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**UNITED STATES DISTRICT COURT
DISTRICT OF NEVADA**

SLEP-TONE ENTERTAINMENT CORPORATION,

Plaintiff,

v.

ELLIS ISLAND CASINO & BREWERY,
et al.,

Defendants.

Case No. 2:12-CV-00239-KJD-NJK

ORDER

Before the Court is the Motion to Sever (#68) by Defendants Golden Tavern Group, LLC, Golden-PT’s Cheyenne-Nellis 5, LLC, Golden-PT’s Pub Centennial 32, LLC, Golden-PT’s Pub Stewart Nellis 2, LLC, Golden-PT’s Pub West Sahara 8, LLC, PT’s Gold, PT’s Place, and PT’s Pub (PT’s Defendants). Plaintiff has filed a response (#75) and PT’s Defendants have filed a reply (#77)

I. Background

Plaintiff Slep-Tone is the manufacturer and distributor of karaoke accompaniment tracks sold under the name “Sound Choice.” Slep-Tone owns federal trademark registrations for the “Sound Choice” word mark and the “Sound Choice” design mark (the “Sound Choice Marks”).

Entertainers who provide karaoke services in bars, restaurants, and other venues are known

1 as karaoke jockeys (“KJs”). KJs typically provide the karaoke music and necessary equipment.
2 They also provide entertainment, and organize the karaoke show by controlling access to the stage,
3 set the order of performance, and operate the karaoke equipment. KJs typically maintain a catalog of
4 music available for performance from which participants select a song to sing. Plaintiff alleges that
5 the KJs named in its complaint have illegally copied or converted its karaoke tracks and have
6 violated its trademarks by using tracks that display the Sound Choice Marks in their karaoke shows.

7 Plaintiff further alleges that the various venues named in the complaint “can enjoy significant
8 savings by turning a blind eye to the actions of the illegitimate KJs they hire” and “[t]hese venues
9 benefit from piracy because unfair competition from pirate KJs pressures legitimate KJs to accept
10 lower compensation from the venues to obtain new business or retain old business. By decreasing
11 the fixed cost of entertainment, the Defendants’ operations become more profitable.”

12 On February 15, 2012, Plaintiff filed this action, by suing over 90¹ separately named
13 defendants, including KJs, venues, and associated corporate entities (collectively “Defendants”).
14 Plaintiff claims trademark infringement and violations of the Lanham Act. Plaintiff has filed a
15 number of similar cases in other jurisdictions across the country.

16 II. Discussion

17 A. Legal Standard for Joinder and Misjoinder

18 Rule 20(a)(2) of the Federal Rules of Civil Procedure provides that “[p]ersons . . . may be
19 joined in one action as defendants if: (A) any right to relief is asserted against them jointly, severally,
20 or in the alternative with respect to or arising out of the same transaction, occurrence, or series of
21 transactions or occurrences; and (B) any questions of law or fact common to all plaintiffs will arise in
22 the action.” Rule 21 further provides that on motion, or on its own, the court may at any time, on just
23 terms, add or drop a party. The court may also sever any claim against a party.

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25 ¹ A number of Defendants have been removed from this case since its inception. Plaintiff failed to serve many
26 of the named Defendants and they were dismissed from this action pursuant to Rule 4(m). Others were dismissed when
Plaintiff failed to oppose motions to dismiss.

1 In order for joinder to be proper under Rule 20(a), both requirements of the rule must be
2 satisfied. League to Save Lake Tahoe v. Tahoe Regional Planning Agency, 558 F.2d 914, 917 (9th
3 Cir.1977); Coughlin v. Rogers, 130 F.3d 1348, 1350 (9th Cir.1997). Rule 20 “is to be construed
4 liberally in order to promote trial convenience and to expedite the final determination of disputes,
5 thereby preventing multiple lawsuits.” League to Save Lake Tahoe, 558 F.2d at 917 (9th Cir.1977),
6 citing Mosley v. General Motors Corp., 497 F.2d 1330 (8th Cir.1974).

7 B. Same Transaction or Occurrence

8 The Ninth Circuit has interpreted the phrase “the same transaction, occurrence, or series of
9 transactions or occurrences” to require “a degree of factual commonality underlying the claims,”
10 which typically means that a plaintiff “must assert rights . . . that arise from related activities.” WiAV
11 Networks, LLC v. 3Com Corp., 2010 WL 3895047, at *1 (N.D.Cal. Oct.1, 2010) (citing Coughlin,
12 130 F.3d at1350)). There is no binding Ninth Circuit authority on when joinder is appropriate in a
13 trademark case where the plaintiff sues divergent defendants for infringing the same trademarks.
14 District courts in the Ninth Circuit that have considered similar trademark and patent cases largely
15 find joinder inappropriate. See Id., (finding severance proper in a patent infringement suit brought
16 against 40 unrelated defendants with unrelated products); Golden Scorpio Corp. v. Steel Horse Bar &
17 Grill, 596 F.Supp.2d 1282, 1285 (D.Ariz.2009) (finding that plaintiff’s infringement claims did not
18 arise out of same transaction where defendants were alleged to have acted independently in
19 infringing the same trademark); San Francisco Tech., Inc. v. The Glad Prods. Co., No., 2010 WL
20 2943537, at *5 (N.D.Cal. July 26, 2010).

21 District courts in this circuit have unambiguously held that under Ninth Circuit law, a logical
22 relationship requires more than a “nucleus of operative facts or law” and that reliance on cases so
23 interpreting Rule 20 “would be misplaced.” Interval Licensing, LLC v. AOL, Inc., 2011 WL
24 1655713, *2 (W.D.Wash. 2011) (distinguishing Ninth Circuit law from the law applied in MyMail,
25 Ltd. v. America Online, Inc., 223 F.R.D. 455 (E.D.Tex. 2004)).

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1 The PT’s Defendants argue that the only connection between Defendants alleged by Plaintiff
2 is that they all infringed on the same trademark. According to the PT’s Defendants, this tenuous
3 connection is not sufficient to satisfy Rule 20’s “same transaction, occurrence, or series of
4 transactions or occurrences” requirement. The PT’s Defendants cite Slep-Tone Entertainment Corp.
5 v. Mainville, 2011 WL 4713230, (W.D.N.C. October 6, 2011). In that case, Plaintiff sued three KJs
6 and asserted almost identical claims. The KJs moved to sever and the Court granted the motion,
7 holding that “[a]lthough each Defendant allegedly infringed upon the same trademark, each
8 Defendant allegedly did so separately, in time and place, from the other Defendants with no
9 knowledge that the other Defendants were also engaged in any alleged infringement of their own.”
10 Id. at *4.

11 Plaintiff argues that its claims arise out of a “systematic pattern of events which have a
12 definite logical relationship.” In support of this argument, Plaintiff cites Waterfall Homeowners
13 Ass’n v. Viega, Inc., 279 F.R.D. 586 (D.Nev. 2012). In Waterfall, the plaintiff asserted property
14 damage claims against two independent product suppliers who allegedly supplied defective plumbing
15 fixtures to a single housing development. Magistrate Judge Foley declined to sever the defendants,
16 even though they did not act in concert and had no contractual relationship. Examining product
17 defect cases, Judge Foley adopted a definition of “transaction or occurrence” that focuses on the
18 logical relationship between the claims, rather than absolute identity of all events. Id. (citing Mosley
19 v. General Motors Corp., 497 F.2d 1330 (8th Cir.1974)). However, Judge Foley found a logical
20 relationship because the fittings “were installed in the same residential development project and
21 Defendants are being jointly sued by the Homeowners Association of that development for the
22 damages caused to their members.”

23 Unlike the single housing development affected by the actions of two suppliers in Waterfall,
24 the conduct in this case allegedly involved many different, totally unrelated venues and KJs. Like the
25 Mainville defendants, the only relationship between the KJ Defendants is that they allegedly violated
26 the same trademark. The claims in this case do not arise from related activities and are made against

1 separate, competing entities. Under Ninth Circuit law, this is not sufficient to establish a logical
2 relationship which satisfies Rule 20's "same transaction or occurrence" requirement. Accordingly,
3 the Court finds that Defendants do not meet the requirements for permissive joinder in Rule
4 20(a)(2)(A).

5 C. Common Questions of Law or Fact

6 Each case of trademark infringement must be analyzed based on its own facts. J. B. Williams
7 Inc. v. Le Contee Cosmetics, 523 F.2d 187, 191 (9th Cir. 1975). As indicated previously, each
8 alleged act of infringement took place at different times and places, and involved different KJs and
9 venues. The factual questions surrounding the alleged infringement are not common.

10 Further, "[t]he mere fact that all claims arise under the same general law does not necessarily
11 establish a common question of law or fact." Coughlin, 130 F.3d at 1351. Although all Defendants
12 are being sued under the Lanham Act, the KJ Defendants are presumably sued under a theory of
13 direct infringement, while the venue Defendants are sued under a theory of contributory or vicarious
14 infringement. The elements and proof required differs for each of these theories of liability and the
15 effect of the different relationships between the KJs an the various venues will create distinct
16 questions of fact.² Accordingly, the Court finds that Defendants do not meet the "common question
17 of law or fact" requirement for permissive joinder under Rule 20(a)(2)(B).

18 D. Severance

19 In addition to the foregoing, the Court finds that joinder would not facilitate judicial economy
20 because the allocation of judicial resources is dependant on statistics which assume that distinct and
21 separate actions will be filed separately. Further, allowing joinder could present prejudice to the
22 individual Defendants since their defenses against this action involve separate proof and legal
23 questions. Accordingly, the Court finds joinder improper.

25 ² In Mainville, the court found that severance was appropriate even though that case named only Kjs and did not
26 name any venues. The fact that Plaintiffs have combined KJs and venues into one suit is even stronger indication of
misjoinder.

1 Plaintiff's case may proceed only against the first named Defendant Ellis Island Casino &
2 Brewery and its associated entity, Defendant Fame Operating Company, as well as any KJs that
3 Plaintiff alleges to have performed at venues owed by the first named Defendants. Every other
4 Defendant is severed from this action. If Plaintiff wishes to proceed against any Defendant severed
5 from this action, including Defendants that were dismissed without prejudice,³ it must file a new and
6 separate action on or before March 1, 2013. Each case by Plaintiff against a Defendant severed from
7 this action will be assigned a new case number and proceed separately before this Court. These cases
8 will be consolidated for purposes of discovery. Consistent with 28 U.S.C. § 1914(a), Plaintiff is
9 ordered to pay a filing fee for each newly opened case at the time it files the complaint in each action.
10 Plaintiff may name related corporate entities as Defendants in the same case. Plaintiff may also
11 name KJs and the venues at which they worked in the same case. All motions pending against
12 severed Defendants are terminated without prejudice and may be re-filed in the new case.

13 Plaintiff is ordered to list this case and any related cases on Section VIII of the Civil Cover
14 Sheet, and to note that the newly filed case should be assigned to Judge Dawson pursuant to this
15 Order. Plaintiff is further ordered to attach a copy of this Order as an exhibit to each complaint.

16 III. Conclusion

17 **IT IS HEREBY ORDERED** that the PT's Defendants' Motion to Sever (#68) is
18 **GRANTED.**

19 **IT IS FURTHER ORDERED** that all parties other than Defendant Ellis Island Casino &
20 Brewery and its associated entity, Defendant Fame Operating Company are **SEVERED.**

21 **IT IS FURTHER ORDERED** that the pending motions in this case related to severed
22 parties are **TERMINATED** without prejudice.

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26 ³ This includes Defendants dismissed pursuant to the Court's May 4, 2012, and May 21, 2012 Orders (## 55,
73).

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IS FURTHER ORDERED that if Plaintiff wishes to proceed against any Defendant severed from this action, including Defendants that were dismissed without prejudice, it must file a new and separate action, consistent with this order, on or before March 1, 2013.

DATED this 11th day of February 2013.



Kent J. Dawson
United States District Judge