

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28



JS - 6

UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA

GIBSON BRANDS INC., a	)	Case No. CV 12-10870 DDP (AJWx)
Delaware corporation,	)	
	)	<b>ORDER GRANTING DEFENDANT'S MOTION</b>
Plaintiff,	)	<b>TO DISMISS PLAINTIFF'S FIRST</b>
	)	<b>AMENDED COMPLAINT FOR LACK OF</b>
v.	)	<b>SUBJECT MATTER JURISDICTION</b>
	)	
VIACOM INTERNATIONAL INC., a	)	[Dkt. No. 63-1.]
Delaware corporation; JOHN	)	
HORNBY SKEWES & CO., LTD., a	)	
United Kingdom corporation,	)	
	)	
Defendants.	)	
_____	)	

Presently before the court is Defendant John Hornby Skewes & Co. Ltd.'s ("JHS") Motion to Dismiss Plaintiff's First Amended Complaint. (DKT No. 63-1.) JHS moves that the court dismiss the case for lack of subject matter jurisdiction and, in the alternative, for failure to state a claim upon which relief may be granted. Having considered the parties' submissions and heard oral argument, the court adopts the following order.

///  
///  
///

1 **I. BACKGROUND**

2 Plaintiff Gibson Brands Inc. ("Gibson") owns trademarks to the  
3 Flying V Body Shape Design Trademark, the Flying V. Peg-Head Design  
4 Trademark, and the word mark "Flying V. (FAC ¶ 2.) Defendant JHS is  
5 a United Kingdom corporation that promotes and sells musical  
6 instruments. (Id. ¶ 7.) Gibson alleges that Defendant JHS "is or  
7 has been directly and indirectly advertising and selling" products  
8 using Gibson's Flying V trademarks. (Id. ¶ 24.) In particular,  
9 Gibson's complaint concerns the Spongebob SquarePants Flying V  
10 Ukulele (the "Ukulele"), a ukulele bearing the image of the  
11 SpongeBob Squarepants cartoon character formed in a V-shape. (FAC  
12 Ex. D, E.)

13 Gibson also named as a defendant Viacom International Inc.  
14 (Viacom), a Delaware corporation that owns trademarks for SpongeBob  
15 Squarepants. Gibson alleged various forms of secondary liability  
16 against Viacom, (Id. ¶ 6), in connection with a license Viacom  
17 granted JHS to use its SpongeBob Squarepants trademarks on certain  
18 musical instruments, including ukuleles, in certain specified  
19 countries, excluding the United States. (FAC Ex. G.) On May 17,  
20 2013, this court dismissed Gibson's claims against Viacom for  
21 failure to state a claim upon which relief could be granted. (DKT  
22 No. 36.) That order did not address Gibson's claims against JHS.

23 Gibson asserts claims against JHS for trademark infringement,  
24 trademark counterfeiting, false designation of origin, false  
25 description of fact and representations, false advertising,  
26 trademark dilution, trade dress infringement, and analogous state  
27 law claims. (FAC ¶¶ 42-67.)

28

1 The infringing activity alleged by Gibson principally involves  
2 the "advertising and selling" of unauthorized products bearing  
3 Gibson's Flying V trademarks on the following websites:  
4 www.jhs.co.uk, www.worldwidemusic.co.uk, www.ebay.com,  
5 www.Strings.ie, www.rakuten.com, and hobgoblin.com. (FAC ¶¶ 23,  
6 24.)

## 7 8 **II. LEGAL STANDARD AND DISCUSSION**

### 9 **A. Subject Matter Jurisdiction**

10 JHS moves to dismiss Plaintiff's First Amended Complaint for  
11 lack of subject matter jurisdiction under Rule 12(b)(1).

12 Federal courts are courts of limited jurisdiction. Owen Equip.  
13 & Erection Co. v. Kroger, 437 U.S. 365, 374 (1978). A "federal  
14 court is presumed to lack jurisdiction in a particular case unless  
15 the contrary affirmatively appears." Stock  
16 West, Inc. v. Confederated Tribes of the Colville Reservation, 873  
17 F.2d 1221, 1225 (9th Cir. 1989). When subject matter  
18 jurisdiction is at issue, the plaintiff bears the burden of  
19 establishing the jurisdiction it asks the court to invoke. See,  
20 e.g., Pinkberry, Inc. v. JEC Intern. Corp., 2011 WL 6101828, at \*2  
21 (C.D. Cal. 2011) (citing Kokkonen v. Guardian Life Ins. Co., 511  
22 U.S. 375, 377 (1994)).

23 A Rule 12(b)(1) motion may challenge a complaint's allegations  
24 on their face or with facts. Safe Air for Everyone v. Meyer, 373  
25 F.3d 1035, 1039 (9th Cir. 2004); Thornhill Publ'g Co., Inc. v.  
26 General Tel. & Elec. Corp., 594 F.2d 730, 733 (9th Cir. 1979). In a  
27 factual challenge, the court is not required to accept the  
28 allegations of the complaint as true and may consider additional

1 evidence outside of the pleadings. Maya v. Centex Corp., 658 F.3d  
2 1060, 1067 (9th Cir. 2011); Safe Air, 373 F.3d at 1039. Once the  
3 moving party has presented evidence showing a lack of subject  
4 matter jurisdiction, the burden shifts to "the party opposing the  
5 motion [to] furnish affidavits or other evidence necessary to  
6 satisfy its burden of establishing subject matter jurisdiction."  
7 Safe Air, 373 F.3d at 1309 (citations omitted). If the plaintiff  
8 cannot establish the jurisdiction it seeks to invoke, the court  
9 must dismiss the case under Rule 12(b)(1). Here, JHS makes both a  
10 facial and a factual challenge to Gibson's assertion of subject  
11 matter jurisdiction.

12 JHS's motion asserts that the court lacks subject matter  
13 jurisdiction because all of the allegedly infringing activity  
14 occurred outside of the United States. (MTD at 5.) The Lanham Act  
15 regulates the use of trademarks in U.S. commerce. 15 U.S.C. §§  
16 1114(1), 1127. While the Lanham Act may be invoked to enjoin the  
17 sale of infringing goods into the United States, see McBee v.  
18 Delica Co., Ltd., 417 F.3d 107, 122 (1st Cir. 2005), the Act's  
19 application to activity that occurs exclusively overseas is  
20 limited. The Ninth Circuit has adopted a three-prong test to  
21 determine whether the Lanham Act may be applied to reach the  
22 allegedly infringing activity that occurs wholly abroad:

23 first, there must be some effect on American foreign commerce;  
24 second, the effect must be sufficiently great to present a  
25 cognizable injury to plaintiffs under the federal statute; and  
26 third, the interests of and links to American foreign commerce  
27 must be sufficiently strong in relation to those of other  
28 nations to justify an assertion of extraterritorial authority.

1 Star-Kist Foods, 769 F.2d 1393, 1395 (9th. Cir.) (citing Timberlane  
2 Lumber Co. v. Bank of America National Trust & Savings Ass'n, 549  
3 F.2d 597 (9th Cir.1976); Love v. Associated Newspapers, Ltd., 611  
4 F.3d 601, 612 (9th Cir. 2010).

5  
6 **B. Application**

7 As a preliminary matter, Gibson asserts that this court has  
8 already ruled that it has subject matter jurisdiction over Gibson's  
9 claims. (Opp. at 6.) The court has not made such a ruling. In  
10 response to a motion by another party (Viacom) at an earlier stage  
11 in the litigation involving a different complaint, the court found  
12 it was not appropriate to dismiss the claims against Viacom for  
13 lack of subject matter jurisdiction. (DKT No. 24 at 3.) That order  
14 has no bearing on the instant motion.

15 The court must first determine whether any of the allegedly  
16 infringing activity occurred in the United States. If the alleged  
17 infringing activities occurred only overseas, the court must then  
18 determine whether such activity nevertheless falls within the  
19 court's subject matter jurisdiction.

20 JHS asserts that all of the allegedly infringing activities  
21 occurred outside the United States. It argues that the Lanham Act  
22 should not be applied extraterritorially in this case. (MTD at 6.)  
23 Gibson responds by asserting that infringing activities have  
24 occurred in the United States, pointing to the availability of the  
25 allegedly infringing products for purchase by U.S. consumers from  
26 various online retailers. (Opp. at 8.)

27 Having considered the parties' submissions, the court finds  
28 that Gibson has not presented evidence that JHS has engaged in

1 infringing activities within the United States. The only evidence  
2 proffered by plaintiffs of sales of infringing products to U.S.  
3 consumers were seven Ukuleles sold to the plaintiffs' counsel by  
4 companies other than JHS.<sup>1</sup> JHS asserts, and Gibson alleges no  
5 facts to contest, that "there were no direct sales of the Ukulele  
6 from JHS or any of its authorized dealers to any consumers in the  
7 United States." (Declaration of Dennis Drumm in Support of Motion  
8 at 2:27-3:2.) According to JHS, only some 339 Ukulele units were  
9 sold, with 93 sold in the United Kingdom and 246 sold in other  
10 countries, excluding the United States. Id. JHS asserts that it  
11 discontinued the Ukulele for commercial reasons. Id.

12       Additionally, Gibson alleges that JHS "directly marketed" the  
13 SpongeBob Flying V Ukelele in the U.S. while attending the 2010  
14 National Association of Music Merchants show in Los Angeles,  
15 California. (Opp. at 91; Declaration of Andrea Bates in Support of  
16 Opposition at 10.) However, documents submitted by Gibson, which  
17 include what are apparently printouts of participants' booth  
18 locations and an unknown person's webpage on www.myspace.com, do  
19 not make clear that JHS marketed the allegedly infringing product.  
20 (Bates Decl., Ex. H.)

21       Because there is no evidence that JHS engaged in infringing  
22 activities within the United States, the court must consider  
23 whether it has subject matter jurisdiction over any allegedly  
24 infringing activities that occurred abroad. In doing so, it applies

25

---

26       <sup>1</sup> The online retailers identified by Gibson are  
27 www.Amazon.co.uk, www.Rankuten.co.jp, www.ebay.com,  
28 www.bedrockcommunications.co.uk, www.hobgoblin.co.uk,  
www.strings.ie, and www.travemusic.co.uk. (FAC ¶ 24; Declaration of  
Andrea Bates in Support of Opposition ¶ 17, Ex. 0.)

1 the three-prong test adopted by the Ninth Circuit in Star-Kist  
2 Foods. See 769 F.2d at 1395. The activity in question is JHS's  
3 alleged holding out of infringing products for sale on its website  
4 in a manner accessible to U.S. consumers.

5 **1. Effect on U.S. Commerce**

6 The first prong considers whether there has been an effect  
7 arising from the defendant's activities on American commerce.  
8 Plaintiff has offered no evidence of such an effect. As noted, JHS  
9 presented no evidence that JHS has sold infringing products to  
10 consumers inside the United States. The seven Ukuleles Plaintiff  
11 has alleged were sold to U.S. consumers were sold not by JHS but by  
12 third parties.<sup>2</sup> Nor do the submissions before the court  
13 demonstrate any impact on Gibson's foreign commerce. Although  
14

---

15 <sup>2</sup> Even if JHS were accountable for the activities of the third  
16 party retailers, something not established here, the evidence does  
17 not support the exercise of jurisdiction over the present claims.  
18 It is noteworthy that the third party online retailers in question  
19 are all apparently based overseas and/or direct themselves towards  
20 overseas consumers. See Stomp, Inc. v. NeatO, LLC, 61 F. Supp. 2d  
21 1074, 1078 (C.D. Cal. 1999) ("[T]he constitutionality of exercising  
22 personal jurisdiction [is] directly proportionate to the nature and  
23 quality of commercial activity that an entity conducts over the  
24 Internet.") (citing Zippo Manufacturing Co. v. Zippo Dot Com,  
25 Inc., 952 F.Supp. 1119, 1124 (W.D.Pa.1997) (internal citations and  
26 quotation marks omitted). The www.Strings.ie website includes the  
27 slogan "Ireland's No. 1 String Supplier. (Bates Decl., Ex. I at  
28 34.) The www.rankuten.com website identifies itself as "Japan's #1  
shopping site" and charges in yen (though prices are listed in U.S.  
dollars). (Id. at 35). Each of the advertisements on www.ebay.com  
list prices in British pounds. (Id. at 42-46.) Gibson asserts that  
the retailer Hobglobin Music-Stoney End Harps will ship from its  
Redwing, Minnesota store location, (Opp. at 9), but the underlying  
record indicates that the company could only do so after having the  
item imported from its British counterpart store. (Bates Decl., Ex.  
N.) While a U.S. consumer actively seeking a product may be able to  
purchase it abroad and have it shipped to the United States, the  
overseas location and orientation of the online retailers tend to  
diminish the likely effect on U.S. commerce and therefore the  
appropriateness of exercising jurisdiction.

1 Gibson suggests that the availability of infringing items on  
2 websites hosted overseas could impact its business in a variety of  
3 countries around the world, (Declaration of David Berryman in  
4 Support of Motion at 9), it has not asserted any facts or proffered  
5 any evidence to show such an impact. In short, the facts alleged in  
6 the submissions before the court cannot support a finding that  
7 JHS's activities affected U.S. commerce, whether domestic or  
8 foreign.

## 9 **2. Cognizable Injury to Plaintiff**

10 The second prong considers whether plaintiffs have alleged a  
11 cognizable injury in the United States as a result of the  
12 defendant's activities. Because Gibson has not presented evidence  
13 that JHS has sold products to U.S. consumers, it cannot allege harm  
14 arising from such sales. Gibson might nevertheless allege  
15 cognizable harm arising from activities that occurred abroad if it  
16 can "present[] evidence that the complained of actions caused [it]  
17 monetary injury in the United States." Love v. Associated  
18 Newspapers, Ltd., 611 F.3d 601, 613 (9th Cir. 2010). However, there  
19 is no cognizable injury where "the connection between loss of  
20 business and its proximate cause is too attenuated." Pinkberry,  
21 Inc. V. JEC Intern, Corp., 2011 WL 6101828 (C.D. 2011).  
22 See Love, 611 F.3d at 613 (musician's claim that sale of tickets to  
23 his U.S. concerts decreased as a result of allegedly infringing  
24 music sales in Europe was "too great a stretch" to present a  
25 cognizable injury under the Lanham Act).

26 Gibson appears to assert that it will suffer monetary harm in  
27 the United States because consumers who purchase the product abroad  
28 will bring the product into the United States, resulting in



1 confusion among U.S. consumers, or that online resellers will sell  
2 the product to American consumers. (Berryman Decl. at 8-9.) The  
3 court finds, however, that both theories are too attenuated to  
4 constitute cognizable theories of injury. Moreover, Gibson has no  
5 presented evidence of such injury.

### 6 **3. Interest of the United States**

7 The third prong considers whether the interest and links to  
8 American foreign commerce are sufficiently strong in relation to  
9 those of other nations to justify the assertion of extraterritorial  
10 authority. The court must weigh the following seven factors: (1)  
11 the degree of conflict with foreign law or policy, (2) the  
12 nationality or allegiance of the parties and the locations or  
13 principal places of business of corporations, (3) the extent to  
14 which enforcement by either state can be expected to achieve  
15 compliance, (4) the relative significance of effects on the United  
16 States as compared with those elsewhere, (5) the extent to which  
17 there is an explicit purpose to harm or affect American commerce,  
18 (6) the foreseeability of such effect, and (7) the relative  
19 importance to the violations charged of conduct within the United  
20 States as compared with conduct abroad. Star-Kist, 769 F.2d at  
21 1395-96. Each factor is considered in turn.

22 **i) The Degree of Conflict.** The first factor examines the  
23 degree of conflict with foreign law or policy. The court agrees  
24 with JHS that the court's assertion of extraterritorial authority  
25 has the potential to create conflicts with trademark law in the  
26 United Kingdom. According to submissions by JHS, Gibson has applied  
27 for United Kingdom trademarks in a V-styled guitar body and a  
28 symmetrical (six tuning peg) headstock in 2010, though

1 subsequently withdrew the applications in January 2011. (MTD at 12;  
2 Davis. Decl., Ex. D at 11-26.) Given Gibson's apparent interest in  
3 obtaining trademarks in the United Kingdom, an order by this court  
4 concerning use of the same designs in the UK creates a risk of  
5 conflict with further UK trademark proceedings on the designs. See,  
6 e.g., Star-Kist, 769 F.2d at 396 ("Application of the Lanham Act to  
7 wholly foreign Philippine commerce could create conflict with  
8 Philippine patent and trademark law and with pending proceedings in  
9 that country). This factor weighs against exercising  
10 extraterritorial jurisdiction of the Lanham Act.

11 **ii) Nationality.** The second factor examines the nationality or  
12 allegiance of the parties and the locations or principal places of  
13 business of any corporations involved in the action. JHS is a  
14 United Kingdom corporation. It does not appear to have meaningful  
15 relevant operations in the United States. As JHS notes, although  
16 Viacom is an American company, the claims against it have been  
17 dismissed. This factor weighs against exercising extraterritorial  
18 jurisdiction.

19 **iii) Achieving Compliance.** The third factor examines the  
20 extent to which an order by a U.S. court can be expected to achieve  
21 compliance with the Lanham Act. The principal concerns articulated  
22 in Gibson's complaint relate not to the conduct of JHS but to that  
23 of various online retailers who, Gibson alleges, have sold  
24 infringing product acquired from JHS to U.S. consumers. Gibson has  
25 not demonstrated that JHS controls the conduct of these retailers,  
26 none of which are parties in this lawsuit.<sup>3</sup> The court is therefore

---

27  
28 <sup>3</sup> The only evidence introduced by Gibson to this effect is a  
(continued...)

1 concerned that, even if the these retailers are engaging in  
2 infringing behavior, the court is not in a position to induce  
3 compliance by these companies. Cf. Airwair Int'l Ltd. v. Vans,  
4 Inc., 2013 WL 3786309 \*4 (N.D. Cal. 2013) (holding that a judgement  
5 in favor of a licensor company is likely to induce compliance by  
6 licensee because licensor "is able to control the activities of its  
7 licensee"). This factor weighs against exercising extraterritorial  
8 jurisdiction.

9 **iv) Relative Significance of Effects.** The fourth factor  
10 examines the relative significance of effects on the United States  
11 commerce as opposed to commerce elsewhere. The Ukulele unit was  
12 manufactured in China. JHS, a United Kingdom company, asserts, and  
13 Gibson has presented no evidence to contest, that of the 399  
14 Ukulele units JHS and its authorized dealers sold before  
15 discontinuing the product, 93 were sold in the United Kingdom and  
16 246 were sold in other countries, with none sold in the United  
17 States. (Drumm Decl. at 2:27-3:2.) This factor weighs against  
18 exercising extraterritorial jurisdiction.

19 **v) Purpose to Harm or Affect U.S. Commerce.** Factor five  
20 examines the extent to which there is an explicit purpose to harm  
21 or affect American commerce. The court does not have before it  
22 evidence of any intent to harm U.S. commerce. As JHS points out,  
23 (MTD at 13.), JHS's license from Viacom to use the SpongeBob  
24 trademark on ukuleles specifically excludes sales in the United

25 \_\_\_\_\_  
26 <sup>3</sup>(...continued)  
27 communication from the internet retailer Tone Deaf Music to JHS's  
28 counsel indicating that it would not ship the item in question  
because it had been warned by its supplier (presumably JHS) to  
limit sales of the ukulele to the UK and specific EU countries.  
(Opp at 5; Bates Decl., Ex. J.)

1 States, indicating an intent to avoid U.S. commerce. The court has  
2 no evidence before it that JHS has violated the terms of the  
3 license. This factor weighs against extraterritorial jurisdiction.

4 **vi) Foreseeability.** Factor six examines the foreseeability of  
5 harm or effect on American commerce. It is certainly arguable that  
6 JHS could foresee that retailers would sell products infringing  
7 Gibson's trademark rights within the United States. As Gibson  
8 points out, many of these companies distribute globally. (Opp. at  
9 9.) Moreover, Gibson notes that it contacted JHS in December 2011  
10 with a cease and desist letter informing it of the allegedly  
11 infringing product was being sold in the United States, but that  
12 JHS took no timely action. (FAC ¶ 27.) This factor weighs in favor  
13 of exercising extraterritorial jurisdiction.

14 **vii) Relative Importance:** The seventh factor examines the  
15 relative importance to the allegations of conduct that occurred  
16 within the United States as compared with conduct that occurred  
17 abroad. As discussed above, the court has seen no evidence that JHS  
18 marketed or sold the product within the United States. As JHS  
19 points out, (Opp. at 13), JHS did sign a licensing agreement for  
20 the SpongBob Ukulele with Viacom in the United States, but the  
21 agreement provided for use only outside the United States. In  
22 short, there is no evidence before the court that JHS engaged in  
23 any significant activity within or having a connection with the  
24 United States.

25  
26 **III. Conclusion**

27 The court finds that the weight of the evidence and authority  
28 leans against the exercise of extraterritorial jurisdiction in this

1 case. For the reasons discussed above, this finding is fatal to  
2 Gibson's assertion that the court has subject matter jurisdiction  
3 over its Lamham Act claims against JHS. Additionally, because  
4 Gibson's state law claims are based on supplemental jurisdiction  
5 under 15 U.S.C. § 1367, the court must dismiss those claims as  
6 well. Finally, because the court finds that it lacks federal  
7 subject matter jurisdiction and must dismiss this case, it need not  
8 reach JHS's motion to dismiss for failure to state a claim or its  
9 motion for a transfer of venue.

10

11 IT IS SO ORDERED.

12

13

14 Dated: November 5, 2013

15

  
DEAN D. PREGERSON  
United States District Judge

16

17

18

19

20

21

22

23

24

25

26

27

28