Without access and acquisition, there can be no liability for trade secret misappropriation.

Acquisition of a trade secret by improper means is wrongful. Acquisition of a trade secret by proper means is lawful. Whether by “proper” means or “improper” means there must be proof of the defendant’s “access” to the trade secret. Otherwise, the trade secret owner cannot establish a prima facie cause of action for trade secret misappropriation. Unlike the holder of a patent, the owner of a trade secret has no claim against another who independently discovers the trade secret or otherwise lawfully acquires the trade secret by reverse engineering or other proper means.

### PRE-FILING INVESTIGATION

The pre-filing investigation of a trade secret misappropriation claim requires evidentiary proof of existence, ownership, notice and access — the EONA proofs.

These requirements should be strictly enforced to discourage “bad faith” trade secret misappropriation lawsuits. Once again, the EONA proofs should be determined and investigated by the putative trade secret holder for *each* alleged trade secret *before* the trade secret misappropriation lawsuit is filed.

Failure to investigate the EONA proofs should be grounds for a finding of “bad faith” under the UTSA and DTSA. Too often defendants face trade secret misappropriation claims not well grounded in fact or law and must incur hundreds of thousands of dollars in legal fees defending against alleged trade secret misappropriation claims that would have never been filed if there had been a good faith pre-filing investigation of the EONA proofs. **WJ**

## Patent owner's failure to send letter frees Amazon from pre-suit damages

Amazon.com Inc. has persuaded a California federal judge to dismiss with prejudice claims that it could have willfully infringed, at any time before being sued, a patent for conducting "asynchronous" searches.

**MasterObjects Inc. v. Amazon.com Inc., No. 20-cv-8103, 2021 WL 4685306 (N.D. Cal. Oct. 7, 2021).**

In an Oct. 7 order, U.S. District Judge William Alsup of the Northern District of California said MasterObjects Inc. failed to show Amazon had knowledge of any potentially infringing activity before the suit was filed in May 2020.

For any infringement found before that time, the judge all but ruled out the likelihood of awarding "damages up to three times the amount found or assessed" under Section 284 of the Patent Act, 35 U.S.C.A. § 284.

"Most patent cases addressing enhanced damages, including this one, key in on willful infringement," he said.

The judge said his long and complicated ruling, "as well as the work by two opposing law firms preparing briefing on the issue," could have been avoided if MasterObjects had sent a notice letter to Amazon to start the clock.

He added that he understood the strategy behind not notifying a potential defendant, as such a notification might encourage an alleged infringer to file a suit seeking a declaratory judgment of noninfringement.

"But that does not excuse the failure to send such a letter," the judge said.

### 'CONCLUSORY' ARGUMENT

The patent at issue is U.S. Patent No. 8,539,024, which encompasses technology meant to give search engines

the ability to suggest search terms based on characters typed into a search bar.

The so-called asynchronous communications technology can provide terms quickly based on the first few letters of a word because a query does not need to be sent to a remote database.

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"Allegations merely consistent with knowledge of infringement are insufficient," the judge said.

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The '024 patent is one of four related patents Amazon is accused of infringing, but MasterObjects did not seek enhanced damages for any pre-suit willful infringement of the other three.

Judge Alsup explained that no one can have pre-suit knowledge of a patent before the Patent and Trademark Office actually issues that patent.

Considering the facts in light most favorable to MasterObjects, the judge found Amazon could have learned about the '024 patent through dealings it had with the PTO in procuring its own patents.

Pre-suit knowledge of a patent, however, is not the same as having pre-suit knowledge of any potential infringement, the judge said, explaining that a letter notifying a party of a patent's existence would be insufficient to establish willful infringement.

MasterObjects argued that Amazon's chief intellectual property counsel and a named

inventor on an Amazon patent knew of the '024 patent's potential and how Amazon's instant search function infringed that patent.

But the judge dismissed this argument as being "conclusory," explaining that MasterObjects failed to provide any evidence that these particular parties had direct knowledge of infringement.

"Allegations merely consistent with knowledge of infringement are insufficient," the judge said.

To prove the possibility that it deserved enhanced damages for activities that occurred after filing suit, MasterObjects offered numerous examples of apparent litigation misconduct, including a claim that Amazon made an "exact replica" of a pleading Facebook made in another case.

From these allegations, the judge said he could infer that, if Amazon did infringe the '024 patent, that infringement was intentional.

Amazon can dispute MasterObjects' misconduct allegations at the summary judgment stage, the judge concluded.

Spencer Hosie of Hosie Rice LLP represents MasterObjects. Hueston Hennigan LLP is representing Amazon. [WJ](#)

#### Attorneys:

*Plaintiff:* Spencer Hosie and Brandon Martin, Hosie Rice LLP, San Francisco, CA

*Defendant:* Christina Von der Ahe Rayburn and Douglas J. Dixon, Hueston Hennigan LLP, Newport Beach, CA; Moez M. Kaba, Hueston Hennigan LLP, Los Angeles, CA

#### Related Filings:

Order: 2021 WL 4685306



## Heart valve patentee waives right to remand spat with St. Jude, wins appeal anyway

The owner of an artificial heart valve patent has waived its right to redo a patent challenge instigated by St. Jude Medical LLC, persuading the top patent appeals court to overturn the invalidation ruling instead.

### ***Snyders Heart Valve LLC v. St. Jude Medical LLC, No. 2019-2111, 2021 WL 4538670 (Fed. Cir. Oct. 5, 2021).***

In an Oct. 5 opinion, the U.S. Court of Appeals for the Federal Circuit found one aspect of Snyders Heart Valve LLC's patent concerning a valve sizing requirement had been misconstrued in an inter partes review proceeding.

The Patent Trial and Appeal Board's IPR said St. Jude proved certain aspects of Snyders' patent were invalid as anticipated pursuant to Section 102 of the Patent Act, 35 U.S.C.A. §102. *St. Jude Med. LLC v. Snyders Heart Valve LLC*, No. IPR2018-00107, 2019 WL 1978347 (P.T.A.B. May 2, 2019).

While an appeal of the PTAB ruling was pending, the Federal Circuit decided in *Arthrex Inc. v. Smith & Nephew Inc.*, 941 F.3d 1320 (Fed. Cir. 2019), that the appointment of administrative patent judges violated the U.S. Constitution's appointments clause.

Based on the *Arthrex* decision, the Federal Circuit vacated the PTAB's IPR, not on the merits, but because it said new judges should resolve the dispute. *Snyders Heart Valve LLC v. St. Jude Med. LLC*, 825 Fed. App'x 888 (Fed. Cir. 2020).

The U.S. solicitor general intervened, asking the U.S. Supreme Court to overturn this decision, in addition to many others.

On June 21, the high court held in *United States v. Arthrex Inc.*, 141 S. Ct. 1970 (2021), that the cure to the appointments-clause challenge was to have the director of the Patent and Trademark Office provide more oversight over PTAB judges.

A week later, the high court granted a handful of certiorari petitions, vacated and remanded the decisions for the Federal Circuit to resolve in light of the Supreme Court's ruling. *Iancu v. Fall Line Patents LLC*, No. 20-853, 2021 WL 2637823 (U.S. June 28, 2021).

The Federal Circuit said that it normally remands those decisions for the PTAB to resolve, but Snyders waived its right to a new IPR and asked the Federal Circuit to decide whether its patent was properly invalidated.

### **FEDERAL CIRCUIT SAYS NO TO PRIOR ART**

Snyders had accused St. Jude of infringing two patents in a suit filed in October 2016 in the U.S. District Court for the Eastern District of Texas.

St. Jude responded by petitioning for the PTAB to review both patents, including U.S. Patent No. 6,821,297, which covers an artificial heart valve and a method for implanting it to repair a damaged heart valve.

The PTAB found the '297 patent was already disclosed by another patent covering an artificial heart valve plus a method and device for installing it, but the Federal Circuit said this was in error based on discoveries the appeals court made in reviewing Snyders' other patent.

The prior art included language for adapting an artificial valve for "upstream and downstream regions," but the '297 patent required a valve to also fit "the cusps of the intact native valve," the Federal Circuit said.

While the Federal Circuit considered whether one could modify the prior art to come up with

the idea for the '297 patent, it said St. Jude never argued that an ordinarily skilled artisan could have made such a modification.

St. Jude did argue that the case should have been remanded to the PTAB based on differences between the '297 patent and the other Snyders patent that the Federal Circuit had referenced, but the appellate court ruled this out, too, using much of the opinion explaining the patents' similarities.

"St. Jude has not preserved any argument on which it might prevail," the Federal Circuit said, reversing the invalidity ruling.

Matthew J. Antonelli of Antonelli, Harrington & Thompson LLP represented Snyders. John C. O'Quinn of Kirkland & Ellis LLP represented St. Jude.

Melissa N. Patterson argued for the U.S. government. [WJ](#)

#### **Attorneys:**

*Appellant:* Matthew J. Antonelli, Zachariah Harrington and Larry D. Thompson Jr., Antonelli, Harrington & Thompson LLP, Houston, TX; Sarah Ring, Daniels & Tredennick PLLC, Houston, TX

*Appellee:* John C. O'Quinn, Hannah L. Bedard and Jason M. Wilcox, Kirkland & Ellis LLP, Washington, DC; Bryan S. Hales and Kristina N. Hendricks, Kirkland & Ellis LLP, Chicago, IL

*Intervenor:* Melissa N. Patterson, Courtney Dixon and Scott R. McIntosh, U.S. Department of Justice, Washington, DC; Thomas W. Krause, Robert McBride and Farheena Yasmeen Rasheed, Office of the Solicitor, U.S. Patent and Trademark Office, Alexandria, VA

#### **Related Filings:**

2021 Federal Circuit opinion: 2021 WL 4538670  
2020 Federal Circuit opinion: 825 Fed. App'x 888

PTAB opinion: 2019 WL 1978347

## Judge: Model may have infringed photo of herself but her company didn't

Supermodel Emily Ratajkowski, who first gained fame in the music video for Robin Thicke's song "Blurred Lines," has failed to evade a copyright infringement claim for posting a photo of herself on Instagram.

***O'Neil v. Ratajkowski et al.*, No. 19-cv-9769, 2021 WL 4443259 (S.D.N.Y. Sept. 28, 2021).**

U.S. District Judge Analisa Torres of the Southern District of New York granted photographer Robert O'Neil's motion for partial summary judgment on elements of his infringement claim but let Ratajkowski's company, Emrata Holdings LLC, off the hook.

In a Sept. 28 order, Judge Torres ruled out some of the defenses Ratajkowski offered but said some factual issues must be decided before any damages could be awarded.

While Ratajkowski, who has starred in films and is the head of her own clothing line, must present her defenses at trial, the judge said Emrata, which controls all of Ratajkowski's earnings, was not involved in any infringement so it was entitled to attorney fees and costs.

### 'NEW YORK-BASED PAPARAZZO'

O'Neil describes himself as "a professional New York-based paparazzo who earns a living capturing 'candid' images of celebrities in public view."

He photographed Ratajkowski outside a Manhattan flower shop Sept. 13, 2019, and immediately uploaded the picture to Splash News, a website that provides photos online for licensing to subscribers.

Five days later, Ratajkowski posted the photo to an Instagram account with the username "Emrata," where it was automatically deleted after 24 hours.

O'Neil filed a copyright suit against Ratajkowski and Emrata on Oct. 23, 2019, and both sides moved for summary judgment over various aspects of the alleged infringement.

### INSTAGRAM POST WAS 'PERSONAL,' JUDGE SAYS

There was some dispute over whether the U.S. Copyright Office had registered O'Neil's photograph, as the judge declared that it was "impossible to tell from the face of the registration."

Nevertheless, Judge Torres took judicial notice of the registration of the photo on a flash drive that O'Neil's attorneys authenticated, albeit one day late.

Ratajkowski's attorney, Daniel A. Schnapp of Nixon Peabody LLP, objected to the late reply, but O'Neil's attorney, James A. Freeman of Liebowitz Law Firm PLLC, persuaded the judge to forgive the tardiness.

Judge Torres recognized the burden Liebowitz Law Firm was experiencing due to the high-profile suspension of its head, Richard Liebowitz, who previously represented O'Neil and is now facing sanctions for another matter.

After recognizing O'Neil's copyright ownership and Ratajkowski's copying and posting of the photo, the judge said O'Neil proved the two necessary elements of copyright infringement: ownership and copying.

Emrata was not liable because it was undisputed that Ratajkowski posts on the Emrata Instagram account "in her personal capacity," the judge said.

### POSSIBLE STATUTORY DAMAGES

Judge Torres did not dismiss Ratajkowski's fair-use defense, saying the possibility that her use of the photo was transformative because she placed the phrase "mood forever" on the posting was a genuine issue of material fact that had to be determined at trial.



REUTERS/Danny Moloshok

**Model Emily Ratajkowski attends an awards party in 2020. A judge refused to dismiss a photographer's copyright suit against her for posting a photo of herself on Instagram.**

The judge did, however, rule out other defenses, such as unclean hands and implied license.

She refused to rule out the possibility of an award of damages even though O'Neil earned little in the way of profits from the photograph.

Because the photo was timely registered, O'Neil could collect statutory damages between \$750 and \$30,000 per instance of infringement and \$150,000 for willful infringement under Section 504 of the Copyright Act, 17 U.S.C.A. § 504, the judge explained.

While Judge Torres could not find Ratajkowski to be the prevailing party and therefore could not order O'Neil to pay her attorney fees, she said Emrata did prevail. But she refused to sanction O'Neil's counsel, finding nothing extraordinary about his claims. **WJ**

#### Attorneys:

**Plaintiff:** James A. Freeman and Richard P. Liebowitz, Liebowitz Law Firm PLLC, New Rochelle, NY

**Defendants:** Daniel A. Schnapp, Nixon Peabody LLP, New York, NY

#### Related Filings:

Order: 2021 WL 4443259

**See Document Section A (P. 17) for the order.**

## Presale trademark use can be actionable ‘bait and switch,’ mattress maker tells SCOTUS

A mattress retailer is asking the U.S. Supreme Court to reject the premise that an online advertiser cannot be liable for infringement if use of another’s trademark confuses consumers only in the “initial interest” stage of the sales process.

**Dires LLC et al. v. Select Comfort Corp. et al., No. 21-212, opposition brief filed, 2021 WL 4847069 (U.S. Oct. 14, 2021).**

In its Oct. 14 brief opposing Supreme Court review, Select Comfort Corp. says Congress made presale trademark confusion actionable with 1962 amendments to the Lanham Act, so Dires LLC should not get a free pass for using Select Comfort’s “Sleep Number” trademark in online ads.

Dires, which competes with Select Comfort in adjustable air mattress sales, says the “initial-interest confusion” doctrine, which permits a finding of trademark infringement even when there is only temporary confusion that is dispelled before a purchase is made, is out of step with the internet age.

Dires filed a certiorari petition in August asking the high court to clarify the doctrine.

“Here, no such clarification is necessary,” Select Comfort says. Courts are in agreement “that initial interest confusion is actionable when ‘bait and switch’ tactics or actual confusion are shown,” it says.

### THE DECISIONS SWITCHED

Select Comfort, which has registered numerous “Sleep Number” trademarks, sued Dires in November 2012 in the U.S. District Court for the District of Minnesota.

The complaint said Dires violated trademark law by placing the term “sleep number” on Google Adwords, a service that allows a company to place online ads that, when clicked, direct visitors to that company’s website.

U.S. District Judge Donovan W. Frank, however, said mattresses are high-priced items, so consumers are sophisticated and would not be swayed by any initial-interest confusion when making purchases. *Select Comfort Corp. v. Baxter*, No. 12-cv-2899, 2018 WL 6529493 (D. Minn. Dec. 12, 2018).

He granted summary judgment to Dires and instructed a jury to ignore any initial-interest confusion.

On appeal, a panel of the 8th U.S. Circuit Court of Appeals reversed and remanded, saying the trademark issue should have been left for a jury to decide. *Select Comfort Corp. v. Baxter*, 996 F.3d 925 (8th Cir. 2021).

In its certiorari petition, Dires asks the Supreme Court to resolve an apparent circuit split, saying only some circuits allow for initial-interest liability when internet ads are involved.

“Several circuits have refused to adopt initial interest confusion altogether,” the petition says.

### NO CIRCUIT SPLIT

Select Comfort, in its brief opposing certiorari, says there is no circuit split on the issue.

“Dires’ petition ignores the universally-held view amongst all circuits to address the issue that pre-sale, initial interest confusion is actionable when an advertiser employs a ‘bait and switch’ scheme or otherwise causes actual confusion,” Select Comfort says.

This case is premised on Select Comfort’s allegations that Dires used a bait-and-switch

scheme to divert customers through “false claims” after internet surfers mistakenly came across Dires’ website, the opposition brief says.

Dires cites several decisions in which circuits failed to adopt initial-interest confusion, but they are distinguishable from the instant conflict because those disputes involved only similar trademarks, not the use of an entire trademark such as “Sleep Number,” the brief says.

The 8th Circuit’s decision was consistent with court precedent and trademark law, it says.

“Simply put, the court need not adopt or reject pre-sale, initial-interest confusion,” the brief says. “Congress has already written that basis for liability into the Lanham Act.”

Andrew S. Hansen and Elizabeth A. Patton of Fox Rothchild LLP filed the opposition brief on behalf of Select Comfort.

Christopher W. Madel, Jennifer M. Robbins and Cassandra B. Merrick of Madel PA represent Dires. [WJ](#)

### Attorneys:

*Petitioners:* Christopher W. Madel, Jennifer M. Robbins and Cassandra B. Merrick, Madel PA, Minneapolis, MN

*Respondents:* Andrew S. Hansen and Elizabeth A. Patton, Fox Rothchild LLP, Minneapolis, MN

### Related Filings:

Certiorari petition: 2021 WL 3617971

8th Circuit opinion: 996 F.3d 925

District Court opinion: 2018 WL 6529493

Complaint: 2012 WL 5903883

**See Document Section B (P. 29) for the opposition brief.**

## Organic drink maker sues competitor in beef over 'Remedy' trademarks

A health food company that sells vegetarian drinks under the trade name "Remedy Organics" is suing an Australian beverage firm that has applied to register a "Remedy Drinks" trademark with the U.S. Patent and Trademark Office.

***Soulful Nutrition Inc. v. Remedy Drinks Pty. Ltd. et al., No. 21-cv-17455, complaint filed (D.N.J. Sept. 23, 2021).***

Soulful Nutrition Inc., which does business as Remedy Organics, filed trademark infringement and unfair competition claims against Remedy Drinks Pty. Ltd. and its two U.S. affiliates on Sept. 23 in the U.S. District Court for the District of New Jersey.

Soulful sells "plant-based wellness shakes" and "immunity shots" under its federally registered "Remedy Organics" mark and offers its drinks on its website at [remedyorganics.com](http://remedyorganics.com) and at well-known chains such as CVS, Walmart and Whole Foods.

The suit notes that the defendants also sell many organic drinks, including tea and kombucha.

Soulful says the suit stems from correspondence it received from third parties who had confused the competing health beverages beginning in 2019, shortly after the Australian company introduced its products to the U.S.

The complaint gives numerous instances of confusion between the drink makers, including a reference to Amazon's website, which identifies the defendants' drinks as "products related to this item" when a visitor searches for "Remedy Organics."

Soulful says monetary damages would be insufficient to fix the situation.

"The value of plaintiff's business will be negatively affected if defendants are permitted to continue to use the infringing mark because plaintiff will not be in control of its own reputation in the marketplace," the suit says.

### SEEKING REMEDIES FOR ALLEGED INFRINGEMENT

While Soulful received its registration certificate from the PTO in April for a "Remedy Organics" trademark, it says it has used the mark in commerce for its drinks since May 2017.

In January 2017 it filed an intent-to-use trademark application, which was posted for opposition in August 2017. The defendants did not contest the mark, the suit says.

Soulful's mark is registered in a slew of health food-related categories, including almond milk-based beverages, vegetable protein-based snacks, and fruit and vegetable juices.

"All of the aforementioned goods are made in whole or substantial part of organic ingredients," the certificate says.

The defendants applied to register a "Remedy Drinks" mark in 2019. The application, which remains pending, also lists as potential categories for trademark use a wide variety of products, including "beverages made of tea, namely kombucha," fermented milk, live cultured sodas and alcohol-free cider.

According to the complaint, the PTO issued an office action expressing concern over potential confusion over the marks and suspended the "Remedy Drinks" application.

Still, the defendants have continued to sell "health beverages" in the U.S. with the "Remedy Drinks" brand, despite Soulful's attempts at forming a co-existence agreement, the suit says.

The complaint also notes that, beginning in December 2020, the defendants updated their packaging to include the word "organic" directly below the word "remedy" on many products.

The suit says the defendants' actions make them liable for trademark infringement and false designation of origin under Sections 32 and 43 of the Lanham Act, 15 U.S.C.A. §§ 1114 and 1125.

Injunctive relief barring any use of an infringing trademark and any conduct likely to cause confusion is necessary due to existing and potential confusion in the marketplace, the suit says.

It also seeks the destruction of any unauthorized products, costs, attorney fees, investigators' fees and interest.

Brian D. Caplan, Robert W. Clarida and Brett Van Benthysen of Reitler Kailas & Rosenblatt LLP filed the complaint on Soulful's behalf.

**WJ**

#### Attorneys:

*Plaintiff:* Brian D. Caplan, Robert W. Clarida and Brett Van Benthysen, Reitler Kailas & Rosenblatt LLP, New York, NY

## Canadian Tire Corp. captures canadian-fire.com domain used to sell pot

Canadian Tire Corp., a pioneer in the sale of automotive products and sports equipment, has persuaded the World Intellectual Property Organization to award it canadian-fire.com, a domain that has directed users to a website selling marijuana-related products.

**Canadian Tire Corp. Ltd. v. Wix.com Ltd./Reis, Amar Graphics, No. D2021-2549, 2021 WL 4427159 (WIPO Arb. Sept. 21, 2021).**

The website that had existed at the disputed domain had the “look and feel” of Canadian Tire’s website, representing an interest that was not legitimate, according to the Sept. 21 decision written by Christiane Feral-Schuhl, the sole arbitrator the WIPO Arbitration and Mediation Center appointed to the dispute.

Feral-Schuhl said the entities that registered the disputed domain, U.S. website design company Wix.com Ltd. and an affiliated graphic design company, “almost identically reproduced” Canadian Tire’s red triangle logo topped by a green marijuana leaf in place of the tire company’s maple leaf.

It was indicative of bad faith that the only differences between the disputed domain and the domain for Canadian Tire’s website was a hyphen and the replacement of the letter “t” with the letter “f,” two letters that are diagonally adjacent to each other on the QWERTY keyboard, the panelist said.

### ‘STRONG PHONETIC AND AURAL SIMILARITY’

Canadian Tire, which has had stores throughout Ontario for decades, sells all types of products related to vehicles, along

with hardware, camping equipment and home goods.

It filed a complaint with WIPO in August after finding a website at canadian-fire.com that it said was using a near-identical reproduction of its trademark, which is registered in Canada, the European Union, China and elsewhere.

The website has since disappeared, leaving a blank page at the disputed domain.

Canadian Tire’s official website is at canadiantire.ca, although visitors to canadiantire.com are forwarded to its home site.

WIPO orders the transfer of a domain if it is confusingly similar to a complainant’s trademark, is not used for a legitimate purpose and has been registered in bad faith.

Canadian Tire noted that, in addition to visual similarities, its trademark and the domain have “strong phonetic and aural similarity.”

Panelist Feral-Schuhl said a side-by-side comparison revealed confusing similarity, and the fact that a logo similar to Canadian Tire’s logo appeared at the website affirmed this similarity.

While the domain holders never tried to sell the domain to Canadian Tire and sold products distinctively different from automotive products, the domain holders’



REUTERS/Chris Wattie

interest in the domain was nevertheless not legitimate, the panelist said.

Because of the logo on the website, the disputed domain did not represent a bona fide offering of goods or services, she said.

As for bad faith, the panelist said no additional evidence was needed.

“The simple registration by an unaffiliated entity of a domain name that is identical or confusingly similar to a famous or widely known trademark such as the Canadian Tire trademark ... can by itself create a presumption of bad faith,” the panelist concluded.

Canadian Tire was represented by Norton Rose Fulbright Canada LLP. [WJ](#)

#### Related Filings:

Decision: 2021 WL 4427159



# Tech firm says insurer is on the hook for \$12.5 million IP theft award

By Jason Schossler

A wireless technology company that was hit with a \$12.5 million arbitration award for stealing a client's trade secrets says Philadelphia Indemnity Insurance Co. breached its policies by refusing to pick up the tab.

***Wireless Systems Solutions LLC et al. v. Philadelphia Indemnity Insurance Co., No. 21-cv-784, complaint filed (M.D.N.C. Oct. 11, 2021).***

Wireless Systems Solutions LLC sued PHLIY on Oct. 11 in the U.S. District Court for the Middle District of North Carolina, alleging the insurer acted in breach of contract and bad faith and violated the state's law against unfair and deceptive trade practices, N.C. Gen. Stat. § 58-63-15 (11), by denying coverage for the award and related defense costs.

## TRADE SECRET SPAT

WSS, chief executive Laslo Gross and member manager Susan Gross were named defendants in a lawsuit filed Sept. 10, 2020, in the same court by SmartSky Networks LLC.

According to the suit, SmartSky paid WSS more than \$30 million to develop certain components of the plaintiff's "air to ground" wireless communications network for in-flight travelers, flight crews and other users.

The suit said the defendants ultimately funneled SmartSky's intellectual property to WSS' "family-owned alter ego," DAG Wireless Ltd., and related entities to create a competing product they sought to market as their own.

The defendants claimed they developed the competing technology independently in a "futile attempt to avoid plain and obvious legal liability," according to SmartSky.

The suit asserted causes of action for trade secret misappropriation, conspiracy to misappropriate trade secrets, breach of contract and deceptive trade practices, among other claims.

WSS filed counterclaims against SmartSky for breach of contract, bad faith and fraudulent inducement, claiming the company refused to pay for the work and hid its intention not to honor the parties' contracts.

The litigation proceeded to arbitration, where a panel of arbitrators on Oct. 1 awarded SmartSky \$10 million in damages on its claims and \$2.5 million in legal expenses, according to court documents.

The panel also issued a permanent injunction against the defendants and dismissed their counterclaims, documents say.

## COVERAGE DENIED

In its complaint against PHLIY, WSS says it tendered the underlying litigation to the insurer for defense and indemnification under its commercial general liability, umbrella and "technology errors and omissions" policies.

According to the suit, WSS sought reimbursement for the full arbitration award in addition to \$450,000 it incurred in defense expenses.

But the insurer shirked its obligations by denying coverage, despite the fact that SmartSky's allegations implicated covered claims for property damage and "personal and advertising injury" under the policies, WSS says.

The technology E&O policy expressly applies to claims arising from "plagiarism or misappropriation of ideas under an implied contract," while the other policies cover injuries related to the infringement of "another's copyright, trade dress or slogan in your 'advertisement,'" according to the complaint.

WSS, represented by Richard L. Pinto and Deborah J. Bowers of Pinto Coates Kyre & Bowers PLLC, seeks a declaration that PHLIY is on the hook for the arbitration award and defense costs.

It is also seeking damages for the insurer's alleged breach of contract and punitive damages for PHLIY's purported bad-faith conduct. **WJ**

### Attorneys:

*Plaintiffs:* Richard L. Pinto and Deborah J. Bowers, Pinto Coates Kyre & Bowers PLLC, Greensboro, NC

## Vidal

CONTINUED FROM PAGE 1

the Biden administration's goals to improve diversity in the innovation industries.

"[Vidal] is passionate and outspoken on diversity, equity and inclusion, which will surely find its way into USPTO initiatives to grow diversity in U.S. innovation by encouraging and increasing the number of diverse patent and trademark applicants and make innovation opportunities more accessible to historically underrepresented groups," Ondrick said.



McKool Smith attorney Christina Ondrick said Vidal is "passionate and outspoken on diversity, equity and inclusion."

Joseph F. Hetz, co-chair of Crowell & Moring's patent prosecution practice group, also praised Vidal's experience as a "leader in diversity efforts" and added that her "balanced experience" representing both sides in patent disputes "may result in a balanced approach to policies she may implement at the USPTO."

This experience includes her current position as managing partner of Winston & Strawn LLP's Silicon Valley office, where she has been for several years. Before that, she was at Fish & Richardson PC.

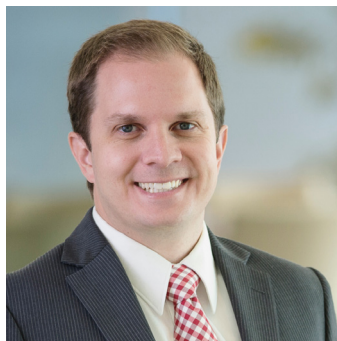
While at Winston & Strawn, she argued over patent-eligibility standards under Section 101 of the Patent Act, 35 U.S.C.A. § 101, before the U.S. Court of Appeals for the Federal Circuit in *SAP America Inc. v. InvestPic LLC*, 890 F.3d 1016 (Fed. Cir. 2018).

"Vidal's background and experience should give her a good perspective on how to improve operations at the USPTO," Hetz said.



"Vidal's background and experience should give her a good perspective on how to improve operations," Crowell & Moring attorney Joseph F. Hetz said.

He also said her views may become the focus of the confirmation process, which he said has already become a "standoff" between U.S. Sen. Patrick Leahy, D-Vt., who has asked for a director to "weed out poor-quality patents," and U.S. Sen. Thom Tillis, R-NC, who has advocated to continue the pro-patent reforms that former USPTO Director Andrei Iancu initiated.



"The PTO gains a leader who has litigated and weighed both sides of the subject-matter eligibility puzzle," Holland & Hart attorney Phil Harris said.

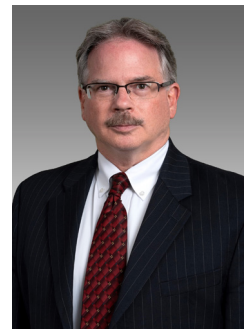
Among his accomplishments, Iancu reformed the Patent Trial and Appeal Board in ways that reduced the number of patents it invalidated.

## 'STRONG TECHNICAL BACKGROUND'

The president's statement emphasized Vidal's "strong technical background," noting her education in the electrical engineering field and work for General Electric and Lockheed Martin.

Phil Harris, a patent partner at Holland & Hart LLP, described Vidal as "a seasoned litigator and previous industry engineer who will bring a different perspective and can advance the PTO's procedural and policy adjustments based on her real-world experience of developing new technology along with applying the law to relevant technology and processes."

"This means the PTO gains a leader who has litigated and weighed both sides of the subject-matter eligibility puzzle, among other key issues, and is well positioned to adapt PTO procedure based on Supreme Court decisions," Harris said.



Dykema attorney Thomas Moga found Vidal's experience in aeronautical electrical control systems to be particularly noteworthy.

He also predicted that Vidal will strengthen diversity initiatives, including those for underrepresented inventor groups.

Thomas Moga, IP attorney at Dykema, found her technical experience in aeronautical electrical control systems to be particularly noteworthy.

"This deep and varied technical depth is hard to come by, and I think the USPTO will be fortunate to have her at the tiller," he said. "I believe her extensive litigation background coupled with her rich technical skill in electrical engineering and software design will prove truly valuable in guiding the USPTO through the challenges ahead." **WJ**

## CASE AND DOCUMENT INDEX

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# RATAJKOWSKI

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2021 WL 4443259

Only the Westlaw citation is currently available.  
United States District Court, S.D. New York.

Robert O'NEIL, Plaintiff,

v.

Emily RATAJKOWSKI and Emrata Holdings, LLC, Defendants.

19 Civ. 9769 (AT)

|  
Signed 09/28/2021

## Attorneys and Law Firms

James H. Freeman, Liebowitz Law Firm, PLLC, New Rochelle, NY, Richard Liebowitz, Liebowitz Law Firm, PLLC, Vallestream, NY, for Plaintiff.

Daniel Adam Schnapp, Nixon Peabody LLP, New York, NY, for Defendant Emily Ratajkowski.

## ORDER

ANALISA TORRES, District Judge:

\*1 Plaintiff, Robert O'Neil, brings this action alleging copyright infringement by Defendants, Emily Ratajkowski and Emrata Holdings, LLC. Compl., ECF No. 1. The parties cross-move for summary judgment. ECF Nos. 37, 42. For the reasons stated below, both motions are GRANTED in part and DENIED in part.

## BACKGROUND

The facts discussed in this opinion are undisputed except where otherwise noted. The Court has drawn all reasonable inferences in favor of the nonmovant. *See Costello v. City of Burlington*, 632 F.3d 41, 45 (2d Cir. 2011).<sup>1</sup>

Ratajkowski is a professional model and actress, who also heads a clothing line. Inamorata. Def. 56.1 Stmt. at 1–2, ECF No. 47: Pl. 56.1 Stmt. ¶ 57, ECF No. 45. Ratajkowski also personally runs an Instagram account with the username Emrata (the “Instagram Account”). Def. 56.1 Stmt. at 2–3. Ratajkowski usually posts personal or political photographs, but she has posted “sponsored posts” on her main Instagram feed, and, more rarely, her Instagram Stories, which disappear in 24 hours. *Id.*; Pl. 56.1 Stmt. ¶ 39; Ratajkowski Dep. Tr. at 17:19–18:2, 49:9–14, ECF No. 44-4. The main profile page of the Instagram Account also includes a link to her clothing line. Pl. 56.1 Stmt. ¶ 57. All money she makes through acting, modeling, or the Instagram Account flows to Emrata Holdings, LLC (“Emrata”). Ratajkowski Dep. Tr. at 85:3–15.

Plaintiff is a “paparazzi photographer,” who generally attempts to take “candid” shots of celebrities unaware of his presence. Def. 56.1 Stmt. at 3.

On September 13, 2019, Plaintiff photographed Ratajkowski outside of the Adore Flower Shop in downtown Manhattan. *Id.* at 7–8. He took nine frames in rapid succession, including the photograph at issue here (the “Photograph”), which depicts Ratajkowski on the street, with her face covered by the bouquet of flowers she pulled in front of her face (an action Plaintiff interprets as her hiding from paparazzi photographers). Photograph, ECF No. 1-1; Def. 56.1 Stmt. at 7–8.

Plaintiff then uploaded the Photograph to Splash News (“Splash”), Plaintiff’s agency. Def. 56.1 Stmt. at 5–6; Pl. 56.1 Stmt. ¶ 24. Splash posts Plaintiff’s photographs online for licensing to its subscribers, in exchange for 40 percent of any license fees. Def. 56.1

Stmt. at 5; Pl. 56.1 Stmt. ¶ 24. Plaintiff made minimal, if any, income from the Photograph. O’Neil Dep. Tr. at 80:25–81:11, ECF No. 44-5. Plaintiff states he also sent the Photograph to his attorney, who then registered it, along with 747 other photographs, with the United States Copyright Office (the “Copyright Office”); his counsel states that this resulted in registration certification VA 2-173-330 (the “Registration”). Def. 56.1 Stmt. at 8–9, 13; Pl. 56.1 Stmt. ¶ 69; Leibowitz Decl. ¶¶ 8–9, ECF No. 44; Registration, ECF No. 43-4.

\*2 On September 18, 2019, Ratajowski posted the Photograph to the Instagram Stories of the Instagram Account. Pl. 56.1 Stmt. ¶ 25; Def. 56.1 Stmt. at 2, 16. It (the “Instagram Photograph”) was automatically deleted after 24 hours. Def. 56.1 Stmt. at 7. The Photograph and the Instagram Photograph are largely the same, except Ratajowski added the words “mood forever” to the bottom of the Instagram Photograph. Photograph; Instagram Photograph, ECF No. 1-2; Pl. 56.1 Stmt. ¶ 31; Def. 56.1 Stmt. at 7.

On October 23, 2019, Plaintiff filed this action, alleging copyright infringement against Defendants. Compl. Defendants move for summary judgment on the grounds that (1) the Photograph is not the subject of a valid copyright, (2) Ratajowski’s reposting was fair use, (3) Plaintiff has not suffered damages, and (4) Plaintiff cannot show facts establishing Emrata’s involvement. Def. Mem. at 2–4, ECF No. 38. Defendants also seek an order granting sanctions and attorney’s fees. *Id.* at 3-4. Plaintiff cross-moves for partial summary judgment on the elements of his infringement claim and on Defendants’ affirmative defenses to liability. Pl. Mem. at 2, ECF No. 46.

## DISCUSSION

### I. Legal Standard

On a motion for summary judgment, the movant must show “that there is no genuine dispute as to any material fact and [that it] is entitled to judgment as a matter of law.” Fed. R. Civ. P. 56(a). The movant bears the initial burden of pointing to evidence in the record “which it believes demonstrate[s] the absence of a genuine issue of material fact.” *Celotex Corp. v. Catrett*, 477 U.S. 317, 323, 106 S.Ct. 2548, 91 L.Ed.2d 265 (1986). The movant may support an assertion that there is no genuine dispute by “showing ... that [the] adverse party cannot produce admissible evidence to support the fact.” Fed. R. Civ. P. 56(c)(1)(B). A genuine dispute of material fact exists when “the evidence is such that a reasonable jury could return a verdict for the nonmoving party.” *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248, 106 S.Ct. 2505, 91 L.Ed.2d 202 (1986). On summary judgment, the Court construes the facts, resolves all ambiguities, and draws all permissible factual inferences in favor of the non-moving party. *See Dallas Aerospace, Inc. v. CIS Air Corp.*, 352 F.3d 775, 780 (2d Cir. 2003).

### II. Copyright Infringement

“To establish copyright infringement, ‘two elements must be proven: (1) ownership of a valid copyright, and (2) copying of constituent elements of the work that are original.’” *Williams v. Crichton*, 84 F.3d 581, 587 (2d Cir. 1996) (quoting *Feist Publ’ns, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340, 361, 111 S.Ct. 1282, 113 L.Ed.2d 358 (1991)). Defendants move for summary judgment on the first prong, arguing that (1) Plaintiff has not demonstrated he registered his copyright in the Photograph, and (2) the Photograph is not sufficiently original to qualify as copyrightable. Def. Mem. at 8–13. Plaintiff moves for summary judgment on both prongs. Pl. Mem. at 8–13.

#### A. Registration

Under 17 U.S.C. § 410(c), a certificate of registration from the United States Register of Copyrights constitutes *prima facie* evidence of the valid ownership of a copyright. *Jorgensen v. Epic/Sony Records*, 351 F.3d 46, 51 (2d Cir. 2003). A plaintiff must demonstrate that a work is protected by a copyright registration. *Mantel v. Microsoft Corp.*, No. 16 Civ. 5277, 2018 WL 1602863, at \*3 (S.D.N.Y. Mar. 29, 2018). Once registration is established, the burden shifts to the defendant to challenge the validity of that registration. *Fonar Corp. v. Domenick*, 105 F.3d 99, 104 (2d Cir. 1997).

Here, it is impossible to tell from the face of the Registration if it covers the Photograph. ECF No. 43-4; Def. 56.1 Stmt. at 13. Richard Leibowitz, then Plaintiff’s attorney, submitted a declaration, stating that it is his firm’s “routine practice” to register its clients’ photographs with the Copyright Office, that he directly supervises the support staff that handles the copyright registration process, including Donna Halperin, that the “content title of the Photograph, as listed on the face of the [Registration], is “Emily Ratajowski20190913\_0005.jpg,” and that registration of the Photograph was carried out “in accordance with [the firm’s] routine practice.” Leibowitz Decl. ¶¶ 5–10. Although Plaintiff’s briefing and 56.1 statement cite a declaration from Donna Halperin, no such document was filed on the docket. *See* Pl. Mem. at 10, 26; Pl. 56.1 Stmt. ¶¶ 66, 68–69, 71–72. It also appears that Leibowitz does not have direct knowledge of the registration, *see* Leibowitz Decl., and, in the past, has stated that he “did not play any role in the filing” of an application done by the internal staff, *Usherson v. Bandshell Artist Mgmt.*, No. 19 Civ. 6368 (S.D.N.Y. Feb. 7, 2020), ECF No. 63 ¶ 13. Moreover, the Photograph is not the only file in the Registration. The Court, therefore, cannot discern if it is covered by reviewing



the Registration. See *Iantosca v. Elie Tahari, Ltd.*, No. 19 Civ. 4527, 2020 WL 5603538, at \*4 (S.D.N.Y. Sept. 18, 2020). Nor did Plaintiff personally apply for registration, permitting the Court to rely on his testimony. *Masi v. Moguldom Media Grp. LLC*, No. 18 Civ. 2402, 2019 WL 3287819, at \*4 (S.D.N.Y. July 22, 2019) (“Given [p]laintiff’s sworn declaration, and deposition testimony that he included all 45 of the high resolution photos that appeared in his gallery with his registration application, [d]efendant’s speculative statements regarding the scope of the copyright do not create a triable issue of fact as to whether the [r]egistration covers the photographs at issue.” (citations omitted)). The Court, therefore, cannot find that Plaintiff submitted sufficient “hard evidence” with his briefing to demonstrate registration. *Mantel*, 2018 WL 1602863, at \*3; *Ferdman v. CBS Interactive Inc.*, 342 F. Supp. 3d 515, 530 (S.D.N.Y. 2018).

**\*3** However, after the close of summary judgment briefing, Plaintiff’s counsel requested that the Court take judicial notice of a certified deposit copy he had requested from the Copyright Office. ECF No. 52. His initial letter to the Court, dated November 24, 2020, consisted of (1) a copy of the certificate from the Copyright Office stating that “the attached flash drive is a true copy of the work” deposited with the Copyright Office under the Registration, (2) an image of a flash drive labelled with the registration number, and (3) a copy of the Photograph. ECF No. 52-1. Defendants oppose such notice, arguing that the documents should have been produced during discovery, and Plaintiff had failed to authenticate the copy of the Photograph as a file on the flash drive and the flash drive as the drive sent with the certificate. ECF No. 53. Plaintiff’s reply, filed on December 9, 2020, a day late, includes a declaration demonstrating that the copy of the Photograph corresponds to a file saved on the flash drive, and the flash drive was sent from the Copyright Office. ECF No. 55. Defendants object to the late reply. ECF No. 56.

The Court concludes that it will permit the one-day late reply and take judicial notice of the deposit copy. Although the extension request was not made in compliance with the Court’s Individual Practices in Civil Cases, the Court recognizes the administrative burden caused by a sudden influx of cases due to Richard Leibowitz’s suspension, ECF Nos. 55, 57, and, therefore, finds good cause for the late submission. And, under Federal Rule of Evidence 201(b), the Court may take judicial notice of public documents such as certifications from the Copyright Office at any point in a litigation, including after the completion of summary judgment briefing. Fed. R. Evid. 201(d); *Island Software & Comput. Serv., Inc. v. Microsoft Corp.*, 413 F.3d 257, 261 (2d Cir. 2005); *Otto v. Hearst Commc’ns, Inc.*, 345 F. Supp. 3d 412, 424 (S.D.N.Y. 2018). Moreover, Plaintiff’s counsel’s declaration sufficiently authenticates the deposit copy. ECF Nos. 55-2–55-8; *CJ Prods. LLC v. BTC Enters. LLC*, No. 10 Civ. 5878, 2012 WL 1999829, at \*6 & n.6 (S.D.N.Y. June 1, 2012). And, as opposed to *Mantel* and *Ferdman*, discovery sanctions are not appropriate. Here, Plaintiff did not have the deposit copy in his possession during discovery; thus, he did not violate discovery rules by not producing it. ECF No. 39 at 37, 42; cf. *Mantel*, 2018 WL 1602863, at \*4 (“Plaintiff represented that he had these documents in his possession ... [p]laintiff told the [d]efendants that he would produce the documents to them.”); *Ferdman*, 342 F. Supp. 3d at 526–27, 529–30 (noting that plaintiff attached documents to his summary judgment briefing that had previously been requested and which he had represented he did not possess); see also *CJ Prods. LLC*, 2012 WL 1999829, at \*6 (“[S]ince this litigation is a search for the truth, defendants cannot be prejudiced by the materials.”).

With the deposit copy before the Court, Plaintiff has established that the Photograph is registered with the Copyright Office. As Defendants do not otherwise challenge the validity of the Registration, the Court concludes that Plaintiff has demonstrated *prima facie* evidence of valid copyright ownership. See *Iantosca*, 2020 WL 5603538, at \*5.

## B. Originality

Defendant attempts to rebut the presumption created by the Registration by arguing that the Photograph is insufficiently original. Def. Mem. at 10–13. “To qualify for copyright protection, a work must be original to the author.” *Feist Publ’ns, Inc.*, 499 U.S. at 345, 111 S.Ct. 1282. An original work is one that “was independently created by the author” and “possesses at least some minimal degree of creativity.” *Id.* “Almost any photograph may claim the necessary originality to support a copyright,” as long as there is some originality in “rendition ... timing ... [or] creation of the subject.” *Mannion v. Coors Brewing Co.*, 377 F. Supp. 2d 444, 450, 452–55 (S.D.N.Y. 2005).

Courts have found paparazzi photographs original based on their “myriad creative choices, including, for example, their lighting, angle, and focus.” *Sands v. CBS Interactive Inc.*, No. 18 Civ. 7345, 2019 WL 1447014, at \*4 (S.D.N.Y. Mar. 13, 2019). Here, too, the Photograph meets the “extremely low” standard for originality. *Feist*, 499 U.S. at 345, 111 S.Ct. 1282; cf. *Bridgeman Art Libr., Ltd. v. Corel Corp.*, 36 F. Supp. 2d 191, 196–97 (S.D.N.Y. 1999) (finding unoriginal “slavish copies” consisting of photographs of an existing photograph meant to directly reproduce the existing work); *Oriental Art Printing, Inc. v. Goldstar Printing Corp.*, 175 F. Supp. 2d 542, 556–57 (S.D.N.Y. 2001) (finding unoriginal “direct depictions of the most common Chinese food dishes as they appear on the plates served to customers at restaurants,” with no evidence that the photographs were “designed with creativity or art in mind,” rather than “serv[ing] a purely utilitarian purpose” of identifying the dishes on a takeout menu), *aff’d in part, appeal dismissed in part sub nom. Oriental Art Printing Inc. v. GS Printing Corp.*, 34 F. App’x 401 (2d Cir. 2002). Plaintiff selected his location, lighting, equipment, and settings based on the location and timing. Def. 56.1 Stmt. at 8; Pl. 56.1 Stmt. ¶ 21. Moreover, that other photographers took photographs of the same subject matter at

the same time does not make the Photograph less original; copyright protects an author's specific expression capturing a subject, even if others capture the subject as well. *Cf. Mannion*, 377 F. Supp. 2d at 453 (noting that if another photographer captured the same scene as a copyrighted image, it would not infringe the original image). Therefore, the Photograph has sufficient originality to be copyrighted. Accordingly, Defendants' motion for summary judgment on the validity of Plaintiff's copyright is DENIED.

**\*4** Thus, Plaintiff has demonstrated that he owns a valid copyright in the Photograph. Plaintiff has also established that Ratajkowski copied the Photograph. *See Williams*, 84 F.3d at 587 ("In the absence of direct evidence, copying is proven by showing (a) that the defendant had access to the copyrighted work[,] and (b) the substantial similarity of protectible material in the two works." (quotation marks and citation omitted)); Pl. 56.1 Stmt. ¶¶ 26, 30–31. Accordingly, Plaintiff's motion for summary judgment regarding Ratajkowski's infringement is GRANTED.

### C. Emrata

Defendants move for summary judgment dismissing all claims against Emrata. Def. Mem. at 2 n.2. Plaintiff has indicated his intent to dismiss Emrata, ECF No. 28 at 1, but has not done so formally. Plaintiff has not demonstrated Emrata's liability: it is undisputed that Ratajkowski posts on the Instagram Account in her personal capacity, Def. 56.1 Stmt. at 2, and Plaintiff has demonstrated no facts linking Emrata to the copying of the Photograph. Accordingly, Defendants' motion for summary judgment as to Emrata is GRANTED.

### III. Damages

Defendants contend that Plaintiff's claim fails because he cannot establish he is owed money damages. Def. Mem. at 18–23. The Copyright Act provides that a copyright plaintiff may recover either actual damages or statutory damages. 17 U.S.C. § 504. Plaintiff stated in his supplemental disclosures that he is no longer seeking actual damages, ECF No. 39 at 42, nor does he argue for actual damages in this briefing, *see* Pl. Mem; Pl. Reply at 9–10, ECF No. 51. Therefore, the Court shall only consider whether he is due statutory damages.

The Copyright Act permits statutory damages of between \$750 and \$30,000 per infringement, and up to \$150,000 if such infringement was "willful[.]" 17 U.S.C. § 504(c). However, statutory damages may not be awarded for infringement of "an unpublished work commenced before the effective date of its registration," or "commenced after first publication of the work and before the effective date of its registration, unless such registration is made within three months after the first publication of the work." 17 U.S.C. § 412; *see also Troll Co. v. Uneeda Doll Co.*, 483 F.3d 150, 158 (2d Cir. 2007).

Defendants argue that because the Photograph was only posted to Splash, it was not published within the meaning of § 412. Def. Mem. at 21; Def. Opp'n at 19–20, ECF No. 50. The Copyright Act defines publication in relevant part as "the distribution of copies or phonorecords of a work to the public by sale or other transfer of ownership, or by rental, lease, or lending" or "[t]he offering to distribute copies or phonorecords to a group of persons for purposes of further distribution[.]" 17 U.S.C. § 101. The Copyright Office, whose opinion merits deference, further explains that publication occurs where "the offeror"—the copyright owner or someone with their authority—"has completed all the steps necessary for distribution to the public, such that the only further action required is an offeree's action in obtaining a copy or phonorecord[.]" but not where "distribution of copies or phonorecords requires additional action by the offeror." U.S. Copyright Office, *Compendium of U.S. Copyright Office Practices* §§ 1902, 1906.1 (3d ed. 2021), <https://www.copyright.gov/comp3/docs/compendium.pdf> (the "Copyright Compendium"); *Palmer/Kane LLC v. Gareth Stevens Publ'g*, No. 15 Civ. 7404, 2017 WL 3973957, at \*11 (S.D.N.Y. Sept. 7, 2017). Therefore, Splash's offering the Photograph to its subscribers for the purposes of licensing, carried out with Plaintiff's authority, constitutes publication. *Palmer/Kane LLC*, 2017 WL 3973957, at \*11; *see also* Copyright Compendium § 1906.1 (giving as examples of publication an offer by a copyright owner "on a public website to purchase and download an app that they developed and made accessible on that website" and "[a]n advertisement containing pictures of a jewelry design").

**\*5** Defendants further argue that Splash's thumbnail postings were merely "samples", which the Second Circuit in *Hub Floral Corp. v. Royal Brass Corp.*, 454 F.2d 1226 (2d Cir. 1972), recognized as insufficient for publication. Def. Opp'n at 20. However, in *Hub Floral*, the Second Circuit noted that the full work of the distributed samples—fabric patterns—had not yet been produced, and so, "[s]ince [the copyright holder] was not in a position to commence realizing the benefits of its unique design and the public had not been provided with reproductions, there was no publication." *Id.* at 1229. The logical inference of this holding is that if "the samples had been sold or delivered to customers, it would have been deemed publication." *Gold Value Int'l Textile, Inc. v. Sanctuary Clothing, LLC*, No. 16 Civ. 339, 2017 WL 2903180, at \*7 (C.D. Cal. Mar. 24, 2017).

Here, however, Plaintiff was in a position to immediately realize the benefits of the Photograph, and in fact, Plaintiff earned income on the Photograph between September 13 and 19, 2021. O’Neil Dep. Tr. at 80:25–81:4; see *Gold Value Int’l Textile, Inc.*, 2017 WL 2903180, at \*7 (noting that plaintiff’s exhibiting smaller images of its designs in books available at its studios “[gave] customers not only the ability to view the designs, but also the ability to acquire them” thereby “showing a willingness to enter into a bargain, such that any reasonable customer would understand the product as being offered to him or her for sale” (quoting *Urb. Textile, Inc. v. Cato Corp.*, No. 14 Civ. 6967, 2016 WL 6804911, at \*4 (C.D. Cal. Apr. 1, 2016))); see also Copyright Compendium § 1906.1 (“Publication occurs when fabric, carpet, or wallpaper samples are offered to sales representatives for the purpose of selling those works to wholesalers and retailers.”). Moreover, although Splash’s viewership is limited to its subscribers, ECF No. 49-3, that membership is a far cry from the “few trusted customers” deemed too small a viewership for publication. *Peter Pan Fabrics, Inc. v. Dan River Mills, Inc.*, 295 F. Supp. 1366, 1368 (S.D.N.Y.), *aff’d*, 415 F.2d 1007 (2d Cir. 1969).

The Court concludes, therefore, that the Photograph was published when posted on Splash on September 13, 2019. ECF No. 43-2. And, because the Registration’s effective date—October 3, 2019—is within three months of the Photograph’s publication, statutory damages are permitted for Ratajkowski’s infringement, which occurred on September 18, 2019, between publication and the effective date of registration. 17 U.S.C. § 412(2); Registration; Pl. 56.1 Stmt. ¶ 25.

Moreover, Plaintiff may recover statutory damages despite earning only negligible profits from the Photograph, and, thus, suffering only minimal actual damages. Def. 56.1 Stmt. at 9; O’Neil Dep. Tr. at 80:25–80:4; see *Agence France Presse v. Morel*, No. 10 Civ. 2730, 2014 WL 3963124, at \*15 (S.D.N.Y. Aug. 13, 2014) (citing *Psihoyos v. John Wiley & Sons, Inc.*, 748 F.3d 120, 127 (2d Cir. 2014)). Although courts are discouraged from awarding windfall statutory damages to plaintiffs, actual damages are only one factor courts consider in determining statutory damages. *Cengage Learning, Inc. v. Yousuf*, No. 14 Civ. 3174, 2018 WL 6990757, at \*3 (S.D.N.Y. Dec. 20, 2018), *report and recommendation adopted*, No. 14 Civ. 3174, 2019 WL 162661 (S.D.N.Y. Jan. 10, 2019); *Agence France Presse*, 2014 WL 3963124, at \*15. Therefore, although the Court does not opine on the amount of statutory damages Plaintiff may be due if he prevails at trial, the lack of actual damages does not foreclose his pursuit of statutory damages.

Accordingly, Plaintiff is not barred from recovering statutory damages for the infringement, and the Court does not reach the issue of whether his being barred would make summary judgment appropriate. Defendants’ motion for summary judgment based on lack of damages is, therefore, DENIED.

#### IV. Fair Use

**\*6** Plaintiff and Defendants cross-move for summary judgment on whether the posting of the Instagram Photograph was fair use. Fair use, an affirmative defense to copyright infringement, seeks to balance copyright protections and “the ability of [other] authors, artists, and the rest of us to express them—or ourselves by reference to the works of others,” *Andy Warhol Found. for Visual Arts, Inc. v. Goldsmith*, 11 F.4th 26, 36 (2d Cir. 2021) (alteration in original) (quoting *Blanch v. Koons*, 467 F.3d 244, 250 (2d Cir. 2006)), in order to uphold copyright law’s ultimate purpose of “promot[ing] the Progress of Science and useful Arts,” U.S. Const. art. I, § 8, cl. 8.

The Copyright Act lists four non-exhaustive factors that courts should consider when evaluating where a use is “fair”:

- (1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;
- (2) the nature of the copyrighted work;
- (3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
- (4) the effect of the use upon the potential market for or value of the copyrighted work.

17 U.S.C. § 107. In weighing these factors, the Court should conduct a “holistic, context-sensitive inquiry” without bright-line rules. *Andy Warhol Found.*, 11 F.4th at 37.

“Fair use is a mixed question of law and fact.” *Harper & Row, Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 560, 105 S.Ct. 2218, 85 L.Ed.2d 588 (1985). However, the Second Circuit has resolved questions of fair use at the summary judgment stage where the moving party shows there are no genuine issues of material fact. *Otto*, 345 F. Supp. 3d at 426 (citing *Wright v. Warner Books, Inc.*, 953 F.2d 731, 735 (2d Cir. 1991)). Because fair use is an affirmative defense, on which the defendant bears the burden at trial, when a plaintiff challenges it on summary judgment he “may satisfy [his] Rule 56 burden by showing that there is an absence of evidence to support an essential element of the non-moving party’s case.” *F.D.I.C. v. Giammettei*, 34 F.3d 51, 54 (2d Cir. 1994) (citing *Celotex*, 477 U.S. at 325, 106 S.Ct. 2548).

## A. Purpose and Character of the Work

### 1. Transformative Work

The first fair use factor, the purpose and character of the work, focuses primarily on whether the use is “transformative”—that is, “whether the new work merely supersedes the objects of the original creation, or instead adds something new, with a further purpose or different character, altering the first with new expression, meaning, or message.” *Andy Warhol Found.*, 11 F.4th at 37 (quoting *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 579, 114 S.Ct. 1164, 127 L.Ed.2d 500 (1994)). The “[p]aradigmatic examples” of such transformative uses are those listed in the preamble to § 107: “criticism, comment, news reporting, teaching ..., scholarship, or research.” *Id.* (quoting 17 U.S.C. § 107). The Court conducts this inquiry objectively, considering how the new use “may reasonably be perceived” without concern for the infringer’s subjective intent. *Id.* at 50 (quotation marks and citation omitted); *Cariou v. Prince*, 714 F.3d 694, 707 (2d Cir. 2013).

Another court in this district has determined that the purpose of paparazzi photos is to “document the comings and goings of celebrities, illustrate their fashion and lifestyle choices, and accompany gossip and news articles about their lives.” *Barcroft Media, Ltd. v. Coed Media Group, LLC*, 297 F. Supp. 3d 339, 352 (S.D.N.Y. 2017). Therefore, when news sites have copied paparazzi photographs to document celebrities’ lives, courts have determined those uses are not transformative. *Id.*; *cf. Ferdman*, 342 F. Supp. 3d at 534. By contrast, where photographs are used to comment on the image—rather than to illustrate an independent news story—courts have found those uses to be transformative. *Ferdman*, 342 F. Supp. 3d at 534–35; *Barcroft*, 297 F. Supp. 3d at 352 (“Display of a copyrighted image or video may be transformative where the use serves to illustrate criticism, commentary, or a news story about that work.” (emphasis in original)); *see also Monge v. Maya Mags., Inc.*, 688 F.3d 1164, 1174–76 (9th Cir. 2012). Defendants contend that, by placing the words “mood forever” on the Photograph to post it to her Instagram Stories, the Instagram Photograph “ma[de] commentary and criticism of [Ratajkowski’s] perspective of abusive, aggressive, and harassing practice of paparazzi constantly following her, even when buying flowers for a friend.” Def. Mem. at 16.

\*7 The Court concludes that there is a genuine issue of material fact regarding whether, and to what extent, Ratajkowski’s use was transformative. A reasonable observer could conclude the Instagram Photograph merely showcases Ratajkowski’s clothes, location, and pose at that time—the same purpose, effectively, as the Photograph. On the other hand, it is possible a reasonable observer could also conclude that, given the flowers covering Ratajkowski’s face and body and the text “mood forever,” the Instagram Photograph instead conveyed that Ratajkowski’s “mood forever” was her attempt to hide from the encroaching eyes of the paparazzi—a commentary on the Photograph. *See Ratajkowski Dep. Tr.* at 39:21–23 (noting that “mood is a millennial way of using an expression or an image to express how someone feels about something”). And, the Court declines to opine on the newsworthiness of Ratajkowski’s battles with paparazzi compared to other events the documentation of which courts have found to be fair use. *Ferdman*, 342 F. Supp. 3d at 535.

### 2. Commerciality

The first fair use prong also requires an analysis of whether the use was commercial. This inquiry does not turn on whether a defendant’s business is for-profit, *Am. Geophysical Union v. Texaco Inc.*, 60 F.3d 913, 921 (2d Cir. 1994), nor whether “the sole motive of the use is monetary gain,” *Otto*, 345 F. Supp. 3d at 429 (quoting *Harper & Row*, 471 U.S. at 562, 105 S.Ct. 2218). Instead, “[t]he crux of the profit/nonprofit distinction is ... whether the user stands to profit from exploitation of copyrighted material without paying the customary price.” *Id.* (quoting *Harper & Row*, 471 U.S. at 562, 105 S.Ct. 2218). “The greater the private economic rewards reaped by the secondary user (to the exclusion of broader public benefits), the more likely the first factor will favor the copyright holder.” *Am. Geophysical Union*, 60 F.3d at 922; *Assoc. Press v. Meltwater U.S. Holdings*, 931 F. Supp. 2d 537, 552 (S.D.N.Y. 2013) (“Where a defendant did not gain ‘direct or immediate commercial advantage’ from the copying, its status as a for-profit enterprise is less relevant.” (quoting *Am. Geophysical Union*, 60 F.3d at 921)). Conversely, where a use only “trivially affected” the value of a for-profit service, this factor is assigned relatively little weight. *Swatch Grp. Mgmt. Servs. Ltd. v. Bloomberg L.P.*, 756 F.3d 73, 83 (2d Cir. 2014). Moreover, the more transformative the new work, “the less will be the significance of ... commercialism.” *Cariou*, 714 F.3d at 708; *see also Authors Guild v. Google, Inc.*, 804 F.3d 202, 223 (2d Cir. 2015).

Here, Ratajkowski has a link to her for-profit store on the Instagram Account main feed, though it was not visible when viewing the Instagram Photograph. Pl. 56.1 Stmt. ¶ 57; Instagram Photograph. Ratajkowski estimates she has made more than \$100,000 from the Instagram Stories section of the Instagram Account within the last three years, although posting sponsored posts to Instagram Stories is less common than to her main feed. Pl. 56.1 Stmt. ¶ 56; Ratajkowski Dep Tr. at 50:12–14. Therefore, the Instagram Account is, at least in part, a for-profit enterprise, including the Instagram Stories portion.

However, Ratajkowski did not “directly and exclusively acquire[ ] conspicuous financial rewards from [her] use of the copyrighted material,” as she was not paid to post this particular story. *Am. Geophysical Union*, 60 F.3d at 922; Ratajkowski Dep Tr. at 44:22–24 (“Q. Ms. Ratajkowski, did you get paid for using this photograph on your Instagram story? A. No.”). Nor was the infringed work displayed directly next to advertisements, or in a section almost exclusively meant for advertisements. See *Hirsch v. Complex Media, Inc.*, No. 18 Civ. 5488, 2018 WL 6985227, at \*6 (S.D.N.Y. Dec. 10, 2018); *Richard Feiner & Co., Inc. v. H.R. Industries, Inc.*, 10 F. Supp. 2d 310, 314 (S.D.N.Y. 1998), *rev’d on other grounds*, 182 F.3d 901 (2d Cir. 1999). A non-sponsored Instagram Story—one of the approximately five a day Ratajkowski posted, Pl. 56.1 Stmt. ¶ 43—would have only trivially affected the value of the Instagram Account. Therefore, though the use is slightly commercial, the Court affords this factor little weight. Moreover, if a jury were to determine this use was transformative, this factor should be weighed even less. *Cariou*, 714 F.3d at 708.

### 3. Bad Faith

**\*8** Last, the Court considers Ratajkowski’s “good or bad faith” in infringing in the first factor analysis. *NXIVM Corp. v. Ross Inst.*, 364 F.3d 471, 478 (2d Cir. 2004). A finding of bad faith is not dispositive, either of the first factor or of fair use in general. *Id.* at 479; *Otto*, 345 F. Supp. 3d at 429 n.3. Plaintiff argues that Ratajkowski’s use was in bad faith because of her “omission of any credit,” and her not paying a license fee despite knowing that celebrities occasionally license photographs from Splash. Pl. Mem. at 19.

Although Ratajkowski rarely credits photographers, Pl. 56.1 Stmt. ¶ 51, there is no evidence that she personally removed copyright attribution from the Photograph, *Ferdman*, 342 F. Supp. 3d at 537 (finding no bad faith where there was “no evidence that [d]efendant ... removed the authorship credit itself”), *cf. Yang v. Mic Network, Inc.*, 405 F. Supp. 3d 537, 546 (S.D.N.Y. 2019) (holding that the defendant “cut[ting] off part of the [p]hotograph, removing the label crediting the work to [p]laintiff,” was bad faith), *reconsideration denied*, No. 18 Civ. 7628, 2020 WL 6562403 (S.D.N.Y. Nov. 9, 2020).

Additionally, if Ratajkowski did know that her “access to the [Photograph] was unauthorized or was derived from a violation of law or breach of duty, this consideration weighs in favor of [P]laintiff[ ].” *NXIVM Corp.*, 364 F.3d at 478. However, there is no evidence that Ratajkowski knew the Photograph was copyrighted or who it was copyrighted by. She testified that she did not take the Photograph directly from Splash, which makes her knowledge of other celebrities’ licensing from Splash irrelevant. Ratajkowski Dep. Tr. at 69:2–3; *Ferdman*, 342 F. Supp. 3d at 537. And her awareness that paparazzi photographs have been the basis of lawsuits against celebrities, Pl. 56.1 Stmt. ¶¶ 61–62, and general “internet etiquette” that “people will share [her] images and [she] share[s] their images,” *id.* ¶ 49; Ratajkowski Dep. Tr. at 24:13–21, does not demonstrate specific knowledge about the Photograph or Instagram Stories. Moreover, if a use otherwise meets the fair use criteria, “lack of permission is beside the point.” *Wright v. Warner Books, Inc.*, 953 F.2d 731, 737 (2d Cir. 1991) (quotation marks omitted). Therefore, the Court concludes this sub-factor does not weigh heavily in either direction.

In sum, therefore, there is a genuine issue of material fact as to whether Ratajkowski’s use was transformative, and neither commerciality nor bad faith weigh heavily on the analysis—particularly if the use is deemed transformative. Therefore, the Court cannot determine this factor at the summary judgment stage. *Ferdman*, 342 F. Supp. 3d at 536 (“Where ... reasonable jurors could disagree about whether—or the extent to which—a use is transformative, it is appropriate to deny summary judgment on a fair use defense.”); *Sarl Louis Feraud Int’l v. Viewfinder Inc.*, 627 F. Supp. 2d 123, 131 (S.D.N.Y. 2008).

### B. Nature of the Copyrighted Work

The second fair use factor requires the Court to consider the “nature of the copyrighted work,” including whether (1) it is “expressive or creative ... or more factual, with a greater leeway being allowed to a claim of fair use where the work is factual or informational,” and (2) “the work is published or unpublished, with the scope of fair use involving unpublished works being considerably narrower.” *Andy Warhol Found.*, 11 F.4th at 45 (citation omitted).

**\*9** This factor weighs in favor of Plaintiff, but only marginally so. The Photograph is “essentially factual in nature” and Plaintiff “captured [his] subject[ ] in public, as [she] naturally appeared, and [was] not tasked with directing the subject[ ], altering the backdrops, or otherwise doing much to impose creative force on the [Photograph] or infuse the [Photograph] with [his] own artistic vision.” *Barcroft*, 297 F. Supp. 3d at 354. Moreover, as determined above, the Photograph was published.

### C. Amount and Substantiality of the Use

In assessing the third fair use factor, the Court considers the amount and substantiality of the portion of the copyrighted work used. This factor considers not only “the quantity of the materials used” but also “their quality and importance” in relation to the original



work. *TCA Television Corp. v. McCollum*, 839 F.3d 168, 185 (2d Cir. 2016) (quoting *Campbell*, 510 U.S. at 587, 114 S.Ct. 1164). Because of this relational analysis, the Second Circuit has rejected the proposition that “this factor necessarily favors the copyright holder even where the secondary user has copied the primary work *in toto* in service of a legitimate secondary purpose.” *Andy Warhol Found.*, 11 F.4th at 46. “[T]his factor ‘weighs less when considering a photograph—where all or most of the work often must be used in order to preserve any meaning at all—than a work such as a text or musical composition, where bits and pieces can be excerpted without losing all value.’” *Ferdman*, 342 F. Supp. 3d at 539 (quoting *N. Jersey Media Grp. Inc. v. Pirro*, 74 F. Supp. 3d 605, 621 (S.D.N.Y. 2015)).

Ratajowski took the vast majority, if not the entirety, of the Photograph. Def. 56.1 Stmt. at 12; Pl. 56.1 Stmt. ¶ 31. In order to meaningfully comment on the intrusiveness of the Photograph—her stated purpose—she would require enough of the Photograph for it to be identifiable as a paparazzi photograph. Although this would arguably not require the whole Photograph, it would undoubtedly require the heart of the Photograph—the image of Ratajowski and enough of its background to place her on a city street.

Defendants argue that by posting the Instagram Photograph on Instagram Stories, rather than the main account, the use was less substantial. Def. Mem. at 17. The Court is not aware of any other court that has considered the impact of a social media “stories” post compared to a static post. On the one hand, courts in general do not take into account the length of availability of the infringing work. And, it does not counteract Ratajowski’s usage of the entire photograph, for a full twenty-four hours. *Cf. Hirsch*, 2018 WL 6985227, at \*7 (finding this prong weighed against a reproduction of an entire photograph for two seconds when defendant could have displayed a headline for the same effect).

However, the Supreme Court has observed that, “[t]he facts bearing on [the third] factor will also tend to address the fourth, by revealing the degree to which the [secondary use] may serve as a market substitute for the original or potentially licensed derivatives.” *Campbell*, 510 U.S. at 587, 114 S.Ct. 1164. If the Instagram Photograph only appeared for twenty-four hours, it is much less likely that someone might take the Photograph from the Instagram Account rather than licensing it from Plaintiff, compared to that same risk if the Instagram Photograph was permanently on the Instagram Account. Moreover, assuming Ratajowski wished to critique paparazzi, she chose the comparatively insubstantial option of Instagram Stories rather than the Instagram Account main feed.

**\*10** The Court concludes, therefore, that, because Ratajowski used a greater portion of the Photograph than was necessary for her purpose, this factor weighs slightly in favor of Plaintiff. However, the fact that it was posted on Instagram Stories lessens that weight.<sup>2</sup>

#### D. Effect on the Market

Finally, the fourth factor considers the secondary usage’s effect on the original work’s market. This factor focuses on “whether the copy brings to the marketplace a competing substitute for the original, or its derivative, so as to deprive the rights holder of significant revenues because of the likelihood that potential purchasers may opt to acquire the copy in preference to the original.” *Authors Guild*, 804 F.3d at 222. In addition, the Court considers “whether, if the challenged use becomes widespread, it will adversely affect the potential market for the copyrighted work.” *Andy Warhol Found.*, 11 F.4th at 48 (citation omitted). This consideration covers “traditional, reasonable, or likely to be developed markets.” *Am. Geophysical Union*, 60 F.3d at 930; *see also Andy Warhol Found.*, 11 F.4th at 48-49. There is a “close linkage between the first and fourth factors,” because “the more the copying is done to achieve a purpose that differs from the purpose of the original, the less likely it is that the copy will serve as a satisfactory substitute for the original.” *Authors Guild*, 804 F.3d at 223. The plaintiff is required to identify relevant markets, but, because fair use is an affirmative defense, the plaintiff need not show actual market harm. *Andy Warhol Found.*, 11 F.4th at 48-49. Moreover, where a court determines a use is not transformative, but rather that it is a “mere duplication for commercial purposes,” there is a presumption of market harm. *Ferdman*, 342 F. Supp. 3d at 541 (quoting *Campbell*, 510 U.S. at 591, 114 S.Ct. 1164).

To prevail on this factor in his motion for summary judgment, Plaintiff must show that, even if the Photograph is deemed transformative, a market exists which would be affected if this manner of using the Photograph became widespread. *See Blanch v. Koons*, 467 F.3d 244, 258 n.9 (2d Cir. 2006) (concluding this factor weighed for fair use where “nothing in the record here suggests that there was a derivative market for [plaintiff] to tap into that is in any way related to [defendant’s] use of her work, even if she dearly wanted to”). For Defendants to prevail on this factor in their motion for summary judgment, they must demonstrate that even if the Photograph is deemed non-transformative, the presumption of market harm is overcome by evidence that the relevant market has not been harmed and would not be harmed should the usage become widespread. *McGucken v. Newsweek LLC*, 464 F. Supp. 3d 594, 609 (S.D.N.Y. 2020), *reconsideration denied*, No. 19 Civ. 9617, 2020 WL 6135733 (S.D.N.Y. Oct. 19, 2020).

**\*11** Here, the relevant market is that of individuals licensing photographs from paparazzi—whether through agencies such as Splash or directly from the photographers—in order to post the photographs on the individuals’ social media accounts. As there is no

information in the record regarding that market, the Court cannot rule on this factor at this juncture. Although photographs posted on Splash are licensed to “third parties including media outlets such as New York Post, People Magazine and E! Online and other third-party users,” that establishes only a market of licensing the photographs to news organizations, not individuals. Pl. 56.1 Stmt. ¶ 7; see also *Ferdman*, 342 F. Supp. 3d at 541 (noting that defendant’s use of celebrity photographs taken by paparazzi in a media outlet is “paradigmatic of the only market the photographs could reasonably have: licensing to media outfits”); *Otto*, 345 F. Supp. 3d at 432–33 (noting “media outlets” as a market). Defendants argue that there is no market for the Photograph because Ratajkowski’s face is covered and Plaintiff failed to make money from the licensing of the Photograph. Def. Mem. at 18. But, Defendants have not established that the market generally does not exist, or that Plaintiff could not extend into it should he choose. Defendants, therefore, have not adduced evidence which rebuts the presumption of market harm. Cf. *Otto*, 345 F. Supp. 3d at 432 (noting that a lack of actual sales of the work at issue did not preclude market harm), O’Neil Dep. Tr. at 80:25–81:11 (stating that Plaintiff did receive income from licensing the Photograph, though not identifying the source).

#### E. Weighing the Factors

In sum, there are material issues of fact with respect to the first and fourth factors, and the second and third factors weigh towards Plaintiff, though not strongly. The Court cannot, therefore, make a determination of fair use on summary judgment. Accordingly, both parties’ motions for summary judgment on the issue of fair use are DENIED.

#### V. Other Affirmative Defenses

Defendants assert thirteen affirmative defenses in addition to fair use. ECF No. 17 at 4–7. Plaintiff moves for dismissal as a matter of law on the defenses to liability: failure to state a claim; invalidity or unenforceability of copyright; scènes à faire and merger doctrines; estoppel; waiver; copyright misuse; unclean hands; authorized use, license, consent, or acquiescence; non-infringement; and constitutional defenses. Pl. Mem. at 2, 23–28.

#### A. Failure to State a Claim and Ownership

A complaint must plead “enough facts to state a claim to relief that is plausible on its face.” *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 570, 127 S.Ct. 1955, 167 L.Ed.2d 929 (2007). “A claim has facial plausibility when the plaintiff pleads factual content that allows the court to draw the reasonable inference that the defendant is liable for the misconduct alleged.” *Ashcroft v. Iqbal*, 556 U.S. 662, 678, 129 S.Ct. 1937, 173 L.Ed.2d 868 (2009). Here, Plaintiff alleges that he is the author of the Photograph, that he registered it—creating a presumptively valid copyright—and that Defendants posted the Photograph on Instagram without authorization. ECF No. 1 ¶¶ 9–12. Although bare bones, the Court cannot conclude that this is insufficient to state a claim, and Defendants have not made a substantive argument other than those resolved above in Part II.

Similarly, Plaintiff has made out a case of ownership of a valid copyright. *Supra* Pt. II. Moreover, Defendants do not argue that either the scènes à faire or merger doctrines apply separately from her argument regarding lack of originality, which the Court rejected above. See Def. Opp’n at 15–16.

#### B. Estoppel and Waiver

Defendants argue that the affirmative defenses of estoppel and waiver apply because Plaintiff took Ratajkowski’s photograph without her consent and attempted to use that photograph to exploit her fame and notoriety; without Ratajkowski’s image, he would have no image to attempt to license. Def. Opp’n at 17.

In order to demonstrate the estoppel defense applies, Defendants must show that “1) the plaintiff had knowledge of defendant’s infringing acts, 2) the plaintiff either intended that defendant rely on his acts or omissions or acted or failed to act in such a manner that defendant had a right to believe that it was intended to rely on plaintiff’s conduct, 3) the defendant was ignorant of the true facts, and 4) the defendant relied on plaintiff’s conduct to its detriment.” *Dallal v. The New York Times Co.*, No. 05-2924, 2006 WL 463386, at \*1 (2d Cir. Feb. 17, 2006). Ratajkowski does not claim that she had a right to rely on a particular affirmative action of Plaintiff. See *Petrella v. Metro-Goldwyn-Mayer, Inc.*, 572 U.S. 663, 684, 134 S.Ct. 1962, 188 L.Ed.2d 979 (2014) (holding estoppel available when “a copyright owner engages in intentionally misleading representations concerning his abstention from suit”); *Coach, Inc. v. Kmart Corps.*, 756 F. Supp. 2d 421, 426 (S.D.N.Y. 2010) (“[A]n essential element of estoppel [is] that the party who invokes it shall have acted to his detriment in reliance upon what the other party had done.” (quotation marks and citation omitted)). Taking a photograph of someone does not constitute as an action indicating permission to use the photograph. Nor do Defendants point to any reliance on Ratajkowski’s part. See *Flo & Eddie, Inc. v. Sirius XM Radio Inc.*, 80 F. Supp. 3d 535, 541 (S.D.N.Y. 2015).

**\*12** In order to establish waiver under New York law, defendant must show “intentional relinquishment of a known right with both knowledge of its existence and an intention to relinquish it.” *Id.* at 540 (quoting *Capitol Records, Inc. v. Naxos of Am., Inc.*, 372 F.3d 471, 482 (2d Cir. 2004) (emphasis omitted)). “The conduct constituting a waiver must be clear, unmistakable and without ambiguity.” *Id.* (quotation marks and citation omitted). Defendants do not explain, much less give evidence in the record, how Ratajkowski’s being the subject of the Photograph constitutes conduct by Plaintiff clearly demonstrating an intentional and knowing relinquishment of rights.

### C. Copyright Misuse and Unclean Hands

Defendants claim entitlement to the defenses of copyright misuse, unclean hands, and bad faith based on Plaintiff’s allegedly bringing a case knowing that his statutory damages were disproportionate to the cost of litigation, and Plaintiff’s counsel’s track record of “launching full scale and excessive litigation merely to extort exorbitant settlements over negligible infringement.” Def. Opp’n at 17–18.

The defense of copyright misuse “has not been firmly established in the Second Circuit and it is unclear whether an antitrust violation is required for its use.” *Michael Grecco Prods., Inc. v. Valuwalk, LLC*, 345 F. Supp. 3d 482, 510 (S.D.N.Y. 2018). Generally, it “bars copyright owners from recovering for infringement where they have extended the scope of their copyrights to control areas outside of their copyright monopoly.” *Coach, Inc.*, 756 F. Supp. 2d at 428; see also *Michael Grecco Prods.*, 345 F. Supp. 3d at 510 (describing the Fourth Circuit doctrine as applying where “the copyright is being used in a manner violative of the public policy embodied in the grant of a copyright[.]” (citation omitted)). Therefore, the Seventh Circuit has stated that copyright misuse may be expanded outside the bounds of antitrust because “for a copyright owner to use an infringement suit to obtain property protection ... that copyright law clearly does not confer, hoping to force a settlement or even achieve an outright victory over an opponent that may lack the resources or the legal sophistication to resist effectively, is an abuse of process.” *Assessment Techs. of WI, LLC v. WIREdata, Inc.*, 350 F.3d 640, 647 (7th Cir. 2003); see also *AF Holdings, LLC v. Olivas*, No. 12 Civ. 1401, 2013 WL 4456643, at \*3 (D. Conn. Aug. 16, 2013) (“[A] pattern of unsubstantiated, virtually identical suits followed by [p]laintiff’s solicitation of settlement ... may support a copyright misuse claim.” (emphasis added)). However, “the predicate for a misuse defense is an attempt to use the copyright monopoly to control something the monopoly does not protect.” *Malibu Media, LLC v. Doe*, No. 13 Civ. 3648, 2014 WL 2581168, at \*2 (N.D. Ill. June 9, 2014). Defendants offer no legal support for the proposition that a plaintiff’s use of process can constitute copyright misuse where he is protecting a legitimate copyright. Moreover, there is no evidence that, whatever Plaintiff’s counsel’s practice might be, this case was brought abusively.

The unclean hands defense applies where “a plaintiff otherwise entitled to relief has acted so improperly with respect to the controversy at bar that the public interest in punishing the plaintiff outweighs the need to prevent defendant’s tortious conduct.” *Sands*, 2019 WL 1447014, at \*4. In copyright actions, the unclean hands defense is recognized “only rarely, when the plaintiff’s transgression is of serious proportions and relates directly to the subject matter of the infringement action.” *Id.*; see also *Specialty Minerals, Inc. v. Pluess-Staufner AG*, 395 F. Supp. 2d 109, 112 (S.D.N.Y. 2005) (“The Second Circuit has repeatedly emphasized the narrowness of the doctrine’s application.”). Courts have required “that the plaintiff either participated in the acts of infringement or that plaintiff committed some ‘transgression’ such as fraud upon the Copyright Office resulting in harm or prejudice to the defendant.” *Coleman v. ESPN, Inc.*, 764 F. Supp. 290, 296 (S.D.N.Y. 1991). Alternatively, a plaintiff must have committed “truly unconscionable and brazen behavior” such as repeated misrepresentations to the court and fabrication of testimony, or seeking compensation from a company from which the plaintiff stole millions of dollars. *Unicorn Crowdfunding, Inc. v. New St. Enter., Inc.*, 507 F. Supp. 3d 547 (S.D.N.Y. 2020) (collecting cases). A defendant cannot, however, merely claim that her belief that the plaintiff engaged in misconduct caused her wrongdoing. *Dardashtian v. Gitman*, No. 17 Civ. 4327, 2021 WL 746133, at \*28 (S.D.N.Y. Feb. 16, 2021), *report and recommendation adopted*, No. 17 Civ. 4327, 2021 WL 1191811 (S.D.N.Y. Mar. 30, 2021).

**\*13** Here, there is no evidence of fraud or misrepresentations to the Court, nor that Plaintiff acted outside the scope of his copyright. The behavior alleged by Defendants, therefore, does not justify the unclean hands defense. See *Golden v. Michael Grecco Prods., Inc.*, 524 F.Supp.3d 52, 65 (E.D.N.Y. 2021) (dismissing defense of unclean hands where counterclaim plaintiff’s counsel was considered a “copyright troll” in other litigation, a term that refers to someone who scours the internet for unlicensed use of copyrighted material for the purpose of extracting settlements, because those other cases were not before the court).

### D. License, Non-Infringement, and Constitutional Defenses

Defendants also assert the defense of license or implied license, arguing that Plaintiff “impliedly or explicitly, directly, or indirectly, authorized, licensed, consented to, or acquiesced to” her infringement. ECF No. 17 at 5. “[T]he party claiming a license [bears] the burden of coming forward with evidence of one.” *Spinelli v. Nat’l Football League*, 903 F.3d 185, 197 (2d Cir. 2018) (quotation marks and citation omitted). Courts have found an implied license “where one party created a work at the other’s request and handed it over, intending that the other copy and distribute it.” *Solid Oak Sketches, LLC v. 2K Games, Inc.*, 449 F. Supp. 3d 333, 346 (S.D.N.Y. 2020). “[T]he question comes down

to whether there was a ‘meeting of the minds’ between the parties to permit the particular usage at issue.” *Otto*, 345 F. Supp. 3d at 434 (alteration in original) (citation omitted). And, “[a] plaintiff’s acquiescence in the defendant’s infringing acts may, if continued for a sufficient period of time and if manifested by overt acts, result in an abandonment of copyright.” *Coach, Inc.*, 756 F. Supp. 2d at 427.

Here, there is no evidence of a license agreement, or communication between the parties that could give rise to an implied license. Pl. 56.1 Stmt. ¶¶ 33–36. Nor is there any record of Plaintiff’s knowledge and inaction regarding Ratajkowski’s infringement. Moreover, although Defendants cite the existence of fair use as the reason for a license, license and fair use are two different defenses: if a use is fair, a license is not required. *See Assoc. Press*, 931 F. Supp. 2d at 564.

Finally, Defendants argue that the affirmative defenses of constitutional defenses and non-infringement apply because of fair use. Because there are issues of material fact regarding fair use, the Court cannot find that either defense fails as a matter of law. *See Twin Peaks Prods., Inc. v. Publications Int’l, Ltd.*, 996 F.2d 1366, 1378 (2d Cir. 1993) (“[T]he fair use doctrine encompasses all claims of [F]irst [A]mendment in the copyright field[.]” (quoting *New Era Publ’ns Int’l, ApS v. Henry Holt & Co.*, 873 F.2d 576 (2d Cir. 1989))); *Byrne v. Brit. Broad. Corp.*, 132 F. Supp. 2d 229, 236, 239 (S.D.N.Y. 2001) (denying summary judgment as to non-infringement where material issues of fact remained regarding fair use).

Accordingly, Plaintiff’s motion for summary judgment is GRANTED as to Defendants’ first, third, fifth, sixth, seventh, eleventh, and thirteenth affirmative defenses, and DENIED as to their second and tenth defenses.

#### VI. Attorney’s Fees and Sanctions

Defendants also move for attorney’s fees and sanctions, either as prevailing parties or because “the acts of Plaintiff and counsel in bringing this case are so clearly in bad faith that Defendant is entitled to attorney’s fees” under Federal Rule of Civil Procedure 11, 28 U.S.C. § 1927, or the Court’s inherent powers. Def. Mem. at 23.

**\*14** As the Court has not resolved the instant motions in Ratajkowski’s favor, she is not the prevailing party. However, the Court could award sanctions to Ratajkowski. Under both the Court’s inherent power and 28 U.S.C. § 1297,<sup>3</sup> the Court must find by clear and convincing evidence that “the attorney’s actions are so completely without merit as to require the conclusion that they must have been undertaken for some improper purpose such as delay.” *Baker v. Urb. Outfitters, Inc.*, 431 F. Supp. 2d 351, 362 (S.D.N.Y. 2006), *aff’d*, 249 F. App’x 845 (2d Cir. 2007) (citation omitted). This bad faith can be inferred when “an attorney engages in conduct that is so objectively unreasonable that he necessarily must have been acting in bad faith.” *Id.*

Defendants contend that Plaintiff’s bad faith is evident in his failure to investigate whether any actual damages existed and his claim of actual damages that were “wildly out of proportion” to what the Photograph could be worth. Def. Mem. at 26. The Court notes that Plaintiff’s counsel’s firm has previously been sanctioned for misrepresenting the law or the facts to the court. *See, e.g., Adlife Mktg. & Commc’ns Co., Inc. v. Buckingham Bros., LLC*, No. 19 Civ. 796, 2020 WL 4795287, at \*4–10 (N.D.N.Y. Aug. 18, 2020); *Usherson v. Bandshell Artist Mgmt.*, No. 19 Civ. 6368, 2020 WL 3483661 (S.D.N.Y. June 26, 2020), *aff’d in part sub nom. Liebowitz v. Bandshell Artist Mgmt.*, 858 Fed.Appx. 457 (2d Cir. 2021). However, the sanctions inquiry is particularized as to each case, and in this case, there is no evidence that Plaintiff and his counsel have made misrepresentations to the Court or engaged in unduly vexatious litigation practices. *Yang*, 2020 WL 6562403, at \*4–5. Moreover, although the amount of statutory damages requested by Plaintiff is undoubtedly extremely high compared to the amount of actual damages he would be due, actual damages are not the only factor in determining statutory damages. *See supra* Pt. III. Because Plaintiff is not barred from statutory damages altogether, such a claim does not present clear and convincing evidence of bad faith. *Cf. Baker v. Urb. Outfitters, Inc.*, 431 F. Supp. 2d 351, 363–64 (S.D.N.Y. 2006), *aff’d*, 249 F. App’x 845 (2d Cir. 2007) (granting sanctions where plaintiff asserted claims for statutory damages after he knew such recovery was legally barred). If, however, in the course of arguing for an amount of statutory damages Plaintiff misrepresents the law to the Court, *Adlife Mktg. & Commc’ns Co., Inc.*, 2020 WL 4795287, at \*7–8, or otherwise acts unreasonably, then the Court may take action accordingly.

Defendants also argue that Emrata should be awarded attorney’s fees and costs, because Plaintiff and his counsel did not research whether Emrata had any relationship to the subject matter of the complaint before bringing the action against it. Def. Opp’n at 23. As the Court dismissed the claims against Emrata, it is a prevailing party. *Rock v. Enfants Riches Deprimes, LLC*, No. 17 Civ. 2618, 2020 WL 468904, at \*2 (S.D.N.Y. Jan. 29, 2020), *reconsideration denied sub nom. Rock v. Enfants Riches Deprimes, LLC.*, No. 17 Civ. 2618, 2020 WL 2793026 (S.D.N.Y. May 29, 2020). Courts possess “broad leeway” to award fees under the Copyright Act when doing so will “advance[ ] the Copyright Act’s goals.” *Kirtsaeng v. John Wiley & Sons, Inc.*, 579 U.S. 197, 136 S. Ct. 1979, 1985–86, 195 L.Ed.2d 368 (2016). “[S]everal nonexclusive factors” inform this exercise of discretion, including “frivolousness, motivation, objective unreasonableness, and the need in particular circumstances to advance considerations of compensation and deterrence.” *Id.* at 1985 (quotation marks, alteration, and citation omitted). “Although objective reasonableness [of the losing party’s position] carries significant weight, courts must view all the circumstances of a case on their own terms.” *Id.* at 1989.

**\*15** Plaintiff makes no claims against Emrata in its motion for summary judgment, and there is no evidence of its connection to the infringement. *Supra* § II.C. Plaintiff stated he intended to withdraw his claim against it, ECF No. 28 at 1, but has yet to do so. Plaintiff admittedly has “no idea” whether Emrata has anything to do with the subject matter of the complaint. Def. 56.1 Stmt. at 14. Although Plaintiff did not move for summary judgment against Emrata, Pl. Mot., thereby not forcing Emrata to defend itself, by failing to dismiss Emrata promptly, he forced Emrata to move for summary judgment. As there appears to be “no legal or factual support” underlying the claims against Emrata and Plaintiff was unable “to substantiate any of its allegations” against it, the Court concludes that it should be awarded its attorney’s fees and costs. See *Viva Video, Inc. v. Cabrera*, 9 F. App’x 77, 80 (2d Cir. 2001); cf. *Mourabit v. Klein*, No. 18 Civ. 8313, 2020 WL 5211042, at \*3 (S.D.N.Y. Sept. 1, 2020) (noting that fees were not warranted because plaintiff voluntarily withdrew non-meritorious claims).

Accordingly, Defendants’ requests for attorney’s fees, costs, and sanctions is GRANTED in part and DENIED in part.

## CONCLUSION

For the reasons stated above, both motions for summary judgment are GRANTED in part and DENIED in part. Specifically, Plaintiff’s motion for summary judgment on Ratajkowski’s infringement is GRANTED; Plaintiff’s motion for summary judgment dismissing Defendants’ affirmative defenses is GRANTED as to defenses one, three, five, six, seven, eleven, twelve, and thirteen, and DENIED as to defenses two, four (fair use), and ten. Defendants’ motion is GRANTED to the extent that the claims against Emrata are DISMISSED, and its motion for attorney’s fees and costs is GRANTED. The balance of Defendants’ motion is DENIED. By **October 28, 2021**, Emrata may file contemporaneous billing records and other documented expenses in support of an award of attorney’s fees and costs.

SO ORDERED.

## All Citations

--- F.Supp.3d ---, 2021 WL 4443259

## Footnotes

- <sup>1</sup> The following facts are drawn from the parties’ pleadings and submissions, including the complaint, the Rule 56.1 statements of undisputed facts, and the opposing party’s responses. Disputed facts are so noted. Citations to a paragraph in the Rule 56.1 statement also includes the opposing party’s response. Because Defendants did not respond to Plaintiff’s 56.1 statement, the Court considers those facts admitted. *Kiefer v. Crane Co.*, No. 12 Civ. 7613, 2014 WL 6778704, at \*1 (S.D.N.Y. Feb. 3, 2014). However, the court may not rely solely on the statement of undisputed facts contained in the moving party’s Rule 56.1 statement; it also must be satisfied that “each statement of material fact is supported by record evidence sufficient to satisfy the movant’s burden of production[.]” *Jackson v. Fed. Exp.*, 766 F.3d 189, 194 (2d Cir. 2014).
- <sup>2</sup> Defendants appear to argue that because the short length of time the Instagram Photograph was visible means the use was *de minimis*, impacting the fair use analysis. Def. Opp’n at 12. However, the *de minimis* doctrine goes to substantial similarity, rather than fair use. *Ringgold v. Black Ent. Television, Inc.*, 126 F.3d 70, 75–76 (2d Cir. 1997). And, insofar as Defendants attempt to raise the *de minimis* affirmative defense here given the Instagram Photograph was only displayed for 24 hours, use of an entire photograph for hours is not *de minimis*. See *Hirsch v. Complex Media, Inc.*, No. 18 Civ. 5488, 2018 WL 6985227, at \*4 (S.D.N.Y. Dec. 10, 2018) (“A number of courts in this [d]istrict applying *Ringgold* have concluded that a ‘substantially full-screen’ display of an image, even those lasting less than three seconds, would not be *de minimis*.” (quoting *Ringgold*, 126 F.3d at 77)).
- <sup>3</sup> Defendants also move for sanctions under Federal Rule of Civil Procedure 11. Def. Mem. at 23. However, Defendants did not comply with the procedural requirements of Rule 11, including making such a motion separately, and serving it on Plaintiff 21 days before filing the motion with the Court. See Fed. R. Civ. P. 11(c). Courts “regularly” deny such procedurally deficient motions for sanctions. *Ctr. for Discovery, Inc. v. D.P.*, No. 16 Civ. 3936, 2017 WL 9674514, at \*9 (E.D.N.Y. July 17, 2017) (collecting cases), *report and recommendation adopted in relevant part*, No. 16 Civ. 3936, 2018 WL 1583971 (E.D.N.Y. Mar. 31, 2018); *Bandler v. BPCM NYC, Ltd.*, No. 12 Civ. 3512, 2014 WL 5038407, at \*6 n.4 (S.D.N.Y. Sept. 29, 2014), *aff’d sub nom. Michael Bandler, MB & Co. v. BPCM NYC, Ltd.*, 631 F. App’x 71 (2d Cir. 2016).



# DIRES LLC

2021 WL 4847069 (U.S.) (Appellate Petition, Motion and Filing)

Supreme Court of the United States.

DIRES, LLC, Scott Stenzel, and Craig Miller, Petitioners,

v.

SELECT COMFORT CORPORATION and Select Comfort SC Corporation, Respondents.

No. 21-212.

October 14, 2021.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Eighth Circuit

## Brief in Opposition

Andrew S. Hansen, Elizabeth A. Patton, Fox Rothschild LLP, Two22 Building, Suite 2000, 222 South Ninth Street, Minneapolis, MN 55402, 612.607.7000, ahansen@foxrothschild.com, epatton@foxrothschild.com, for respondents.

### \*i QUESTION PRESENTED

In 1962, Congress amended the Lanham Act to make both pre-sale and post-sale confusion actionable. Act of Oct. 9, 1962, Pub. L. No. 87-722, § 17, 76 Stat. 769, 773-74 (removing term “purchasers” to expand trademark protection to pre-sale, point-of-sale, and post-sale confusion) (codified as amended at 15 U.S.C. § 1114(1)(a)). Because of these amendments, courts have uniformly recognized that there can be liability for trademark infringement when there is a likelihood of pre-sale confusion, particularly when an advertiser employs “bait and switch” advertising like the Petitioners do here.

The actual question presented through the Petition is:

Whether engaging in “bait and switch” advertising causing a likelihood of pre-sale confusion, under the specific facts at issue in the underlying case, can be actionable as trademark infringement under the Lanham Act.

### \*ii CORPORATE DISCLOSURE STATEMENT

Pursuant to Supreme Court Rule 29.6, Respondent Select Comfort Corporation n/k/a Sleep Number Corporation<sup>1</sup> discloses that it has no parent corporation and that it is a publicly held corporation. Public entities that own ten percent or more of Sleep Number Corporation’s stock are BlackRock Fund Advisors, a subsidiary of BlackRock, Inc., and The Vanguard Group, Inc. Respondent Select Comfort SC Corporation’s parent corporation is Sleep Number Corporation.

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**\*1 STATEMENT OF THE CASE**

Petitioners Dires, LLC, Craig Miller, and Scott Stenzel (collectively “Dires”) submit their Petition for Writ of Certiorari despite the existence of no circuit split and no compelling reason to grant review. Specifically, Dires’ Petition ignores the universally-held view amongst all circuits to address the issue that pre-sale, initial interest confusion is actionable when an advertiser employs a “bait and switch” scheme or otherwise causes actual confusion. Moreover, Dires’ Petition disregards the factual context at issue in this case and does not acknowledge the Lanham Act’s plain language that has been in place for decades.

Similar to other factual contexts in which multiple courts have acknowledged initial interest confusion, Dires engages in a multi-faceted scheme using Respondents Select Comfort Corporation and Select Comfort SC Corporation’s (“Sleep Number”) trademarks and goodwill to confuse customers looking for Sleep Number into instead going to Dires’ website. Once in contact with these deceived and confused customers, Dires fosters the confusion and/or makes false statements to obtain sales. Dires’ scheme is successful because Sleep Number has spent decades and considerable resources advertising its products and the famous Sleep Number brand.

On summary judgment, the district court improperly held that pre-sale confusion could not exist as a matter of law, disregarding the 1962 \*2 amendments to the Lanham Act, relevant case law, and overwhelming evidence of pre-sale confusion hurting consumers and Sleep Number. This decision was at odds with other courts and had potentially far-reaching, negative implications for consumers and trademark owners. By rejecting pre-sale confusion and holding only point-of-sale confusion actionable, the court improperly approved Dires’ tactics of deceiving consumers prior to their ultimate purchase.

On appeal, the Eighth Circuit reversed the district court and concluded, in part, that the district court erred by finding pre-sale, initial interest confusion could not apply, particularly in light of the ample evidence of actual customer confusion in the record. Ultimately, the Eighth Circuit vacated the district court’s summary judgment ruling and jury verdict and remanded the matter to the United States District Court for the District of Minnesota for additional factual findings relating to Sleep Number’s trademark-infringement claim.

**I. FACTUAL BACKGROUND.**

Respondent Sleep Number is a leading manufacturer of adjustable air beds and the owner of the heavily advertised Sleep Number brand of adjustable air mattresses. (Petitioners’ Appendix (“Pet. App.”) at A-4 (“Eighth Circuit Order”).) Sleep Number sells its products nationwide in Sleep Number branded retail stores, online at sleepnumber.com, and over the phone. (*Id.*) As confirmed by the jury in the underlying action, the \*3 Sleep Number brand has become a well-known, famous brand. (*See id.* at A-11 n.1.) Sleep Number owns trademark registrations for Sleep Number®, Select Comfort®, Comfortaire®, and What’s Your Sleep Number?® (among others not at issue here). (*Id.* at A-37.)

Petitioner Dires, LLC is an online retailer, and the individual Petitioners Craig Miller and Scott Stenzel - along with John Baxter, another individual defendant in the underlying action - are executives or owners of Dires or related companies. (*Id.* at A-4.) Dires markets and sells adjustable air beds to consumers under the brand name “Personal Comfort.” (*Id.* at A-1.) Dires’ products are sold online at personalcomfortbed.com and over the phone. *Id.* at A-4.)

In selling its products, Dires employs multiple advertising tactics that involve Sleep Number’s trademarks. For example, Dires purchases Sleep Number’s trademarks as keywords on search engines such as Google and structures its advertisements that appear

in response to consumer searches in bolded and grammatically nonsensical fashions to give the misleading impression that Dires sells Sleep Number beds. (*Id.* at A-5.) Exemplar advertisements include “**Sleep** 55% Off **Number Beds**”; “**Number Bed Sleep** Sale 60% - Closeout Sale”; “50% Off Sleep Number Beds”; and “**Comfort Air** Beds on Sale.” (*Id.* at A-46 (emphasis in original).) The advertisements additionally include website links reproducing Sleep Number’s trademarks verbatim. (e.g. \*4 personalcomfortbed.com/vSleepNumber or personalcomfortbed.com/cComfortaire). (*Id.* at A-7.) Dires also utilizes Sleep Number’s trademarks as identical phrases, or employs confusingly similar words or phrases, in its own web-based advertising, in text and graphic advertisements, and as embedded links on third-party websites. (*Id.*)

In the underlying action, Sleep Number alleged that Dires used these means to divert customers to its own website and telephone lines where Dires would foster and promote the confusion and add false claims about the parties’ products to convince consumers to buy Dires’ products instead of Sleep Number’s. (*Id.* at A-7 - A-8.) On summary judgment and again at trial, Sleep Number presented evidence (too extensive to cite here) that Dires’ advertisements cause confusion, both in the form of survey evidence and, in a rarity for infringement cases, voluminous examples of actual confusion from telephone call transcripts and messages between customers and Dires’ employees. (*Id.* at A-7 - A-8, A-98.) Customers not only saw the confusing advertisements and acted upon them, but contacted Dires after viewing and clicking on the confusing advertisement, going to Dires’ website, and obtaining Dires’ phone number, all while still confused (and sometimes even purchasing products from Defendants while still confused). (*See id.* at A-49.) This is precisely what Dires intended to occur, as it specifically designed its advertising to sow confusion (*id.* at A-65), and acknowledged that such \*5 confusion showed the advertising worked as intended (*id.* at A-8).

## II. PROCEDURAL BACKGROUND.

Sleep Number commenced this action asserting claims of, among other things, trademark infringement, trademark dilution, unfair competition, and false advertising. (*Id.* at A-4.) In short, Sleep Number sought to end Dires’ advertising tactics that cause consumer confusion and drive those consumers to Dires’ website instead of a website that sells Sleep Number products. *See generally id.*

Both parties filed cross-motions for summary judgment relevant to the issue of pre-sale or initial interest confusion. (*Id.* at A-34 - A-79.) As the Eighth Circuit has explained, Sleep Number “expressly disavowed any theory of trademark infringement that relied exclusively on [Dires’] use of [Sleep Number’s] trademarks as paid search terms with search engine providers such as Google. Rather, [Sleep Number] alleged infringement based on that use *coupled with* [Dires] several and varied other uses of similar and identical trademarks in multiple forms of online advertising.” (*Id.* at A-6 (emphasis added).) Ultimately, the district court rejected Sleep Number’s claim of trademark infringement based on pre-sale, initial interest confusion and held that Sleep Number was required to “establish a likelihood of actual confusion at the time of purchase” (thus granting summary judgment to the defendants on Sleep Number’s pre-sale infringement claim). (*Id.* at \*6 A-62.) The district court therefore required Sleep Number to prove not only that consumers were confused by Dires’ advertisements, but also that consumers went through the entire sales process before purchasing Dires’ product while still confused. This ruling shielded “bait and switch” advertising causing actual confusion from the Lanham Act.

Given its ruling on summary judgment, the district court instructed the jury at trial that Sleep Number was required to prove a likelihood of confusion at the time of purchase to prevail on its trademark infringement claim. (*Id.* at A-92 - A-94.) As a result, the jury returned a verdict finding, among other things, that Dires did not infringe Sleep Number’s trademarks. (*Id.* at A-8.) Sleep Number appealed the district court’s summary judgment order to the United States Court of Appeals for the Eighth Circuit.

## III. EIGHTH CIRCUIT DECISION.

On May 11, 2021, the Eighth Circuit vacated the district court’s summary judgment ruling and jury verdict as to Sleep Number’s claim of trademark infringement and remanded for further proceedings. (*Id.* at A-30.) Specifically, the Court reversed the district court’s refusal to allow Sleep Number to pursue a pre-sale, initial interest confusion claim, concluding based upon the specific facts at hand that “the district court erred by finding as a matter of law that the relevant consumers were sophisticated and that a theory of initial-interest confusion could not apply.” (*Id.* at A-3 - A-4.) Notably, the Eighth Circuit \*7 relied on the case “enjoy[ing] a full record including highly detailed descriptions of Plaintiffs’ and Defendants’ customers’ experience and ample evidence of (1) *actual confusion* including transcripts of potential customers who called Defendants’ call centers and believed they were calling Plaintiffs, and (2) statements by Defendants’ principals describing the actual confusion as evidence that their own advertising was working.” (*Id.* at A-21 (emphasis in original).)

In reaching its decision, the court noted that, “although not addressing initial-interest confusion specifically,” the Eighth Circuit had already “clearly established that claims of infringement are not limited solely to a likelihood of confusion at the time of purchase.” (*Id.*)



at A-14.) Thus, applying Eighth Circuit precedent, the court determined that, under certain circumstances and in the circumstance at hand, initial interest confusion is actionable in the Eighth Circuit. (*Id.* at A-16.) In particular, and as relevant here, the Eighth Circuit held that “when a jury question exists as to the issue of consumer sophistication, a plaintiff should not be barred from proving presale, initial-interest confusion.” (*Id.*)

The Eighth Circuit therefore determined that the district court’s rulings on the claim of pre-sale, initial interest confusion were in error, and held that “given the strength of [Sleep Number’s] evidence on the issue of confusion, we cannot conclude that the summary judgment and instructional errors were harmless.” (*Id.* at A-21.) The Eighth Circuit thus remanded for additional factual findings on \*8 trademark infringement and other issues. (*Id.* at A-30.)

On May 24, 2021, Dires filed a Petition for Rehearing En Banc (“En Banc Petition”). On June 16, 2021, the Eighth Circuit denied Dires’ En Banc Petition. (*Id.* at A-81.) Dires filed its Petition for Writ of Certiorari to this Court (“Petition”), which was docketed on August 13, 2021.

### REASONS FOR DENYING THE PETITION

Here, neither of the circumstances under Supreme Court Rule 10 applies and no other compelling reasons to grant certiorari exist. Dires’ Petition overlooks the plain language of the Lanham Act that has been in place since 1962; ignores the prevailing view amongst all courts that pre-sale, initial interest confusion is actionable when an advertiser employs a “bait and switch” scheme or causes actual confusion; and disregards the factual context at issue in the underlying case. The Court therefore should deny Dires’ Petition.

#### I. THE EIGHTH CIRCUIT’S DECISION DOES NOT CONFLICT WITH OTHER CIRCUITS ON AN IMPORTANT ISSUE REQUIRING CLARIFICATION.

Dires’ portrayal of the Eighth Circuit Order as conflicting with holdings from other federal circuit courts of appeal on the same important issue is incorrect. Under Supreme Court Rule 10, “certiorari jurisdiction exists to clarify the law.” *City & Cty. of \*9 S.F. v. Sheehan*, 135 S. Ct. 1765, 1774 (2015). Here, no such clarification is necessary, as the Eighth Circuit’s ruling followed the plain language of the Lanham Act and is aligned with the acknowledgement across courts that have addressed the issue that initial interest confusion is actionable when “bait and switch” tactics or actual confusion are shown. Further, the ruling is limited to its facts, which does not present compelling reasons for Supreme Court review.

##### A. No Supreme Court Clarification Is Needed Because the Eighth Circuit Order Is Consistent with Federal Law and Precedent.

The Eighth Circuit reached a proper decision that does not need Supreme Court clarification because it (1) followed the plain language of the Lanham Act, and (2) issued a decision aligned with circuit courts across the country.

\*10 First, the Eighth Circuit issued its decision in accordance with general trademark principles that have been in place since the 1962 amendments to the Lanham Act. Act of Oct. 9, 1962, Pub. L. No. 87-722, § 17, 76 Stat. 769, 773-74 (codified as amended at 15 U.S.C. § 1114(1)(a)). As the Eighth Circuit noted in its ruling, “several courts have interpreted [the 1962 Lanham Act] amendment as expanding trademark protection beyond point-of-sale confusion to reach presale confusion (including initial-interest confusion) and post-sale confusion.” (Pet. App. at A-16 - A-17 (citing 4 J. Thomas McCarthy, *McCarthy on \*11 Trademarks & Unfair Competition* (“McCarthy”), § 23:7 (5th ed. 2018) (collecting cases on the issue)).) Indeed, both the Eighth Circuit and its sister circuits have acknowledged that the removal of the word “purchasers” from the statute expanded the protection to customer confusion at all stages of the sales process.<sup>2</sup> See, e.g., *Insty\*Bit, Inc. v. Poly-Tech Indus., Inc.*, 95 F.3d 663, 672 (8th Cir. 1996) (“The 1962 amendment included confusion of **nonpurchasers** as well as **direct purchasers...** Thus, an action for trademark infringement may be based on confusion of consumers other than direct purchasers, including observers of an allegedly infringing product in use by a direct purchaser.”) (emphasis added); see also *Checkpoint Sys., Inc. v. Check Point Software Techs., Inc.*, 269 F.3d 270, 295 (3d Cir. 2001) (noting that, prior to the 1962 amendment, “the Lanham Act only applied where the use of similar marks was ‘likely to cause confusion or mistake or to deceive **purchasers** as to the source of origin of such goods or services’” (citing Lanham Trade-mark Act of 1946, Pub. L. No. 79-489, 50 Stat. 427, codified as amended at 15 U.S.C. § 1051 *et seq.*) (emphasis added)); *Ferrari S.P.A. v. Roberts*, 944 F.2d 1235, 1245 (6th Cir.

1991) (“Since Congress intended to protect the reputation of the manufacturer as well as to protect purchasers, the Act’s protection is not limited to confusion at the point of sale.”); *Marathon Mfg. Co. v. Enerlite Prods. Corp.*, 767 F.2d 214, 221 (5th Cir. 1985) (noting that Lanham Act was amended in 1962 “specifically to allow any kind of confusion in support of a trademark infringement action”).

**\*12** Second, circuit courts that have addressed the initial interest confusion doctrine under circumstances similar to here have explicitly adopted it. See *Jim S. Adler, P.C. v. McNeil Consultants, L.L.C.*, --- F. 4th ---, No. 20-10936, 2021 WL 3508713, at \*427 (5th Cir. Aug. 10, 2021) (noting that the circuit has “held that initial interest confusion is actionable under the Lanham Act” and acknowledging the possibility of initial interest confusion in the context of search-engine advertising); *Groeneveld Transp. Efficiency, Inc. v. Lubecore Int’l, Inc.*, 730 F.3d 494, 518 (6th Cir. 2013) (“One does not have to be an economist to see that such a deceitful creation of an initial interest is harmful to consumer interests, brand-development incentives, and efficient allocation of capital, even if the confusion is ultimately dissipated by the time of purchase.”); *Australian Gold, Inc v. Hatfield*, 436 F.3d 1228, 1238 (10th Cir. 2006) (“In this case, we recognize another variant of potential confusion: ‘initial interest confusion.’”); *Malletier v. Burlington Coat Factory Warehouse Corp.*, 426 F.3d 532, 537 n.2 (2d Cir. 2005) (“The Lanham Act protects against several types of consumer confusion, including... initial interest confusion.”); *Playboy Enters., Inc. v. Netscape Commc’ns Corp.*, 354 F.3d 1020, 1025 (9th Cir. 2004) (“Although dispelled before an actual sale occurs, initial interest confusion impermissibly capitalizes on the goodwill associated with a mark and is therefore actionable trademark infringement.”); *Promatek Indus., Ltd. v. Equitrac Corp.*, 300 F.3d 808, 812 (7th Cir. 2002), as amended (Oct. 18, 2002) (holding trademark infringement actionable “when a customer is lured to a product by the similarity of the mark, even if the customer realizes the true source of the goods before the sale is consummated”); *Checkpoint Sys.*, 269 F.3d at 295 (“We agree with the view that Congress’s amendment of the Lanham Act in 1962 expanded trademark protection to include instances in which a mark creates initial interest confusion.”).<sup>3</sup>

Accordingly, certiorari is not necessary because the Eighth Circuit Order falls well within the parameters of the Lanham Act and aligns with other court decisions. **Simply put**, the **Court need not adopt or reject pre-sale**, initial interest confusion; Congress has already written that basis for liability into the Lanham Act.

### **\*13 B. No Supreme Court Review Is Warranted Because There Is No Conflict Between the Circuits.**

Dires fails to demonstrate a conflict among the circuits warranting this Court’s review. Dires’ Petition erroneously asserts that the initial interest doctrine “has been rejected by the First, Fourth, and Eleventh Circuits.” (Petition at i; see also *id.* at 3, 6.) In reality, these circuits have either: (1) not explicitly addressed initial interest confusion; or (2) issued their decisions under the similar principle that likelihood of confusion can occur at any time during a transaction.

As to the First Circuit, Dires wrongly asserts that the circuit has rejected the initial interest doctrine. In fact, no First Circuit decision has expressly addressed initial interest confusion; rather, only district courts in that jurisdiction have done so. Those courts have gone no further than acknowledging the lack of initial interest authority within the circuit or noting that, even if recognized, the doctrine would be inapplicable to the particular facts of the case. See, e.g., *Smartling, Inc. v. Skawa Innovation Ltd.*, 358 F. Supp. 3d 124, 141 n.9 (D. Mass. 2019) (noting that the “First Circuit has yet to adopt” the initial interest concept); *Concordia Partners, LLC v. Pick*, No. 2:14-CV-009-GZS, 2015 WL 4065243, at \*9 n.7 (D. Me. July 2, 2015) (same); *Moving & Storage, Inc. v. Panayotov, C.A.* No. 12-12262-GAO, 2014 WL 949830, at \*4 (D. Mass. Mar. 12, 2014) (noting that “even if” the initial interest doctrine was recognized, it was inapplicable because **\*14** “diversion, without any hint of confusion, is not enough” (quoting *Hearts on Fire Co. v. Blue Nile, Inc.*, 603 F. Supp. 2d 274, 286 (D. Mass. 2009))). Notably, one of the only district courts within the First Circuit to address the initial interest doctrine, in *Hearts on Fire Co. v. Blue Nile, Inc.*, which Dires cites, held that “initial interest confusion can support a claim under the Lanham Act” and allowed the plaintiff’s claim to move forward under an initial interest theory. 603 F. Supp. 2d 274 at 287.

**\*15** As to the Eleventh Circuit, Dires mistakenly claims the jurisdiction has not adopted the initial interest doctrine. In fact, decisions in the Fifth Circuit prior to October 1981, which are precedential in the Eleventh Circuit,<sup>4</sup> applied the doctrine to reach findings of liability. In *Armstrong Cork Co. v. World Carpets, Inc.*, the Fifth Circuit cited the Lanham Act’s 1962 amendment to hold that “[a]ny kind of confusion will now support an action for trademark infringement.” 597 F.2d 496, 501 n.5 (5th Cir. 1979). Likewise, in *Roto-Rooter Corp. v. O’Neal*, the Fifth Circuit found confusion likely as a matter of law, despite undisputed testimony that customers knew the defendant’s identity by the time they made their purchases. 513 F.2d 44, 46 (5th Cir. 1975); see also *St. Charles Mfg. Co. v. Mercer*, 737 F.2d 891, 892 (11th Cir. 1983) (liability for sales of third-party goods after defendant initially had attracted consumers using advertisements referring to plaintiff’s goods).

The initial interest doctrine therefore has strong roots in the Eleventh Circuit. *See, e.g., Foxworthy v. Custom Tees, Inc.*, 879 F. Supp. 1200, 1215-16 (N.D. Ga. 1995) (“This ‘getting-the-foot-in-the-door’ aspect is significant to the likelihood of confusion analysis because the relevant concern is not confusion through a side-by-side comparison, but whether confusion is likely when only one product, such as the one with the foot in the door, is the only product on the shelf.”). Dires’ argument that the Eleventh Circuit itself has affirmatively rejected initial interest confusion rests on a single opinion from that court, which, rather than rejecting the doctrine, serves only as an example of the court declining to address the doctrine under the particular factual circumstances before it. *See Suntree Techs., Inc. v. Ecosense Int’l, Inc.*, 693 F.3d 1338, 1347 (11th Cir. 2012) (“Because Suntree failed to present evidence of an intent to mislead or confuse, or of actual confusion, we need not reach the question whether initial interest confusion is actionable in the Eleventh Circuit.”). Dires’ proffered examples of Eleventh Circuit case law otherwise consist of two district court opinions that are not **\*16** germane to a circuit split and, in any case, do not affirmatively reject initial interest confusion as a basis for liability. *See USA Nutraceuticals Grp., Inc. v. BPI Sports, LLC*, 165 F. Supp. 3d 1256, 1268 (S.D. Fla. Feb. 22, 2016) (noting that while the initial interest has not been recognized, uncertainty aside, the conduct at issue did “not create a likelihood of confusion”); *Vital Pharm., Inc. v. Am. Body Bldg. Prods., LLC*, 511 F. Supp. 2d 1303, 1318 (S.D. Fla. 2007) (noting only that the Eleventh Circuit “has not embraced” the initial interest doctrine).

Finally, as to the Fourth Circuit, each decision cited by Dires to have affirmatively addressed, and declined to explicitly adopt, the initial interest doctrine is inapplicable here and does not reveal a circuit split. Dires’ Petition first cites to *Lamparello v. Falwell*, 420 F.3d 309, 316 (4th Cir. 2005) as purportedly rejecting the initial interest doctrine. The *Lamparello* decision, however, is limited to the unique facts of that matter - facts not present in this case. Notably, *Lamparello* addressed confusion in the use of infringing domain names only. *Id.* at 311 - 2. It did not address search engine advertising, let alone the type of intentionally misleading advertising at issue here. Even so, the Fourth Circuit made clear in *Lamparello* that initial interest confusion could not apply because the claims did not involve advertising between competitors, the parties did not deal in similar goods or services, and neither the plaintiff nor defendant was a commercial party. *Id.* at 315. Here, the infringing advertising at issue takes place between two commercial entities who **\*17** compete against one another and who deal in similar goods and services. *Lamparello* is different on its facts and does not create a circuit split.

Dires also cites to *Passport Health, LLC v. Avance Health Sys., Inc.*, 823 F. App’x 141, 150 (4th Cir. 2020), as amended, (Aug. 17, 2020), in support of its argument, and incorrectly claims the case is “strikingly similar to this one.” (Petition at 7.) As an initial matter, *Passport Health* is unpublished, not precedential, and, therefore, does not create a circuit split. *See Hogan v. Carter*, 85 F.3d 1113, 1118 (4th Cir. 1996); *see also* Michael Hannon, *A Closer Look at Unpublished Opinions in the United States Courts of Appeals*, 3 J. App. Prac. & Process 199, 231 (2001) (“In the case of a circuit split, there should be published opinions from circuits on both sides of the split.”). Further, as with *Lamparello*, *Passport Health* is distinguishable and inapplicable to the facts at issue here. *Passport Health* addressed the potential for initial interest confusion only as it relates to the similarity of the marks, without considering the context of the mark’s use, and without addressing any other factors. *See Passport Health*, 823 F. App’x at 149-51. That is not the situation in this case. Here, the confusion and deception persisted beyond a search results page, and there is ample evidence of actual confusion both before and after consumers reached Dires’ website.

In fact, contrary to Dires’ argument, the Fourth Circuit has not restricted likelihood-of-confusion determinations to the point of sale, which is the issue in this case. Indeed, in *Rosetta Stone \*18 Ltd. v. Google, Inc.*, that court reversed summary judgment on a trademark infringement claim against the plaintiff. 676 F.3d 144, 163, 165 (4th Cir. 2012). The court relied upon actual confusion evidence involving online advertising without restricting a finding of likelihood of confusion to any particular time. *Id.* at 156-59. Here, as in *Rosetta Stone*, there is significant evidence that consumers were not only confused when viewing the online advertisements, but remained confused after viewing Dires’ website. *See id.* at 156-57. Indeed, this case has significantly more evidence of actual confusion - existing all of the way through the sales process - than in *Rosetta Stone*, as well as evidence of an intent to deceive, which was lacking in *Rosetta Stone*. *Compare id.* at 156 with Pet. App. at A-21. Thus, the holding in *Rosetta Stone* reaffirms that there is no circuit split arising from Fourth Circuit case law that the Court needs to address.

**\*19** Lastly, even the Fourth Circuit has recognized that a “bait and switch” scheme such as this one is indeed actionable trademark infringement. *See Elvis Presley Enters., Inc. v. Capece*, 141 F.3d 188, 204 (4th Cir. 1998) (finding trademark infringement based upon defendant suggesting its bar was associated with Elvis Presley, which “brings patrons in the door” who “may stay, despite realizing that the bar has no relationship with [Elvis]”). Thus, the Fourth Circuit does not limit potential infringement to any particular time, but instead assesses the totality of the circumstances and the potential harm when determining if confusion is likely.<sup>5</sup>

Clearly the First, Fourth, and Eleventh Circuits have not “rejected” or “outright declined to adopt” the initial interest doctrine or rejected presale confusion as being actionable, as Dires asserts. (Petition at i, 3.) At most, the Fourth Circuit has articulated a slightly different formulation of the same legal rule, but that does not constitute a circuit split on the same important question of federal law

worthy of Supreme Court review. As Justice Breyer states, the Court is not interested in “cases that involve not actual divides among the lower courts, but merely different verbal formulations of the same underlying legal rule.” Stephen G. Breyer, *Reflections on the Role of Appellate Courts: A View from the Supreme Court*, 8 J. App. Prac. & Process 91, 96 (2006).

Here, the standard for trademark infringement is uniform in all circuits - whether the use of a mark is “likely to cause confusion, or to \*20 cause mistake, or to deceive.” 25 U.S.C. § 1114(1)(a). Although different circuits may articulate different factors in determining trademark infringement, the standard always remains the same: whether certain behavior is likely to cause confusion. The Court simply need not settle the issue of the initial interest doctrine when the standard for trademark infringement is uniform and there is no actual circuit split on the issue.

### **C. No Compelling Reasons Exist for the Court to Review an Order that Was Unique to the Facts of the Case, Including “Ample” Evidence of Confusion.**

Supreme Court Rule 10 makes clear that the Court will only grant a petition for certiorari for “compelling reasons.” But no such reasons exist when, as here, the decision the Petition seeks to have reviewed rests on the *particular facts* of the case at hand and is being remanded for additional factual findings.<sup>6</sup>

Many of the cases Dires cites reflect the exact same concept - holdings limited to their facts. More specifically, the cases that purportedly “narrowed” the initial interest doctrine only did so because no actual confusion was shown. See \*21 *1-800 Contacts, Inc. v. Lens.com, Inc.*, 722 F.3d 1229, 1246-47 (10th Cir. 2013) (finding that small percentage of actual initial confusion did not support likelihood of confusion); *Network Automation, Inc. v. Advanced Sys. Concepts, Inc.*, 638 F.3d 1137, 1149 (9th Cir. 2011) (“[B]ecause the sine qua non of trademark infringement is consumer confusion, when we examine initial interest confusion, the owner of the mark must demonstrate likely confusion.”); *Toyota Motor Sales, U.S.A., Inc. v. Tabari*, 610 F.3d 1171, 1175-83 (9th Cir. 2010) (issuing decision on nominative fair use without addressing actual confusion, since plaintiff presented no evidence of actual confusion); *Savin Corp. v. Savin Grp.*, 391 F.3d 439, 459 (2d Cir. 2004) (finding insufficient evidence of actual confusion); *Playboy Enters., Inc. v. Netscape Commc'ns Corp.*, 354 F.3d 1020, 1027 (9th Cir. 2004) (finding that a “high likelihood of initial interest confusion... among consumers... generates a genuine issue of material fact on the actual confusion issue”); *Moore v. Doe*, No. CV 20-6569-DMG (SPX), 2020 WL 6804508, at \*3 (C.D. Cal. Oct. 13, 2020) (noting only a narrowing when confusion is not present); *Ducks Unlimited, Inc. v. Boondux, LLC*, No. 214CV02885SHMTMP, 2017 WL 3579215, at \*28 (W.D. Tenn. Aug. 18, 2017) (finding initial interest was not actionable because plaintiff did not demonstrate confusion or intent); *Ascentive, LLC v. Opinion Corp.*, 842 F. Supp. 2d 450, 465 (E.D.N.Y. 2011) (finding initial interest confusion unlikely due to lack of likely confusion or competition). (See Petition at 9-15.)

\*22 Unlike in Dires’ cited cases, here “ample” evidence of confusion supported the Eighth Circuit’s ruling.<sup>7</sup> (See Pet. App. at A-21.) In such circumstances, when there is evidence of actual confusion, there is strong proof of a likelihood of confusion. See McCarthy § 23:13 (“Any evidence of actual confusion is strong proof of the fact of a likelihood of confusion.”); see also *Kemp v. Bumble Bee Seafoods, Inc.*, 398 F.3d 1049, 1058 (8th Cir. 2005) (“When, as here, it is shown by an alleged infringer’s own salesman that even sophisticated professional buyers experienced actual confusion, such evidence supports a finding that confusion is likely.”); *Kos Pharm., Inc. v. Andrx Corp.*, 369 F.3d 700, 720 (3d Cir. 2004) (“The rarity of [actual confusion evidence] makes even a few incidents highly probative of the likelihood of confusion.”); *Hubbard Feeds, Inc. v. Animal Feed Supplement, Inc.*, 182 F.3d 598, 602 (8th Cir. 1999) (“Although evidence of actual confusion is not necessary for a finding that a likelihood of confusion exists, it is perhaps the most effective way to prove a likelihood of confusion.”); *World Carpets Inc. v. Dick Littrell’s New World Carpets*, 438 F.2d 482, 489 (5th Cir. 1971) (“There can be no more positive or substantial proof of the likelihood of confusion than proof of actual confusion.”).

Attempting to side-step this evidence of confusion, Dires purposefully conflates the concept of \*23 trademark infringement based exclusively on a party’s purchase of trademarks as keywords for advertising (which is not at issue here), with Dires’ undertaking of a multi-faceted “bait and switch” advertising scheme. (See Petition at 15-17.) Sleep Number has never argued, nor did the Eighth Circuit hold, that purchasing trademarks for keywords, in and of itself, constitutes trademark infringement. Indeed, the Eighth Circuit expressly acknowledged that it was *not* deciding whether the purchase of keywords was in and of itself actionable. (See Pet. App. at A-5.) Dires’ attempts now to confuse the issues and argue initial interest confusion harms a party’s ability to advertise using keywords is simply a red herring, as Dires’ actions went well beyond the simple use of keywords. (See *id.* at A-21 (emphasizing Dires’ intent in using its advertising in a misleading way and the resulting confusion).)

Dires' cases and arguments do not change the simple fact that the Eighth Circuit's ruling was limited to the facts at issue, including the actual evidence of confusion and Dires' "bait and switch" tactics. Because cases decided on different facts do not provide contrary results for the Court to review, there are no compelling reasons for the Court to grant certiorari.

## **\*24 II. DIRES' POLICY-BASED ARGUMENTS DO NOT NECESSITATE SUPREME COURT REVIEW**

In a last-ditch effort to obtain this Court's review, Dires makes purported "policy" arguments for review. These arguments ignore the context of the Eighth Circuit Order and do not compel the Court's individualized review of this case.<sup>8</sup>

First, a repetitive theme in Dires' Petition is an argument that the Eighth Circuit Order has broad effects and could result in expanded liability for internet marketing conduct. (See Petition at 1, 6, 9-14.) As detailed above, however, this argument is misguided; the Eighth Circuit's decision aligns with both long-standing federal trademark law, as well as the current state of the law across the country. (*Supra*, Reasons for Denying the Petition § I.A.) In other words, the Lanham Act already provides for the liability Dires argues against. Further, the **\*25** Eighth Circuit's ruling arises from and turns on the unique facts of this case - involving "ample" evidence of confusion. (*Supra*, Reasons for Denying the Petition § I.C.) As such, the Eighth Circuit Order does not establish an overly-broad formulation of the initial interest doctrine, in the internet context or otherwise, and there is no compelling reason for the Court to step in.

Second, Dires argues that "consumers' interest" in "useful" online advertising requires the Supreme Court to "reconsider" or "revisit" the initial interest doctrine. (Petition at 14, 17.) Online advertising schemes like Dires' that result in "ample evidence of actual confusion" are simply not "useful" to the consumers or serve their "interest" in any way. To the contrary, Dires' conduct undermines the consumer as the significant confusion evidence in this case makes clear. Moreover, Dires' purported policy argument ignores the plain language of the Lanham Act, which protects against customer confusion at all stages of the sales process, and disregards the actual confusion present in this case, which is contrary to any consumer's interest. Dires' argument also hinges on two questions of fact unique to the Eighth Circuit's ruling - (1) whether consumers were confused by Dires' advertising at the point of click, and (2) whether consumers may be confused when shopping for expensive mattresses online. (See Petition at 14-17.) Such fact-based arguments, contingent on a district court's review of the particular facts of a case, are inappropriate for Supreme Court review and do not warrant review **\*26** here. See Sup. Ct. R. 10 ("A petition for a writ of certiorari is rarely granted when the asserted error consists of erroneous factual findings

Accordingly, the Court should reject Dires' policy-based arguments that it is necessary to review or reconsider this issue of federal law, which the Eighth Circuit correctly applied to the unique facts at issue.

## **CONCLUSION**

Based on the foregoing, Sleep Number respectfully requests the Court deny Dires' Petition for Writ of Certiorari.

Respectfully submitted this 14th day of October, 2021.

/s/ Andrew S. Hansen

Andrew S. Hansen

Counsel of Record

Elizabeth A. Patton

FOX ROTHSCHILD LLP

Two22 Building, Suite 2000

222 South Ninth Street

Minneapolis MN 55402-3338



612.607.7000

ahansen@foxrothschild.com

epatton@foxrothschild.com

*Attorneys for Respondents*

#### Footnotes

- <sup>1</sup> Select Comfort Corporation has changed its name to Sleep Number Corporation.
- <sup>2</sup> In doing so, the Eighth Circuit correctly concluded that “adoption of the [initial interest] theory is consistent with the overall practice of recognizing the varied nature of commercial interactions and the importance of not cabining the jury’s analysis of the likelihood of confusion factors.” (Pet. App. at A-17.)
- <sup>3</sup> The preeminent treatise on trademark law, *McCarthy on Trademarks & Unfair Competition*, confirms the adoption of initial interest confusion throughout the country. See McCarthy § 23:6 (“Most courts now recognize the initial interest confusion theory as a form of likelihood of confusion which can trigger a finding of infringement.”).
- <sup>4</sup> Following the creation of the Eleventh Circuit in 1981 and redistricting of a portion of the Fifth Circuit into the Eleventh Circuit, the Eleventh Circuit adopted all Fifth Circuit cases issued prior to October 1981 as precedential in the Eleventh Circuit. *Bonner v. City of Prichard*, 661 F.2d 1206, 1207 (11th Cir. 1981) (en banc) (“We hold that the decisions of the United States Court of Appeals for the Fifth Circuit (the “former Fifth” or the “old Fifth”), as that court existed on September 30, 1981, handed down by that court prior to the close of business on that date, shall be binding as precedent in the Eleventh Circuit, for this court, the district courts, and the bankruptcy courts in the circuit.”).
- <sup>5</sup> This “totality of circumstances” approach set forth in *Passport Health* is aligned with the Eighth Circuit Order. Specifically, the Eighth Circuit acknowledged that confusion is not required at any particular point in time, and that the factfinder must consider all circumstances surrounding a potential transaction to determine whether confusion is indeed likely. (See Pet. App. at A-17 (“If we do not generally impose strict constraints on the jury’s nuanced assessment of how or whether the consuming public might be confused, it would be odd to presume that all commercial interactions are alike or that, in all settings, trademarks are worthy of protection only in the few moments before the consummation of a transaction.”).)
- <sup>6</sup> Dires acknowledges this, stating that the Eighth Circuit found that “initial interest confusion could apply in *this* Internet marketing case.” (Petition at 5 (emphasis added).)
- <sup>7</sup> In light of such evidence, Dires’ reliance on this Court’s *Transunion v. Ramirez* case is misplaced. 141 S. Ct. 2190 (2021). (See Petition at 14.)
- <sup>8</sup> This Court has consistently denied petitions for writs of certiorari regarding the initial interest doctrine, suggesting it has repeatedly determined that no policy considerations have warranted consideration of the doctrine before, and the Petition fails to demonstrate that any exist now. See, e.g., *Multi Time Mach. Inc. v. Amazon.com, Inc.*, 804 F.3d 930, 937 (9th Cir. 2016), cert. denied, 577 U.S. 1144 (2016); *Sensient Techs. Corp. v. SensoryEffects Flavor Co.*, 613 F.3d 754, 766 (8th Cir. 2010), cert. denied, 562 U.S. 1270 (2011); *Lamparello v. Falwell*, 420 F.3d 309, 316 (4th Cir. 2005), cert. denied, 547 U.S. 1069 (2006); *1-800 Contacts, Inc. v. WhenU.com, Inc.*, 414 F.3d 400, 409 (2d Cir. 2005), cert. denied, 546 U.S. 1033 (2005); *Gibson Guitar Corp. v. Paul Reed Smith Guitars, LP*, 423 F.3d 539, 553 (6th Cir. 2005), cert. denied, 547 U.S. 1179 (2006).



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