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IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF ARIZONA

Scott Bizar, dba Fantasy Games )	
Unlimited, )	
Plaintiff/Counter-Defendant, )	CIV 11-02036 PHX MEA
	CIV 11-02247 PHX MEA
vs. )	ORDER
Jeffrey Dee, Jack Herman, )	
Monkey House Games, Inc., )	
Defendants/Counter-Plaintiffs )	
_____ )	

All of the parties have acquiesced to the exercise of magistrate judge jurisdiction, including the entry of final judgment.<sup>1</sup> Before the Court are Plaintiff/Counter-Defendant Bizar's motion for summary judgment (Doc. 47) and Defendants/Counter-Plaintiffs' motion for summary judgment (Doc. 50).

**I Procedural Background**

Plaintiff filed an amended complaint on October 19, 2011, alleging a cause of action for defamation, commercial disparagement, unfair competition, misappropriation, breach of

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<sup>1</sup> On March 8, 2012, the Court dismissed Defendant Monkey House Games, Inc., based on Plaintiff's failure to serve this defendant within the time allowed by the Federal Rules of Civil Procedure.

1 contract, and two counts pursuant to the Lanham Act for  
2 trademark infringement.

3 On July 27, 2011, Defendants/Counter-Plaintiffs  
4 initiated a suit against the Plaintiff in the United States  
5 District Court for the Middle District of Florida, alleging a  
6 cause of action for copyright infringement. On November 11,  
7 2011, that matter was transferred to the United States District  
8 Court for the District of Arizona and assigned docket number CV  
9 11-2247 PHX DKD. In that matter Defendants/Counter-Plaintiffs  
10 were represented by counsel located in Florida.

11 Defendants/Counter-Plaintiffs Herman and Dee were  
12 served with Plaintiff's complaint on or about December 19 and  
13 December 20, 2011. The Clerk of the Court entered the default  
14 of Defendants/Counter-Plaintiffs Herman and Dee on January 13,  
15 2012.

16 On January 23, 2012, ten days after the Clerk of the  
17 Court entered default against them, Defendants/Counter-  
18 Plaintiffs Herman and Dee, appearing pro se and intending to  
19 represent and act on behalf of Defendant Monkey House Games,  
20 Inc., filed a motion seeking to set aside the entry of default  
21 against each of the three defendants, citing Rule 55 and Rule  
22 60(b), Federal Rules of Civil Procedure. In an order entered  
23 March 16, 2012, the Court denied the motion to set aside  
24 Defendants' default. In an order entered April 2, 2012, the  
25 Court consolidated docket number 11-2036 with docket number 11-  
26 2247.

27 On July 11, 2012, the Court granted Plaintiff's motion  
28 for judgment by default with regard only to Count I and Count II

1 of Plaintiff's complaint, the counts alleging defamation and  
2 commercial disparagement. On September 25, 2012, the Court  
3 granted Plaintiff's motion for a hearing on the damages to be  
4 awarded on the judgment entered in favor of Plaintiff. In an  
5 order issued November 28, 2012, the Court entered judgment in  
6 favor of Plaintiff and against Defendants as to Count I and  
7 Count II only, in the amount of \$52,300. See Doc. 68.

8 Before the Court are Plaintiff's motion (Doc. 47) for  
9 summary judgment with regard to the remaining counts of the  
10 complaint, and Defendants' motion for summary judgment with  
11 regard to the claims stated in the counter-complaint (Doc. 50).

12 **II Standard for determining motions for summary**  
13 **judgment**

14 Rule 56 of the Federal Rules of Civil Procedure  
15 provides that judgment shall be entered if the pleadings,  
16 depositions, affidavits, answers to interrogatories, and  
17 admissions on file show that there is no genuine dispute  
18 regarding the material facts of the case and the moving party is  
19 entitled to a judgment as a matter of law. See Anderson v.  
20 Liberty Lobby, Inc., 477 U.S. 242, 247, 106 S. Ct. 2505, 2509-10  
21 (1986); Giles v. General Motors Acceptance Corp., 494 F.3d 865,  
22 872 (9th Cir. 2007).

23 For purposes of deciding a motion for summary  
24 judgment, "genuine" means that the evidence  
25 about the fact is such that a reasonable jury  
26 could resolve the point in favor of the  
non-moving party, and "material" means that  
the fact is one that might affect the outcome  
of the suit under the governing law.

27 United States v. One Parcel of Real Prop. with Bldgs., 960 F.2d  
28 200, 204 (1st Cir. 1992). See also Guidroz-Brault v. Missouri

1 Pac. R.R. Co., 254 F.3d 825, 829 (9th Cir. 2001).

2           The party seeking summary judgment bears the initial  
3 burden of informing the Court of the basis for its motion, and  
4 identifying those portions of the pleadings, depositions,  
5 answers to interrogatories, and admissions on file, together  
6 with the affidavits, if any, which it believes demonstrate the  
7 absence of any genuine issue of material fact. See Celotex  
8 Corp. v. Catrett, 477 U.S. 317, 323, 106 S. Ct. 2548, 2553  
9 (1986).

10           When a party moving for summary judgment has carried  
11 its burden under Rule 56, "its opponent must do more than simply  
12 show that there is some metaphysical doubt as to the material  
13 facts." Matsushita Elec. Indus. Co. v. Zenith Radio, 475 U.S.  
14 574, 586, 587, 106 S. Ct. 1348, 1356 (1986). The party opposing  
15 the motion may not rest upon the mere allegations or denials of  
16 his pleadings, but instead must produce some significant,  
17 probative evidence tending to contradict the moving party's  
18 allegations, thereby creating a genuine question of fact for  
19 resolution at trial. Anderson, 477 U.S. at 248, 256-57; 106 S.  
20 Ct. at 2510, 2513-14 (holding the plaintiff must present  
21 affirmative evidence in order to defeat a properly supported  
22 motion for summary judgment).

23           A principal purpose of summary judgment is "to isolate  
24 and dispose of factually unsupported claims." Celotex, 477 U.S.  
25 at 323-24, 106 S. Ct. at 2553. Summary judgment is appropriate  
26 against a party who "fails to make a showing sufficient to  
27 establish the existence of an element essential to that party's  
28 case, and on which that party will bear the burden of proof at

1 trial." Id., 477 U.S. at 322, 106 S. Ct. at 2552; see also  
2 Citadel Holding Corp. v. Roven, 26 F.3d 960, 964 (9th Cir.  
3 1994). Because plaintiffs bear the burden of proof at trial, a  
4 defendant has no burden to negate a plaintiff's claims to  
5 prevail on a motion for summary judgment. See Celotex, 477 U.S.  
6 at 323, 106 S. Ct. at 2552- 53.

7 Furthermore, the evidence presented in opposition to a  
8 motion for summary judgment must be probative and properly  
9 supported. See Zoslaw v. MCA Distrib. Corp., 693 F.2d 870, 883  
10 (9th Cir. 1982). To successfully rebut a properly supported  
11 summary judgment motion, the non-moving party "must point to  
12 some facts in the record that demonstrate a genuine issue of  
13 material fact and, with all reasonable inferences" made in the  
14 nonmoving party's favor, could convince a reasonable jury to  
15 find for that party. Reese v. Jefferson Sch. Dist. No. 14J, 208  
16 F.3d 736, 738 (9th Cir. 2000). See also Bias v. Moynihan, 508  
17 F.3d 1212, 1218 (9th Cir. 2007) (stating the non-moving party  
18 must present evidence that is significant and probative). It  
19 is not the Court's task to scour the record in search of a  
20 genuine issue of triable fact. See Carmen v. San Francisco  
21 Unified Sch. Dist., 237 F.3d 1026, 1028-29 (9th Cir. 2001)  
22 (holding that, even if evidence in the record is later found to  
23 create a genuine issue of material fact, the Court may grant  
24 summary judgment if the opposing party's papers do not include  
25 or conveniently refer to that evidence); Keenan v. Allen, 91  
26 F.3d 1275, 1279 (9th Cir. 1996) (finding a district court is not  
27 required to scour the record in search of a genuine issue of  
28 triable fact). The non-moving party must "identify with

1 reasonable particularity the evidence that precludes summary  
2 judgment." Keenan, 91 F.3d at 1279. See also Simmons v. Navajo  
3 County, Ariz., 609 F.3d 1011, 1017 (9th Cir. 2010).

4 On summary judgment, the Court may not make credibility  
5 determinations or weigh conflicting evidence. See Musick v.  
6 Burke, 913 F.2d 1390, 1394 (9th Cir. 1990). The Court must  
7 consider a party's motion for summary judgment construing the  
8 alleged facts with all reasonable inferences favoring the non-  
9 moving party. See, e.g., Genzler v. Longanbach, 410 F.3d 630,  
10 636 (9th Cir. 2005). However, the mere existence of a scintilla  
11 of evidence supporting the nonmovant's petition is insufficient;  
12 there must be enough evidence from which a trier of fact could  
13 reasonably find for the non-movant. Anderson, 477 U.S. at  
14 251-52 ("[T]he inquiry ... is ... whether the evidence presents  
15 a sufficient disagreement to require submission to a jury or  
16 whether it is so one-sided that one party must prevail as a  
17 matter of law.").

### 18 **III Factual summary**

19 In 1979 Plaintiff and his father owned and operated a  
20 New York corporation, "Fantasy Games Unlimited, Inc." ("FGU").  
21 See Doc. 48 (Plaintiff's Statement of Facts in support of  
22 Plaintiff's motion for summary judgment) ("PSOF"), Exh. A. The  
23 corporation was formed for the purpose of creating, publishing,  
24 marketing, and selling "role-playing" games. Id., Exh. A. When  
25 contracting with authors and artists, FGU's standard practice  
26 was that authors and artists of games retained the copyrights on  
27 published works and FGU was granted an exclusive right to  
28 publish and market the product. Id., Exh. A.

1           On or about February 23, 1979, FGU contracted with  
2 Defendants Herman and Dee, who were then minors, to write the  
3 materials and to draw the characters for a book presenting the  
4 setting and rules for a "role-playing" game. Id. (Doc. 48),  
5 Exh. A & Exh B. The contract addressed the parties' respective  
6 rights in a 1979 printing of an illustrated book, "Villains and  
7 Vigilantes, Super Hero Role Play" ("1979 Work"). Id., Exh. B.

8           In the agreement, Defendants Herman and Dee retained  
9 the copyright to the content of the 1979 Work, i.e., the  
10 characters, setting, stories, and images comprising the book  
11 "Villains and Vigilantes." Id., Exh. B. The contract  
12 specifically provides that the copyright in the cover art and  
13 illustrations for Villains and Vigilantes will be registered in  
14 the name of Defendant Herman. Id., Exh. B. In the agreement  
15 FGU is granted an exclusive right to publish the 1979 Work and  
16 agrees to pay royalties to Defendants Herman and Dee as a  
17 percentage of the sales of the 1979 Work on a bi-annual basis.<sup>2</sup>  
18 Id., Exh. B.

19           Specifically, the contract provides FGU will have the  
20 "sole and exclusive right" to publish "in book form" a sixty-  
21 page "literary work" to be titled "Villains and Vigilantes."  
22 Id., Exh. B.<sup>3</sup> The contract provides that the publisher, FGU, may  
23 not change the text or the pictures illustrating the work  
24 without the authors' consent. Id., Exh. B. Notably, the

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26           <sup>2</sup> The contract contains a "governing law" provision, stating that  
27 the agreement will be governed by the laws of the State of New York.  
28 Doc. 48, Exh. B.

28           <sup>3</sup> The copyright of the published work indicates the book was 38 pages  
in length. Doc. 48, Exh. D.

1 contract specifies that any rights not specifically granted to  
2 the publisher remain with the authors. Id., Exh. B. The  
3 contract states that the agreement between the parties  
4 terminates if the publisher fails to keep the book "in print and  
5 for sale," "or if its [FGU's] business is liquidated". Id.,  
6 Exh. B. The contract also states that no assignment of the  
7 rights granted in the contract is binding without the consent of  
8 the other parties to the contract. Id., Exh. B.

9 Plaintiff registered the copyright for the book  
10 "Villains and Vigilantes" in the name of Defendants Herman and  
11 Dee with the Library of Congress on May 8, 1979. Id., Exh. D.  
12 In 1979, 1980, 1981, and 1982, FGU published, marketed, and sold  
13 "book" copies of the 1979 Work, and FGU paid Defendants Herman  
14 and Dee royalties in accordance with the 1979 Agreement. Id.,  
15 Exh. A & Exh. E & Exh. G. After the 1979 Work was published,  
16 Defendant Dee was employed by FGU for a short time as a  
17 freelance artist. Id., Exh. A. In 1981 Defendant Dee returned  
18 to work at FGU in a full-time position as an artist and was paid  
19 a weekly salary. Id., Exh. A.

20 After becoming employed at FGU in 1981, Defendant Dee  
21 proposed that a revised edition of Villains and Vigilantes be  
22 produced. Doc. 47 (Plaintiff's response to Defendants' motion  
23 for summary judgment) at 5. A revised version of the 1979 Work  
24 (the "1982 Work") was created and offered for sale when all  
25 remaining copies of the 1979 Work were sold in 1982. Doc. 48  
26 (PSOF), Exh. F. Defendant Dee produced new art and a new cover  
27 for the book form of the 1982 Work in his capacity as a  
28 full-time salaried employee of FGU. Id., Exh. A. The 1982 Work



1 incorporates into the game several "characters" copyrighted by  
2 other individuals, and the 1982 Work exhibits the notation:  
3 "Scott Bizar editor". Id., Exh. F.

4 Plaintiff asserts that, because the content of the 1982  
5 game did not differ greatly from the 1979 Work, the parties  
6 deemed the 1982 Work to be a continuation of the 1979 Work and  
7 a new written agreement regarding the 1982 Work was not created.  
8 Id., Exh. A. Defendants/Counter-Plaintiffs do not contest that  
9 a new written agreement regarding the 1982 Work was not created.  
10 Following the production of the 1982 Work, FGU continued to pay  
11 royalties to Defendants/Counter-Plaintiffs Herman and Dee on the  
12 sales of the 1982 Work under the same terms as for the 1979  
13 Work. Id., Exh. A & Exh. G.

14 Plaintiff became the sole owner of FGU, Inc., the New  
15 York corporation, in 1987. Id., Exh. A. In 1987, Plaintiff  
16 moved to Arizona and began doing business in and from Arizona as  
17 "Fantasy Games Unlimited." Id., Exh. A. Plaintiff asserts  
18 that, as a matter of law, Fantasy Games Unlimited, Inc., the New  
19 York corporation, transferred to Plaintiff all of its assets and  
20 legal rights, including any rights arising from and obligations  
21 due Defendants under the 1979 Agreement. Id., Exh. A. Because  
22 he was no longer using the New York corporate entity, that  
23 corporation was administratively dissolved by the State of New  
24 York. From at least 2007 forward, all payments of royalties by  
25 FGU to Defendants Herman and Dee were paid from Plaintiff's  
26 business account with the title "Waterloo Adventure Games."  
27 Id., Exh. G.

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1 Plaintiff contends that, from 1982 through 2010,  
2 Defendants Dee and Herman received and accepted royalties for  
3 the sales of the 1982 Work without objection or any request to  
4 Plaintiff to cease or desist from publication.<sup>4</sup> Doc. 47  
5 (Plaintiff's response to Defendants' motion for summary  
6 judgment) at 5. The 2010 and 2011 royalties tendered to  
7 Defendants Dee and Herman by Plaintiff were refused by  
8 Defendants Dee and Herman. See Doc. 62 (attachments to  
9 Plaintiff's controverting statement of facts regarding  
10 Defendants' motion for summary judgment), Exh. A; Exh. G; Exh.  
11 H.

12 Attached to Plaintiff's Statement of Facts in support  
13 of his motion for summary judgment are royalty statements  
14 showing sales of copies of Villains and Vigilantes in "book" and  
15 "box" form, showing payments to Defendants/Counter-Plaintiffs  
16 Herman and Dee in 1985 and 1986. Doc. 48, Exh. G. There is a  
17 single royalty statement for sales from 1987 through 1990,  
18 indicating 2127 box sets sold and 1678 copies of the rules book  
19 sold. There is no royalty statement for the years 1990 through  
20 1994. There is a single royalty statement covering the years  
21 1994 through 1997. The royalty statement for 1997 and 1998  
22 indicates only a fraction of the copies sold in 1987 through  
23 1990 were sold in 1997 and 1998. There is no royalty statement

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24  
25 <sup>4</sup> A royalty statement for the second half of 1995 reflects  
26 diminished sales of Villains and Vigilantes and there is a note from  
27 Plaintiff on the statement that avers the low sales were because the  
28 book was "out of print due to request of Jeff's attorney while the  
arbitration was going on" and that the book was "now back in  
print...." Doc. 62, Exh. F at part 11 (Doc. 62-5) (attachments to  
Plaintiff's controverting statement of facts in response to Defendants'  
motion for summary judgment).

1 in the record supplied by Plaintiff indicating sales of the  
2 "book" form of the game or the rules book for the game in 1999,  
3 2000, 2001, 2002, or 2003, or any royalties paid to either  
4 Defendant during that time period. The statements indicate 15  
5 copies sold in 2004, 16 and 3 copies sold in 2005, 32 copies in  
6 2006, and 62 copies in 2007. In comparison, in 1983, 3792  
7 copies of the book were sold in the first half of the year.

8           Beginning in 1984, FGU began imprinting the notation  
9 "TM" next to the title "Villains and Vigilantes" on each  
10 published copy of the game. Id., Exh. A; Exh. I; Exh. J; Exh.  
11 K. Other than stylization of the letter "I" in each of the  
12 words, the lettering of the title "Villains and Vigilantes" is  
13 not particularly distinctive; the lettering of the words is  
14 drawn in all capital sans-serif and the "logo" does not  
15 incorporate any artwork.

16           In June of 2005, Defendant/Counter-Plaintiff Dee  
17 allowed in an interview with a trade publication that he  
18 believed FGU owned the Villains and Vigilantes trademark and  
19 that he believed he had no alternative but to use a new name for  
20 future products. In response to a query as to why Defendant  
21 Dee's company, Monkey House Games, was marketing the game using  
22 a new name, Defendant/Counter-Plaintiff stated: "That is  
23 basically it. Can't call the new game V&V with FGU owning the  
24 Trademark, and can't pry the trademark away from FGU, so there's  
25 no real alternative. But, gosh darn it, I 'like' the new name."  
26 PSOF, Exh. A & Exh. N at 40.

27           Sometime in 2010, Plaintiff learned that  
28 Defendants/Counter-Plaintiffs, via their business Monkey House

1 Games, were using or planned to use the "Villains and  
2 Vigilantes" title on a new series of books. On July 29, 2010,  
3 Plaintiff's counsel sent a demand letter to Defendants' counsel,  
4 demanding that Defendants cease and desist from such usage.

5 In 2010 Defendant/Counter-Plaintiff Dee filed an  
6 application with the United States Patent and Trademark Office  
7 for the Villains and Vigilantes "logo," and Plaintiff Bizar  
8 filed a trademark application for an almost identical logo  
9 several months later. A dispute regarding the ownership of the  
10 trademark is currently stayed in the United States Patent and  
11 Trademark Office pending the outcome of this litigation.

12 **IV Analysis of the parties' claims for judgment as a**  
13 **matter of law**

14 Defendants allege:

15 FGU published V&V pursuant to the contract,  
16 though the publication of V&V lasted only a  
17 few years. After V&V Revised was developed  
18 and written in approximately 1982, FGU began  
19 publishing V&V Revised, though FGU's  
20 contractual ability to publish V&V Revised is  
21 unknown. No contract was ever created  
22 regarding V&V Revised. FGU also published  
works related to V&V Revised, including  
game-related products, works of art,  
t-shirts, sourcebooks, etc. Neither party  
prints or is interested in printing the  
original edition of V&V. Today, V&V now only  
has a collectors' value, but V&V Revised  
continues to sell.

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23 Section 17 of the contract required FGU to  
24 keep V&V "in print and for sale...,"  
something Bizar and FGU failed to do  
beginning decades ago.

25 FGU failed to continue printing V&V in  
26 approximately 1987. Section 17 of the  
27 contract states: "This agreement shall cease  
28 and terminate... [i]f the Publisher fails to  
keep [V&V] in print and for sale... or if [FGU]  
ceases to do business for any reason[,] all  
rights herein granted shall revert to [Herman

1 and Dee]...." Dee and Herman wish to  
2 publish—and have been publishing—V&V Revised  
or a derivative version called "V&V 2.1."  
3 Bizar continues to violate Dee and Herman's  
copyright and publication rights by  
4 distributing only electronic .PDF copies of  
V&V Revised.

5 Defendants/Counter-Plaintiffs allege:

6 [that] printing of V&V Revised ceased in  
approximately 1987, long after printing of  
7 V&V had already ceased, Bizar and FGU stopped  
using the logo. Bizar started using the V&V  
8 logo again when he started printing an  
electronic version (a ".pdf") of V&V Revised  
9 in approximately 2010.

10 12. ...The V&V logo did not change in terms  
of general shape and color between the V&V  
and the V&V Revised versions of the game.

11 \*\*\*

12 14. Dee and Herman registered the copyright  
for V&V Revised on January 27, 2011.

13 The Court concludes, as explained infra, that the  
14 exclusive license granted to FGU in the 1979 agreement and  
15 ratified, in essence, by Defendants' continued performance with  
16 regard to the 1982 agreement, does not extend to intellectual  
17 property other than the printed "book" form of the 1979 and the  
18 1982 versions of Villains and Vigilantes. Because Defendants  
19 Dee and Herman hold the copyright to the characters and setting,  
20 Defendants presumably may create and market derivative works and  
21 obtain the financial benefits therefrom. Additionally, because  
22 the marketing rights to the characters do not appear to have  
23 been transferred, Defendants hold the right to produce and sell  
24 or license such items as clothing, video games, card games, and  
25 movies or television programs.  
26  
27  
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1           **A. Defendants/Counter-Plaintiffs' motion for judgment**  
2 **as a matter of law**

3           Defendants/Counter-Plaintiffs' Counter-Complaint states  
4 a cause of action for copyright infringement and seeks  
5 declaratory judgment, asking the Court to declare the rights,  
6 title, and interests of the parties in the copyrighted material  
7 at issue between the parties.

8           **Copyright infringement**

9           Defendants/Counter-Plaintiffs have alleged a cause of  
10 action against Plaintiff for infringement of their copyrights in  
11 the book *Villains and Vigilantes*, including the 1982 Work.

12           “To establish a prima facie case of copyright  
13 infringement, a plaintiff must show (1) ownership of a valid  
14 copyright and (2) violation by the alleged infringer of at least  
15 one of the exclusive rights granted to copyright owners by the  
16 Copyright Act.” UMG Recordings, Inc. v. Augusto, 628 F.3d 1175,  
17 1178 (9th Cir. 2011). Among the exclusive rights granted to  
18 copyright owners by the Copyright Act are the right to  
19 reproduction, the right to display, and the right to  
20 distribution. See 17 U.S.C. § 106(1), (3), & (5). “While the  
21 Copyright Act does not require that the infringer know he is  
22 infringing or that his conduct amount[s] to a willful violation  
23 of the copyright owner’s rights, it nonetheless requires conduct  
24 ....” CoStar Group, Inc. v. LoopNet, Inc., 373 F.3d 544, 549  
25 (4th Cir. 2004).

26           The parties do not dispute that the copyright to  
27 *Villains and Vigilantes* belongs to Defendants Herman and Dee.  
28 The 1979 contract between the parties gave Plaintiff an

1 exclusive license to publish, market, and sell the 1979 version  
2 of a sixty-page book form of the game. Additionally, although  
3 a new agreement was not signed with regard to the 1982 Work,  
4 Defendants/Counter-Plaintiffs acquiesced, by their actions, in  
5 an extension of that contract allowing Plaintiff to publish,  
6 market, and sell a revised version of the game. However, the  
7 contract does not provide for the assignment of any other  
8 copyright possessed by Defendants Herman and Dee, and the  
9 agreement specifically reserves to Defendants any rights not  
10 specifically granted therein to Plaintiff.

11           Accordingly, infringing conduct would include  
12 Plaintiff's publication of the 1979 version, 1982 version or any  
13 other work in an electronic form, i.e., any form other than  
14 "book" form. See Maljack Productions, Inc. v. GoodTimes Home  
15 Video Corp., 81 F.3d 881, 885 (9th Cir. 1996); Cohen v.  
16 Paramount Pictures Corp., 845 F.2d 851, 854 (9th Cir. 1988)  
17 (holding the owner of a license to exhibit a film "by means of  
18 television" was not entitled to exploit the picture in a new  
19 medium (videocassettes) which was anticipated by neither party  
20 at the assignment of the license). Plaintiff's offering for  
21 sale of copies of the 1982 Work in a "PDF" format would infringe  
22 Defendant's copyright in the 1982 Work because the agreement did  
23 not contemplate publication of the 1982 Work in any other form  
24 than "book" form.

25           Additionally, the contract does not provide for  
26 merchandising rights, but does allow that any right not  
27 specifically transferred remains with the authors. Accordingly,  
28 Plaintiff's manufacture and sale of merchandise, such as

1 calendars, mugs, or apparel, representing the copyrighted  
2 artwork, stories, and characters created by Defendants  
3 constitutes infringement of Defendants' copyrights.

4 Therefore, Defendants/Counter-Plaintiffs' are entitled  
5 to judgment as a matter of law with regard to the claim stated  
6 in the Counter-Complaint for copyright infringement.

7 **B. Plaintiff's motion for judgment as a matter of law**

8 Plaintiff seeks judgment as a matter of law on his  
9 claims for violation of trademark rights and unfair competition  
10 pursuant to section 1114 and section 1125 of the Lanham Act,  
11 unfair competition pursuant to Arizona law, common-law  
12 misappropriation of commercial marks, and breach of contract.

13 **Trademark claims**

14 The threshold issue with regard to Plaintiff's claims  
15 against Defendants/Counter-Plaintiffs is which party or parties  
16 own the "trademark" to the title "Villains and Vigilantes" to  
17 identify in commerce this game and products bearing this  
18 trademark. The reason this is a trademark issue and not a  
19 copyright issue is because the title of a literary work may not  
20 be copyrighted.<sup>5</sup> Initially, the Court notes that the 1979  
21 contract provided that the authors held the copyright to the  
22 cover art and all illustrations; accordingly, to the extent that

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24 <sup>5</sup> Titles are not subject to copyright protection, and a copyright  
25 does not carry the exclusive right to use the title on any other work.  
26 See 2 McCarthy on Trademarks and Unfair Competition § 10:34 (4th ed.).  
27 See also, e.g., Arnstein v. Porter, 154 F.2d 464, 474 (2d Cir. 1946).  
28 Owing the copyright on a work, therefore, "does not carry with it the  
exclusive right to use of the title on any other work," resulting in  
the conclusion that "the only legal protection for literary titles  
lies in the field of trademarks and unfair competition, where  
likelihood of confusion is the test." McCarthy on Trademarks § 10:34.



1 the "logo", i.e., the lettering of the words "Villains and  
2 Vigilantes" was part of the cover art, it is arguable Defendant  
3 Dee holds the copyright to the logo used on the 1979 work. The  
4 contract does not specifically mention the right to trademark  
5 the title of the work.<sup>6</sup>

6 The issue, put simply, is who owns the right to use the  
7 title or mark "Villains and Vigilantes" to identify the game as  
8 their product. The parties do not dispute that "Villains and  
9 Vigilantes" was not registered as a trademarked name, as a  
10 trademark, as trade dress, or as a "logo", prior to 2010. Under  
11 section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a), a claimant  
12 may still prove the validity of an unregistered mark. See,  
13 e.g., Fleischer Studios, Inc. v. A.V.E.L.A., Inc., 654 F.3d 958,  
14 966-67 (9th Cir. 2011). Where no trademark has been registered,  
15 the plaintiff asserting infringement bears the burden of proof  
16 as to the validity and protectability of the unregistered marks.  
17 See Yellow Cab of Sacramento v. Yellow Cab of Elk Grove, Inc.,  
18 419 F.3d 925, 927 (9th Cir. 2005).

19 The right to trademark and service mark  
20 rights is based on prior use, or the one who  
21 first uses the marks in connection with a  
22 peculiar line of business. Trademark rights  
23 do not generally arise from registration.  
[R]egistration does not create the underlying  
right in a trademark. That right which  
accrues from the use of a particular name or

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24 <sup>6</sup> Because common-law trademark rights are "appropriated only  
25 through actual prior use in commerce," Planetary Motion, Inc. v.  
26 Techsplosion, Inc., 261 F.3d 1188, 1193-94 (11th Cir. 2001), quoting  
27 Tally-Ho, Inc. v. Coast Cmty. Coll. Dist., 889 F.2d 1018, 1022 (11th  
28 Cir. 1989), neither party could possess a trademark "right" prior to  
the date that the 1979 Work entered the marketplace. See also  
Tillamook County Creamery Ass'n v. Tillamook Cheese & Dairy Ass'n.,  
345 F.2d 158, 160 & n.2 (9th Cir. 1965).

1 symbol, is essentially a common law property  
2 right. An essential element of a claim of  
3 trademark infringement is a likelihood of  
4 confusion among prospective purchasers of  
5 plaintiff's products and services caused by  
6 defendants' use of plaintiff's marks.

7 Volkswagenwerk Aktiengesellschaft v. Wheeler, 814 F.2d 812,  
8 815-16 (1st Cir. 1987). See also Miller v. Glenn Miller  
9 Productions, Inc., 454 F.3d 975, 979 (9th Cir. 2006). Common  
10 law "[t]rademark rights develop when goods bearing the mark are  
11 placed in the market and followed by continuous commercial  
12 utilization." Buti v. Perosa, S.R.L., 139 F.3d 98, 103 (2d Cir.  
13 998) (citation omitted).

14 It is a broad federal unfair competition  
15 provision which protects unregistered marks  
16 similar to the way that Section 32(1), 15  
17 U.S.C. § 1114(1), protects registered marks.  
18 The section prohibits two forms of unfair  
19 competition: (i) the infringement of  
20 unregistered marks, names, and/or trade  
21 dress; and (ii) false advertising, that is,  
22 misleading or deceptive representations as to  
23 the quality or characteristics of the  
24 defendant's goods or services. See 4  
25 McCarthy on Trademarks and Unfair Competition  
26 § 27:9 at 27:18-19 (2001).

27 Twentieth Century Fox Film Corp. v. Marvel Enterprises, Inc.,  
28 155 F. Supp. 2d 1, 20 (S.D.N.Y. 2001).

When trademark and unfair competition claims pursuant  
to 15 U.S.C. § 1114(1)(a)<sup>7</sup> and 1125(a)<sup>8</sup> are brought in the same

7

Any person who shall, without the consent of the registrant--  
(a) use in commerce any reproduction, counterfeit, copy, or  
colorable imitation of a registered mark in connection with the  
sale, offering for sale, distribution, or advertising of any  
goods or services on or in connection with which such use is  
likely to cause confusion, or to cause mistake, or to deceive;  
or  
(b) reproduce, counterfeit, copy, or colorably imitate a  
registered mark and apply such reproduction, counterfeit, copy,

1 suit and based on the same infringing conduct, courts apply the  
2 same analysis to both claims. See Toho Co., Ltd. v. William  
3 Morrow & Co., Inc., 33 F. Supp. 2d 1206, 1210 (C.D. Cal. 1998),  
4 citing E. & J. Gallo Winery v. Gallo Cattle Co., 967 F.2d 1280,  
5 1288 n.2 (9th Cir. 1992).<sup>9</sup> To succeed on a claim for trademark  
6 infringement or unfair competition, the moving party must  
7 establish:

- 8 (1) ownership of the trademark at issue;
- 9 (2) use by defendant, without authorization,  
10 of a copy, reproduction, counterfeit or  
11 colorable imitation of the moving party's  
12 mark in connection with the sale,  
13 distribution or advertising of goods or  
14 services; and
- 15 (3) that defendant's use of the mark is  
16 likely to cause confusion, or to cause  
17 mistake or to deceive.

18 Toho Co., Ltd., 33 F. Supp. 2d at 1210.

19 or colorable imitation to labels, signs, prints, packages,  
20 wrappers, receptacles or advertisements intended to be used in  
21 commerce upon or in connection with the sale, offering for sale,  
22 distribution, or advertising of goods or services on or in  
23 connection with which such use is likely to cause confusion, or  
24 to cause mistake, or to deceive,  
25 shall be liable in a civil action by the registrant for the  
26 remedies hereinafter provided. Under subsection (b) hereof, the  
27 registrant shall not be entitled to recover profits or damages  
28 unless the acts have been committed with knowledge that such  
imitation is intended to be used to cause confusion, or to cause  
mistake, or to deceive.

<sup>8</sup> Section 43(a) prohibits the use of  
any word, term, name, symbol, or device, or any combination  
thereof, or any false designation of origin ... likely to  
cause confusion, or to cause mistake, or to deceive as to  
the affiliation, connection, or association ... with  
another person, or as to the origin, sponsorship, or  
approval of his or her goods, services, or commercial  
activities by another person ....

<sup>9</sup> "As these statutes indicate, a claim of unfair competition,  
unlike a claim of trademark infringement, does not require that a  
defendant use the plaintiff's trademark." Bird v. Parsons, 289 F.3d  
865, 877-78 (6th Cir. 2002).

1           The parties to this matter do not dispute any of these  
2 elements except ownership of the "mark", i.e., the title  
3 "Villains and Vigilantes" and the logo identifying printed works  
4 as such. The parties do not dispute that Plaintiff used the  
5 notation "TM" for the title and logo for Villains and Vigilantes  
6 on works produced by FGU, specifically the 1982 Work, and  
7 identified Villains and Vigilantes as being a product of FGU  
8 beginning at least in 1984 and continuing to be offered for sale  
9 in the marketplace by FGU uninterrupted at least through 1990.  
10 Plaintiff then again used the title and logo on works offered in  
11 commerce by FGU from 1994 through 1998 and from 2003 through  
12 2010.

13           Defendants/Counter-Plaintiffs argue that, if Plaintiff  
14 possessed a valid right to the trademark of Villains and  
15 Vigilantes, he abandoned the trademark and, accordingly,  
16 Defendants are not liable for infringement.

17           The Lanham Act provides that a mark is "abandoned"  
18 "when any course of conduct of the owner ... causes the mark ...  
19 to lose its significance as a mark."

20           A mark shall be deemed to be "abandoned" if  
21 either of the following occurs:

22           (1) When its use has been discontinued with  
23 intent not to resume such use. Intent not to  
24 resume may be inferred from circumstances.  
25 Nonuse for 3 consecutive years shall be prima  
26 facie evidence of abandonment. "Use" of a  
27 mark means the bona fide use of such mark  
28 made in the ordinary course of trade, and not  
made merely to reserve a right in a mark.

(2) When any course of conduct of the owner,  
including acts of omission as well as  
commission, causes the mark to become the  
generic name for the goods or services on or  
in connection with which it is used or  
otherwise to lose its significance as a mark.  
Purchaser motivation shall not be a test for

1           determining abandonment under this paragraph.

2 15 U.S.C. § 1127.

3           "Once held abandoned, a mark falls into the public  
4 domain and is free for all to use. While acquiescence may bar  
5 suit against one person, abandonment opens rights to the whole  
6 world. Abandonment paves the way for future possession and  
7 property in any other person." 3 McCarthy on Trademarks and  
8 Unfair Competition § 17:1 (4th ed.). "Abandonment is an issue  
9 of fact, subject to the normal procedural rules governing  
10 factual issues...." Id. See also Zelinski v. Columbia 300,  
11 Inc., 335 F.3d 633, 639 (7th Cir. 2003).

12           Plaintiff did not continue to produce published, bound,  
13 book forms of Villains and Vigilantes after producing the 1982  
14 printing of the 1982 Work, presumably because copies of the 1982  
15 Work remained available for sale and another printing was not  
16 necessary. Accordingly, until the time the bound copies of the  
17 1982 Work "sold out", if ever, the 1982 Work has remained "in  
18 print."

19           However, the record indicates that there were no sales  
20 of the 1982 Work and, presumably, the use of the "Villains and  
21 Vigilantes" logo in commerce, from the years 1990 through 1994  
22 and the years 1999 through 2004, i.e., a period of four years  
23 and a period of five years. Plaintiff did not, apparently,  
24 continue to actively promote the 1982 Work, noting in a 1998  
25 royalty statement that the sales of the work were primarily due  
26 to Defendants' efforts. See Doc. 62, Exh. F at part 12 (Doc.  
27 63-1). Defendants apparently began to object to Plaintiff's  
28 continued use of the title at some point in 2005 and the

1 ownership of the trademark was apparently at issue at that time.  
2 Plaintiff also apparently ceased to sell the work as a product  
3 of FGU in 2007, but instead began to do business as Waterloo  
4 Adventure Games. The Court therefore concludes that any right  
5 to the trademark "Villains and Vigilantes" was abandoned by  
6 Plaintiff at least when he ceased to use the mark from 1999  
7 through 2004.

8           Accordingly, having found that Plaintiff abandoned the  
9 trademark to Villains and Vigilantes, Defendants' use of the  
10 title Villains and Vigilantes does not infringe a trademark  
11 owned at that time by Plaintiff. Defendants are entitled to  
12 judgment as a matter of law with regard to Plaintiff's claim for  
13 unfair competition and trademark infringement.

14           **Count V of Plaintiff's Amended Complaint**

15           Count V of Plaintiff's amended complaint alleges a  
16 cause of action for unfair competition pursuant to Arizona  
17 Revised Statutes § 14-1441 et seq. The contract provides that  
18 it will be governed by New York law, and there is no basis for  
19 the application of Arizona law. Other than Plaintiff's  
20 residency in Arizona, there is no reason for Arizona law to  
21 apply. Accordingly, Defendants are entitled to judgment as a  
22 matter of law with regard to Plaintiff's claim for unfair  
23 competition pursuant to Arizona law.

24           **Count VI of Plaintiff's Amended Complaint**

25           With regard to his claim for misappropriation based on  
26 state law, Plaintiff alleges he has "invested significant time,  
27 money, skill or effort to create a product of commercial value  
28 represented by the Marks," i.e., the "Villains and Vigilantes"

1 logo. Plaintiff further asserts that "Defendants have  
2 appropriated the value of the Marks" and that "Plaintiff has  
3 been injured as a result of Defendants' misappropriate of his  
4 Marks."

5 As noted supra, the contract between the parties  
6 provided that New York law would apply to the contract.

7 The New York law of unfair competition is  
8 broad and encompasses claims involving the  
9 misappropriation of a plaintiff's creative  
10 efforts as well as claims for false  
11 designation of origin. See e.g., Roy Export  
12 Co. Establishment of Vaduz v. Columbia Broad.  
13 Sys., 672 F.2d 1095, 1105 (2d Cir. 1982)  
14 (discussing misappropriation branch and its  
15 evolution); Kregos v. Assoc. Press, 3 F.3d  
16 656, 666 (2d Cir. 1993) (discussing both  
17 branches in the context of a copyright  
18 claim). "State law claims that rely on the  
19 misappropriation branch of unfair competition  
20 are preempted" by the federal copyright laws.  
21 Warner Bros. Inc. v. Am. Broad. Cos., Inc.,  
22 720 F.2d 231, 246 (2d Cir. 1983) (citation  
23 omitted); see also Arden v. Columbia Pictures  
24 Indus., Inc., 908 F. Supp. 1248, 1263  
25 (S.D.N.Y. 1995) (finding that a state law  
26 unfair competition claim that "[d]efendants  
27 misappropriated [plaintiff's work] for their  
28 own commercial gain and profit" sounds in  
misappropriation and is thereby preempted).

19 Twentieth Century Fox Film Corp., 155 F. Supp. 2d at 24-25.

20 Because Plaintiff raised a federal law claim regarding  
21 Defendants/Counter-Plaintiffs' alleged misappropriation of his  
22 trademarks, the Court concludes this claim is preempted and the  
23 claim resolved by the Court's resolution of the Lanham Act  
24 claims.

#### 25 **Count VII of the Amended Complaint**

26 Plaintiff alleges a cause of action for breach of  
27 contract. Because the contract contains a New York choice of  
28 law provision, the Court applies New York's principles of

1 contract interpretation in deciding this issue. The task in a  
2 contract case is to give effect to terms of the contract as the  
3 parties understood them. See Cromwell Towers Redevelopment Co.  
4 v. City of Yonkers, 41 N.Y.2d 1, 390 N.Y.S.2d 822, 359 N.E.2d  
5 333, 337 (1976); Hartford Accident & Indem. Co. v. Wesolowski,  
6 33 N.Y.2d 169, 350 N.Y.S.2d 895, 305 N.E.2d 907, 909 (1973).

7 It is unlikely that, in 1979, any of the parties  
8 contemplated who would own the rights to a video game or "PDF"  
9 form of Villains and Vigilantes. Accordingly, the Court must  
10 look for the meaning that reasonable persons in the positions of  
11 the parties would have attached had they thought about the  
12 matter.

13 [F]aced with what may be ... a failure to  
14 anticipate the future situation which arose,  
15 a court is faced not so much with the  
16 function of interpreting language as the  
17 parties intended, for their intention was  
18 incomplete, but of construing the language to  
accord with what would have been the  
intention and the honorable agreement of the  
parties if their attention had been drawn to  
the possible events as they actually were to  
occur....

19 Welles v. Turner Entertainment Co., 503 F.3d 728, 734-35 (9th  
20 Cir. 2007).

21 Therefore, the Court concludes that Defendants have not  
22 breached the 1979 contract between the parties and, accordingly,  
23 Defendants are entitled to judgment as a matter of law with  
24 regard to this count of the amended complaint.

#### 25 **V Conclusion**

26 The Court concludes that, as a matter of law, Plaintiff  
27 abandoned any right to the use of the trademark Villains and  
28



1 Vigilantes and, accordingly, Defendants are entitled to judgment  
2 as a matter of law with regard to Plaintiff's Lanham Act claims  
3 because Plaintiff has not established an element of these  
4 claims, i.e., the current ownership of the trademark. The Court  
5 further concludes that Plaintiff's other claims fail as a matter  
6 of law.

7           The Court further concludes that, other than possessing  
8 a license to produce and market the printed book forms of the  
9 1979 and 1982 Works, Plaintiff has no right to the copyrighted  
10 works of Defendants. Specifically, Plaintiff was not licensed  
11 to produce or market a PDF form of the 1982 Work or to produce  
12 or market such items as comic books, apparel, or other  
13 merchandise utilizing copyrighted elements of the Villains and  
14 Vigilantes role-playing game created by Defendants.

15           Therefore,

16           **IT IS ORDERED that** Plaintiff's motion for judgment as  
17 a matter of law (Doc. 47 in 2:11 cv 2036) is **denied** with regard  
18 to the remaining counts of the amended complaint. Judgment  
19 shall be entered in favor of Defendants and against Plaintiff  
20 with regard to the remaining claims stated in the amended  
21 complaint.

22           **IT IS FURTHER ORDERED that** Defendants' motion for  
23 judgment as a matter of law (Doc. 50 in 2:11 cv 2036) is **granted**  
24 with regard to the claims for relief stated in the counter-  
25 complaint. **Judgment in favor of Defendants and against**  
26 **Plaintiff is entered with regard to the claims stated in the**  
27 **Counter-Complaint (Doc. 5 in 2:11 cv 2247).**

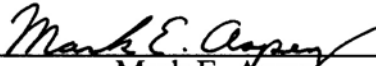
28

1           The Clerk of the Court shall enter separate judgment  
2 accordingly.

3           DATED this 15<sup>th</sup> day of January, 2013.

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Mark E. Aspey  
United States Magistrate Judge

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