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CASES OF INTEREST

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IP/Entertainment Law Weekly Case Update For Motion Picture Studios And Television Networks

October 19, 2011

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Lang v. Morris, USDC N.D. California, October 12, 2011

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- In copyright infringement action, court grants out-of-state defendant's motion to dismiss for lack of personal jurisdiction, rejecting plaintiffs' argument that an allegation of copyright infringement with knowledge that the plaintiff resides in the forum is sufficient, on its own, to establish the "express aiming" prong of jurisdictional analysis.

Plaintiffs are owners of several copyrights in origami designs. Defendant is an artist who created a series of paintings depicting origami designs. The plaintiffs filed suit against the defendant in federal district court in California alleging copyright infringement. The defendant, who resides in New York, moved to dismiss for lack of specific personal jurisdiction.

The Ninth Circuit has established a three-prong test for analyzing a claim of specific jurisdiction: (1) the non-resident defendant must purposefully direct activities or consummate some transaction with the forum or resident thereof; or perform some act which he purposefully avails himself of the privilege of conducting activities in the forum, thereby invoking the benefits and protection of its laws; (2) the claim must be one which arises out of or relates to the defendant's forum-related activities; and (3) the exercise of jurisdiction must comport with fair play and substantial justice. *Schwarzenegger v. Fred Martin Motor Co.*, 374 F.3d 797, 802 (9th Cir. 2004).

The defendant argued that the court did not have specific personal jurisdiction over her because she has no contacts with the state of California: she resides in New York, she has not sold any allegedly infringing works in California, and she does not have a gallery, agent or representative in California. Plaintiffs asserted that defendant targeted Lang, a California resident, and willfully infringed his copyrighted works with knowledge that he was in California. Defendant denies knowing that Lang was a Californian.



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Under the first prong of the test, plaintiffs must establish that defendant either purposefully availed herself of the privilege of conducting activities in California, or purposefully directed her activities toward California. In this case, the court held that the intentional act requirement “is easily satisfied as defendant committed an intentional act when she created paintings that allegedly infringe plaintiffs’ copyrights.”

The second prong is whether defendant expressly aimed her conduct at the forum state. The Ninth Circuit has explained that “something more” than mere foreseeability is required in order to justify the assertion of personal jurisdiction, and that “something more” is what the Supreme Court described as “express aiming” at the forum state. See *Bancroft & Masters, Inc. v. Augusta National, Inc.*, 223 F.3d 1082, 1087 (9th Cir. 2000).

In copyright infringement cases, some courts have interpreted Ninth Circuit precedent to find that the express aiming requirement is satisfied when the defendant is being sued for copyright infringement, the plaintiff brings suit in the forum where plaintiff resides, and the defendant knows that the plaintiff resides there. See *Righthaven LLC v. South Coast Partners, Inc.*, 2011 U.S. Dist. LEXIS 12802 (D. Nev. Feb. 8, 2011). However, according to the court, recent Ninth Circuit decisions “make clear that an allegation of copyright infringement with knowledge that the plaintiff resides in the forum is insufficient, on its own, to establish express aiming.” The court explained that the focus is not on the place of the defendant’s residence, but the location of the competition targeted by the plaintiff.

In this case, the court held that the plaintiffs met their burden of showing that the defendant knew Lang was a Californian – the defendant visited Lang’s website which states Lang lives in California, and the defendant read an article in *The New Yorker* which disclosed that Lang is a Californian. However, the court concluded that the plaintiffs failed to show that the defendant individually targeted or competed with Lang in California.

The court rejected the plaintiffs’ request that it adopt a unique standard for copyright infringement cases. “Plaintiffs argue that Defendant has individually targeted Lang in California by virtue of the fact that she (allegedly) willfully infringed his works. At oral argument, they also claimed that there is a distinct analysis for copyright infringement as opposed to other causes of action due to the unique bundle of rights held by a copyright owner. The Court does not discern such a distinction in the law, as the Ninth Circuit has analyzed copyright infringement cases such as *Brayton Purcell* and *Mavrix* under the same standards and lines of cases as other similar causes of action. . . . Moreover, Plaintiffs’ requested standard is not consistent with the Ninth Circuit’s recent case law in copyright infringement cases.”

The court held that the plaintiffs failed to allege that the defendant marketed or promoted any of the allegedly infringing works in California. The defendant stated that the only authorized source



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of her works in the U.S. is the Friedrich Petzel Gallery in New York, and that none of the allegedly infringing works was sold or consigned for sale in California by her or her agent. The court also rejected plaintiffs' argument that the express aiming prong was satisfied because defendant's works are available for sale on a gallery website: according to the court, the plaintiffs failed to show that the website is more than a passive website and "maintenance of a passive website alone cannot satisfy the express aiming prong."

The court also held that the defendant's activities fail the second prong – that the claims arise out of defendant's forum related activities. "Thus plaintiffs' allegations of defendant's contacts with California either do not relate to the Infringing Works or are not attributable to defendant herself." The court granted defendant's motion to dismiss for lack of personal jurisdiction and the court declined to permit jurisdictional discovery.

Leatherman Tool Group, Inc. v. Coast Cutlery Co., USDC D. Oregon, October 12, 2011

 [Click here for a copy of the full decision.](#)

- District court denies motion for preliminary injunction in a false advertising action brought by manufacturer of knives, concluding that under Supreme Court *eBay v. MercExchange* decision, irreparable harm may not be presumed once there is a showing of a likelihood of success on the merits.

Defendant Coast Cutlery, a manufacturer of multi-tools and knives, advertised some of its knives as being constructed of 440C steel and having a hardness of 57 to 59 on the Rockwell C scale, a measure of hardness that is abbreviated "HRC". Plaintiff Leatherman, also a manufacturer of knives, had 61 different types of Coast knives independently tested for the type of steel and hardness of the blade. The results showed that none of the tested knives were made of 440C steel and only two of the tested knives had a hardness of 57 to 59 HRC. Leatherman sued Coast for false advertising under section 43 of the Lanham Act and sought a preliminary injunction requiring Coast to issue corrective notices and prohibiting Coast from stating that its knives are made of 440C steel, are hardened to between 57 and 59 HRC, and are individually hardness tested. Since Leatherman filed the complaint and motion for preliminary injunction, Coast undertook some corrective actions. Leatherman argued that the corrective actions were insufficient.

A party seeking a preliminary injunction, instructed the court, must establish that he is likely to succeed on the merits, he is likely to suffer irreparable harm in the absence of preliminary relief, the balance of equities tips in his favor, and an injunction is in the public interest. Although the court determined that three of the four factors — likelihood of success on the merits, balance of the equities, and the public interest — favored Leatherman, the court denied Leatherman's request for a preliminary injunction because it failed to show a likelihood of irreparable harm.



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The court initially evaluated the strength of Leatherman's section 43(a) Lanham Act claim. To establish a section 43(a) claim, a plaintiff must establish (1) falsity in a commercial statement, (2) deception, (3) materiality, (4) interstate commerce, and (5) injury. First, the court found that Coast, through its corrective actions, indirectly admitted to falsely advertising that its products are made from 440C steel, have a hardness of 57-59 HRC, and are individually tested for hardness. Second, the court held that Coast's statements were literally false and thus are presumed to have a tendency to deceive. Third, Leatherman produced sufficient evidence to support the materiality element. A consumer comment showed that the consumer was swayed by the 440C steel description about Coast's product. In a consumer survey conducted by Coast, 17% of respondents said that a particular type of steel greatly influences their purchasing decision. Fourth, the false statements entered interstate commerce via Coast's website, product packaging, catalogs, and on the product itself. Finally, the parties merged discussion of injury as an element of a false advertising claim with the discussion of irreparable harm.

In light of the Supreme Court's decision in *eBay, Inc. v. MercExchange, LLC*, 547 U.S. 388 (2006), and the Ninth Circuit's decision in *Flexible Lifeline v. Precision Lift, Inc.*, 2011 U.S. App. LEXIS 17462 (9th Cir. Aug. 22, 2011), the court rejected Leatherman's argument that it is entitled to a presumption of irreparable harm if a tendency to deceive has been established. In *eBay*, the Ninth Circuit considered a permanent injunction issued based on a finding of patent infringement, and disapproved of the use of "categorical" rules with respect to irreparable harm. In *Flexible Lifeline*, the Ninth Circuit reversed the long standing precedent that irreparable harm may be presumed in copyright infringement cases once there is a showing of a likelihood of success on the merits. The Ninth Circuit found that *eBay* has broad implications (that apply equally to preliminary and permanent injunctions), and that *eBay* is not limited to patent infringement cases. The court noted that other jurisdictions have likewise concluded that presumptions of irreparable harm are no longer appropriate after *eBay*, and indicated that the First, Second, Fourth, and Eleventh Circuits have raised similar concerns over presumptions of irreparable harm.

Without a presumption, the court concluded that the balance of the elements of the preliminary injunction test did not tip in Leatherman's favor. Although three of the four factors considered in its preliminary injunction analysis — likelihood of success on the merits, balance of equities, and the public interest — favored Leatherman, the court denied plaintiff's motion for a preliminary because it failed to demonstrate a likelihood of irreparable harm.

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