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August 19, 2021

MEMO ENDORSEMENT

Plaintiff's request for leave to file the Amended Complaint is granted. Plaintiff will file the Amended Complaint by September 24, 2021. If Defendants intend to move to dismiss the Amended Complaint, they will file a letter by October 1, 2021 with a briefing schedule agreed upon by both parties.

DELIVERED VIA ECF

The Honorable Paul G. Gardephe United States District Court Southern District of New York 40 Foley Square, Room 2204 New York, New York 10007-1312

SO ORDERED.

Handwritten signature of Paul G. Gardephe

Case Title: Klauber Brotl 1:21-cv-04523 Re: Plaintiff's Re Conference C Motion to Dismiss Paul G. Gardephe United States District Judge September 20, 2021

Your Honor:

This office represents Plaintiff Klauber Brothers, Inc. ("Klauber") in the above-referenced case. We write in compliance with Rules I(A) and IV(A) of Your Honor's Individual Rules in response to Defendant Badgley Mischka, LLC and Saks Incorporated's (collectively, "Defendants") August 16, 2021 letter requesting a pre-motion conference. See Dkt. No. 17. The contemplated motion is without merit, as follows:

A. Klauber's direct copyright infringement claims are sufficiently plead

Klauber is a lace company that was founded in 1859 in Munich, Germany. The company operated there until it was seized by the Nazis during World War II. After the war ended, the company moved its headquarters to New York, New York, where it does business to this day. Klauber employs a design team to create unique and attractive lace designs and sells lace bearing those designs to its various customers in the fashion industry. Klauber's copyrights were infringed when Defendants sold clothing featuring unauthorized knock-offs of Klauber's original lace design 39092 X (the "Subject Design") to the public.

The Copyright Act protects copyright owners like Klauber by granting them exclusive right to "reproduce, distribute, and publicly display copies of the work." 17 U.S.C. §106. To adequately allege

a Klauber has since learned that M.J.C.L.K., LLC, doing business as "Badgley Mischka", may be the proper defendant instead of Badgley Mischka, LLC and will seek leave to amend its complaint to substitute this party, as reflected in the attached Exhibit 1.

b These exclusive rights also include, inter alia, the right to prepare derivative works from the copyrighted material (17 U.S.C. §106(2)) and the right to distribute and sell product bearing the copyrighted work (17 U.S.C.

copyright infringement, a plaintiff need only claim “(1) ownership of a valid copyright and (2) infringement of the copyright by the defendant.” *Hamil Am. Inc. v. GFI*, 193 F.3d 92, 98 (2d Cir. 1999) (citations omitted). Infringement means that “(1) the defendant[s] ha[ve] actually copied the plaintiff’s work; and (2) the copying is illegal because a substantial similarity exists between the defendant’s work and the protectible elements of plaintiff’s.” *Id.* at 99 (quotations and citations omitted). Actual copying may be proved directly or indirectly. “[I]ndirect evidence of copying includes proof that the defendants had access to the copyrighted work **and similarities that are probative of copying between the works.**” *Id.* (emphasis added).

Here, Klauber has alleged that it owns a copyright registration covering the design at issue. (Complaint, ¶ 11.) Klauber has also alleged that Defendants “without Plaintiff’s authorization [...] created, sold, manufactured, caused to be manufactured, imported and/or distributed fabric and/or products incorporating fabric that bears artwork identical to or **substantially similar** to the Subject Design” (Complaint, ¶14.) Klauber’s allegations, taken together, satisfy the *Hamil Am. Inc.* requirements and are thus sufficient.

Defendants blatantly ignore the “striking similarity” between the designs at issue. Defendants argue that there are “dissimilar total concepts and overall expression and feel between the respective designs, including different positioning, different directions, different designs, different patterns for the repeating of motifs, different colors, different scalloping, and more.” But this self-serving description fails. Defendants fail to illustrate **where** the alleged different positioning, directions, designs, and scalloping are located on the designs or explain **how** the designs differ in any way. Conversely, Klauber provided a comparison of its design and the design exploited on the products at issue and alleged that the “comparisons make apparent that the elements, composition, arrangement, layout, and appearance of the design on the items is substantially similar to the design at issue.” (Complaint ¶¶15-16, Dkt. No. 1.) Thus, Defendants’ claim that “Klauber has failed to allege any specific facts that would support a finding that the allegedly infringing design is substantially similar to Klauber’s design” is without merit. Considering the virtual identity between the designs at issue, which is striking enough to preclude the possibility of independent creation, and construing all evidence in favor of Klauber, as we must do at this stage, Klauber has sufficiently alleged striking similarity between the designs. Nevertheless, Klauber will seek leave to amend its complaint to include additional access allegations and a more detailed comparison between the two designs, as reflected in Paragraph 17 of its proposed First Amended Complaint (“FAC”), which is attached hereto as **Exhibit 1**.

B Klauber’s claims of vicarious and contributory liability are sufficiently pled

As noted above, Klauber has adequately pled an underlying copyright violation. Its vicarious and contributory infringement claims are also sufficiently pled. Defendants groundlessly claim that “Klauber fails to properly plead any factual allegations showing that Defendants knew or could have known of the alleged direct infringement in real time, substantially participated in the alleged direct infringement, or exercised control over an unidentified party or parties several steps earlier in the chain of manufacture.” This is plainly false.

To allege vicarious copyright infringement, a plaintiff must allege that the defendant[s] “[1] had the right and ability to supervise the infringing activity and ... [2] ha[ve] a direct financial interest in such activities.” *Arista Records LLC v. Lime Grp. LLC*, 784 F. Supp. 2d 398, 434–35 (S.D.N.Y. 2011) (quoting *Gershwin Pub. Corp. v. Columbia Artists Mgmt., Inc.*, 443 F.2d 1159, 1162 (2d Cir. 1971)). Here, Klauber has alleged that Defendants “knowingly induced, participated in, aided and abetted in and profited from the illegal

exclusive right granted to copyright holders under 17 U.S.C. § 106. *See* 17 U.S.C. § 501(a) (infringement occurs when alleged infringer engages in activity listed in § 106).

reproduction and/or subsequent sales of garments featuring the Subject Design by, *inter alia*, directing the manufacture of or selection and sourcing of materials and designs for the Infringing Products or had agreements requiring the manufacture or sourcing of certain materials or designs, with the ability and right to supervise, direct, cancel, or otherwise modify its orders for the manufacture or purchase of the Infringing Products... Defendants had direct oversight or involvement in the sourcing of materials for and manufacture of the Infringing Products and thus knew, induced, caused, or materially contributed to the infringement of Plaintiff's rights as alleged herein" (Complaint, ¶ 26.) Klauber also alleged that Defendants are "vicariously liable for the infringement [alleged in the Complaint] because they had the right and ability to supervise the infringing conduct and because they had a direct financial interest in the infringing conduct." (Complaint, ¶ 28.) The exact relationship between the Defendants is presently unknown, but as Klauber has alleged, the Defendant retailers of the Infringing Products surely had the right to oversee their orders for the manufacture or purchase of the Infringing Products. (Complaint, ¶ 27.) This is sufficient to assert vicarious infringement.

Additionally, "one who, with knowledge of the infringing activity, induces, causes or materially contributes to the infringing conduct of another, may be held liable as a 'contributory' infringer." *Gershwin Pub. Corp.*, 443 F.2d at 1162. As noted previously, Klauber specifically alleged that it sampled and sold lace bearing the Subject Designs "to numerous parties in the fashion and apparel industries." (Complaint, ¶ 13.) And as noted above, Klauber has alleged access. (Complaint, ¶ 20.) At least some Defendants had knowledge of Klauber's ownership, particularly given the parties' litigation history. Thus, Klauber's claims of secondary vicarious and/or contributory liability are sufficiently pled.

Finally, any further details regarding the foregoing claims are solely within the possession of Defendants and as a result Klauber is not required to plead same. See *Friedman v. Live Nation Merch., Inc.*, 833 F.3d 1180, 1189 (9th Cir. 2016)(even at the summary judgment stage, a party need not submit facts solely within their adversary's possession, a rule that "accords with ... our general precedent that fairness dictates that a litigant ought not have the burden of proof with respect to facts particularly within the knowledge of the opposing party.")(citation omitted). The secondary liability claims are adequately pled.

Defendants' proposed motion does not appear to have merit. As such, it is respectfully requested that Defendants' request to file said motion be declined, or, in the alternative, that Klauber be allowed to amend its complaint to cure the perceived deficiencies and obviate the need for, or streamline, Defendants' motion practice.

Thank you for your attention to this matter.

Respectfully submitted,

By: /s/ Scott Alan Burroughs
Scott Alan Burroughs
Laura M. Zaharia
DONIGER / BURROUGHS
For the Plaintiff

EXHIBIT 1

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

KLAUBER BROTHERS, INC., a New York corporation,

Plaintiff,

v.

M.J.C.L.K. LLC, individually and doing business as “Badgley Mischka”, a New York limited liability company; SAKS INCORPORATED, a Tennessee corporation; and DOES 1 through 10,

Defendants.

Civil Action No.: 1:21-cv-04523-PGG

**PLAINTIFF’S FIRST AMENDED
COMPLAINT FOR:**

- 1. COPYRIGHT INFRINGEMENT and**
- 2. VICARIOUS AND/OR CONTRIBUTORY COPYRIGHT INFRINGEMENT**

Jury Trial Demanded

Plaintiff Klauber Brothers, Inc., a New York corporation, by and through its undersigned attorneys, hereby prays to this honorable Court for relief based on the following:

JURISDICTION AND VENUE

- This action arises under the Copyright Act of 1976, Title 17 U.S.C., § 101 *et seq.*
- This Court has federal question jurisdiction under 28 U.S.C. § 1331 and 1338 (a) and (b).
- Venue in this judicial district is proper under 28 U.S.C. § 1391(c) and 1400(a) in that this is the judicial district in which a substantial part of the acts and omissions giving rise to the claims occurred.

PARTIES

4. Plaintiff Klauber Brothers, Inc. (“Klauber” or “Plaintiff”) is a corporation organized and existing under the laws of the State of New York with its principal place of business in New York.

5. Plaintiff is informed and believes and thereon alleges that Defendant M.J.C.L.K. LLC, individually and doing business as “Badgley Mischka” (“Badgley Mischka”) is a limited

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