

**UNITED STATES DISTRICT COURT
DISTRICT OF MINNESOTA**

SLEP-TONE ENTERTAINMENT
CORPORATION,

Plaintiff,

v.

HEATHER LAPADAT d/b/a TWIN CITY
KARAOKE

Defendant.

Civil Action No.: 0:14-cv-04737
(PJS/FLN)

**SLEP-TONE ENTERTAINMENT
CORPORATION'S MEMORANDUM
IN OPPOSITION TO DEFENDANT'S
MOTION TO DISMISS UNDER FED.
R. CIV. P. 12(b)(6)**

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INTRODUCTION

Plaintiff Slep-Tone Entertainment Corporation (hereinafter “Slep-Tone”) opposes Defendant Heather Lapadat’s (hereinafter “Lapadat”) Motion to Dismiss under Federal Rule of Civil Procedure 12(b)(6). Slep-Tone’s Complaint pled actionable claims for trademark infringement, trade dress infringement, counterfeiting, and unfair competition under the Lanham Act; violation of the Minnesota Uniform Deceptive Trade Practices Act; and common law unfair competition. Further, Slep-Tone’s claims are not preempted by the Copyright Act. Slep-Tone respectfully requests that this Court deny Lapadat’s motion to dismiss.

FACTUAL BACKGROUND

A. Slep-Tone’s Rights

1. *Slep-Tone is the owner of U.S. Trademarks, U.S. Service Marks, and trade dress for use in connection with its karaoke tracks*

Slep-Tone is a North Carolina corporation manufacturing and distributing karaoke tracks sold under the mark SOUND CHOICE. (Compl. ¶¶ 6, 10, Doc. No. 1, pp. 2-3). Slep-Tone owns U.S. Trademark Registration Number 1,923,448 for the mark SOUND CHOICE for “pre-recorded magnetic audio cassette tapes and compact discs containing musical compositions and compact discs containing video related musical compositions”; U.S. Service Mark Registration Number 4,099,045 for the mark SOUND CHOICE for “conducting entertainment exhibitions in the nature of karaoke shows”; U.S. Trademark Registration Number 2,00,725 for the design mark reproduced below for “pre-recorded magnetic audio cassette tapes and compact discs containing musical compositions and

compact discs containing video related musical compositions”; and U.S. Service Mark Registration No. 4,099,052 for the design mark reproduced below for “conducting entertainment exhibitions in the nature of karaoke shows” (collectively referred to as the “SOUND CHOICE marks”). (Compl. ¶¶ 30-33, Doc. No. 1, p. 6).



The SOUND CHOICE marks are indicators of Slep-Tone as the origin of the karaoke tracks. (Compl. ¶ 35, Doc. No. 1, p. 7).

Slep-Tone also is the owner of distinctive and protectable trade dress (referred to as the “Trade Dress”) associated with its graphical displays of its karaoke tracks, including (a) the use of a particular typeface, style, and visual arrangement in displaying the lyrics; (b) the SOUND CHOICE Marks; and (c) the use of particular styles in displaying entry cues for singers, namely a series of vanishing rectangles to indicate the cue. (Compl. ¶ 36, Doc. No. 1, p. 7). The individual and collected elements of the Trade Dress have acquired secondary meaning as an indicator of Slep-Tone as the source of the Trade Dress and serves to distinguish Slep-Tone’s karaoke tracks from the tracks of its competitors. (Compl. ¶¶ 38-39, Doc. No. 1, p. 7).

2. *Slep-Tone sells karaoke tracks using the SOUND CHOICE marks and Trade Dress*

Slep-Tone has gained recognition in the industry as a leading producer of high-quality karaoke accompaniment tracks due to its dedication to producing music of the

highest quality and most authentic character. (Compl. ¶¶ 11-12, Doc. No. 1, p. 3). Karaoke tracks sold using the SOUND CHOICE marks and trade dress are most recognizable and sought-after in the industry. (Compl. ¶ 12, Doc. No. 1, p. 3). Slep-Tone sells compact discs containing karaoke tracks encoded in a special format known as CD+G (or compact disc plus graphics) that allows for synchronized playback of audio and video. (Compl. ¶ 14, Doc. No. 1, p. 3). In the past, special players were required to decode the CD+G format and play the karaoke track. (Compl. ¶ 15, Doc. No. 1, p. 3). Recently, computer technology has advanced and compact discs in CD+G format can be decoded and “ripped” (or copied) to a computer hard drive, and special players are no longer needed to decode the format. (Compl. ¶ 16, Doc. No. 1, p. 3).

Copies of tracks stored on media other than the original compact discs are referred to as “media-shifted copies.” (Compl. ¶ 17, Doc. No. 1, p. 4). Media-shifting also frequently involves format-shifting to convert the original format (such as CD+G) to a different format (such as MP3+G or WAV+G). (Compl. ¶ 18, Doc. No. 1, p. 4). Media-shifting allows tracks to be stored on computer hard drives or external hard drives for easy transport, but it also leads to the illegal sharing of media-shifted copies.¹ (Compl. ¶¶ 19-22, Doc. No. 1, p. 4). Illegal sharing of media-shifted copies of karaoke tracks nearly drove Slep-Tone out of business, as it became easy to obtain illegal media-shifted copies at little to no cost. (Compl. ¶ 23, Doc. No. 1, p. 4).

¹ See paragraph 22 of the complaint for ways in which media-shifting has led to illegal sharing of tracks. (Compl. ¶ 22, Doc. No. 1, p. 4).

To combat illegal media-shifting, Slep-Tone established a media-shifting policy that imposed mandatory rules for karaoke operators who use media-shifted copies of SOUND CHOICE karaoke tracks.² (Compl. ¶ 25, Doc. No. 1, p. 5). Slep-Tone's authority to require compliance with its media-shifting policy is based in Slep-Tone's right to control the commercial use of its federally registered trademarks and, as to some tracks, its ownership of copyright in the synchronized audiovisual words represented by and in the sound recordings with those tracks. (Compl. ¶ 27, Doc. No. 1, p. 5). If a karaoke operator complies with Slep-Tone's media-shifting policy, that karaoke operator is granted permission by Slep-Tone to use media-shifted copies of SOUND CHOICE karaoke tracks, co-extensive with Slep-Tone's rights in the subject matter. (Compl. ¶ 28, Doc. No. 1, p. 5). If a karaoke operator fails to comply with Slep-Tone's media-shifting policy, Slep-Tone does not permit, authorize, or tolerate that karaoke operator using media-shifted copies of SOUND CHOICE karaoke tracks. (Compl. ¶ 29, Doc. No. 1, p. 6).

B. Lapadat's Activities

Lapadat is the owner of Twin City Karaoke, a company providing karaoke entertainment to venues in the state of Minnesota. (Compl. ¶¶ 7-9, Doc. No. 1, p. 2). Lapadat is responsible for the management and operations of Twin City Karaoke. (Compl. ¶ 9, Doc. No. 1, p. 2). Lapadat performs karaoke shows and relies on one or

² See paragraph 26 of the complaint for details on Slep-Tone's media-shifting policy. (Compl. ¶ 26, Doc. No. 1, p. 5).

more hard drives that store files representing karaoke tracks during the performance of the karaoke shows. (Compl. ¶ 43, Doc. No. 1, p. 8).

It is believed that Lapadat created, directed another to create, or otherwise acquired from a third party the files that are stored on Lapadat's hard drives and that Lapadat does not maintain a 1:1 correspondence between her hard drives and original discs. (Compl. ¶ 43, Doc. No. 1, p. 8). It is also believed that many of the files stored on Lapadat's hard drives are representative of karaoke tracks originally created by Slep-Tone, marked with the SOUND CHOICE mark and displaying both the SOUND CHOICE mark and Trade Dress when the video component of the karaoke tracks is displayed. (Compl. ¶¶ 47-48, Doc. No. 1, p. 8).

C. Allegations in the Complaint

The SOUND CHOICE marks were displayed on video monitors during various songs played by Lapadat during Lapadat's shows.³ (Compl. ¶ 57, Doc. No. 1, p. 10). Lapadat has not complied with Slep-Tone's media-shifting policy, and therefore Lapadat's use of the SOUND CHOICE marks was not authorized. (Compl. ¶ 59, Doc. No. 1, p. 10). Lapadat has known that the creation and use of karaoke tracks or computer files representative of karaoke tracks that bear the SOUND CHOICE marks and/or the Trade Dress is not authorized. (Compl. ¶ 51, Doc. No. 1, p. 9). Lapadat's files, which function as karaoke tracks, are also counterfeits of genuine SOUND CHOICE karaoke tracks. (Compl. ¶ 52, Doc. No. 1, p. 9).

³ Slep-Tone obtained photographs and videos of displays of the SOUND CHOICE marks during Lapadat's shows. (Compl. ¶ 58, Doc. No. 1, p. 10).

Slep-Tone did not authorize, cause, control, or know about the creation of files stored on Lapadat's hard drives at the time those files were so stored. (Compl. ¶ 46, Doc. No. 1, p. 8). Slep-Tone did not authorize Lapadat to create or use karaoke tracks or computer files representative of karaoke tracks bearing the SOUND CHOICE marks or the Trade Dress. (Compl. ¶ 49, Doc. No. 1, p. 9). As such, the placement of the SOUND CHOICE Marks and the Trade Dress upon Lapadat's computer files is a false designation of the origin of those computer files. (Compl. ¶ 50, Doc. No. 1, p. 9).

When confronted with the display of the SOUND CHOICE marks and/or the Trade Dress at one of Lapadat's shows, a patron or unwitting customer is likely to be confused into believing, falsely, that Slep-Tone created the SOUND CHOICE karaoke tracks in use or authorized their creation. (Compl. ¶ 53, Doc. No. 1, p. 9). Lapadat's use of the computer files representative of karaoke tracks is commercial in nature because Lapadat is paid to provide access to and play those computer files and tracks at karaoke shows. (Compl. ¶ 54, Doc. No. 1, p. 9). 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 Lapadat is compensated and which inures to Lapadat's benefit. (Compl. ¶ 55, Doc. No. 1, p. 9).

Lapadat has enjoyed years of revenues attributable in substantial part to its use of counterfeit SOUND CHOICE karaoke tracks to provide karaoke services for money. (Compl. ¶ 69, Doc. No. 1, p. 11). Lapadat's illicit activities have also allowed Lapadat to compete unfairly against Slep-Tone's legitimate customers by lowering the cost of doing business through piracy of the music materials Lapadat uses. (Compl. ¶ 70, Doc. No. 1,

p. 11). Those illicit activities exerted illegitimate and unfair pressure upon the market for karaoke services in the areas in which Lapadat operates by helping to crowd higher-cost but legitimate operators out of the market. (Compl. ¶ 71, Doc. No. 1, p. 11). Lapadat's acts deprived Slep-Tone of revenue by discouraging legitimate operators from investing in legitimate SOUND CHOICE karaoke tracks. (Compl. ¶ 72, Doc. No. 1, p. 12).

ARGUMENT

I. LEGAL STANDARD

A. Pleadings Standard

Federal Rule of Civil Procedure 8(a)(2) states that a complaint must contain “a short and plain statement of the claim showing that the pleader is entitled to relief.” “The pleading standard Rule 8 announces does not require ‘detailed factual allegations’ but it demands more than an unadorned, the defendant-unlawfully-harmed-me accusation.” *Ashcroft v. Iqbal*, 556 U.S. 662, 129 S. Ct. 1937, 1949 (2009) (citing *Bell Atlantic Corp. v. Twombly*, 550 U.S. 544, 555, 127 S. Ct. 1955 (2007)).

B. Motion to Dismiss

Federal Rule of Civil Procedure 12(b)(6) states that a complaint that fails “to state a claim upon which relief can be granted” should be dismissed. “To survive a motion to dismiss, a complaint must contain sufficient factual matter, accepted as true, to ‘state a claim to relief that is plausible on its face.’” *Ashcroft*, 129 S. Ct. at 1949. “A claim has facial plausibility when the plaintiff pleads factual content that allows the court to draw the reasonable inference that the defendant is liable for the misconduct alleged.” *Id.* “A

well-pleaded complaint may proceed even if it strikes a savvy judge that actual proof of the facts alleged is improbable, and ‘that recovery is very remote and unlikely.’” *Braden v. Wal-Mart Stores, Inc.*, 588 F.3d 585, 594 (8th Cir. 2009) (quoting *Twombly*, 550 U.S. at 556 (quoting *Scheuer v. Rhodes*, 416 U.S. 232, 236, 94 S. Ct. 1683 (1974))).

“[T]he complaint should be read as a whole, not parsed piece by piece to determine whether each allegation, in isolation, is plausible.” *Id.*; *see also Tellabs, Inc. v. Makor Issues & Rights, Ltd.*, 127 S. Ct. 2499, 2509 (2007) (“courts must consider the complaint in its entirety.... The inquiry...is whether *all* of the facts alleged, taken collectively, give rise to a strong inference of scienter, not whether any individual allegation, scrutinized in isolation, meets that standard.” (emphasis in original)).

II. SLEP-TONE PLED SUFFICIENT FACTUAL CONTENT TO STATE A CLAIM OF VIOLATION OF THE LANHAM ACT, MINNESOTA UNIFORM DECEPTIVE TRADE PRACTICES ACT, AND COMMON LAW UNFAIR COMPETITION THAT IS PLAUSIBLE ON ITS FACE

A. **Slep-Tone pled sufficient factual content to support claims that are facially plausible**

Slep-Tone pled particular facts regarding background facts, Slep-Tone’s rights, Lapadat’s infringing activities, and the damage Slep-Tone has suffered due to Lapadat’s infringing activities. (*See* Compl. ¶¶ 6-72, Doc. No. 1, pp. 2-12). Lapadat makes conclusory arguments in her memorandum that Slep-Tone failed to plead sufficient factual content to state a plausible claim. (Doc. No. 14, p. 13). Lapadat does not detail what facts are missing from the complaint, but merely points to Slep-Tone’s recitation of background facts to argue that “Slep-Tone devotes significant efforts to characterizing activities of karaoke operators generally...without providing allegations specific to Ms.

Lapadat.” (Doc. No. 14, p. 13). Slep-Tone provided background facts to aid Lapadat and this Court in understanding the claims Slep-Tone has made against Lapadat, but the background facts are only a portion of all of the facts Slep-Tone pled.

Contrary to Lapadat’s statement, Slep-Tone also provided sufficient factual contents directed towards Lapadat herself, as can be seen in pages 8-10 of the Complaint. (See Compl. ¶¶ 42-59, Doc. No. 1, pp. 8-10). Lapadat argues that Slep-Tone’s allegations are conclusory and premised on “information and belief.” (Doc. No. 14, p. 13). Paragraphs 42-59 of the Complaint provide detailed factual allegations regarding Lapadat’s infringing activities. “[T]he court must take the plaintiff’s factual allegations as true.” *Braden*, 588 F.3d at 594. Slep-Tone’s factual allegations regarding Lapadat’s infringing activities must be taken as true and provide sufficient detail to support claims that are facially plausible.

Further, “the complaint should be read as a whole, not parsed piece by piece to determine whether each allegation, in isolation, is plausible.” *Braden*, 588 F.3d at 594. When viewed in its entirety, the Complaint provides sufficient facts to support claims that are facially plausible, as the background facts and the facts regarding Lapadat’s infringing activities (in addition to the facts regarding Slep-Tone’s rights and the damage Slep-Tone has suffered due to Lapadat’s infringing activities) must be viewed together. Slep-Tone’s Complaint should not be dismissed.

B. Slep-Tone’s allegations against Lapadat set forth the required elements of trademark infringement, trade dress infringement, violation of the Minnesota Uniform Deceptive Trade Practices Act, and unfair competition

Slep-Tone’s Complaint sets forth allegations to fulfill the required elements of trademark infringement, trade dress infringement, violation of the Minnesota Uniform Deceptive Trade Practices Act, and unfair competition. Specifically, Slep-Tone sufficiently pled that Lapadat used the SOUND CHOICE marks and Trade Dress in commerce, that Lapadat displayed the SOUND CHOICE marks and Trade Dress during her karaoke shows, and that Lapadat used the SOUND CHOICE marks and Trade Dress in connection with both goods and services.

1. Slep-Tone sufficiently pled that Lapadat used the SOUND CHOICE marks and Trade Dress in commerce

Slep-Tone sufficiently pled that Lapadat used the SOUND CHOICE marks and Trade Dress in commerce. Lapadat argues that Slep-Tone’s allegations “fail to establish a use in commerce in connection with services as required under trademark law.” (Doc No. 14, p. 14). This is incorrect, as Slep-Tone’s allegations include allegations that Lapadat displayed the SOUND CHOICE marks and Trade Dress on video monitors during her karaoke shows. (Compl. ¶¶ 57, 74, 82, 95, 103, Doc. No. 1, pp. 10, 12-13, 15-16). Lapadat’s karaoke shows establish a use in commerce.

Lapadat states in her memorandum that “[m]any 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.” (Doc. No. 14, p. 14). Lapadat then lists paragraph 43, 44, 45, 55, and 56 of the Complaint to show that Slep-Tone did not allege

use of the SOUND CHOICE marks in those individual paragraphs. First and foremost, Lapadat is ignoring the fact that “the complaint should be read as a whole, not parsed piece by piece to determine whether each allegation, in isolation, is plausible.” *Braden*, 588 F.3d at 594. Slep-Tone does not need to allege that Lapadat used the SOUND CHOICE marks in every paragraph of the Complaint, as the Complaint must be read in its entirety.

Further, Slep-Tone makes allegations throughout the Complaint that Lapadat used the SOUND CHOICE marks and Trade Dress. Paragraph 57 exemplifies one such allegation and states that “the Sound Choice Marks were displayed on video monitors during various songs played by Defendant.” (Compl. ¶ 57, Doc. No. 1, p. 10). Slep-Tone also specifically alleged use in connection with each claim for relief. For example, paragraph 74 states that “Defendant used and knowingly directly benefited from the use of a reproduction, counterfeit, or copy of the Sound Choice Marks or the Trade Dress in connection with the provision of services including karaoke services, by manufacturing or acquiring the reproduction, counterfeit, or copy of the Sound Choice Marks or the Trade Dress, and by displaying the reproduction, counterfeit, or copy of the Sound Choice Marks or the Trade Dress during the provision of those services.” (Compl. ¶ 74, Doc. No. 1, p. 12). Similar statements are made in relation to each claim for relief, as seen in paragraph 82, 95, and 103. Further, paragraph 75 states that “Defendant's use of the Sound Choice Marks and the Trade Dress was “in commerce” within the meaning of the Trademark Act of 1946 as amended.” (Compl. ¶ 75, Doc. No. 1, p. 12). Slep-Tone alleged that Lapadat used the SOUND CHOICE marks and the Trade Dress in commerce.

2. *Lapadat's display of the SOUND CHOICE marks and Trade Dress during karaoke shows constitutes use in commerce*

Slep-Tone alleged that Lapadat displayed the SOUND CHOICE marks and the Trade Dress during her karaoke shows. Lapadat argues that displaying the SOUND CHOICE marks during her karaoke shows is not the use or display of the SOUND CHOICE mark in the sale or advertising of her services to establish use in commerce, as required by 15 U.S.C. §1127. (Doc. No. 14, pp. 14, 16). 15 U.S.C. §1127 states that “a mark shall be deemed to be in use in commerce...on services when it is used or displayed in the sale or advertising of services....” The rendering of a service constitutes a sale of that service. *In re Red Robin Enters.*, 222 U.S.P.Q. 911, 914 (T.T.A.B. 1984) (“While the record is not clear as to all such uses, other than use during the performance of entertainment services, to which the mark has been put, the rendition of such services, we believe, properly be viewed as an element of the ‘sale’ thereof within the meaning of the Act and we so construe the ‘service mark’ definition in [15 U.S.C. § 1127].”). Lapadat’s rendering of karaoke shows is the “sale” of karaoke shows under 15 U.S.C. §1127 and constitutes use in commerce.

Lapadat further argues that “[t]he marks are not used to identify or distinguish Ms. Lapadat’s karaoke services from those of other karaoke providers....” (Doc. No. 14, p. 16). This is irrelevant to the pled claims for relief. The pled claims for relief include claims of trademark infringement, trade dress infringement, violation of the Minnesota Uniform Deceptive Trade Practices Act, and unfair competition. None of these claims require that the infringed marks identify or distinguish the *infringer’s* services from the

services of others. Rather, the analysis should be whether infringing use of the marks “is likely to cause confusion, or to cause mistake, or to deceive...as to the origin, sponsorship, or approval of [the infringer’s] goods, services, or commercial activities” as the goods, services, or commercial activities of the **registrant** of the mark. 15 U.S.C. §1125(a). Lapadat’s use of the SOUND CHOICE marks and Trade Dress does just that—it creates confusion that Lapadat’s goods and services originate from, are sponsored by, or are approved by Slep-Tone.

Lapadat also argues that “[t]he marks are not used...to indicate the source of Ms. Lapadat’s services.” (Doc. No. 14, p. 16). This is incorrect, as Lapadat’s use of the SOUND CHOICE marks and Trade Dress creates confusion as to the affiliation, origin, sponsorship, and approval of Lapadat’s goods and services. As seen in paragraph 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.” (Compl. ¶ 53, Doc. No. 1, p. 9). Further, as seen in paragraph 76, “Slep-Tone did not license Defendant to make, acquire, or use reproductions, counterfeits, or copies, or to use the Sound Choice Marks or the Trade Dress in connection with the services provided at Defendant’s venue(s).” (Compl. ¶ 76, Doc. No. 1, p. 12). Slep-Tone has provided sufficient factual allegations to show that the SOUND CHOICE marks and Trade Dress identify the origin of Lapadat’s services as authorized by Slep-Tone.

3. *Slep-Tone sufficiently pled that Lapadat used the SOUND CHOICE marks in connection with both goods and services*

Slep-Tone sufficiently pled that Lapadat infringes Slep-Tone's trademarks and service marks. Lapadat argues that "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 marks in connection with *goods* (in the form of karaoke accompaniment tracks), which Ms. Lapadat neither sells, offers to sell, advertises, nor distributes." (Doc. No. 14). Lapadat again lists out individual paragraphs of the Complaint to support its point. Again, Lapadat ignores the fact that "the complaint should be read as a whole, not parsed piece by piece to determine whether each allegation, in isolation, is plausible." *Braden*, 588 F.3d at 594.

Further, Slep-Tone has alleged that Lapadat used the SOUND CHOICE marks and Trade Dress in connection with both *goods* and *services*. Paragraph 47 exemplifies one such allegation of the SOUND CHOICE marks and Trade Dress in use with goods, stating that "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." (Compl. ¶ 47, Doc. No. 1, p. 8). Paragraph 57 exemplifies one such allegation of the SOUND CHOICE marks and Trade Dress in use with services, stating that "the Sound Choice Marks were displayed on video monitors during various songs played by Defendant." (Compl. ¶ 57, Doc. No. 1, p. 10). Lapadat's claims that Slep-Tone did not allege use of the SOUND CHOICE marks and Trade Dress in connection with goods and services is without merit.

C. Slep-Tone sufficiently pled that Lapadat’s infringing use of the SOUND CHOICE marks and Trade Dress creates a likelihood of confusion

Slep-Tone sufficiently pled that there is a likelihood of confusion due to Lapadat’s infringing use of the SOUND CHOICE marks and Trade Dress. Lapadat argues that “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 good Slep-Tone produces.” (Doc. No. 14, p. 17). Lapadat again lists out individual paragraphs of the Complaint to support its point. Again, Lapadat ignores the fact that “the complaint should be read as a whole, not parsed piece by piece to determine whether each allegation, in isolation, is plausible.” *Braden*, 588 F.3d at 594. Further, Lapadat lists out paragraphs 53, 77, and 84 of the Complaint, which do in fact allege a likelihood of confusion in connection with goods and 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.**

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 Slep-Tone using bona fide, legitimate, authorized karaoke accompaniment tracks.**

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.**

(Compl. ¶¶ 53, 77, 84, Doc. No. 1, p. 17-18 (emphasis added)). These paragraphs of the Complaint are examples of the allegations in the Complaint that allege a likelihood of confusion in connection with both goods and services.

Lapadat argues that “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.” (Doc. No. 14, p. 18). Lapadat’s argument misses the mark. As alleged in Slep-Tone’s Complaint, “[u]se 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 Slep-Tone using bona fide, legitimate, authorized karaoke accompaniment tracks.” (Compl. ¶ 77, Doc. No. 1, p. 12). The proper analysis is to determine whether Lapadat’s use of the SOUND CHOICE marks and Trade Dress during her karaoke shows will cause consumers to mistakenly believe that Slep-Tone authorized the use of the SOUND CHOICE marks and Trade Dress in that manner. As seen in the Complaint, “Slep-Tone did not license Defendant to make, acquire, or use reproductions, counterfeits, or copies, or to use the Sound Choice Marks or the Trade Dress in connection with the services provided at Defendant's venue(s).” (Compl. ¶ 76, Doc. No. 1, p. 12).

Slep-Tone sufficiently pled that there is a likelihood of confusion due to Lapadat’s infringing use of the SOUND CHOICE marks and Trade Dress. Lapadat’s motion to dismiss the Complaint should be denied.

D. Slep-Tone pled sufficient facts to recover remedies for counterfeiting

Slep-Tone has pled sufficient facts to recover remedies for counterfeiting under the Lanham Act. Lapadat argues that Slep-Tone did not allege that (1) Lapadat sells, offers to sell, or distributes goods covered by Slep-Tone's trademark registrations, (2) Lapadat used the SOUND CHOICE marks in connection with services covered by Slep-Tone's service mark registrations, and (3) Slep-Tone's service mark registrations are in use. (Doc. No. 14, pp. 19-20). Lapadat's allegations are erroneous.

First, Slep-Tone alleged that Lapadat used the SOUND CHOICE marks in connection with the same goods for which the marks are registered. The SOUND CHOICE marks are registered for use with goods including "pre-recorded magnetic audio cassette tapes and compact discs containing musical compositions and compact discs containing video related musical compositions." U.S. Trademark Reg. No.'s 1,923,448, 2,00,725. As seen in the Complaint:

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.

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.

52. Defendant's files, which function as karaoke accompaniment tracks, are also counterfeits of genuine SOUND CHOICE-branded tracks.

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.

85. The Defendant's use of the Sound Choice Marks and the Trade Dress in this fashion or in a more appropriate fashion would have inured to the benefit of Slep-Tone if Defendant had legitimately acquired bona fide original media instead of counterfeiting them or acquiring counterfeit copies, in that Slep-Tone would have received revenue from such sales.

(Compl. ¶¶ 49, 50, 52, 55, 85, Doc. No. 1, pp. 8-9, 13-14). Slep-Tone did allege that Lapadat created and/or used counterfeit copies of karaoke tracks or computer files representative of karaoke tracks.

Slep-Tone also alleged that Lapadat used the SOUND CHOICE marks in connection with services for which the SOUND CHOICE marks are registered. The SOUND CHOICE marks are registered in connection with the service of “conducting entertainment exhibitions in the nature of karaoke shows.” U.S. Service Mark Reg. No.’s 4,099,045, 4,099,052. As seen repeatedly above, Slep-Tone has alleged that Lapadat used the SOUND CHOICE marks in connection with her service of conducting karaoke shows—a service that is covered under Slep-Tone’s registrations. U.S. Service Mark Reg. No.’s 4,099,045, 4,099,052. Lapadat argues again that “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.” (Doc. No. 14, p. 20). As seen above, the rendering of a service constitutes a “sale” of that service. *In re Red Robin*, 222 U.S.P.Q. at 914. Lapadat’s rendering of karaoke shows is the “sale” of karaoke shows under 15 U.S.C. §1127 and constitutes use in commerce for that service.

Lapadat also argues again that “[a]ny display of the SOUND CHOICE Marks is not a use of that mark to identify Ms. Lapadat’s services, the source of sponsorship of her shows, or to distinguish her shows from that of other karaoke operations.” (Doc. No. 14,

p. 20). As seen above, none of Slep-Tone's claims require that the allegedly infringed marks identify or distinguish the *infringer's* services from the services of others. Rather, the analysis should be whether infringing use of the marks "is likely to cause confusion, or to cause mistake, or to deceive...as to the origin, sponsorship, or approval of [the infringer's] goods, services, or commercial activities" as the goods, services, or commercial activities of the **registrant** of the mark. 15 U.S.C. §1125(a). Lapadat's use of the SOUND CHOICE marks and Trade Dress does just that—it creates confusion that Lapadat's goods and services originate from, are sponsored by, or are approved by Slep-Tone.

Finally, Slep-Tone did allege that the SOUND CHOICE marks are in use for the service of "conducting entertainment exhibitions in the nature of karaoke shows." Trademarks are protectable as long as they are in use in commerce. 15 U.S.C. § 1058. Inherent in the fact that Slep-Tone owns U.S. Service Mark Registration Number 4,099,045 and U.S. Service Mark Registration Number 4,099,052 is that fact that Slep-Tone uses the SOUND CHOICE marks in connection with the service of "conducting entertainment exhibitions in the nature of karaoke shows." Slep-Tone pled that the SOUND CHOICE marks are in use for the service of "conducting entertainment exhibitions in the nature of karaoke shows."

Slep-Tone pled sufficient facts to recover remedies for counterfeiting, as Slep-Tone pled that (1) Lapadat sells, offers to sell, or distributes goods covered by Slep-Tone's trademark registrations, (2) Lapadat used the SOUND CHOICE marks in connection with services covered by Slep-Tone's service mark registrations, and (3) Slep-

Tone's service mark registrations are in use. Lapadat's motion to dismiss should be denied.

III. SLEP-TONE'S ALLEGATIONS ARE NOT PREEMPTED BY THE COPYRIGHT ACT

A. **Slep-Tone's federal causes of action do not fall under *National Car Rental System* and are not preempted by the Copyright Act**

Slep-Tone's federal causes of action are not preempted by the Copyright Act as alleged by Lapadat. (Doc. No. 14, pp. 20-24). Lapadat relies on *National Car Rental System, Inc. v. Computer Associates International, Inc.* to support her claim that Slep-Tone's allegations are preempted by the Copyright Act. 991 F.2d 426 (8th Cir. 1993). Lapadat's reliance on *National Car Rental System* is misplaced.

National Car Rental System states that “[a] **state cause of action** is preempted if: (1) the work at issue is within the subject matter of copyright as defined in §§ 102 and 103 of the Copyright Act, and (2) **the state law created right** is equivalent to any of the exclusive rights within the general scope of copyright as specified in § 106.” *Id.* at 428 (emphasis added). Lapadat makes no attempt in her memorandum to address why or how *National Car Rental System* extends to Slep-Tone's allegations of trademark infringement, trade dress infringement, and unfair competition under the Lanham Act. The Lanham Act is **federal law** leading to **federal causes of action**. Slep-Tone's allegations under the Lanham Act are not preempted by the Copyright Act. Lapadat's motion to dismiss should be denied.

B. None of Slep-Tone's federal or state law causes of actions are preempted by the Copyright Act, as Slep-Tone's allegations are based on Lapadat's infringing use of the SOUND CHOICE marks and Trade Dress

None of Slep-Tone's causes of action (both federal causes of action and state law causes of action) are preempted by the Copyright Act, as Slep-Tone has based its claims in its trademark rights. Lapadat cites paragraphs of the Complaint in an attempt to show that Slep-Tone's claims are based in copyright law. (Doc. No. 14, pp. 22-23). Lapadat fails to recognize that each paragraph Lapadat cites from the Complaint regarding allegations against Lapadat actually states claims of trademark and trade dress infringement:

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.**

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.

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.**

89. **The display of these false designations of origin** is 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 pirated tracks are legitimate, authorized, and authentic materials that the Defendant acquired in a legitimate manner. **The display of the false designations of origin** 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 those manufacturers and purchased by the Defendant.

(Compl. ¶¶ 48, 53, 57, 82, 84, 87, 89, Doc. No. 1, pp. 8-10, 13-14). These paragraphs are exemplary of the allegations Slep-Tone made in its Complaint, which includes allegations based on Lapadat's infringing use of the SOUND CHOICE marks and Trade Dress.

Lapadat's infringing use of the SOUND CHOICE marks and Trade Dress is not covered by the Copyright Act, as the SOUND CHOICE marks and Trade Dress are not copyrightable works. The Lanham Act was enacted for that exact reason—to protect marks and trade dress because marks and trade dress are not protected by the Copyright Act. The Copyright Act protects works of authorship, which includes: “(1) literary works; (2) musical works, including any accompanying words; (3) dramatic works, including any accompanying music; (4) pantomimes and choreographic works; (5) pictorial, graphic, and sculptural works; (6) motion pictures and other audiovisual works; (7) sound recordings; and (8) architectural works.” 17 U.S.C. § 102. “The subject matter of copyright as specified by section 102 includes compilations and derivative works, but

protection for a work employing preexisting material in which copyright subsists does not extend to any part of the work in which such material has been used unlawfully.” 17 U.S.C. § 103. The Copyright Act does not cover the SOUND CHOICE marks or Trade Dress.

Lapadat’s arguments and reliance on *National Car Rental System* fail for this reason. *National Car Rental System* only applies when “the work at issue is within the subject matter of copyright as defined in §§ 102 and 103 of the Copyright Act.” 991 F.2d at 428. Slep-Tone’s claims are based on Lapadat’s infringing use of the SOUND CHOICE marks and Trade Dress. The SOUND CHOICE marks and Trade Dress are not covered by the Copyright Act. Thus, *National Car Rental System* is not applicable to Slep-Tone’s allegations. None of Slep-Tone’s allegations are preempted by the Copyright Act. Lapadat’s motion to dismiss should be denied.

C. Slep-Tone has repeatedly defeated claims of copyright preemption

Lapadat states in her memorandum that “[o]ther courts to consider Slep-Tone’s attempts to impose liability via other causes of action are preempted.” (Doc. NO. 14, p. 23). Lapadat only cites one such case. In fact, Slep-Tone has addressed the issue of Copyright Preemption numerous times and has succeeded in defending against this issue in every other case. *See Slep-Tone Entertainment Corporation v. Coyne, et al.*, No. 13 C 2298, 2014 WL 1848735, at *8 (N. D. Ill. May 8, 2014) (Denying the defendant’s copyright preemption claim and stating “Slep-Tone is trying to stop Defendant’s from unfairly ‘reap[ing] the financial, reputation-related rewards associated with a desirable product’...– precisely the behavior that the Lanham Act seeks to prevent.” (citations

omitted)); *Slep-Tone Entertainment Corporation v. Shenanigans Lounge, et al.*, No. 6:12-cv-1236-TC, 2013 WL 1768444, at *3 (D. Or. Feb. 22, 2013) (“Plaintiff is not alleging confusion as to the identity of the author of the karaoke tracks in dispute. Rather, plaintiff alleges that its trademark has been affixed to a product that defendants are using to generate customers and revenue – a product that is not plaintiff’s product but a different ‘media-shifted’ or ‘format-shifted’ version of the product.”); *Slep-Tone Entertainment Corporation v. Arrowood, et al.*, No. 2:10-cv-592, 2011 WL 4482082, at *3 (S. D. Ohio Sept. 26, 2011) (“Plaintiff has not attempted to blur the line between copyright and trademark law in the way Defendants assert. Plaintiff alleges that Defendants unlawfully copied Plaintiff’s CD+Gs but does not seek relief for the harm done by the copying of the CD+Gs. Instead, Plaintiff’s causes of action rely on the confusion caused by the display of the Sound Choice marks.” (citations omitted)).

Lapadat relies on *Slep-Tone Entertainment Corporation v. Canton Phoenix Inc.* to support its claim. No. 3:14-cv-00764-PK, 2014 WL 5817903 (D. Or. Nov. 7, 2014) (District Judge Opinion and Order); No. 3:14-cv-00764-PK, 2014 WL 5824787 (D. Or. Sept. 4, 2014) (Magistrate Judge Findings and Recommendation). *Canton Phoenix* is not binding on this Court. Additionally, the court in *Canton Phoenix* relied on *Dastar Corporation v. Twentieth Century Fox Film Corporation* to support its decision. 539 U.S. 23 (2003). Lapadat has not made any allegation that *Dastar* applies here and instead relies on *National Car Rental System*. Further, Slep-Tone has defeated numerous claims of copyright preemption based on *Dastar*. See *Coyne, et al.*, 2014 WL 1848735, at *8 (“*Dastar* actually reinforces Slep-Tone’s decision to file a trademark claim rather than a

copyright claim.”); *Slep-Tone Entertainment Corporation v. Elwood Enterprises, Inc.*, No. 13 C 7346, 2014 WL 1612891, at *5 (N. D. Ill. April 21, 2014) (“*Dastar* is distinguishable from the case at hand. There, the defendant took the plaintiff’s product and, after altering it, put the defendant’s own mark on it. Here, [the defendant] contracted with KJs who pass off interior versions of Slep-Tone’s products by pasting Slep-Tone’s own mark on them.”).

The court’s decision in *Canton Phoenix* demonstrates confusion about what Slep-Tone’s claims are. The court spends much time discussing Canton Phoenix’s act of copying the karaoke tracks onto its hard drives and discussing what would constitute trademark infringement when copying karaoke tracks onto a hard drive. The court then summarily states that “Slep-Tone alleges that it was injured when the tracks were performed or presented at Canton’s restaurant 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*, 2014 WL 5817903, at *3 (citations omitted). This quick dismissal of Slep-Tone’s allegations illustrates a lack of understanding of Slep-Tone’s allegations. Slep-Tone’s allegations are not that “it was injured when the tracks were performed or presented,” but rather that Slep-Tone was injured and harmed when Slep-Tone’s SOUND CHOICE marks and Trade Dress were used and displayed during Lapadat’s karaoke shows. The Copyright Act will not protect Slep-Tone from the unauthorized and infringing use of its SOUND CHOICE marks and Trade Dress—that protection is granted by the Lanham Act. *See Coyne, et al.*, 2014 WL 1848735, at *8 (“The underlying

musical works that Slep-Tone modified and repackaged into accompaniment tracks are duly copyrighted, and Slep-Tone does not allege that Defendants failed to credit the original musicians and composers. Rather, Slep-Tone challenges Defendants' copying and usage of the Sound Choice mark without obtaining the requisite authorization from Slep-Tone.”).

Earlier this year, the reasoning in *Canton Phoenix* was rejected by another judge in the District of Oregon in another Slep-Tone case. *Slep-Tone Entertainment Corporation v. Grillhouse, Inc., et al.*, No. 6:13-cv-02016-TC (Doc. No. 39) (D. Or. Jan. 30, 2015) (available on CM/ECF) (Rejecting *Canton Phoenix* and stating “Plaintiff does not merely allege that plaintiff used its products without authorization. Instead, plaintiff alleges that its trademarks have been affixed to a *different* product. That *different* product, which is a media-shifted or format-shifted variant of the original Slep-Tone product, creates a reasonable likelihood that defendants' customers would be confused as to the source, identity, or sponsorship of this *different* product. As such, this Court declines to preclude plaintiff's trademark claims under *Dastar* or the illustration provided.”)). The *Canton Phoenix* decision has also been appealed.

The Court here should not follow *Canton Phoenix*, as Slep-Tone's causes of action are not preempted by the Copyright Act. Lapadat's motion to dismiss should be denied.

CONCLUSION

Plaintiff Slep-Tone respectfully requests that this Court deny Defendant Lapadat's motion to dismiss.

Respectfully submitted,

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