BULLIVANTHOUSER

Samuel H. Ruby
San Francisco,
Shareholder-in-Charge

Direct Dial: 415.352.2723
Fax: 415.352.2701
Email Attorney

Prior Publication Exclusion Applies to Trademark Infringement Claims

By Samuel H. Ruby

The California Court of Appeals, addressing an issue that has resulted in a split in authority among different courts, has ruled that the prior publication exclusion applies to trademark infringement claims and is not limited to libel, slander and invasion of privacy claims.

In *Kim Seng Company v. Great American Ins. Co. of New York* (BC353925, Nov. 13, 2009), Kim Seng, a food wholesaler, was sued for trademark violations by Great River Food. Kim Seng had registered the trademark "Que Huong" in 1997 and stated in its trademark application that it had used the mark since March 1993. Kim Seng also registered the trademark "Old Man Que Huong Brand" in 2000, and stated that it had been using the mark since 1988.

Great American insured Kim Seng under a primary CGL policy effective October 6, 1997 through October 6, 1998 and under an umbrella policy effective April 14, 1998 through October 6, 1998. Both policies provided coverage for "advertising injury," which was defined to include "misappropriation of advertising ideas or style of doing business" and "infringement of copyright, title or slogan." The policies excluded coverage for "advertising injury" arising out of publication of material whose first publication took place before the beginning of the policy period. Great American denied coverage for the underlying action based on the prior publication exclusion and refused to defend the action. In the coverage action, the trial court granted summary judgment in favor of Great American, concluding that the prior publication exclusion clearly and unambiguously excluded coverage.

In the appeal, Kim Seng contended that the exclusion clause only applied to libel, slander and invasion of privacy, and not to trademark infringement. The definition of "advertising injury" in the primary policy contained four subparts. The first two referred to "oral or written publication" of material that (a) slanders and libels and (b) violates a person's right of privacy. The other two subparts, which implicated trademark violations, did not reference "oral or written publication." Kim Seng argued that because the prior publication exclusion also used the words "oral or written publication" it only excluded coverage for the first two subparts.

The Court of Appeals disagreed with Kim Seng. It noted that the term "advertising injury" was surrounded by quotation marks in the prior publication exclusion and concluded that the exclusion applied to all of the conduct listed in the four-subpart definition of advertising injury, which included trademark infringements. The fact that some of the language of the exclusion happened to match some of the words in two of the subparts of the "advertising injury" definition, but did not match the language in the other two subparts was deemed to be of no significance by the court.

The opinion in *Kim Seng* comes on the heels of the Ninth Circuit's recent decision in *United National Insurance Co. v. Spectrum Worldwide, Inc.*, 555 F.3d 772 (9th Cir. 2009), which reached the same conclusion.