

United States District Court  
For the Northern District of California

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IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF CALIFORNIA

SLEEP SCIENCE PARTNERS,

Plaintiff,

v.

AVERY LIEBERMAN and SLEEPING WELL,  
LLC,

Defendants.

No. 09-04200 CW

ORDER GRANTING IN  
PART AND DENYING  
IN PART DEFENDANT  
SLEEPING WELL,  
LLC'S MOTION TO  
DISMISS  
(Docket No. 27)

Defendant Sleeping Well, LLC moves to dismiss Plaintiff Sleep  
Science Partners' claims for trade dress infringement, copyright  
infringement, tortious interference with contract, common law  
misappropriation, unfair competition, civil conspiracy and unjust  
enrichment. Defendant Avery Lieberman has answered the complaint  
and does not join in the motion. Plaintiff opposes the motion.  
The motion was taken under submission on the papers. Having  
considered all of the papers submitted by the parties, the Court  
GRANTS Sleeping Well's motion in part and DENIES it in part.

BACKGROUND

The following allegations are contained in Plaintiff's  
Complaint.

Plaintiff is a California-based business which manufactures,

1 markets and sells an anti-snoring prescription mandibular  
2 repositioning device (MRD) called PureSleep. An MRD is an FDA-  
3 regulated medical device that may only be obtained by prescription  
4 from a medical doctor or dentist. In 2005, Plaintiff's founders  
5 developed a business model, the PureSleep Method, which allows  
6 consumers to purchase a PureSleep device without visiting a  
7 dentist. The PureSleep Method consists of, among other things, a  
8 screening questionnaire, website, telephone ordering system, and  
9 television commercials. Plaintiff implemented and marketed the  
10 PureSleep device through the PureSleep Method.

11 In early 2006, Plaintiff entered into discussions with  
12 Defendant Avery Lieberman, a California-based dentist, to see if he  
13 would prescribe the PureSleep device using the PureSleep Method.  
14 As a condition of discussing the PureSleep Method, Plaintiff  
15 required Dr. Lieberman to sign a non-disclosure agreement. At the  
16 time of these discussions, Plaintiff had not yet publicly displayed  
17 the PureSleep Method. Dr. Lieberman helped Plaintiff refine the  
18 PureSleep Method until May, 2007, when he ceased all communication  
19 with Plaintiff. Plaintiff launched its website and began marketing  
20 through the PureSleep Method in November, 2007.

21 Plaintiff alleges that Dr. Lieberman contacted Daniel and  
22 Katrine Webster, Vermont residents, and told them how to use the  
23 PureSleep Method to sell MRDs. Plaintiff claims that the Websters  
24 ordered an MRD from its website in order to test the functionality  
25 of the PureSleep device and copy the website's look and feel.  
26 Plaintiff's website requires anyone who orders a product to signify  
27 that he or she has read and agrees to be bound by Plaintiff's

1 "Terms and Conditions" which state, in part, "No part of this  
2 website may be reproduced or transmitted." Pl.'s Compl., Ex. 1.

3 On August 4, 2008, the Websters registered the domain name  
4 "ZQuiet.com" and, in September, 2008, registered Defendant Sleeping  
5 Well as a limited liability company with the Secretary of State of  
6 Vermont. Sleeping Well entered into a contract with Euro RSCG Edge  
7 (Euro), a California-based media buying company, to purchase  
8 television advertising air time. Euro has always been and is  
9 Plaintiff's exclusive television media buyer. Plaintiff spent over  
10 a year with Euro, which tested different television stations and  
11 air times to find the most profitable way to market the PureSleep  
12 device. Lindsay Decl. ¶ 21.

13 In April, 2009, Sleeping Well launched its television  
14 commercials, website and ordering system. Plaintiff alleges that  
15 Sleeping Well misappropriated its PureSleep Method through Dr.  
16 Lieberman and that its website has the same format, design and feel  
17 as Plaintiff's website. Plaintiff also claims that Sleeping Well  
18 directed Euro to target the same television stations and air times  
19 that it uses to advertise the PureSleep device.

20 In October, 2009, Sleeping Well moved to dismiss Plaintiff's  
21 claims against it for lack of personal jurisdiction. The Court  
22 denied this motion, concluding that it has specific jurisdiction  
23 over Sleeping Well. See generally Order of Nov. 23, 2009 Denying  
24 Def.'s Mot. to Dismiss (Docket No. 23).

25 LEGAL STANDARD

26 A complaint must contain a "short and plain statement of the  
27 claim showing that the pleader is entitled to relief." Fed. R.

1 Civ. P. 8(a). Dismissal under Rule 12(b)(6) for failure to state a  
2 claim is appropriate only when the complaint does not give the  
3 defendant fair notice of a legally cognizable claim and the grounds  
4 on which it rests. Bell Atl. Corp. v. Twombly, 550 U.S. 544, 555  
5 (2007). In considering whether the complaint is sufficient to  
6 state a claim, the court will take all material allegations as true  
7 and construe them in the light most favorable to the plaintiff. NL  
8 Indus., Inc. v. Kaplan, 792 F.2d 896, 898 (9th Cir. 1986).  
9 However, this principle is inapplicable to legal conclusions;  
10 "threadbare recitals of the elements of a cause of action,  
11 supported by mere conclusory statements," are not taken as true.  
12 Ashcroft v. Iqbal, \_\_\_ U.S. \_\_\_, 129 S. Ct. 1937, 1949-50 (2009)  
13 (citing Twombly, 550 U.S. at 555).

14 DISCUSSION

15 I. Trade Dress Infringement Claim

16 "The Lanham Act was intended to make 'actionable the deceptive  
17 and misleading use of marks,' and 'to protect persons engaged  
18 in . . . commerce against unfair competition.'" Dastar Corp. v.  
19 Twentieth Century Fox Film Corp., 539 U.S. 23, 28 (2003) (quoting  
20 15 U.S.C. § 1127). The Act "prohibits actions like trademark  
21 infringement that deceive consumers and impair a producer's  
22 goodwill." Id. at 32. To this end, section 43(a) of the Act, 15  
23 U.S.C. § 1125(a), proscribes "the use of false designations of  
24 origin, false descriptions, and false representations in the  
25 advertizing and sale of goods and services." Jack Russell Terrier  
26 Network of N. Cal. v. Am. Kennel Club, Inc., 407 F.3d 1027, 1036  
27 (9th Cir. 2005) (citing Smith v. Montoro, 648 F.2d 602, 603 (9th  
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1 Cir. 1981)).

2 Plaintiff charges Sleeping Well with trade dress infringement,  
3 in violation of § 43(a) of the Lanham Act. Plaintiff describes its  
4 trade dress as the "unique look and feel of SSP's website,  
5 including its user interface, telephone ordering system and  
6 television commercial . . . ." Compl. ¶ 84. Sleeping Well argues  
7 that Plaintiff fails to define its trade dress with sufficient  
8 clarity. Sleeping Well also asserts that Plaintiff's trade dress  
9 infringement claim seeks protection of rights covered by the  
10 Copyright Act and that such claims should be dismissed.

11 A. Plaintiff's Alleged Trade Dress

12 "Trade dress protection applies to 'a combination of any  
13 elements in which a product is presented to a buyer,' including the  
14 shape and design of a product." Art Attacks Ink, LLC v. MGA Entm't  
15 Inc., 581 F.3d 1138, 1145 (9th Cir. 2009) (quoting J. Thomas  
16 McCarthy, McCarthy on Trademarks and Unfair Competition § 8:1, at  
17 8-3 (4th ed. 1996)). "Trade dress involves 'the total image of a  
18 product and may include features such as size, shape, color or  
19 color combination, texture, graphics, or even particular sales  
20 techniques.'" Mattel, Inc. v. Walking Mountain Prods., 353 F.3d  
21 792, 808 n.13 (9th Cir. 2003) (quoting Two Pesos, Inc. v. Taco  
22 Cabana, Inc., 505 U.S. 763, 765 n.1 (1992)). In evaluating a trade  
23 dress claim, a court must not focus on individual elements, "but  
24 rather on the overall visual impression that the combination and  
25 arrangement of those elements create." Clicks Billiards, Inc. v.  
26 Sixshooters, Inc., 251 F.3d 1252, 1259 (9th Cir. 2001). "Trade  
27 dress is the composite tapestry of visual effects." Id.

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1 A plaintiff should clearly articulate its claimed trade dress  
2 to give a defendant sufficient notice. See Walker & Zanger, Inc.  
3 v. Paragon Indus., Inc., 549 F. Supp. 2d 1168, 1174 (N.D. Cal.  
4 2007) (citing Yurman Design, Inc. v. PAJ, Inc., 262 F.2d 101, 115  
5 (2d Cir. 2001)); Autodesk, Inc. v. Dassault Systemes SolidWorks  
6 Corp., 2008 WL 6742224, at \*5 (N.D. Cal.).

7 Plaintiff appears to seek trade dress protection of its  
8 website, telephone ordering system and television commercial.  
9 Plaintiff has not clearly plead that it defines its trade dress as  
10 these three marketing components taken in combination. Nor has it  
11 alleged that these elements interact to create a particular visual  
12 impression. The Court therefore considers below whether Plaintiff  
13 pleads sufficient facts to support trade dress protection for each  
14 individual component.

15 Plaintiff seeks protection of its website's "unique look and  
16 feel." Compl. ¶ 84. It pleads that its website's features  
17 "include (1) the ability to view SSP's television commercial;  
18 (2) user testimonials; (3) the screening questionnaire; and (4) the  
19 PureSleep Method." Compl. ¶ 31. It also alleges that other  
20 components of the website's "design, look and feel are more subtle  
21 including, but not limited to, the size and location of text, the  
22 size and location of graphics, the features that it offers and the  
23 location of hyperlinks of those features." Id. Plaintiff then  
24 describes several other website design elements. Compl. ¶ 51.  
25 Although it has cataloged several components of its website,  
26 Plaintiff has not clearly articulated which of them constitute its  
27 purported trade dress. Notably, Plaintiff employs language

1 suggesting that these components are only some among many, which  
2 raises a question of whether it intends to redefine its trade dress  
3 at a future stage of litigation. Without an adequate definition of  
4 the elements comprising the website's "look and feel," Sleeping  
5 Well is not given adequate notice.

6 With regard to separate trade dress protection for its  
7 telephone ordering system, Plaintiff only pleads that, through it,  
8 consumers answer a screening questionnaire. The use of a screening  
9 questionnaire would not, on its own, constitute protectable trade  
10 dress. To afford such protection would allow Plaintiff to  
11 monopolize the use of a questionnaire in connection with a  
12 telephone ordering system. Moreover, trade dress generally applies  
13 to a visual impression created through a combination of elements.  
14 Thus, it is not clear that Plaintiff may seek trade dress  
15 protection of its telephone ordering system, but if it wishes to  
16 attempt to do so, it must provide additional detail.

17 Finally, concerning its television commercial,<sup>1</sup> Plaintiff  
18 claims that it is "made up of a variety of carefully designed  
19 components, including an introduction with the sound of loud  
20 snoring, graphics illustrating an MRD opening a human airway and  
21 user testimonials." Compl. ¶ 32. However, Plaintiff does not  
22 plead sufficiently descriptive details of the graphics or any other  
23 element of its television advertisement to qualify as protected  
24 trade dress. As with its telephone ordering system, Plaintiff must

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26 <sup>1</sup> At least one court has concluded that television commercials  
27 can constitute protected trade dress. See Chuck Blore & Don  
28 Richman Inc. v. 20/20 Adver. Inc., 674 F. Supp. 671 (D. Minn.  
1987).

1 more clearly describe the combination of elements contained in its  
2 television commercial for which it seeks trade dress protection.

3 Accordingly, the Court grants Sleeping Well's motion to  
4 dismiss Plaintiff's trade dress infringement claim. Plaintiff must  
5 articulate more clearly what constitutes its trade dress.

6 B. Trade Dress Infringement and the Copyright Act

7 As noted above, Sleeping Well also contends that Plaintiff's  
8 trade infringement claim under the Lanham Act must be dismissed  
9 because it impermissibly overlaps with rights protected under the  
10 Copyright Act. Although Plaintiff has not adequately plead its  
11 trade dress, the Court provides the following as guidance for any  
12 amended pleading.

13 The Copyright Act protects "original works of authorship fixed  
14 in any tangible medium of expression, now known or later developed,  
15 from which they can be perceived, reproduced, or otherwise  
16 communicated, either directly or with the aid of a machine or  
17 device." 17 U.S.C. § 102(a). Protection does not extend to "any  
18 idea, procedure, process, system, method of operation, concept,  
19 principle, or discovery, regardless of the form in which it is  
20 described, explained, illustrated, or embodied in such work." Id.  
21 § 102(b).

22 Courts have "long limited application of the Lanham Act so as  
23 not to encroach on copyright interests." 1 Melvin B. Nimmer &  
24 David Nimmer, Nimmer on Copyright, § 1.01[D][2] (2005); see also  
25 Dastar, 539 U.S. at 33 (declining to apply Lanham Act in manner  
26 that would cause a "conflict with the law of copyright"). A court  
27 should not "expand the scope of the Lanham Act to cover cases in  
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1 which the Federal Copyright Act provides an adequate remedy." Shaw  
2 v. Lindheim, 919 F.2d 1353, 1364-65 (9th Cir. 1990). "Parallel  
3 claims under the Copyright Act and Lanham Act, however, are not per  
4 se impermissible." Blue Nile, Inc. v. Ice.com, Inc., 478 F. Supp.  
5 2d 1240, 1244 (W.D. Wash. 2007) (citing Nintendo of Am. v. Dragon  
6 Pac., Int'l, 40 F.3d 1007, 1011 (9th Cir. 1994)); see also RDF  
7 Media Ltd. v. Fox Broad. Co., 372 F. Supp. 2d 556, 564 (C.D. Cal.  
8 2005) (stating that "trademark and copyright protection may  
9 coexist," citing 1 J. Thomas McCarthy, McCarthy on Trademarks and  
10 Unfair Competition § 6:5 (4th ed. 1996)).

11 As noted above, Plaintiff bases its trade dress infringement  
12 claim in part on the "look and feel" of its website. However,  
13 Plaintiff has filed for copyright protection for its website and  
14 seeks to sue for copyright infringement on this basis. Because  
15 Plaintiff has not adequately explained the "look and feel" of its  
16 website, it is not clear to what extent its purported trade dress  
17 falls within the scope of copyright. The Copyright Act could  
18 therefore afford an adequate remedy for the alleged infringement,  
19 and Plaintiff's trade dress infringement claim could overstep the  
20 line between the Lanham and Copyright Acts.

21 Nevertheless, it does not follow that a trade dress  
22 infringement claim based on the "look and feel" of a website must  
23 fail as a matter of law. Courts have concluded that a website's  
24 "look and feel" could constitute protectable trade dress that would  
25 not interfere with copyright interests. See, e.g., Conference  
26 Archives, Inc. v. Sound Images, Inc., \_\_\_ F. Supp. 2d \_\_\_, 2010 WL  
27 1626072, at \*14-\*21 (W.D. Pa.); Blue Nile, 478 F. Supp. 2d at 1243.

1 Although it has not said so explicitly, Plaintiff may have plead  
2 its trade dress claim in the alternative, accounting for a  
3 possibility that its website may not be copyrightable. However,  
4 even if Plaintiff were to plead as its trade dress a "look and  
5 feel" that does not encroach upon copyright interests, it would  
6 still bear the burden of establishing the elements of a trade dress  
7 infringement claim. "To prove trade dress infringement, a  
8 plaintiff must demonstrate that (1) the trade dress is  
9 nonfunctional, (2) the trade dress has acquired secondary meaning,  
10 and (3) there is a substantial likelihood of confusion between the  
11 plaintiff's and defendant's products." Art Attacks, 581 F.3d at  
12 1145.

13 The Court need not decide this issue here because Plaintiff  
14 has not adequately identified the elements of its website that  
15 comprise its alleged trade dress. However, if it intends to  
16 maintain a Lanham Act claim based on its website's "look and feel,"  
17 in addition to articulating clearly the website features that  
18 comprise its alleged trade dress, Plaintiff must plead a "look and  
19 feel" that does not fall under the purview of the Copyright Act.

## 20 II. Copyright Infringement Claim

21 Generally, "no civil action for infringement of the copyright  
22 in any United States work shall be instituted until preregistration  
23 or registration of the copyright claim has been made in accordance  
24 with this title." 17 U.S.C. § 411(a). The requirement for  
25 preregistration or registration of the copyright is not a  
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1 jurisdictional requirement.<sup>2</sup> Reed Elsevier, Inc. v. Muchnick, \_\_\_  
2 U.S. \_\_\_, 130 S. Ct. 1237, 1248 (2010). Instead, it is a non-  
3 jurisdictional, threshold element that a plaintiff must satisfy  
4 before asserting a claim. Id.

5 Sleeping Well contests Plaintiff's assertion that its  
6 application to register the copyright of its website constitutes  
7 "preregistration." The Ninth Circuit has not decided whether an  
8 application suffices as "preregistration," and there are  
9 conflicting decisions on the matter. Compare Kema, Inc. v.  
10 Koperwhats, 658 F. Supp. 2d 1022, 1028-29 (N.D. Cal. 2009) (holding  
11 that an application does not constitute preregistration) with  
12 Penpower Tech. Ltd. v. S.P.C. Tech., 627 F. Supp. 2d 1083, 1091  
13 (N.D. Cal. 2008) (concluding that plaintiff's application is "an  
14 action equivalent to 'preregistration'"). However, legislative  
15 history and associated regulations favor Sleeping Well's position.

16 The Family Entertainment and Copyright Act (FECA) of 2005  
17 created a preregistration process for copyright. Pub. L. No. 109-  
18 9, § 104, 119 Stat. 218, 221-22. "FECA was concerned, in large  
19 part, with the piracy of movies and the subsequent sale and  
20 distribution of illegal copies of movies." La Resolana Architects,  
21 PA v. Clay Realtors Angel Fire, 416 F.3d 1195, 1207 (10th Cir.  
22 2005). To this end, preregistration addresses "works being  
23 prepared for commercial distribution." 17 U.S.C. § 408(f). The  
24 House Judiciary Committee report on the underlying bill stated that  
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26 <sup>2</sup> Sleeping Well asserts that § 411(a) creates a jurisdictional  
27 bar. However, its motion was filed before the Supreme Court's  
28 decision in Reed Elsevier, Inc., which held to the contrary.

1 § 408(f)

2 expressly requires the Register of Copyrights to issue  
3 regulations to establish a preregistration system for  
4 copyrighted works. Since works are generally not  
5 formally copyrighted until they are in final form and  
6 ready for distribution to the public, civil remedies for  
the distribution of pre-release works are lacking. This  
section will give the Register flexibility to determine  
which classes of works are appropriate for  
preregistration.

7 H.R. Rep. No. 109-33, at 4 (2005), reprinted in 2005 U.S.C.C.A.N.  
8 220, 223.

9 A work is eligible for preregistration if it is  
10 "(i) Unpublished; (ii) Being prepared for commercial distribution;  
11 and (iii) In a class of works that the Register of Copyrights has  
12 determined has had a history of infringement prior to authorized  
13 commercial release." 37 C.F.R. § 202.16(b)(3). "A work eligible  
14 for preregistration may be preregistered by submitting an  
15 application and fee to the Copyright Office pursuant to the  
16 requirements set forth in this section." Id. § 202.16(c)(1). "An  
17 application for preregistration is made using Electronic Form PRE."  
18 Id. § 202.16(c)(3).

19 Plaintiff's application for registration does not constitute  
20 "preregistration" for the purposes of § 411(a). Plaintiff does not  
21 argue that it applied for preregistration or that it filed an  
22 Electronic Form PRE. Nor does it assert facts to suggest that the  
23 website is eligible for preregistration. On the contrary,  
24 Plaintiff asserts that it applied for registration of its  
25 copyright. Moreover, it has already published the website on the  
26 Internet and made it available to the public. Although an  
27 application for preregistration and payment of a fee could accord

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1 jurisdiction, an application for registration does not.

2 Accordingly, Plaintiff's copyright claim is dismissed without  
3 prejudice. Plaintiff may move to amend its complaint to add a  
4 copyright claim if the Copyright Office approves its application  
5 during the pendency of these proceedings.

6 III. Claim for Tortious Interference with Contract

7 Sleeping Well contends that it cannot be held liable for  
8 tortious interference with contract because Plaintiff pleads that  
9 it is a party to the contract with which it interfered.

10 "To recover in tort for intentional interference with the  
11 performance of a contract, a plaintiff must prove: (1) a valid  
12 contract between plaintiff and another party; (2) defendant's  
13 knowledge of the contract; (3) defendant's intentional acts  
14 designed to induce a breach or disruption of the contractual  
15 relationship; (4) actual breach or disruption of the contractual  
16 relationship; and (5) resulting damage." Applied Equip. Corp. v.  
17 Litton Saudi Arabia Ltd., 7 Cal. 4th 503, 514 n.5 (1994) (citing  
18 Pac. Gas & Elec. Co. v. Bear Stearns & Co., 50 Cal. 3d 1118, 1126  
19 (1990)). The "tort cause of action for interference with a  
20 contract does not lie against a party to the contract." Applied  
21 Equip. Corp., 7 Cal. 4th at 514 (citations omitted).

22 In its complaint, Plaintiff alleges that Sleeping Well induced  
23 its "employees or agents who have used SSP's website" to breach the  
24 site's "Terms and Conditions." Compl. ¶ 127. In its opposition,  
25 Plaintiff asserts that "a third party entered into the Terms and  
26 Conditions of SSP's website, and SW then encouraged that third  
27 party -- their web developers -- to breach SSP's website

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1 agreement." Opp'n at 10. Plaintiff then argues that it alleges  
2 tort liability based on Sleeping Well's claimed interference with  
3 the non-disclosure agreement between Dr. Lieberman and Plaintiff,  
4 even though this theory is not explicitly raised in its Complaint.  
5 Plaintiff, appearing to concede that its pleadings are not clear,  
6 "requests leave to more fully articulate" its claim. Opp'n at 10-  
7 11.

8 Based on its Complaint, Plaintiff's tortious interference  
9 claim fails. Plaintiff avers that Sleeping Well "intentionally and  
10 knowingly induced their employees and/or agents to access  
11 www.puresleep.com in order to copy SSP's intellectual  
12 property . . . ." Compl. ¶ 125. If this were so, then Sleeping  
13 Well's employees and agents<sup>3</sup> accessed the website and assented to  
14 the Terms and Conditions for the benefit of Sleeping Well. This  
15 conduct would make Sleeping Well a party to the Terms and  
16 Conditions. Am. Builders Ass'n v. Au-Yang, 226 Cal. App. 3d 170,  
17 176 (1990) ("A contract made by an agent for an undisclosed  
18 principal is for most purposes the contract of the  
19 principal, . . .") (quoting Bank of Am. v. State Bd. of  
20 Equalization, 209 Cal. App. 2d 780, 796 (1962)). Assuming that the  
21 Terms and Conditions constitute a contract, Sleeping Well cannot be  
22 held liable for tortiously interfering with it.

23 Accordingly, Plaintiff's tortious interference with contract  
24 claim is dismissed with leave to amend. Should Plaintiff amend its

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26 <sup>3</sup> The Court does not decide, on this motion, whether Sleeping  
27 Well's web developers were its agents. Plaintiff's complaint does  
28 not allege that Sleeping Well interfered with its web developers'  
contracts with Plaintiff.

1 pleadings, it may not allege facts that are inconsistent with those  
2 alleged in the current Complaint.

3 IV. Claims for Common Law Misappropriation, Statutory and Common  
4 Law Unfair Competition and Common Law Unjust Enrichment

5 Sleeping Well contends that the Copyright Act and California's  
6 Uniform Trade Secrets Act (CUTSA) preempt Plaintiff's claims for  
7 common law misappropriation of its intellectual property, statutory  
8 and common law unfair competition and common law unjust enrichment.  
9 Alternatively, Sleeping Well asserts that Plaintiff has not  
10 sufficiently plead its unfair competition and unjust enrichment  
11 claims.

12 A. Preemption

13 1. Copyright Act

14 Two conditions must be satisfied for the Copyright Act to  
15 preempt state law: (1) "the content of the protected right must  
16 fall within the subject matter of copyright as described in 17  
17 U.S.C. §§ 102 and 103" and (2) "the right asserted under state  
18 law must be equivalent to the exclusive rights contained in section  
19 106 of the Copyright Act." Sybersound Records, Inc. v. UAV Corp.,  
20 517 F.3d 1137, 1150 (9th Cir. 2008) (quoting Downing & Abercrombie  
21 & Fitch, 265 F.3d 994, 1003 (9th Cir. 2001)).

22 The "equivalent rights" prong of the test requires a court to  
23 consider whether the state claim asserts rights

24 within the general scope of copyright as specified by  
25 section 106 of the Copyright Act. Section 106 provides a  
26 copyright owner with the exclusive rights of  
27 reproduction, preparation of derivative works,  
28 distribution, and display. To survive preemption, the  
state cause of action must protect rights which are  
qualitatively different from the copyright rights. The  
state claim must have an extra element which changes the

1 nature of the action.  
2 Laws v. Sony Music Entm't, Inc., 448 F.3d 1134, 1143 (9th Cir.  
3 2006) (quoting Del Madera Props. v. Rhodes & Gardner, 820 F.2d 973  
4 (9th Cir. 1987)).

5 2. CUTSA

6 California's legislature enacted CUTSA in 1984 "to provide  
7 unitary definitions of trade secret and trade secret  
8 misappropriation, and a single statute of limitations for the  
9 various property, quasi-contractual, and violation of fiduciary  
10 relationship theories of noncontractual liability utilized at  
11 common law." Am. Credit Indem. Co. v. Sacks, 213 Cal. App. 3d 622,  
12 630 (1989) (internal quotation marks omitted). It defines a "trade  
13 secret" as:

14 information, including a formula, pattern, compilation,  
15 program, device, method, technique, or process, that:

16 (1) Derives independent economic value, actual or  
17 potential, from not being generally known to the  
18 public or to other persons who can obtain economic  
19 value from its disclosure or use; and

20 (2) Is the subject of efforts that are reasonable  
21 under the circumstances to maintain its secrecy.

22 Cal. Civ. Code § 3426.1(d).

23 "CUTSA preempts common law claims that are based on  
24 misappropriation of a trade secret." Ali v. Fasteners for Retail,  
25 Inc., 544 F. Supp. 2d 1064, 1070 (E.D. Cal. 2008) (internal  
26 quotation marks omitted). However, CUTSA exempts certain claims  
27 from the scope of its preemption: it "does not affect  
28 (1) contractual remedies, whether or not based upon  
misappropriation of a trade secret, (2) other civil remedies that

1 are not based upon misappropriation of a trade secret, or  
2 (3) criminal remedies, whether or not based upon misappropriation  
3 of a trade secret." Cal. Civ. Code § 3426.7(b).

4 "Courts have held that where a claim is based on the  
5 'identical nucleus' of facts as a trade secrets misappropriation  
6 claim, it is preempted by [C]UTSA." Silicon Image, Inc., 2007 WL  
7 1455903, at \*9 (N.D. Cal.). "The preemption inquiry for those  
8 causes of action not specifically exempted by § 3426.7(b) focuses  
9 on whether other claims are no more than a restatement of the same  
10 operative facts supporting trade secret misappropriation. . . . If  
11 there is no material distinction between the wrongdoing alleged in  
12 a [C]UTSA claim and that alleged in a different claim, the [C]UTSA  
13 preempts the other claim." Convolve, Inc. v. Compaq Computer  
14 Corp., 2006 WL 839022, at \*6 (S.D.N.Y.) (applying California law).

15 B. Common Law Misappropriation Claim

16 Plaintiff alleges that Sleeping Well misappropriated "its  
17 Trade Secrets, Trade Dress and other intellectual property related  
18 to its Confidential Information, the PureSleep Method, the  
19 puresleep.com website, telephone ordering system and television  
20 commercial." Compl. ¶ 141. It also incorporates paragraphs 1-139  
21 of its Complaint into its claim for misappropriation. Sleeping  
22 Well contends that the Copyright Act preempts this claim to the  
23 extent that it is based on the copying of elements from Plaintiff's  
24 website.

25 Plaintiff's website or some its elements may fall within the  
26 subject matter covered by copyright. For instance, its screening  
27 questionnaire, its television commercial and its logo could fall

1 within the scope of copyright.

2 To the extent that Plaintiff's misappropriation claim rests on  
3 elements covered by the Copyright Act, Plaintiff must offer an  
4 "extra element" to distinguish this claim from one for copyright  
5 infringement. Plaintiff analogizes its misappropriation claim to  
6 one for misrepresentation, which courts have concluded avoids  
7 copyright preemption. See, e.g., Silicon Image, Inc. v. Analogix  
8 Semiconductor, Inc., 2007 WL 1455903, at \*7-\*8 (N.D. Cal.).

9 However, the torts of misappropriation and misrepresentation are  
10 different: misappropriation involves a defendant taking another's  
11 property for "little or no cost" and appropriating it to the  
12 detriment of the plaintiff. See Hollywood Screentest of Am., Inc.  
13 v. NBC Universal, Inc., 151 Cal. App. 4th 631, 650 (2007). On the  
14 other hand, misrepresentation involves fraudulent conduct.  
15 Plaintiff avers that Sleeping Well acquired elements of its website  
16 for little or no cost and used this intellectual property to its  
17 detriment. The gravamen of this claim is that Sleeping Well  
18 unlawfully acquired property, which constitutes misappropriation or  
19 copyright infringement, not misrepresentation.

20 Plaintiff cites Downing to argue that misappropriation claims  
21 are not always preempted. However, Downing involves the  
22 misappropriation of the names and likenesses of individuals, which  
23 is not subject matter protected under the Copyright Act. 265 F.3d  
24 at 1004-05. Thus, as to the portion of its claim directed to  
25 subject matter susceptible to copyright protection, Plaintiff's  
26 reliance on Downing is unavailing.

27 Plaintiff acknowledges that CUTSA preempts its  
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1 misappropriation claim to the extent that it involves confidential  
2 information subject to trade secret protections. Plaintiff  
3 explicitly alleges in this claim that Sleeping Well misappropriated  
4 its trade secrets. It is not apparent what this claim addresses  
5 beyond the trade secrets implicated in Plaintiff's CUTSA claim.

6 The Court dismisses this claim with leave to amend. Plaintiff  
7 must plead clearly what non-trade-secrets Sleeping Well allegedly  
8 misappropriated. In addition, Plaintiff must aver what has been  
9 misappropriated that is not subject to copyright protection or  
10 allege a cause of action with an extra element that distinguishes  
11 the rights asserted from those provided under the Copyright Act.

12 C. Statutory Unfair Competition Claim

13 California's Unfair Competition Law (UCL) prohibits any  
14 "unlawful, unfair or fraudulent business act or practice." Cal.  
15 Bus. & Prof. Code § 17200. The UCL incorporates other laws and  
16 treats violations of those laws as unlawful business practices  
17 independently actionable under state law. Chabner v. United Omaha  
18 Life Ins. Co., 225 F.3d 1042, 1048 (9th Cir. 2000). Violation of  
19 almost any federal, state or local law may serve as the basis for a  
20 UCL claim. Saunders v. Superior Court, 27 Cal. App. 4th 832, 838-  
21 39 (1994). In addition, a business practice may be "unfair or  
22 fraudulent in violation of the UCL even if the practice does not  
23 violate any law." Olszewski v. Scripps Health, 30 Cal. 4th 798,  
24 827 (2003).

25 Plaintiff does not identify the conduct upon which its UCL  
26 claim rests. It pleads that Sleeping Well's conduct is "unlawful  
27 and unfair," Compl. ¶ 146, and incorporates into its UCL claim

1 paragraphs 1-143 of the Complaint.

2 To the extent that Plaintiff brings this claim based on  
3 conduct involving subject matter covered by the Copyright Act, the  
4 claim is preempted if it implicates rights contained in that Act.  
5 Furthermore, this claim is preempted by CUTSA to the extent that it  
6 is based on the misappropriation of Plaintiffs' trade secrets.

7 Although Plaintiff's UCL claim may not be preempted in its  
8 entirety, the Court nevertheless dismisses it with leave to amend.  
9 Plaintiff's vague allegations fail to give Sleeping Well adequate  
10 notice of the nature of any unpreempted element of this claim.  
11 Plaintiff must identify the conduct of Sleeping Well that is  
12 actionable under a theory of liability that applies the UCL in a  
13 manner that avoids preemption. Plaintiff must specify whether the  
14 conduct is unlawful -- and if so, under what law -- or if it is  
15 unfair or fraudulent. If fraud is alleged, it must be plead with  
16 particularity under Federal Rule of Civil Procedure 9(b).

17 D. Common Law Unfair Competition Claim

18 "The common law tort of unfair competition is generally  
19 thought to be synonymous with the act of 'passing off' one's goods  
20 as those of another." Bank of the W. v. Superior Court, 2 Cal. 4th  
21 1254, 1263 (1992). "The tort developed as an equitable remedy  
22 against the wrongful exploitation of trade names and common law  
23 trademarks that were not otherwise entitled to legal protection."  
24 Id. (citation omitted). The tort requires a showing of competitive  
25 injury. Id. at 1264.

26 The thrust of Plaintiff's common law unfair competition claim  
27 is that Sleeping Well markets its MRD in a way that suggests that

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1 the product is associated with Plaintiff. Regardless of whether  
2 the advertising material at issue constitutes copyright-protected  
3 subject matter, this claim asserts rights separate from those  
4 provided under copyright law. The unfair competition tort involves  
5 "the sale of confusingly similar products, by which a person  
6 exploits a competitor's reputation in the market." Id. at 1263.  
7 In other words, the tort protects against competitive injury  
8 resulting from others trading on a party's goodwill. This  
9 sufficiently provides the "extra element" necessary to avoid  
10 preemption by the Copyright Act.<sup>4</sup>

11 Accordingly, the Copyright Act does not preempt Plaintiff's  
12 common law unfair competition claim. Nor is the claim preempted by  
13 the CUTSA, to the extent that it does not implicate protected trade  
14 secrets. In addition, the claim sufficiently provides Sleeping  
15 Well notice of the conduct of which Plaintiff complains. The Court  
16 therefore denies Sleeping Well's motion to dismiss this claim.

17 E. Unjust Enrichment Claim

18 California courts appear to be split on whether there is an  
19 independent cause of action for unjust enrichment. Baggett v.  
20 Hewlett-Packard Co., 582 F. Supp. 2d 1261, 1270-71 (C.D. Cal. 2007)

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22 <sup>4</sup> Sleeping Well cites Kodadek v. MTV Networks, Inc., 152 F.3d  
23 1209 (9th Cir. 1998), and Motown Record Corp. v. George A. Hormel &  
24 Co., 657 F. Supp. 1236, 1239-40 (C.D. Cal. 1987), to argue that the  
25 Copyright Act preempts Plaintiff's unfair competition and unjust  
26 enrichment claims. However, both cases addressed preemption of the  
27 plaintiffs' claims under California's Unfair Competition Law, which  
28 were premised on copyright violations. See Kodadek, 152 F.3d at  
1212-13; Motown Records Corp., 657 F. Supp. at 1239-40.  
Plaintiff's claims are not limited to seeking recovery for  
copyright violations. To the extent that they are, they are  
preempted.

1 (applying California law). One view is that unjust enrichment is  
2 not a cause of action, or even a remedy, but rather a general  
3 principle, underlying various legal doctrines and remedies.  
4 McBride v. Boughton, 123 Cal. App. 4th 379, 387 (2004). In  
5 McBride, the court construed a "purported" unjust enrichment claim  
6 as a cause of action seeking restitution. Id. There are at least  
7 two potential bases for a cause of action seeking restitution:  
8 (1) an alternative to breach of contract damages when the parties  
9 had a contract which was procured by fraud or is unenforceable for  
10 some reason; and (2) where the defendant obtained a benefit from  
11 the plaintiff by fraud, duress, conversion, or similar conduct and  
12 the plaintiff chooses not to sue in tort but to seek restitution on  
13 a quasi-contract theory. Id. at 388. In the latter case, the law  
14 implies a contract, or quasi-contract, without regard to the  
15 parties' intent, to avoid unjust enrichment. Id.

16 Another view is that a cause of action for unjust enrichment  
17 exists and its elements are receipt of a benefit and unjust  
18 retention of the benefit at the expense of another. Lectrodryer v.  
19 SeoulBank, 77 Cal. App. 4th 723, 726 (2000); First Nationwide  
20 Savings v. Perry, 11 Cal. App. 4th 1657, 1662-63 (1992).

21 Plaintiff pleads that Sleeping Well has "been unjustly  
22 enriched, including without limitation by unjustly retaining the  
23 benefits from unauthorized use of SSP's Confidential Information,  
24 Trade Secrets and Related Information." Compl. ¶ 179. As with its  
25 UCL pleadings, this broad allegation encompasses a wide variety of  
26 conduct and does not provide Sleeping Well with sufficient notice.

27 Because the conduct at issue in this claim is not clear, the  
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1 potential preemptive effects of the Copyright Act and CUTSA are not  
2 certain. To the extent that Plaintiff intends to recover on this  
3 claim for subject matter within the purview of the Copyright Act,  
4 it cannot do so if the alleged conduct only infringes rights  
5 contained in that Act. Moreover, this claim is preempted by CUTSA  
6 to the extent that it is based on Plaintiff's trade secrets.

7 The Court dismisses Plaintiff's unjust enrichment claim with  
8 leave to amend because it fails to provide Sleeping Well with  
9 adequate notice. Plaintiff must identify the conduct for which it  
10 seeks a restitutionary remedy that is not preempted.

11 V. Civil Conspiracy Claim

12 Plaintiff alleges that Sleeping Well conspired with Dr.  
13 Lieberman "for the purpose of misappropriating SSP's intellectual  
14 property." Compl. ¶ 164. Sleeping Well asserts that this claim  
15 fails because conspiracy does not constitute a cause of action  
16 under California law. Also, citing Accuimage Diagnostics Corp. v.  
17 Terarecon, Inc., 260 F. Supp. 2d 941 (N.D. Cal. 2003), Sleeping  
18 Well argues that dismissal is required because Plaintiff did not  
19 include its conspiracy allegations in the same section of its  
20 complaint as the allegations supporting its claim for  
21 misappropriation.

22 Civil conspiracy "is not a cause of action, but a legal  
23 doctrine that imposes liability on persons who, although not  
24 actually committing a tort themselves, share with the immediate  
25 tortfeasors a common plan or design in its perpetration." Applied  
26 Equipment Corp., 7 Cal. 4th at 510 (citing Wyatt v. Union Mortgage  
27 Co., 24 Cal. 3d 773, 784 (1979)). "Standing alone, a conspiracy  
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1 does no harm and engenders no tort liability. It must be activated  
2 by the commission of an actual tort." Applied Equipment Corp., 7  
3 Cal. 4th at 511.

4 Although civil conspiracy is not an independent cause of  
5 action, this does not warrant dismissal. The claim provides a  
6 basis on which Sleeping Well and Dr. Lieberman could both be liable  
7 as co-conspirators for harm resulting from their alleged  
8 misappropriation of Plaintiff's intellectual property.

9 However, Plaintiff does not clearly identify the tort which  
10 Sleeping Well and Dr. Lieberman conspired to commit. Plaintiff's  
11 allegation that they conspired to misappropriate its intellectual  
12 property could encompass, at the least, both its CUTSA and common  
13 law misappropriation claims. As in Accuimage, Plaintiff has failed  
14 to provide Sleeping Well with adequate notice of which torts they  
15 allegedly conspired to commit.<sup>5</sup> See 260 F. Supp. 2d at 947-48.  
16 Accordingly, the Court dismisses Plaintiff's civil conspiracy claim  
17 with leave to amend. Plaintiff must identify the tortious conduct  
18 for which it seeks conspiratorial liability.

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24 <sup>5</sup> As noted above, Sleeping Well contends that Plaintiff must  
25 plead its allegations of conspiracy in the sections of the  
26 complaint that address the underlying tort. Although the Accuimage  
27 court required such pleading, it did so only to ensure that the  
28 defendants had notice of which torts were the subject of the  
29 plaintiff's conspiracy allegations. 260 F. Supp. 2d at 947-48.  
30 However, the court did not, as Sleeping Well suggests, set this out  
31 as a formal pleading requirement for civil conspiracy claims.

CONCLUSION

For the foregoing reasons, the Court GRANTS in part Sleeping Well's Motion to Dismiss and DENIES it in part. (Docket No. 27.)

The Court's holding is summarized as follows:

1. Plaintiff's trade dress infringement claim under the Lanham Act is dismissed with leave to amend to articulate its alleged trade dress with greater detail. In any amended complaint, Plaintiff must allege a protectable trade dress on which a Lanham Act claim could be based without impermissibly encroaching upon copyright interests.
2. Plaintiff's copyright infringement claim is dismissed without prejudice because Plaintiff has not met the requirements of 17 U.S.C. § 411(a). Plaintiff may move to amend its complaint to add a copyright claim if the Copyright Office approves its application for registration during the pendency of this action.
3. Plaintiff's tortious interference with contract claim is dismissed with leave to amend. Sleeping Well cannot be held liable for tortiously interfering with a contract entered into by its agents for its benefit. Plaintiff may amend its complaint to plead tortious interference with a contract between Plaintiff and individuals who are not agents of Sleeping Well.
4. Plaintiff's misappropriation claim is dismissed with leave to amend to plead clearly what non-trade secrets Sleeping Well allegedly misappropriated. In addition,

1 Plaintiff must plead material that does not fall within  
2 the subject matter of copyright or allege a cause of  
3 action with an extra element that distinguishes the  
4 rights asserted under this claim from those provided by  
5 the Copyright Act.

6 5. Plaintiff's UCL claim is dismissed with leave to amend.  
7 Plaintiff must plead facts that identify the conduct of  
8 Sleeping Well that is actionable under the UCL, and  
9 specify whether it is unlawful -- and if so, under what  
10 law -- or if it is unfair or fraudulent. If this claim  
11 sounds in fraud, Plaintiff must plead in accordance with  
12 Rule 9(b). The conduct plead must not be equivalent to  
13 the infringement of copyrightable material or the use of  
14 trade secrets.

15 6. Plaintiff's common law unfair competition claim may go  
16 forward. The Copyright Act does not preempt this claim.  
17 Nor is the claim preempted by the CUTSA, to the extent  
18 that the facts on which it is based differ from those  
19 supporting Plaintiff's CUTSA claim.

20 7. Plaintiff's unjust enrichment claim is dismissed with  
21 leave to amend. Plaintiff must identify the conduct that  
22 supports this claim, which must not be equivalent to the  
23 infringement of copyrightable material or the use of  
24 trade secrets.

25 8. Plaintiff's civil conspiracy claim is dismissed with  
26 leave to amend. Plaintiff must identify the torts for  
27 which it seeks conspiratorial liability.

1 Plaintiff may file an amended complaint addressing the  
2 deficiencies detailed above within fourteen days of the date of  
3 this Order. If Plaintiff does so, Defendants may file a motion to  
4 dismiss three weeks thereafter, with Plaintiff's opposition due two  
5 weeks following and Defendants' reply due one week after that.

6 IT IS SO ORDERED.

7 Dated: May 10, 2010



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CLAUDIA WILKEN  
United States District Judge