

C.A. No. 06-55807  
(consolidated with C.A. No. 06-55806)

UNITED STATES COURT OF APPEALS  
FOR THE NINTH CIRCUIT

DENICE SHAKARIAN HALICKI, et al.,

Plaintiffs and Appellants,

vs.

CARROLL SHELBY INTERNATIONAL, INC., et al.,

Defendants and Appellees.

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Appeal From The United States District Court  
For The Central District of California  
Honorable. James Otero, Judge Presiding  
D.C. No. CV-04-8813 SJO (PJWx)

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**APPELLANTS' OPENING BRIEF**

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## TABLE OF CONTENTS

	<b>Page</b>
CORPORATE DISCLOSURE STATEMENT	1
STATEMENT OF JURISDICTION	2
ISSUES PRESENTED AND STANDARD OF REVIEW	3
INTRODUCTION AND SUMMARY OF ARGUMENT	4
STATEMENT OF THE CASE	10
STATEMENT OF MATERIAL FACTS	12
A.    In 1974, Toby Halicki Creates The “Original Gone in 60 Seconds”—Which Catapults “Eleanor” to Stardom	12
1.    The story line.	12
2.    The star, “Eleanor.”	12
3.    Toby creates, promotes and exploits “Eleanor’s” star character status and popularity.	13
4.    Toby makes two more films with “Eleanor,” but dies making a sequel.	14
5.    After years of probate battles, Halicki obtains rights to “Gone in 60 Seconds” and “Eleanor” and continues to exploit their enduring popularity.	14
B.    Halicki Cuts A Deal With Disney To Develop A 2000 Remake, Which Becomes A Box Office Smash And Again Features “Eleanor.”	16
1.    The story line.	16
2.    “Eleanor” is the unicorn again.	17
C.    The Agreement Between Halicki And Disney For The Remake Expressly Reserves To Halicki All Merchandising Rights To The Car Character “Eleanor.”	18
1.    Definition of “Property” acquired by Disney.	19

## TABLE OF CONTENTS

	<b>Page</b>
2. Specific rights acquired by Disney.	19
3. Rights reserved by Halicki.	19
4. Halicki's merchandising royalty interest in Remake.	20
5. Limited copyright license granted by Halicki.	20
6. Governing law: California.	20
D. Both Parties To The Agreement Confirm Their Mutual Intention Was To Reserve To Halicki All Merchandising Rights To "Eleanor," Either From The Original Picture Or The Remake—Disney Actually Signs A Separate Acknowledgment Confirming That Intention.	21
E. The Lawyers Involved In The Negotiations Of The Agreement Confirm This Was The Parties' Intention.	21
F. Both Halicki's And Disney's Conduct, After The Remake Was Released, Comport With This Intention.	23
G. Without Halicki's Consent, Defendants Join Forces And Make Millions By Bootstrapping On "Eleanor's" Popularity To Manufacture And Sell Replica "Eleanors."	24
1. Both Shelby and Unique are well aware of "Eleanor's" popularity.	24
2. Shelby and Unique vie to register an "Eleanor" mark.	25
3. Shelby and Unique eventually join forces, with Shelby licensing "his" Eleanor mark to Unique to build the "Eleanor" replicas.	26
4. Shelby admits that he began to use "Eleanor," because his marks were mentioned in the Remake.	27
5. Defendants use both "Gone in 60 Seconds" and "Eleanor" to promote their replicas.	28
H. The Media Seize On Defendants' Marketing Efforts And Misleadingly Dub Shelby As "Eleanor's" Creator.	30

## TABLE OF CONTENTS

	<b>Page</b>
I. Halicki First Learned Of Defendants’ Infringement In February 2004 And Demanded They Stop—When Defendants Refused, She Sued.	32
ARGUMENT	33
I. THERE ARE GENUINE ISSUES OF MATERIAL FACT AS TO WHETHER HALICKI HAS STANDING TO SUE DEFENDANTS FOR TRADEMARK AND COPYRIGHT INFRINGEMENT, AMONG OTHER CLAIMS.	35
A. Halicki Has Standing To Sue For Trademark Infringement Because Halicki Owns The Common-Law Rights To The Unregistered Marks, “Eleanor” And “Gone In 60 Seconds.”	35
1. The Halickis began using the marks some 30 years before defendants did—Halicki thus owns the marks.	37
2. How one construes the Agreement doesn’t affect this basis for standing.	37
3. Defendants’ infringement of Halicki’s marks is patent and obvious.	38
B. Halicki Has Standing To Sue For Copyright Infringement Because The Character “Eleanor” From The Remake Is A Derivative Work From The “Eleanor” In The Original Picture.	41
1. “Eleanor” in the Remake is a derivative work.	41
2. As the copyright owner, Halicki can sue for defendants’ infringement of the derivative work.	44
C. There Are Genuine Factual Issues As To Whether The Disney Agreement Reserved To Halicki, Not Disney, The Merchandising Rights To “Eleanor,” Whether As Portrayed In The Original Picture Or The Remake.	47
1. California law on interpreting contracts requires the admission of extrinsic evidence on the parties’ mutual intent here.	47

## TABLE OF CONTENTS

	<b>Page</b>
2. The Agreement reserves “Eleanor” merchandising rights to Halicki.	48
3. The extrinsic evidence also shows the parties’ mutual intention was that Halicki reserved the “Eleanor” merchandising rights.	52
4. The parties’ subsequent conduct confirms the parties’ mutual intention was that Halicki reserved the “Eleanor” merchandising rights.	54
D. Genuine Factual Issues Exist As To Whether Halicki Has Standing To Sue For Copyright Infringement As A Beneficial Owner Of The Copyright In “Gone in 60 Seconds.”	56
E. Genuine Factual Issues Exist As To Whether Halicki Has Standing To Sue For Trademark Infringement Or Unfair Competition Because Of Halicki’s Contingent Royalty Interests In The Remake.	58
F. Genuine Factual Issues Exist As To Whether Halicki Has Standing To Obtain Declaratory Relief, Namely The Cancellation Of The Shelby Trust’s Registration Of “Eleanor.”	59
II. DEFENDANTS’ RAMPANT USE OF THE “ELEANOR” AND “GONE IN 60 SECONDS” MARKS CAN, IN NO WAY, BE SEEN AS FAIR USE.	61
A. Defendants Didn’t Really And Can’t Successfully Assert Their Use Is Classic Fair Use.	61
B. Defendants’ Infringement Also Is Not Nominative Fair Use, Because Their Use Of The Marks Was Unnecessary And Done To Trade On The Popularity Of “Eleanor” And “The Gone In 60 Seconds” Franchise.	62
CONCLUSION	65
CERTIFICATE OF COMPLIANCE	66

## TABLE OF AUTHORITIES

<b>Cases</b>	<b>Page</b>
<i>Allard Enterprise, Inc. v. Advanced Programming Res., Inc.</i> 249 F.3d 564 (6th Cir. 2001)	36
<i>Anderson v. Liberty Lobby, Inc.</i> 477 U.S. 242, 106 S. Ct. 2505 (1986)	4
<i>Brother Records, Inc. v. Jardine</i> 318 F.3d 900 (9th Cir. 2003)	61, 63
<i>Burroughs v. Metropolitan-Goldwyn-Mayer, Inc.</i> 519 F. Supp. 388 (S.D.N.Y. 1981)	42
<i>Cairns v. Franklin Mint Co.</i> 292 F.3d 1139 (9th Cir. 2002)	4
<i>Cortner v. Israel</i> 732 F.2d 267 (2d Cir. 1984)	56, 57
<i>DC Comics, Inc. v. Reel Fantasy, Inc.</i> 696 F.2d 24 (2d Cir. 1982)	40, 45
<i>Digital Envoy, Inc. v. Google, Inc.</i> 370 F. Supp. 2d 1025 (N.D. Cal. 2005)	54
<i>Grupo Gigante SA De CV v. Dallo &amp; Co., Inc.</i> 391 F.3d 1088 (9th Cir. 2004)	36
<i>Horphag Research Ltd. v. Pellegrini</i> 337 F.3d 1036 (9th Cir. 2003)	61, 62, 63
<i>Hydro-Dynamics, Inc. v. George Putnam &amp; Co., Inc.</i> 811 F.2d 1470 (Fed. Cir. 1987)	36

## TABLE OF AUTHORITIES

	Page
<b>Cases</b>	
<i>Johnny Blastoff, Inc. v. Los Angeles Rams Football Co.</i> 188 F.3d 427 (7th Cir. 1999)	36
<i>Kamakazi Music Corp. v. Robbins Music Corp.</i> 534 F. Supp. 69 (S.D.N.Y. 1982)	56
<i>Kavruck v. Blue Cross of California</i> 134 Cal. Rptr. 2d 152 (Cal. Ct. App. 2003)	52
<i>Lamb v. Starks</i> 949 F. Supp. 753 (N.D. Cal. 1996)	44
<i>Lewis Galoob Toys, Inc. v. Nintendo of America, Inc.</i> 964 F.2d 965 (9th Cir. 1992)	4
<i>Litchfield v. Spielberg</i> 736 F.2d 1352 (9th Cir. 1984)	42
<i>Maffei v. Northern Insurance Co. of New York</i> 12 F.3d 892 (9th Cir. 1993)	54
<i>Metropolitan-Goldwyn-Mayer, Inc. v. American Honda Motor Co., Inc.</i> 900 F. Supp. 1287 (C.D. Cal. 1995)	41
<i>Micro Star v. Formgen Inc.</i> 154 F.3d 1107 (9th Cir. 1998)	42
<i>Morey v. Vannucci</i> 75 Cal. Rptr. 2d 573 (Cal. Ct. App. 1999)	48, 53
<i>New Kids on the Block v. News America Public, Inc.</i> 971 F.2d 302 (9th Cir. 1992)	62

## TABLE OF AUTHORITIES

	<b>Page</b>
<b>Cases</b>	
<i>New West Corp. v. NYM Co. of California, Inc.</i> 595 F.2d 1194 (9th Cir. 1979)	36
<i>PPX Enterprises, Inc. v. Audiofidelity, Inc.</i> 746 F.2d 120 (2d Cir. 1984)	58
<i>Pacific Gas &amp; E. Co. v. G. W. Thomas Drayage etc. Co.</i> 422 P.2d 641 (Cal. 1968)	48, 53
<i>Rebel Oil Co. v. Atlantic Richfield Co., Inc.</i> 51 F.3d 1421 (9th Cir. 1995)	4
<i>Sengoku Works Ltd. v. RMC Intern., Ltd.</i> 96 F.3d 1217 (9th Cir. 1996)	36, 37
<i>Sid &amp; Marty Krofft Television Product, Inc. v. McDonald's Corp.</i> 562 F.2d 1157 (9th Cir. 1977)	44
<i>Southern Pacific Transport Co. v. Santa Fe Pacific Pipelines, Inc.</i> 88 Cal. Rptr. 2d 777 (Cal. Ct. App. 1999)	47, 55
<i>Star-Kist Foods, Inc. v. P.J. Rhodes &amp; Co.</i> 735 F.2d 346 (9th Cir. 1984)	59
<i>Stewart v. Abend</i> 495 U.S. 207, 110 S. Ct. 1750 [109 L.Ed.2d 184] (1990)	41
<i>Tri-Star Pictures, Inc. v. Leisure Time Products, B.V.</i> 749 F. Supp. 1243 (S.D.N.Y. 1990)	58
<i>Trident Center v. Connecticut General Life Insurance Co.</i> 847 F.2d 564 (9th Cir. 1998)	48

## TABLE OF AUTHORITIES

	<b>Page</b>
<b>Cases</b>	
<i>U.S. Cellular Investment Co. v. GTE Mobilnet, Inc.</i> 281 F.3d 929 (9th Cir. 2002)	55
<i>Universal City Studios, Inc. v. J.A.R. Sales, Inc.</i> 216 U.S.P.Q. (BNA) 679 (C.D. Cal. 1982)	42, 46
<i>Walt Disney Product v. Air Pirates</i> 581 F.2d 751 (9th Cir. 1978)	41
<i>Warner Brothers, Inc. v. Gay Toys, Inc.</i> 658 F.2d 76 (2d Cir. 1981)	40
<i>Warren v. Fox Family Worldwide, Inc.</i> 328 F.3d 1136 (9th Cir. 2003)	57
<i>Winet v. Price</i> 6 Cal. Rptr. 2d 554 (Cal. Ct. App. 1992)	53
<b>Statutes and Rules</b>	
15 United States Code	
section 1064	59
section 1121	2
17 United States code	
section 101	41
section 106	41

## TABLE OF AUTHORITIES

	<b>Page</b>
<b>Statutes and Rules</b>	
section 102	41
section 501	56
28 United States code	
section 1291	2
section 1331	2
section 1338	2
section 1367	2
California Civil Code	
section 1636	47
section 1644	47
section 1856	55
Federal Rule of Appellate Procedure	2
Rest. 2d Contracts, § 203	52

## **CORPORATE DISCLOSURE STATEMENT**

Pursuant to Rule 26.1, Federal Rules of Appellate Procedure, plaintiffs and appellants Halicki Films LLC and The Original Gone in 60 Seconds LLC make the following disclosures: They have no parent corporations and no publicly-held company owns ten percent or more of their stock.

## STATEMENT OF JURISDICTION

The District Court had jurisdiction (a) under 28 U.S.C. §§ 1331 and 1338 and 15 U.S.C. § 1121 for the trademark and copyright claims by plaintiffs Denice Shakarian Halicki, Halicki Films LLC and The Original Gone in 60 Seconds LLC (“Halicki” or “plaintiffs”) and (b) under 28 U.S.C. § 1367(a) for plaintiffs’ state law claims.

The District Court entered an order granting defendants’ motion for summary judgment on November 15, 2005 (“Order on Complaint”). (34 Excerpts of Record (“ER”) 901-929.)<sup>1</sup> Halicki filed a motion for reconsideration of the Order on Complaint on November 28, 2005. (Clerk’s Docket Nos. (“CR”) 154-155.) A judgment for all defendants and dismissing Halicki’s complaint was entered on December 15, 2005. (35ER 930-931.) On April 28, 2006, the court denied Halicki’s reconsideration motion. (40ER 957-958.)

The District Court entered an order on May 1, 2006, granting plaintiff Halicki’s motion for summary judgment on the counter-claims. (CR 194.) On May 2, 2006, the court entered a judgment for Halicki, dismissed the counter-claims, and directed the clerk to close the file. (41ER 959.)

Together, the judgments on the complaint and the counter-claims disposed of all parties’ claims. On May 26, 2006, Halicki filed a notice of appeal from the judgment on the complaint and from the order denying reconsideration. (42ER 960-961.) That notice of appeal was timely pursuant to Federal Rule of Appellate Procedure 4(a), and this Court therefore has jurisdiction under 28 U.S.C. § 1291.

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<sup>1</sup> Citations to the Excerpts of Record will be “Tab No.ER Page No.”

On November 29, 2005, the Shelby defendants and defendant Sanderson Sales filed motions for attorneys' fees. (CR 156, 158.) On April 27, 2006, the court entered an order denying the Shelby defendants' motion. (CR 193.)<sup>2</sup> On June 1, 2006, the Shelby defendants filed a notice of appeal from the order denying them fees and from the May 2, 2006 judgment on the counter-claims. (43ER 962-963.)

This Court has consolidated both appeals, deemed them cross-appeals and identified CA No. 06-55807 as the lead appeal.

### **ISSUES PRESENTED AND STANDARD OF REVIEW**

- A. Is there any genuine issue of material fact as to whether Halicki has standing to sue defendants? (Argument, § I.)
- B. Is the "Eleanor" car character in the 2000 Remake "Gone in 60 Seconds" film a derivative work of the "Eleanor" car character in the 1974 Original "Gone in 60 Seconds, giving Halicki standing to sue for copyright infringement?" (Argument, § I.B.)
- C. Is defendants' infringement of the "Eleanor" and "Gone in 60 Seconds" marks in promoting and selling their replica "Eleanors" protected by fair use? (Argument, § II.)

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<sup>2</sup> In separate orders, the court denied the other defendants' attorneys' fees motions as well. (CR 192, 195.)

These issues are reviewed **de novo**. *Rebel Oil Co. v. Atlantic Richfield Co., Inc.*, 51 F.3d 1421, 1432 (9th Cir. 1995). Summary judgment is only appropriate when the pleadings, affidavits and other material present no genuine issue of material fact. *Id.* All determinations of credibility, weighing of evidence, and drawing of legitimate inferences are for the trier of fact, not the court, and the court must draw all justifiable inferences in the non-moving parties' favor. *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 255, 106 S.Ct. 2505, 2513 (1986).

Whether material is a derivative work and whether trademark infringement constitutes fair use are **questions of law**. *Lewis Galoob Toys, Inc. v. Nintendo of Am., Inc.*, 964 F.2d 965, 967 (9th Cir. 1992) (derivative work); and *Cairns v. Franklin Mint Co.*, 292 F.3d 1139, 1149-1150 (9th Cir. 2002) (fair use).

## **INTRODUCTION AND SUMMARY OF ARGUMENT**

“Eleanor,” the signature and star car character from the blockbuster movie franchise “Gone in 60 Seconds,” has attracted some rapacious suitors who want to exploit her enduring allure at the expense of the true owner of the marks and copyright to “Eleanor” and “Gone in 60 Seconds,” plaintiff Denice Halicki. Those suitors include (a) defendant Carroll Shelby, legendary car designer, who has convinced consumers and the automotive press that he has the right to “produce[] a ‘New’ Eleanor for the Masses,” (5ER 281) and (b) the Unique defendants, vintage car enthusiasts who fell in love with “Eleanor” after seeing the 2000 remake of “Gone in 60 Seconds” (the “Remake”) and “decided to create a replica” (5ER 278).

This case revolves around how defendants teamed up to enrich themselves from the immense popularity of the movie franchise and its star, “Eleanor.” They do this by manufacturing and selling knock-off cars that look like one version of “Eleanor” in the Remake, and they market their replicas by calling them “Eleanors” and openly trading on the association with “Gone in 60 Seconds.” They do this, even though they have no rights to the “Gone in 60 Seconds” copyright and its copyrighted character, “Eleanor.” And they do this by freely using the “Eleanor” and “Gone in 60 Seconds” marks, despite the fact that Halicki and her late husband have been using those marks for over 33 years. With their bootstrapping scheme, defendants have racked up millions of dollars in profits and confused consumers as to who created “Eleanor.”

Given defendants’ brazen theft of “Eleanor,” it is no surprise that their chief defense was not that they didn’t infringe here, but instead that it is someone else, Disney, not Halicki, that has standing to bring suit. The District Court adopted defendants’ crabbed reading of a 1995 agreement between Halicki and Disney regarding the 2000 Remake, in particular paragraph 5(b) that reserved “Eleanor” merchandising rights to Halicki. The court construed this provision to mean that Halicki only reserved the merchandising rights to a car character that looked exactly like the “Eleanor” in the original 1974 “Gone in 60 Seconds” (the “Original Picture”). Because one of multiple versions of the Remake “Eleanor” is visually dissimilar to the Ford Fastback Mustangs that play the Original “Eleanor,” the court’s reasoning continued, Halicki reserved no merchandising rights to the Remake “Eleanor.” The court reached this conclusion despite the fact that Disney acknowledged in a separate agreement that Halicki, not it, retained the merchandising rights to the Remake “Eleanor.” The court’s simplistic interpretation of the Agreement is both factually and

legally unsupportable; at the very least, genuine issues of material fact exist as to the Agreement's intent. This summary judgment must be reversed for any one of the following reasons:

1. Independent of any construction of the Agreement, the visual dissimilarity between the Original and Remake "Eleanors" has no bearing whatsoever on Halicki's trademark claims, because the marks are *not for the visual appearance* of either "Eleanor"—instead, those claims are based on defendants' use of the words, "Eleanor" and "Gone in 60 Seconds." Given that Halicki (and her deceased husband) have used those marks for over 33 years in connection with automobiles—thereby acquiring common-law trademark rights—defendants' subsequent registration of "Eleanor" cannot act as a trademark trump card. It is Halicki and Halicki alone that has the right to use "Eleanor" and "Gone in 60 Seconds" to sell cars or any other merchandise, and neither defendants nor anyone else may sell a car labeled as "Eleanor," let alone "Eleanor" from "Gone in 60 Seconds," no matter what color, make or model it is.

2. The District Court also erred in concluding that this visual difference meant that one version of the Remake "Eleanor" was not a derivative work, so copying the Remake "Eleanor" was not copying the Original "Eleanor." This contortion of copyright law is myopic and incorrect, because physical duplication or near identity of appearance is not necessary to establish that one character is derivative of another. Instead, what is required is substantial similarity of ideas and expression of the character. Here, those similarities between the Original and Remake "Eleanors" are overwhelming, including that each character (a) culminates the film with a long, spectacular car chase that has become the film's signature, (b) eventually manages to elude her

police pursuers by performing a death-defying jump, (c) is the only car character mentioned multiple times in the film, (d) has a special, personal relationship with the main male human character, (e) is a black-stripped vintage Ford Fastback Mustang, (f) is the last and most difficult car for the thieves to steal, and (g) is badly damaged, but swapped out for a new “Eleanor,” as the film ends. And even the one difference—they are portrayed as different colors and types of Fastback Mustangs in each film—is diluted since at the end of the Remake, “Eleanor” is shown looking very similar to the Original “Eleanor.” One night’s viewing of the Original Picture and the Remake reveals conclusively how interrelated and derivative the “Eleanor” characters are—she originates in the Original Picture, is further developed through the Remake, and is the signature of the “Gone in 60 Seconds” movie franchise.

3. The District Court’s main holding—its construction of a key provision of the Agreement—is flatly untenable. The Agreement gave Disney a license to use the copyright and the marks to create a sequel or remake, but reserved a number of rights to Halicki, including in paragraph 5(b) the “*right to manufacture, sell and distribute merchandise utilizing the car known as ‘Eleanor’ from the Original Picture.*” The District Court’s interpretation of this provision as applying only to a car that looks exactly like the Original Eleanor makes no sense given the rest of the Agreement and the circumstances surrounding its execution. The Agreement only concerned the Remake, so if the court’s construction is what the parties meant, there would have been no reason to repeat this express reservation of rights multiple times. Moreover, the court’s construction ignores another salient fact—when the Agreement was negotiated and executed, only one “Eleanor” existed and that was “the car known as ‘Eleanor’ from the Original Picture.”

In violation of California law, the court also ignored uncontradicted evidence from Halicki and the veteran entertainment attorneys that negotiated the Disney deal that Halicki had made it crystal clear to Disney that she would not relinquish the merchandising rights to the franchise star, “Eleanor,” and that therefore the Agreement’s mutual intent was to reserve to Halicki, not Disney, the merchandising rights to the car character “Eleanor,” in whatever form that character might take.

Compounding its erroneous interpretation of the Agreement, the District Court refused to reconsider its ruling when presented with a separate signed agreement by Disney which acknowledged that “*as between [Disney] and Halicki, Halicki retained the merchandising rights to that certain car called ‘Eleanor’ as such car appears in the Remake.*” When faced with both parties to the Agreement unequivocally saying that the Agreement reserved the “Eleanor” merchandising rights, whether Original Picture or Remake, to Halicki, not Disney, it was error under California law for the court to construe the Agreement otherwise, much less grant summary judgment to defendants.

4. Even if the District Court’s tortuous interpretation of the Agreement somehow still had legs, Halicki has another ground to sue for trademark or copyright infringement. The Agreement gives Halicki a contingent percentage interest in Remake sales revenues. Also, if one adopts the court’s counterintuitive interpretation of paragraph 5(b) and applies that interpretation to the same language in paragraph 7, Halicki also retains a percentage royalty on Remake merchandising revenues, including “Eleanor.” These royalty interests confer standing under the Lanham Act and as a beneficial owner under the Copyright Act.

5. Regardless of the District Court’s interpretation of the Agreement, Halicki also has standing to cancel the Shelby Trust’s 2004 trademark registration of “Eleanor” for automobiles, since Halicki has a 33-year history of using that mark worldwide and thus has an obvious commercial interest in it. Shelby had nothing to do with the creation of the Original “Eleanor,” let alone the Remake “Eleanor,” and thus simply has no right to the mark “Eleanor” for automobiles.

6. The defendants’ final gambit was that their rampant use of the “Eleanor” and “Gone in 60 Seconds” marks is a fair use. Whether characterized as nominative or classic fair use—defendants are never clear on that point—their use of the marks does not come close to fair use. Defendants actually added an “E” to their car name (Shelby GT500E) to tell consumers it was an “Eleanor,” and promoted the replicas as “Eleanor” of the “recent action packed blockbuster movie ‘Gone in 60 seconds,’” promising the car would come with a certificate of authenticity from the “originator of the ‘Eleanor’ movie car [Shelby].” (8ER 442.) This express and, indeed, outrageous exploitation of the marks was done precisely to suggest that these cars were sponsored or endorsed by the creators of “Eleanor,” and thus is not even remotely related to fair use.

The District Court plainly erred. It construed a provision that was expressly intended to preserve rights to Halicki, and turned it on its head to strip them from her. Its decision is premised on the notion that Disney—the world’s greatest marketing machine and among the most dogged defenders of its intellectual property—neither merchandised the beloved star character from its blockbuster Remake, nor cared whether that valuable intellectual property was being exploited and manufactured by defendants. It ignores the most concrete

evidence of what Disney and Halicki intended—an acknowledgment from Disney itself that Halicki, not Disney, has the merchandising rights to “Eleanor” from the Remake. The District Court’s judgment is unsupported by law, evidence or logic. It must be reversed.

### **STATEMENT OF THE CASE**

On October 25, 2004, Halicki filed a complaint against defendants, asserting claims of copyright infringement, common law trademark infringement, false advertising and unfair competition under the Lanham Act and state law claims of negligent and intentional interference with prospective economic advantage, violation of California Business and Professions Code section 17200, and constructive trust. (CR 1.) Halicki later amended to add a defendant and two declaratory relief claims seeking cancellation of defendant Carroll Hall Shelby Trust’s registered trademark “Eleanor.” (CR 7.)

Defendant Sanderson Sales and Marketing answered the amended complaint on January 7, 2005. (CR 25.) Defendants Carroll Shelby, Carroll Shelby Licensing, Inc., Carroll Shelby Engineering, Inc., Carroll Shelby Motors, Inc., Carroll Shelby Distribution International, Inc., and Carroll Hall Shelby Trust (the “Shelby Defendants”) filed an answer and counter-claim against Halicki on January 7, 2005, asserting claims for trademark infringement and dilution, federal and state unfair competition, intentional interference with prospective economic advantage, and declaratory relief. (CR 28-29.) Defendants Unique Motorcars, Inc. and Unique Performance, Inc. (the “Unique Defendants”) answered on January 14, 2005. (CR 30.)

Halicki moved for leave to amend her complaint on May 20, 2005, which the court granted (CR 47, 64); the second amended complaint made no substantive changes but added Halicki Films LLC and The Original Gone in 60 Seconds LLC as plaintiffs. (1ER 1-19.)

The parties filed cross-motions for summary judgment:

- On June 28, 2005, the Unique Defendants filed a summary judgment motion, arguing that Halicki lacked standing and asserting fair use. (CR 53.)
- On August 29, 2005, counter-defendant Halicki filed a summary adjudication motion regarding the counter-claim. (CR 91.)
- That same day, the Shelby Defendants filed a motion for partial summary judgment based on Halicki's purported lack of standing. (CR 86.)
- One day later, Halicki filed a motion seeking summary adjudication of several of the Shelby Defendants' affirmative defenses. (CR 96.)

The parties also filed a number of evidentiary objections to the declaratory and documentary evidence submitted. (10-16ER 456-578, 29ER 877-881, 31-32 ER 890-899, 37-39 ER 940-956.) Without hearing argument, the District Court issued an order on November 15, 2005, granting the Unique Defendants' motion on standing grounds, and finding the Shelby Defendants' motion and Halicki's summary adjudication motion moot; the court did not rule on any parties' evidentiary objections. (34ER 901-929.) The court denied Halicki's motion for reconsideration on April 28, 2006. (40ER 957-958.) It granted Halicki's summary judgment motion on the counter-claim on May 1, 2006. (CR 194.) The District Court entered separate judgments

dismissing the complaint on December 15, 2005, and dismissing the counter-claims on May 2, 2006. (35ER 930-931, 41ER 959.)

## STATEMENT OF MATERIAL FACTS

### A. In 1974, Toby Halicki Creates The “Original Gone in 60 Seconds”—Which Catapults “Eleanor” to Stardom.

Denice Halicki is the widow of H.B. “Toby” Halicki. (7ER 335[¶2].) In 1974, Toby wrote, acted in, directed, produced, financed and marketed the original “Gone in 60 Seconds.” (1ER 4[¶19].)

#### 1. The story line.

The Original Picture was groundbreaking in its intricate stunts, intense car crashes and its penultimate 40-minute car chase scene through the streets of Long Beach. (7ER 335 [¶¶2,3].) The plot revolves around the attempts of a group of car thieves to steal 48 cars in one week. (7ER 335[¶3], 341.)<sup>3</sup> The thieves give each of their purloined prey a woman’s name. (7ER 341[Original DVD].)

#### 2. The star, “Eleanor.”

The undisputed star was a car character named “Eleanor.” (7ER 335[¶3], 341[Original DVD].) Indeed, the opening performance credits state simply “Starring Eleanor”—no human actor is identified. (*Ibid.*) “Eleanor” is a yellow

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<sup>3</sup> A DVD of the Original Picture is submitted separately as Exhibit A to Halicki’s Motion for Leave to Submit Videotape and DVDs from Record Below (“Videotape Motion”).

and black 1971 Ford Fastback Mustang, customized by Toby to look like a 1973 Fastback Mustang. (7ER 341[Original DVD].) She is the only car in the film mentioned or seen multiple times (at least eleven), and the most elusive of the thieves' targets. (*Ibid.*) She bedevils the main human character, Maindrian Pace (played by Toby), who says of her, "You know . . . I'm getting tired of stealing this Eleanor car" and "She's sure been a lot of trouble." (*Ibid.*) In the end, Maindrain steals "Eleanor" for the last time from the International Towers in Long Beach. (*Ibid.*)

Besides being elusive, "Eleanor" is portrayed as being tough, plucky, and able to take a hit. These characteristics are showcased in the film's focal scene, where she leads the police (the main officers' call number is "1 Baker 11") on a spectacular, long car chase. And, of course, in the end, she manages to elude the police by performing a death-defying jump over several crashed cars with Pace at the helm. (7ER 341[Original DVD].) It was largely this prolonged car chase that vaulted both the Original Picture and "Eleanor" into the annals of movie history—the car chase is regularly listed as one of the top ten of all time. (5ER 290-293, 7ER 335[¶4].) It also earned Toby the moniker, "The Car Crash King." (7ER 335[¶2].) In reality, two different cars played four different roles in the Original Picture as the character "Eleanor." After evading the police, Pace swaps the smashed-up "Eleanor" for an undamaged version and drives off into the distance as the film ends. (7ER 341[Original DVD].)

### **3. Toby creates, promotes and exploits "Eleanor's" star character status and popularity.**

The Original Picture grossed some \$40 million—a handsome sum in 1974—without the help of a large studio. (7ER 335[¶3].) This success was due to Toby's dogged determination and to "Eleanor's" mystique. Toby hauled the

smashed-up remains of the star car on a flat bed trailer from show to show, and the crowds grew. (7ER 341[Original DVD].) Toby methodically exploited the popularity of “Eleanor” by featuring her on every promotion and on all merchandise (including T-shirts and toy “Eleanor” cars), bringing her to car shows and selling videotapes of the Original Picture with “Eleanor” on the cover. (7ER 335[¶5].) In sum, “Eleanor” was the signature of the Original Picture. (*Ibid.*) Toby registered a copyright for the Original Picture on August 5, 1983. (4ER 66-67.)

**4. Toby makes two more films with “Eleanor,” but dies making a sequel.**

The success of the Original Picture inspired Toby to make two more films in the next decade, “The Junkman” and “Deadline Auto Theft,” both of which featured extended car chases, spectacular car crashes and once again featured “Eleanor.” (7ER 335[¶3].) In 1989, Toby was killed in a tragic accident while filming “Gone in 60 Seconds 2,” which also featured “Eleanor.” (*Ibid.*)

**5. After years of probate battles, Halicki obtains rights to “Gone in 60 Seconds” and “Eleanor” and continues to exploit their enduring popularity.**

After years of probate battles with Toby’s family, Denice Halicki obtained the sole rights to the Original Picture and the character “Eleanor,” including all intellectual property rights. (4ER 73-83, 7ER 336[¶6].) Halicki continued to build on “Eleanor’s” popularity. Halicki licensed use of the “Eleanor” mark for toy cars, exhibited “Eleanor” at car shows, and featured “Eleanor” on the cover of a new DVD and VHS release of the Original Picture. (7ER 336[¶6].) The DVD includes interviews with automobile and racing

icons, such as Lee Iacocca, Parnelli Jones and J.C. Agajanian, Jr., talking about Toby's inimitable movie making and the special place "Eleanor" occupies in movie and automotive history. (7ER 336[¶6], 341[Original DVD].) Halicki also set up a [www.gonein60seconds.com](http://www.gonein60seconds.com) website and licensed "Gone in 60 Seconds" for baseball caps. (7ER 336[¶6].) Eventually, on March 11, 1999, Halicki recorded the passing of the copyright for the Original Picture to her by succession.<sup>4</sup> (4ER 148-150.)

In 2000, Halicki created The Original Gone In 60 Seconds LLC and transferred ownership of certain rights associated with the Original Picture to the LLC; specifically excluded were remake or sequel rights, Disney's rights in the Original Picture and any income Halicki was receiving from the Disney deal. (6ER 330[¶¶6-7].) In 2001, Halicki created Halicki Films LLC to exploit the other films Toby had created and owned. (CR 96[p.3].)

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<sup>4</sup> Halicki has since registered a trademark for "Gone In 60 Seconds" for baseball caps (filed 4/25/02, registered 5/11/04), video games (filed 5/20/02, registered 4/18/06), and toy model cars (filed 3/25/04, registered 3/22/05). (5ER 295-302, 7ER 336[¶7]; (<http://tarr.uspto.gov/servlet/tarr?regser=serial&entry=78124160>; <http://tarr.uspto.gov/servlet/tarr?regser=serial&entry=76410107>; <http://tarr.uspto.gov/servlet/tarr?regser=serial&entry=7839133>.) Halicki applied for "Gone In 60 Seconds" in a number of other categories on May 6, 2005. (<http://tarr.uspto.gov/servlet/tarr?regser=serial&entry=78624381>.) Halicki applied for the "Eleanor" mark for toy model cars on March 26, 2004, and for a number of other categories on May 27, 2005. (7ER 336[¶8], 356-361; <http://tarr.uspto.gov/servlet/tarr?regser=serial&entry=78391782>; [78639134](http://tarr.uspto.gov/servlet/tarr?regser=serial&entry=78639134).)

**B. Halicki Cuts A Deal With Disney To Develop A 2000 Remake, Which Becomes A Box Office Smash And Again Features “Eleanor.”**

In 1995, wanting to pay homage to the Original Picture, the President of Hollywood Pictures (a division of The Walt Disney Company) approached Halicki about developing a remake/sequel. (7ER 336[¶10].) On October 12, 1995, Halicki entered into a Memorandum Of Agreement (“Agreement”) with Hollywood Pictures to develop a remake of the Original Picture. (4ER 85-143.)

**1. The story line.**

The Remake, “Gone in 60 Seconds,” was released on June 9, 2000, and starred Nicholas Cage, Angelina Jolie and Robert Duvall. (7ER 337[¶13], 17ER 582[¶11], 605-606.) The plot of the Remake does not hue far from the story line of the Original Picture.<sup>5</sup> A group of car thieves have to steal 50 cars in 24 hours and again, each of the target cars are given women’s names. (17ER 581[¶5], 586[Remake DVD].)<sup>6</sup>

**2. “Eleanor” is the unicorn again.**

As in the Original Picture, “Eleanor” plays a preeminent role in the Remake—in fact, it is “Eleanor” that is shown on the Remake DVD menu before the film starts and on the back cover of the DVD case. (17ER

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<sup>5</sup> It is no wonder then that when Jerry Bruckheimer and Disney registered the copyright on the Remake, they noted it was “[b]ased on the 1974 motion picture written and directed by H.B. Halicki (Toby Halicki).” (<http://www.loc.gov/cgi-bin/formprocessor/copyright/locis.pl>.) The final, closing credit to the Remake repeats that same sentence. (17ER 586[Remake DVD].)

<sup>6</sup> A DVD of the Remake is submitted separately as Exhibit B to the Videotape Motion.

586[Remake DVD].) She is referenced or seen eleven times, more than any other car. (17ER 581[¶8], 586[Remake DVD].) Indeed, the first reference to “Eleanor” is not visual, but rather in dialogue that harkens back to the character from the Original Picture. In a conversation some 20 minutes into the Remake between the main human character, Memphis Raines (played by Cage) and the main police officer (“1 Baker 11”), the officer asks “Eleanor tell you that?” After Memphis leaves, the officer’s rookie partner asks, “Who’s Eleanor?” The officer responds, “It’s a damn car.” (17ER 586[Remake DVD].) Also, when the thieves first encounter “Eleanor,” and Memphis is tentatively approaching her, one of the other thieves remarks, “They’re trying to get reacquainted. They had a rough history.” Memphis then coos “We’re gonna get through this this time, right? Smooth. Easy.” When Memphis steals “Eleanor” he tells her, “I know we’ve got a history, Eleanor. And that that history has not been great. But I promise. You take care of me. I’ll take care of you.” (17ER 586[Remake DVD].)

In the Remake, “Eleanor” is again a vintage Ford Fastback Mustang with a black stripe. Her look is modified this time to approximate a gray Ford Fastback Mustang Shelby GT 500, but she is not an authentic 1967 Shelby Mustang. (17ER 581[¶9], 27ER 833[¶3], 856.) Any Shelby mark is only visible on “Eleanor” for at most a few seconds, and Shelby GT 500 is referenced verbally only four times. (17ER 581[¶¶6-7], 586[Remake DVD].)

But “Eleanor’s” character has not changed at all. She is still the car that is referred to most often and is still the car that bedevils the thieves—indeed, one human character refers to her as “Memphis’ unicorn. It’s the one car that no matter how many times you try, something always happens.” (17ER 581[¶8], 586[Remake DVD].) Eleanor is again finally collared in the

parking lot of the International Towers in Long Beach. (17ER 581[¶7], 586[Remake DVD].) And it is a spectacular car chase involving “Eleanor,” this time only 12 minutes long, that culminates the Remake. (17ER 581[¶6], 586[Remake DVD].) “Eleanor’s” main pursuers are officers with the call number “1 Baker 11,” and “Eleanor” eludes them by executing a monstrous jump over a number of cars on the Vincent Thomas Bridge with Memphis at the wheel. (17ER 586[Remake DVD].) And again, although “Eleanor” is crushed by the villain’s salvage yard claw, at the film’s end Memphis is reunited with “Eleanor”—this time looking very similar to the Fastback Mustang in the Original Picture—and drives off into the distance. (*Ibid.*)

The Remake met with equal success, grossing over \$101 million in domestic sales and \$232 million worldwide. (17ER 605-606.)

**C. The Agreement Between Halicki And Disney For The Remake Expressly Reserves To Halicki All Merchandising Rights To The Car Character “Eleanor.”**

The Agreement between Disney and Halicki was not a simple document, but on one thing it was clear: it reserved the merchandising rights to “Eleanor” to Halicki, not Disney.

### **1. Definition of “Property” acquired by Disney.**

The first paragraph of the Agreement broadly defined what Disney was acquiring as “all sequel, remake and allied, ancillary and subsidiary rights therein of every nature and description in and to the existing motion picture entitled ‘Gone in 60 Seconds’ (the ‘Original Picture’) and any and all underlying rights thereto (collectively, the ‘Property’, *provided that ‘Property’ shall not include the rights reserved to owner pursuant to paragraph 5., below*).” (4ER 85, emphasis added.) Thus, the “Property” acquired by Disney only included certain rights to remake the Original Picture and specifically excluded the rights reserved to Halicki in paragraph 5.

### **2. Specific rights acquired by Disney.**

The specific rights granted to Disney were spelled out in paragraph 4. Paragraph 4 was also “subject” to the “reserved rights specifically set forth in Paragraph 5.” (4ER 91.) These specific rights were again expressly limited in three provisions. Paragraph 4(c) involved plot and character adaptation rights and was “subject to Paragraph 5.” (4ER 91[¶4(c)].) Paragraph 4(j) concerned merchandising rights and was expressly “subject to Paragraph 5.b., below.” (4ER 93[¶4(j)].) And the omnibus provision in paragraph 4(n) was also subject “to the rights reserved in Paragraph 5.” (4ER 94[¶4(n)].)

### **3. Rights reserved by Halicki.**

Paragraph 5 listed the rights reserved by Halicki that were never part of the “Property” Disney acquired and were excepted from the specific rights granted Disney in Paragraph 4. Those included the right (1) to continue to distribute and exhibit the Original Picture, (2) to publish books based on the “text of the Property,” and (3) to produce sound recordings of the “original

soundtrack of the Property.” (4ER 95-96.) In paragraph 5(b), Halicki also reserved the “*right to manufacture, sell and distribute merchandise utilizing the car known as ‘Eleanor’ from the Original Picture.*” (4ER 95[¶5(b)], emphasis added.) These reserved rights “relate only to material written or authorized by Toby Halicki, and not to any screenplay, characters, teleplay, music, lyrics or sequels written by or authorized by HPC, even though the same may contain characters or other elements contained in the Property.” (4ER 96.)

**4. Halicki’s merchandising royalty interest in Remake.**

Paragraph 7 of the Agreement provided Halicki a percentage royalty on merchandising revenue garnered by Disney from the Remake only. (4ER 97.) This merchandising royalty expressly did *not* apply to “the car from the Original Picture known as ‘Eleanor.’” (*Ibid.*)

**5. Limited copyright license granted by Halicki.**

The copyright license granted by Halicki was also subject to her reservation of rights: “Only insofar as said copyrights pertain to or affect any of the rights, privileges, and property herein granted to HPC, and subject to paragraph 5., above, Owner further grants and assigns to HPC an exclusive, irrevocable license, in perpetuity.” (4ER 100[¶11(a)].)

**6. Governing law: California.**

The Agreement provided that it “shall be interpreted and enforced under” California law. (4ER 109[¶15(h)].)

**D. Both Parties To The Agreement Confirm Their Mutual Intention Was To Reserve To Halicki All Merchandising Rights To “Eleanor,” Either From The Original Picture Or The Remake—Disney Actually Signs A Separate Acknowledgment Confirming That Intention.**

The parties agreed that the mutual intention of the Agreement was that Halicki retained the merchandising rights to the character “Eleanor,” whether from the Original Picture or the Remake. Halicki declared that “[a]fter all I had gone through I was not willing to part with the intellectual property rights to the character ‘Eleanor’ and my attorneys conveyed to Disney this had to be part of the deal or there would be no deal. . . . I signed the contract premised on my retaining full rights to ‘Eleanor.’” (7ER 337[¶¶11-12].)

Disney took the same position. In a December 29, 2005 Acknowledgment And Agreement (“Acknowledgment”), Disney acknowledged “as between it and Halicki, Halicki retained the merchandising rights to that certain car called ‘Eleanor’ as such car appears in the Remake.”<sup>7</sup> (36ER 935[¶1].)

**E. The Lawyers Involved In The Negotiations Of The Agreement Confirm This Was The Parties’ Intention.**

The lawyers that negotiated the deal for Halicki also confirmed this was the intention behind the Agreement. Eric Weissmann explained:

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<sup>7</sup> This Acknowledgment was executed after the District Court had issued its order granting defendants summary judgment but before it had ruled on Halicki’s motion for reconsideration.

“I conveyed to representatives of the Disney Entities my client’s demand that she retain all rights to the lead character from the Original Picture, the car ‘Eleanor.’ It was a nonnegotiable term because Ms. Halicki had to fight so hard in probate court to retain the rights to ‘Gone in 60 Seconds’ and ‘Eleanor’ . . .

Representatives for the Disney Entities conveyed to me that they understood this contractual point. They expressed this to me and it was understood, plus it was memorialized by the Parties in the Agreement that Ms. Halicki would retain all intellectual property rights and any rights otherwise, in the ‘Eleanor’ character and mark, which originally appeared for the first time in the Original Picture. In particular, the Agreement was drafted by the Parties so as to provide the Disney Entities with the right to use the automobile known as the character ‘Eleanor’ in sequels or remakes, but reserving to Ms. Halicki the exclusive right to manufacture, sell and distribute merchandise utilizing the automobile, character, and mark ‘Eleanor.’ Paragraphs 4(j), 4(n), 5(b) and 7, of the Agreement, among others, memorialize the intent that I understood the Parties agreed to in this regard. The Parties’ correspondence and conversations during the negotiation of the Agreement also reflected this intention and understanding of the Parties.” (6ER 325-326[¶¶6-8].)

Another of Halicki’s lawyers, Kirk Hallam, echoed this:

“[T]he Agreement was drafted by the Parties so as to provide the Disney Entities with the right to use the automobile known as the character ‘Eleanor’ in sequels or remakes, but reserving to Ms. Halicki the exclusive right to manufacture, sell and distribute merchandise utilizing the automobile, character, and mark ‘Eleanor.’ . . . The drafts of the Agreement and the Parties’ notes on such drafts exchanged during the negotiation of the Agreement also reflected this intention and understanding of the Parties. Additionally, in my conversations with the primary representatives

of the Disney Entities, attorneys Steven Bardwil and Chris Floyd, during the course of negotiations of the Agreement, we specifically discussed the issues with regard to reserving Ms. Halicki's exclusive merchandising rights to 'Eleanor,' and this point was plainly negotiated and agreed upon by the Parties and their attorneys in such a manner that Ms. Halicki reserved the exclusive rights to commercially exploit the 'Eleanor' character and mark." (6ER 321-322[¶¶5-7].)

**F. Both Halicki's And Disney's Conduct, After The Remake Was Released, Comport With This Intention.**

The parties' conduct also confirmed that the mutual intention of the Agreement was to reserve the "Eleanor" merchandising rights to Halicki, not Disney. A few years after the Remake, Halicki, with the encouragement of her friend, Lee Iacocca, contacted William Ford Jr., the chairman of the Ford Motor Company, to discuss working on a "Gone in 60 Seconds/Eleanor" branded project similar to what Ford had done with its 2001 Mustang patterned on the classic car-chase movie, "Bullitt." (6ER 318[¶14], 7ER 339[¶22].) Iacocca agreed "it was the perfect time to approach Ford with a new Ford Mustang body style coming out. I thought it was a great idea particularly since 'Eleanor' is the only Ford Mustang in history to receive star title credit in a feature film." (6ER 318[¶14].) A few days later, on April 30, 2004, Ford's office called back and left a message for Halicki's business associate that they had received the package and that "it is in our review process." (7ER 339[¶23], 378.)

Having heard nothing, Halicki followed up and wrote to Mr. Ford on March 17, 2005 regarding the proposal for a "Gone in 60 Seconds/Eleanor"

branded project. (7ER 339[¶23], 376.) The deal never came to fruition, because defendants were saturating the market with their knock-off “Eleanor.”<sup>8</sup>

Besides trying to land a new deal with Ford, Halicki continued to market other merchandise using her “Gone in 60 Seconds” and “Eleanor” marks. Disney never raised any issues with Halicki about that merchandising. (27ER 834[¶8].)

Disney, on the other hand, did not market or attempt to market any merchandise using the “Eleanor” mark or character. (6ER 322[¶8], 326[¶10], 7ER 337[¶12].) In 2004, Disney reported over \$30 billion in merchandise revenues. (*See* Walt Disney Co., *Fact Book*, [http://corporate.disney.go.com/investors/fact books/2004/index.html](http://corporate.disney.go.com/investors/fact%20books/2004/index.html) (last visited Apr. 16, 2007).)

**G. Without Halicki’s Consent, Defendants Join Forces And Make Millions By Bootstrapping On “Eleanor’s” Popularity To Manufacture And Sell Replica “Eleanors.”**

**1. Both Shelby and Unique are well aware of “Eleanor’s” popularity.**

Defendants were keenly aware of the popularity of “Eleanor.” Shelby had seen the Remake in the theaters, and was introduced to Halicki by Iacocca at a Hollywood Star Cars Gala at the Petersen Automotive Museum a week after the Remake’s release in June 2000. (6ER 318[¶10], 7ER 337[¶14], 363-

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<sup>8</sup> In fact, instead of Halicki doing a deal with Ford, Unique arranged with Ford to have its replica “Eleanors” appear at a Ford Mustang event in California. (8ER 383[¶5], 403.)

369, 8ER 390-391, 17ER 582[¶10].) Halicki told Shelby how well the Remake was doing at the box office and made a point of encouraging Shelby to view the “Eleanors” from both the Original Picture and the Remake, which were being exhibited at the gala. (7ER 337[¶15].) Shelby saw “Eleanor” and Halicki again not long after at an auto show in Beverly Hills. (7ER 338[¶17].) In fact, Shelby was made aware of “Eleanor” even before the Remake was released and directed his attorney to explore whether it was a knock-off of his GT 500. (17ER 581-582[¶9], 590-592.) Shelby, however, never sued Disney over “Eleanor.”

Doug Hasty, Unique’s president, was also enamored by “Eleanor.” After seeing the Remake, he decided to create a replica of “Eleanor.”<sup>9</sup> (5ER 278-279.)

## **2. Shelby and Unique vie to register an “Eleanor” mark.**

On September 28, 2001, defendant Carroll Hall Shelby Trust (“Shelby Trust”) submitted a trademark application for “Eleanor” for dye-cast metal toy cars.<sup>10</sup> (8ER 387.) On August 30, 2002, Shelby Trust applied for a trademark

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<sup>9</sup> In fact, before defendants joined forces and before Hasty tried to register the “Eleanor” mark, he had already produced two “Eleanor” replicas, including one for a paying customer. (27ER 834[¶7].)

<sup>10</sup> The Shelby Trust abandoned this application on December 31, 2005. (<http://tarr.uspto.gov/servlet/tarr?regser=serial&entry=76317913>). The Shelby Trust reapplied for “Eleanor” for toy model cars on January 20, 2006, but the U.S. Patent and Trademark Office issued an office action suspending the application on July 10, 2006. (<http://tarr.uspto.gov/servlet/tarr?regser=serial&entry=78796340>.)

for “Eleanor” for “vehicles, namely, automobiles, engines for automobiles, and structural parts for automobiles.”<sup>11</sup> (4ER 226-227.)

Unique’s Hasty applied for “Eleanor” for automobiles just a few days later, on September 3, 2002, but abandoned that application less than six months later. (<http://tarr.uspto.gov/servlet/tarr?regser=serial&entry=78160266>) On that same date, Hasty also applied for “GT500E” for automobiles, but abandoned that one as well when Ford Motor Company opposed it.<sup>12</sup> (<http://ttabvue.uspto.gov/ttabvue/v?qs=78160261>.)

**3. Shelby and Unique eventually join forces, with Shelby licensing “his” Eleanor mark to Unique to build the “Eleanor” replicas.**

On September 10, 2002, defendants Unique Motor Cars and Carroll Shelby Licensing entered into a non-exclusive license agreement. (3ER 24[¶3], 27-48.) Unique obtained the right to use various marks, including “GT-500,” “Shelby GT-500” and “Eleanor,” and to manufacture, distribute and sell “[r]estored vehicles . . . fitted and detailed to replicate, in appearance, the 1960’s Shelby GT-500 Cobra automobiles originally manufactured by Shelby.

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<sup>11</sup> That mark was eventually registered on April 27, 2004. (4ER 226-227.)

<sup>12</sup> The Shelby Trust also applied on January 26, 2005 for “GT 500E” for automobiles, engines and engine parts, but an opposition by Halicki before the TTAB is now pending. (<http://tarr.uspto.gov/servlet/tarr?regser=serial&entry=78554538>; <http://ttabvue.uspto.gov/ttabvue/v?qs=78554538>.) The Shelby Trust also applied on June 21, 2005 for “GT-500E” for die cast toy cars, but Halicki opposed that application as well. (<http://tarr.uspto.gov/servlet/tarr?regser=serial&entry=78655427>; <http://ttabvue.uspto.gov/ttabvue/v?qs=78655427>.)

For reference purposes only, it is noted that one such vehicle was depicted in a recent motion picture which utilized the name ‘Eleanor’ to refer to a 1967 Shelby GT-500 automobile.” (3ER 27[¶1.2].) The license agreement provides that these marks “are either inherently distinctive or have acquired secondary meaning in the mind of the public.” (3ER 41[¶14.1(c)].) Shelby Licensing, for its part, had the right to approve a prototype of the replicas and received a royalty for every car sold. (3ER 28-29[¶4], 31-34[¶¶6,8].) The Shelby entities also received revenue because part of the manufacturing process is done for a fee at a Shelby manufacturing plant in Nevada that uses prison labor. (8ER 384-385[¶11], 400-402.)

The “Eleanor” replicas are not authentic Shelby GT-500s, but rather are stock 1967 or 1968 Ford Fastback Mustangs that are tricked out to look like “Eleanor” from the Remake. (3ER 24[¶4], 27ER 833[¶3], 839.) Unique sold different versions of these “Eleanor” replicas, ranging in price from \$109,000 to \$189,000.<sup>13</sup> (8ER 385[¶12], 395-399.) Unique also offered these “Eleanors” in the same yellow-and-black color scheme as “Eleanor” from the Original Picture. (8ER 385[¶12], 423-424.)

**4. Shelby admits that he began to use “Eleanor,”  
because his marks were mentioned in the Remake.**

Shelby was very upfront about why he appropriated the “Eleanor” mark and copyright. When asked by the exclusive agent selling the “Eleanor” replicas, Steve Sanderson, about the issue of obtaining the rights to “Eleanor” from Disney, Shelby responded:

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<sup>13</sup> The prices of the replicas now run from \$119,000 to \$214,000. (www.uniqueperformance.com.)

“Fuck them. They didn’t get my permission to use my name. I’m not going to get permission from them to use their name. . . . If they sue me, I’ll sue them right back.” (27ER 835[¶12].)

Shelby was slightly less colorful, but essentially said the same thing in his declaration supporting his summary judgment motion: “After the release of that movie, people began to identify the [sic] my Shelby GT-500 automobile as ‘Eleanor.’ Neither plaintiff Halicki or anyone else involved with the motion picture sought my permission to identify my automobile with the name, ‘Eleanor,’ or to associate that name with my registered trademarks, ‘Shelby’ and ‘GT-500.’ Based upon the public association created by plaintiff’s unauthorized use of my trademarks in the movie, my company, Shelby Licensing, decided to begin using that name on model cars bearing the design of my GT-500 automobile, as it appeared in the 2000 remake.” (21ER 721[¶¶5-6].)

Shelby provided no other basis for why he could use the “Eleanor” mark.

This absence of rights may have led Shelby to be less than candid with his longtime friend, Iacocca, when in 2004 Iacocca called on Halicki’s behalf to inquire about Shelby’s use of “Eleanor.” Shelby told Iacocca he had not trademarked “Eleanor,” but obtained his rights from the Unique Defendants. (6ER 318-319[¶¶15-16].)

**5. Defendants use both “Gone in 60 Seconds” and “Eleanor” to promote their replicas.**

In promoting these replicas, the Unique and Shelby Defendants repeatedly used the “Eleanor” and “Gone in 60 Seconds” marks, as well as copyrighted material from “Gone in 60 Seconds”:

- The replicas are sold as a “Shelby G.T.500E,” and that mark appears on the cars in multiple places, including the hood, fenders, floor mats and steering wheel. (3ER 50-51, 8ER 383-384[¶6], 412, 17ER 614-615.) Defendants acknowledged that the “E” stands for “Eleanor.” (8ER 383[¶6], 412.) The entire mark “Eleanor” also appears on the VIN tag of some of the cars. (17ER 614-615.)
- Defendants approved a press release by Barrett Jackson (a well-known auction house for vintage cars) a month after inking the license agreement that read, “[t]he ‘Eleanor’ GT-500E Shelby Mustang, the star car of the recent action-packed Blockbuster movie ‘Gone in 60 Seconds’, will now be available as a limited edition series” and promised the car would “come with a certificate of authenticity from the originator of the ‘Eleanor’ movie car [Shelby].” (8ER 384[¶7], 404-406, 442-444.)
- Unique sold unauthorized posters depicting the “Eleanor” car character from the Remake, with “Eleanor” emblazoned on the top and an image of Shelby driving the car. (7ER 339[¶21], 374.)
- Unique issued a press release on March 1, 2004 regarding the “strong demand for the Shelby G.T.500E” and explained that the car “is similar in appearance to the car in the movie ‘Gone In 60 Seconds.’” (8ER 439-440.)
- Unique also sponsored a drag racing team, which raced a car adorned with “Eleanor” and “Gone in 6.0 Seconds.” (8ER 383-384[¶6], 417-419, 429-430, 431-434.) In a March 18, 2004 press release, Unique announced it would “begin[] campaigning a factory Shelby G.T.500E ‘Eleanor’ car” in races. (8ER 436-437.) Unique did this despite

having been warned in a November 12, 2002 letter from Shelby’s lawyer that Unique was not allowed to use the “Gone in 60 Seconds” mark. (8ER 384[¶10], 427, 430, 446-447.)

- The Shelby Defendants, without consent, licensed the use of “Eleanor” in a video game. (27ER 835[¶11].)

In fact, Unique conceded that it was best known for manufacturing and selling the replica “Eleanors.” (8ER 384[¶8], 410.)

#### **H. The Media Seize On Defendants’ Marketing Efforts And Misleadingly Dub Shelby As “Eleanor’s” Creator.**

The press latched on to defendants’ marketing efforts, penning numerous articles about the new “Eleanors”:

- The March 2003 edition of *Mustang Monthly* has a photograph of Shelby standing next to an “Eleanor” replica with the headline “Gone In 60 Seconds, Carroll Shelby Produces a ‘New’ Eleanor for the Masses!” (5ER 281.) The magazine article explains that the “new GT500E (the ‘E’ stands for Eleanor) is based on the GT500” in the Remake. (5ER 282.)
- In an August 2003 *Mustang Monthly* article, entitled “Eleanor Does Vegas,” the trade journalist authors candidly state “[o]ur aim was to drive Eleanor down the Las Vegas strip and gauge public reaction.” (5ER 287.) They had flown in for a Shelby car club gathering and borrowed one of defendants’ replica “Eleanors” from Shelby. The answer to their experiment: “Most people identified Eleanor with the movie, not with Shelby, and they didn’t realize Eleanor was based on

a GT500. Also, we're willing to bet they didn't know the latest movie was a remake—hotter and faster than the original but using the same formula.” (5ER 289.)

- An April 26, 2003 article from the *Dallas Morning News* entitled “For the love of ‘Eleanor’” has the sub-headline “Street-rod fan hopes to profit from replicas of movie Mustang.” (5ER 278.) The article describes how Hasty, Unique’s president—the street-rod fan—“saw the movie *Gone in 60 Seconds* and decided to create a replica of the customized 1967 Mustang GT 500 in the movie, which was nicknamed Eleanor.” (*Ibid.*) Hasty was quoted as saying about the replicas, ““You drive this car through D/FW Airport, and traffic stops . . . . Planes stop. People go by and shout ‘Eleanor!’ at you. It’s almost embarrassing.”” (5ER 279.)
- An October 18, 2003 article from the *Dallas Morning News* reports on the Shelby/Unique joint venture “to sell the Eleanor Mustangs. Eleanors are replicas of a customized 1967 Mustang GT 500 in the movie *Gone in 60 Seconds*.” (5ER 276.) “What is an ‘Eleanor’? The ‘Eleanor is an extensively-modified 1967-68 Mustang based on a car that appeared in the movie ‘*Gone In 60 Seconds*’.” (5ER 275.)
- TLC devoted its entire one-hour May 6, 2005 RIDES show to detailing how defendants manufacture their knock-off “Eleanors.” (7ER 338[¶20], 370[Rides Videotape].)<sup>14</sup> The show’s opening is interwoven with actual footage from the Remake and beckons the viewer with this entreaty: “Because you know you want an ‘Eleanor’

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<sup>14</sup> A videotape copy of the May 6, 2005 RIDES show on TLC is submitted separately as Exhibit C to the Videotape Motion.

of your very own. . . . It's 'Eleanor' and her amazing high-speed story. . . . Her name is 'Eleanor,' and she is what all this fuss is about." (7ER 370[Rides Videotape].) The program includes multiple references to Unique and its principals, as well as Shelby, and explains that "[t]hey're not just making an 'Eleanor,' they're making a bunch of 'Eleanors.'" (*Ibid.*) During the show defendants repeatedly refer to "Gone in 60 Seconds" and "Eleanor," and Unique shows off its "Eleanor" drag racing car and its warehouse shop with a large "Gone in 60 Seconds" Billboard movie poster hanging from the wall. (7ER 338-339[¶20], 370[Rides Videotape], 372.) The show also acknowledges "Eleanor's" lineage: "This is 'Eleanor's' second time around. The first 'Eleanor' was a Mach I [Fastback Mustang] in the 1974 'Gone in 60 Seconds.'" (7ER 370[Rides Videotape].)

Defendants' saturation of the market with the myth that Shelby created "Eleanor" and that they have the rights to the mark has worked. A number of people have approached or called Halicki, saying they had seen articles or TV shows with "Eleanor," and wondering where they can buy one. (7ER 399 [¶¶24,26].) Others have asked Halicki why she is not featured in ads for her "Eleanor." (7ER 339[¶25].)

**I. Halicki First Learned Of Defendants' Infringement In February 2004 And Demanded They Stop—When Defendants Refused, She Sued.**

Halicki first became aware of defendants' conduct in February 2004, when she learned that they were selling "Eleanor" replicas and marketing and promoting them using the "Eleanor" and "Gone in 60 Seconds" marks. (1ER 7[¶35], 8[¶41], 7ER 338[¶19].) She then became aware that Shelby had

registered the “Eleanor” mark for manufacture of automobiles on April 27, 2004. To try to resolve the dispute, Halicki prevailed on Iacocca to talk with Shelby. (6ER 318-319[¶¶15-17].) When Shelby was not forthright with Iacocca about his registration of “Eleanor,” Halicki, through her trademark counsel, sent a cease-and-desist letter to Shelby’s trademark counsel on June 14, 2004, demanding that Shelby cease infringing the “Eleanor” and “Gone in 60 Seconds” marks, surrender the existing “Eleanor” registration and withdraw the pending “Eleanor” toy car application. (26ER 795-796.) When that failed to stop defendants’ infringement, she filed suit on October 25, 2004. (CR 1.)

## **ARGUMENT**

The District Court dismissed Halicki’s complaint, because under its construction of the Agreement Halicki did not have standing to assert any claims against defendants, only Disney did. (34ER 901-929.) Yet, the District Court overlooked a basic reason, independent of the Agreement, why Halicki has standing to sue: To protect Halicki’s longstanding common law rights to the unregistered trademarks, “Eleanor” and “Gone in 60 Seconds.” Those rights apply, no matter what the Remake “Eleanor” looks like, because they concern the defendants’ use of words, not a visual appearance.

Indeed, the District Court got way off track when it ruled that the Remake “Eleanor” car character was not a derivative copyrighted work from the Original “Eleanor” character, because it focused solely on the purported visual dissimilarities between the “Eleanor” characters. The other striking, substantial similarities between the characters easily override any visual dissimilarity. The

“Eleanor” character originated in the Original Picture and is the signature of the “Gone in 60 Seconds” movie franchise.

The court’s mistaken focus on the purported visual dissimilarity also skewed how it construed the Agreement. On summary judgment, as a matter of law, the court construed the Agreement as granting all merchandising rights to the Remake “Eleanor” to Disney, not Halicki, because one version of the Remake “Eleanor” character looked different than the Original “Eleanor.” The court took the entire case away from the jury despite the multiple provisions in the Agreement that suggested otherwise, despite the sworn declarations by Halicki and her attorneys that the mutual intention of the parties was to reserve those rights to Halicki, and despite the parties’ conduct subsequent to the Agreement which suggested Disney understood it didn’t have those rights. Even more stunningly, the court refused to reconsider its core ruling after Disney acknowledged in a separate writing that “as between it and Halicki, Halicki retained the merchandising rights to that certain car called ‘Eleanor’ as such car appears in the Remake.” (36ER 935[¶1].) This construction of the Agreement is factually incorrect and was accomplished by misapplying California law.

The District Court also failed to recognize that, regardless of its erroneous construction of the Agreement, there were several other reasons Halicki had standing to sue:

- To protect her rights as beneficial owner of the copyright to “Gone in 60 Seconds” and its character “Eleanor.”
- To defend her trademarks because of her contingent royalty interest in merchandising and sales revenues of the Remake.

- To obtain cancellation of the Shelby Trust’s trademark registration of “Eleanor.”

At a minimum, genuine factual issues exist as to whether Halicki had standing to sue.

What the District Court did not directly address was whether defendants’ actions constituted copyright or trademark infringement, or whether their actions constituted fair use of the marks. But the evidence of defendants’ brazen infringement is overwhelming and undisputed. And this Court can easily find, as a matter of law, that the trademark infringement was not fair use.

**I. THERE ARE GENUINE ISSUES OF MATERIAL FACT AS TO WHETHER HALICKI HAS STANDING TO SUE DEFENDANTS FOR TRADEMARK AND COPYRIGHT INFRINGEMENT, AMONG OTHER CLAIMS.**

**A. Halicki Has Standing To Sue For Trademark Infringement Because Halicki Owns The Common-Law Rights To The Unregistered Marks, “Eleanor” And “Gone In 60 Seconds.”**

In its apparent eagerness to wrestle with Halicki’s complicated Agreement with Disney, the District Court overlooked a basic reason why Halicki has standing here—she owns the unregistered marks, “Eleanor” and “Gone in 60 Seconds.” That alone mandates reversal, at least as to the trademark and related state claims.

A prior user of a non-registered trademark has priority over a subsequent user, even if that user registers that mark. As this Court has explained, “[i]t is axiomatic in trademark law that the standard test of ownership is priority of use. . . . it is not enough to have invented the mark first or even to have registered it first; the party claiming ownership must have been the first to actually use the mark in the sale of goods or services.” *Sengoku Works Ltd. v. RMC Intern., Ltd.*, 96 F.3d 1217, 1219 (9th Cir. 1996); accord *Grupo Gigante SA De CV v. Dallo & Co., Inc.*, 391 F.3d 1088, 1093 (9th Cir. 2004) (“A fundamental principle of trademark law is first in time equals first in right”); *Hydro-Dynamics, Inc. v. George Putnam & Co., Inc.*, 811 F.2d 1470, 1472 (Fed. Cir. 1987) [“The common law and the Lanham Act require that trademark ownership be accorded to the first bona fide user”].

It is also hornbook law that “[f]ederal registration of a trademark or service mark cannot create rights and priority over others who have previously used the mark in commerce.” *Allard Enter., Inc. v. Advanced Programming Res., Inc.*, 249 F.3d 564, 572 (6th Cir. 2001); accord *Johnny Blastoff, Inc. v. Los Angeles Rams Football Co.*, 188 F.3d 427, 435 (7th Cir. 1999) (“a trademark application is always subject to previously established common law trademark rights of another party”). Thus, to sue under the Lanham Act “it is not necessary that a mark or trade-mark be registered.” *New West Corp. v. NYM Co. of California, Inc.*, 595 F.2d 1194, 1198 (9th Cir. 1979). The District Court’s emphasis on the Shelby Trust’s registration of “Eleanor,” and the assertion that Halicki did not apply to register that mark until after filing this suit were therefore misplaced.<sup>15</sup> (34ER 916-917.)

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<sup>15</sup> That assertion was also factually incorrect. Halicki applied for “Eleanor” for toy model cars on March 26, 2004, some seven months before filing this suit. (<http://tarr.uspto.gov/servlet/tarr?regser=serial&entry=78391782>.)

**1. The Halickis began using the marks some 30 years before defendants did—Halicki thus owns the marks.**

Toby Halicki began using the “Eleanor” and “Gone in 60 Seconds” marks in interstate commerce in 1974, and continued to exploit those marks for the next 15 years until his untimely death. (7ER 335.) The marks were used in an automotive context, because they involved a movie that is an homage to cars and revolved around the star car character, “Eleanor.” Toby’s widow, Denice Halicki, has continued to use the marks since she obtained all the rights to them in probate in 1995. (7ER 335-336.)

Shelby Trust’s September 28, 2001 application for “Eleanor” for toy cars was an intent-to-use application and the request for “Eleanor” for automobiles listed January 8, 2003 as the first use in commerce. (8ER 387.) The license agreement between Unique and Shelby was entered into on September 10, 2002. (3ER 27-48.) Thus, any use of these marks by defendants was almost 30 years after the Halickis began using them—that leaves the Shelby Trust with no right to claim ownership of the “Eleanor” and “Gone in 60 Seconds” marks. The fact that the Shelby Trust registered an “Eleanor” mark in 2004 does not change this analysis. (4ER 226-227.) In fact, “if the non-registrant can show that he used the mark in commerce first, then the registration may be invalidated.” *Sengoku Works v. RMC Intern.*, 96 F.3d at 1220.

**2. How one construes the Agreement doesn’t affect this basis for standing.**

Halicki’s ownership of these marks gives her standing under the common law and the Lanham Act to sue for trademark infringement, unfair competition and false advertising. Since Halicki’s declaratory relief action and state law

claims for constructive trust and unfair competition are based, at least in part, on trademark infringement, standing exists for those claims as well.

That standing is not eliminated if in the Agreement Halicki granted Disney the right to use the marks in the Remake. No matter how one construes who obtained the merchandising rights to the Remake “Eleanor” under the Agreement, Halicki’s ownership of the marks remained extant and that provided a separate basis for Halicki’s suit. This is highlighted by the fact that the mark *is not for the visual appearance* of “Eleanor” in either the Original Picture or the Remake—which is what the District Court wrongly focused on in construing the Agreement—it is for the use of the word “Eleanor.”

This core error undergirds most of the District Court’s summary judgment order. Time and time again, the court relied on its construction of the Agreement as a basis for concluding that Halicki did not have standing for her various federal and state claims. Halicki can demonstrate that the District Court’s reading of the Agreement was plainly wrong, but even if this Court agrees with the District Court’s construction, summary judgment was still erroneous since Halicki has standing to sue for infringement of her unregistered marks and related state claims.

### **3. Defendants’ infringement of Halicki’s marks is patent and obvious.**

Defendants’ infringement of Halicki’s marks is patent and obvious. Defendants sell their replicas as “GT-500Es,” the “E” standing for “Eleanor,” and that mark is affixed to multiple places on the cars. (3ER 50-51, 8ER 383-384[¶6], 412, 17ER 614-615.) They manufacture the cars in a factory under the watchful eye of a giant “Gone in 60 Seconds” Billboard movie poster. (7ER 338-339[¶20], 370[Rides Videotape], 372.) They tell the world in their

press releases that “[t]he ‘Eleanor’ GT-500E Shelby Mustang, the star car of the recent action-packed blockbuster movie ‘Gone in 60 Seconds’, will now be available as a limited edition series” and they promise the car will “come with a certificate of authenticity from the originator of the ‘Eleanor’ movie car [Shelby].” (8ER 384[¶7], 404-406, 442-444.) The Unique Defendants sponsor a race car adorned with “Eleanor” and the cheeky “Gone in 6.0 Seconds,” while the Shelby Defendants license “Eleanor” for use in video games. (8ER 383-384[¶6], 417-419, 429-430, 431-434, 27ER 835[¶11].) The press has proliferated this theft of Halicki’s marks, announcing that “Carroll Shelby Produces A ‘New’ Eleanor for the Masses!” (5ER 281.) Another article, entitled “For the Love of ‘Eleanor,’” described how Unique’s President “saw the movie *Gone in 60 Seconds* and decided to create a replica of the customized 1967 Mustang GT 500 in the movie, which was nicknamed Eleanor.” (5ER 278.) Indeed, the Unique Defendants concede they are best known for producing the replica “Eleanors.” (8ER 384[¶8], 410.)

In fact, the RIDES television show was essentially a free one-hour infomercial for defendants’ knock-off “Eleanor.” (7ER 370[Rides Videotape].) Defendants were candid in that show about how they were trading on the intense popularity of “Eleanor” and “Gone in 60 Seconds” with consumers. One of Unique’s principals says, “Most people recognize that this [replica] is ‘Eleanor.’ Of course, the movie, ‘Gone in 60 Seconds,’ gave it a lot of notoriety.” (*Ibid.*) Shelby describes how his vintage GT-500 Fastback Mustangs were revived by “Eleanor”: “35 years later, the movie. . . . The ‘Eleanor’ came along and here we are taking those [stock 1968 Fastback Mustangs], rebuilding them and turning them into something that performs with the best performance cars today.” (*Ibid.*) Viewing the RIDES show and its

primary focus on “Eleanor” highlights in a nutshell why and how defendants appropriated Halicki’s valuable marks.

As review of just two trademark cases shows, defendants’ conduct is prima facie evidence of trademark infringement. In *Warner Bros., Inc. v. Gay Toys, Inc.*, 658 F.2d 76 (2d Cir. 1981), the copyright owners of the TV show, “The Dukes of Hazzard,” sued a toy manufacturer for infringing their unregistered mark in the car character, “General Lee.” *Id.* at 77-78. The defendant, without consent, sold a toy car called the “Dixie Racer,” which also was a bright orange 1969 Dodge Charger with a confederate decal, but with the door numerals reversed from “01” to “10.” *Id.* at 78. Here, by contrast, defendants used the “Eleanor” and “Gone in 60 Seconds” marks without any alteration of appearance or name—indeed, what they were openly selling was a replica of “Eleanor.”

In *DC Comics, Inc. v. Reel Fantasy, Inc.*, 696 F.2d 24 (2d Cir. 1982), the court reversed a summary judgment, holding that genuine issues existed as to whether a chain of comic bookstores’ use of the store name, “Batcave,” infringed on the plaintiff’s registered mark, “Batman,” and unregistered mark, “Batcave,” which was Batman’s secret hideout and headquarters. *Id.* at 25-27. The plaintiff showed that it had used “Batcave” since the 1940s and had licensed its use to a toy manufacturer to market a plastic replica of Batman’s hideout. *Id.* at 25. Halicki and her husband had also licensed the use of “Eleanor” and “Gone in 60 Seconds” since the 1970s, so defendants’ use of the marks is clearly infringing.

The damage to Halicki has been substantial. Halicki’s experts estimated the disgorgement of profits (as of mid-2005) to be approximately \$4 million and the cost of corrective advertising to be over \$3.2 million. (25ER

769-770[¶18-19].) In the RIDES show, Unique boasts how it was selling five to seven of these high-priced replicas a month. (7ER 370[Rides Videotape].)

**B. Halicki Has Standing To Sue For Copyright Infringement Because The Character “Eleanor” From The Remake Is A Derivative Work From The “Eleanor” In The Original Picture.**

Halicki also has standing because she owns the copyright to the character “Eleanor” from the Original Picture and the “Eleanor” from the Remake is a derivative work from that copyright.

**1. “Eleanor” in the Remake is a derivative work.**

The Copyright Act explains that a “‘derivative work’ is a work based upon one or more preexisting works” and that the copyright owner has the exclusive right to prepare derivative works. 17 U.S.C. §§ 101, 106. “The aspects of a derivative work added by the derivative author are that author’s property, but the element drawn from the pre-existing work remains on grant from the owner of the pre-existing work.” *Stewart v. Abend*, 495 U.S. 207, 223, 110 S.Ct. 1750, 1761 [109 L.Ed.2d 184] (1990); 17 U.S.C. § 102, subd. (b).

This Court (and others) have held that “a plaintiff who holds copyrights in a film series acquires copyright protection as well for the expression of any significant characters portrayed therein.” *Metro-Goldwyn-Mayer, Inc. v. American Honda Motor Co., Inc.*, 900 F. Supp. 1287, 1293 (C.D. Cal. 1995) (action film sequences in James Bond movies are copyrightable); *Walt Disney Prod. v. Air Pirates*, 581 F.2d 751, 755 (9th Cir. 1978) (Disney characters are copyrightable); *Universal City Studios, Inc. v. J.A.R. Sales, Inc.*, 216 U.S.P.Q.

(BNA) 679, \*\*8-9 (C.D. Cal. 1982) (the “character ‘E.T.’ in the motion picture . . . contains unique elements of expression and is protectible”); *Burroughs v. Metro-Goldwyn-Mayer, Inc.*, 519 F. Supp. 388, 391 (S.D.N.Y. 1981) (well-developed 1912 book character from “Tarzan of the Apes” protected even in modern 1981 adaptation).

This Court has explained that a “work will be considered a derivative work only if it would be considered an infringing work” of the original work if it had been created without consent. *Micro Star v. Formgen Inc.*, 154 F.3d 1107, 1112 (9th Cir. 1998); *Litchfield v. Spielberg*, 736 F.2d 1352, 1357 (9th Cir. 1984). Proving infringement requires showing the two works “are substantially similar in both ideas and expression. Similarity of ideas may be shown by comparing the objective details of the works: plot, theme, dialogue, mood, setting, characters, etc. Similarity of expression focuses on the response of the ordinary reasonable person, and considers the total concept and feel of the works.” *Micro Star v. Formgen*, 154 F.3d at 1112, citations omitted.

The “Eleanor” car character in the Remake is patently a derivative work from the character in the Original Picture. They are substantially similar in both ideas and expression (compare 7ER 341[Original DVD] with 17ER 586[Remake DVD]):

- Both “Eleanors” are the only car characters mentioned or seen multiple times in each film.
- Both “Eleanors” have a personal, special relationship with the main male human character.
- Both “Eleanors” are black-striped vintage Ford Fastback Mustangs.

- Both “Eleanors” are the Holy Grail for the thieves—the last and most difficult car to steal.
- Both “Eleanors” are finally swiped at the International Towers in Long Beach.
- Both “Eleanors” culminate the films with long, spectacular car chases that have become the most memorable part of the films.
- Both “Eleanors” eventually manage to elude their police pursuers, “1 Baker 11,” by performing an awesome jump with the main male character at the wheel.
- Both “Eleanors” are badly damaged, but are swapped out for new “Eleanors” as the films end.

The derivative quality of the Remake “Eleanor” is amplified by the many references in the Remake to Memphis’ “history” with “Eleanor.”

(17ER 586[Remake DVD].) Indeed, as car characters go, “Eleanor” is a much more primary character than other famous cars, like the “Batmobile,” “General Lee” (from “The Dukes of Hazzard”), and “Bandit” (from “Smokey and the Bandit”). “Eleanor” is the signature of the “Gone in 60 Seconds” movie franchise, whether the Original Picture or the Remake. As Iacocca explained, “you could not separate ‘Eleanor’ from ‘Gone in 60 Seconds.’ . . .”

(6ER 318[¶15].)

The only real difference between the Original and Remake “Eleanors” is that the Original looks like a yellow-and-black 1973 Ford Fastback Mustang, while one of the Remake “Eleanor” car characters resembles a gray-and-black 1967 Ford Fastback Shelby GT 500 Mustang. And even that difference is diluted, because at the end of the Remake, “Eleanor” is portrayed looking very

similar to the Original “Eleanor.” (17ER 586[Remake DVD].) This visual dissimilarity is all the District Court relied on in holding the Remake was not a derivative work. (34ER 908-909.) But given all the other identical characteristics, that relatively minor difference is not enough to transform the Remake “Eleanor” into a non-infringer of the Original “Eleanor”—thus the Remake “Eleanor” is a derivative work. And regardless, it is undisputed that Halicki retains ownership of all the common elements of these two characters.

**2. As the copyright owner, Halicki can sue for defendants’ infringement of the derivative work.**

The “Eleanor” replicas being sold by defendants here infringe on Halicki’s copyright interest in the derivative work, the Remake “Eleanor.” The copyright owner has the right to sue someone infringing a derivative work. *Lamb v. Starks*, 949 F. Supp. 753, 755-56 (N.D. Cal. 1996). In *Lamb*, the defendants copied an uncopyrighted trailer to a copyrighted movie. Since that trailer was a derivative work of the movie, the copyright owner had standing to sue. *Id.* at 756. Halicki owns the copyright to the Original Picture and all the characters in it. (4ER 66-67, 148-150.) While Halicki may have granted Disney the right to create derivative works from those movie characters, Halicki retains rights to all the elements of those characters drawn from the Original Picture, and the right to sue over copying of derivative works.

And defendants’ conduct is patently infringement. In *Sid & Marty Krofft Television Prod., Inc. v. McDonald's Corp.*, 562 F.2d 1157 (9th Cir. 1977), the plaintiff sued McDonald’s, claiming that McDonald’s Mayor McCheese character in its advertisements infringed on its copyright in the character Pufnstuf in its H.R. Pufnstuf children’s show. *Id.* at 1166-67, superceded by statute on other grounds, disapproved on other grounds. This Court rejected

McDonald's argument that there was no infringement because the characters were visually different: "Duplication or near identity is not necessary to establish infringement. . . . '[A]n infringement is not confined to literal and exact repetition or reproduction; it includes also the various modes in which the matter of any work may be adopted, imitated, transferred, or reproduced, with more or less colorable alterations to disguise the piracy.'" *Id.* at 1167. The court emphasized that the ordinary viewer would not notice these visual differences, as much as "the over-all impact and effect." *Id.* at 1167, 1169. Similarly, the fact that one of the Remake "Eleanors" is visually different than the Original "Eleanor" does not eliminate the fact that most of the characters' traits are identical and both are indelibly linked to the enduring popularity of "Eleanor" and the overall mood of the "Gone in 60 Seconds" franchise. In fact, Hasty, Unique's President, described in a news article how "You drive this car through D/FW Airport, and traffic stops . . . . Planes stop. People go by and shout 'Eleanor!' at you. It's almost embarrassing." (5ER 279.)

In *DC Comics*, 696 F.2d 24, the court reversed a summary judgment, holding that genuine issues existed as to whether a chain of comic bookstores' use of the name, "Batcave," constituted infringement of the plaintiff's copyrighted character, "Batman." *Id.* at 26-27. The court emphasized that consumers might think that the bookstores were operated by the copyright owners, given that the defendants sold comic books under the store name "Batcave," and used some "Batman" insignia in the store and in their advertising. *Id.* at 25, 27. Likewise, buyers of defendants' replica "Eleanors" might think that they are being manufactured and sold by the copyright owners of the "Eleanor" and "Gone in 60 Seconds" franchises. And, in fact, people did. In an August 2003 *Mustang Monthly* article, entitled "Eleanor Does Vegas," the

trade journalist authors described that when they drove a replica “Eleanor” down the Las Vegas strip, “[m]ost people identified Eleanor with the movie, not with Shelby.” (5ER 289.)

Copyright “[p]rotection extends to expressions of that character not only in motion pictures, but in other media as well, including three-dimensional expressions.” *Universal City Studios v. J.A.R. Sales*, 216 U.S.P.Q. at \*18. In *Universal City Studios*, the court held that the defendants’ molded-plastic doll infringed on the movie character, “E.T.,” because of the visual similarities and because it “portray[ed] the same mood of loveliness.” 216 U.S.P.Q. at \*\*8-10. As the court noted, “[i]t is common practice in the entertainment industry to exploit commercially the popularity of well-known motion picture and television personalities and characters in connection with a wide range of merchandise, and the public has come to expect such exploitation.” *Id.* at \*\*12-13. Not surprisingly then, consumers, when they saw advertisements or shows about the replica “Eleanors,” assumed that the copyright owners were involved and asked Halicki why she was not in the ads for “her” Eleanor. (7ER 339[¶¶24-26].)

The Remake “Eleanor” was plainly a derivative work and this gave Halicki another basis for standing to sue defendants.

**C. There Are Genuine Factual Issues As To Whether The Disney Agreement Reserved To Halicki, Not Disney, The Merchandising Rights To “Eleanor,” Whether As Portrayed In The Original Picture Or The Remake.**

The core of the District Court’s ruling was that it construed the Agreement as granting the merchandising rights to the Remake “Eleanor” to Disney, not Halicki. (34ER 909-915.) This construction is erroneous under California law. At a minimum, genuine factual issues exist about the parties’ mutual intentions in the Agreement which preclude summary judgment.

**1. California law on interpreting contracts requires the admission of extrinsic evidence on the parties’ mutual intent here.**

The Agreement mandated that it be interpreted under California law. (4ER 109[¶15(h)].) Under California law, the “overriding goal of contract interpretation is to give effect to the mutual intention of the parties at the time of contracting.” Cal. Civ. Code, § 1636; *Southern Pacific Transp. Co. v. Santa Fe Pacific Pipelines, Inc.*, 88 Cal. Rptr. 2d 777 (Cal. Ct. App. 1999). Words in a contract should “be understood in their ordinary and popular sense unless the parties use them in a technical sense .” Cal. Civ. Code, § 1644; *Southern Pacific Transp. v. Santa Fe Pacific Pipelines*, 88 Cal. Rptr. 2d at 783.

The mutual intention of the parties “is determined by objective manifestations of the parties’ intent, including the words used in the agreement, as well as extrinsic evidence of such objective matters as the surrounding circumstances under which the parties negotiated or entered into the contract; the object, nature and subject matter of the contract; and the subsequent conduct

of the parties.” *Morey v. Vannucci*, 75 Cal. Rptr. 2d 573, 578 (Cal. Ct. App. 1999).

Citing to a California Supreme Court decision, this Court recognized that California law is quite liberal in allowing extrinsic parol evidence: “This case therefore presents the question whether parties in California can ever draft a contract that is proof to parol evidence. Somewhat surprisingly, the answer is no.” *Trident Center v. Connecticut General Life Ins. Co.*, 847 F.2d 564, 565 (9th Cir. 1998). The California Supreme Court held that the “test of admissibility of extrinsic evidence to explain the meaning of a written instrument is not whether it appears to the court to be plain and unambiguous on its face, but whether the offered evidence is relevant to prove a meaning to which the language of the instrument is reasonably susceptible.” *Pacific Gas & E. Co. v. G. W. Thomas Drayage etc. Co.*, 422 P.2d 641, 644 (Cal. 1968).

## **2. The Agreement reserves “Eleanor” merchandising rights to Halicki.**

The first indicia of mutual intention here—the Agreement—shows that Halicki reserved “Eleanor” merchandising rights. The “Property” acquired by Disney in the Agreement was a right to make a sequel or remake of the Original Picture, “provided that ‘Property’ shall not include the rights reserved to Owner pursuant to paragraph 5.” (4ER 85.) Paragraph 5(b) expressly reserved to Halicki the “*right to manufacture, sell and distribute merchandise utilizing the car known as ‘Eleanor’ from the Original Picture.*” (4ER 95[¶5(b)], emphasis added.) Thus, “Eleanor” merchandising rights were never part of the “Property” Disney acquired.<sup>16</sup>

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<sup>16</sup> The other rights Halicki reserved in Paragraph 5 were (1) to continue to distribute the Original Picture, (2) to publish “text of the Property in book

The District Court and defendants argued that Paragraph 5(b) means that Halicki only reserved the merchandising rights to a car that looked exactly like “Eleanor” in the Original Picture. (34ER 908-910.) This interpretation makes little sense in light of the words in the Agreement and the circumstances surrounding its execution:

- Paragraph 5(b) used the phrase “the car known as ‘Eleanor’ *from* the Original Picture.” (4ER 95[¶5(b)].) The scope of that phrase implies it includes any derivative work from the Original “Eleanor.” If the parties wanted to limit it to the actual car character in the Original Picture, they would have said the “‘Eleanor’ *in* the Original Picture” or the “‘Eleanor *as portrayed in* the Original Picture.”
- This incorporation of any future versions of “Eleanor” into the phrase makes sense since when the Agreement was executed on May 17, 1995, no Remake “Eleanor” existed—the Remake and its characters were still a developmental twinkle in Disney’s eye. It was not clear, at that time, that Disney’s use of the intellectual property would take the form of a remake; Disney could just as easily have made a sequel, or exploited that property in some other form. It would have been impossible to refer to merchandising rights to something that didn’t yet exist and indeed might never exist. The most efficient and precise way to refer to “Eleanor” was to describe the only one in existence at the time. By contrast, using only “the car known as ‘Eleanor’” would have been fatally vague.

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form,” and (3) to produce soundtracks of the Property. (4ER 95-96.)

- While paragraph 5(a) reserves to Halicki the “right to continue to distribute and exhibit the Original Picture,” paragraph 5(b) is not phrased as a right to continue to merchandise “Eleanor.” (4ER 95.) If paragraph 5(b) only related to the Original Picture, it also would have read the “right to continue to manufacture, sell and distribute merchandise,” since, when the Agreement was executed, Halicki had been both distributing the Original Picture *and* merchandising “Eleanor.” The District Court avoided this contradiction by incorrectly citing paragraph 5(b) as reserving to Halicki “the right to continue to manufacture . . . .” (34ER 903.)

Other provisions in the Agreement comport with the interpretation that the Agreement reserved to Halicki the merchandising rights to the Remake “Eleanor,” as well as the Original “Eleanor”:

- Paragraph 4 described more specifically the rights granted to Disney, and said they were “subject” to the “reserved rights specifically set forth in Paragraph 5.” (4ER 91.) Paragraph 4 then lays out some 13 sub-categories of rights granted, but when it comes to merchandising rights in paragraph 4(j), it said those were “subject to Paragraph 5.b.”<sup>17</sup> (4ER 93[¶4(j)].) Likewise, regarding plot and character adaptation rights in paragraph 4(c), it said it was “subject to Paragraph 5.” (4ER 91[¶4(c)].) Apparently to ensure no confusion, the omnibus rights subparagraph in 4(n) is also subject “to the rights reserved in Paragraph 5.” (4ER 94[¶4(n)].) Since these specific rights in

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<sup>17</sup> Tellingly, in their pleadings below, the Shelby Defendants quote most of Paragraph 4(j), but leave out the fact it was “subject to Paragraph 5.b.” (CR 86[p.9].)

Paragraph 4 concern the Remake, it would be unnecessary to specifically exempt Paragraph 5(b) if that section only related to merchandising rights to the Original Picture as the District Court suggested.

- Paragraph 7 related to Halicki’s percentage royalty on merchandising revenue garnered by Disney from the Remake *only*. (4ER 97.) But this merchandising royalty expressly did *not* apply to “the car from the Original Picture known as ‘Eleanor.’” (*Ibid.*) Again, if the merchandising right reserved by Halicki in paragraph 5(b) only concerned the Original “Eleanor,” there would be no reason to put this exemption in paragraph 7, since it only dealt with the Remake, not the Original Picture.

To counteract this overwhelming evidence of the parties’ mutual intent, the District Court and defendants pointed to broad language in Paragraph 4(c) giving Disney the right to adapt, use and change the plot and characters from the Original Picture. (34ER 913, CR 53[pp. 9,13].) What they failed to say, however, is that Paragraph 4 generally, and 4(c) specifically, is subject to Paragraph 5 and its reservation of merchandising rights to Halicki. (ER 91.)

The District Court also pointed to other language in paragraph 5 that it said suggested Halicki had no interest in the merchandising rights to the Remake “Eleanor”: The “Owner’s reserved rights under this Paragraph 5 relate only to material written or authorized by Toby Halicki, and not to any screenplay, characters, teleplay, music, lyrics or sequels written by or authorized by HPC, even though the same may contain characters or other elements contained in the Property.” (4ER 96, 34ER 909.)

First, the District Court’s reading of this general language vis-a-vis paragraph 5(b) would render paragraph 5(b) completely nugatory. The general language limits the reserved rights to “material written or authorized by Toby Halicki.” (4ER 96.) Obviously, the Original “Eleanor” was material created by Toby. If paragraph 5(b) only refers to the Original “Eleanor,” it would make no sense to have both paragraph 5(b) and the general language at the end of paragraph 5. It would be completely duplicative. Second, it would likewise make no sense to have the general language at the end of paragraph 5 wholly negate the specific rights reserved first in paragraph 5(b). California law recognizes this: When general and specific contract language conflict, a court should give effect to the specific language over the general. *Kavruck v. Blue Cross of California*, 134 Cal. Rptr. 2d 152, 157 (Cal. Ct. App. 2003); Rest. 2d Contracts, § 203, subd. (c).

Third, this general language does not specifically refer to the Owner’s reserved *merchandising* rights, so it’s not clear that it is meant to apply to paragraph 5(b) at all. Instead, this general language at the end of paragraph 5 was intended to ensure that Disney would have full rights in the material it created in the Remake, even if they were adapted from Toby’s material, except for those specifically reserved rights in paragraph 5, like the “Eleanor” merchandising rights.

**3. The extrinsic evidence also shows the parties’ mutual intention was that Halicki reserved the “Eleanor” merchandising rights.**

In its summary judgment order, the District Court appeared to conclude the terms of the Agreement were unambiguous and thus it did not look at the extrinsic evidence. (34ER 910.) In its order denying reconsideration, however,

the court implied that it had considered extrinsic evidence. (40ER 957-958.) The test for admitting extrinsic evidence is not ambiguity, however, but whether the evidence is “relevant to prove a meaning to which the language of the instrument is reasonably susceptible.” *Pacific Gas & E. v. G. W. Thomas Drayage*, 422 P.2d at 645. “Indeed, it is reversible error for a trial court to refuse to consider such extrinsic evidence on the basis of the trial court’s own conclusion that the language of the contract appears to be clear and unambiguous on its face.” *Morey v. Vannucci*, 75 Cal. Rptr. 2d at 578. Instead, trial courts must provisionally receive all extrinsic evidence to determine if it supports a meaning to which the agreement is reasonably susceptible. *Winet v. Price*, 6 Cal. Rptr. 2d 554, 557 (Cal. Ct. App. 1992); *Pacific Gas & E. v. G. W. Thomas Drayage*, *supra*, 422 P.2d at 645.

The extrinsic evidence here supports a meaning to which the Agreement is reasonably susceptible and that evidence is definitive on the mutual intention of the parties:

- Disney, in a separate agreement, acknowledged that “*as between it and Halicki, Halicki retained the merchandising rights to that certain car called ‘Eleanor’ as such car appears in the Remake.*” (36ER 935[¶1], emphasis added.) Disney was not a party to this lawsuit and thus had no particular self-interest in making this acknowledgment.
- Halicki declared that, given all the probate battles she had endured to obtain the rights to “Eleanor,” she made it known to Disney that her retention of the merchandising rights to the star car of the “Gone in 60 Seconds” franchise was a non-negotiable deal point. (7ER 337[¶¶11-12].)

If both parties to the Agreement state that the mutual intention of the parties was that the merchandising rights to the Remake “Eleanor” belonged to Halicki, it is hard to argue that the Agreement is not reasonably susceptible to that meaning.

That point becomes even harder to debate when one considers the testimony of the experienced entertainment attorneys that negotiated the Disney deal for Halicki. They declared that this non-negotiable deal point was conveyed to and agreed to by Disney, and that the drafts, notes and final provisions of the Agreement reflected that intent. (6ER 321-322[¶¶5-7], 325-326[¶¶6-8].)

This extrinsic evidence, together with the language of the Agreement, is more than sufficient for this Court to conclude that Halicki retained the merchandising rights to “Eleanor,” whether the original version of the character or the derivative Remake version. At a minimum, this extrinsic evidence should bar entry of summary judgment: “[O]rdinarily summary judgment is improper because differing views of the intent of parties will raise genuine issues of material fact.” *Maffei v. Northern Ins. Co. of New York*, 12 F.3d 892, 898 (9th Cir. 1993); accord *Digital Envoy, Inc. v. Google, Inc.*, 370 F. Supp. 2d 1025, 1031 (N.D. Cal. 2005).

**4. The parties’ subsequent conduct confirms the parties’ mutual intention was that Halicki reserved the “Eleanor” merchandising rights.**

If the Agreement and extrinsic evidence weren’t enough, the parties’ subsequent conduct hammers the point home. As this Court explained, “[u]nder California law, a court may consider the subsequent acts and conduct of the parties in the execution of the contract in order to determine the intent of those

parties.” *U.S. Cellular Inv. Co. v. GTE Mobilnet, Inc.*, 281 F.3d 929, 937 (9th Cir. 2002); Cal. Code Civ. Proc., § 1856(c); *Southern Pacific Transp. v. Santa Fe Pacific Pipelines*, 88 Cal. Rptr. 2d at 783.

It is undisputed that Disney never merchandised “Eleanor” from the Remake, despite the film’s worldwide success and the popularity of the “Eleanor” character. (6ER 322[¶8], 326[¶10], 7ER 337[¶12].) Disney is hardly retiring when it comes to exploiting merchandising opportunities. In 2004 alone, it garnered over \$30 billion in merchandising revenues. (See Walt Disney Co., *Fact Book 2004*, [http://corporate.disney.go.com/investors/fact\\_books/2004/index.html](http://corporate.disney.go.com/investors/fact_books/2004/index.html).) If Disney believed it had the rights to merchandise the star car character from its blockbuster hit, it would not have sat on the sidelines.

By contrast, to try to ride the coattails of the successful Remake, Halicki sought to cement a deal with Ford for it to release a new special edition “Eleanor” Mustang, like it had done in 2001 with the Mustang used in the movie, “Bullitt.” (6ER 318[¶14], 7ER 339[¶¶22-23], 376, 378.) But by the time Halicki’s proposal had reached Ford, defendants had already saturated the market with their special edition replica “Eleanors,” scaring Ford away. Halicki also continued to market other “Eleanor” merchandise. (27ER 834[¶8].) This subsequent conduct by the parties plainly shows their mutual intention was that Halicki reserved the merchandising rights to the Remake “Eleanor.”

The District Court got it wrong when it construed the Agreement. At a minimum, genuine factual issues exist as to what the parties’ mutual intentions were vis-a-vis the merchandising rights to the Remake “Eleanor.”

**D. Genuine Factual Issues Exist As To Whether Halicki Has Standing To Sue For Copyright Infringement As A Beneficial Owner Of The Copyright In “Gone in 60 Seconds.”**

Independent of the District Court’s erroneous construction of the Agreement, Halicki has several separate bases for asserting standing. The first relates to her suit for copyright infringement. The Copyright Act provides that the “legal or beneficial owner of an exclusive right under a copyright is entitled . . . to institute an action for any infringement of that particular right committed while he or she is the owner of it.” 17 U.S.C. § 501, subd. (b). Relying on the legislative history of the Act, courts have held that a “beneficial owner” includes “an author who had parted with legal title to the copyright in exchange for percentage royalties based on sales or license fees.” *Cortner v. Israel*, 732 F.2d 267, 271 (2d Cir. 1984) [contingent right to royalties sufficient]; accord *Kamakazi Music Corp. v. Robbins Music Corp.*, 534 F. Supp. 69, 74 (S.D.N.Y. 1982) [“Manilow is the beneficial owner of the copyright under Section 501(b) since he transferred legal title to the copyrights in exchange for a percent of the royalties based on sales or license fees.”].

Halicki granted Disney an “exclusive, irrevocable license” to the copyright in “Gone in 60 Seconds.” (4ER 100[¶11(a)].) That grant was subject to a contingent royalty payment of various percentages of Adjusted Gross Receipts and Net Profits from the Remake. (4ER 88[¶2.5].) This contingent royalty payment qualifies Halicki as a beneficial owner under section 501(b). Thus, regardless of how one construes paragraph 5(b) of the Agreement, Halicki still has standing to sue for copyright infringement as a beneficial owner of the Remake copyright and its “Eleanor” character.

Alternatively, if one accepts the District Court’s strained construction of paragraph 5(b) that it only refers to a car that looks exactly like the Original “Eleanor,” another cognizable royalty interest exists. That language was also an exception to Halicki’s percentage royalty on Remake merchandise in paragraph 7 of the Agreement. If that language only applied to the Original “Eleanor” character, as the court suggests, then Halicki retained a royalty interest on any merchandise revenue related to the Remake “Eleanor.” This interest also confers standing to Halicki.

The District Court’s attempt to distinguish *Cortner* as dicta is too facile (34ER 912), as *Cortner*’s holding on beneficial interest was a necessary threshold inquiry in that case. *Cortner v. Israel*, 732 F.2d at 270. Moreover, even if *Cortner* didn’t apply, Halicki’s royalty interest satisfied the plain language of section 501(b) and its legislative history.<sup>18</sup>

The District Court’s holding on beneficial ownership is also based on its finding that the Remake “Eleanor” is not a derivative work (34ER 912); since that finding was wrong (see supra § I.B.), the court’s conclusion on beneficial ownership was wrong too. Halicki owned the copyright to “Gone in 60 Seconds” and the character “Eleanor” from the Original Picture. She granted Disney an exclusive license to use that copyright to create the Remake and the derivative Remake “Eleanor,” but she was entitled to contingent royalty payments based on merchandising revenues (under the court’s misguided interpretation) from and sales of the Remake, which included the derivative

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<sup>18</sup> The District Court’s reliance on *Warren v. Fox Family Worldwide, Inc.*, 328 F.3d 1136 (9th Cir. 2003) (34ER 912-913) is also misplaced, because the court there held the plaintiff was not a beneficial owner because he had created the composition as a work for hire. *Id.* at 1144-45. Halicki’s rights to the “Gone in 60 Seconds” copyright are not the result of a work for hire.

“Eleanor.” This makes Halicki a beneficial owner of the Remake and the Remake “Eleanor.”

**E. Genuine Factual Issues Exist As To Whether Halicki Has Standing To Sue For Trademark Infringement Or Unfair Competition Because Of Halicki’s Contingent Royalty Interests In The Remake.**

Likewise, Halicki’s contingent royalty interest in the sales of the Remake—namely, a contingent payment based on a percentage of Adjusted Gross Receipts and Net Profits—also confers standing to sue for infringement of the unregistered marks, “Gone in 60 Seconds” and “Eleanor.” “[A] royalty interest, stripped of all other property rights, is sufficient to confer standing under” the Lanham Act. *Tri-Star Pictures, Inc. v. Leisure Time Prods., B.V.*, 749 F. Supp. 1243, 1250 (S.D.N.Y. 1990); accord *PPX Enterprises, Inc. v. Audiofidelity, Inc.*, 746 F.2d 120, 125 (2d Cir. 1984) [summary judgment reversed]. In *PPX Enterprises* the plaintiffs had the right to sue the defendants for selling record albums whose covers and promotional materials misleadingly identified them as Jimi Hendrix performances, because the plaintiffs had a royalty interest in the sale of Jimi Hendrix records. *Id.* at 121, 125. In *Tri-Star*, the plaintiff had a royalty interest in the distribution of the movie, “Bridge On The River Kwai.” *Id.* at 1249-50. Indeed, standing to sue under the Lanham Act is broad: “Any ‘commercial party’ which ‘has a reasonable interest to be protected’ has standing.” *Tri-Star Pictures v. Leisure Time Prods.*, 749 F. Supp. at 1250.

Halicki’s percentage royalty interest in sales of the Remake patently gives her a reasonable commercial interest in protecting the “Gone in 60

Seconds” and “Eleanor” marks. This is true regardless of how one construes paragraph 5(b) of the Agreement. And, alternatively, even if one accepts the District Court’s errant view of paragraph 5(b), Halicki also retained a percentage royalty interest in Remake merchandising revenues, including the Remake “Eleanor.”

**F. Genuine Factual Issues Exist As To Whether Halicki Has Standing To Obtain Declaratory Relief, Namely The Cancellation Of The Shelby Trust’s Registration Of “Eleanor.”**

Yet another of Halicki’s claims, cancellation, can be prosecuted, regardless of how one construes the Agreement.

Halicki brought a declaratory relief claim, seeking cancellation of the Shelby Trust’s registered mark, “Eleanor.” (1ER 14[¶81].) “A petition to cancel a registration of a mark . . . may . . . be filed by any person who believes that he is or will be damaged by the registration of a mark. . . .” 15 U.S.C. § 1064; *Star-Kist Foods, Inc. v. P.J. Rhodes & Co.*, 735 F.2d 346, 348 (9th Cir. 1984). That standard is not terribly exacting. A petitioner must show he is something ““more than an intermeddler,”” but instead has “a real and rational basis for his belief that he would be damaged by the registration sought to be cancelled, stemming from an actual commercial or pecuniary interest in his own mark.” *Star-Kist Foods v. P.J. Rhodes*, 735 F.2d at 349. In *Star-Kist*, this Court affirmed summary judgment for the petitioner, because it had promoted and sold products with the mark, and because the defendant’s use of the mark was creating a likelihood of confusion which impeded the petitioner’s application for registration of the mark. *Id.* at 349-50.

Halicki (and her deceased husband) have likewise made extensive use of “Eleanor” since 1974. (7ER 335-336.) The Shelby Trust’s registration of “Eleanor” damages her longstanding commercial interest in that mark and creates the likelihood of confusion among consumers. In fact, even if one accepts the faulty premise that Halicki granted Disney all merchandising rights to a car that looks like the Remake “Eleanor,” Shelby Trust’s registration still injures Halicki. If Halicki were to sell an “Eleanor” car that looked like the Original “Eleanor”—which the District Court and defendants conceded she has the sole right to do—can there be any doubt that defendants’ junior use of “Eleanor” to sell cars based on the Shelby Trust’s registration would create a likelihood of confusion in the marketplace?

The District Court tried to dance around this basis for standing by determining that Halicki, separately, did not have Article III standing because her only rights were in the Original “Eleanor” and thus she had suffered no injury. (34ER 927.) First, if the District Court’s construction of the Agreement is wrong, this determination falls with it. Second, as explained above, even if the court’s interpretation of the Agreement is right, Halicki still has a redressable injury to her unregistered marks, “Eleanor” and “Gone in 60 Seconds.”<sup>19</sup>

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<sup>19</sup> The plaintiffs’ state claims of statutory unfair competition and constructive trust are based on their underlying claims of trademark and copyright infringement. If this Court determines they have standing to assert those underlying claims, they have standing to assert the pendent state claims as well.

**II. DEFENDANTS’ RAMPANT USE OF THE “ELEANOR” AND “GONE IN 60 SECONDS” MARKS CAN, IN NO WAY, BE SEEN AS FAIR USE.**

Although the District Court did not reach the issue, defendants claimed below that their brazen use of the marks, “Gone in 60 Seconds” and “Eleanor” constituted fair use. (CR 28, 53[pp.14-16].) That issue can and should be decided by this Court as a matter of law, since the absence of fair use is so obvious here.

**A. Defendants Didn’t Really And Can’t Successfully Assert Their Use Is Classic Fair Use.**

Defendants were not clear whether they were asserting classic or nominative fair use. “The nominative fair use analysis is appropriate where a defendant has used the plaintiff’s mark to describe the plaintiff’s product, even if the defendant’s ultimate goal is to describe his own product. Conversely, the classic fair use analysis is appropriate where a defendant has used the plaintiff’s mark only to describe his own product, and not at all to describe the plaintiff’s product.” *Horphag Research Ltd. v. Pellegrini*, 337 F.3d 1036, 1040-41 (9th Cir. 2003).

Defendants here used the “Eleanor” and “Gone in 60 Seconds” marks to describe their replica “Eleanors,” so classic fair use seems the most appropriate. But classic fair use “applies only to marks that possess both a primary meaning and a secondary meaning—and only when the mark is used in its primary descriptive sense rather than its secondary trademark sense.” *Horphag Research v. Pellegrini*, 337 F.3d at 1041; accord *Brother Records, Inc. v.*

*Jardine*, 318 F.3d 900, 905-06 (9th Cir. 2003). Defendants are not using “Eleanor” and “Gone in 60 Seconds” in their primary descriptive sense—as the name of a woman, or as a description that it takes their replica cars one minute to disappear. Instead, defendants use the marks for their secondary meaning, to indicate an affiliation with the creator of “Gone in 60 Seconds.”

Thus, although classic fair use is most appropriate for what defendants are doing here, as a matter of law the doctrine cannot apply here. To give defendants the benefit of the doubt and since they cited no classic fair use cases in their argument below, we will nevertheless proceed to analyze nominative fair use.

**B. Defendants’ Infringement Also Is Not Nominative Fair Use, Because Their Use Of The Marks Was Unnecessary And Done To Trade On The Popularity Of “Eleanor” And “The Gone In 60 Seconds” Franchise.**

The requirements for nominative fair use are: “[1] the product or service in question must be one not readily identifiable without use of the trademark; [2] only so much of the mark or marks may be used as is reasonably necessary to identify the product or service; and [3] the user must do nothing that would, in conjunction with the mark, suggest sponsorship or endorsement by the trademark holder.” *New Kids on the Block v. News America Pub., Inc.*, 971 F.2d 302, 308 (9th Cir. 1992); accord *Horphag Research v. Pellegrini*, 337 F.3d at 1041.

Defendants fail on all fronts. The license agreement between the Shelby and Unique Defendants said it was to produce and sell replicas of “the 1960’s

Shelby GT-500 Cobra automobiles originally manufactured by Shelby.” (3ER 27[¶1.2].) Defendants easily could have used that language and called and marketed these vehicles as “replica Shelby GT-500 Cobras” or something of that ilk. There was absolutely no reason to include “Eleanor” or “Gone in 60 Seconds” in the product name or promotion. As a result, defendants used a great deal more of Halicki’s marks than is necessary to identify their replicas. Instead, defendants used “Eleanor” in naming their product and used both “Eleanor” and “Gone in 60 Seconds” to promote their replicas precisely to suggest that these cars were sponsored or endorsed by the creators of “Eleanor.”

A brief look at several fair use cases from this Court show why defendants’ use of this defense here is doomed. In *Brother Records, supra*, Alan Jardine, a one-time member of “The Beach Boys,” argued it was nominative fair use for him to use the mark even though it was owned by the plaintiff. *Brother Records v. Jardine*, 318 F.3d at 905. In affirming summary judgment against Jardine, this Court held he could not meet the third requirement because his promotions made use of “The Beach Boys” mark and suggested his band was sponsored by the Beach Boys. *Id.* at 908. Similarly, in *Horphag Research, supra*, the court affirmed summary judgment for the plaintiff, ruling that the defendant’s use on his website of the plaintiff’s mark, “Pycnogenol,” was not fair use because it “spawn[ed] confusion as to sponsorship and attempt[ed] to appropriate the cachet of the [mark] to his product.” *Horphag Research v. Pellegrini*, 337 F.3d at 1039, 1041.

Defendants’ attempt to appropriate the cachet of “Gone in 60 Seconds” and “Eleanor” was much more brazen. They actually added an “E” to their product name to tell consumers it was an “Eleanor.” (4ER 383[¶6], 412.) They approved press releases that promote the replicas as the “‘Eleanor’ GT-500E

Shelby Mustang, the star car of the recent action-packed blockbuster movie ‘Gone in 60 Seconds,’” and promised the car would “come with a certificate of authenticity from the originator of the ‘Eleanor’ movie car [Shelby].” (4ER 384[¶7], 404-406, 442-444.) Such a cinematic endorsement is a very valuable marketing tool—indeed, car companies have paid millions to be associated with popular films. (5ER 304-308.) Mustangs, in particular, have traded on cinematic association: Ford sold a Mustang inspired by the 1968 car-chase classic, *Bullitt*, and created an ad campaign that invoked the film. (5ER 310-312.) The difference was that Ford first obtained approval from Warner Brothers, which owned the rights to *Bullitt*. (5ER 311.) Defendants here never bothered with that important formality.

Defendants have no fair use defense (nor any other defense) for their outright appropriation of Halicki’s marks.

## CONCLUSION

This Court should reverse the summary judgment, because plaintiffs have standing to sue for any one of a number of persuasive reasons. But this Court should go further. It should find that the Remake “Eleanor” is a derivative work from the Original “Eleanor.” And it should find that defendants’ use of the marks, “Gone in 60 Seconds” and “Eleanor,” is not fair use and that therefore defendants have no defense for their brazen trademark and copyright infringement.

Dated: April 16, 2007

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**CERTIFICATE OF COMPLIANCE**

**PROPORTIONATE**

Pursuant to Federal Rule of Appellate Procedure 32(a)(7)(C), I certify that the Appellees' Brief is proportionately spaced, has a typeface of 14 points or more, and contains 16,633 words.

Dated: April 16, 2007

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