

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MISSOURI
EASTERN DIVISION

ETRAILER CORPORATION,)	
)	
Plaintiff,)	
)	
vs.)	Case No. 4:17-CV-01284-AGF
)	
ONYX ENTERPRISES, INT’L CORP.)	
d/b/a CARiD.COM,)	
)	
Defendant.)	

MEMORANDUM AND ORDER

This copyright and unfair competition matter is before the Court on the motion of Defendant Onyx Enterprises, International Corporation (“Onyx”), to dismiss Plaintiff etrailer Corporation’s (“etrailer”) complaint. For the reasons set forth below, the motion to dismiss will be denied in part as to etrailer’s copyright claims, and granted as to etrailer’s unfair competition claims.

BACKGROUND

Etrailer is an online vendor of motor vehicle accessories such as trailer hitches, trailer parts, and towing accessories. Etrailer uses its own high-quality photographs (“Photos”) and videos to advertise and market the products it sells. Onyx, which does business on the Internet as CARiD.com, is a direct competitor of etrailer in the online car accessories sales market. Etrailer and Onyx sell many of the same products made by third parties.

Etrailer's complaint states that its Photos and videos either have copyright registrations approved by the United States Copyright Office ("actual registrations"), or are the subject of pending, completed copyright registration applications filed with the Copyright Office ("applied-for registrations"). Etrailer claims that Onyx engaged in willful copyright infringement in violation of the federal Copyright Act, 17 U.S.C. § 501, by illegally copying and displaying thousands of etrailer's Photos on CARiD.com to sell the products depicted in the photos (Count I).

Etrailer additionally alleges that Onyx altered some of the Photos by removing etrailer's name or marks that originally appeared in the Photos on or near the products depicted. Etrailer claims that this constituted false designation of origin in violation of § 43(a) of the Lanham Act, 15 U.S.C. § 1125(a) (Count II), and Missouri statutory and common law (Count III).

For the copyright infringement claims, etrailer seeks an entry of judgment finding that Onyx has infringed on etrailer's rights; an order directing Onyx to provide proof of destruction of unlawful copies of the Photos, or to allow etrailer to effect the same; a permanent injunction against Onyx; monetary damages, pursuant to 17 U.S.C. § 504(c), of \$150,000 per infringement, or disgorgement of Onyx's profits in an amount to be proven at trial; and costs and attorney's fees.

For the false designation of origin claims, etrailer seeks an entry of judgment; reimbursement for advertising and other expenses necessary to dispel the public confusion caused by Onyx's unlawful acts; monetary damages in an amount to be proven at trial,

trebled, pursuant to 15 U.S.C. § 1117, on account of Onyx's willfulness; and attorney's fees and costs.

To support its claims, etrailer attached to the complaint an exemplar list of 27 of its actually registered "photo groups," which contain Photos of vehicle accessories. Also attached are side-by-side comparisons of 80 Photos, as posted on etrailer.com, and Onyx's posting of the identical, or slightly modified, Photos on CARiD.com or eBay.com. Of the 80 Photos included, 69 have actual registrations, and 11 are listed as "pending registration." In 21 of the Photos, the name "etrailer" appears on the product itself; etrailer's name has been removed in the allegedly infringing versions.

ARGUMENTS OF THE PARTIES

In support of its motion to dismiss the federal copyright claims, Onyx initially argued that the court lacked subject matter jurisdiction over claims based on Photos with only applied-for registrations.¹ Onyx additionally asserts that etrailer failed to state a claim with regards to false designation of origin under either federal or state law, as etrailer is not the source of the products depicted in the Photos, and thus removing etrailer's marks from the Photos does not falsely designate the products' origin.

In opposing Onyx's motion to dismiss, etrailer notes that Onyx's position on the Court's lack of subject matter jurisdiction relied on an incorrect statement of the law.

¹ As Onyx had already filed an answer when this motion was filed, this motion is more accurately regarded as a motion for judgment on the pleadings. *See, e.g., Free & Fair Election Fund v. Mo. Ethics Comm'n*, No. 16-04332-CV-C-ODS, 2017 WL 2189657, at *3 (W.D. Mo. May 17, 2017). The same standard that governs motions to dismiss also governs motions for judgment on the pleadings. *Ellis v. City of Minneapolis*, No. 16-2019, 2017 WL 2735423, at *3 (8th Cir. June 27, 2017). For convenience, the Court will refer herein to the motion as one to dismiss.

Etrailer cites *Reed Elsevier, Inc. v. Muchnick*, 559 U.S. 154, 157 (2010), which held that registration of a copyright is not a jurisdictional issue, but rather a “precondition” to suit under the Copyright Act. With respect to Counts II and III, etrailer first asserts that there is no support in the complaint for Onyx’s argument that etrailer is not the origin of the underlying products depicted. Etrailer further argues that its protectable interest in the Photos is not dependent on etrailer being the source of the products depicted, and cites cases to support the proposition that a defendant’s use of a plaintiff’s photographs in advertising certain products is a false designation of origin. In addition, etrailer argues that the Photos themselves are the products being falsely designated, and Onyx’s removal of etrailer’s marks “from many of the [Photos]” is likely to cause confusion regarding the Photos’ origin. ECF No. 18 at 7.

In reply, Onyx concedes that the Court has subject matter jurisdiction over the infringement claims, but argues that Count I fails to state a claim based on any Photos for which etrailer did not obtain actual registration. Regarding Counts II and III, Onyx points to numerous references in the complaint to etrailer’s status as a vendor, and not the manufacturer or producer, of the products etrailer sells. Onyx distinguishes the cases etrailer relies on, as those cases involved photographs of products that were, in fact, the plaintiff’s own goods. Onyx also asserts that the Photos cannot be “products” within the definition of the Lanham Act or Missouri law on false designation, as the Photos are not marketed to consumers.

By means of a sur-reply, filed with leave of Court, etrailer posits that Onyx waived its opportunity to move to dismiss Count I for failure to state a claim by initially attacking

that count on subject matter jurisdiction grounds. Etrailer further argues that it has satisfied any precondition to suit for infringement of Photos with either actual registration or applied-for registration, based on *Action Tapes, Inc. v. Mattson*, 462 F.3d 1010 (8th Cir. 2006), which stated that infringement is actionable under the Copyright Act once the owner has “delivered the deposit, application, and fee required for registration to the United States Copyright Office.” *Id.* at 1013.

DISCUSSION

To survive a motion to dismiss for failure to state a claim, a pleader’s allegations must contain “sufficient factual matter, accepted as true, to ‘state a claim to relief that is plausible on its face.’” *Ashcroft v. Iqbal*, 556 U.S. 662, 678 (2009) (quoting *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 570 (2007)). “[A] formulaic recitation of the elements of a cause of action will not do.” *Twombly*, 550 U.S. at 555. The Court is not required to accept the legal conclusions the pleader draws from the facts alleged. *Iqbal*, 556 U.S. at 678; *Retro Television Network, Inc. v. Luken Commc’ns, LLC*, 696 F.3d 766, 768-69 (8th Cir. 2012). However, the Court must assume the factual allegations of a complaint as true and construed in favor of the plaintiff “even if it strikes a savvy judge that actual proof of those facts is improbable.” *Twombly*, 550 U.S. at 556.

Count I: Federal Copyright Infringement

A copyright in a work “subsists from its creation.” 17 U.S.C. § 302. “Registration” with the Copyright Office is optional, but is required to entitle a copyright holder to bring an infringement action under the Copyright Act, and copyright holders “frequently register specifically for the purpose of being able to bring suit” under the Act.

Explore Litigation Insights

Docket Alarm provides insights to develop a more informed litigation strategy and the peace of mind of knowing you're on top of things.

Real-Time Litigation Alerts



Keep your litigation team up-to-date with **real-time alerts** and advanced team management tools built for the enterprise, all while greatly reducing PACER spend.

Our comprehensive service means we can handle Federal, State, and Administrative courts across the country.

Advanced Docket Research



With over 230 million records, Docket Alarm's cloud-native docket research platform finds what other services can't. Coverage includes Federal, State, plus PTAB, TTAB, ITC and NLRB decisions, all in one place.

Identify arguments that have been successful in the past with full text, pinpoint searching. Link to case law cited within any court document via Fastcase.

Analytics At Your Fingertips



Learn what happened the last time a particular judge, opposing counsel or company faced cases similar to yours.

Advanced out-of-the-box PTAB and TTAB analytics are always at your fingertips.

API

Docket Alarm offers a powerful API (application programming interface) to developers that want to integrate case filings into their apps.

LAW FIRMS

Build custom dashboards for your attorneys and clients with live data direct from the court.

Automate many repetitive legal tasks like conflict checks, document management, and marketing.

FINANCIAL INSTITUTIONS

Litigation and bankruptcy checks for companies and debtors.

E-DISCOVERY AND LEGAL VENDORS

Sync your system to PACER to automate legal marketing.