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Court of Appeal Rules Filing Foreign Lawsuit Not Protected Activity

By SHERRI M. OKAMOTO, Staff Writer

The filing of a lawsuit in a foreign country is not a protected activity for purposes of an anti-SLAPP motion, this district's Court of Appeal held yesterday.

Div. Two upheld the decision by then-Los Angeles Superior Court Judge Tricia A. Bigelow—now a justice in Div. Eight—denying Chrome Hearts LLC's special motion to strike Mohammad Guessous' complaint for breach of contract and declaratory relief.

Guessous created a line of jewelry and a collection of clothing and leather products which were marketed and sold by Five Bis, a French limited liability company, across the United States and in Paris and Tokyo. In 1996, Chrome Hearts filed suit against Guessous in the U.S. District Court for the Central District of California, asserting trademark and copyright infringement with respect to certain jewelry offered for sale by Guessous.

The parties settled the matter and Guessous agreed to discontinue selling certain jewelry designs. About two years later, Chrome Hearts filed another action in the same federal court against Guessous and other companies for infringement of certain jewelry designs, trademarks and copyrights.

'No Suit' Covenant

Once again, the matter was settled. Guessous and Chrome Hearts entered into a written settlement agreement containing a covenant not to sue.

Chrome Hearts agreed that it would not sue Guessous "for trademark infringement, trade dress infringement, unfair competition, or similar or related claims whose gravamen is alleged consumer or buyer confusion or potential confusion, including any claim based on the alleged similarity between the overall look and feel of Chrome Hearts' products and products designed, manufactured, or sold by Guessous," but the covenant specifically excluded all claims by Chrome Hearts against Guessous alleging misuse of the "Chrome Hearts" mark.

The covenant applied worldwide, from the date of the settlement agreement to the end of time, to all existing and future products designed, manufactured and/or sold by Guessous and Chrome Hearts. Chrome Hearts later opened a boutique in Paris and in 2007, sued Five Bis in the Paris Court of First Instance for alleged infringement of the "Chrome Hearts" trademarks and seeking to enjoin Five Bis from using these marks.

Five Bis argued that the claims were barred by the covenant not to sue, but the French court rejected this argument and enjoined Five Bis from using the Chrome Hearts marks.

After a French appellate court affirmed, Five Bis filed a request for reappraisal and appealed to the French Supreme Court.

Breach Alleged

While these appeals were pending, Guessous and Five Bis filed suit in the Los Angeles Superior Court asserting that the filing of the French actions had violated the covenant not to sue.

They also sought to permanently enjoin Chrome Hearts from proceeding with the two trademark infringement actions still being prosecuted in France, and from ever filing another lawsuit against plaintiffs anywhere in the world alleging trademark infringement, trade dress infringement, unfair competition, or any similar or related claim, except claims against Guessous of misuse of the words

“Chrome Hearts.”

Chrome Hearts filed a special motion to strike the complaint under the anti-SLAPP statute.

Bigelow found that the statute applied to Guessous and Five Bis’ causes of action, but that they had established a prima facie case for their claims and denied the motion.

Writing for the appellate court, Justice Kathryn Doi-Todd said that Bigelow had reached the correct result through the wrong reasoning.

Doi-Todd emphasized that the express language of the anti-SLAPP statute limits motions to strike to causes of action arising from any act “in furtherance of the person’s right of petition or free speech under the United States or California Constitution in connection with a public issue,” opining that this language “is plain and unambiguous.”

She reasoned that the statute “clearly limits the petitioning or free speech activity to that made pursuant to rights granted by the United States or California Constitutions,” and since neither grants a United States citizen the right to petition a foreign government, concluded that Chrome Hearts’ filing of the French actions was not a protected activity.

Prospective Grant

“The trial court’s contrary finding that [the anti-SLAPP statute] did apply to plaintiffs’ declaratory relief claim focused on the requests for prospective declaratory and injunctive relief based on the viability of future actions Chrome Hearts might file in this country,” the justice explained, adding that this determination was erroneous since there was no basis for a prospective grant of protection.

“Because the filing of the French actions is not protected activity, any requested prospective relief does not arise from protected activity,” Doi-Todd said, concluding that Chrome Hearts failed to meet its initial burden of demonstrating that Guessous and Five Bis’ causes of action arose from an act in furtherance of the right of petition or free speech under the United States or California Constitutions and therefore the burden never shifted to plaintiffs to demonstrate a probability of prevailing on their claims.

Justices Judith M. Ashmann-Gerst and Victoria M. Chavez joined Doi-Todd in her decision.

Robert L. Meylan and Jodi M. Newberry of Murphy Rosen & Meylan represented Guessous and Five Bis while Brent H. Blakely and Cindy Chan of the Blakely Law Group represented Chrome Hearts.

The case is *Guessous v. Chrome Hearts, LLC*, B212074.

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