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6 IN THE UNITED STATES DISTRICT COURT  
7 FOR THE DISTRICT OF ARIZONA  
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9 Designer Skin, LLC, et al.,

10 Plaintiffs,

11 vs.

12 S & L Vitamins, Inc., et al.,

13 Defendants.  
14

) No. CV 05-3699-PHX-JAT

) **FINDINGS OF FACT AND**  
) **CONCLUSIONS OF LAW**

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16 The Court presided over a single trial on all legal and equitable claims remaining in  
17 this case on July 15, 16, and 17, 2008.<sup>1</sup> At the close of evidence, the Court granted  
18 Defendants’ motion for judgment as a matter of law on all claims except Plaintiff Designer  
19 Skin, LLC’s<sup>2</sup> equitable claim for injunctive relief against Defendant S & L Vitamins, Inc.  
20 The Court now addresses this remaining claim, which raises the following two issues: (1)  
21 whether S & L Vitamins has infringed any of Designer Skin’s copyrights; and if so, (2)  
22 whether Designer Skin is entitled to permanent injunctive relief. The Court hereby finds and  
23 concludes as follows:

24  
25 <sup>1</sup> The Court resolved a number of claims at the summary-judgment stage of this  
26 litigation. See *Designer Skin, LLC v. S & L Vitamins, Inc.*, 560 F. Supp. 2d 811 (D. Ariz.  
2008).

27 <sup>2</sup> There are actually three plaintiffs in this suit: Designer Skin, LLC; Splash Tanning  
28 Products, LLC; and Boutique Tanning Products, LLC. But for purposes of this litigation, the  
parties have treated them as the single entity “Designer Skin.”

1 **I. FINDINGS OF FACTS**

- 2 1. Designer Skin is the exclusive creator and manufacturer of the following 42 indoor  
3 tanning products: Ultimate Love Junkie; Secret Rapture; Revival; Sheer Wisdom; Ray  
4 of Light; Vanishing Act; Designer Skin Intrigue; Tao; Designer Skin Mood; Designer  
5 Skin Worship; Worship Me; Designer Skin Goddess; Halo; Designer Skin  
6 Spellbound; Designer Skin Speed of Light; Designer Skin Shine; Designer Skin  
7 Saving Face; Amazing Face; Addicted to Love; Designer Skin Drama Queen;  
8 Enamor; Flare; Undercover Angel; Designer Skin Bombshell; Designer Skin Believe;  
9 Splash Get Down Brown; Ritual; Shrine; Dolce; Whisper; Veritas; Boutique Bronze  
10 Camouflage; Bohemia; Bronze Bondage; Smolder; Siren; Angel; Gold Digger; Ego  
11 Maniac; Triple Play; Splash Hustle; and Bipolar (the “Products”).
- 12 2. Designer Skin is the exclusive creator of certain artwork associated with the Products,  
13 including the labels that appear on the physical Products themselves and the electronic  
14 renderings of the Products that appear on its website, www.designerskin.com.
- 15 3. Designer Skin has conceded that taking and displaying photographs of the physical  
16 Products does not infringe its copyrights in the labels on those Products. Thus, the  
17 only copyrights allegedly infringed by S & L Vitamins are the copyrights in the  
18 electronic renderings of the Products.<sup>3</sup>
- 19 4. The electronic renderings of the Products are displayed on Designer Skin’s website  
20 for advertising and marketing purposes only.
- 21 5. Designer Skin owns registered copyrights in both (1) the labels that appear on its  
22 Products and (2) its website.

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23  
24 <sup>3</sup> Designer Skin also claimed that S & L Vitamins has infringed Designer Skin’s  
25 copyrights in the electronic renderings of 12 other products that appear on its website: The  
26 Big O; Pure Intentions; Freedom; Choc-o-holic; Daddy-O; Floozy; Fortune; Boutique  
27 Bloom; Secret Stash; Try Me; Faker; and Shameless (“Other Products”). The advisory jury,  
28 however, found that S & L Vitamins has not infringed these copyrights. On the basis of this  
finding, the Court likewise finds as a fact that S & L Vitamins has not infringed Designer  
Skin’s copyrights in the electronic renderings of these Other Products.

- 1 6. These copyright registrations provide overlapping protection for Designer Skin's  
2 copyrights in the electronic renderings of the Products that appear on its website.
- 3 7. Although slight, there are some noticeable differences between the look of the  
4 physical Products themselves and the electronic renderings of the Products that appear  
5 on Designer Skin's website.
- 6 8. Designer Skin's website is publicly accessible.
- 7 9. An internet user can copy an image from Designer Skin's website by right-clicking  
8 on the image, selecting copy, and then pasting the image in the user's desired location.  
9 The copied image can then be altered in various ways, including reducing the image's  
10 size.
- 11 10. S & L Vitamins is an internet reseller: it buys various products in bulk, including  
12 Designer Skin's Products, and resells those products at discount prices through its  
13 website located at [www.thesupplenet.com](http://www.thesupplenet.com).
- 14 11. S & L Vitamins' website contains images that, except for being smaller, are identical  
15 to the electronic renderings of the Products that appear on Designer Skin's website.
- 16 12. Designer Skin has never authorized S & L Vitamins to use any of its intellectual  
17 property rights for any purpose. Nor has S & L Vitamins ever requested that Designer  
18 Skin authorize it to use its intellectual property rights for any purpose.
- 19 13. After the close of evidence at trial, an advisory jury found that S & L Vitamins has  
20 infringed Designer Skin's copyrights in the electronic renderings of the Products. On  
21 the basis of this finding, the Court likewise finds as a fact that S & L Vitamins has  
22 infringed Designer Skin's copyrights in the electronic renderings of the Products.
- 23 14. The Court further finds that there is a significant likelihood that S & L Vitamins will  
24 continue to infringe Designer Skin's copyrights in the electronic renderings of the  
25 Products in the future.
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1 **II. CONCLUSIONS OF LAW**

2 **A. Subject Matter Jurisdiction**

- 3 1. As a preliminary matter, S & L Vitamins argues that the Court lacks subject matter  
4 jurisdiction over Designer Skin’s copyright claims because Designer Skin did not  
5 register the copyrights at issue in this case, i.e., the electronic renderings of the  
6 Products, before commencing this action.
- 7 2. “Registration is generally a jurisdictional prerequisite to a suit for copyright  
8 infringement.” *Perfect 10, Inc. v. Amazon.com, Inc.*, 508 F.3d 1146, 1154 n.1 (9th  
9 Cir. 2007) (citing 17 U.S.C. § 411). But the failure to register a copyright before  
10 filing suit for infringement is a defect that can be cured by a later registration. *See,*  
11 *e.g., Positive Black Talk Inc. v. Cash Money Records Inc.*, 394 F.3d 357, 365-67 (5th  
12 Cir. 2004) (citing cases); *Proven Methods Seminars, LLC v. Am. Grants & Affordable*  
13 *Hous. Inst., LLC*, 519 F. Supp. 2d 1057, 1063-64 (E.D. Cal. 2007) (citing *Zito v.*  
14 *Steeplechase Films, Inc.*, 267 F. Supp. 2d 1022, 1025 (N.D. Cal. 2003)).
- 15 3. The record in this case reflects that, after filing this infringement action, Designer  
16 Skin registered its copyrights in the labels that appear on the Products, as well as the  
17 copyrights in its website. These registrations provide overlapping protection for the  
18 electronic renderings of the Products. The Court therefore deems Designer Skin’s  
19 noncompliance with § 411 to be cured.<sup>4</sup>
- 20 4. Accordingly, the Court has jurisdiction pursuant to 28 U.S.C. § 1331.

21 **B. Copyright Infringement**

- 22 5. To establish copyright infringement, Designer Skin must prove by a preponderance  
23 of the evidence that (1) the plaintiff is the owner of a valid copyright and (2) the  
24 defendant copied original elements from the copyrighted work. *Feist Publ’ns, Inc.*  
25 *v. Rural Tel. Serv. Co.*, 499 U.S. 340, 361 (1991); *Swirsky v. Carey*, 376 F.3d 841,  
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27 <sup>4</sup> S & L Vitamins argues that the copyright registration for the labels does not protect  
28 the electronic renderings of the Products.

1 844 (9th Cir. 2004). The plaintiff may establish that the defendant copied from the  
2 plaintiff's work by proving that the defendant had access to the work and that the  
3 defendant's work is substantially similar to the plaintiff's work. *Transgo, Inc. v. Ajac*  
4 *Transmission Parts Corp.*, 768 F.2d 1001, 1018 (9th Cir. 1985).

5 7. Because the parties stipulate that Designer Skin owns valid copyrights in the  
6 electronic renderings of the Products, the only issue this Court must decide is whether  
7 S & L Vitamins copied these copyrighted renderings.

8 8. The uncontroverted evidence at trial demonstrated (1) that S & L Vitamins, along  
9 with the rest of the public, has access to Designer Skin's website; (2) that the  
10 electronic renderings of the Products appearing therein can be easily copied by simply  
11 right-clicking a mouse; and (3) that the images of the Products appearing in S & L  
12 Vitamins' website are, except for their size, identical to the electronic renderings  
13 appearing in Designer Skin's website. The Court therefore finds that S & L Vitamins  
14 has infringed Designer Skin's copyrights in the electronic renderings of the Products.

15 ***C. Entitlement to Permanent Injunction***

16 9. The parties dispute the law governing the issuance of a permanent injunction in a  
17 copyright-infringement case. Relying on *MAI Sys. Corp. v. Peak Computer, Inc.*, 991  
18 F.2d 511, 520 (9th Cir. 1993), Designer Skin argues that "a permanent injunction  
19 [should] be granted in a copyright infringement case when liability has been  
20 established and there is a threat of continuing violations." [Doc. # 115 at 3.]  
21 Conversely, S & L Vitamins argues that the *MAI* rule has been overruled by the recent  
22 Supreme Court opinion in *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388 (2006),  
23 and that the traditional four-factor test reaffirmed by *eBay* applies.

24 10. *MAI*'s general rule may accurately *describe* the result of applying the four-factor test  
25 to a copyright-infringement case in which liability has been established and there is  
26 a threat of continuing violations. Nevertheless, as Judge Wilson persuasively  
27 demonstrated in *Metro-Goldwyn-Mayer Studios, Inc. v. Grokster, Ltd.*, 518 F. Supp.  
28 2d 1197, 1209-10 (C.D. Cal. 2007), this general rule, as a rule, is clearly inconsistent

1 with the Supreme Court’s decision in *eBay*. Thus, for the reasons given by Judge  
2 White in *Grokster*, Designer Skin’s reliance on this pre-*eBay* rule is unavailing, and  
3 the Court will apply the traditional four-factor test.

4 11. Before turning to this test, however, the Court must address a preliminary matter  
5 raised by Designer Skin. Designer Skin argues, in essence, that it need not meet its  
6 burden of proving the four-factor test because, according to Designer Skin, S & L  
7 Vitamins conceded that the evidence at trial was legally sufficient to satisfy this test  
8 by offering to stipulate to a permanent injunction in open court. This argument is  
9 meritless. S & L Vitamins’ offer was no more than a settlement offer, which Designer  
10 Skin rejected. It was not an admission that the evidence at trial proved that Designer  
11 Skin is entitled to injunctive relief.<sup>5</sup>

12 12. The Court now turns to the four-factor test. Before a court can grant permanent-  
13 injunctive relief, a plaintiff has the burden of proving:

14 (1) that it has suffered an irreparable injury; (2) that remedies  
15 available at law, such as monetary damages, are inadequate to  
16 compensate for that injury; (3) that, considering the balance of  
17 hardships between the plaintiff and defendant, a remedy in equity is  
18 warranted; and (4) that the public interest would not be disserved by  
19 a permanent injunction.

20 *eBay*, 547 U.S. at 391. The Court will address each factor in turn.

21 **1. Irreparable Harm**

22 13. Although courts have articulated the meaning of “irreparable harm” in various ways,  
23 the core essence of these varying formulations seems to be that harm is irreparable  
24 when it cannot otherwise be remedied except through injunctive relief. *See Grokster*,  
25 518 F. Supp. 2d at 1210 (noting differences between cases).

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26 <sup>5</sup> Curiously, Designer Skin also argues that S & L Vitamins waived the sufficiency-  
27 of-the-evidence argument by failing to make it in a Rule 50(a) motion for judgment as a  
28 matter of law at trial. This argument, of course, is nonsense. Rule 50 only applies to jury  
trials, not to actions tried to the court with an advisory jury. Moreover, regardless of any  
motions S & L Vitamins did or did not make, Designer Skin (as the plaintiff) carries the  
burden of proof before the fact-finder.

1 14. Before *eBay*, many courts indulged in a presumption of irreparable harm upon a  
2 finding of copyright infringement. *Grokster*, 518 F. Supp. 2d at 1210 (citing cases).  
3 But after *eBay*, most courts addressing the issue have found the presumption to be  
4 irreconcilable with *eBay*'s holding that it is the plaintiff who "must demonstrate . . .  
5 irreparable injury," 547 U.S. at 391, because the application of the presumption would  
6 effectively shift the burden of proof to the defendant. See, e.g., *Grokster*, 518 F.  
7 Supp. 2d at 1211 (holding "that the presumption of irreparable harm no longer inures  
8 to the benefit of Plaintiffs" because "[s]uch a rule would contravene the Supreme  
9 Court's intent that Plaintiffs establish not merely that infringement causes 'harm,' but  
10 how it amounts to *irreparable* harm"); *MercExchange, L.L.C. v. eBay, Inc.*, 500 F.  
11 Supp. 2d 556, 568 (E.D. Va. 2007) (holding that "a presumption of irreparable harm  
12 is inconsistent with the Supreme Court's instruction that traditional equitable  
13 principles require *the plaintiff* to demonstrate that it has suffered an irreparable  
14 injury"). There is no reason to doubt the soundness of this reasoning, and this Court  
15 embraces it. As a result, it is now clear that past infringement alone cannot equal  
16 *irreparable* harm. *Grokster*, 518 F. Supp. 2d at 1214.

17 15. But query whether a finding of past infringement coupled with a threat of future  
18 violations is sufficient to constitute irreparable harm. The district judge in *Grokster*  
19 did not think so, reasoning that "future copyright infringement can always be  
20 redressed via damages." *Id.* at 1215. But Chief Justice Roberts, with whom Justices  
21 Scalia and Ginsburg joined, suggested otherwise in an *eBay* concurrence. 547 U.S.  
22 at 395 (noting "the difficulty of protecting a right to *exclude* through monetary  
23 remedies that allow an infringer to *use*"). And the Eighth Circuit has stated, albeit in  
24 a pre-*eBay* decision, that "irreparable harm inescapably flows from the denial of [the  
25 right to control the use of one's copyrighted materials]." *Taylor Corp. v. Four*  
26 *Seasons Greetings, LLC*, 403 F.3d 958, 968 (8th Cir. 2005); see also *MercExchange*,  
27 500 F. Supp. 2d at 568 (stating that "the right to exclude . . . will frequently result in  
28

1 a plaintiff successfully establishing irreparable harm in the wake of establishing  
2 validity and infringement”).

3 16. Whatever else might be said against the propriety of a rule that holds that past  
4 infringement plus the threat of future infringement equals irreparable harm, it seems  
5 clear to this Court that such a rule would not run afoul of *eBay*'s directives. First of  
6 all, the *eBay* Court did not address the showing necessary to establish “irreparable  
7 harm.” It merely held that the plaintiff has the burden of proving it. 547 U.S. at 391.  
8 Second, this two-part test does not resurrect the “presumption of irreparable harm”  
9 impliedly laid to rest by the *eBay* court. It simply recognizes that a plaintiff meets the  
10 burden of *proving* irreparable harm by making this two-part showing. And finally,  
11 the two-part test does not represent “a rule that an injunction automatically follows  
12 a determination that a copyright has been infringed.” *Id.* at 392-93. In exercising  
13 their equitable discretion, courts would still have the freedom to deny injunctive relief  
14 when the public interest or the balance of hardships weighs against such relief.<sup>6</sup>

15 17. In the end, however, this Court need not stake out its position on this issue to  
16 determine whether irreparable harm is present in the case before it. S & L Vitamins  
17 is an internet reseller of Designer Skin products. In conducting its internet business,  
18 S & L Vitamins has impermissibly used 42 of Designer Skin's copyrighted images to  
19 market the products, without ever paying Designer Skin one cent in licensing fees.  
20 Designer Skin does not want S & L Vitamins to use its copyrighted images.  
21 Throughout this litigation and even before, S & L Vitamins has repeatedly shunned  
22 Designer Skin's efforts to protect its copyright interests by claiming that the images  
23 appearing on its websites are lawful photographs of Designer Skin's products. Yet  
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25 <sup>6</sup> The opportunity to deny injunctive relief for other reasons also explains why the  
26 two-part test does not conflict with the *eBay* Court's statement that “the creation of a right  
27 is distinct from the provision of remedies for violations of that right.” *Id.* at 392. Although  
28 violations of the right to exclude would establish irreparable harm, they would not in and of  
themselves guarantee injunctive relief.



1 at trial, S & L Vitamins offered no proof to support this contention. Certainly S & L  
2 Vitamins had every right to decline to put on a defense case and to put Designer Skin  
3 to its burden of proof at trial. But the complete lack of evidence to support S & L  
4 Vitamins' factual contention "do[es] not inspire confidence that [S & L Vitamins]  
5 poses no threat of future infringements."<sup>7</sup> *Broad. Music, Inc. v. Blueberry Hill Family*  
6 *Rests.*, 899 F. Supp. 474, 483 (D. Nev. 1995) (inferring a threat of future infringement  
7 from the "thin excuses" the defendant made when confronted with infringement  
8 allegations). Finally, the nature of the infringing activity in this case makes actual  
9 damages difficult to prove—after all, how do you quantify the value of a product  
10 license that has no market?—and the availability of statutory damages in the wake of  
11 *Derek Andrew, Inc. v. Poof Apparel Corp.*, 528 F.3d 696, 701 (9th Cir. 2008),<sup>8</sup> is  
12 uncertain at best. Failing to issue an injunction under the circumstances of this case  
13 would be tantamount to forcing Designer Skin to license its copyrighted images to S  
14 & L Vitamins for some unknown price yet to be determined in future litigation (if  
15 possible), thus rendering its right to exclude others from using its images illusory.  
16 Designer Skin has established irreparable harm.

## 17 **2. Inadequate Remedy at Law**

18 18. "[T]he requisite analysis of the second factor of the four-factor test inevitably  
19 overlaps with that of the first . . . ." *Grokster*, 518 F. Supp. 2d at 1219 (quoting  
20 *MercExchange*, 500 F. Supp. 2d at 582). Thus, pursuant to the discussion above,  
21 Designer Skin has established that it lacks an adequate remedy at law.

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23 <sup>7</sup> This is especially true in light of the Court's summary-judgment ruling that the only  
24 triable issue of fact was whether the images on S & L Vitamins' websites were lawful  
25 photographs or infringing copies of Designer Skin's electronic renderings. [Doc. # 76 at 12.]

26 <sup>8</sup> Statutory damages are unavailable "for any infringement of copyright commenced  
27 . . . before the effective date of its registration." 17 U.S.C. § 412(c). *Poof* holds that "the  
28 first act of infringement in a series of ongoing infringements of the same kind marks the  
commencement of one continuing infringement under § 412." 528 F.3d at 701 (emphasis  
omitted).

1                   **3. Balance of Hardships**

2 19. On the one hand, S & L Vitamins argues that its business will suffer dramatically if  
3 it cannot display images of Designer Skin’s products. On the other hand, without an  
4 injunction, Designer Skin is at risk of future, needless litigation to enforce its  
5 copyrights. (The Court has previously explained why S & L Vitamins poses a threat  
6 of future infringements.) Because the injunction crafted by the Court will not enjoin  
7 S & L Vitamins from displaying original *photographs* of the products, S & L  
8 Vitamins’ claimed hardship is alleviated, and this factor weighs in favor of issuing an  
9 injunction.

10                   **4. Public Interest**

11 20. Finally, the public interest in protecting the exclusive rights conferred upon a  
12 copyright holder will be served by issuing an injunction, *Apple Computer, Inc. v.*  
13 *Franklin Computer Corp.*, 714 F.2d 1240, 1255 (3d Cir. 1983), and S & L Vitamins  
14 has not identified any public interest that will be disserved by the issuance of an  
15 injunction.

16 21. Designer Skin, therefore, has satisfied the four-factor test, and this Court, in the  
17 exercise of its discretion, shall issue a permanent injunction in favor of Designer Skin  
18 and against S & L Vitamins as set forth in the Final Judgment and Permanent  
19 Injunction issued concurrently with this Order.

20                   ***D. Costs***

21 22. Both Designer Skin and S & L Vitamins claim to be the “prevailing party” in this  
22 action for purposes of costs under Federal Rule of Civil Procedure 54(d).<sup>9</sup> S & L  
23 Vitamins argues that it is the “prevailing party” because, although the Court is issuing  
24 an injunction against it, the injunction is of limited scope and it has prevailed on  
25 nearly all the other claims in this case. Designer Skin argues that it is the “prevailing

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27 <sup>9</sup> The Court declines to view Defendant Larry Sagarin as distinct from S & L  
28 Vitamins for purposes of determining the “prevailing party” in this case because the issues  
involving these parties overlapped for all cost-incurring purposes.

1 party” because it has obtained a judgment on 42 claims of copyright infringement and  
2 a permanent injunction with regard to those 42 infringed copyrights.

3 23. The district court has “wide discretion in awarding costs.” *K-S-H Plastics, Inc. v.*  
4 *Carolite, Inc.*, 408 F.2d 54, 60 (9th Cir. 1969). Where neither party has been entirely  
5 successful, the court has the discretion to apportion costs between the parties. *See,*  
6 *e.g., id.; Johnson v. Nordstrom-Larpenteur Agency, Inc.*, 623 F.2d 1279, 1282 (8th  
7 Cir. 1980) (holding that the district court did not abuse its discretion in ordering each  
8 party to bear its own costs); *Three-Seventy Leasing Corp. v. Ampex Corp.*, 528 F.2d  
9 993, 999 (5th Cir. 1976) (recognizing the district court’s authority to order that each  
10 party bear its own costs under).

11 24. Here, S & L Vitamins prevailed on the bulk of the claims and issues in this case, see  
12 *Designer Skin, LLC v. S & L Vitamins, Inc.*, 560 F. Supp. 2d 811 (D. Ariz. 2008), and  
13 the injunction ultimately entered against it is of limited scope. Designer Skin,  
14 however, proved that S & L Vitamins has infringed 42 of Designer Skin’s copyrights,  
15 and that there is a likelihood of future infringement. Under these circumstances, the  
16 Court orders that each party shall bear its own costs in this matter.

17 ***E. Conclusion***

18 Based on the foregoing findings of fact and conclusions of law,

19 **IT IS ORDERED** that S & L Vitamins has infringed Designer Skin’s copyrights in  
20 the electronic renderings of the 42 products styled Ultimate Love Junkie, Secret Rapture,  
21 Revival, Sheer Wisdom, Ray of Light, Vanishing Act, Designer Skin Intrigue, Tao, Designer  
22 Skin Mood, Designer Skin Worship, Worship Me, Designer Skin Goddess, Halo, Designer  
23 Skin Spellbound, Designer Skin Speed of Light, Designer Skin Shine, Designer Skin Saving  
24 Face, Amazing Face, Addicted to Love, Designer Skin Drama Queen, Enamor, Flare,  
25 Undercover Angel, Designer Skin Bombshell, Designer Skin Believe, Splash Get Down  
26 Brown, Ritual, Shrine, Dolce, Whisper, Veritas, Boutique Bronze Camouflage, Bohemia,  
27 Bronze Bondage, Smolder, Siren, Angel, Gold Digger, Ego Maniac, Triple Play, Splash  
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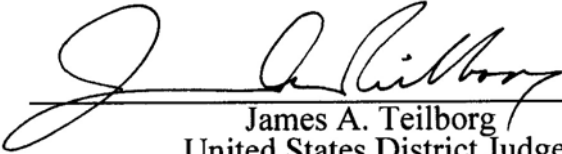
1 Hustle, and Bipolar, and that Designer Skin is entitled to a permanent injunction enjoining  
2 S & L Vitamins from any such future infringement of these copyrights;

3 **IT IS FURTHER ORDERED** that S & L Vitamins has not infringed Designer Skin's  
4 copyrights in the electronic renderings of the 12 products styled The Big O, Pure Intentions,  
5 Freedom, Choc-o-holic, Daddy-O, Floozy, Fortune, Boutique Bloom, Secret Stash, Try Me,  
6 Faker, and Shameless;

7 **IT IS FURTHER ORDERED** that each party shall bear its own costs in this matter.

8 DATED this 5th day of September, 2008.

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James A. Teilborg  
United States District Judge