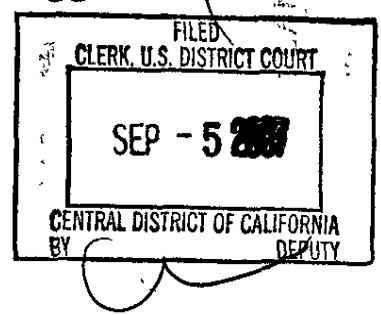


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UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA

STUDIOCANAL IMAGE S.A.,

Plaintiff,

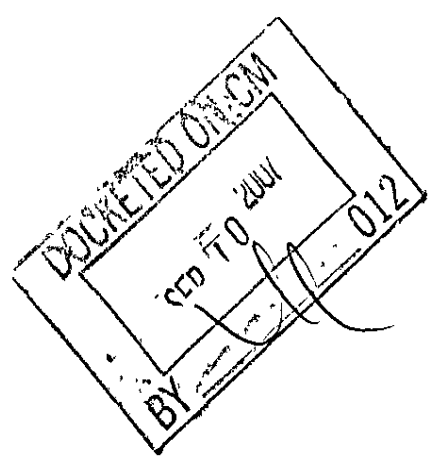
v.

REASON PICTURES, L.L.C., SON OF
RAMBOW, LIMITED, HAMMER &
TONGS LIMITED, CELLULOID
DREAMS SALES SRS, CELLULOID
DREAMS PRODUCTIONS SARL, and
PARAMOUNT PICTURES
CORPORATION,

Defendants.

Case No. CV 07-2527 GAF (SSx)

MEMORANDUM AND ORDER
REGARDING DEFENDANTS'
MOTION TO DISMISS



I.

INTRODUCTION

This action involves the alleged copyright and trademark infringement of Plaintiff StudioCanal Image S.A.'s film First Blood by the movie Son of Rambow, which is owned and distributed by Defendants Reason Pictures, L.L.C., Son of Rambow, Limited, Hammer & Tongs Limited, Celluloid Dreams Sales SRS, Celluloid

1 Dreams Productions Sarl, and Paramount Pictures Corporation. First Blood is an
2 early 1980s film featuring the iconic character John Rambo, an alienated Vietnam
3 veteran whose mistreatment by local law enforcement officers causes him to go on a
4 one-man rampage through a small Northwest town and the surrounding forest. Son
5 of Rambo, a comedy that has yet to be commercially released, is set in the English
6 countryside and presents the story of two prepubescent English schoolboys who are
7 inspired to produce their own movie about "Rambo" after viewing First Blood.

8 Because Son of Rambo's producers contemplated using brief segments
9 from First Blood in their movie, they negotiated a clip license with Plaintiffs authorizing
10 the use of 1 minute, 59 seconds, of film from First Blood. At the same time, the
11 parties attempted to negotiate a distribution option agreement, in which Plaintiff would
12 have the option to distribute Son of Rambo in the United Kingdom and Ireland in
13 exchange for a license for Defendants to use the characters, storyline, and title from
14 First Blood in their film. However, because the parties failed to reach an agreement
15 regarding the distribution rights, Plaintiff notified Defendants that they could not use
16 the trade name "RAMBO" without Plaintiff's permission. Nonetheless, in January
17 2007 Defendants displayed Son of Rambo at the Sundance Film Festival, after
18 which they entered into a distribution agreement with Paramount Pictures for
19 worldwide distribution of the film.

20 On April 16, 2007, Plaintiff filed this action against Defendants for copyright
21 infringement, trademark infringement, and other state law claims. They contend that
22 Defendants have violated the terms of the clip license, that the film infringes on the
23 copyright of First Blood, and that their use of the name and image of Rambo violates
24 their trademark rights. Defendants now move to dismiss the Amended Complaint
25 ("FAC") – the operative complaint – in its entirety. The Court concludes that, with one
26 small exception, Defendants have not violated the terms of the clip license, that Son
27 of Rambo does not infringe First Blood's copyright because it is not substantially
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1 similar to that film, but that Plaintiffs have stated a valid claim for violation of their
2 trademark rights. Thus, as explained in greater detail below, the motion is **GRANTED**
3 **IN PART** and **DENIED IN PART**.

4 **II.**

5 **STATEMENT OF FACTS**

6 The following facts are taken from the operative complaint in this case.

7 **A. THE PARTIES**

8 Plaintiff StudioCanal Image S.A. ("Plaintiff" or "SCI") produces and distributes
9 motion pictures and owns the copyrights, registered with the United States Copyright
10 Office under Registration No PA 155-219, in and to the motion picture First Blood.
11 (Id. ¶¶ 3, 14.) It also owns three registered trademarks in the name "RAMBO" for
12 three goods and services: (1) "photography services," (2) "action figures," and (3)
13 "knives, namely hunting knives, fishing knives, pocket knives, penknives." (Id. ¶ 16.)

14 Defendants Reason Pictures, L.L.C., Hammer & Tongs, Ltd., Son of Rambow,
15 Ltd., Celluloid Dreams Production Sarl, Celluloid Dreams Sales SRS, and Paramount
16 Pictures Corporation are all involved in the motion picture industry. (Id. ¶¶ 4-8.) They
17 are all the owners, producers, and/or distributors of the movie Son of Rambow. (Id. ¶
18 25.)

19 **B. THE WORKS**

20 **1. FIRST BLOOD**

21 Released in October 1982, First Blood is the story of John Rambo, a down-
22 and-out Vietnam veteran who ventures to the Pacific Northwest in search of a fellow
23 veteran who is the last living member of his green beret team. (Id. ¶ 17.) After
24 learning of his friend's death, Rambo is falsely arrested and mistreated by the city's
25 sheriff and his deputies. (Id. ¶ 18.) As he endures brutality at the hands of the police,
26 his combat training takes over as he experiences flashbacks of his torture as a
27 prisoner of war in Vietnam. (Id.) Rambo manages to escape from custody and leads
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1 authorities on a harrowing chase through the town and wilderness, while at the same
2 time coping with the grim reality of his return home from an unpopular war. (Id.)
3 During the ordeal, Rambo's former commanding officer, Colonel Trautman arrives to
4 aid law enforcement officials and eventually convinces Rambo to turn himself into the
5 authorities. (Id. ¶ 19.)

6 The character Rambo is "universally recognized by his physical appearance,"
7 which includes a bandana tied around his head, his "black mane of hair, dampened
8 by sweat and moisture," hanging over the bandana, and a muscular physique bulging
9 out from under his sleeveless shirt. (Id. ¶ 21.) Rambo uses paint to darken his face
10 and camouflage himself to evade detection and capture. (Id.) Colonel Trautman
11 arrives wearing an olive green army uniform denoting his rank as colonel and an olive
12 green beret, which is "draped on an angle sitting atop his light brown hair." (Id. ¶ 22.)
13 Trautman offers his assistance to the local authorities in their effort to locate and
14 capture Rambo.

15 **2. SON OF RAMBOW**

16 Son of Rambo, a film that has yet to be commercially released, is a coming-
17 of-age comedy set in the early 1980s English countryside and that tells the story of
18 Will, a young boy from a strict religious family, who accidentally befriends Carter, the
19 school troublemaker. (Id. ¶ 25.) While hiding from Carter's bullying older brother,
20 Will's life changes when he watches First Blood, the first and only movie he has ever
21 seen because his mother's fundamentalist religious sect forbids its members from
22 watching television or seeing movies. (Id.) Will, who has already been revealed as
23 an artistic and creative youngster, is completely taken by the movie and daydreams
24 about being like Rambo. (Id. ¶ 28.) In a dream sequence, "an animated Will" morphs
25 into a Rambo-type character by developing bulging muscles, wearing a bandana and
26 sleeveless T-shirt, and running through an animated jungle. (Id.)

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1 Will and Carter are so taken with First Blood that they set out to make their
2 own "Rambo" movie, with Carter as the director and initial mastermind behind the film.
3 (Id. ¶ 27; Neier Decl., Ex. A [Son of Rambow].) Will, at first only a stuntman,
4 eventually becomes a screenwriter and plays the role of "Son of Rambow" (the boys
5 misspell "Rambo"). While filming their movie, Will is often seen wearing a bandana
6 and sleeveless T-shirt. (FAC ¶ 29.) As Will is small in stature and slight in build,
7 there are no bulging muscles to be revealed. Carter assumes the role of the
8 "Colonel" and dons an army officer's jacket and green beret. (Id. ¶ 30.) In their film,
9 "Son of Rambow" attempts to save "Rambo," who is played by an incoherent elderly
10 man from Carter's family-owned nursing home. (Neier Decl., Ex. A [Son of
11 Rambow].) As they make their film, Will and Carter initially become close friends, but,
12 as Will develops a greater sense of himself, they fight and grow apart after more
13 children join the cast of their film. (Id.) Will also grows more independent from his
14 religious family as a result of making the movie, and triggers a family rebellion against
15 their fundamentalist religious sect. (Id.) By the end, the boys' finished film is
16 displayed in public, and the two, who had become completely estranged, reconcile.
17 (Id.)

18 **C. PLAINTIFF'S NEGOTIATIONS AND LICENSING AGREEMENT WITH DEFENDANTS**

19 In January 2006, Defendant Hammer & Tongs contacted Plaintiff to request
20 permission to use clips from First Blood in Son of Rambow. (FAC ¶ 32.) After almost
21 a year of negotiations, the parties finally reached an agreement on December 22,
22 2006 to grant Son of Rambow Limited the right to use certain clips of First Blood in
23 Son of Rambow (the "Clip License").¹ (Id. ¶ 34 & Neier Decl., Ex. C [Clip License].)
24 The Clip License provided that Defendants could use approximately 1 minute and 59
25 seconds of specifically identified film from First Blood, but barred Defendants from
26

27 ¹ The parties do not dispute the authenticity of the Clip License and both sides agree that the
28 Court may consider the Clip License for purposes of this motion.

1 making any change, modification, or edits in the clips "for any reason including but not
2 limited to a cutting or a compilation." (Id. ¶ 35 & Neier Decl., Ex. C [Clip License].)

3 Concurrently with the negotiations of the Clip License, Defendants attempted
4 to negotiate a license to use the characters, storyline, and title from First Blood in
5 exchange for an option for Plaintiff to acquire distribution rights for Son of Rambow in
6 the United Kingdom and Ireland. (Id. ¶ 36.) According to the FAC, the parties
7 negotiated a low licensing fee for the Clip License because Son of Rambow was a
8 low-budget film and because Plaintiff expected to acquire the option for the UK and
9 Ireland distribution rights. (Id.)

10 During the negotiations for an option agreement, Defendants displayed Son of
11 Rambow at the Sundance Film Festival on January 22, 2007, even though Plaintiff
12 had expressly prohibited Defendants from using the Rambo trade name before
13 reaching an agreement on the distribution rights. (Id. ¶ 38.) Soon thereafter,
14 Defendants ceased their negotiations with Plaintiff and entered into a distribution
15 agreement with Paramount, through its Paramount Vantage division, for worldwide
16 distribution of Son of Rambow. (Id.) The movie has yet to be released to the public.

17 **D. THE ARBITRABILITY OF DISPUTES RELATED TO THE TITLE SON OF RAMBOW**

18 Both Plaintiff and Defendant Paramount Pictures are subscribers to the
19 Motion Picture Association of America's Title Registration Bureau ("TRB"), which
20 functions as the "central registration bureau" for title of motion pictures released or
21 intended to be released in the United States. (8/17/07 Stipulation of Facts ("SOF") ¶¶
22 1-2; Ex. B [TRB Rules] § 2.1.) The TRB's Rules for Registration of and Disputes
23 Relating to United States Theatrical Motion Picture Titles ("TRB Rules") governs both
24 the registration of titles for U.S. motion pictures and disputes relating to registration
25 and use of such titles. (Id., Ex. B [TRB Rules] § 2.2.1.) As subscribers to the TRB,
26 Plaintiff and Defendant Paramount Pictures are bound by the TRB Rules. (Id. §

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1 2.2.2.) Among the provisions in the TRB Rules is a mandatory arbitration provision,
2 which provides in relevant part:

3 *Scope Of Submission To Arbitration.* Subscribers and their
4 Subsidiaries agree to submit, and . . . shall submit, to binding
5 arbitration before an arbitration panel of the Bureau (i) all disputes
6 relating to registration and use of titles to United States Theatrical
7 Motion Pictures, and (ii) all disputes arising out of the procedural and
8 substantive provisions of these Rules. Such issues as trademark
9 infringement and unfair competition, to the extent such issues are not
10 solely related to the use of a film title . . . do not fall within this
11 submission to arbitration. ***Any dispute as to arbitrability of any
12 issue shall be determined by arbitration hereunder.***

13 (Id. § 5.2.1 (emphasis added).)²

14 The motion picture title Son of Rambow was registered with the TRB on
15 January 24, 2007, and was published in the TRB's daily Title Registration Report that
16 same day. (Id. ¶ 4; Ex. A [1/24/07 Title Registration Report].) Plaintiff did not protest
17 the use of the title Son of Rambow with the TRB prior to filing this suit. (See Dinallo
18 Decl. ¶ 4.)

19 III.

20 DISCUSSION

21 A. THE LEGAL STANDARD FOR A RULE 12(B)(6) MOTION TO DISMISS

22 A court may not dismiss a complaint for failure to state a claim upon which
23 relief can be granted unless it appears beyond doubt that the alleged facts will not,
24 even if believed by a trier of fact, entitle him to relief on the theory he asserts. See
25 Bell Atl. Corp. v. Twombly, 127 S. Ct. 1955, 1968-69 (2007); Fed. R. Civ. P. 12(b)(6).

26 ² Defendants originally cited to the TRB Rules and presented evidence that Plaintiff and
27 Paramount were both subscribers to the TRB in conjunction with its motion to dismiss the
28 trademark infringement claim, insofar as that claim relates to the title Son of Rambow.
However, this evidence could not be considered on a Rule 12(b)(6) motion because it was
extrinsic evidence not referenced in the FAC or central to Plaintiff's claims. Marder v. Lopez,
450 F.3d 445, 448 (9th Cir. 2006). Accordingly, pursuant to Rule 12(b), the Court converted
Defendants' motion to dismiss the trademark infringement claim with respect to the title alone
into a motion for summary judgment and ordered the parties to submit a statement of stipulated
facts and further briefing regarding the arbitrability of this dispute.

1 The Court accepts all factual allegations pleaded in the complaint as true; it then
2 construes those facts, and draws all reasonable inferences therefrom, "in the light
3 most favorable to the nonmoving party." Cahill v. Liberty Mut. Ins. Co., 80 F.3d 336,
4 337-38 (9th Cir. 1996).

5 **B. ANALYSIS**

6 **1. FIRST CLAIM: COPYRIGHT INFRINGEMENT**

7 Defendants first argue that Plaintiff's claim for copyright infringement should
8 be dismissed because: (1) Son of Rambow's use of the First Blood clips is authorized
9 by the Clip License and does not infringe any copyrights; (2) the two films are not
10 substantially similar; and (3) Son of Rambow's use of First Blood characters qualifies
11 as fair use.

12 **a. Copyright Infringement of First Blood Clips in Son of Rambow**

13 Plaintiff first alleges that Defendants infringed on its copyrights by
14 manipulating clips from First Blood in ways not authorized by the Clip License. (FAC
15 ¶ 45.) It is undisputed that Plaintiff is the registered copyright owner of First Blood,
16 and that Defendants obtained a license to use certain clips from First Blood in their
17 film. However, Plaintiff contends that Defendants used the clips in ways that
18 exceeded the scope of the Clip License.

19 Even when a copyright owner licenses the work to a licensee, "[a] licensee
20 infringes the owner's copyright if its use exceeds the scope of its license." S.O.S.,
21 Inc. v. Payday, Inc., 886 F.2d 1081, 1087 (9th Cir. 1989) (citing Gilliam v. Am. Broad.
22 Cos., 538 F.2d 14, 20 (2d Cir. 1976)); accord Adobe Sys. Inc. v. One Stop Micro, Inc.,
23 84 F. Supp. 2d 1086, 1092 (N.D. Cal. 2000).

24 Here, the Clip License allowed Defendants to use five sets of clips from First
25 Blood, totaling approximately 1 minute and 59 seconds worth of footage. (Neier
26 Decl., Ex. C [Clip License, Ex. A].) Defendants incorrectly argue that if the Court
27 determines that their usage of the clips was inconsistent with the license's terms, the
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1 proper cause of action is breach of contract instead of copyright infringement. (Mot.
2 at 14-15.) As explained above, any use that exceeds the scope of a copyright license
3 can form the basis for a copyright infringement claim. S.O.S., Inc., 886 F 2d at 1087.

4 Plaintiff contends that the clip usage in Son of Rambow exceeds the scope of
5 the Clip License in three ways: (1) in Item 3, the scene where Will watches television
6 for the first time allegedly contains unauthorized dialogue; (2) in Item 4, the scene of
7 Will's dream has added animation, and the background has been edited out and
8 replaced "with something else"; and (3) in Item 5, the scene in which Will and Carter
9 watch their finished film in the theater contains a First Blood clip of soldiers firing
10 guns, which has been manipulated to fit "into an unauthorized film within a film."
11 (Opp. at 6-7.)

12 As to Item 3, Plaintiff incorrectly asserts that Son of Rambow has used
13 unauthorized portions of the clip. The Clip License specifically identifies the
14 authorized dialogue by the beginning and ending lines, separated by an ellipsis.
15 (Neier Decl., Ex. C [Clip License, Ex. A].) The dialogue as used in Son of Rambow
16 falls within the dialogue listed in the Clip License. Though the Clip License specifies
17 two different sets of dialogue, and Son of Rambow reverses the order of the sets in
18 the movie, the Clip License does not specify that the dialogue must be used in the
19 same order specified in the Clip License. Thus, the reversal of the sets of dialogue
20 does not constitute copyright infringement.

21 In addition, at oral argument, Plaintiff asserted that the repeated use of a clip
22 from Item 1 (which describes the scene where Rambo holds a knife to the sheriff's
23 throat) in close proximity to the montage of scenes in Item 3 exceeded the scope of
24 the Clip License. However, unlike the other listed items, which specify a specific
25 scene in Son of Rambow where the clip is to be used, Item 1 does not state which
26 scene this clip must be in, nor does it state that the clip can only be used once in the
27 movie. Thus, Son of Rambow's use of the Rambo/sheriff clip during the scene where
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1 Will sees First Blood for the first time is not prohibited by the Clip License and does
2 not constitute copyright infringement.

3 However, as to Items 4 and 5, Defendants have admitted that they have
4 modified these scenes. For Item 4, Defendants have altered the scene by editing out
5 the background of clips depicting Rambo and replacing them with another
6 background. Defendants also added various animation to the clips, such as prison
7 bars, chains, and a lock. For Item 5, Defendants have interspersed the clip of the
8 troops in flank position into Will and Carter's film and added Will and Carter's
9 voiceovers to one portion of the clip. The Clip License explicitly states that "no
10 changes or modifications may be made to the Material (including without limitation the
11 audio and/or video portion thereof as applicable) . . . [and the clips] cannot be edited
12 for any reason including but not limited to a cutting or compilation." (See Neirer Decl.,
13 Ex. C [Clip License].) Thus, because Defendants have modified these clips, the
14 Court cannot decide on this motion that Defendants' use of the clips did not exceed
15 the scope of the Clip License.

16 Defendants argue that any "manipulation" of the clips on their part does not
17 exceed the scope of the license because Plaintiff represented in the contract that they
18 had "read the script . . . and that [they] are happy with the context in which the Clips
19 are used, as described in the version of the script dated April 28, 2006." (*Id.*) The
20 descriptions in the Clip License of how the clips are to be used are admittedly broad,
21 and, accordingly, an inquiry into the scene descriptions contained in the April 28,
22 2006 script is necessary to determine whether Defendants did indeed violate the
23 License. Moreover, just because Plaintiff stated that it was "happy" with the intended
24 use of the clips does not necessarily mean that they approved of any unauthorized
25 modification of the clips. Thus, the Court **DENIES** the motion with respect to
26 copyright infringement of the clips listed in Items 4 and 5, but **GRANTS** the motion as
27 it pertains to any infringement for clips listed in Items 1 and 3.

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1 **b. Alleged Substantial Similarity Between First Blood and Son of**
2 **Rambow**

3 Plaintiff also contends that the two films themselves are substantially similar,
4 and thus Defendants are liable for copyright infringement on this additional basis.
5 Defendants argue that there is no substantial similarity between elements of Son of
6 Rambow and elements of First Blood.³ While courts generally consider whether a
7 plaintiff has a viable copyright infringement claim at the summary judgment stage,
8 see, e.g., Kouf v. Walt Disney Pictures & Television, 16 F.3d 1042, 1043 (9th Cir.
9 1994), courts may dismiss copyright infringement claims at the pleading stage where
10 no substantial similarity between the works exists. See, e.g., Christianson v. West
11 Pub. Co., 149 F.2d 202, 203 (9th Cir. 1945) (“when the copyrighted work and the
12 alleged infringement are both before the court, capable of examination and
13 comparison, non-infringement can be determined on a motion to dismiss”); Gal v.
14 Viacom Int’l, Inc., 403 F. Supp. 2d 294, 305 (S.D.N.Y. 2005) (“a district court may
15 make [the] determination [of substantial similarity between two works] on a motion to
16 dismiss for failure to state a claim under Rule 12(b)(6)”); Cano v. A World of
17 Difference Inst., No. C 95-03291 CW, 1996 WL 371064, at *1 (N.D. Cal. May 31,
18 1996) (granting defendant’s motion for judgment on the pleadings as to copyright
19 infringement claim where no substantial similarity existed).

20 //

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22 _____
23 ³ Plaintiff initially asserts that the question of substantial similarity should not be decided at the
24 pleading stage because the Court should not consider documents outside the complaint. In
25 their motion, Defendants have provided a DVD copy of Son of Rambow, which has yet to be
26 commercially released. With no basis whatsoever, Plaintiff disputes the authenticity of the copy
27 because it cannot confirm whether it was the same version shown at the Sundance Film
28 Festival. In response, Defendants have proffered a declaration stating that the attached Son
of Rambow DVD is a true and correct copy and is identical to the version exhibited at the
Sundance Film Festival except for minor technical enhancements. (Wiseman Decl. ¶ 3.) Thus,
the Court considers the Son of Rambow DVD copy for purposes of this motion because it is a
document central to the complaint. Marder, 450 F.3d at 448

1 ***i. The Legal Standard for Copyright Infringement***

2 Copyright law does not protect ideas themselves, but rather the **expression**
3 of those ideas. Metcalf v. Bochco, 294 F.3d 1069, 1074 (9th Cir. 2002) (citing Kouf,
4 16 F.3d at 1045). Unprotectable elements include general plot ideas and “scenes à
5 faire,” which are scenes that flow naturally from unprotectable basic plot premises. Id.
6 On the other hand, protectable elements include the “specific details of an author’s
7 rendering of ideas, or the actual concrete elements that make up the total sequence
8 of events and the relationships between the major characters.” Id. (citation and
9 internal quotation marks omitted). Courts “must take care to inquire only whether the
10 **protectable elements, standing alone**, are substantially similar.” Cavalier v.
11 Random House, Inc., 297 F.3d 815, 822 (9th Cir. 2002) (citations and internal
12 quotation marks omitted) (emphasis in original).

13 With those general principles in mind, courts have held that, to establish a
14 successful copyright infringement claim, a plaintiff must show that: (1) it owns the
15 copyright; and (2) defendant(s) copied or infringed the protected elements of the
16 work. Shaw v. Lindheim, 919 F.2d 1353, 1356 (9th Cir. 1990); 4-13 Melville B.
17 Nimmer, et al., Nimmer on Copyright § 13.01 (2005). Absent direct evidence of
18 copying, proof of infringement involves fact-based showings that (1) the defendant(s)
19 had access to the plaintiff’s work; and (2) the two works are “substantially similar.”
20 Funky Films, Inc. v. Time Warner Entm’t Co., 462 F.3d 1072, 1076 (9th Cir. 2006)
21 (citing Three Boys Music Corp. v. Bolton, 212 F.3d 477, 481 (9th Cir. 2000)). Where
22 a high degree of access is shown, courts require a lower standard of proof for
23 substantial similarity. Swirsky v. Carey, 376 F.3d 841, 844 (9th Cir. 2004) (citing
24 Bolton, 212 F.3d at 485).

25 In determining whether two works are substantially similar, the court employs
26 the “extrinsic test,” which objectively measures the “articulable similarities between
27 the plot, themes, dialogue, mood, setting, pace, characters, and sequence of events.”
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1 Rice v. Fox Broad. Co., 330 F.3d 1170, 1174 (9th Cir. 2003) (quoting Kouf, 16 F.3d at
2 1045). In applying the extrinsic test, the court “compares, not the basic plot ideas for
3 stories, but the actual concrete elements that make up the total sequence of events
4 and the relationships between the major characters.” Funky Films, 462 F.3d at 1077
5 (quoting Berkic v. Crichton, 761 F.2d 1289, 1293 (9th Cir. 1985)). Courts must also
6 distinguish between the protectable and unprotectable material because a party
7 claiming infringement cannot rely upon any similarity in expression resulting from
8 unprotectable elements. Id. (citing Cavalier, 297 F.3d at 822-23). A second test, the
9 subjective “intrinsic test,” is a question left to a jury if the works are found to be
10 substantially similar under the “extrinsic test,” and the case survives summary
11 judgment. Swirsky, 376 F.3d at 845.

12 ***ii. Application***

13 The FAC sufficiently alleges, and Defendants do not dispute, that Plaintiff
14 owns the copyright to First Blood (FAC ¶ 14), and that Defendants had access to this
15 work. (Id. ¶¶ 32-34.) Accordingly, aside from the use of specific First Blood clips, the
16 inquiry here is whether the two works are substantially similar. Because the allegation
17 of access is taken as true for purposes of this motion, a “lower standard of proof of
18 substantial similarity” is required. Bolton, 212 F.3d at 485

19 Throughout its FAC, Plaintiff compares Son of Rambow with First Blood,
20 focusing in particular on the characters Will and Carter in the former with the
21 characters Rambo and Colonel Trautman in the latter. (See FAC ¶¶ 18-30.) On a
22 general level, there are similarities between the two works. For example, Son of
23 Rambow and First Blood both contain characters engaged in action sequences and
24 stunts. However, as explained below, the two works are not substantially similar
25 under the extrinsic test, even with the lower standard of proof.

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1 (a). Plot

2 First, there is no substantial similarity in plot between the two works. Whereas
3 First Blood is a dramatic action film, Son of Rambow is a light and heartwarming
4 comedy. Although both works feature "Rambo" characters, the level of similarity ends
5 there and is not enough to make the plots of the two works "substantially similar."
6 Berkic, 761 F.2d at 1293 (court must look beyond the "vague, abstracted idea of a
7 general plot" under substantial similarity test).

8 First Blood is a "harrowing portrayal of the authorities' search for Rambo," a
9 "grizzled Vietnam veteran" who is falsely arrested by a local sheriff's department and
10 who "evades their clutches and copes with the grim realities of his return home from
11 an unpopular war." (FAC ¶¶ 18, 20.) In contrast, Son of Rambow is "a coming-of-age
12 tale set in England" involving a "young boy in a strict religious family whose world
13 changes when he watches 'First Blood' and sets out" with his friend "to make an
14 adaptation of that film." (Id. ¶¶ 25-29.) It centers around two boys who are making a
15 movie together and how they become close friends. The plot of "making a movie" is
16 nowhere to be found in First Blood.

17 The plot of the movie Will and Carter eventually make – also called "Son of
18 Rambow" – is also substantially dissimilar from the plot of First Blood. In Will and
19 Carter's movie, "Rambo" has been kidnapped, and "Son of Rambow" and the
20 "Colonel" embark on a joint mission to rescue "Rambo." They encounter ninja-type
21 enemies, as well as the "Evil Scarecrow," who is holding "Rambo" captive. "Son of
22 Rambow" eventually saves "Rambo" (who is played by a geriatric patient in a nursing
23 home) in a final, epic battle with the "Evil Scarecrow." As the "Evil Scarecrow" dies,
24 he tells "Son of Rambow" to tell the scarecrow's brother – the "Colonel" – that he
25 loves him. Will and Carter's movie ends on an image of "Son of Rambow" and the
26 "Colonel" becoming blood brothers. This plot of two friends joining forces to save a
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1 loved one is not in any way similar to the plot in First Blood, which focuses only on
2 Rambo's solitary and violent standoff from law enforcement authorities.

3 Despite the marked and obvious dissimilarities between the two movies,
4 Plaintiff argues that a comparison of selected scenes from the two works containing
5 random similarities in the films makes them substantially similar. However, the Ninth
6 Circuit has warned that in comparing two works, "[w]e are particularly cautious where
7 . . . the list emphasizes random similarities scattered throughout the works." Litchfield
8 v. Spielberg, 736 F.2d 1352, 1356 (9th Cir. 1984). Litchfield could easily be talking
9 about Plaintiff's efforts in this case. First, Plaintiff notes that both films use a
10 scarecrow as a prominent plot device. While both films do feature a scarecrow, the
11 purpose of the scarecrow in the plots is very different. In First Blood, Rambo creates
12 a scarecrow to throw off those pursuing him. In Son of Rambow, Will dreams of an
13 animated scarecrow who tries to attack him, but Will fights back. The scarecrow is
14 also the chief villain in Will's and Carter's movie. Although both films involve a
15 scarecrow, the use of the scarecrow differs markedly in its role within Son of
16 Rambow's plot.

17 Next, Plaintiff argues that Rambo throwing a rock at a helicopter window,
18 thereby causing a police officer to fall to his death, is similar to Carter throwing a ball
19 at a tree, causing a man to fall in a similar fashion. This argument ignores that the
20 scenes in the two films depict drastically different situations. In First Blood, Rambo
21 throws the rock to defend himself against gunfire and causes another man's death. In
22 Son of Rambow, by contrast, Carter throws the ball merely as one of the many
23 mischievous things he does, and kills no one. One cannot fairly describe these two
24 scenes as substantially similar.

25 Moreover, Plaintiff alleges that the scene in which dogs chase Rambo in First
26 Blood is substantially similar to the flying dog statue that helps "Son of Rambow" find
27 his father in Will's and Carter's movie. (Opp. at 8.) This argument is not persuasive.
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1 In First Blood, the dogs are menacing attackers, chasing Rambo by foot, but in Son of
2 Rambow, the “flying dog” statue is attached to a kite and guides the character “Son of
3 Rambow” in the right direction to locate his father. One scene is suspenseful, the
4 other humorous.

5 Plaintiff also argues that Rambo escaping by motorcycle is substantially
6 similar to Carter avoiding escape while riding his bike. As a school boy, Carter uses
7 the bicycle throughout Son of Rambow, whereas Rambo commandeers the
8 motorcycle only during a heated car chase and then abandons it. Aside from a
9 standard chase scene common in any action movie, these two scenes do not support
10 Plaintiff’s argument that the movies are substantially similar.

11 Plaintiff also draws similarities between “action sequences” of the two movies.
12 (Opp. at 7-9.) Because the two boys in Son of Rambow are making their own version
13 of First Blood, they attempt to recreate (usually with humorous results) some and
14 reinterpret other scenes from that film. In Son of Rambow, the boys’ recreated
15 scenes are humorous, occasionally resulting in their near-injury. This is contrasted
16 with First Blood’s serious execution of flawless and dramatic action sequences. For
17 example, Plaintiff argues that Rambo being sprayed with a high-powered hose by
18 police in First Blood is substantially similar to Will being sprayed by Carter in Son of
19 Rambow. In First Blood, Rambo is being tormented by police. As they spray his
20 nude body with a high-powered hose, he experiences flashbacks from his horrific
21 torture as a prisoner of war. By contrast, Carter sprays Will with a high-powered hose
22 for their film, causing Will to fly in the air. The scene is played for laughs because
23 Will flies through the air due to his minuscule size compared to the force of the water.
24 These scenes are not substantially similar.

25 Similarly, in First Blood, Rambo jumps off a cliff and falls through trees,
26 breaking branches on the way to the ground. In Son of Rambow, though Will also
27 falls out of a tree and breaks branches in a similar manner, both scenes’ effect is
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1 different. In First Blood, Rambo dramatically hangs by his fingertips from the cliff,
2 before dropping into the tree. But in Son of Rambow, Will readily and unhesitatingly
3 jumps, his childlike trust seemingly protecting him from the tree's blows. Will's joyful
4 jump, coupled with Carter's amazement and awe, are funny instead of gripping.

5 Son of Rambow also contains action scenes not included in First Blood. For
6 example, Carter catapults Will through the air, a scene not featured in First Blood.
7 Additionally, in an important scene, Will swings on a vine and drops into the middle of
8 a pond, only to nearly drown. Carter then dives in to save his friend. The scene is
9 both poignant and funny, and is, of course, not found in First Blood.

10 Finally, Plaintiff's discussion of plot ignores the overall plot structure of Son of
11 Rambow, which contains far more scenes involving Will and Carter, their families, the
12 school attended by Will and Carter, the Carter family's nursing home, the members of
13 the religious sect, and the French visitors to the school. No one watching this movie
14 and observing its plot could mistake it, or any part of it, for First Blood.

15 (b). Characters

16 Second, the characters in both works are vastly different. Plaintiff first
17 attempts to draw similarities between Rambo and Will. Rambo is a former green
18 beret who is haunted by the torture and violence he experienced in Vietnam. He has
19 bulging muscles and goes on a one-man rampage after local sheriff's authorities
20 falsely incarcerate him. Throughout the movie, he is portrayed as a loner who
21 struggles both with the demons from his past and adapting to a society that no longer
22 looks favorably at the service he gave and sacrificed for his country. In contrast, Will
23 is a young English boy who comes from a strict religious upbringing and has a vivid
24 imagination after viewing First Blood. Over the course of the movie, he grows more
25 independent from his religious family and develops a close bond and friendship with
26 his fellow classmate Carter, the school troublemaker. He is not emotionally scarred
27 by the terrors of war, but rather experiences a journey of self-discovery and learns to
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1 become a better friend and human being. Physically, he is a short, slight boy whose
2 donning of the Rambo-style sleeveless T-shirts and a bandana while playing "Son of
3 Rambo," exposes his thin and tiny frame, which bears no resemblance to Rambo's
4 muscular physique. One would need an imagination greater than Will's to suppose
5 that there are substantial similarities between the two characters.

6 Plaintiff also compares the characters of Colonel Trautman and Carter.
7 Colonel Trautman, who wears his military uniform and a green beret, is a seasoned
8 and experienced war veteran who was Rambo's commanding officer in Vietnam. He
9 is stern, unemotional, and maintains a strong front around others. He acts as a figure
10 of authority and the voice of reason for Rambo in attempting to persuade Rambo to
11 surrender. When Rambo and Colonel Trautman meet face to face and Rambo starts
12 breaking down emotionally, Colonel Trautman maintains a stoic demeanor as he
13 helps Rambo turn himself into the authorities. Though Carter wears an army uniform
14 and a green beret when he plays the "Colonel" in his film, the similarities end with
15 these superficial props. Although he would like to present himself as an authority
16 figure, he is an authority only on getting into trouble. In reality, he, like Will, is a young
17 boy with his own personal struggles that center on his absentee mother and his
18 abusive, inconsiderate older brother. Carter is a lonely young boy who seeks ways to
19 get his family to care about him and seems unable to get attention in any way other
20 than by getting himself in trouble at school. For these reasons, his relationship with
21 Will becomes very important to him, though he tries to signal otherwise by attempting
22 to maintain an aloof, detached attitude toward Will. But when Will becomes involved
23 with the visiting French students and seizes control of their movie project, Carter
24 becomes at first offended and then deeply saddened that even his own best friend
25 would hurt him. Even when he sees his finished film for the first time, he sheds tears,
26 which is in stark contrast to Colonel Trautman's serious demeanor.

1 Aside from the traits of the individual lead characters in the two movies, the
2 relationships between Rambo and Colonel Trautman in First Blood and Will and
3 Carter in Son of Rambow further highlight the substantial differences among all of
4 them. In First Blood, Rambo and Colonel Trautman have a long history going back to
5 their time spent together in Vietnam. As a result, the Colonel understands Rambo's
6 psyche and is instrumental in ultimately stopping Rambo's rampage in the small
7 Pacific Northwest town. The two characters do not even meet face to face until the
8 very end of the film when the Colonel stops Rambo from killing the sheriff and
9 persuades him to surrender. By contrast, in Son of Rambow, Will and Carter meet for
10 the first time just after the beginning of the movie, and they quickly bond to become
11 best friends. The plot of the movie centers around their growing friendship, their
12 efforts to make a movie together, and the trials that prepubescent children go
13 through, such as learning to trust each other and helping each other out even when
14 one has wronged the other. Will and Carter are often featured in the same scenes
15 together, as both are actively involved in the production of their movie. Thus, First
16 Blood depicts two adult male characters who were colleagues in military combat, but
17 who interact very little during the film, while Son of Rambow depicts two adolescent
18 boys whose interaction is the central focus of the film. The characters could hardly
19 be more dissimilar.⁴

20 In sum, while the boys "play" characters while creating their adaptation who
21 are intended to depict characters in First Blood, the boys themselves are not Rambo
22 or the Colonel but rather have their own versions and interpretations of those

25 ⁴ Plaintiff also attempts to argue that because "Will" is a name of a character in both films, this
26 is more support for substantial similarity. In Son of Rambow, Will is the name of the young
27 protagonist who idolizes Rambo and imagines he is Rambo's son. By contrast, in First Blood,
28 Will is the first name of the overbearing sheriff who has a vendetta to capture Rambo after he
escapes. The two characters are thus notably different. Moreover, Will is not such a unique
name that it is entitled to copyright protection.

1 characters as one aspect of Son of Rambow. Accordingly, the Court concludes that
2 there are no substantial similarities between the characters in both works.

3 (c). Dialogue

4 Third, Plaintiff asserts that the dialogue is substantially similar in the two
5 works, noting that Son of Rambow recites First Blood's most memorable dialogue. In
6 particular, Plaintiff argues that characters in Son of Rambow uses three of the original
7 film's phrases: (1) "They [You] drew first blood"; (2) "Don't push it"; and (3) "He's [I've]
8 been trained to ignore pain and live off the land." (Opp. at 8.) Concededly, there is
9 similarity between these lines, since they are nearly identical (with the exception of
10 employing different pronouns). However, considering the amount of dialogue in the
11 two films, the use of these phrases, taken in context, does not establish substantial
12 similarity between the two works.⁵ This is not enough language to establish
13 substantial similarity between the two works.

14 (d). Other Factors

15 Though the parties do not discuss the other factors relevant to the substantial
16 similarity analysis, a brief discussion of these factors also demonstrates that the
17 elements of both works are not substantially similar.

18 First, the *themes* of the two works are vastly different. First Blood deals with
19 the problems a Vietnam veteran experiences upon returning home, his alienation, and
20 subsequent violent conflict with authorities. Son of Rambow, in contrast, contains
21 themes of childhood, fantasy, religion, friendship, and growing up. Though Son of
22 Rambow occasionally deals with conflict, such as when Will and Carter squabble with
23 each other, this conflict in no way matches the level of conflict depicted in First Blood
24 – Rambo's lone struggle to both deal with his war experience and defend himself

25 ⁵ Moreover, since the phrases used in First Blood are hardly unique and themselves draw upon
26 commonly understood cliches, Plaintiffs can hardly claim that their use somehow renders them
27 unique and protectable. If Rambo had, perhaps, said "sleep knits up the raveled sleeve of
28 care," and if those words had first appeared in First Blood, Plaintiff might have an argument.
Otherwise, don't push it

1 against over 200 sheriff's deputies and National Guardsmen. Thus, there is no
2 substantial similarity in themes between the two works.

3 Second, the two films were intended to and in fact created markedly different
4 **moods**. First Blood is a dark, tension-filled depiction of a falsely imprisoned man's
5 struggle with the demons of his past and his zealous pursuers. The main character
6 Rambo was tortured in the war, is haunted by the fact that all members of his unit
7 died, experiences horrific flashbacks, and evades police arrest by hiding in the
8 mountains and fighting ruthlessly. By contrast, Son of Rambow is generally
9 humorous and touching. Although there are some serious scenes, they in no way
10 match the grim tone of First Blood. Thus, while First Blood is primarily filled with
11 dramatic storylines involving alienation and action, Son of Rambow presents a
12 glimpse, presented seriously but with a light touch, into two very different boys'
13 struggles with growing up through the lens of their common passion for making a
14 movie. In this way, the movie also addresses the power of contemporary culture in
15 general and movies in particular, as Will's viewing of First Blood is the wedge that
16 ultimately results in his family's break with their religion. Thus, the moods in both
17 works are not substantially similar.

18 There is also no substantial similarity in **setting** between the two works.
19 Geographically, First Blood primarily takes place in the Pacific Northwest, while Son
20 of Rambow is based in England. As far as physical settings, scenes in First Blood
21 primarily occur in the rugged wilderness and in a police station. Scenes from Son of
22 Rambow take place in both of the boys' homes, at school, in a movie theater, in the
23 countryside as they film their movie, and around their English town. Thus, the
24 settings of the two works are not substantially similar.

25 Moreover, the **pace** of the two works is dissimilar. First Blood is action-
26 packed and fast-paced, taking place over a few days, and combines multiple action
27 sequences and flashbacks. By contrast, Son of Rambow moves at a slower pace,
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1 taking place over the course of several weeks. Individual scenes in both films are
2 generally brief, but in a manner similar to many other films. Thus, the pace of the two
3 works is not substantially similar.

4 Finally, the **sequence of events** of the two works is vastly different due to the
5 dissimilarity in the plots. As First Blood begins, Rambo is walking by foot to find his
6 friend through mountain roads in the Pacific Northwest. The film employs flashbacks
7 of Rambo's captivity in Vietnam while progressing in an otherwise linear manner as
8 Rambo gets arrested, escapes, flees into the woods, fends off law enforcement, and
9 is eventually captured. Although Son of Rambow also progresses in a linear fashion,
10 the similarity stops there. Son of Rambow begins with Will drawing his imaginative
11 creations in his bible, hiding away in his deceased father's shed. Over the course of
12 the film, which takes place over several weeks, Will meets Carter, sees First Blood,
13 undertakes the task of creating his own film, gets in trouble at home, and eventually
14 learns to be a better friend. Though both works generally progress in a linear fashion,
15 the vast difference in the events in both films prevents the sequence of events from
16 being substantially similar.

17 Thus, after considering **all** the elements of the "extrinsic test," the Court
18 concludes that First Blood and Son of Rambow are not "substantially similar."
19 Accordingly, the Court **GRANTS** the motion to dismiss the copyright infringement
20 claim, except as to the use of First Blood clips listed in Items 4 and 5 of the Clip
21 License. Because the Court concludes the works are not substantially similar, the
22 Court does not address Defendants' fair use defense.

23 **2. TRADEMARK INFRINGEMENT UNDER THE LANHAM ACT CLAIM**

24 Defendants also move to dismiss Plaintiff's claim for trademark infringement
25 under the Lanham Act. They assert three arguments: (1) the trademark claim, insofar
26 as it pertains to a dispute over the Son of Rambow title, is subject to mandatory
27 arbitration; (2) the Son of Rambow title is entitled to First Amendment protection; and
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1 (3) to the extent this claim is not arbitrable, Defendants' use of Plaintiff's mark does
2 not create a likelihood of confusion.

3 **a. Arbitration**

4 Defendants first assert that because both Plaintiff and Defendant Paramount
5 are subscribers to the TRB, they are bound by that body's mandatory arbitration
6 provisions contained in the TRB Rules to handle disputes over Son of Rambow's title.
7 The Federal Arbitration Act provides that arbitration agreements "shall be valid,
8 irrevocable, and enforceable, save upon such grounds as exist at law or in equity for
9 the revocation of any contract." 9 U.S.C. § 2. Section 2 is a "congressional
10 declaration of a liberal federal policy favoring arbitration agreements." Moses H.
11 Cone Mem'l Hosp. v. Mercury Constr. Corp., 460 U.S. 1, 24 (1983). However, the
12 FAA does not address the question of the scope of the arbitration provision or
13 whether an arbitrator has authority to determine the issue of arbitrability in the first
14 instance. Accordingly, the Supreme Court has held, "Courts should not assume that
15 the parties agreed to arbitrate arbitrability unless there is clear and unmistakable
16 evidence that they did so." First Options of Chicago, Inc. v. Kaplan, 514 U.S. 938,
17 944 (1995) (internal quotation marks and alterations omitted). But where such
18 evidence exists, the matter should be referred to the arbitrator. Poponin v. Virtual
19 Pro, Inc., No. C 06-4019 PJH, 2006 WL 2691418, at *9 (N.D. Cal. Sept. 20, 2006)
20 (citing Contec Corp. v. Remote Solution Co., 398 F.3d 205, 208 (2d Cir. 2005)).

21 Here, the TRB Rules explicitly provide that "[a]ny dispute as to arbitrability of
22 any issue shall be determined by arbitration hereunder." (8/17/07 Stipulation, Ex. B
23 [TRB Rules] § 5.2.1.) Both Plaintiff and Defendants agree that the question of
24 whether the title dispute is arbitrable should be decided by an arbitrator. (Pl.'s
25 8/27/07 Mem. at 5; Defs.' 8/27/07 Supp. Mem. at 3.) If the arbitrator concludes that
26 the claim is arbitrable, then, per the TRB Rules, it must determine whether the title
27 violates Plaintiff's trademark.

1 As to the Defendants who are not subscribers to the TRB, any decision by the
2 arbitrator, like a judgment of a court, could have preclusive effect if the elements of
3 collateral estoppel are present. See Clark v. Bear Stearns & Co., 966 F.2d 1318,
4 1320-21 (9th Cir. 1992). However, the collateral estoppel effect of an arbitrator's
5 award cannot be determined until the arbitration is complete and scope of the order
6 examined. Dean Witter Reynolds, Inc. v. Byrd, 470 U.S. 213, 223 (1985). Because
7 of the uncertainty of the binding effect, if any, of the arbitrator's decision regarding
8 trademark infringement of the title Son of Rambow, the continued litigation of that
9 issue as to the non-signatory defendants would not be in the interests of judicial
10 economy. Accordingly, the Court **STAYS** the trademark infringement claim, insofar as
11 it relates to the title Son of Rambow, as to all Defendants pending the decision of the
12 arbitrator. 9 U.S.C. § 3; Moses H. Cone, 460 U.S. at 21 n.23 (district court has
13 discretion to stay litigation among non-arbitrating parties pending the outcome of
14 arbitration). The Court does not address the First Amendment argument at this time
15 because if this dispute is arbitrable, that argument should be considered by the
16 arbitrator.

17 **b. Likelihood of Confusion**

18 Defendants also argue that to the extent the trademark infringement claim
19 does not pertain to the title, the claim fails because there is no likelihood of confusion
20 as to the source of the marks.

21 To establish a traditional trademark infringement claim, a plaintiff must
22 demonstrate: (1) the existence of a trademark, and (2) the subsequent use of that
23 mark by another in a manner likely to create consumer confusion. Comedy III Prods.,
24 Inc. v. New Line Cinema, 200 F.3d 593, 594 (9th Cir. 2000).

25 Here, the FAC alleges that Plaintiff has protectable interests in three
26 registered trademarks for the name "RAMBO": "photography services," "action
27 figures," and "knives, namely hunting knives, fishing knives, pocket knives,

1 penknives.” (FAC ¶ 16.) These facts sufficiently allege the existence of Plaintiff’s
2 trademarks.

3 The question then is whether a defendant’s use of the mark would create a
4 likelihood of confusion as to the source of the product. Karl Storz Endoscopy-Am.,
5 Inc. v. Surgical Techs., Inc., 285 F.3d 848, 853-854 (9th Cir. 2002); Dr. Seuss Enters.,
6 L.P. v. Penguin Books USA, Inc., 109 F.3d 1394, 1403-04 (9th Cir. 1997). To
7 determine whether a competing mark presents a likelihood of confusion, Ninth Circuit
8 courts use the following Sleekcraft factors: “(1) the strength of the mark(s); (2)
9 relatedness of the goods; (3) similarity of the marks; (4) evidence of actual confusion;
10 (5) marketing channels used; (6) degree of consumer care; (7) defendant’s intent;
11 [and] (8) likelihood of expansion.” Au-Tomotive Gold, Inc. v. Volkswagen of Am., Inc.,
12 457 F.3d 1062, 1076 (9th Cir. 2006) (citing Survivor Media, Inc. v. Survivor Prods.,
13 406 F.3d 625, 631 (9th Cir. 2005); AMF Inc., v. Sleekcraft Boats, 599 F.2d 341, 348-
14 49 (9th Cir. 1979)). “These elements are not applied mechanically; courts may
15 examine some or all of the factors, depending on their relevance and importance.” Id.

16 In this case, Defendants argue that the Court should dismiss the trademark
17 infringement claim for lack of confusion because Son of Rambow is not related to
18 Plaintiffs’ photography services, action figures, or knives. In support, Defendants cite
19 Murray v. Cable Nat’l Broad. Co., 86 F.3d 858, 861 (9th Cir. 1996), which affirmed a
20 district court’s dismissal of a trademark infringement claim at the pleading stage
21 because the goods and services at issue were unrelated.

22 While the Court agrees that the movie is unrelated to photography services,
23 action figures, or knives, the Ninth Circuit has recently emphasized, “[W]e have never
24 countenanced a likelihood of confusion determination based on . . . the consideration
25 of any single [Sleekcraft] factor. Instead, we have regularly applied all the relevant
26 factors, noting that a final likelihood of confusion determination may rest on those
27 factors that are of the most relative importance in any particular case.” Jada Toys,

1 Inc. v. Mattel, Inc., — F.3d —, 2007 WL 2199286, at *2 (9th Cir. Aug. 2, 2007)
2 (reversing grant of summary judgment of trademark infringement claim based solely
3 on consideration of dissimilarity of the marks). Thus, Defendants' argument that the
4 Court consider only one factor – the relatedness of the goods – is contrary to Ninth
5 Circuit jurisprudence.

6 Because other factors, such as the strength and similarity of the marks, may
7 weigh in favor of Plaintiff, the Court is reluctant to adjudicate this claim at this stage.
8 Plaintiff is entitled to conduct discovery, which may produce evidence supporting a
9 finding of likelihood of confusion. Thus, the motion to dismiss the trademark
10 infringement claim that does not encompass the title is **DENIED**.

11 **3. SECTION 17200 UNFAIR COMPETITION CLAIM**

12 Next, Defendants move to dismiss Plaintiff's unfair competition claim. Section
13 17200 prohibits any unlawful, unfair or fraudulent business practice. Kodadek v. MTV
14 Networks, Inc., 152 F.3d 1209, 1212 (9th Cir. 1998). It functions by "borrowing
15 violations of other laws and treating those transgressions, when committed as a
16 business activity, as unlawful business practices." Stevens v. Superior Court, 75 Cal.
17 App. 4th 594, 602 (Ct. App. 1999) (internal citations and quotation marks omitted).
18 "Its coverage is sweeping, embracing anything that can properly be called a business
19 practice and that at the same time is forbidden by law." Cel-Tech Commc'ns, Inc. v.
20 Los Angeles Cellular Tel. Co., 20 Cal. 4th 163, 180 (1999) (internal citations and
21 quotation marks omitted). The California Supreme Court has held that the word
22 "unfair" in Section 17200 means "conduct that threatens an incipient violation of an
23 antitrust law, or violates the policy or spirit of one of those laws because its effects are
24 comparable to or the same as a violation of the law, or **otherwise significantly**
25 **threatens or harms competition.**" Id. at 187 (emphasis added).

26 Here, Plaintiff's Section 17200 claim is based on (1) Defendants' alleged
27 trademark infringement violations, and (2) Defendants' allegedly unfair conduct when
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1 they reneged on their promise to enter into an agreement with Plaintiff for options to
2 distribution rights. (FAC ¶¶ 59-64.) With respect to the trademark infringement
3 portion of the claim, the motion is **DENIED** to the extent that it does not encompass
4 the title. See Cleary v. News Corp., 30 F.3d 1255, 1262-63 (9th Cir. 1994) (because
5 Section 17200 claim is “substantially congruent” to claims under Lanham Act, when
6 trademark claim is dismissed, Section 17200 claim should be dismissed as well).
7 However, because the Court stays the trademark claim with respect to the title, the
8 corresponding unfair competition claim pertaining to the title’s alleged trademark
9 infringement is also **STAYED**.

10 With respect to the unfair conduct in relation to the negotiation of the
11 distribution rights, Plaintiff contends that it agreed to license the First Blood clips for a
12 low fee with the understanding that the parties would enter into another agreement
13 providing Plaintiff with certain distribution rights. (Id. ¶¶ 36, 59.) Defendants’ later
14 actions in reneging on that promise and signing a distribution agreement with
15 Paramount constitutes unfair conduct, according to Plaintiff. Taking the allegations as
16 true for purposes of this motion, Defendants’ conduct would be considered unfair
17 because Defendants allegedly acted in bad faith in negotiating a lower licensing fee
18 with the unkept promise of making another agreement with Plaintiff. Thus, this aspect
19 of the claim withstands the motion to dismiss.

20 Defendants, though, argue that such an allegation should be dismissed
21 because the Clip License contains no provision that reflects Plaintiff’s alleged
22 “understanding” of why the license fee was lower than the market rate. (Reply at 19-
23 20.) Defendants’ argument misses the mark, however, because the claim is unfair
24 competition, not breach of contract. The allegations in the FAC, if true, would
25 demonstrate conduct that “significantly threatens or harms competition,” and thus
26 sufficiently state a claim for unfair competition. Cel-Tech, 20 Cal. 4th at 187. Thus,
27 the motion to dismiss this portion of the unfair competition claim is **DENIED**.

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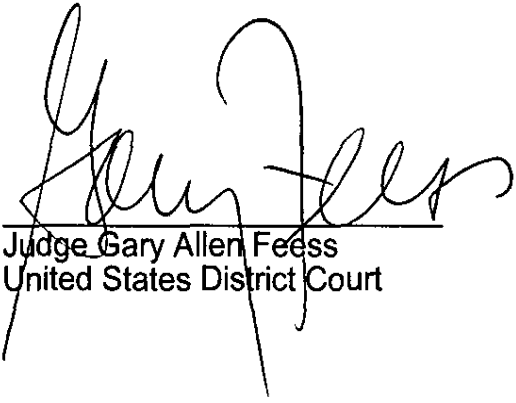
(4) Trademark Infringement (Likelihood of Confusion): The motion is **DENIED**.

(5) Unfair Competition: The motion is **DENIED** insofar as it pertains to Plaintiff's trademark claim not encompassing the title Son of Rambow and Plaintiff's claim of unfair conduct during negotiations. The unfair competition claim involving Plaintiff's trademark claim over the title is **STAYED** pending the decision of the arbitrator.

(6) Unjust Enrichment: The motion is **GRANTED WITHOUT LEAVE TO AMEND**.

IT IS SO ORDERED.

DATED: September 4, 2007



Judge Gary Allen Fees
United States District Court