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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

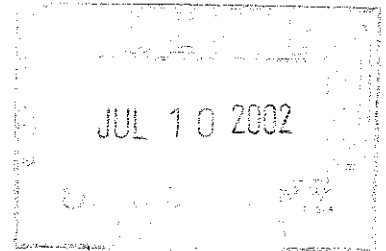
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SHERWOOD 48 ASSOCIATES, SUPER SIGN :
COMPANY, JAMESTOWN ONE TIMES : 02 Civ. 2746 (RO)
SQUARE, L.P., OTS SIGNS, L.P., SHERWOOD :
1600 ASSOCIATES and BROADWAY MEDIA, :
LLC :
:

Plaintiffs, :

- against - :

SONY CORPORATION OF AMERICA, SONY :
PICTURES ENTERTAINMENT INC., SONY :
PICTURES DIGITAL ENTERTAINMENT INC., :
COLUMBIA TRISTAR FILM DISTRIBUTORS :
INTERNATIONAL, INC., and SONY PICTURES :
RELEASING CORP., :
:

Defendants. :
:
:
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**REPLY MEMORANDUM OF LAW IN
FURTHER SUPPORT OF DEFENDANTS'
MOTION FOR JUDGMENT ON THE PLEADINGS**

Table of Contents

	<u>Page</u>
I. PRELIMINARY STATEMENT	1
II. ARGUMENT	4
A. Sherwood Has Not Stated A Claim For “Electronic Trespass” Or “Piracy”	4
B. Sherwood Lacks Standing.....	6
C. Sherwood Has Not Identified Any Protectible Trade Dress	8
D. Sherwood’s Buildings Do Not Function As Trademarks.	11
E. Even Actual Confusion, Which Is Unlikely, Could Not Trump Sony Pictures’ First Amendment Right To Depict A Fictionalized Times Square.	13
F. Unfair Competition Law Does Not Recognize Sherwood’s Generalized Claim Of Misappropriation.....	19
III. CONCLUSION.....	22

Table of Authorities

Page

FEDERAL CASES

Bigstar Entm't, Inc. v. Next Big Star, Inc., 105 F. Supp. 2d 185
(S.D.N.Y. 2000) 9-10

Cecere v. R.J. Reynolds Tobacco Co., No. 98 Civ. 2011 (RPP),
1998 WL 665334 (S.D.N.Y. Sept. 28, 1998)6, 7, 8

Cliffs Notes, Inc. v. Bantam Doubleday Dell Publ'g Group, Inc.,
886 F.2d 490 (2d Cir. 1984).....3, 15, 16, 17

Cole v. World Wrestling Fed'n,
155 F.R.D. 27 (S.D.N.Y. 1994).....1

CompuServe Inc. v. Cyber Promotions, Inc.,
962 F. Supp. 1015 (S.D. Ohio 1997).....5

Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.,
604 F.2d 200 (2d Cir. 1979).....17

Duluth News-Tribune v. Mesabi Publ'g Co.,
84 F.3d 1096 (8th Cir. 1996).....14

eBay Inc. v. Bidder's Edge, Inc.,
100 F. Supp. 2d 1058 (N.D. Cal. 2000)5

FM 103.1, Inc. v. Universal Broadcasting of New York, Inc.,
929 F. Supp. 187 (D.N.J. 1996)10

Fisher Stoves, Inc. v. All Nighter Stove Works, Inc.,
626 F.2d 193 (1st Cir. 1980)14

Fun-Damental Too, Ltd. v. Gemmy Indus. Corp.,
111 F.3d 993 (2d Cir. 1997).....8

Girl Scouts of the U.S. v. Bantam Doubleday Dell Publ'g Group,
808 F. Supp. 1112 (S.D.N.Y. 1992),
aff'd, 996 F.2d 1477 (2d Cir. 1993)15, 16

Gruner & Jahr USA Publ'g v. Meredith Corp.,
793 F. Supp. 1222 (S.D.N.Y. 1992).....14

Table of Authorities

	<u>Page</u>
<i>Harlem Wizards Entm't Basketball, Inc. v. NBA Properties, Inc.</i> , 952 F. Supp. 1084 (D.N.J. 1997)	14
<i>Hoepker v. Kruger</i> , 200 F. Supp. 2d 340 (S.D.N.Y. 2002)	4, 18
<i>Joseph Burstyn, Inc. v. Wilson</i> , 343 U.S. 495 (1952)	4, 16
<i>Landscape Forms, Inc. v. Columbia Cascade Co.</i> , 113 F. 3d 373 (2d Cir. 1997)	11
<i>Lang v. Retirement Living Publ'g Co.</i> , 949 F.2d 576 (2d Cir. 1991)	13, 14
<i>Leigh v. Warner Bros., Inc.</i> , 212 F.3d 1210 (11th Cir. 2000)	12
<i>L.L. Bean, Inc. v. Drake Publishers, Inc.</i> , 811 F.2d 26 (1st Cir. 1987)	18
<i>Marriott Corp. v. Ramada, Inc.</i> , 826 F. Supp. 726 (S.D.N.Y. 1993)	13
<i>Mattel, Inc. MCA Records, Inc.</i> , 28 F. Supp. 2d 1120 (C.D. Cal 1998)	15
<i>McDonald's Corp. v. Moore</i> , 243 F. Supp. 255 (S.D. Ala. 1965)	12
<i>NBA v. Motorola, Inc.</i> , 105 F.3d 841 (2d Cir. 1997)	21
<i>Ortho Pharm. Corp. v. Cosprophar, Inc.</i> , 32 F.3d 690 (2d Cir. 1994)	2, 8
<i>Pirone v. MacMillan, Inc.</i> , 894 F.2d 579 (2d Cir. 1990)	12
<i>Register.com, Inc. v. Verio, Inc.</i> , 126 F. Supp. 2d 238 (S.D.N.Y. 2000)	5

Table of Authorities

	<u>Page</u>
<i>Rock & Roll Hall of Fame Museum, Inc. v. Gentile</i> , 134 F.3d 749 (6th Cir. 1998).....	12
<i>Rogers v. Grimaldi</i> , 875 F.2d 994 (2d Cir. 1989).....	16, 17, 18
<i>Two Pesos, Inc. v. Taco Cabana Int'l, Inc.</i> , 505 U.S. 763 (1992)	12
<i>Taj Mahal Enters., Ltd. v. Trump</i> , 745 F. Supp. 240 (D.N.J. 1990)	14
<i>Telecom Int'l Am., Ltd. v. AT&T Corp.</i> , 280 F.3d 175 (2d Cir. 2001).....	4, 20
<i>Ticketmaster Corp. v. Tickets.com, Inc.</i> , CV 99-7654-HLH, 2000 U.S. Dist. LEXIS 12987 (C.D. Cal. Aug. 10, 2000).....	6
<i>Trustees of Columbia Univ. v. Columbia/HCA Healthcare Corp.</i> , 964 F.Supp 733, 747 (S.D.N.Y. 1997).....	14
<i>Tyne v. Time Warner Entm't Co., L.P.</i> , ___ F. Supp. 2d ___, 2002 WL 1160190 (M.D. Fla. May 9, 2002).....	18
<i>Wal-Mart Stores, Inc. v. Samara Bros., Inc.</i> , 529 U.S. 205 (2000)	9
<i>White Plains Towing Corp. v. Patterson</i> , 991 F.2d 1049 (2d Cir. 1993).....	16-17

FEDERAL STATUTES

Fed. R. Civ. P. 12(c)	1
Fed. R. Civ. P. 15(a)	1

TREATISES AND LAW REVIEWS

RESTATEMENT (THIRD) OF UNFAIR COMPETITION (1995).....	4, 14, 16, 20, 21
RESTATEMENT (SECOND) OF TORTS (1976)	4

Table of Authorities

	<u>Page</u>
Bruce P. Keller, <i>Condemned to Repeat the Past: The Reemergence of Misappropriation and Other Common Law Theories of Protection for Intellectual Property</i> , 11 HARVARD JOURNAL OF LAW & TECHNOLOGY 401 (1998)	21
Steven M. Weinberg, <i>Cyberjinks: Trademark Hijinks in Cyberspace Through Hyperlinking and Metatags</i> , 87 TRADEMARK REP. 576 (1997).....	6

Defendants Sony Pictures Entertainment Inc., Sony Pictures Digital Entertainment Inc., Columbia TriStar Film Distributors International, Inc. and Sony Pictures Releasing Corp. (collectively, "Sony Pictures")¹ submit this reply memorandum of law in support of their motion for judgment on the pleadings dismissing the Amended Complaint of plaintiffs Sherwood 48 Associates, Super Sign Company, Jamestown One Times Square, L.P., OTS Signs, L.P., Sherwood 1600 Associates and Broadway Media LLC (collectively, "Sherwood").

I. PRELIMINARY STATEMENT

Sherwood's response to Sony Pictures' Rule 12(c) motion has been two-fold. First, upon receipt of Sony Pictures' answer and motion, it sought Sony Pictures' consent to file an Amended Complaint in an initial effort to cure some of the obvious standing problems reflected in its initial pleading.² Second, after Sony Pictures consented to those amendments, Sherwood attempted to add even more content to its pleadings with affidavits and exhibits in opposition to the motion.³

¹ Sony Corporation of America does not produce or distribute any motion pictures and has not been served. Columbia TriStar Film Distributors International, Inc. ("Columbia") distributes films only outside the United States and Canada. Answer ¶¶ 4, 7. Neither party has been properly named as a defendant.

² See Fed. R. Civ. P. 15(a) (no amendment as of right after filing of responsive pleading).

³ This ignores that on a Rule 12(c) motion, unlike summary judgment, the Court is limited to pleadings. See *Cole v. World Wrestling Fed'n*, 155 F.R.D. 27 (S.D.N.Y. 1994) (refusing to consider affidavits, declarations and other exhibits on Rule 12(c) motion).

Neither response cures the defects that require dismissal. Sherwood's revisions to the Amended Complaint are minimal:

- It adds Jamestown One Times Square, L.P., OTS Signs, L.P., Sherwood 1600 Associates and Broadway Media, LLC – the owners of two of the three buildings at issue in Sherwood's original Complaint – as plaintiffs and specifies where in Times Square those buildings are located. Am. Compl. ¶¶ 1, 4-5, 7, 16, 18, 20.
- It adds allegations about the advertisers that lease billboard space on those buildings and the companies that sponsor the Times Square New Year's Eve celebration. Am. Compl. ¶¶ 25, 32, 35.
- It clarifies the buildings on which digitally "altered" billboards appear in the *Spider-Man* movie and trailers. Am Compl. ¶¶ 36, 43-46.
- It makes allegations about a Cingular Wireless television advertisement in which a Cingular billboard appears digitally in place of a Samsung billboard on Two Times Square. Am Compl. ¶¶ 47-51.
- It alleges that it now is "more likely" that advertisers, who previously rented billboard space in Times Square will instead have their ads appear in "movies, television programs, photographs and other media." Am. Compl. ¶ 57.

Accordingly, with the exception of some of the standing arguments, made at pages 7-8 of Sony's initial brief, all of the reasons dismissal is required under Rule 12(c) remain applicable. Sherwood still has not alleged the necessary elements of a trespass claim nor, even with additional plaintiffs, pled a concrete injury sufficient to confer standing or overcome the presumption against standing that applies in this case. In fact, Sherwood does not even address the presumption against standing, established by *Ortho Pharm. Corp. v. Cosprophar, Inc.*, 32 F.3d 690, 694 (2d Cir. 1994), which applies in any case where a Lanham Act injury is alleged by a plaintiff not in direct competition with the defendant. See Opp. Br. 7-9. See pp. 4-8, *infra*.

Sherwood's Amended Complaint also fails to add any new facts – as opposed to conclusory statements – establishing (a) recognizable trade dress rights in any of the three buildings at issue or (b) that those buildings ever have been used in any source-identifying way. Am. Compl. ¶ 66. Sherwood's allegations show only that it has used its buildings as buildings. That those buildings happen to be located in a well-known geographic location and, as a fortuitous result, often are photographed, does not create trademark rights. *See pp. 8-12, infra.*

The foregoing flaws would be fatal to Sherwood's causes of action in any context. Here, however, because Sherwood is challenging Sony Pictures' right to produce and distribute a motion picture that is fully protected by the First Amendment, it could not maintain this action as a matter of law even if it had been able to overcome those defects with its Amended Complaint and improper evidentiary submissions.⁴ *See Cliffs Notes, Inc. v. Bantam Doubleday Dell Publ'g Group, Inc.*, 886 F.2d 490, 494-95 (2d Cir. 1989) (even assuming some level of consumer confusion, First Amendment protected use of plaintiff's mark). Sherwood's response to the First Amendment issues created by its novel claims is to argue that although some aspects of Sony Pictures' fictionalizations of Times Square are permitted, others are not. Opp. Br. 20-21. It therefore asks this Court

⁴ The letter from Samsung's advertising agent, Declaration of Fred Rosenberg ("Rosenberg Decl.") Ex. A, certainly could not cure the pleading deficiencies in the Amended Complaint. It makes clear that what Sherwood pleads as confusion (as evidenced by its improper affidavit exhibits) is nothing more than an inquiry about source, affiliation or approval. That does not constitute confusion for Lanham Act purposes. *See pp. 13-14, infra.*

both to create a previously unrecognized property right and to dissect *Spider-Man* by making a series of commercial/non-commercial distinctions to protect that right. The Supreme Court, *Joseph Burstyn, Inc. v. Wilson*, 343 U.S. 495, 501-02 (1952), and courts in this Circuit, *see Hoepker v. Kruger*, 200 F. Supp. 2d 340, 349-51 (S.D.N.Y. 2002), have long held, however, that Sherwood's approach is impermissible under the First Amendment. *See pp. 13-18, infra.*

Finally, in sharp contrast to what it actually does allege in the Amended Complaint, Sherwood now argues that neither deception nor any other wrongful act is needed for its unprecedented unfair competition/electronic piracy claims. Opp. Br. 25. This reflects a profound misunderstanding of the scope of the common law on which Sherwood contends its claims are based. Both the RESTATEMENT (THIRD) OF UNFAIR COMPETITION ("RESTATEMENT") and *Telecom Int'l Am., Ltd. v. AT&T Corp.*, 280 F.3d 175 (2d Cir. 2001), the case on which Sherwood so heavily relies, make clear that the common law does not recognize the amorphous tort of "misappropriation" it urges the Court to adopt. *See pp. 19-21, infra.*

II. ARGUMENT

A. Sherwood Has Not Stated A Claim For "Electronic Trespass" Or "Piracy."

The tort of trespass always has required interference with a plaintiff's possessory interest in physical property that results in some damage to the chattel. RESTATEMENT (SECOND) OF TORTS §§ 217 cmt. e, at 419, 218 cmt. e, at 421-22 (1976). Sherwood simply has not pled, and could not truthfully plead, that Sony Pictures has interfered with its possessory interest in any of the buildings at issue. *See Am. Compl.* ¶¶ 94-99.

Sherwood argues that this failure should be excused because Sony Pictures “bounced” laser beams off of buildings in order to create its digital reproduction of Times Square. Opp. Br. 30. That contention borders on the frivolous and should be summarily rejected.

Lasers are concentrated rays of light. Light, whether natural (i.e., the sun) or artificial (flash bulbs, street lamps), “bounces” off of Sherwood’s buildings all the time and cannot possibly *interfere* with any possessory interest, as the law requires. Contrary to Sherwood’s reading, Opp. Br. 30, *Register.com, Inc. v. Verio, Inc.*, 126 F. Supp. 2d 238, 250 (S.D.N.Y. 2000), confirms and does not “liberalize” this. *Verio* holds that trespass plaintiff, regardless of the nature of the chattel at issue, must show the defendant’s “*possessory interference*” has diminished the condition, quality or value of the chattel at issue. 126 F. Supp. 2d at 250 (emphasis added). Accordingly, *Verio*, along with the other so-called Internet trespass cases cited on page 6 of Sony Pictures’ initial brief, simply apply the interference with possession requirement in the context of computer services. Each case involved electronic transmissions that, unlike light beams, diminished computer server capacity. Sony Br. 6; *Verio*, 126 F. Supp. 2d at 249-50 (interference with possessory interest in computer network by sending electronic “robots” onto plaintiff’s web site was actionable because it resulted in diminished server capacity); *eBay, Inc. v. Bidder’s Edge, Inc.*, 100 F. Supp. 2d 1058, 1071-72 (N.D. Cal. 2000); *CompuServe Inc. v. Cyber Promotions, Inc.*, 962 F. Supp. 1015, 1021-22 (S.D. Ohio 1997).

Sherwood argues “[a]lternatively,” Opp. Br. 31, that New York common law supports an action for “electronic piracy” based on Sony Pictures’ “recreating” the “real”

Times Square. Sherwood cites no case in support, does not identify any of the elements needed to plead such a claim, and the law review article it quotes is not even remotely on point. That article, Steven M. Weinberg, *Cyberjinks: Trademark Hijinks in Cyberspace Through Hyperlinking and Metatags*, 87 TRADEMARK REP. 576 (1997), has nothing to do with “electronic trespass” as a form of “electronic piracy.”⁵

B. Sherwood Lacks Standing.

Sherwood now appears to have included as plaintiffs all owners of the three buildings it complains were used without permission. Its theory of “injury,” however, remains so speculative that it has been rejected as a basis for Lanham Act standing in the only case to address it, *Cecere v. R.J. Reynolds Tobacco Co.*, No. 98 Civ. 2011 (RPP), 1998 WL 665334, at *3-4 (S.D.N.Y. Sept. 28, 1998).

Cecere dismissed virtually identical allegations of commercial injury as “unpersuasive” because “Plaintiffs’ ability to rent out that [physical] space remain[ed] fundamentally unimpeded.” 1998 WL 665334, at *3. Sherwood has the same irremediable standing problem: It has not pled, and could not truthfully plead, that its

⁵ The article does, however, discuss another plaintiff’s novel attempt to stretch both the Lanham Act and the tort of trespass beyond recognition. Ticketmaster has asserted such claims in an effort to stop a direct competitor from hyperlinking to Ticketmaster’s web site, labeling such conduct, in its complaint, “electronic piracy.” Ticketmaster’s efforts have been unsuccessful. Weinberg, at 580-83 (discussing *Ticketmaster Corp v. Microsoft Corp.*, No. 97-3055 DDP (C.D. Cal. 1997), which later settled). Cf. *Ticketmaster Corp. v. Tickets.com, Inc.*, CV 99-7654-HLH, 2000 U.S. Dist. LEXIS 12987, at *16 (C.D. Cal. Aug. 10, 2000) (holding electronic trespass claim required “physical harm to the chattel”; denying preliminary injunction because Ticketmaster could not show either that element or any consumer confusion), *aff’d*, 2 Fed. Appx. 741 (9th Cir. 2001).

ability to rent its *physical* billboard space is impeded in any way by the fictionalized depiction of Times Square buildings in a movie. Instead, the best it has pled is that “[t]he residual value of the advertising [space] is diminished,” Am. Compl. ¶ 56, and the literally speculative allegation that it is “more likely” that advertisers (including Sony itself) will abandon billboards in favor of movies and “other media.” *Id.* ¶ 57. These alleged injuries epitomize the type of “unsupported subjective belief” that is insufficient as a matter of law to confer standing. *Cecere*, 1998 WL 665334, at *3.⁶

Unable to challenge the holding of *Cecere*, Sherwood attempts to distinguish it. It contends that its group of plaintiffs actually has a history of billboard rentals, whereas Judge Patterson noted that the *Cecere* plaintiffs had not rented their building façade space to advertisers, making their injury claims more remote. Judge Patterson was clear, however, that the lack of rental history was an additional reason for finding a lack of standing. *Id.* (“*Moreover*, plaintiffs do not allege that they are, or have been, seeking to sell their advertising space.”) (emphasis added). His independently dispositive and persuasive rationale for dismissing the complaint was that its core theory of injury was so remote that no court ever had recognized it.

⁶ Sherwood apparently charges advertisers a premium based on the promise that its billboards will appear in movies or other media. Rosenberg Decl. Ex. A (“[P]art of the justification you gave for the high cost was the *unlimited visibility of the sign in* a variety of mediums [sic], including *movies*.”) (emphasis added). Sherwood does not allege, however, that it has entered into any contracts with media companies to actually ensure its buildings are depicted. It thus appears that Sherwood may be liable for having misrepresented its ability to deliver such “unlimited visibility.” That, however, cannot form the basis for a claim against an unrelated movie studio for depicting Times Square other than the way it appears in real life.

Sherwood defends this fundamental pleading flaw by contending that its substantive trademark counts incorporate allegations elsewhere in the Amended Complaint. Opp. Br. 11. Those other allegations, however, concern only the popularity of the Times Square region of New York City and have nothing whatsoever to do with whether the configuration of the buildings located there have a distinctive, source-identifying appearance. See Am. Compl. ¶¶ 16-37.

Sherwood points out that the Second Circuit cases Sony Pictures identified as establishing rigorous trade dress pleading requirements were articulated in the context of appeals from preliminary injunction orders. Sony Br. 10-12. That only underscores the inadequacy of Sherwood's pleadings as a matter of law. If the much more precise descriptions pled and proven by the plaintiffs in those cases were substantively insufficient to satisfy the standards for articulating a protectible trade dress, Sherwood's far less particular allegations are, *a fortiori*, insufficient to plead a claim. See *Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, 529 U.S. 205, 216 (2000) ("a product's design is distinctive, and therefore protectible, only upon a showing of secondary meaning"; denying protection for line of children's clothing consisting of spring/summer one-piece seersucker outfits decorated with appliqués of hearts, flowers, fruits, and the like).

Sherwood pleads absolutely no facts regarding the supposed secondary meaning of its unregistered trade dress. That Times Square is widely known as a popular place to visit (especially on New Year's Eve) and has been used as background scenery for television programming, Opp. Br. 15, is irrelevant to whether consumers associate the mark with a single source. See *Bigstar Entm't, Inc. v. Next Big Star, Inc.*, 105 F. Supp.

2d 185, 202 (S.D.N.Y. 2000) (\$12 million in advertising insufficient to show secondary meaning when there was no connection between such expenditures and an “association” with the plaintiff); *FM 103.1, Inc. v. Universal Broad. of New York, Inc.*, 929 F. Supp. 187, 196 (D.N.J. 1996) (even “[l]arge advertising or promotion expenditures do not . . . establish[] a secondary meaning unless the [plaintiff] explains how its efforts were effective in causing the relevant group of consumers to associate the mark with itself.”). Here, Sherwood does not even allege such expenditures and there is no case supporting the notion that news coverage of Times Square generally creates a source-identifying capacity for Sherwood’s buildings.⁸

Sherwood also studiously ignores that its so-called trade dress constantly changes. *Sony Br. 15*. To establish secondary meaning, a plaintiff must use its trade dress consistently over a long period of time. *Id.* Sherwood does not allege any such facts. To the contrary, Sherwood literally lumps together the three separate buildings at issue, all of which have different appearances, claiming they share a unique, source-identifying configuration. Am. Compl. ¶¶ 63-66. On the face of the pleadings this Court can determine that simply is not so. Am. Compl. ¶ 28. Other than that all three are sport billboards (in different sizes, shapes and locations), there is no similarity. Under the

⁸ Sony Pictures does not deny that Times Square, a well-known location in New York City, is often photographed. That, however, is essentially all that Sherwood has alleged and extensive media coverage of geographic locations cannot create trademark rights in buildings. On that theory, secondary meaning exists in the buildings surrounding Ground Zero simply because they happen to be located where the World Trade Center used to stand. The problems inherent in adopting such an expansive approach to trademark rights are readily apparent.

controlling legal standard, Sherwood's trade dress allegations must be dismissed. *See Landscape Forms, Inc. v. Columbia Cascade Co.*, 113 F.3d 373, 380-81 (2d Cir. 1997) (emphasizing that it is "particularly difficult" to plead and prove that the appearance of an entire line of related but different products remains "sufficiently . . . unique" and uniform to "merit protection as a recognizable trade dress").

D. Sherwood's Buildings Do Not Function As Trademarks.

The Amended Complaint makes clear that Sherwood's only uses of its buildings are as buildings. It identifies the business of the named plaintiffs solely as renting physical space in and on those buildings to tenants and advertisers, respectively. Am. Compl. ¶¶ 16-19. Although others may take pictures of the buildings or use the images on t-shirts or other Times Square memorabilia, there is nothing about the rental activities Sherwood identifies that even arguably indicates the buildings have become symbols of the source of such services.

For that reason, Sherwood's reliance on cases holding that distinctive architectural features – such as McDonald's Golden Arches – can serve as trademarks, is entirely misplaced. Opp. Br. 12. No one disputes that some buildings, or building designs, can function as trademarks if consistently used to designate source. The issue in this case, however, is whether the allegations of Sherwood's Amended Complaint establish that the three different buildings it identifies function as trademarks because they identify the source of their owners' rental services. They do not.

Rock & Roll Hall of Fame Museum, Inc. v. Gentile, 134 F.3d 749 (6th Cir. 1998), makes clear just how far short the Amended Complaint falls as a matter of law. In that

case, the unique I.M. Pei designed museum was depicted on posters and t-shirts sold by the plaintiff, facts much closer to a trademark use than anything Sherwood has alleged. *See, e.g.*, Am. Compl. ¶¶ 19 (leasing billboard space), 29 (touting buildings as being in the “premier advertising location[] in the world”). Nonetheless, as unique in appearance and widely-licensed on merchandise as the museum building was, the Sixth Circuit held it simply did not function as a trademark. *See Rock & Roll Hall of Fame*, 134 F.3d at 754 (no trademark use of building despite plaintiff’s use of picture of building on assorted merchandise and posters). Sherwood’s allegations about its office buildings suffer from the same flaw. It alleges no facts (and it cannot) about any of those three non-descript buildings – such as a uniform and distinctive décor, *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763 (1992), or distinctive architectural features, *McDonald’s Corp. v. Moore*, 243 F. Supp. 255 (S.D. Ala. 1965), *aff’d*, 363 F.2d 435 (5th Cir. 1966) (McDonald’s “Golden Arches”) – that identify any entity as the unique and only source of the rental services being offered.

In response to these pleading flaws, Sherwood relies heavily on the dissent in *Rock and Roll Hall of Fame* and fails even to address *Pirone v. MacMillan, Inc.*, 894 F.2d 579 (2d Cir. 1990), the Second Circuit case on which the *Rock and Roll* majority relied. Sherwood also does not respond to *Leigh v. Warner Bros., Inc.*, 212 F.3d 1210, 1218 (11th Cir. 2000), which applied the same principle to hold that the depiction of a photograph in a movie did not violate the Lanham Act. These cases, for which Sherwood literally has no answer, are fatal to its efforts to claim trade dress rights in its buildings.

E. Even Actual Confusion, Which Is Unlikely, Could Not Trump Sony Pictures' First Amendment Right To Depict A Fictionalized Times Square.

The Amended Complaint is vague as to whether the confusion alleged occurs among movie-goers or advertisers. Am. Compl. ¶ 59 (alleging confusion among “[c]urrent advertisers and the general public”). That is why Sony Pictures addressed both movie-goer and advertiser confusion, demonstrating why neither is likely nor actionable, Sony Br. 19-23. In response, although it did not change the allegations in the Complaint, Sherwood’s brief now seems to concentrate on its advertising clients. Opp. Br. 16.

In doing so, however, Sherwood pleads itself into those cases recognizing, as a matter of law, that confusion among sophisticated consumers is unlikely. Sony Br. 21. *See also Marriott Corp. v. Ramada, Inc.*, 826 F. Supp. 726, 728 (S.D.N.Y. 1993) (Owen, J.) (dismissing claim on the pleadings where no “reasonable person would be misled” by plainly humorous television ad).⁹ In this regard, the materials beyond the pleadings on which Sherwood relies do not help it one iota. Even were the Court to consider them, black letter law requires that for confusion to be actionable, it must be in the context of a purchasing decision. Confusion in the air does not suffice. *Lang v. Retirement Living Publ’g Co.*, 949 F.2d 576, 582-83 (2d Cir. 1991) (rejecting mistaken communications as evidence of confusion because there was no link to any purchasing decision); *Trustees of Columbia Univ. v. Columbia/HCA Healthcare Corp.*, 964 F. Supp. 733, 747 (S.D.N.Y.

⁹ There are no facts in the Amended Complaint that lend any credence to the inherently far-fetched, and entirely conclusory, statements that either advertisers or movie-goers will believe Sherwood sponsored or endorsed *Spider-Man*. Opp. Br. 23.

1997) (“there is a difference between isolated expressions of momentary confusion and confusion that leads to actual purchasing decisions”); *Harlem Wizards Entm’t Basketball, Inc. v. NBA Properties, Inc.*, 952 F. Supp. 1084, 1098 (D.N.J. 1997) (“Actual confusion is not the same as clear mistake or misidentification on the part of consumers Moreover, there is no evidence that these purported instances of actual confusion could have any effect on consumer purchasing decisions.”).

The suspiciously-timed Samsung letter, inquiring whether Sherwood authorized the depictions in the *Spider-Man* movie, does not amount to actionable confusion as a matter of law. Asking whether two parties are affiliated, or whether one endorses or approves of another’s conduct, is evidence of the *absence* of confusion: The inquirer knows enough to ask the right question and, assuming it gets a truthful answer, cannot possibly be confused. See *Duluth News-Tribune v. Mesabi Publ’g Co.*, 84 F.3d 1093, 1098 (8th Cir. 1996) (inquiry regarding whether parties are affiliated not evidence of trademark confusion); *Lang*, 949 F.2d at 583; *Gruner & Jahr USA Publ’g v. Meredith Corp.*, 793 F. Supp. 1222, 1232 n.17 (S.D.N.Y. 1992), *aff’d*, 991 F.2d 1072 (2d Cir. 1993); *Fisher Stoves, Inc. v. All Nighter Stove Works, Inc.*, 626 F.2d 193, 195 (1st Cir. 1980); *Taj Mahal Enters., Ltd. v. Trump*, 745 F. Supp. 240, 249 (D.N.J. 1990); RESTATEMENT § 23 cmt. c, at 250 (“Evidence of inquiries . . . may not establish the existence of actual confusion if” the nature of the inquiry indicates a skepticism “of the existence of a connection”).

On this motion, however, the Court can ignore that pleading failure, assume confusion and still dismiss because, even if such confusion did result, it would not be

actionable. *Spider-Man* is a motion picture based on a comic book character. It is the quintessential example of fully-protected, non-commercial speech. The case law in this area is clear and uniform: allegations of consumer confusion cannot trump First Amendment rights. See *Cliffs Notes*, 886 F.2d at 494-95 (recognizing First Amendment protected use of plaintiff's mark on books even though some consumers would be misled); *Girl Scouts of the U.S. v. Bantam Doubleday Dell Publ'g Group*, 808 F. Supp. 1112, 1122 (S.D.N.Y. 1992) ("the likelihood of confusion is . . . not significant enough to overcome the First Amendment concerns" in a Lanham Act and unfair competition challenge to works of fiction), *aff'd*, 996 F.2d 1477 (2d Cir. 1993); *Mattel, Inc. v. MCA Records, Inc.*, 28 F. Supp. 2d 1120, 1152 (C.D. Cal 1998) ("The First Amendment interests at stake outweigh . . . that some people . . . might be confused as to whether Mattel . . . authorized the song Barbie Girl.").

Sherwood's only response to this line of cases, Sony Br. 22, is the contention that commercial realities of modern day motion picture production mean the First Amendment "has nothing to do with" this case and offers Sony Pictures "no protection whatsoever." Opp. Br. 19-20. Those unequivocal statements are contrary to fifty years of First Amendment jurisprudence:

It is urged that motion pictures do not fall within the First Amendment's aegis because their production, distribution, and exhibition is a large-scale business conducted for private profit. We cannot agree. That books, newspapers, and magazines are published and sold for profit does not prevent them from being a form of expression whose liberty is safeguarded by the First Amendment. We fail to

see why operation for profit should have any different effect in the case of motion pictures.

Joseph Burstyn, Inc. v. Wilson, 343 U.S. 495, 501-502 (1952).

It misses the point entirely to argue, as Sherwood does, that some of the digital depictions on its buildings are more commercial than other portions of the motion picture.¹⁰ Opp. Br. 20. *The entire endeavor* of motion picture production, distribution and exhibition, as the Supreme Court recognized in *Joseph Burstyn, is a commercial enterprise* but nonetheless remains fully protected speech. That is precisely why the Second Circuit, in *Rogers v. Grimaldi*, 875 F.2d 994 (2d Cir. 1989), felt it necessary to come up with the test that it did. *Id.* at 997 (“Movies, plays, books and songs are all indisputably works of artistic expression and deserve protection”); *see also Girl Scouts*, 808 F. Supp. at 1121-22 (S.D.N.Y. 1992) (dismissing on summary judgment Lanham Act claim brought against books that were “works of fiction entitled to First Amendment protection as such”; *Cliffs Notes* and *Grimaldi* apply where fictional works, not pure commercial speech, are challenged); RESTATEMENT § 47 at 546-47 (neither the production of entertainment works, whether “fiction or nonfiction,” nor the advertising of such works, is commercial or for purposes of trade). *Compare White Plains Towing Corp. v. Patterson*, 991 F.2d 1049, 1058 (2d Cir. 1993) (unlike a motion picture, “commercial” speech is that which “proposes commercial transactions”).

¹⁰ Although Sony Pictures recognizes the Court cannot decide the issue on this motion, Sherwood simply has its facts wrong when it contends that “Defendants are selling advertising space” on its buildings. Opp. Br. 20.

Every court faced with this issue since *Rogers v. Grimaldi*¹¹ has rejected Sherwood's argument that a motion picture like *Spider-Man* falls outside the scope of the First Amendment protection. Moreover, the approach Sherwood urges on the Court would be unworkable. Countless motion picture production decisions are made based on a mixture of artistic and commercial reasons, including such famous product placement examples as the use of Reese's Pieces[®] (rather than M&M's[®]) in *E.T.: The Extra Terrestrial* or the use of a BMW[®] (and not an Aston Martin[®]) in current James Bond movies. Sherwood's argument requires the Court to analyze each of the changes to the billboards in Times Square and decide, sign by sign, whether the change was "commercial" or for "genuine artistic purposes." The First Amendment, however, prohibits judicial inquiry into where art ends and commerciality begins because it is (1) intrusive; (2) chilling; and (3) hopelessly subjective.

Rogers v. Grimaldi and *Cliffs Notes*, among others, make clear that this rule must be applied in Lanham Act cases. It also is the rule applied to other property rights that, in sharp contrast to Sherwood's novel claims, are well-recognized. For example, Judge Hellerstein recently applied exactly this approach in dismissing right of publicity claims

¹¹ Sherwood's reliance on *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 604 F.2d 200 (2d Cir. 1979), is misplaced for two reasons. First, it was decided ten years before *Rogers v. Grimaldi* imposed the now-required First Amendment test on Lanham Act claims challenging artistic expression. 875 F.2d at 998 & n.2. Second, as the Second Circuit noted in *Cliffs Notes*, *Dallas Cowboys* involved a pornographic film featuring an actress engaging in 12 minutes of sex acts while clad or partially clad in a Dallas Cowboy cheerleader uniform. It was, for that reason, "blatantly" and "explicitly" false. 886 F.2d at 495. Unlike *Spider-Man*, it could not pass muster even under today's *Rogers v. Grimaldi* standard.

based on merchandise sold to promote an exhibition of art that bore a plaintiff's likeness. *Hoepker v. Kruger*, 200 F. Supp. 2d 340 (S.D.N.Y. 2002). After noting that courts must focus only "on the underlying nature of the work itself," not the "motive of the person creating the work at issue," the Court wrote:

Courts should not be asked to draw arbitrary lines between what may be art and what may be prosaic as the touchstone of First Amendment protection.

200 F. Supp. 2d at 352. *See also Tyne v. Time Warner Entm't Co., L.P.* ___ F. Supp. 2d ___, 2002 WL 1160190 (M.D. Fla. May 9, 2002) (rejecting, as a matter of First Amendment law, right of publicity and false light claims brought against the motion picture *The Perfect Storm* for having falsely depicted the lives of the crew of the *Andrea Gail* fishing vessel); *L.L. Bean, Inc. v. Drake Publishers, Inc.*, 811 F.2d 26 (1st Cir. 1987) (reversing, as a matter of First Amendment law, trademark dilution claim brought against parody of L.L. Bean catalog).

The only analysis that properly accounts for First Amendment rights is that set forth in *Grimaldi*: Does the alleged Lanham Act violation have "at least some artistic relevance[?]" 875 F.2d at 1000. A simple review of the movie clip, in which many fictionalized images of Times Square – including entire buildings that do not exist – are woven into the scene in which Spider-Man fights the Green Goblin in order to make it appear realistic, easily answers that question "yes." *See Sony Br. Ex. D.*¹²

¹² The exhibits Sherwood attached to its opposition papers actually make the point that the manner in which New York City was depicted was quintessentially an artistic decision. *Opp. Br. Ex. A, N.Y. DAILY NEWS, "Spidey Indulges In Urban Renewal,"*

F. Unfair Competition Law Does Not Recognize Sherwood's Generalized Claim Of Misappropriation.

Sherwood strives mightily to disassociate its unfair competition claims from the legion of cases requiring confusion as to source or affiliation. Opp. Br. 21-30. Other than the trespass and dilution counts, however, Sherwood's Amended Complaint repeatedly emphasizes consumer confusion as to source, sponsorship or affiliation. *See* Am. Compl. ¶¶ 67 (Count I – Trade Dress Infringement) (“confusion, deception and mistake as to the origin or source”); 74 (Count II – False Endorsement) (“likelihood of confusion and deception”); 79 (Count III – Federal Unfair Competition) (“false or misleading representation as to source”); 84 (Count IV – Common Law Unfair Competition) (“passing off and/or reverse passing off”); 89 (Count V – Deceptive Trade Practices) (“likelihood of confusion or misunderstanding as to the source, origin or sponsorship”).

The problem inherent in Sherwood's arguments that common law unfair competition claims do not require confusion, fraud, breach of a duty or some other substantive constraint is that it would create a claim against any conduct a plaintiff labels “unfair.” Such a tort does not exist. In fact, after detailing all of the various forms of

May 15, 2002 (alterations done to make New York appear “more heroic and maybe a little more [a]esthetic”); Opp. Br. Ex. E, Mark Cotta Vaz, *Behind the Mask of Spider-Man: The Secrets of the Movie* (describing digital alterations made to cityscape: “it's a completely [computer graphic] environment” where a “team of modelers adds details to the buildings, the texture painters add even more detail to that, and the people who do the lighting, compositing, and rendering all add their specialties” to achieve “the aesthetic the production was looking for.”).

unfair competition that require confusion, the RESTATEMENT expressly cautions against creating misappropriation claims that do not:

Unlike appropriations of physical assets, the appropriation of . . . other intangible asset[s] does not ordinarily deprive the originator of simultaneous use. The recognition of exclusive rights may thus deny to the public the full benefits of valuable ideas and innovations . . . [T]he common law has resisted the recognition of general rights against the appropriation of . . . intangible trade values. . . . The better approach, and the one most likely to achieve an appropriate balance . . . does not recognize a residual common law tort of misappropriation.

Id. § 38 cmt. b, at 409-11.

Sherwood is simply wrong, therefore, to argue that the common law, even as defined by the *Telecom* case on which it so heavily relies, prohibits all unfair misappropriations. Opp. Br. 25-27; *Telecom Int'l*, 280 F.3d at 197-98 (2d Cir. 2002) (affirming dismissal of unfair competition claim because the “essence of an unfair competition claim under New York law is that the *defendant misappropriated* the fruit of plaintiff’s labors and expenditures *by obtaining access* to plaintiff’s business idea *either through fraud or deception*, or an *abuse of a* fiduciary or confidential *relationship*” and plaintiff had no such facts) (quotation omitted and emphasis added).¹³ In this case,

¹³ Sherwood’s citation to *Condemned to Repeat the Past: The Reemergence of Misappropriation and Other Common Law Theories of Protection for Intellectual Property*, 11 HARVARD JOURNAL OF LAW & TECHNOLOGY 401, 411 (1998), is not helpful to its claims. Among other things, that article emphasizes that, as a result of *NBA v. Motorola, Inc.*, 105 F.3d 841 (2d Cir. 1997), a general claim for misappropriation under the common law no longer exists because, but for hot news, almost everything else is preempted by the Copyright Act.

Sherwood has not alleged that Sony Pictures acted fraudulently or breached a contract or fiduciary duty; the only thing Sherwood has alleged is that consumer confusion will result from the depiction of its buildings in the movie. Its claims for common law unfair competition (Counts III – V), therefore, fail for the same reasons as its Lanham Act claims.

There is yet another reason for this Court to reject Sherwood’s attempt to create new law. As the RESTATEMENT notes, common law unfair competition claims based on misappropriation are limited, under the doctrine of preemption, by the balancing of private and public interests that define the scope of federal patent and copyright law.

[T]he potential for interference with the policies underlying the federal intellectual property regime counsels against the recognition of broad and indeterminate rights against misappropriation.

RESTATEMENT § 38 cmt. e, at 415-16. An “indeterminate” misappropriation tort, however, based solely on an “alleged . . . property right in the use of their buildings” is literally what Sherwood urges as the basis for plaintiffs’ “broad common law of unfair competition” claim. Opp. Br. at 27.

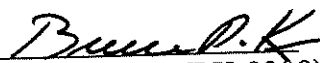
No court has ever endorsed such a broad approach and this Court should not take this opportunity to do so. *Spider-Man* in no way interferes with Sherwood’s ability legitimately to exploit its real estate assets: It remains free to lease space to tenants and advertisers at whatever price it honestly can command. It is not free, however, to charge Sony Pictures for exercising its constitutional right to bring a comic book character to life and to fictionalize real world settings in doing so.

III. CONCLUSION

For the foregoing reasons, as well as those set forth in Sony Pictures' moving brief, judgment on the pleadings should be entered in favor of Sony on all Counts and the Amended Complaint should be dismissed with prejudice.

Dated: July 10, 2002

Respectfully submitted,


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