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CASES OF INTEREST

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

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CCA and B, LLC v. F + W Media, Inc., USDC N.D. Georgia, September 22, 2011

- District court denies motion for preliminary injunction in a copyright and trademark infringement action brought by the publisher of the Christmas book *The Elf on the Shelf*, finding that defendant publisher's book was a parody of plaintiff's work and was sufficiently transformative to render it a fair use.

Plaintiff CCA and B, the publisher of the popular Christmas book *The Elf on the Shelf* (*Elf On*), sued the publisher of the book *The Elf Off the Shelf* (*Elf Off*) for copyright and trademark infringement and sought a preliminary injunction to prevent *Elf Off* from being marketed.

Elf On tells the story of how Santa Clause keeps track of children's wishes and which children are naughty and nice, with the help of his many elf scouts. The book features images of an elf in a red Santa-like costume sitting on a shelf (Sitting Elf) and is sold in a box set with a plush elf toy doll.

Elf Off tells a different story of a discount elf who was sprung from the box of a store-marked-down copy of *Elf On*, who engages in mischievous and adult behaviors. *Elf Off* is not marketed in a box set and does not contain special packaging or a plush doll. The book contains several photographs of the Sitting Elf doll in a green, rather than a red costume in various humorous positions. The cover of *Elf Off* bears the subtitle "A Christmas Tradition Gone Bad," a byline attributing the story to "Horace the Elf," and a final sentence, in red font, stating "A new holiday parody – for Mom and Dad." The back cover and copyright page contain disclaimers stating, in small print, that the book was not prepared or authorized by the publishers of *Elf On*.

Plaintiff sued defendants for copyright and trademark infringement and moved for a preliminary injunction, arguing that *Elf Off* used copyrighted images of *Elf On*'s sitting elf and elf doll and infringed plaintiff's trademarks in the phrase "The Elf on the Shelf," the *Elf On* stylized logo, and Sitting Elf image. Defendant opposed the motion, arguing that *Elf Off* was a parody and was not likely to cause consumer confusion. The court denied the motion, finding that plaintiff could not



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show a substantial likelihood of success on the merits of either the copyright or the trademark claims.

The court held that, in the copyright context, a work is a parody “if its aim is to comment upon or criticize a prior work by appropriating elements of the original in creating a new artistic, as opposed to scholarly or journalistic, work.” (citation omitted). The court found that *Elf Off* constituted a parody for copyright purposes, because it “highlight[ed] the perceived absurdity of a ‘big brother’ type of elf reporting on small children in *Elf On*.” Applying the four fair use factors, the court found that the images of the Sitting Elf and the elf doll in *Elf Off* were sufficiently transformative of the original, in that the elf was placed in unromantic settings in a parodic context and comprised only a small portion of *Elf Off*. The nature of the copyrighted work was a neutral factor because, in a parody case, the alleged infringing work typically relies on elements of the copyrighted work. The court further found that the defendant had used plaintiff’s copyrighted works in their entirety, but that the use was reasonable in the context of defendant’s new, creative work. Finally, the court found no evidence that *Elf Off* would affect the market for the elf doll or the Sitting Elf image. On balance, these factors supported a finding of fair use, which made it unlikely that plaintiff would succeed on the merits of the copyright claim.

The court also held that, for purposes of trademark analysis, “a parody is defined as a simple form of entertainment conveyed by juxtaposing the irreverent representation of the trademark with the idealized image created by the mark’s owner,” and to be considered successful the alleged parody must “both call to mind and differentiate itself from the original,” and “communicate some articulable element of satire, ridicule, joking or amusement.” (citations omitted). Holding that use as a parody is not a defense in trademark infringement, but rather is a “factor that influences the way the likelihood of confusion factors are applied,” (citation omitted), the court then went on to consider the seven factors that the Eleventh Circuit has identified in determining the likelihood of confusion.

The court first evaluated the strength of plaintiff’s trademark, finding that the strong mark would make defendant’s use less likely to cause confusion. Second, although the *Elf On* and the *Elf Off* marks were very similar in appearance and meaning, the cover of *Elf Off* clearly states that the book is a parody, making it less likely that the marks would cause confusion. Third, the sales methods of the two works would likely cause confusion, given that the target audiences of the two books were the same. Fourth, plaintiff did not demonstrate that defendant intended to capitalize on the *Elf On* mark without regard to parody, in light of the book’s several disclaimers of affiliation and references to its parodic nature. Fifth, plaintiff did not produce any evidence of actual consumer confusion. The court found the remaining factors – the similarity of the products and the similarity of advertising – to be neutral. Thus, on balance, plaintiff did not demonstrate a likelihood of succeeding on the trademark infringement claim.



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Accordingly, the court concluded that plaintiff failed to show a likelihood of success on the merits of either its copyright or trademark claims. The court also held that, because plaintiff failed to show that irreparable harm would result from defendant's marketing of *Elf Off*, the balance of harms and the public interest did not militate in favor of issuing a preliminary injunction against the defendant.

Raw Films, Ltd. v. Does 1-32, USDC E.D. Virginia, October 5, 2011

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

- District court, on its own motion, severs all but one Doe defendant accused of committing copyright infringement by uploading and downloading pornographic film using peer-to-peer file sharing system BitTorrent, and orders plaintiff to show cause why certain of its conduct did not merit sanctions.

In this copyright infringement case, one of three nearly identical cases filed by plaintiff's counsel in the Virginia district court, plaintiff sued 32 Doe defendants for their alleged actions in securing and sharing a copy of the adult film *Raw Rescue* using the BitTorrent peer-to-peer file sharing protocol. To establish personal jurisdiction, the plaintiff had used geolocation technology and traced the Internet Protocol (IP) addresses of each defendant to acquire the general location and time of the alleged infringement. The court previously granted plaintiff's request for expedited discovery and authorized plaintiff to serve subpoenas on specific internet service providers (ISPs) to discover the identities of the Doe defendants. The district court determined that, in light of the fact that defendants in all three cases had filed a number of motions to sever, quash or dismiss the cases, none of which were ripe but which presented similar issues, the interest of justice required that the court on its own motion sever Doe defendants 2-32 from the case, finding that they were improperly joined.

Under Federal Rule of Civil Procedure 20(a)(2), permissive joinder of defendants is proper if: "(A) any right to relief is asserted against them jointly, severally, or in the alternative with respect to or arising out of the same transaction, occurrence, or series of transactions or occurrences; and (B) any question of law or fact common to all defendants will arise in the action. Following rulings from number of other BitTorrent file-sharing cases, the court concluded that plaintiff failed to demonstrate any right to relief against the defendants arising out of the same transaction, occurrence, or series of transactions or occurrences.

The court explained the BitTorrent protocol, which allows a user to visit the website and download a file containing the desired digital media onto a program installed on the user's computer. Once the file is loaded, the BitTorrent program connects to hundreds or thousands of different users that possess and share copies of the particular media contained in the file, and it coordinates the copying of the media using the digital copies of those other users. As the



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original user – or peer – downloads a copy, the copy is immediately made available to other users looking to obtain the file. The collection of users who simultaneously "share" a particular file is known as a "swarm."

The court rejected plaintiff's reliance on the "swarm" theory to claim that the defendants acted in concert, through a series of transactions, to commit infringement. Simply committing the same type of violation in the same way does not link defendants together for purposes of joinder, and plaintiff's allegation that defendants used the same peer-to-peer network to copy and reproduce the film, on different days and times over a span of three months, was therefore insufficient to meet the standards of joinder under the Federal Rules.

The court also ordered plaintiff to show cause why its conduct did not merit sanctions under Rule 11. Specifically, the court suggested that the actions of this plaintiff and those in the related cases indicated that plaintiffs has no interest in actually litigating the cases, but rather simply used the court and its subpoena powers through court-approved expedited discovery to obtain sufficient information to "shake down" the John Does for payment of \$2,900 to end the litigation. Whenever the defendants filed a motion that would lead to a ruling on the merits of the claims, plaintiffs dropped the John Doe threatening to litigate the matter in order to avoid the actual cost of litigation and an actual decision on the merits. The court suggested that this conduct indicated an improper purpose for the suits and, further, that the joinder of unrelated defendants did not seem to be warranted by either existing law or a non-frivolous extension of the law.

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