



1 **II. DISCUSSION**

2 **A. Background**

3 Plaintiff owns and operates an online diamond and fine jewelry retail sales business  
4 through three websites: www.bluenile.com; www.bluenile.ca; and www.bluenile.co.uk.  
5 Defendant Ice.com is also in the retail diamond and fine jewelry business and owns and operates  
6 its own website at www.diamond.com. Defendant Odimo Inc. owned and operated the  
7 www.diamond.com website until about May 11, 2006, when it was purchased by Ice.com.

8 Plaintiff alleges that defendants copied two distinct portions of its website. First, plaintiff  
9 alleges that defendants copied certain elements of plaintiff’s website protected by the Copyright  
10 Act. See Response at 1 (stating this action “arises from Ice.com’s and Odimo’s intentional  
11 copying of specific copyrighted elements of Blue Nile’s website.”). Second, plaintiff alleges  
12 that defendants copied the “overall look and feel” of plaintiff’s diamond search webpages. Id. at  
13 2 (“This is a separate and distinct wrong for which Blue Nile is entitled to recover separate and  
14 apart from infringement of limited elements of its website.”).

15 On July 25, 2006, plaintiff filed an amended complaint asserting eight causes of action  
16 for: (1) copyright infringement of its “Blue Nile Diamond Search” webpages; (2) copyright  
17 infringement of a “cushion-cut” diamond photograph; (3) trade dress infringement under the  
18 Lanham Act; (4) violation of the Washington CPA; (5) unfair competition; (6) breach of  
19 contract; (7) breach of the implied covenant of good faith and fair dealing; and (8) unjust  
20 enrichment and restitution.

21 **B. Analysis**

22 Defendant moves to dismiss only plaintiff’s Lanham Act claim and three state law claims  
23 based on Fed. R. Civ. P. 12(b)(6) and principles of copyright preemption. For clarity, plaintiff’s  
24 Lanham Act claim and the state law claims are discussed separately below.

1           **1. Plaintiff's Third Cause of Action for Trade Dress Infringement, 15 U.S.C. §**  
 2           **1125(a) of the Lanham Act**

3           Defendant asserts that plaintiff's trade dress claim under § 1125(a) of the Lanham Act  
 4 should be dismissed because it overlaps with plaintiff's copyright claims. The Court, however,  
 5 denies dismissal of the trade dress claim at this stage of the proceeding for two reasons.

6           First, given the novelty of plaintiff's trade dress claim,<sup>1</sup> greater factual development is  
 7 necessary before the Court can ascertain whether plaintiff's copyright claims provide an  
 8 "adequate remedy" justifying dismissal of its trade dress claim. See Shaw v. Lindheim, 919  
 9 F.2d 1353, 1364-65 (9th Cir. 1990) ("We decline to expand the scope of the Lanham Act to  
 10 cover cases in which the Federal Copyright Act provides an adequate remedy."); Van Buskirk v.  
 11 Cable News Network, Inc., 284 F.3d 977, 980 (9th Cir. 2002) ("[A] court may look only at the  
 12 face of the complaint to decide a motion to dismiss.").

13           Section 301(a) of the Copyright Act preempts certain claims arising under state common  
 14 law or statutes. See 17 U.S.C. § 301(a) ("Thereafter, no person is entitled to any such right or  
 15 equivalent right in any such work under the common law or statutes of any State."). Section  
 16 301, however, does not limit rights or remedies under other federal statutes. Id. § 301(d).  
 17 Despite this provision, "courts have long limited application of the Lanham Act so as not to  
 18 encroach on copyright interests." 1 Melville B. Nimmer & David Nimmer, Nimmer on  
 19 Copyright § 1.01[D][2] at 1-83 (2005). Courts limit application of the Lanham Act in areas  
 20 traditionally occupied by copyright or where the copyright laws "provide[] an adequate remedy."  
 21 See Shaw, 919 F.2d at 1365; Dastar Corp. v. Twentieth Century Fox Film Corp., 539 U.S. 23,  
 22 34 (2003) ("Thus, in construing the Lanham Act, we have been careful to caution against misuse  
 23 or over-extension of trademark and related protections into areas traditionally occupied by patent  
 24 or copyright.") (internal quotation omitted). Parallel claims under the Copyright Act and

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25           <sup>1</sup> See infra note 8 and accompanying text.  
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1 Lanham Act, however, are not per se impermissible. See Nintendo of Am., Inc. v. Dragon Pac.  
2 Int'l, 40 F.3d 1007, 1011 (9th Cir. 1994) (“[W]hen a defendant violates both the Copyright Act  
3 and the Lanham Act, an award of [statutory and actual] damages is appropriate.”).

4 Here, defendant alleges that plaintiff’s copyright claims provide it with an adequate  
5 remedy because the trade dress claim “simply reiterates its copyright claims” since “[b]oth rest  
6 on the same allegation that defendants copied specified portions of Blue Nile’s website.” See  
7 Motion at 4. Plaintiff counters by claiming that its trade dress claim is not limited by the  
8 Copyright Act because the “look and feel” of its website is not copyrightable. While defendant  
9 claims that “[t]he Court will search in vain for this [“look and feel”] allegation in the complaint,”  
10 on a motion to dismiss, the court must “read the complaint charitably . . . and . . . assume that all  
11 general allegations embrace whatever specific facts might be necessary to support them.” See  
12 Reply at 2; Pelozza v. Capistrano Unified Sch. Dist., 37 F.3d 517, 521 (9th Cir. 1994).

13 Charitably read, the Court finds that plaintiff’s allegations in paragraph 52 of its amended  
14 complaint relating to the “design and presentation of diamond search features” is sufficient to  
15 support a claim that plaintiff is seeking to protect the “look and feel” of its website. See Dkt. #3.  
16 While plaintiff’s failure to describe the elements of its trade dress with greater specificity in its  
17 complaint might prove fatal during later stages of this litigation,<sup>2</sup> at this point, defendant has  
18 cited no authority for proposition that plaintiff cannot qualify its trade dress description as one  
19 seeking protection for the “look and feel” of its website in response to a motion to dismiss.<sup>3</sup>

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21 <sup>2</sup> See Abercrombie & Fitch Stores, Inc. v. Am. Eagle Outfitters, 280 F.3d 619, 635 (6th Cir.  
22 2002) (“A complaint is neither an injunction nor a judgment; it merely puts the defendant on notice of the  
23 plaintiff’s claims. . . . Had the case proceeded further, Abercrombie would have been expected to list the  
24 elements of the designs and the unique combinations it sought to protect[.]”).

25 <sup>3</sup> See Maharishi Hardy Blechman Ltd. v. Abercrombie & Fitch Co., 292 F. Supp. 2d 535, 545  
26 (S.D.N.Y. 2003) (“It is unclear, however, whether a trade dress plaintiff must cling to the precise  
language of a trade dress as stated in a complaint, or whether a plaintiff may offer a revised formulation in  
another filing. There is at least some support for the proposition that a plaintiff may offer an updated

1 Plaintiff also alleges that protection of “the look and feel of the website” is a subject  
2 outside the purview of the Copyright Act. In reply, defendant has provided no legal support that  
3 plaintiff has an adequate remedy in copyright law to protect the “look and feel” of its website.<sup>4</sup>  
4 Determining the elements of plaintiff’s website that are subject to copyright protection, and what  
5 portions of the website relate to the “look and feel” of its trade dress claim requires greater  
6 factual development. Johnson Controls, Inc. v. Phoenix Control Sys., Inc., 886 F.2d 1173 (9th  
7 Cir. 1989), a case dealing with computer software, is instructive on this point. The court defined  
8 the “user interface,” or “look and feel” of a program, as generally referring to “the design of the  
9 video screen and the manner in which information is presented to the user.” Id. at n.3. The  
10 Court later concluded: “Whether the nonliteral components of a program, including . . . the user  
11 interface [the “look and feel” of the program], are protected [by copyright] depends on whether,  
12 on the particular facts of each case, the component in question qualifies as an expression of an  
13 idea, or an idea itself.” Id. at 1175 (emphasis added). Because section 102(b) of the Copyright  
14 Act states: “In no case does copyright protection for an original work of authorship extend to  
15 any idea,” factual development is necessary here before the Court can determine what portions  
16 of plaintiff’s website are protected. Accordingly, the Court concludes that defendant’s 12(b)(6)  
17 motion to dismiss is not the appropriate procedural vehicle through which the Court should  
18 \_\_\_\_\_  
19 formulation at a later stage in the litigation.”).

20 <sup>4</sup> The Court notes, to the contrary, that the Copyright Office and at least one author have  
21 commented that copyright protection may not cover the overall format, or the look and feel, of a website.  
22 In Darden v. Peters, 402 F. Supp. 2d 638, 644 (E.D.N.C. 2005), plaintiff sought review of the Copyright  
23 Office’s denial of copyright registration for a website. In granting the Copyright Office’s motion for  
24 summary judgment, the court quoted the examiner’s determination that ““protection for the overall  
25 format of a web page is inconsistent with copyrightability.””). See Lisa M. Byerly, Comment, Look and  
26 Feel Protection of Web Site User Interfaces: Copyright or Trade Dress?, 14 Santa Clara Computer &  
High Tech. L.J. 221, 246 (1997) (“It is apparent that copyright protection will fall short of completely  
protecting a Web site owner from someone else using his creative Web site interface look and feel. . . .  
[E]ven if some copyright protection is afforded, it may not be for the entire look and feel of the Web site,  
and it is this total presentation that is so valuable for marketing purposes in cyberspace.”).

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1 address the overlap between the Lanham Act and Copyright Act in the context of a claim  
2 attempting to protect a website's "look and feel."<sup>5</sup>

3 Although defendant cites several cases in this jurisdiction and the Ninth Circuit involving  
4 dismissal of Lanham Act claims overlapping with copyright claims, all of these cases were  
5 decided with a developed factual background on summary judgment.<sup>6</sup> See Motion at 4, citing  
6 Corbis Corp. v. Amazon.com, Inc., 351 F. Supp. 2d 1090, 1115-16 (W.D. Wash. 2004) (decided  
7 on a motion for summary judgment); Shaw, 919 F.2d at 1364-65 (9th Cir. 1990) (affirming  
8 district court's dismissal of plaintiff's Lanham Act claim on summary judgment); and CD Law,  
9 Inc. v. LawWorks, Inc., 1994 U.S. Dist. Lexis 20776, at \*14 (W.D. Wash. Dec. 21, 1994)  
10 (dismissing Lanham Act claim on a motion for summary judgment). Defendant has presented no  
11 authority supporting Rule 12(b)(6) dismissal of a Lanham Act claim based on the availability of  
12 an adequate remedy under copyright.<sup>7</sup> Therefore, the Court denies defendant's request for  
13 dismissal of plaintiff's trade dress claim at this early stage of the litigation.

14 Second, the Court denies defendant's motion to dismiss the trade dress claim in light of  
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16 <sup>5</sup> There are not yet enough facts for the Court to determine the similarities between plaintiff's and  
17 defendants' website, and defendant has not raised any argument that plaintiff has an adequate remedy in  
18 copyright for its "look and feel" claim. See Apple Computer, Inc. v. Microsoft Corp., 35 F.3d 1435,  
19 1446 (9th Cir. 1994); 4 Nimmer on Copyright § 13.03[A][1][c] (discussing the "total concept and feel"  
test under substantial similarity).

20 <sup>6</sup> The cases cited by defendant are also distinguishable because they addressed claims for reverse  
21 passing off under the Lanham Act, which is not at issue in this case.

22 <sup>7</sup> The determination of whether the Lanham Act is limited by copyright is a narrower inquiry than  
23 the two-part test for preemption of state law claims under § 301 of the Copyright Act. The Lanham Act  
24 limitation is aimed at whether copyright provides an "adequate remedy." There can be no "adequate  
25 remedy" if the work cannot be copyrighted. As discussed below, however, a work may be unprotected  
26 under § 102(b) of the Copyright Act and yet be within the subject matter of copyright for preemption  
purposes under § 301. Although the Ninth Circuit has not addressed this issue, most circuits have held  
that for preemption, the "scope of the Copyright Act's subject matter is broader than the scope of the  
Act's protections." See Wrench LLC v. Taco Bell Corp., 256 F.3d 446, 455 (6th Cir. 2001).

1 the presumption that Fed. R. Civ. P. 12(b)(6) motions should rarely be granted, especially when  
 2 the claim involves a novel legal theory. See McGary v. City of Portland, 386 F.3d 1259, 1270  
 3 (9th Cir. 2004) (“Rule 12(b)(6) dismissals are especially disfavored in cases where the complaint  
 4 sets forth a novel legal theory that can best be assessed after factual development” and “the court  
 5 should be especially reluctant to dismiss on the basis of the pleadings when the asserted theory  
 6 of liability is novel or extreme, since it is important that new legal theories be explored and  
 7 assayed in the light of actual facts rather than a pleader’s suppositions.”) (internal citations  
 8 omitted); Hall v. City of Santa Barbara, 833 F.2d 1270, 1274 (9th Cir. 1986) (“It is axiomatic  
 9 that the motion to dismiss for failure to state a claim is viewed with disfavor and is rarely  
 10 granted.”) (internal quotation and citation omitted).

11 Here, plaintiff seeks protection for the “look and feel” of its website under the Lanham  
 12 Act. This is a novel legal theory as evidenced by plaintiff’s resort to two unpublished district  
 13 court cases to support its trade dress claim and the Court’s survey of recent scholarship  
 14 regarding protection for the “look and feel” of websites.<sup>8</sup> See Response at 4-5, citing Peri Hall

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16 <sup>8</sup> As a novel theory legal, there are more articles supporting trade dress protection for the “look  
 17 and feel” of websites than there are published cases deciding the merits of this theory. See G. Peter  
 18 Albert, Jr. & Laff, Whitesel & Saret, Ltd., Intellectual Property Law in Cyberspace 198-99 (1999 &  
 19 Supp. 2005) (“One of the next conflicts to arise between the Internet and trademark law is likely to be the  
 20 question of whether a Web page contains elements protectable as trade dress. . . . Trade dress protection  
 21 of Web pages has yet to be the central issue in an infringement claim.”); Xuan-Thao N. Nguyen, Should  
 22 It Be a Free For All? The Challenge of Extending Trade Dress Protection to the Look and Feel of Web  
 23 Sites in the Evolving Internet, 49 Am. U.L. Rev. 1233, 1276-77 (2000) (“The purpose of Section 43(a)  
 24 of the Lanham Act is to protect consumers from being deceived as to the source of a product or service.  
 25 To fulfill that purpose, it is logical to extend trade dress protection to the overall look and feel of web  
 26 sites that are inherently distinctive or have acquired secondary meaning and are non-functional.”); Jason  
 R. Berne, Comment, Court Intervention But Not In a Classic Form: A Survey of Remedies in Internet  
Trademark Cases, 43 St. Louis L.J. 1157, 1172 (1999) (“One as yet barely broached area of Internet  
 trademark litigation involves trade dress of a website. In such a case, a plaintiff may claim that the  
 defendant has in some way infringed on the ‘total image and overall appearance’ of a site, rather than one  
 single trademark. Although no cases of trade dress infringement of a website have been reported, at least  
 one claim has been filed on this basis.”).

1 & Assoc., Inc. v. Elliot Inst. for Soc. Sci. Research, 2006 U.S. Dist. Lexis 26234, at \*2 (W.D.  
2 Mo. Mar. 20, 2006); Faegre & Benson LLP v. Purdy, 2004 U.S. Dist. Lexis 896, at \*2 (D. Minn.  
3 Jan. 5, 2004). Accordingly, the Court concludes that factual development of plaintiff's novel  
4 trade dress theory is necessary before the Court will consider conclusive disposition of this  
5 claim. Defendant's motion to dismiss plaintiff's trade dress claim is therefore denied.

## 6 **2. Plaintiff's State Law Claims**

7 Defendant also moves for dismissal of plaintiff's state law claims for: (1) violation of the  
8 Washington CPA; (2) unfair competition; and (3) unjust enrichment and restitution based on §  
9 301(a) of the Copyright Act, which states:

10 On and after January 1, 1978, all legal or equitable rights that are equivalent to any  
11 of the exclusive rights within the general scope of copyright as specified by  
12 section 106 in works of authorship that are fixed in tangible medium of expression  
13 and come within the subject matter of copyright as specified by sections 102 and  
14 103 and, whether created before or after that date and whether published or  
15 unpublished, are governed exclusively by this title. Thereafter, no person is  
16 entitled to any such right or equivalent right in any such work under the common  
17 law or statutes of any State.

18 Under this section, "[c]opyright preemption is both explicit and broad[.]" G.S.  
19 Rasmussen & Assoc., Inc. v. Kalitta Flying Serv., Inc., 958 F.2d 896, 904 (9th Cir. 1992). The  
20 Ninth Circuit utilizes a two-part test to determine whether a state law claim is preempted. A  
21 claim is preempted if: (1) the work at issue comes within the subject matter of copyright as  
22 described in 17 U.S.C. §§ 102 and 103; and (2) the rights granted under the state law are  
23 equivalent to the rights contained in 17 U.S.C. § 106. See Laws v. Sony Music Entm't, Inc., 448  
24 F.3d 1134, 1137-38 (9th Cir. 2006).

### 25 **a. Subject Matter of Copyright**

26 Under the first part of the preemption test in this case, the Court must determine whether  
the "look and feel" of plaintiff's website is within the subject matter of copyright. Portions of  
plaintiff's website, including "Diamond Wire Frames, V 1"; "Blue Nile Diamond Search (Public  
Beta Version) - Sliders Section"; "Blue Nile Diamond Search with Vertical Sliders (Public Beta

1 Version”); and “Blue Nile Diamond Search (Public Beta Version) - ‘How to Narrow Your  
2 Search’ Section” are within the subject matter of copyright because plaintiff alleges it has  
3 registered copyrights in these elements of its websites. See Dkt. #3; Exhibits A & B. Despite  
4 this fact, plaintiff asserts that its state law claims are not preempted, because like its Lanham Act  
5 claim, the state law claims at issue relate to the “look and feel” its website. See Response at 9  
6 (“Blue Nile’s state law claims, like its trade dress claim, address Ice.com’s efforts to unfairly  
7 and unlawfully profit from the success of Blue Nile’s industry-leading website. This is not a  
8 matter within the subject of copyright, supra, Part II.A, and is therefore not preempted under the  
9 Copyright Act.”). This assertion, however, is contrary to the allegations of the state law claims  
10 that expressly include the copyright claim allegations. Paragraphs 33 - 50 of plaintiff’s first  
11 amended complaint contain the copyright causes of action. Plaintiff’s claims for violation of the  
12 Washington CPA, unfair competition, and unjust enrichment and restitution all incorporate these  
13 paragraphs by reference. See Dkt. #3 (¶57 “Blue Nile realleges and incorporates by reference  
14 the allegations in paragraphs 1 through 56 above as if fully set forth herein”; ¶61 “Blue Nile  
15 realleges and incorporates by reference the allegations in paragraphs 1 though 60 above as if  
16 fully set forth herein”; ¶75 “Blue Nile realleges and incorporates by reference the allegations in  
17 paragraphs 1 through 74 above as if fully set forth herein.”). Plaintiff cannot both expressly rely  
18 on the copyright allegations in all of its state law claims and assert that the state law claims are  
19 outside copyright’s subject matter for purposes of avoiding preemption.

20 Plaintiff also argues that “[t]his is not a matter within the subject matter of copyright”  
21 because a website’s “look and feel” is not among the enumerated works in 17 U.S.C. § 102(a).  
22 See Response at 4, 9. This argument is neither persuasive nor dispositive, however, because  
23 computer programs for example, are not identified in the eight categories of works listed in §  
24 102(a) and yet the Ninth Circuit has held that they are within the subject matter of copyright.  
25 See Johnson Controls, Inc., 886 F.2d at 1175 (“Computer software is subject to copyright

1 protection.”);1 Nimmer on Copyright § 2.04[C] (stating that the legislative history of the  
2 Copyright Act itself shows that computer programs are within the subject matter of copyright  
3 and that subsequent amendments to the Act dispelled any “lingering doubts as to the  
4 copyrightability of computer programs”).

5 Finally, plaintiff suggests that its state law claims should not be preempted because  
6 defendant Odimo asserted in its ninth affirmative defense and second counterclaim that the  
7 subject matter of plaintiff’s copyright registrations is excluded from copyright protection. In  
8 making these assertions, however, defendant Odimo relied on § 102(b) of the Copyright Act,  
9 which states: “[i]n no case does copyright protection for an original work of authorship extend  
10 to any idea, procedure, process, system, method of operation, concept, principle, or discovery,  
11 regardless of the form in which it is described, explained, illustrated or embodied in such a  
12 work.” Even if, as defendant Odimo asserts, plaintiff’s website or elements thereof are  
13 unprotected under § 102(b), this does not mean that the website is outside copyright’s subject  
14 matter for the preemption purposes under § 301.

15 Although the Ninth Circuit has not addressed the issue of whether a website’s “look and  
16 feel” is protected under § 102, other circuits have held that a work may be unprotected by  
17 copyright under § 102(b) and yet be within copyright’s subject matter for preemption purposes.  
18 See Wrench LLC, 256 F.3d at 455 (“the scope of the Copyright Act’s subject matter extends  
19 beyond the tangible expressions that can be protected under the Act to elements of expression  
20 which themselves cannot be protected.”). And, at least one district court in this Circuit has  
21 concluded that a claim based on an unprotected work under § 102(b) may still be preempted:

22 When read together, subsections (a) and (b) of § 102 define what works fall  
23 within the subject matter of copyright. However, only works that meet the  
24 criteria articulated by subsection (a) are entitled to copyright protection.  
25 Therefore, an item listed in subsection (b), such as an idea, procedure, process,  
26 etc., does not receive copyright protection but is nevertheless within the subject  
matter of copyright for purposes of preemption.

Selby v. New Line Cinema Corp., 96 F. Supp. 2d 1053, 1058 (C.D. Cal. 2000) (relying on U.S.

1 Ex Rel. Berge v. Board of Trustees of Univ. of Ala., 104 F.3d 1453, 1463 (4th Cir. 1997) and 4  
2 Nimmer on Copyright § 16.04[C]). Therefore, plaintiff's reference to defendant Odimo's ninth  
3 affirmative defense and second amended counterclaim is not a sufficient justification to exempt  
4 plaintiff's state law claims from preemption.

5 As alleged in its complaint, plaintiff's state law claims rest expressly on the same  
6 allegations as its copyright claims and plaintiff has failed to justify how the state law claims at  
7 issue are exempt from the reach of § 301. Accordingly, for the limited purpose of preemption  
8 analysis under § 301, the Court concludes that the "look and feel" of plaintiff's website is within  
9 the subject matter of copyright. Having made this determination, the Court must next determine  
10 whether the rights granted under the state laws forming the basis of plaintiff's claims are  
11 equivalent to the rights contained in 17 U.S.C. § 106.

#### 12 **b. Equivalent Rights**

13 Under the second, or "equivalent rights" part the Ninth Circuit's two-part test,  
14 the state law claim must contain an "extra element" in order to survive preemption:

15 To satisfy the "equivalent rights" part of the preemption test . . . the . . . alleged  
16 misappropriation . . . must be equivalent to rights within the general scope of  
17 copyright as specified by section 106 of the Copyright Act. Section 106 provides  
18 a copyright owner with the exclusive rights of reproduction, preparation of  
19 derivative works, distribution, and display. 17 U.S.C. § 106. To survive  
20 preemption, the state cause of action must protect rights which are qualitatively  
21 different from the copyright rights. The state claim must have an "extra element"  
22 which changes the nature of the action.

19 Del Madera Props. v. Rhodes & Gardner, Inc., 820 F.2d 973, 977 (9th Cir. 1987) (internal  
20 citation omitted) (overruled on other grounds). The three state law claims subject to preemption  
21 are analyzed individually under this framework below.

#### 22 **1. Washington Consumer Protection Act Claim**

23 Defendant argues that plaintiff's fourth cause of action for violation of Washington's  
24 CPA is preempted "because there are no 'extra elements' of CPA claims that 'makes the right  
25 asserted qualitatively different from the rights protected under the Copyright Act.'" See Motion

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1 at 5 (citation omitted). Plaintiff's CPA claim contains no distinct factual allegations. It simply  
2 includes the "foregoing acts of Defendants" and "incorporates by reference the allegations" set  
3 forth earlier in the amended complaint as constituting the violation of RCW 19.86 et seq. See  
4 Dkt. #3 at 11. The allegations and claims expressly incorporated by reference into the CPA  
5 claim include paragraphs 33 through 50, which set forth plaintiff's copyright claims.

6 In Kodadek v. MTV Networks, Inc., 152 F.3d 1209 (9th Cir. 1998), plaintiff filed a  
7 complaint alleging causes of action for copyright infringement and unfair competition.  
8 Plaintiff's unfair competition claim was dismissed on summary judgment as preempted by the  
9 Copyright Act. The unfair competition claim "incorporate[d] by reference paragraphs from the  
10 copyright infringement claim." Id. at 1212. For this reason, the Ninth Circuit affirmed  
11 dismissal of the unfair competition claim because it explicitly relied on the same allegations as  
12 the copyright claim, and held:

13 Kodadek's complaint expressly bases his unfair competition claim on rights  
14 granted by the Copyright Act. The Copyright Act grants rights "to reproduce the  
15 copyrighted work in copies," "to prepare derivative works based upon the  
16 copyrighted work," "to distribute copies to . . . to the public," and "to display the  
17 copyrighted work publically." 17 U.S.C. § 106, Del Madera Properties v. Rhodes  
18 & Gardner, Inc., 820 F.2d 973, 977 (9th Cir. 1987) (overruled on other grounds).  
19 Thus, it is clear that Kodadek's state law unfair competition claim is based solely  
20 on rights equivalent to those protected by the federal copyright laws.

21 Id. at 1213 (emphasis added). It is the same here. Based on Kodadek's holding,  
22 plaintiff's CPA claim is preempted because it incorporates the copyright claims by reference and  
23 is therefore based on rights equivalent to those protected by copyright.

24 The CPA claim is also preempted because despite plaintiff's assertion in its response that  
25 the claim contains "essential elements of deception, misrepresentation, and public interest  
26 impact," this does not change the underlying nature of the action in this case. See Response at  
27 7; Laws, 448 F.3d at 1144 ("The mere presence of an additional element ('commercial use') in  
28 section 3344 is not enough to qualitatively distinguish Laws's right of publicity claim from a

1 claim in copyright. The extra element must transform the nature of the action.) (emphasis  
2 added). The gravamen of the action here is plaintiff's claim that defendants copied portions of  
3 plaintiff's website. See Dkt. #3 at 1, ¶1 ("This action arises from Ice.com, Inc.'s and Odimo  
4 Inc.'s knowing, willful and intentional copying of protected elements of Blue Nile's website.").  
5 Under § 106(1) of the Copyright Act, a copyright owner has the exclusive right "to reproduce  
6 the copyrighted work." Therefore, while the elements of plaintiff's CPA claim may not be  
7 identical to the copyright claims, "the underlying nature of [Blue Nile's] state law claims is part  
8 and parcel of a copyright claim" for preemption purposes, and the Court finds that the additional  
9 allegations of "deception, misrepresentation, and public impact" do "not change the underlying  
10 nature of the action" of the CPA claim. See Laws, 448 F.3d at 1144. Accordingly, plaintiff's  
11 claim for violation of the Washington CPA is preempted and dismissed without prejudice with  
12 leave to amend.<sup>9</sup>

## 13 **2. Unfair Competition Claim**

14 Plaintiff's claim for unfair competition is preempted for the reasons set forth above in  
15 section II.B.2(b)(1) justifying dismissal of the CPA claim. Plaintiff's cause of action for unfair  
16 competition simply alleges: "The foregoing acts of Defendants constitute unfair competition in  
17 violation of the common law of the State of Washington." Dkt. #3 at ¶62. Paragraph 61 of the  
18 claim, however, also incorporates by reference all of the complaint's prior allegations and  
19 claims, including the allegations supporting the two claims for copyright infringement in  
20 paragraphs 33 - 50. Under Kodadek, 152 F.3d at 1213, plaintiff's unfair competition claim is  
21 dismissed as preempted because by incorporating the copyright claims by reference, the unfair  
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23 <sup>9</sup> Defendant did not move for dismissal with prejudice. Furthermore, "[i]n dismissing for failure  
24 to state a claim, 'a district court should grant leave to amend even if no request to amend the pleading  
25 was made, unless it determines that the pleading could not possibly be cured by the allegation of other  
26 facts.'" Doe v. United States, 58 F.3d 494, 497 (9th Cir. 1995) (quoting Cook, Perkiss & Liehe v. N.  
Cal. Collection Serv., 911 F.2d 242, 247 (9th Cir. 1990)).

1 competition claim is based on rights equivalent to those protected by copyright. See also  
2 Litchfield v. Spielberg, 736 F.2d 1352, 1358 (9th Cir. 1984) (holding that because the unfair  
3 competition and misrepresentation claims are “restatements of the copyright infringement  
4 claims, they are preempted by federal copyright law”). Furthermore, like plaintiff’s CPA claim,  
5 the underlying nature of plaintiff’s unfair competition claim “is part and parcel of a copyright  
6 claim.” Laws, 448 F.3d at 1144. For these reasons, plaintiff’s unfair competition claim is  
7 dismissed without prejudice with leave to amend.

### 8 **3. Unjust Enrichment and Restitution Claim**

9 Plaintiff’s eighth cause of action for unjust enrichment and restitution is also preempted  
10 for the reasons set forth above in section II.B.2(b)(1) justifying dismissal of the CPA claim.  
11 Plaintiff’s claim simply states: “Through the improper conduct of the Defendants, the  
12 Defendants obtained profits to which they were not entitled. It would be unjust for the  
13 Defendants to retain those ill-gotten gains.” See Dkt. #3, ¶76. Paragraph 75 of the claim,  
14 however, also incorporates by reference all of the complaint’s prior allegations and claims,  
15 including the allegations supporting the two claims for copyright infringement in paragraphs in  
16 paragraphs 33 - 50. Based on Kodadek’s holding, plaintiff’s unjust enrichment and restitution  
17 claim is dismissed as preempted because by incorporating the copyright claims by reference, the  
18 eighth cause of action is based on rights equivalent to those protected by copyright.  
19 Furthermore, the underlying nature of plaintiff’s unjust enrichment claim “is part and parcel of a  
20 copyright claim” like plaintiff’s CPA claim. Laws, 448 F.3d at 1144. Finally, the Court finds  
21 the reasoning of this Circuit’s prior decisions preempting unjust enrichment claims controlling  
22 and persuasive. See Del Madera, 820 F.2d at 977 (preempting unjust enrichment claim);  
23 Firoozye v. Earthlink Network, 153 F. Supp. 2d 1115, 1128 (N.D. Cal. 2001) (dismissing unjust  
24 enrichment claim without prejudice on a 12(b)(6) motion because “plaintiff’s unjust enrichment  
25 claim, which at its core alleges that the defendants unfairly benefitted from their unauthorized

1 use of WebStash, is equivalent to the rights protected in section 106 of the Copyright Act and is  
2 therefore preempted.”); Zito v. Steeplechase Films, Inc., 267 F. Supp. 2d 1022, 1027 (N.D. Cal.  
3 2003) (dismissing claim on a 12(b)(6) motion because “[w]hile a claim for unjust enrichment  
4 may require proof that a benefit was conferred on the defendant, where the unjust enrichment  
5 arises from defendants’ unauthorized use of a copyrighted work, such an extra element does not  
6 qualitatively change the rights at issue, the rights the plaintiff holds in the copyrighted work, and  
7 does not avoid preemption.”). For all of these reasons, plaintiff’s claim for unjust enrichment  
8 and restitution is dismissed without prejudice with leave to amend.

#### 9 **4. Contract Rights**

10 As a final matter, plaintiff asserts that its state law claims for violation of the Washington  
11 CPA, unfair competition, and unjust enrichment and restitution, “are not preempted for the  
12 additional or alternate reason that they also relate to contract rights, especially the right of good  
13 faith and fair dealing, arising under the prior settlement agreement over Diamond.com.” See  
14 Response at 8. Plaintiff states that “[i]t is well established that contractual rights are not  
15 equivalent to rights protected by the Copyright Act,” citing Grosso v. Miramax Film Corp., 383  
16 F.3d 965, 968 (9th Cir. 2004), and Altera, 424 F.3d at 1089.

17 In Grosso, the state claim subject to preemption, however, was itself a contract claim.  
18 See Grosso, 383 F.3d at 968 (“Therefore, his claim for breach of an implied-in-fact contract is  
19 not preempted by the Copyright Act, because it alleges an extra element that transforms the  
20 action from one arising under the ambit of the federal statute to one sounding in contract.”). In  
21 Altera, the court relied on the Seventh Circuit’s reasoning in ProCD, Inc. v. Zeidenberg, 86 F.3d  
22 1447 (7th Cir. 1996) as “compelling” in affirming the district court’s ruling rejecting preemption  
23 of plaintiff’s state cause of action for intentional interference of a contractual relationship. Id. at  
24 1089-90. The court in ProCD noted that “courts usually read preemption clauses to leave  
25 private contracts unaffected” in reaching its holding that “a simple two-party contract is not

1 'equivalent to any of the exclusive rights within the general scope of copyright' and therefore  
2 may be enforced." ProCD, Inc., 86 F.3d at 1454-55.

3 The Altera decision is distinguishable because the parties in the case were not in privity.  
4 Instead, Altera's claims were based on its contract with its customers, not a contract with  
5 defendant Clear Logic. In contrast here, plaintiff and defendants are parties to a Settlement  
6 Agreement and plaintiff is seeking to enforce its rights under this contract through its sixth and  
7 seventh causes of action for breach of contract and breach of the implied covenant of good faith  
8 and fair dealing. Both of these claims expressly rely on the parties' Settlement Agreement. In  
9 contrast, there is no reference to the Settlement Agreement in the body of plaintiff's claims for  
10 violation of the Washington CPA, unfair competition, and unjust enrichment and restitution.  
11 This case is also distinguishable from Grosso, because here the breach of contract claim is not  
12 subject to preemption. To the contrary, defendant did not move for dismissal of the contract  
13 claim or the claim for breach of the implied covenant of good faith and fair dealing. Therefore,  
14 the Court's dismissal of the state law claims at issue accords with the holding of ProCD because  
15 the Court is leaving enforcement of the parties' private contract unaffected because the claims  
16 for breach of contract and breach of the implied covenant remain part of the litigation. See  
17 ProCD, 86 F.3d at 1454.

### 18 III. CONCLUSION

19 For all of the foregoing reasons, "Defendant Ice.com's Motion to Dismiss Claims  
20 Preempted by the Copyright Act" (Dkt. #24) is GRANTED IN PART and DENIED IN PART.  
21 Defendant's motion to dismiss plaintiff's third cause of action for trade dress infringement under  
22 15 U.S.C. § 1125(a) is DENIED. Defendant's motion to dismiss plaintiff's fourth cause of  
23 action for violation of the Washington CPA, plaintiff's fifth cause of action for unfair  
24 competition, and plaintiff's eighth cause of action for unjust enrichment and restitution without  
25 prejudice is GRANTED with leave to amend.

26 ORDER GRANTING IN PART AND DENYING  
IN PART DEFENDANT ICE.COM'S  
MOTION TO DISMISS

1 DATED this 18th day of January, 2007.

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4 Robert S. Lasnik  
5 United States District Judge  
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26 ORDER GRANTING IN PART AND DENYING  
IN PART DEFENDANT ICE.COM'S  
MOTION TO DISMISS