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7 **UNITED STATES DISTRICT COURT**
8 **CENTRAL DISTRICT OF CALIFORNIA**
9

10 MOVICORP MEDIA, INC., a California
corporation,

11 Plaintiff,

12 v.

13 LAKESHORE ENTERTAINMENT CORP.,
a Delaware corporation,

14 Defendant.
15

Case No.: 2:19-cv-263

COMPLAINT FOR:

- 1. **COPYRIGHT INFRINGEMENT**
- 2. **UNFAIR COMPETITION**
- 3. **CONVERSION**
- 4. **DECLARATORY RELIEF**

DEMAND FOR JURY TRIAL

16
17 Plaintiff Movicorp Media, Inc. alleges as follows:

18 **PREFATORY ALLEGATIONS**

19 1. This is an action for copyright infringement and related torts arising out
20 of the unlawful misappropriation by Defendant Lakeshore Entertainment Corp. of
21 Plaintiff Movicorp Media, Inc.’s intellectual property relating to the 1988 motion
22 picture *Kandyland*.

23 **JURISDICTION AND VENUE**

24 2. This is an action for copyright infringement arising under the Copyright
25 Act of 1976, 17 U.S.C. §§101 et seq. Jurisdiction is proper in the United States
26 District Court pursuant to 28 U.S.C. §§ 1331, 1338(a) and (b). In addition, this Court
27 has subject matter jurisdiction over the claims brought under state law under the
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1 doctrine of pendent jurisdiction since the claims under state law arise from the same
2 nucleus of operative facts as the claims under federal law.

3 3. Plaintiff’s claims for relief arose in this district. Venue is appropriate in
4 this district under 28 U.S.C. § §1391(b) and (c), and §1400(a).

5 **THE PARTIES**

6 4. Plaintiff Movicorp Media, Inc. is a corporation organized and existing
7 under the laws of the state of California, and authorized to do and doing business in
8 the County of Los Angeles, State of California. At all times mentioned herein,
9 Movicorp was and is an entertainment company engaged in the development,
10 distribution, and financing of motion pictures, television programs, and other video
11 content.

12 5. Movicorp Media, Inc. is informed and believes, and based thereon
13 alleges, that Defendant Lakeshore Entertainment Corp. (“Lakeshore”) is a corporation
14 organized and existing under the laws of the state of Delaware, with its principal place
15 of business located in Los Angeles, California. Lakeshore is authorized to do business
16 and does significant business in the County of Los Angeles, State of California and
17 within this judicial district. Movicorp Media, Inc. is informed and believes, and based
18 thereon allege, that Lakeshore is an independent film distribution company.

19 **ALLEGATIONS COMMON TO ALL CAUSES OF ACTION**

20 6. In or about 1983, Robert Schnitzer, among others, authored a screenplay
21 entitled *Candyland*. On November 28, 1983, the screenplay was registered with the
22 U.S. Copyright Office, bearing registration number PAU 597-840, identifying Robert
23 Schnitzer Productions, Inc. (“RSP”) as author of a “work made for hire.”

24 7. RSP was, at all times mentioned herein, a general partner of Candyland
25 Production Company, a California Limited Partnership (“CPC”).

26 8. On or about July 2, 1986, RSP, as general partner of CPC, executed a
27 license agreement with New World Pictures, Ltd. (“NWP”) for the latter to distribute
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1 the yet-to-be-produced theatrical motion picture *Candyland*, including territorial
2 rights in the United States, Canada, and their respective territories and possessions.

3 9. On August 8, 1986, RSP and NWP executed a modification to the July
4 2, 1986 distribution agreement, expanding NWP’s territorial rights for *Candyland* to
5 the entire world. The July 2, 1986 agreement, as modified on August 8, 1986 to
6 include worldwide rights, is referred to herein as the “NWP Distribution Agreement.”

7 10. On September 30, 1987, the motion picture *Candyland* was registered
8 with the U.S. Copyright Office, registration number PA 367-332, claiming CPC as
9 author, including all cinematographic material except preexisting music.

10 11. On October 10, 1989, CPC changed its name to Kandyland Production
11 Company, a California Limited Partnership (“KPC”).

12 12. On December 4, 1989, RSP changed its name to Movicorp, Inc., which
13 in turn changed its name to Movicorp Holdings, Inc. in 1992.

14 13. In 1989 or 1990, Trans Atlantic acquired the NWP film library, including
15 all worldwide rights to exploit *Kandyland*.

16 14. On June 30, 1992, Movicorp Holdings, Inc. and KPC filed suit against
17 various defendants, including NWP and various Trans Atlantic entities, in connection
18 with the rights to *Kandyland* that were transferred pursuant to the NWP Distribution
19 Agreement. Prior to trial, the parties reached an agreement to settle the lawsuit in its
20 entirety.

21 15. On November 23, 1993, the parties to the lawsuit executed an Agreement
22 of Settlement and General Release (the “1993 Settlement Agreement”), by which the
23 defendants, including NWP and Trans Atlantic, assigned, transferred, and fully
24 reverted all *Kandyland* rights previously assigned to NWP in the NWP Distribution
25 Agreement (i.e., worldwide rights) to Movicorp Holdings, Inc.

26 16. In or about December 1993, Movicorp Holdings, Inc. purchased from
27 KPC all copyright and ownership rights in and to *Kandyland* in exchange for valuable
28 consideration.

1 17. On information and belief, Plaintiff alleges that in or about 1996,
2 Lakeshore acquired Trans Atlantic’s rights in the New World library. The assets and
3 rights acquired by Lakeshore did not (and could not) include any rights to the film
4 *Kandyland*, as neither Trans Atlantic nor NWP had any rights to the film by virtue of
5 the 1993 Settlement Agreement, which reverted all rights to *Kandyland* to Movicorp
6 Holdings, Inc. Accordingly, Lakeshore never acquired any rights to *Kandyland*, yet
7 continues to unlawfully exploit it.

8 18. On April 26, 2007, Movicorp Holdings, Inc. executed an Assignment of
9 Copyright/Trademark¹ granting, assigning, and transferring, *inter alia*, all copyright
10 and other rights to the screenplay *Candyland* and motion picture *Kandyland*, to OTV
11 Media Group, Inc.

12 19. On August 14, 2015, OTV Media Group, Inc. amended its Articles of
13 Incorporation to change its name to Movicorp Media, Inc.

14 20. Upon information and belief, Movicorp Media, Inc. alleges that
15 Lakeshore has exploited and continues to exploit *Kandyland* without Movicorp
16 Media, Inc.’s consent, and in violation of Movicorp Media, Inc.’s intellectual property
17 rights.

18 21. Lakeshore has refused—and continues to refuse—to return the physical
19 materials for *Kandyland*, including without limitation the original film elements, other
20 film, tape, and digital elements and masters, optical and magnetic soundtrack
21 elements, and marketing materials (the “Physical Materials”) to Movicorp Media, Inc.
22 Lakeshore has further refused to allow Movicorp Media, Inc. possession or access to
23 the Physical Materials, notwithstanding Movicorp Media, Inc.’s exclusive rights to
24 the Physical Materials pursuant to the 1993 Settlement Agreement.

25 22. Despite numerous demands by Movicorp Media, Inc., Lakeshore has
26 willfully and maliciously refused to provide Movicorp Media, Inc. with any
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28 ¹ The Assignment of Copyright/Trademark was attached as Exhibit “B” to the Sales/Purchase of Assets Agreement executed that same date.

1 accounting of its sales and other activities related to *Kandyland*, or evidence of its
2 “purchase” of the rights to *Kandyland*.

3 23. Despite receiving and responding to multiple correspondence from
4 Movicorp Media, Inc.’s counsel and representatives demanding that Lakeshore
5 immediately cease the unlawful exploitation of *Kandyland* and return all Physical
6 Materials immediately, Lakeshore has failed to do either, and continues to willfully
7 and maliciously violate Movicorp Media, Inc.’s copyright and to deprive Movicorp
8 Media, Inc. of the Physical Materials it owns.

9 **FIRST CLAIM FOR RELIEF**

10 **(Copyright Infringement)**

11 24. Movicorp Media, Inc. incorporates by reference and re-alleges
12 paragraphs 1-23 as though fully set forth herein.

13 25. Movicorp Media, Inc. has exclusive rights and privileges in and to, and
14 is the sole owner and proprietor of all rights, title, and interest, in *Kandyland*,
15 including its Physical Materials.

16 26. As the owner of all rights, title, and interest in and to the copyright in
17 *Kandyland*, Movicorp Media, Inc. has all the exclusive rights set forth in 17 U.S.C. §
18 106, including, but not limited to, rights to reproduce and distribute the film.
19 Movicorp Media, Inc. has never granted any such rights to Lakeshore, nor has
20 Lakeshore acquired such rights in any other manner.

21 27. Movicorp Media, Inc. is informed and believes, and based thereon
22 alleges, that Lakeshore has infringed and intends to continue to infringe upon its
23 copyright in and to *Kandyland*, including exploitation of the film and wrongful
24 withholding of its Physical Materials.

25 28. As a direct and proximate result of Lakeshore’s violation of copyright,
26 Movicorp Media, Inc. has suffered and will continue to suffer substantial injury and
27 damages. Such injuries and damages include but are not limited to the loss of
28 revenues from the distribution and exploitation of *Kandyland*. When the full amount

1 of Movicorp Media, Inc.’s damages have been ascertained, Movicorp Media, Inc. will
2 seek leave of Court to amend this Complaint to reflect the precise amount of all such
3 damages.

4 29. Movicorp Media, Inc. is informed and believes and on that basis alleges,
5 that unless enjoined by this Court, Lakeshore intends to continue its wrongful conduct
6 and to infringe, exploit and otherwise profit from its unlawful distribution of
7 *Kandyland*, and to unlawfully withhold the Physical Materials.

8 30. Movicorp Media, Inc. is entitled to recover from Lakeshore the damages,
9 including attorneys’ fees, it sustained and will sustain, and any gains, profits and
10 advantages obtained by Lakeshore as a result of its acts of infringement as alleged
11 above. At present, the amount of such damages, gains, profits, and advantages cannot
12 be fully ascertained by Movicorp Media, Inc., in substantial part because of
13 Lakeshore’s failure to provide an accounting despite numerous demands made by
14 Movicorp Media, Inc.

15 **SECOND CLAIM FOR RELIEF**

16 **(Unfair Competition)**

17 31. Movicorp Media, Inc. incorporates by reference and re-alleges
18 paragraphs 1-30 as though fully set forth herein.

19 32. The conduct described above constitutes unfair business practices within
20 the meaning of California Business and Professions Code section 17200, et seq.

21 33. As a direct and proximate result of the conduct of Lakeshore, Lakeshore
22 has received, and continues to receive, the benefit of money and opportunities unfairly
23 and unlawfully obtained.

24 34. Additionally, Movicorp Media, Inc. has suffered and will continue to
25 suffer substantial economic hardship because it has never received (and will not
26 receive) compensation or any other benefit from the wrongful exploitation by
27 Lakeshore of *Kandyland*, in the absence of an order of this Court.
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1 35. Pursuant to the California Unfair Competition Law, Movicorp Media,
2 Inc. hereby seeks an order that Lakeshore be enjoined from further acts of unfair
3 competition, including:

- 4 a. the continued distribution, exhibition, or exploitation of
5 *Kandyland* in the foreign market or any domestic market;
- 6 b. asserting and/or utilizing in any manner whatsoever any copyright
7 interest in *Kandyland*;
- 8 c. soliciting, distributing, selling, or offering to solicit, distribute, or
9 sell, any product, work, or copyright of Movicorp Media, Inc.
10 arising from or relating in any manner to *Kandyland*; and
- 11 d. continuing to wrongfully withhold the Physical Materials to
12 *Kandyland*.

13 36. Pursuant to the California Unfair Competition Law, Movicorp Media,
14 Inc. hereby seeks an order that Lakeshore account for and disgorge all monies it
15 wrongfully obtained (currently and prospectively) through its unfair business
16 practices and immediately return to Movicorp Media, Inc. all Physical Materials.

17 **THIRD CLAIM FOR RELIEF**

18 **(Conversion)**

19 37. Movicorp Media, Inc. incorporates by reference and re-alleges
20 paragraphs 1-36 as though fully set forth herein.

21 38. Lakeshore converted and misappropriated Movicorp Media, Inc.'s
22 valuable property rights by exploiting *Kandyland* without having any rights to do so,
23 and without reporting to or compensating Movicorp Media, Inc. in any fashion
24 whatsoever. Lakeshore further converted the Physical Materials to *Kandyland*, and
25 continues to withhold such Physical Materials from Movicorp Media, Inc. without
26 legal basis or justification.

27 39. By engaging in the conduct alleged above, Lakeshore willfully and
28 maliciously converted to its own use valuable property rights and business

1 opportunities rightfully belonging to Movicip Media, Inc. Movicip Media, Inc. has
2 been damaged and will continue to incur damages by virtue of the wrongful willful
3 conduct of Lakeshore, in an amount to be proven at trial.

4 40. Lakeshore’s willful conversion of Movicip Media, Inc.’s intellectual
5 property—despite being furnished evidence to the contrary—entitles Movicip
6 Media to punitive and exemplary damages in an amount to be proven at trial.

7 **FOURTH CLAIM FOR RELIEF**

8 **(Declaratory Relief)**

9 41. Movicip Media, Inc. incorporates by reference and re-alleges
10 paragraphs 1-40 as though fully set forth herein.

11 42. An actual controversy has arisen and now exists between Movicip
12 Media, Inc. and Lakeshore concerning their respective rights and duties with respect
13 to the motion picture *Kandyland* and the terms of the 1993 Settlement Agreement in
14 that Movicip Media, Inc. contends and Lakeshore denies that:

15 a. Movicip Media, Inc. owns all rights (domestic and foreign) to *Kandyland*
16 by virtue of the 1993 Settlement Agreement.

17 b. The 1993 Settlement Agreement caused the reversion of all rights to
18 *Kandyland* back to Movicip Media, Inc.

19 43. Lakeshore however contends that pursuant to the terms of the 1993
20 Settlement Agreement it acquired all foreign rights (excluding the rights to exploit
21 *Kandyland* in the U.S. and Canada) as part of its acquisition of the NWP/Trans
22 Atlantic library; and, that it has the right to continue exploiting *Kandyland*
23 exclusively in the foreign territories.

24 43. Movicip Media, Inc. desires a judicial determination of these rights
25 and duties, and a declaration as to ownership of the rights to *Kandyland*.

26 44. A judicial declaration is necessary and appropriate at this time under the
27 circumstances in order that Movicip Media, Inc. may ascertain and vindicate its
28 rights to *Kandyland*.

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CLAIMS FOR RELIEF

45. For compensatory damages, including, without limitation, all monies derived by Lakeshore through its acts of copyright infringement relating to *Kandyland*.

46. For statutory damages as provided by law;

47. For permanent injunctive relief enjoining any copyright infringement by Lakeshore, and all of its officers, directors, stockholders, owners, partners, agents, servants, employees, representatives, distributors and attorneys, and all those in active concert or participation with Lakeshore, pursuant to 17 U.S.C. § 502, including an order prohibiting Lakeshore from marketing, distributing, broadcasting, exhibiting or otherwise exploiting *Kandyland*;

48. For a declaration of the rights and duties of the parties, and each of them, as set forth herein;

49. For costs of suit incurred herein;

50. For attorneys' fees as provided by law;

51. For delivery to Movicorp Media, Inc. of all Physical Materials;


52. For punitive damages, as provided by law;

53. For interest as provided by law;

54. For such other and further relief as the Court may deem just and proper.

DATED: January 10, 2019

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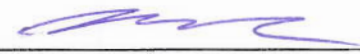
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DEMAND FOR JURY TRIAL

Movicorp Media, Inc. hereby demands a jury trial on all issues as permitted
by law.

DATED: January 10, 2019

HAMRICK & EVANS, LLP

By: 
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