

Private Company Loss Scenarios from Chubb



Web Site Contains Copyrighted Content

COVERAGE SECTION	Internet Liability
Cause of action	Copyright Infringement
Type of organization	Retail Business
Number of employees	Less than 25
Annual revenue	App. \$2 million

DESCRIPTION OF EVENT

A bookseller opened up a Web site to promote itself. The Web site included passages from books as a way to entice buyers to visit the store. The publisher and author of one of the books quoted on the Web site sued the bookseller, alleging copyright infringement and theft of intellectual property.

RESOLUTION

The case settled for approximately \$60,000. The bookseller incurred defense costs close to \$35,000.



Logo Flap

COVERAGE SECTION	Media Liability
Cause of action	Copyright Infringement, Misappropriation
Type of organization	Professional Sports Team
Number of employees	Less than 100
Annual revenue	App. \$125 million

DESCRIPTION OF EVENT

A company that designed and manufactured hats met with representatives of a professional sports team to promote the use and sale of its logo. The team expressed no desire to use the logo. A year later, the team marketed jerseys, programs, and other items with a logo allegedly similar to that promoted by the manufacturer. The manufacturer sued the team for copyright infringement and misappropriation.

RESOLUTION

The case settled for approximately \$175,000 after the team incurred defense costs of nearly \$350,000.



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Correction Can't Repair Damage Caused by Error

COVERAGE SECTION	Media Liability
Cause of action	Defamation, Invasion of Privacy, Negligent Infliction of Emotional Distress
Type of organization	Regional Daily Newspaper
Number of employees	More than 100
Annual revenue	App. \$25 million

DESCRIPTION OF EVENT

A newspaper ran an article about sexual predators. The article, which appeared in the Sunday edition, inaccurately named a man in connection with the molestation of school children. After learning of the error, the newspaper printed a correction in its Wednesday edition. The individual brought suit against the paper for defamation, invasion of privacy, and emotional distress.

RESOLUTION

The case settled for approximately \$500,000.



Open Casket Photo Opens Door to Lawsuit

COVERAGE SECTION	Media Liability
Cause of action	Misappropriation, Invasion of Privacy
Type of organization	Magazine Publisher

DESCRIPTION OF EVENT

A magazine published a photograph that showed the open casket of a war hero following the conclusion of her funeral. Her family sued the magazine for invasion of privacy and misappropriation, among other things.

RESOLUTION

After incurring \$75,000 in defense expenses, the court granted summary judgment. The court concluded that the use of the photograph in connection with a "newsworthy event" was protected by the First Amendment. The court emphasized the "open nature" of the funeral proceedings.



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Public Official Gambles on Camera and Loses

COVERAGE SECTION	Media Liability
Cause of action	False Light
Type of organization	Television Broadcast Station

DESCRIPTION OF EVENT

A television broadcast station conducted hidden-camera coverage of a taxpayer-funded trip to Atlantic City by a public official. The station filmed the official skipping most of the seminars in question in order to play craps. After the station televised film of the official gambling on his trip, he sued for false light.

RESOLUTION

After the station had spent \$125,000 in defense expenses, the court granted summary judgment in its favor. The court concluded that the plaintiff failed to offer sufficient evidence of “actual malice.”



Movie Studio's Alleged Use of Content Earns Two Thumbs Down

COVERAGE SECTION	Media Liability
Cause of action	Copyright Infringement, Misappropriation
Type of organization	Movie Studio

DESCRIPTION OF EVENT

Jane Doe, a well known artist and photographer, alleged that content from one of her photographs was used by a movie studio without her consent. In particular, she claimed that the content was used for inclusion in movie posters and other promotional items for the film. The movie studio disputed Jane Doe's allegations, noting that an internal designer independently created the content at issue. Jane Doe ultimately sued the movie studio for copyright infringement and misappropriation.

RESOLUTION

After incurring more than \$125,000 in defense expenses, the movie studio resolved the matter for approximately \$50,000.



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Radio Station Faces the Music and Pays

COVERAGE SECTION	Media Liability
Cause of action	Copyright Infringement
Type of organization	Radio Broadcast Station

DESCRIPTION OF EVENT

ABC Company, a radio broadcast station, received a request to air an advertising campaign. In conjunction with the campaign, ABC Company regularly used musical content acquired from XYZ Corporation. A man claiming to be the music's composer brought suit, alleging the music belonged to him and that ABC's unlicensed and unauthorized use on the radio constituted copyright infringement. Although ABC Company tendered defense and indemnity to XYZ Corporation pursuant to a contract, XYZ Corporation lacked sufficient assets or insurance to protect ABC Company.

RESOLUTION

The case settled for approximately \$100,000 after the radio station incurred nearly \$200,000 in defense costs.



Company Sues TV Station Alleging Trademark Infringement

COVERAGE SECTION	Media Liability
Cause of action	Trademark Infringement
Type of organization	Cable Television Station

DESCRIPTION OF EVENT

ABC Company, a consumer electronics firm, sold a variety of products and merchandise under a registered trademark. XYZ Company, a cable television station, disseminated content in the form of a weekly show along with related merchandise under a comparable name. XYZ's television show had no relation to the electronics field; however, ABC alleged that XYZ's use of the name violated the Lanham Act and sued. ABC sought recovery for actual damages, profits, injunctive relief, and attorney's fees.

RESOLUTION

After incurring more than \$500,000 in defense expenses, XYZ Company prevailed on summary judgment. The court concluded that the name used for the show and corresponding merchandise was not confusingly similar to ABC's.



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Similar Magazines at Center of Trademark Dispute

COVERAGE SECTION	Media Liability
Cause of action	Trademark Infringement
Type of organization	Magazine Publisher

DESCRIPTION OF EVENT

XYZ Company and ABC Company both published competing magazines with comparable titles. ABC sued XYZ over the title of XYZ's magazine, alleging trademark infringement. During discovery, it was determined that consumers often confused the two magazines.

RESOLUTION

After XYZ Company incurred approximately \$650,000 in defense expenses, the matter resolved for \$350,000. XYZ also agreed to change the name of its magazine as part of the settlement.



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Loss scenarios are hypothetical in nature and for illustrative purposes only. Whether or not or to what extent a particular loss is covered depends on the facts and circumstances of the loss and the terms, conditions, and endorsements of the policy as issued. It is impossible to state in the abstract whether the policy would necessarily provide coverage in any given situation. Consult your agent, broker, or other expert.

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