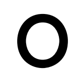

No JS-6

UNITED STATES DISTRICT COURT

CENTRAL DISTRICT OF CALIFORNIA

STAR FABRICS, INC., a California corporation,

Plaintiff,

v.

TARGET CORPORATION, a Minnesota Corporation; KANDY KISS OF CALIFORNIA, INC., a California corporation; MOREX ENTERPRISES, INC.,

Defendants.

Case No. CV 10-07987 DDP (AGRx)

ORDER GRANTING MOTION FOR PARTIAL SUMMARY JUDGMENT

[Motion filed on 8/11/11]

Presently before the court is Plaintiff Star Fabrics, Inc. ("STAR")'s Motion for Partial Summary Judgment. Having considered the submissions of the parties and heard oral argument, the court grants the motion and adopts the following order.

I. Background

STAR is a "textile converter" that provides fabric printed with art designs to garment manufacturers. (Declaration of Adir Haroni ¶ 2.) Defendant Morex Enterprises, Inc. ("Morex") provides a similar service. (Haroni Dec. ¶ 10.) STAR creates or acquires

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designs, offers those designs to customers, and provides fabric bearing those designs. (Haroni Dec. ¶ 3.) STAR charges customers for fabric by the yard based on quantity ordered and type of material requested. (Haroni Deposition at 40.) STAR's design acquisition and development costs are treated as overhead expenses, and the particular design printed on a given fabric does not affect the cost of the fabric. (Haroni Depo. at 45.)

In 2006, STAR purchased an art design, the "59705" design, for $550, and began offering the design to customers. (Haroni Dec. ¶¶ 6-7; Haroni Deposition at 14:20, 27:15.) STAR also registered the copyright to the 59705 design. (Haroni Dec. ¶ 6). In 2007, STAR sold fabric samples bearing the 59705 design to Defendant Kandy Kiss of California, Inc. ("Kandy Kiss"), a garment manufacturer. (Haroni Dec. at 8.)

In 2010, STAR discovered a garment bearing a design virtually identical to the 59705 design for sale at a store operated by Defendant Target Corporation ("Target"). (Haroni Dec. ¶ 10.) Only variations in coloring distinguish the 59705 design from the design on the Target garment. (Mot. at 15, Exhibits 4, 7 to Mot.) STAR learned that Kandy Kiss had manufactured the dresses for Target from fabric obtained from Morex. (Haroni Dec. ¶ 10.) STAR now moves for partial summary judgment that Defendants have infringed upon the 59705 design.

II. Legal Standard

A motion for summary judgment must be granted when "the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party

is entitled to a judgment as a matter of law." Fed. R. Civ. P. 56(c). A party seeking summary judgment bears the initial burden of informing the court of the basis for its motion and of identifying those portions of the pleadings and discovery responses that demonstrate the absence of a genuine issue of material fact. See Celotex Corp. v. Catrett, 477 U.S. 317, 323 (1986).

Where the moving party will have the burden of proof on an issue at trial, the movant must affirmatively demonstrate that no reasonable trier of fact could find other than for the moving party. On an issue as to which the nonmoving party will have the burden of proof, however, the movant can prevail merely by pointing out that there is an absence of evidence to support the nonmoving party's case. See id. If the moving party meets its initial burden, the non-moving party must set forth, by affidavit or as otherwise provided in Rule 56, "specific facts showing that there is a genuine issue for trial." Anderson v. Liberty Lobby, Inc., 477 U.S. 242, 250 (1986). The evidence is viewed in the light most favorable to the non-moving party, and all justifiable inferences are to be drawn in its favor. Anderson, 477 U.S. at 242.

It is not the court's task "to scour the record in search of a genuine issue of triable fact." Keenan v. Allan, 91 F.3d 1275, 1278 (9th Cir. 1996). Counsel have an obligation to lay out their support clearly. Carmen v. San Francisco Sch. Dist., 237 F.3d 1026, 1031 (9th Cir. 2001). The court "need not examine the entire file for evidence establishing a genuine issue of fact, where the evidence is not set forth in the opposition papers with adequate references so that it could conveniently be found." Id.

III. Discussion

To prove copyright infringement, a plaintiff must demonstrate (1) ownership of the allegedly infringed work and (2) copying of the protected elements of the work by the defendant. Narell v. Freeman, 872 F.2d 907, 910 (9th Cir. 1989); Three Boys Music Corp. v. Bolton, 212 F.3d 477, 481 (9th Cir. 2000), cert. denied, 531 U.S. 1126 (2000). Here, Defendants do not dispute that STAR owns the 59705 design. (Opp. at 8 n.3.)

A plaintiff may prove copying or infringement by showing that 1) the defendant had access to the protected work and 2) the two works are substantially similar. Three Boys, 212 F.3d at 481. Even where there is no proof of access, however, a "striking similarity" between an allegedly infringing work and a protected work gives rise to an inference of copying. Baxter v. MCA, Inc., 812 F.2d 421, 423 (9th Cir. 1987). Summary judgment "is not highly favored on questions of substantial similarity in copyright cases." Shaw v. Lindheim, 919 F.2d 1353, 1355 (9th Cir. 1990). However, a "grant of summary judgment for plaintiff is proper where works are so overwhelmingly identical that the possibility of independent creation is precluded." Twentieth Century-Fox Film Corp. v. MCA, Inc., 715 F.2d 1327, 1330.

A. Access

A plaintiff may show that a defendant had access to a work through direct evidence, or through circumstantial evidence that 1) a chain of events links the protected work and the defendant's access to the work or 2) the work was widely disseminated. Art Attacks Ink, LLC v. MGA Entertainment Inc., 581 F.3d 1138, 1143 (9th Cir. 2009).

Here, there is no genuine issue as to defendants' access to the 59705 design. There is direct evidence that Kandy Kiss had access to the design, a sample of which it purchased in 2007. Subsequently, Kandy Kiss obtained fabric from Morex bearing a design of Kandy Kiss's choosing. Kandy Kiss then manufactured garments bearing that design and provided them to Target. This chain of events constitutes circumstantial evidence that Morex and Target had access to the 59705 design.[1]

B. Substantial Similarity

To determine whether two works are substantially similar, the Ninth Circuit employs a two-part analysis — an extrinsic and an intrinsic test. The "extrinsic test" is an objective comparison of specific expressive elements. Cavalier v. Random House, Inc., 297 F.3d 815, 822 (9th Cir. 2002). The "intrinsic test" is a subjective comparison that focuses on "whether the ordinary, reasonable audience" would find the works substantially similar in the "total concept and feel of the works." Kouf v. Walt Disney Pictures & Televison, 16 F.3d 1042, 1045 (9th Cir. 1994).

Here, both the extrinsic and intrinsic tests are easily met.[2] The observable elements in the 59705 design and the design printed on the offending garment are numerous, complex, and virtually identical. The 59705 design displays intricate plant designs

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[1] In their opposition, Defendants assert that STAR disseminates its designs to numerous fabric printing companies in Asia, and that Morex obtained the 59705 design from one of these companies. (Opp. at 3.) Thus, even absent the chain of events linking Morex and Target with the 59705 design, Morex and Target had access to the design via what Defendants themselves acknowledge to be wide dissemination of the design.

[2] Nowhere do Defendants assert that the two designs are not substantially similar.

featuring multiple leafy stems, flowers, and buds of different shapes and sizes. The 59705 design also displays a large, prominent fringed teardrop shape, within which are contained additional plant shapes, including dozens of different flowers of various configurations and sizes and stems bearing heart-shaped leaves of varying size. The elements of the allegedly infringing design are, in size, shape, proportion, layout, and indeed every aspect but coloration, identical to those in the protected work. No ordinary observer or reasonable juror could fail to conclude that the works are substantially similar.[3]

C. Affirmative Defenses

Defendants assert that their affirmative defense of misuse of copyright and unclean hands warrant denial of Plaintiff's motion for summary judgment. (Opp. at 5.) "The defense of unclean hands by virtue of copyright misuse prevents the copyright owner from asserting infringement and asking for damages when the infringement occurred by his dereliction of duty." Supermarket of Homes, Inc. v. San Fernando Valley Board of Realtors, 786 F.2d 1400, 1408 (9th Cir. 1986). Though the 9th Circuit has yet to define the contours of copyright misuse, other circuits have recognized it as a use of copyright in a manner contrary to public policy. MDY Industries,

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[3] Having shown that Defendants had access to the 59705 design, Plaintiff need not demonstrate a "striking similarity" between the works. Smith v. Jackson, 84 F.3d 1213, 1220 (9th Cir. 1996). "Striking similarity exists when two designs are so much alike that the only reasonable explanation for such a great degree of similarity is that the later work was copied from the first." Stewart v. Wachowski, 574 F.Supp.2d 1074, 1103 (C.D. Cal. 2005) (internal quotations and alteration omitted). As suggested in the court's discussion of substantial similarity, the two works are virtually identical. Reasonable minds could not differ on the striking similarity, let alone the substantial similarity, of the two designs at issue here.

LLC v. Blizzard Entm't, Inc., 629 F.3d 928, 941 (9th Cir. 2010); Altera Corp. v. Clear Logic, Inc., 424 F.3d 1079, 1090, (9th Cir. 2005), citing Alcatel USA, Inc. v. DGI Technologies, Inc., 166 F.3d 772, 792 (5th Cir. 1999); Practice Mgmt. Info. Corp. v. American Med. Ass'n, 121 F.3d 516, 520 (9th Cir. 1997), citing Lasercomb Am., Inc. v. Reynolds, 911 F.2d 970, 977-79 (4th Cir. 1990).

Defendants assert that STAR has misused its copyright in the 97905 design by having certain printing mills in China and Korea print the fabric that STAR supplies to customers. (Opp. at 2.) STAR contracted with seven fabric suppliers or trading companies in Korean and China to provide fabric bearing STAR designs. (Haroni Depo. at 62-65; Opp. At 3, Reply at 6.) Those fabric suppliers then contract with factories in their own countries that actually produce fabric. (Haroni Depo. at 56:5-11.) STAR does not know the names of the factories with which its trading company partners contract. (Haroni Depo. at 60:15-18.)

When contracting with foreign trading companies, STAR informed those companies that STAR designs were not to be reproduced for anyone other than STAR. (Haroni Depo. at 61:13-20.) The designs STAR sends to trading houses for reproduction bear stamps indicating that the designs belong to STAR. (Supplemental Haroni Dec. ¶ 12., Exhibit 8.) All STAR documentation, such as packing lists and invoices, indicate that STAR's designs are copyrighted. (Supplemental Dec. ¶ 13.) STAR's physical fabrics bear physical copyright notifications, which are engraved by the trading companies and/or factories that manufacture the fabric for STAR. (Supplemental Dec. ¶ 14.) Nevertheless, STAR is aware that foreign factories commonly do not have strict pattern controls, and that

these factories disseminate proprietary designs, including STAR designs, as their own. (Haroni Depo. at 65:15 - 67:23.)

Defendants argue that STAR has created a "cottage industry" of filing infringement lawsuits in violation of the public policy embedded in copyright. (Opp. at 3,6-7.) Though not articulated as such, Defendants' theory appears to be that STAR intentionally distributes its designs to foreign factories with the knowledge that those factories will disseminate STAR designs without authorization. Those unauthorized producers will then mislead customers, such as Defendant Morex, as to the provenance of a design. Factory customers will then, believing that a design is not copyrighted, proceed to innocently infringe, resulting in litigation by STAR.

Though such a theory is plausible to some degree, the evidence in the record does not establish that STAR intentionally subverts its own copyright in an attempt to ensnare innocent infringers. The only evidence Defendants put forth to support their claim is STAR's ignorance of the names of the fabric manufacturers in Korea and China and knowledge that factories sometimes reproduce designs without authorization. However, the evidence is clear that STAR has no contact with those manufacturers because STAR contracts with foreign trading companies, who then in turn source the work to the factories. In its interactions with those trading companies, STAR seeks to protect its copyright through verbal admonitions against unauthorized reproduction, notification of design ownership on sale documentation, and physical indicia of design ownership on the fabric itself. On such a record, no reasonable trier of fact could find that STAR misused its copyright.

IV. Conclusion

For the reasons stated above, Plaintiff's Motion for Partial Summary Judgment is GRANTED.

IT IS SO ORDERED.

Dated: September 22, 2011

DEAN D. PREGERSON
United States District Judge