

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES -- GENERAL

Case No. **CV 08-6630-VBF(PJWx)**

Dated: **December 23, 2009**

Title: Konami Digital Entertainment, Inc., et al. -v- Vintage Sports Cards, Inc., et al.

PRESENT: HONORABLE VALERIE BAKER FAIRBANK, U.S. DISTRICT JUDGE

Rita Sanchez
Courtroom Deputy

None Present
Court Reporter

ATTORNEYS PRESENT FOR PLAINTIFFS:

ATTORNEYS PRESENT FOR DEFENDANTS:

None Present

None Present

PROCEEDINGS (IN CHAMBERS):

**RULING ON SUBMITTED MATTER:
PLAINTIFFS' MOTION FOR PARTIAL
SUMMARY JUDGMENT FOR FINDING OF
LIABILITY AGAINST UPPER DECK [Dkt. #293]**

This Court has received, read and considered the Motion of Konami Digital Entertainment, Inc. (hereinafter "KDI") and Konami Corporation for Partial Summary Judgment for a Finding of Liability Against Upper Deck (dkt. # 293); Upper Deck's Opposition (dkt. #335); Plaintiffs' Reply (dkt. #376) and related papers.

After considering oral argument of counsel at the hearing on December 21, 2009, this Court took the Motion under submission. After further consideration of the papers filed and counsel's oral arguments, this Court rules as follows:

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1. Grant the Plaintiffs' Motion for a Finding of Liability Against Defendant The Upper Deck Company, a Nevada corporation (UD NV) and Defendant The Upper Deck Company LLC on the Third Amended Complaint's First Cause of Action for Federal Trademark Counterfeiting and Infringement, Second Cause of Action for Unfair Competition in Violation of Federal Law, Fourth Cause of Action for State Unfair Competition (Cal. Bus. & Prof. Code Section 17200 *et seq.*), and Fifth Cause of Action for Common Law Trademark Infringement. The Motion is granted, pursuant to grounds stated by the Moving Party Plaintiffs as set forth herein.
2. Grant the Plaintiff Konami Corporation's Motion for a Finding of Liability Against UD NV and the Defendant The Upper Deck Company LLC on the Third Amended Complaint's Third Cause of Action for Copyright Infringement as to "Reverse Art" only. The Motion is granted as to Konami Corporation's copyright infringement claims pertaining to "Reverse Art" on the grounds stated in the moving papers as set forth herein. The Motion, however, is denied as to copyright claims pertaining to "other art/text" on the ground that the Moving Party Plaintiffs did not meet their burden as to these other claims.
3. Deny the Plaintiff KDI's Motion for a Finding of Liability Against UD NV and The Upper Deck Company LLC on the Third Amended Complaint's Third Cause of Action for Copyright Infringement on the ground that KDI does not adequately establish that it is the owner or exclusive licensee of a copyright.
4. Deny the Plaintiffs' Motion for a Finding of Liability Against Defendant The Upper Deck Company, a California corporation (UD CA) in its entirety on grounds that the Plaintiffs did not meet their burden under Federal Rules of Civil Procedure Rule 56 as to this Defendant. The moving Parties' briefing and evidence as to this Defendant are inadequate.
5. Deny the Plaintiffs' motion for partial summary judgment on the ground that "Upper Deck's counterfeiting activities effected an immediate and automatic termination of the parties' Letter of Intent (the "LOI")." The Plaintiffs did not meet their burden on this issue under Federal Rule of Civil Procedure 56.

The Moving Party Plaintiffs met their burden of showing that they are entitled, as a matter of law, to a finding of liability on the First, Second, Fourth and Fifth Causes of Action against Defendants UD NV and The Upper Deck Company LLC. A review of the Separate Statements (dks. 308, 336, 360) and evidence cited establishes that there are no material factual disputes as to the relevant facts. The Plaintiffs presented evidence to establish every element of liability on the First and Second Causes of Action, including counterfeit activity and violation of federal unfair competition law, pursuant to the Lanham Act, on the part of the Defendants. See Dkt. #360 (facts # 3, 4, 9, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 56, 61, 62, 65, 66, 67, 68, 69, 71, and 72).

Contrary to the Defendants' Opposition, the Plaintiffs were not required to establish the element of damages. There is a lack of support for the Defendants' assertion that the fact of damages must be shown for a finding of liability under the Lanham Act. See *e.g.*, *Levi Strauss & Co., v. Shilon*, 121 F.3d 1309 (9th Cir. 1997); *Philip Morris USA Inc. v. Liu*, 489 F.Supp. 2d 1119 (C.D. Cal. 2007); and Ninth Circuit Model Jury Instruction 15.5 (effective May 2008). See also *Playboy Enter., Inc. v. Bccarat Clothing Co.*, 692 F.2d 1272, 1275 (9th Cir. 1982) (trademark infringement denies consumers "the benefit of their bargains and the reputation and goodwill of the trademark owner is accordingly harmed.").

Because a violation of the Lanham Act constitutes a violation of trademark common law and California Business & Professions Code § 17200, partial summary judgment on liability is appropriate for Plaintiffs' Fourth and Fifth Causes of Action. See *Conversive, Inc. v. Conversagent, Inc.*, 433 F. Supp. 2d 1079 (C.D. Cal. 2006).

With respect to Plaintiffs' Third Cause of Action, Copyright Infringement, Plaintiff Konami Corporation presented sufficient evidence to establish liability for the registered "Reverse Art" copyright. A review of the Separate Statements (dks. 308, 336, 360) and evidence cited establishes that there are no material factual disputes as to the relevant facts. See Dkt. #360 (facts #5, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 56, 61, 62, 65, 66, 67, 68, 69, 71, and 72). Plaintiff KDI, however, did not adequately establish that it was the exclusive licensee of the "Reverse Art" copyright. In addition, neither Plaintiff adequately established the required elements for copyright liability for the "other artwork and text." See 17 U.S.C. § 201(d)(2); Konami's Motion, dkt. #293 at p.16.

The Court has considered Defendant's evidentiary objections (dkt. #332, #363) in reaching the conclusions herein and the objections are overruled to the extent that they are inconsistent with

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this Ruling. Furthermore, although the evidentiary objections and Court's rulings on them are not outcome-determinative, in the interests of a thorough record, the Court will provide its rulings on the individual objections in a separate minute order.

For the purposes of ruling on this Motion, the Court does not need to and is not relying on Plaintiffs' arguments (although they have merit) in connection with Defendants' witnesses exercising their Fifth Amendment rights during depositions.

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