IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MINNESOTA

SLEP-TONE ENTERTAINMENT CORPORATION, Plaintiff, v. HEATHER LAPADAT d/b/a TWIN CITY KARAOKE Defendant.	Civil Action No.: 14-cv-04737 (PJS/FLN)

DEFENDANT'S MEMORANDUM IN SUPPORT OF MOTION TO DISMISS UNDER FED. R. CIV. P. 12(b)(6)

TABLE OF CONTENTS

TABLE OF AUTHORITIES

Page(s)

CASES

STATUTES

OTHER AUTHORITIES

INTRODUCTION

Plaintiff Slep-Tone Entertainment Corporation's ("Slep-Tone") Complaint should be dismissed because it fails to state a plausible claim for relief and is preempted by federal copyright law. Slep-Tone alleges causes of action for trademark infringement, trade dress infringement, counterfeiting, and unfair competition under the Lanham Act; violation of the Minnesota Deceptive Trade Practices Act ("MDTPA"), Minn. Stat. § 325D.43 *et seq.*; and common law unfair competition. Slep-Tone's Complaint does not plead actionable claims under the Lanham Act or Minnesota law. The alleged wrongs against which Slep-Tone seeks a remedy fall exclusively within the realm of copyright law, and the Copyright Act preempts those claims. Slep-Tone's Complaint should be dismissed.

ALLEGATIONS OF THE COMPLAINT

The Parties

Ms. Lapadat, d/b/a Twin Cities Karaoke, provides entertainment in the form of karaoke performances at various locations throughout Minnesota. (Compl. ¶ 42.) Slep-Tone produces, manufactures, and distributes karaoke accompaniment tracks consisting of synchronized playback of audio and video for commercial use. (*Id.* ¶¶ 10-11, 13-14.)

Slep-Tone's Alleged Rights

Slep-Tone purports to be the owner of the alleged SOUND CHOICE word mark and corresponding display mark (collectively, the "SOUND CHOICE Marks") registered for "pre-recorded magnetic audio cassette tapes and compact discs containing musical

compositions and compact discs containing video related to musical compositions" and for "conducting entertainment exhibitions in the nature of karaoke shows." (*Id.* ¶¶ 30-33.)

Slep-Tone's Claims

Slep-Tone alleges in Claim 1 that Ms. Lapadat infringed its trademarks and trade dress under the Lanham Act, 15 U.S.C. § 1114. (*See id.* ¶¶ 1, 73-80.) Section 1114 requires commercial use of a mark "in connection with the sale, offering for sale, distribution, or advertising of [] goods or services." 15 U.S.C. § 1114. Liability under § 1114 further requires a likelihood of confusion caused by such use of the mark in connection with the sale, offering for sale, distribution, or advertising of the goods or services. *Id.*

Claim 2 alleges unfair competition under the Lanham Act, 15 U.S.C. § 1125(a). (Compl. ¶¶ 1, 81-93.) This claim also requires commercial use of a mark "in connection with [] goods or services." 15 U.S.C. § 1125(a). Additionally, such use of the mark in connection with the goods or services must cause a likelihood of confusion as to the affiliation, connection, or association with another person, or as to the origin, sponsorship, or approval of the goods, services, or commercial activities. *Id.*

Slep-Tone's remaining allegations in Claims 3 and 4 set forth the state law equivalents of these Lanham Act violations. Claims to protect a mark under the MDTPA "mirror those under the Lanham Act." *Hillerich & Bradsby Co. v. Christian Bros.*, 943 F. Supp. 1136, 1140 (D. Minn. 1996). Similarly, with the added requirement that the plaintiff prove actual injury, "a claim for common law unfair competition parallels a claim for unfair competition under the Lanham Act." *Lutheran Ass'n of Missionaries &*

Pilots, Inc. v. Lutheran Ass'n of Missionaries & Pilots, Inc., No. 03-6173, 2005 U.S. Dist. LEXIS 4176, at *12-13 (D. Minn. Mar. 15, 2005). The added element under common law unfair competition requires that the plaintiff demonstrate an actual loss, such as lost profits, caused by the defendant's activities. *See Multi-Tech Systems, Inc. v. Hayes Microcomputer Prods., Inc.*, 800 F. Supp. 825, 848 (D. Minn. 1992).

Slep-Tone's Allegations Against Ms. Lapadat

Slep-Tone does not allege that Ms. Lapadat sells, offers to sell, distributes, or advertises any goods. It only alleges that Ms. Lapadat is involved in the provision of karaoke services:

> 7. HEATHER LAPADAT ("Defendant") is a Minnesota individual having an address in St. Paul, Minnesota that has provided karaoke entertainment to various venues in Minnesota, concentrated in the Twin Cities area.
>
> 42. Defendant provides karaoke services to various venues in Minnesota, principally concentrated in the Minneapolis and St. Paul, MN area.

(Compl. ¶¶ 7, 42.)

Slep-Tone also does not allege that Ms. Lapadat uses the SOUND CHOICE Marks to sell, offer to sell, or advertise karaoke services. It only alleges that its SOUND CHOICE Marks and Trade Dress may be displayed when a song is played during a karaoke show:

> 43. On information and belief, in order to provide services, rather than using original karaoke discs that Defendant possesses (if Defendant indeed possesses such discs), Defendant relies upon one or more computer hard drives that are substantially identical in content that store files representing karaoke accompaniment tracks.

> 48. When played as intended using appropriate software, those files cause the Sound Choice Marks and the Trade Dress to be displayed as part of the associated video component of the karaoke tracks they represent.
>
> 54. Defendant's use of the computer files representative of karaoke accompaniment tracks is commercial in nature because Defendant is paid to provide access to and play those computer files and tracks at karaoke shows.
>
> 55. Additionally, even if a particular counterfeit track is not played at a given show, the act of making that track available for play at a show is a commercial act for which Defendant is compensated and which inure to Defendant's benefit.
>
> 57. On information and belief, the Sound Choice Marks were displayed on video monitors during various songs played by Defendant.

(*Id.* ¶¶ 43, 48, 54, 55, 57.)

Slep-Tone also does not allege that it provides karaoke services that consumers will associate or confuse with Ms. Lapadat's karaoke services, or vice versa. (*See id.* ¶¶ 10-11, 13-14.) Slep-Tone only alleges a patron may be confused when a song is performed regarding the entity that created the track that is displayed with the SOUND CHOICE Marks or Trade Dress:

> 53. A patron or unwitting customer of Defendant, when confronted with the display of the Sound Choice Marks and the Trade Dress at one of Defendant's shows, is likely to be confused into believing, falsely, that Slep-Tone created the tracks in use or authorized their creation.

(*Id.* ¶ 53.)

Slep-Tone does not support its allegations against Ms. Lapadat with allegations of facts. It only provides a possible narrative of events premised on "information and belief." The only fact directly alleged against Ms. Lapadat is that she provides karaoke services in Minnesota. (*Id.* ¶ 42.) The remaining seven paragraphs directly alleged

against Ms. Lapadat under the heading "Activities of Heather Lapadat and Twin City Karaoke," including paragraphs 43 and 57 quoted above, are all based on information and belief:

> 44. On information and belief, Defendant created, or directed another to create, or otherwise acquired from a third party the files that are stored on Defendant's computer hard drive(s).
>
> 45. On information and belief, Defendant does not maintain a 1:1 correspondence relationship between her hard drives and original discs Defendant might have lawfully acquired.
>
> 47. On information and belief, many of the files stored on the Defendant's computer hard drives are representative of karaoke tracks originally created by Slep-Tone and are marked with the Sound Choice Marks.
>
> 56. On information and belief, Defendant's piracy of accompaniment tracks is not limited to Slep-Tone's tracks, but extends to the piracy of numerous other manufacturers' tracks as well, on the same terms as above.
>
> 59. On information and belief, Defendant has not complied with Slep-Tone's MSP, and therefore Defendant's use of the Sound Choice Marks were not authorized proper use.

(*Id.* ¶¶ 44-45, 47, 56, 59.)

These naked assertions are not directed at misuse of the SOUND CHOICE Marks but at acts of copying karaoke tracks and displaying or performing those copies. The other allegations in this section, as well as the allegations throughout Slep-Tone's Complaint, are similarly directed at acts of copying tracks and displaying or performing those copies:

> 16. More recently, computer technology that allows the karaoke tracks stored on compact discs in CD+G format to be decoded and "ripped" (copied) to a computer hard drive has become widely available.

> 17. Copies of karaoke tracks stored on media other than the original compact discs are referred to as "media-shifted copies" because they have been duplicated from the original media and written to non-original media.
>
> 20. As a result, most professional karaoke operators have shifted to the use of ripped karaoke tracks stored on computer media such as hard drives as a matter of convenience.
>
> 24. Historically, Slep-Tone opposed the shifting of SOUND CHOICE karaoke tracks to alternative media, warning purchasers of CD+G discs that unauthorized copying was a violation of applicable laws.
>
> 46. Slep-Tone did not authorize, cause, control, or know about the creation of the files stored on Defendant's computer hard drives at the time those files were so stored.
>
> 49. Slep-Tone did not authorize Defendant to create or use karaoke accompaniment tracks or computer files representative of karaoke accompaniment tracks that bear the Sound Choice Marks or the Trade Dress.
>
> 51. At all times relevant to the causes of action stated herein, Defendant has known that the creation and use of karaoke accompaniment tracks or computer files representative of karaoke accompaniment tracks that bear the Sound Choice Marks and/or the Trade Dress is not authorized.

(*Id.* ¶¶ 16-17, 20, 24, 46, 49, 51.)

ARGUMENT

A complaint that fails to "state a claim upon which relief can be granted" should be dismissed under Federal Rule of Civil Procedure 12(b)(6). To survive a motion to dismiss, the complaint must provide the defendant with fair notice by setting forth all required elements of an actionable claim and the grounds upon which it rests. *Dura Pharms., Inc. v. Broudo*, 544 U.S. 336, 346 (2005). The claim must be "plausible on its face" and plead enough "factual content that allows the court to draw the reasonable inference that the defendant is liable for the misconduct alleged." *Ashcroft v. Iqbal*, 556

U.S. 662, 678 (2009) (citing *Bell Atlantic Corp. v. Twombly*, 550 U.S. 544 (2007)). Although a court must accept all of the factual allegations in the complaint as true, it "must not presume the truth of legal conclusions couched as factual allegations" and should "dismiss complaints based on 'labels and conclusions, and a formulaic recitation of the elements of a cause of action.'" *Hager v. Ark. Dept. of Health*, 735 F.3d 1009, 1013 (8th Cir. 2013) (quoting, in part, *Twombly*, 550 U.S. at 555); *see also Retro TV Network, Inc. v. Luken Commc'ns, LLC,* 696 F.3d 766, 768 (8th Cir. 2012) ("Conclusory statements and naked assertions devoid of further factual enhancement are insufficient.") (quotations and alterations omitted).

I. SLEP-TONE FAILS TO PLEAD CLAIMS FOR VIOLATIONS OF THE LANHAM ACT, MDTPA, OR COMMON LAW UNFAIR COMPETITION.

Liability under the Lanham Act requires that (1) a mark be used in commerce in connection with the sale, offering for sale, distribution, or advertising of goods or services (2) in such a manner that the mark, "in connection with which such use," is likely to cause confusion. 15 U.S.C. § 1114; *see also id.* § 1125 (requiring a likelihood of "confusion . . . as to the affiliation, connection, or association . . . with another person, or as to the origin, sponsorship, or approval of his or her goods [or] services" caused by the use in commerce of a mark "in connection with [the] goods or services"). The type of confusion actionable under the Lanham Act requires a likelihood of confusion as to source of the goods or services sold, offered for sale, distributed, or advertised. *See Duluth News-Tribune v. Mesabi Publ. Co.*, 84 F.3d 1093, 1096 (8th Cir. 1996); *Fair Isaac Corp. v. Experian Info Solutions, Inc.*, 645 F. Supp. 2d 734, 756 (D. Minn. 2009)

("To establish claims of trademark infringement and unfair competition under 15 U.S.C. §§ 1114, 1125(a), a plaintiff must prove that . . . the defendant's use of a similar mark was likely to confuse consumers about the source of the defendant's product."); *see also Smith v. Chanel, Inc.*, 402 F.2d 562, 566 (9th Cir. 1968) ("[T]he only legally relevant function of a trademark is to impart information as to the source or sponsorship of the product."). These limitations on the reach of the Lanham Act originate with trademark law's purpose of protecting against an individual trading on the reputation of another. *See, e.g.*, *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 164 (1995) (recognizing the purpose of "trademark law . . . to promote competition by protecting a firm's reputation").

Remedies under both Lanham Act § 1116 and § 1117 first require a finding of liability under either § 1114 or § 1125. *See* 15 U.S.C. §§ 1116, 1117. The Act's specific remedies for the more narrow offense of counterfeiting are only available for violations of § 1114's provision relating to registered marks. *See id.* §§ 1116(d), 1117(b)(1), (c). The Act's provisions on counterfeiting repeat the requirement that the counterfeit mark must be used "in connection with the sale, offering for sale, or distribution of goods or services." 15 U.S.C. §§ 1116(d), 1117(b)(1), (c). Alleged use of a mark only qualifies as a counterfeit mark if (1) used in connection with the same goods or services as a plaintiff's "mark that is registered . . . for such goods or services sold, offered for sale, or distributed" and (2) the "mark that is registered . . . for such goods or services . . . is in use." 15 U.S.C. § 1116(d).

A. Slep-Tone fails to plead sufficient factual content to state a plausible claim.

Slep-Tone's Complaint fails to state a plausible claim based on facts. Slep-Tone devotes significant efforts to characterizing activities of karaoke operators generally, such as in paragraph 22, without providing allegations specific to Ms. Lapadat:

> 22. Karaoke operators, ***like the Defendant***, have used the available technology to copy one purchased disc to two or more computer systems for simultaneous use; to copy their patrons' discs to the operator's computer hard drive at a show; to "swap" song files with other operators; to obtain and share karaoke tracks via file-sharing sites and torrents; to purchase computer hard drives that were pre-loaded with copies of karaoke tracks; and to sell off their original media in the secondary market once they have ripped those media to a hard drive.

(Compl. ¶ 22 (emphasis added); *see also id.* ¶¶ 16-21.) When it does set forth allegations specific to Ms. Lapadat, Slep-Tone pleads only conclusory allegations premised on "information and belief" that fail to provide sufficient "factual content that allows the court to draw the reasonable inference that the defendant is liable for the misconduct alleged." *See Iqbal*, 556 U.S. at 678. Slep-Tone's Complaint should be dismissed because it does not plead plausible facts that support its claims.

B. Even if accepted as plausible, the allegations against Ms. Lapadat fail to set forth the required elements of trademark infringement or unfair competition.

Slep-Tone's Complaint should also be dismissed on the merits because the pleading does not satisfy the Lanham Act or the related Minnesota law claims that are asserted. Ms. Lapadat's activities, as detailed above, are limited to hosting or providing karaoke shows. Slep-Tone does not allege that its Marks or Trade Dress were used by Ms. Lapadat in advertising or selling her services. Slep-Tone also does not allege that

any display of the SOUND CHOICE Marks or Trade Dress during performance of a song creates any mistaken belief that Slep-Tone is the source of Ms. Lapadat's karaoke shows. Slep-Tone fails to plead claims of trademark and trade dress infringement that are recognized by the Lanham Act and Minnesota law. The Complaint should be dismissed.

1. Slep-Tone fails to plead that Ms. Lapadat used its mark in commerce in connection with her provision of karaoke services.

Slep-Tone's allegations against Ms. Lapadat fail to establish a use in commerce in connection with services as required under trademark law. When used in connection with services, a mark functions to "to identify and distinguish the services of one person, including a unique service, from the services of others and to indicate the source of services." 15 U.S.C. § 1127. A mark is "use[d] in commerce . . . on services when it is used or displayed in the sale or advertising of services and the services are rendered in commerce." *Id.* Many of Slep-Tone's allegations against Ms. Lapadat do not implicate any use of its marks, let alone use of its marks in the sale or advertising of her services:

Allegation	**Missing Element**
43. On information and belief, in order to provide services, rather than using original karaoke discs that Defendant possesses (if Defendant indeed possesses such discs), Defendant relies upon one or more computer hard drives that are substantially identical in content that store files representing karaoke accompaniment tracks.	Alleges ***no use*** of the SOUND CHOICE Marks
44. On information and belief, Defendant created, or directed another to create, or otherwise acquired from a third party the files that are stored on Defendant's computer hard drive(s).	Alleges ***no use*** of the SOUND CHOICE Marks
45. On information and belief, Defendant does not maintain a 1:1 correspondence relationship between her hard drives and original discs Defendant might have lawfully acquired.	Alleges ***no use*** of the SOUND CHOICE Marks

55. Additionally, even if a particular counterfeit track is not played at a given show, the act of making that track available for play at a show is a commercial act for which Defendant is compensated and which inure to Defendant's benefit.	Alleges ***no use*** of the SOUND CHOICE Marks
56. On information and belief, Defendant's piracy of accompaniment tracks is not limited to Slep-Tone's tracks, but extends to the piracy of numerous other manufacturers' tracks as well, on the same terms as above.	Alleges ***no use*** of the SOUND CHOICE Marks

Several other of Slep-Tone's allegations attempt to misdirect the focus from the required use in connection with Ms. Lapadat's ***services*** by alleging use of its mark in connection with ***goods*** (in the form of karaoke accompaniment tracks), which Ms. Lapadat neither sells, offers to sell, advertises, nor distributes. Again missing is the alleged use or display of the SOUND CHOICE Marks in the sale or advertising of Ms. Lapadat's karaoke services:

Allegation	**Missing Element**
46. Slep-Tone did not authorize, cause, control, or know about the creation of the files stored on Defendant's computer hard drives at the time those files were so stored.	Alleges use of the marks in connection with ***goods, not services***
47. On information and belief, many of the files stored on the Defendant's computer hard drives are representative of karaoke tracks originally created by Slep-Tone and are marked with the Sound Choice Marks.	Alleges use of the marks in connection with ***goods, not services***
49. Slep-Tone did not authorize Defendant to create or use karaoke accompaniment tracks or computer files representative of karaoke accompaniment tracks that bear the Sound Choice Marks or the Trade Dress.	Alleges use of the marks in connection with ***goods, not services***
50. As such, the placement of the Sound Choice Marks and the Trade Dress upon Defendant's computer files is a false designation of the origin of those computer files.	Alleges use of the marks in connection with ***goods, not services***
51. At all times relevant to the causes of action stated herein, Defendant has known that the creation and use of karaoke accompaniment tracks or computer files representative of karaoke accompaniment tracks that bear the Sound Choice Marks and/or the Trade Dress is not authorized.	Alleges use of the marks in connection with ***goods, not*** services
52. Defendant's files, which function as karaoke	Alleges use of the marks

accompaniment tracks, are also counterfeits of genuine SOUND CHOICE-branded tracks.	in connection with ***goods, not services***

The remaining allegations further fail to allege a use in commerce in connection with Ms. Lapadat's services. The alleged display of the Sound Choice Marks occurs because Slep-Tone designed the karaoke tracks it produced to "cause the Sound Choice Marks and the Trade Dress to be displayed as part of the associated video component of the karaoke tracks." (Compl. ¶ 42.) The marks are not used or displayed in the sale or advertising of Ms. Lapadat's karaoke services. *See* 15 U.S.C. § 1127. The marks are not used to identify or distinguish Ms. Lapadat's karaoke services from those of other karaoke providers or to indicate the source of Ms. Lapadat's services. *See id.*

Allegation	**Missing Element**
48. When played as intended using appropriate software, those files cause the Sound Choice Marks and the Trade Dress to be displayed as part of the associated video component of the karaoke tracks they represent.	Does not distinguish or identify the source of Ms. Lapadat's karaoke services
53. A patron or unwitting customer of Defendant, when confronted with the display of the Sound Choice Marks and the Trade Dress at one of Defendant's shows, is likely to be confused into believing, falsely, that Slep-Tone created the tracks in use or authorized their creation.	Does not distinguish or identify the source of Ms. Lapadat's karaoke services
54. Defendant's use of the computer files representative of karaoke accompaniment tracks is commercial in nature because Defendant is paid to provide access to and play those computer files and tracks at karaoke shows.	Does not distinguish or identify the source of Ms. Lapadat's karaoke services
57. On information and belief, the Sound Choice Marks were displayed on video monitors during various songs played by Defendant.	Does not distinguish or identify the source of Ms. Lapadat's karaoke services
58. Slep-Tone obtained photographs and videos of displays of the Sound Choice Marks.	Does not distinguish or identify the source of Ms. Lapadat's karaoke services
59. On information and belief, Defendant has not complied	Does not distinguish or

with Slep-Tone's MSP, and therefore Defendant's use of the Sound Choice Marks were not authorized proper use.	identify the source of Ms. Lapadat's karaoke services

Slep-Tone itself highlights that the alleged display of the SOUND CHOICE Marks does not function as a source identifier of Ms. Lapadat's karaoke services, alleging that Ms. Lapadat also "caused the display of the words, names, and symbols of the ***other manufacturer[s]*** in connection with [her] karaoke services. (Compl. ¶ 87 (emphasis added)).) Slep-Tone fails to plead that Ms. Lapadat used its marks in connection with her services within the meaning of the Lanham Act. Its claims should be dismissed.

2. Slep-Tone fails to plead the likelihood of confusion required for trademark and unfair competition claims.

The allegations in Slep-Tone's Complaint further do not demonstrate the necessary element of a likelihood of consumer confusion in connection with Ms. Lapadat's karaoke services. Slep-Tone again attempts to misdirect the focus from the required confusion in connection with services by alleging confusion as to the source of the goods Slep-Tone produces:

Allegation	**Missing Element**
53. A patron or unwitting customer of Defendant, when confronted with the display of the Sound Choice Marks and the Trade Dress at one of Defendant's shows, is likely to be confused into believing, falsely, that Slep-Tone created the tracks in use or authorized their creation.	Alleges confusion as to the source of ***goods, not services***
77. Use of the Sound Choice Marks and the Trade Dress in the manner attributable to Defendant is likely to cause confusion, or to cause mistake, or to deceive customers at the venues in which Defendant performs into believing that the services those customers are receiving are being provided with the authorization of the [sic] Slep-Tone using bona fide, legitimate, authorized karaoke accompaniment tracks.	Alleges confusion as to the source of ***goods, not services***

84. The display of the Sound Choice Marks and the Trade Dress is also likely to cause confusion, or to cause mistake, or to deceive those present during the display, in that those present are likely to be deceived into believing, falsely, that the works being performed were sold by Slep-Tone and purchased by Defendant for use in providing karaoke entertainment services.	Alleges confusion as to source of ***goods, not services***

These allegations do not support a claim for trademark infringement or unfair competition against Ms. Lapadat; she does not deal in goods. Slep-Tone does not allege the required element that consumers will mistakenly believe that Slep-Tone, a manufacturer of goods, is the source of Ms. Lapadat's karaoke shows. Indeed, Slep-Tone acknowledges there is no connection between the maker of the karaoke tracks displayed in a karaoke show and Ms. Lapadat when it also accuses Ms. Lapadat of performing songs from several other manufacturers of karaoke tracks during her show. (*See* Compl. ¶¶ 56, 87-89.)

Slep-Tone's alleged wrong that Ms. Lapadat performed tracks displaying its marks during her shows does nothing more than accurately identify Ms. Lapadat as a consumer of karaoke tracks. Slep-Tone creates tracks by synching graphics and audio and sells them to consumers. (Compl. ¶¶ 11, 14.) Slep-Tone's choice to include the SOUND CHOICE Marks in those graphics says nothing about later users who play the tracks. It simply works to identify, accurately, that Slep-Tone synched the content in the tracks. *See, e.g., Slep-Tone Entm't Corp. v. Canton Phoenix Inc.*, No. 3:14-CV-764-PK, 2014 U.S. Dist. LEXIS 159390, at *28 (D. Or. Sept. 4, 2014) ("[T]he presence of Slep-Tone's trademarks at the beginning of each track and the display of Slep-Tone's trade dress throughout each track, under the reasoning of [*Smith v. Chanel, Inc*., 402 F.2d 562 (9th

Cir. 1968) and *Nintendo of Am. v. Dragon Pac. Int'l*, 40 F.3d 1007 (9th Cir. 1994)] is not calculated to cause consumer confusion but rather performs the entirely appropriate function of correctly identifying the provenance of the tracks."). Without the necessary element of a likelihood of confusion, Slep-Tone's claims must be dismissed.

C. Slep-Tone's failure to plead actionable trademark claims is only one of several fatal flaws precluding its recovery of remedies for counterfeiting.

Slep-Tone's failure to plead actionable trademark claims is enough to bar claims for counterfeiting remedies under the Lanham Act. *See* 15 U.S.C. §§ 1116, 1117. Slep-Tone's allegations further fail to plead that Ms. Lapadat's alleged use of its marks is use of a counterfeit mark. Slep-Tone identifies only two registrations for each of its word and display marks: one for "pre-recorded magnetic audio cassette tapes and compact discs containing musical compositions and compact discs containing video related to musical compositions" and one for "conducting entertainment exhibitions in the nature of karaoke shows." (Compl. ¶¶ 31-33.) Slep-Tone does not allege that Ms. Lapadat has used its marks to sell, offer to sell, or distribute these same goods or services for which Slep-Tone has both registered and uses it marks.

First, Slep-Tone does not allege any use of the SOUND CHOICE Marks in connection with the same goods for which the marks are registered. Ms. Lapadat does not sell, offer to sell, or distribute goods. She only provides karaoke services. There is no use of the SOUND CHOICE Marks in connection with goods, let alone the specific goods of pre-recorded magnetic audio cassette tapes and compact discs for which the SOUND CHOICE Marks are registered.

Second, Slep-Tone does not allege that Ms. Lapadat uses the SOUND CHOICE Marks in connection with services for which the marks are registered and used. As detailed above, it is not alleged that Ms. Lapadat uses the SOUND CHOICE Marks in connection with the sale, offering for sale, or distribution of her services. Any display of the SOUND CHOICE Marks is not a use of that mark to identify Ms. Lapadat's services, the source or sponsorship of her shows, or to distinguish her shows from that of other karaoke operators.

Further, Slep-Tone's registration for "conducting entertainment exhibitions in the nature of karaoke shows" is not a registration for which Slep-Tone's mark is in use. *See* 15 U.S.C. § 1116(d) (providing that a counterfeit mark is a copy of a mark "that is registered . . . for such . . . services . . . and that is in use"). Slep-Tone claims only to be a producer, manufacturer, and distributor of karaoke tracks. (Compl. ¶¶ 10-11, 13-14.) Slep-Tone does not claim that its marks registered for conducting entertainment exhibitions in the nature of karaoke shows are in use for such services. Slep-Tone not only fails to plead the required underlying elements of trademark infringement, it also fails to allege Ms. Lapadat's use of a counterfeit mark.

II. SLEP-TONE'S ALLEGATIONS ARE DIRECTED AT ACTS OF COPYING AND ARE PREEMPTED BY THE COPYRIGHT ACT.

Not only are Slep-Tone's claims not actionable under trademark and unfair competition law, but they attempt to enforce rights that are within the exclusive domain of copyright law and are preempted by the Copyright Act. *See* 17 U.S.C. § 301; *Nat'l Car Rental Sys. v. Computer Assocs. Int'l*, 991 F.2d 426, 428 (8th Cir. 1993) ("The

Copyright Act provides the exclusive source of protection for all legal and equitable rights that are equivalent to any of the exclusive rights within the general scope of copyright as specified by section 106 of the Copyright Act."); *see also Canton Phoenix*, 2014 U.S. Dist. LEXIS 159390, at *25-36 ("Federal trademark law can no more be used to afford a trademark-holder copyright-like protection in copyrighted material than it can in public domain intellectual property, whether or not the trademark-holder is also the holder of the copyright in question.").

Copyright law is the exclusive source of protection for the reproduction, distribution, display, and public performance of all copyrightable works. 17 U.S.C. §§ 102-03, 106, 301. This includes causes of action related to the reproduction, distribution, display, and public performance of audiovisual works. *Id.* If nothing more than reproduction, performance, distribution or display of the work is required for liability, the cause of action is preempted. *Nat'l Car Rental Sys.*, 991 F.2d at 431 (8th Cir. 1993) (citing 1 Nimmer on Copyright § 1.01[B], at 1-13).

As Slep-Tone itself acknowledges, its karaoke accompaniment tracks are audiovisual works and fall within the scope of copyright law. (Compl. ¶¶ 14, 27 (describing its tracks as audiovisual works consisting of "synchronized playback of audio and video" and providing that it has "ownership of copyright in . . . [some] tracks").) Slep-Tone, however, does not identify its ownership of any specific copyrights, allege claims of copyright infringement against Ms. Lapadat, or provide the certificate(s) of registration required as a prerequisite to a copyright infringement action. *See* 17 U.S.C. § 411. Instead, Slep-Tone seeks to circumvent the absence of copyright rights by

attempting to obtain relief for the alleged unauthorized reproduction, display, and performance of its audiovisual works under the guise of trademark claims.

A review of Slep-Tone's allegations makes it clear that it premises liability purely on acts of copying and the subsequent performance and display of those copies:

> 16. More recently, computer technology that allows the karaoke tracks stored on compact discs in CD+G format to be decoded and "ripped" **(copied)** to a computer hard drive has become widely available.
>
> 17. **Copies** of karaoke tracks stored on media other than the original compact discs are referred to as "media-shifted copies" because they have been **duplicated** from the original media and written to non-original media.
>
> 22. Karaoke operators, like the Defendant, have used the available technology to **copy** one purchased disc to two or more computer systems for simultaneous use; to **copy** their patrons' discs to the operator's computer hard drive at a show; to "swap" song files with other operators; to obtain and share karaoke tracks via file-sharing sites and torrents; to purchase computer hard drives that were pre-loaded with **copies** of karaoke tracks; and to sell off their original media in the secondary market once they have ripped those media to a hard drive.
>
> 23. The foregoing activities nearly drove Slep-Tone out of business because it became relatively easy to obtain free, or at a nominal cost, **illicit copies** of products that would cost tens of thousands of dollars if purchased at retail.
>
> 24. Historically, Slep-Tone opposed the shifting of SOUND CHOICE karaoke tracks to alternative media, warning purchasers of CD+G discs that **unauthorized copying** was a violation of applicable laws.
>
> 48. When played as intended using appropriate software, those files cause the Sound Choice Marks and the Trade Dress to be **displayed as part of the associated video component** of the karaoke tracks they represent.
>
> 53. A patron or unwitting customer of Defendant, when confronted with the display of the Sound Choice Marks and the Trade Dress at one of Defendant's shows, is likely to be confused into believing, falsely, that Slep-Tone created the tracks in use or authorized their creation.

> 57. On information and belief, the Sound Choice Marks were **displayed on video monitors during various songs played by Defendant.**
>
> 82. On each occasion when Defendant caused or **permitted a Slep-Tone accompaniment track to be played** during a karaoke show, Defendant caused or permitted the display of the Sound Choice Marks and the Trade Dress in connection with Defendant's karaoke entertainment services.
>
> 87. On each occasion when the **Defendant displayed an accompaniment track** pirated from a manufacturer other than Slep-Tone to be played during a karaoke show, Defendant caused the display of the words, names, and symbols of the other manufacturer in connection with Defendant's karaoke services.

(Compl. ¶¶ 16-17, 22-24, 48, 53, 57, 82, 83 (emphasis added); *see also* ¶¶ 84, 89 (claiming that consumers will believe that the alleged copies of the "**works being performed**" were sold by Slep-Tone and other karaoke track manufactures (emphasis added)).)

Relief for these alleged acts of copying, display, and performance is available exclusively under the Copyright Act, and Slep-Tone's attempts to impose liability via other causes of action are preempted. *See* 17 U.S.C. § 301; *Nat'l Car Rental Sys.*, 991 F.2d 426. Other courts to consider Slep-Tone's disguised claims have reached the same conclusion. *See, e.g., Slep-Tone Entm't Corp. v. Canton Phoenix Inc.*, No. 14-cv-00764-PK, 2014 U.S. Dist. LEXIS 158851, at *7 (D. Or. Nov. 7, 2014) ("Slep-Tone alleges that it was injured when the tracks were performed or presented . . . without authorization and without a license, i.e., it was stripped of control of the use of its created work. The Copyright Act, and not the Lanham Act, is what protects against these types of unauthorized uses."); *Canton Phoenix Inc.*, 2014 U.S. Dist. LEXIS 159390 at *29 ("Slep-Tone's . . . trademarks do not prevent any party from either copying or performing Slep-

Tone's karaoke tracks; the rights to copy and to perform are governed by the Copyright Act and not by the Lanham Act."). Accordingly, Slep-Tone's Complaint alleging preempted claims under the Lanham Act, MDTPA, and common law unfair competition should be dismissed.

CONCLUSION

For the foregoing reasons, Ms. Lapadat respectfully requests that the Court grant this motion and dismiss Slep-Tone's Complaint.

Dated: February 10, 2015

Respectfully submitted,

/s/ William Schultz
Allen W. Hinderaker (45787)
William Schultz (323482)
Merchant & Gould P.C.
3200 IDS Center
80 South 8th Street
Minneapolis, MN 55402
Telephone: (612) 336-4677
Facsimile: (612) 332-9081

ATTORNEYS FOR DEFENDANT
HEATHER LAPADAT