

## Trademark Suit Out of Sync with Copyright Infringement

A karaoke track distributor's attempt to claim trademark infringement for what really was copyright infringement hit a sour note with the Seventh Circuit.

Phoenix Entertainment Partners, formerly Slep-Tone, distributes karaoke accompaniment tracks under the trademark Sound Choice to bars. Because of changing technology, the company allows its customers to transfer the tracks to sound systems. Slep-Tone sued Basket Case Pub in Peoria, Illinois for trademark infringement and unfair competition for making an unauthorized sound track copy, arguing that the bar was "passing off" the copy as an original. The trial court dismissed the case finding the copying was not likely to cause consumer confusion as required by trademark law.

The appellate court agreed and noted that the real complaint is for copyright infringement. "[W]hat lies at the heart of the defendants' alleged wrongdoing is the unauthorized copying of Slep-Tone's karaoke tracks. It is undisputed that those tracks, the audio and visual components of which were arranged specifically for karaoke accompaniment, constitute derivative works that enjoy protection under the Copyright Act. The unauthorized copying of a creative work is typically the province of copyright law," the opinion said. "And there is no doubt that, on the facts alleged, Slep-Tone would have a perfectly viable claim for copyright infringement against the defendants, if Slep-Tone owned the copyright on these tracks. We are told it does not."

Lacking a copyright, Slep-Tone sued for trademark infringement because its trademark appeared at the beginning and end of the video displaying the words to the songs. "But the routine display of Slep-Tone's embedded trademark during the performance of the tracks does not, without more, support a claim of trademark infringement or unfair competition under the Lanham Act."

"[T]he defendants are not selling compact discs with karaoke tracks and billing them as genuine Slep-Tone tracks, in the way that a street vendor might hawk knock-off Yves Saint Laurent bags or Rolex watches to passers-by. Whatever wrong the defendants may have committed by making (or causing to be made) unauthorized copies of Slep-Tone's tracks, they are not alleged to have held out a tangible good sold in the marketplace as a Slep-Tone product. Consequently, the defendant's alleged conduct is not actionable as trademark infringement," the court wrote.

It is important to understand the nature of the intellectual property one owns and how best to protect it. Trademarks protect brands, such as company or product names, logos, slogans, and even shapes or colors; they distinguish the source of a product or service. Copyrights protect the original expression of an idea, such as a musical composition, book, sound recording, audiovisual work, software code, architectural drawing, sculpture, or photograph. Balough Law Offices can help you protect your valuable intellectual property.

*Phoenix Entertainment Partners, LLC and Slep-Tone Entertainment Corp. v. Dannette Rumsey and Basket Case Pub, Inc.*, Seventh Cir. No. 15-2844, issued July 21, 2016.

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