

Futuredontics Inc. v. Applied Anagramics Inc.
U.S. District Court Central District of California
45 U.S.P.Q.2D (BNA) 2005
Decided January 30, 1998

Collins, J.

Ruling on Motion To Dismiss (Jan. 1998)

After reviewing the materials submitted by the parties and the case file, it is hereby ORDERED that the Motion to Dismiss of Defendants APPLIED ANAGRAMICS, INC. ("AAI"), ROBERT GOODMAN, NINE TREES DESIGN, and AM.NET (collectively "Defendants") is DENIED.

I. Procedural Background

On September 22, 1997, Plaintiff FUTURE DONTICS, INC. ("Futuredontics") filed a Complaint against Defendants. Plaintiff then moved for a preliminary injunction on October 21, 1997. On November 24, 1997, the Court denied Plaintiff's motion for a preliminary injunction. In denying Plaintiff's request for a preliminary injunction, the Court concluded that Plaintiff had "not offered sufficient evidence that [AAI's] framed link creates a derivative work."

Plaintiff filed its First Amended Complaint ("FAC") on December 2, 1997. Plaintiff's FAC alleged causes of action for: (1) violation of the Lanham Act, 15 U.S.C. Section 1125(a); violation of California Business and Professions Code Sections 17200 and 17500; and (3) copyright infringement.

On December 18, 1997, Defendants filed the instant Motion to Dismiss, or in the alternative, for Judgment on the Pleadings against Plaintiff's Third Claim for Relief. Plaintiff filed its Opposition on January 12, 1998. Defendants filed their Reply on January 16, 1998.

II. Plaintiff's Allegations

Plaintiff's FAC in general alleges that Plaintiff operates a dental referral business utilizing the anagrammatic phone number "1-800-DENTIST." FAC, Para. 8. AAI owns the registered service mark, "1-800-DENTIST." FAC, Para. 8. AAI has granted Plaintiff exclusive use of the telephone number and service mark throughout the United States. FAC, Para. 8. "The current 1-800-DENTIST dental referral service has been entirely designed and developed by Futuredontics, which is solely responsible for its success."

In early 1996, Plaintiff decided to establish an Internet site to advertise its dental referral business. FAC, Para. 10. Plaintiff's site consists of a number of web pages containing

graphics and text, which are copyrightable subject matter. FAC, Para. 10. Plaintiff registered its copyrighted web pages. FAC, Para. 12.

AAI established its own site sometime after March 25, 1997. FAC, Para. 13. The AAI web site includes a "link" through which AAI reproduces web pages from the Futuredontics Site within a [*2009] "frame" ("AAI Frame Page"). The AAI Frame Page includes a frame around a reproduction of the web page from the Futuredontics Site. The frame includes AAI's logo, information on AAI, and "links to all of AAI's other web pages." Futuredontics has never authorized AAI to reproduce the Futuredontics Site on the AAI Frame Page.

With respect to the Third Claim for relief, Plaintiff specifically alleges that Futuredontics is the owner of the copyrighted material comprising the web pages on the Futuredontics Site. FAC, Para. 30. Plaintiff also alleges that AAI and the other defendants "are willfully infringing Futuredontics' copyright in the material on its web pages by copying that material to the AAI Frame Page and reproducing it there without the permission of Futuredontics." FAC, Para. 31.

III. Discussion

A. Motion to Dismiss for Failure to State a Claim

Rule 12(b)(6) motion tests the legal sufficiency of the claims asserted in the complaint. A Rule 12(b)(6) dismissal is proper only where there is either a "lack of a cognizable legal theory" or "the absence of sufficient facts alleged under a cognizable legal theory."

A court must accept as true all material allegations in the complaint, as well as reasonable inferences to be drawn from them. However, a court need not accept as true unreasonable inferences, unwarranted deductions of fact, or conclusory legal allegations cast in the form of factual allegations.

Furthermore, unless a court converts a Rule 12(b)(6) motion into a motion for summary judgment, a court cannot consider material outside of the complaint (e.g., facts presented in briefs, affidavits, or discovery materials). A court may, however, consider exhibits submitted with the complaint and matters that may be judicially noticed pursuant to Federal Rule of Evidence 201.

B. Motion for Judgment on the Pleadings

"A judgment on the pleadings is properly granted when, taking all allegations in the pleading as true, the moving party is entitled to judgment as a matter of law." All allegations of fact by the party opposing the motion are accepted as true and are construed in the light most favorable to that party. To dismiss, "it must appear to a certainty that the Plaintiff would not be entitled to relief under any set of facts that could be proved."

C. Analysis

To establish copyright infringement, Plaintiff must prove (1) that Plaintiff owned the copyrights, and (2) that Defendants copied Plaintiff's copyrighted work. A copyright is infringed when a person other than the owner violates any of the exclusive rights conferred by copyright. 17 U.S.C. Section 501(a). A copyright owner has several exclusive rights, including the exclusive right to "prepare derivative works based upon the copyrighted works." 17 U.S.C. Section 106(2).

Defendants contend that Plaintiff's copyright infringement claim should be dismissed because the framed link does not create a derivative work.

The Copyright Act defines a "derivative work" as:

A work based upon one or more preexisting works such as . . . art reproduction, abridgment, condensation, or any other form in which a work may be recast, transformed, or adapted. A work consisting of editorial revisions, annotations, elaborations, or other modifications which, as a whole, represent an original work of authorship, is a "derivative work."

The parties sharply dispute what function AAI's framed link serves. Defendants contend that AAI's window or frame provides a "lens" which enables Internet users to view the information that Plaintiff itself placed on the Internet. Motion at 11. Plaintiff's complaint, however, alleges that defendants reproduce its copyrighted web page by combining AAI material and Plaintiff's web site. Opposition at 11; see FAC, Para. 16 ("The AAI web site includes a 'link' through which AAI reproduces web pages from the Futuredontics Site within [the AAI Frame Page]. The AAI Frame Page includes a frame around a reproduction of the web page from the Futuredontics Site.")

The parties cite to several cases which purportedly support their interpretation of the function AAI's framed link serves. None of these cases, however, is directly on point.

The parties discuss the applicability of *Mirage Editions, Inc. v. Albuquerque A.R.T. Co.*, 856 F.2d 1341, 1343 (9th Cir. 1988). In *Mirage* the Ninth Circuit held that transferring and affixing art images with glue to ceramic tiles constituted "the creation of a derivative work in violation of the copyright laws." *Id.* at 1343-44. As this Court noted in its Order denying Plaintiff's request for a preliminary injunction, *Mirage* is distinguishable from the present case. November 24, 1997, Order, at 2. In this case, AAI has not affixed an image to a ceramic tile, rather AAI appears to have placed an electronic frame or border around Plaintiff's web page.

Defendants primarily rely on *Louis Galoob Toys, Inc. v. Nintendo of America, Inc.*, 964 F.2d 965, 968 (9th Cir. 1992). In that case, the Ninth Circuit held that a Game Genie which merely enhances audiovisual displays which originate in Nintendo game cartridges does not constitute a derivative work because, in part, it does "not incorporate a portion of a copyrighted work in some concrete or permanent form." *Id.* at 968 (emphasis

added). The Court also noted that the Game Genie could not duplicate or recast a Nintendo game's output. Galoob did distinguish Mirage and noted that the Mirage decision would have been different had the plaintiff "distributed lenses that merely enabled users to view several art works simultaneously." Id.

Nevertheless, Galoob, like Mirage, is distinguishable from the instant case. Galoob does not foreclose Plaintiff from establishing that AAI's web page incorporates Futuredontic's web page in some "concrete or permanent form" or that AAI's framed link duplicates or recasts Plaintiff's web page. Id. For these reasons, the Court finds that the cases cited by the parties do not conclusively determine whether Defendants' frame page constitutes a derivative work. (The parties should not read too much into the Court's Order denying Plaintiff's motion for a preliminary injunction. At the preliminary injunction stage, the Court determined that Plaintiff failed to establish a probability of success. On a motion to dismiss, however, the Court must accept as true the allegations contained in Plaintiff's FAC. Moreover, none of the cases on which the parties rely were resolved on a motion to dismiss or a motion for judgment on the pleadings. See *Mirage*, 856 F.2d at 1341 (summary judgment); *Louis Galoob*, 964 F.2d at 967 (judgment following a bench trial); *Munoz*, 829 F. Supp. at 311 (converting motion to dismiss to motion for summary judgment).)

Therefore, the Court determines that Plaintiff's Third Claim for Relief sufficiently alleges a claim for copyright infringement. (Because the Court finds that Plaintiff's complaint sufficiently alleges a copyright infringement claim, the Court need not consider Plaintiff's alternative claim that the complaint alleges copyright infringement based on unauthorized reproduction. See 17 U.S.C. Section 101 (defining "copies" as "material objects . . . in which a work is fixed by any method now known or later developed, and from which the work can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device. The term "copies" includes the material object . . . in which the work is first fixed").)

Conclusion

For all these reasons, the Court hereby DENIES Defendants' motion to dismiss Plaintiff's copyright infringement claim and DENIES Defendant's alternative motion for judgment on the pleadings with respect to that claim.