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UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

BRIAN LICHTENBERG, LLC, a)	Case No. CV 13-06837 DDP (PJWx)
California limited liability)	
company; BRIAN LICHTENBERG,)	
an individual,)	
)	
Plaintiff,)	
)	
v.)	ORDER DENYING DEFENDANTS' MOTION
)	TO DIMISS (Dkt. No. 58) and
ALEX & CHLOE, INC., a)	GRANTING MOTION TO DISMISS (DKT.
California corporation;)	No. 57) IN PART AND DENYING IN
CHRISTOPHER WALTER)	PART
LICHTENBERG, an individual;)	
MARKED SHOWROOM, LLC, a)	
California limited liability)	
company; JACQUELINE YI, an)	
individual; TU TRAN, an)	
individual KYLE MOCKETT, an)	[Dkt. Nos. 57, 58]
individual; KAYTEE ENRIGHT,)	
an individual,)	
)	
Defendants.)	
)	

Presently before the court are Defendants' two Motions to Dismiss Plaintiff's First Amended Complaint. (Dkt. Nos. 57 and 58.) Having considered the parties' submissions, the court denies one motion in its entirety (Dkt. No. 58), and denies the other motion in part and grants it in part (Dkt. No. 57) for the following reasons.

1 **I. Background¹**

2 Plaintiff Brian Lichtenberg ("Brian") designs clothing and
3 accessories and distributes his products through Brian Lichtenberg,
4 LLC. (First Amended Complaint ("FAC") ¶¶ 1-2, 19, 23).² Brian's
5 designs include a series of parodies of designer brands, such as
6 "Homiès" as a play on "Hermès" and "Bucci," a parody of "Gucci."
7 (FAC ¶ 44.) Brian's spoof or parody logos mimic the style, font,
8 and other elements of the luxury brand designs. (FAC, Ex. A.)
9 Brian sells t-shirts, muscle tees, sweatshirts, beanies, and hats
10 bearing the various spoof designs. (FAC ¶ 45.) Brian alleges that
11 his designs are very successful, and are frequently worn by
12 celebrities and featured in the media. (FAC ¶ 43.)
13

14 Brian's younger brother, Defendant Christopher Walter
15 Lichtenberg ("Chris"), is the sole shareholder or director of
16 Defendant Alex and Chloe, Inc. ("A&C"). (FAC ¶¶ 3-4.) Between
17 2010 and 2013, Brian allowed his merchandise to be sold on
18 consignment on A&C's website "as a favor to Chris." (FAC ¶ 57.)
19 Brian and A&C orally agreed that Brian would receive a portion of
20 the proceeds from sales of his products on the A&C website. (Id.)

21 The FAC alleges that in January 2012, Brian developed one
22 particular parody design, "Ballin," as a play on the luxury brand
23 "Balmain." (FAC ¶ 54.) By November 2012, Chris was working as a
24 "part-time contractor" for Brian. (FAC ¶ 62.) Chris' duties

25 ¹ The Court assumes the truth of the material factual
26 allegations in the First Amended Complaint solely for purposes of
deciding the motions to dismiss.

27 ² Hereinafter, this Order frequently refers to Plaintiffs
28 Brian Lichtenberg and Brian Lichtenberg, LLC, collectively, as
"Brian."

1 included graphic design and promotional work related to Brian's
2 "Ballin with My Homies" project. (FAC ¶¶ 62, 65.) In connection
3 with those duties, Chris allegedly had access to confidential lists
4 of Brian's customers and industry contacts. (FAC ¶¶ 62-62.)

5 Plaintiffs allege that Chris, while employed by Brian, slowed
6 down the launch of Brian's "Ballin" products as part of a scheme to
7 steal the design and launch a similar A&C product. (FAC ¶¶ 70-1.)
8 The FAC alleges that Chris copied and claimed ownership of the
9 "Ballin" design, contacted Brian's manufacturer and requested that
10 products identical to Brian's be made under the A&C label, and used
11 Brian's confidential customer lists to sell the A&C items. (FAC ¶¶
12 70, 72, 74, 77.) Chris listed his products for sale on the A&C
13 website in late January or early February 2013, before Brian's
14 "Ballin" products came to market. (FAC ¶ 78.)

15
16 Chris repeatedly claimed to own the "Ballin" design via the
17 internet and social media. (FAC ¶ 83.) Chris also contacted
18 several of Brian's buyers, stated that Brian's "Ballin" products
19 were counterfeits, and asked that retailers stop selling Brian's
20 "Ballin" products. (FAC ¶¶ 81-82.) Chris then made further public
21 statements claiming that Brian had stolen not only the "Ballin"
22 design, but other parody designs as well. (FAC ¶¶ 89, 92.) At
23 Chris's request, social media sites removed images of Brian's
24 "Ballin" apparel posted to Brian's pages. (FAC ¶ 97.)

25 Chris and A&C then expanded their offerings to include other
26 products similar to Brian's, featuring other parody designs beyond
27 "Ballin." (FAC ¶¶ 104, 111.) Chris also appropriated photographs
28

1 of celebrities wearing Brian's products, then posted them to A&C's
2 websites and claimed that those celebrities endorsed A&C. (FAC ¶
3 107, 109-110.)

4 In March 2013, Plaintiffs filed suit against Chris and A&C in
5 Los Angeles County Superior Court. Plaintiffs later dismissed
6 their state court action and, on September 17, 2013, filed the
7 instant suit in this court. Plaintiffs' FAC alleges nine causes of
8 action against Defendants, including unregistered trademark and
9 trade dress infringement, unfair competition, and trademark
10 dilution under Section 43 of the Lanham Act, 15 U.S.C. § 1125, as
11 well as state law causes of action. Defendants now move to dismiss
12 the FAC. Defendants, all represented by the same counsel, filed
13 two separate motions to dismiss. The bulk of this Order addresses
14 the lengthier of the motions ("Motion") at Docket Entry 57. The
15 court discusses the second, shorter motion at Docket Entry 58 in
16 section III(J), below.

17 18 **II. Legal Standard**

19 Though Defendants style their Motion as both a jurisdictional
20 challenge under Rule 12(b)(1) and motion for failure to state a
21 claim under Rule 12(b)(6), their supporting memorandum argues that
22 jurisdiction is lacking because Plaintiffs fail to state a Lanham
23 Act claim. (Mot. at 12.) Where a motion under Rule 12(b)(1)
24 attacks the allegations of the complaint, the court applies the
25 same standard as under Rule 12(b)(6). Thornhill Publ'g Co., Inc.
26 v. Gen. Tel. & Elecs. Corp., 594 F.2d 730, 733 (9th Cir. 1979);
27
28

1 Org. for Advancement of Minorities with Disabilities v. Brick Oven
2 Restaurant, 406 F.Supp.2d 1120, 1124 (S.D. Cal. 2005).

3
4 A complaint will survive a motion to dismiss when it contains
5 "sufficient factual matter, accepted as true, to state a claim to
6 relief that is plausible on its face." Ashcroft v. Iqbal, 556 U.S.
7 662, 678 (2009) (quoting Bell Atl. Corp. v. Twombly, 550 U.S. 544,
8 570 (2007)). When considering a Rule 12(b)(6) motion, a court must
9 "accept as true all allegations of material fact and must construe
10 those facts in the light most favorable to the plaintiff." Resnick
11 v. Hayes, 213 F.3d 443, 447 (9th Cir. 2000). Although a complaint
12 need not include "detailed factual allegations," it must offer
13 "more than an unadorned, the-defendant-unlawfully-harmed-me
14 accusation." Iqbal, 556 U.S. at 678. Conclusory allegations or
15 allegations that are no more than a statement of a legal conclusion
16 "are not entitled to the assumption of truth." Id. at 679. In
17 other words, a pleading that merely offers "labels and
18 conclusions," a "formulaic recitation of the elements," or "naked
19 assertions" will not be sufficient to state a claim upon which
20 relief can be granted. Id. at 678 (citations and internal
21 quotation marks omitted).

22 "When there are well-pleaded factual allegations, a court should
23 assume their veracity and then determine whether they plausibly
24 give rise to an entitlement of relief." Id. at 679. Plaintiffs must
25 allege "plausible grounds to infer" that their claims rise "above
26 the speculative level." Twombly, 550 U.S. at 555. "Determining
27 whether a complaint states a plausible claim for relief" is a
28

1 "context-specific task that requires the reviewing court to draw on
2 its judicial experience and common sense." Iqbal, 556 U.S. at 679.

3 **III. Discussion**

4
5 A. Relevant Allegations

6 Defendants go to great lengths to recount their version of
7 events related to the dispute between Brian and Chris. (Mot. at 4-
8 12.) Defendants support their factual position with extensive
9 citations to Chris' declaration, filed in connection with earlier
10 motion practice before this court, as well as with factual
11 descriptions of state court proceedings that are neither alleged in
12 the FAC nor supported by exhibits. As an initial matter, the court
13 reiterates that on this Rule 12(b)(6) motion, it must "accept as
14 true all allegations of material fact and must construe those facts
15 in the light most favorable to the plaintiff." Resnick 213 F.3d at
16 447.

17
18 Citing Bradley v. Chiron Corp., 136 F.2d 1317 (Fed. Cir.
19 1998), Defendants argue that several of the FAC's allegations
20 contradict Plaintiffs' earlier allegations, and should be stricken
21 as a sham. (Mot. at 8.) The Ninth Circuit, however, has
22 explicitly declined to follow Bradley. PAE Gov't Servs., Inc. v.
23 MPRI, Inc., 514 F.3d 856, 859 (9th Cir. 2007). As the PAE court
24 explained, absent a showing of bad faith, nothing in the Federal
25 Rules of Civil Procedure prevents a party from making inconsistent

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28 ///

1 allegations or empowers this court to strike even contradictory
2 pleadings.³ Id. at 858-60.

3
4 Lastly, Defendants contend that certain allegations conflict
5 with exhibits referenced in the complaint, and should be stricken
6 on that basis. (Mot at 10-11.) This court need not accept as true
7 allegations that contradict exhibits attached to or referenced by a
8 complaint. Sprewell v. Golden State Warriors, 266 F.3d 979, 988
9 (9th Cir. 2001); United States v. Ritchie, 942 F.3d 903, 908 (9th
10 Cir. 2003). Specifically, Defendants ask that the court strike
11 allegations regarding (1) an e-mail from Kanye West and (2) a
12 promotional flyer featuring Brian and a "Ballin With My Homies"
13 sweatshirt.

14 As to the e-mail, the FAC alleges that Kanye West sent Brian
15 an e-mail that discussed the word "Ballin." (FAC ¶ 53.) Contrary
16 to Defendants' assertion, the FAC does not allege that the e-mail
17 involved a discussion of a design featuring the term "Ballin."
18 Furthermore, Defendants appear to misidentify the message in
19 question. While Defendants point to Exhibit 10 to Exhibit N of
20 their request for judicial notice, filed on October 21, 2013 in
21 connection with an earlier motion, that exhibit is an e-mail
22 message between Chris and Brian on an unrelated subject. (Dkt. No
23 42-2 at 27). Further, Defendants' request that the court accept
24 their contention that the term "Ballin," as used in the e-mail,

25 _____
26 ³ While Defendants' Reply makes some brief mention of bad
27 faith, Defendants have not moved for sanctions, nor do their moving
28 papers make any reference to Rule 11. See PAE, 514 F.3d at 860
(explaining that a showing of bad faith can only be made after the
accused party has been given the opportunity to respond in
accordance with Rule 11).

1 does not mean what the FAC alleges it to mean runs afoul of the
2 requirement that all inferences be drawn in Plaintiffs' favor. See
3 TwoRivers v. Lewis, 174 F.3d 987, 991 (9th Cir. 1999).

4 Similarly, the exhibits cited by Defendants with respect to
5 the promotional flyer are not what Defendants purport them to be.
6 In any event, Defendants again mischaracterize the FAC, which
7 alleges that the flyer featured a picture of Brian in a "Ballin
8 With my Homies" sweatshirt, and not, as Defendants contend,
9 anything to do with "Ballin Paris." (FAC ¶ 62.) Again, the
10 meaning of the term "Ballin," as used in the flyer, is debatable,
11 and construed in Plaintiffs' favor at this stage.

12
13 The court therefore declines to strike any of the allegations
14 in the FAC, and proceeds to discuss the sufficiency of the
15 pleadings of Plaintiffs' claims.

16 B. Count 1: Trademark and Trade Dress Infringement

17
18 i. Trademark Infringement

19 The FAC raises a cause of action for unregistered trademark
20 and trade dress infringement under Section 43(a) of the Lanham Act,
21 15 U.S.C. § 1125(a). The FAC alleges (1) "wrongful use of the name
22 'Ballin' and 'Ballin Paris'" and (2) wrongful use of certain trade
23 dress, described in further detail below. Nevertheless, Plaintiffs
24 make clear that they "are not seeking blanket protection for the
25 use of the slang term 'Ballin' or the term 'Ballin Paris.'" (Opp.
26 at 12.) The allegations in Count 1, however, make no reference to
27 any other trademark. Given Plaintiffs' apparent concession that
28 the terms themselves are not the trademarks, Defendants' Motion to

1 Dismiss is granted, insofar as it relates to trademark
2 infringement.⁴

3 ii. Trade Dress Infringement
4

5 Trade dress, or the "total image of a product," is protectable
6 under Section 43(a) of the Lanham Act. Int'l Jensen, Inc. v.
7 Metrosound U.S.A., Inc., 4 F.3d 819, 822 (9th Cir. 1993). To
8 succeed on a trade dress infringement claim, which is analytically
9 similar to an unregistered trademark claim, plaintiffs must show
10 that a trade dress is nonfunctional, is distinctive or has acquired
11 secondary meaning, and that a defendant's use of a similar mark or
12 trade dress is likely to confuse consumers. Id. at 823.

13 The FAC identifies trade dress comprised of:
14

- 15 1. 40-weight cotton cut, dyed, and enzyme washed in a
16 signature way with a screen printed logo inside the
neck;⁵
- 17 2. an oversized, bulky, shapeless cut;
- 18 3. red, hot pink, orange, and black colors;
- 19 4. damask main labels folded to 3.5 x 1.25 inches and 50/50
20 cotton/polyester size labels folded to 1.25 x 1.625
inches;
- 21 5. woven stitching;
- 22 6. hang tags with a Century Gothic font;

23
24 ⁴ This concession also appears to vitiate Defendants'
25 arguments regarding first use of the "Ballin" term. (Mot. at 13.)
26 While Defendants appear to suggest a first use argument with
27 respect to trade dress claims (Reply at 7), nowhere do Defendants
28 claim to have used the alleged trade dress, discussed below, prior
to Brian's 2010 use.

⁵ Plaintiffs do not explain how the neck portion would apply
to beanies and hats, both of which, Plaintiffs contend, feature the
protected trade dress.

- 1 7. minimal graphics that center around high end luxury,
2 centered on the chest;
- 3 8. white, black, and gold embroidery (only on beanies and
4 hats); and
- 5 9. logo placement in a large font in the middle of the
6 garment.

7 FAC ¶ 45.

8 1. Functionality

9 Defendants contend that Plaintiffs' trade dress is functional,
10 and therefore unprotectable. (Mot. at 15.) In analyzing
11 functionality, courts look to "(1) whether the design yields a
12 utilitarian advantage, (2) whether alternative designs are
13 available, (3) whether advertising touts the utilitarian advantage
14 of the design, and (4) whether the particular design results from a
15 comparatively simple or inexpensive method of manufacture." Clicks
16 Billiards, Inc. v. Sixshooters, Inc., 251 F.3d 1252, 1260 (9th Cir.
17 2001) (citing Disc Golf Assoc., Inc. v. Champion Discs, Inc., 158
18 F.3d 1002, 1006 (9th Cir. 1998)). The focus is not on the
19 individual elements constituting a trade dress, but rather the
20 "overall visual impression" and "composite tapestry of visual
21 effects." Id. at 1259. Purely aesthetic features cannot be
22 functional. Id. at 1260.

23 Defendants argue that competitors would be at a significant
24 disadvantage if they were unable to use "pre-manufactured cotton t-
25 shirts with stitching, black labels, and logos that are placed on
26 the front, center of each t-shirt." (Mot. at 15.) Defendants,
27 however, set up a straw man. Plaintiffs' FAC does not identify so
28 general or amorphous a trade dress. While the trade dress at issue

1 does include some of the elements Defendants identify, it also is
2 comprised of specific colors, fonts, subject material, styles, and
3 textures. These elements combine to form a distinctive, unitary
4 whole notable for its aesthetic properties. Plaintiffs have
5 sufficiently alleged nonfunctional trade dress.

6 2. Secondary Meaning

7
8 Trade dress acquires secondary meaning when consumers
9 associate the dress with a particular source. Clicks Billiards,
10 251 F.3d at 1262. If a design has only an aesthetic effect, with
11 no source-identifying function, it is not protectable. Id. Here,
12 Plaintiffs' opposition does not specifically address the FAC's
13 allegations regarding secondary meaning. The FAC, however,
14 repeatedly alleges that consumers "instantly recognize" Brian's
15 designs and products (FAC ¶¶ 16-17), that "the public has come to
16 know [the trade dress] exclusively as hallmarks" of Brian's
17 products (FAC ¶ 45), and that consumers have been confused when
18 presented with images of A&C products bearing the alleged trade
19 dress. (FAC ¶ 96.) While Defendants conclusorily assert that there
20 is no secondary meaning attached to Plaintiffs' design (Mot. at
21 15), whether the alleged trade dress has actually acquired
22 secondary meaning is a question of fact for another day. Clicks
23 Billiards, 251 F.3d at 1262. For purposes of a Rule 12(b)(6)
24 analysis, secondary meaning is adequately alleged. Defendants'
25 Motion is denied with respect to Plaintiffs' trade dress
26 infringement claims.

27 C. Count 2: False Designation of Origin

1 The FAC alleges that "Defendants' unlawful copying and use of
2 PLAINTIFFS's [sic] registered Trade Dress Marks in connection with
3 their footwear products is a false and misleading designation of
4 origin and a false and misleading representation of facts"
5 (FAC ¶ 122.) Plaintiffs acknowledge that these allegations need to
6 be amended to correct certain "typographical errors." (Opp. at
7 13.) Specifically, Plaintiffs seek to change "registered Trade
8 Dress marks" to "unregistered Trade Dress Marks," and to replace
9 "footwear" with "t-shirt, sweatshirt, beanie, and baseball cap."
10 (Id.)

11 "Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a),
12 prohibits the use of false designations of origin, false
13 descriptions, and false representations in the advertizing [sic]
14 and sale of goods and services." Jack Russell Terrier Network v.
15 Am. Kennel Club, Inc., 407 F.3d 1027, 1036 (9th Cir. 2005).

16 Plaintiffs appear to base their false designation of origin claims
17 on the allegations that Chris appropriated pictures of celebrities
18 wearing Brian's products, then posted those pictures on Chris' and
19 A&C's websites, thus giving the impression that the celebrities
20 were wearing and/or endorsing A&C's products instead of Brian's.
21 (Opp. at 14.)
22

23 Defendants assert, without any support, that allowing
24 Plaintiffs to amend would be futile. (Reply at 12:28.) The court
25 disagrees. The FAC already includes the factual allegations
26 described above, which could conceivably support a false
27 designation claim if applied to the proper apparel. Accordingly,
28 Plaintiffs' second cause of action is dismissed with leave to

1 amend.

2 D. Count 3: Trademark Dilution
3

4 Plaintiffs do not acknowledge any typographical errors in
5 their third cause of action for trademark dilution. Defendants are
6 correct, however, that this claim, as currently pled, refers only
7 to trade dress "on footwear products." (FAC ¶ 25.) To state a
8 viable Lanham Act dilution claim, Plaintiffs must allege that they
9 own a famous, distinctive mark or dress, Defendants have used a
10 nearly identical mark in commerce after Plaintiffs' mark became
11 famous, and Defendants' use is likely to dilute or blur Plaintiffs'
12 mark. Levi Strauss & Co. v. Abercrombie & Fitch Trading Co., 633
13 F.3d 1158, 1161 (9th Cir. 2011). While the FAC does not adequately
14 allege dilution with respect to any footwear trade dress, it
15 appears, as above, that Plaintiffs may be able to plead a viable
16 claim upon amendment. The third cause of action is therefore
17 dismissed with leave to amend.

18 E. Count 4: California Uniform Trade Secrets Act
19

20 The FAC alleges a cause of action against Chris and A&C for
21 misappropriation of trade secrets in violation of California's
22 Uniform Trade Secrets Act ("CUTSA"), California Civil Code § 3426.
23 (FAC ¶¶ 130-141.) To prevail on a CUTSA claim, a plaintiff must
24 show that (1) he owned a trade secret, (2) the defendant acquired,
25 used, or disclosed that secret through improper means, and (3) the
26 plaintiff was damaged. Cytodyn, Inc. V. Amerimmune Pharms., Inc.,
27 160 Cal. App. 4th 288, 297 (2008). The California Civil Code
28 defines "trade secret" as information that "(1) [d]erives

1 independent economic value . . . from not being generally known to
2 the public . . .; and (2) [i]s the subject of efforts that are
3 reasonable under the circumstances to maintain its secrecy." Cal.
4 Civ. Code § 3426.1(d).

5 Here, Count 4 of the FAC alleges misappropriation of Brian's
6 customer lists, manufacturer lists, product specifications, and
7 "manner of manufacture."⁶ (FAC ¶¶ 131-134.) The FAC alleges that
8 these secrets "have economic value in that it is information not
9 generally known to other apparel designers and represented many
10 years of research and client communications." (FAC ¶ 135.) The
11 FAC further alleges that Chris copied these secrets while working
12 as Brian's employee, then used the secrets to create and sell
13 imitation items. (FAC ¶¶ 137-138.)

14
15 Defendants first argue that the FAC fails to allege that Chris
16 had access to the alleged secrets. The court disagrees. The FAC
17 states that in January 2013, Chris "misappropriated [the secrets]
18 by copying them, [and] leaving the employment of Plaintiffs . . .
19 ." (FAC ¶ 137.)

20 Second, Defendants contend that customer and manufacturer
21 lists are not secrets because customer and manufacturer contact
22 information is publicly available. (Mot. at 22.) For support,
23 Defendants selectively quote Mor-Life, Inc. v. Perry, 56 Cal. App.
24 4th 1514 (1997). Indeed, the Mor-Life court stated that "courts
25 are reluctant to protect customer lists to the extent they embody
26

27 ⁶ While the FAC does elsewhere refer to the "Ballin" parody
28 design as a trade secret (FAC ¶ 68), that supposed secret is not
specifically identified in Count 4.

1 information which is 'readily available' through public sources,
2 such as business directories." Mor-Life, 56 Cal. App. 4th at 1521.
3 In the very next sentence, however, the court explained, "On the
4 other hand, where the employer has expended time and effort
5 identifying customers with particular needs or characteristics,
6 courts will prohibit former employees from using this information
7 to capture a share of the market." Id. "It is well-established
8 that a customer list may constitute a protectable trade secret."
9 Gable Leigh, Inc. v. North Am. Miss; No. CV 01-01019 MMM(SHX); 2001
10 WL 521695 at *15 (C.D. Cal. Apr. 13, 2001). While Defendants
11 disagree with the FAC's allegations that Brian expended time,
12 energy, and money compiling contact lists, such allegations must be
13 accepted as true at this stage. Resnick, 213 F.3d at 447.

14
15 Lastly, Defendants argue that the FAC does not adequately
16 describe Brian's secret manufacturing process. (Mot. at 23.) "If
17 the subject matter of the claimed trade secret is a manufacturing
18 process, the plaintiff must . . . supply sufficient data concerning
19 the process, without revealing the details of it, to give both the
20 court and defendant reasonable notice of the issues"
21 Pellerin v. Honeywell Int'l, Inc., 877 F.Supp.2d 983, 988 (S.D.
22 Cal. 2012). Plaintiffs posit that "the trade secret in the present
23 case is not the manufacturing process, per se, but rather the
24 specifications for the manufactured product." (Opp. at 18::12-13.)
25 The FAC, however, mentions both "manner of manufacture," including
26 "unique stitching, the fabrics, the size and placement of the
27 labels, and the color schemes" (FAC ¶ 133) as well as "product
28 specifications." (FAC ¶ 134.) Nonetheless, the court will take

1 Plaintiffs at their word that they did not intend to include manner
2 of manufacture in their claim. Accordingly, Plaintiffs' CUTSA
3 claims regarding manner of manufacture are dismissed, with leave to
4 amend.

5 F. Count 5: Unfair Competition

6
7 For the reasons stated above, at least some of Plaintiffs'
8 Lanham Act and CUTSA claims are adequately pled. Plaintiffs' claim
9 for unfair competition under California Business & Professions Code
10 § 17200, therefore, also survives to the extent it is derivative of
11 those claims. See Cal. Bus. & Profs. Code § 17200 ("[U]nfair
12 competition shall mean and include any unlawful, unfair or
13 fraudulent business act").

14 G. Counts 6 and 7: Intentional Interference with
15 Prospective Economic Advantage and Contractual Relations

16
17 Defendants argue that Plaintiffs do not identify any specific
18 third parties with whom Plaintiffs had an economic relationship or
19 any specific contracts with those customers. (Mot. at 24-25.)
20 Defendants ignore, among other allegations, paragraph 81 of the
21 FAC, which specifically lists ten different companies with which
22 Brian maintained economic and contractual relations. The FAC
23 describes at least three of these relationships in detail. (FAC ¶¶
24 82,84, 87.) Defendants appear to abandon this argument in their
25 Reply, instead referring again to the "Ballin" marks, in which
26 Plaintiffs have disclaimed any interest, as described above.
27 Counts 6 and 7 are adequately pled.

28 H. Count 8: Defamation, Libel, and Slander

1 Defendants assert that Count 8's claim for defamation, libel,
2 and slander must be dismissed because (1) Plaintiffs have not
3 provided any evidence that Brian created the "Ballin" design, (2)
4 "Defendants have been adamant that they created "Ballin Paris" and
5 truth is an absolute defense," and (3) Plaintiffs do not allege
6 that any statements were made orally.

7 Again, Defendants misapprehend the standard for a Motion to
8 Dismiss. Plaintiffs need not present any evidence at this stage,
9 and Defendants' version of the facts, no matter how adamantly
10 stated, is not relevant.

11
12 As to slander, Plaintiffs do not identify, nor does the FAC
13 appear to allege, any oral statements. Accordingly, Plaintiffs'
14 slander claim is dismissed, with leave to amend. See Aber v.
15 Comstock, 212 Cal. App. 4th 931, 948 (2012); Cal Civ. Code § 46.

16 I. Count 9: Common Count

17
18 Lastly, Plaintiffs' claim for common count, apparently for
19 money due, alleges that Chris owes Brian \$30,000 in proceeds from
20 consignment sales of Brian's products on the A&C website. (FAC ¶
21 184, 186). Contrary to Defendants' claim that the FAC does not
22 identify the time span or nature of the agreement, the FAC states
23 that Brian made an oral agreement with A&C, and that the agreement
24 was in effect between 2010 and 2013. (FAC ¶¶ 56-58.) "The only
25 essential allegations of a common count are (1) the statement of an
26 indebtedness of a certain sum, (2) the consideration . . . , and (3)
27 nonpayment. Farmers Ins. Exchange v. Zerlin, 53 Cal. App. 4th 445,
28

1 460 (1997) (internal quotation and citation omitted). Count 9 is
2 adequately pled.

3 J. The Second Motion: Defendants Marked, Tran, Yi, Enright
4 and Mockett

5
6 i. Background

7 Defendant Marked Showroom, LLC agreed to sell A&C products and
8 provide public relations services to Chris and A&C. (FAC ¶¶ 5,
9 98.) Defendants Yi and Tran (collectively with Marked, the "Marked
10 Defendants") are alleged to be Marked's shareholders, officers,
11 principals, or employees. (FAC ¶¶ 6-7.) The FAC alleges that the
12 Marked Defendants are assisting Chris and A&C's infringing
13 activities. (FAC ¶ 108.) The Marked Defendants are alleged to
14 falsely claim on their website that various celebrities, including
15 celebrities who wear or endorse Brian's products, endorse A&C's
16 products. (FAC ¶ 107.) Defendant Tran is named only in Count 5
17 for unfair business practices. Defendants Marked and Yi are named
18 in Count 5 and the three Lanham Act counts.

19
20 Defendants Mockett and Enright are alleged to be employees or
21 agents of A&C. (FAC ¶¶ 8-9.) Mockett and Enright allegedly agreed
22 to "participate in the selling of the A&C Defendants' Imitation
23 Ballin merchandise." (FAC ¶ 101.) Defendants Mockett and Enright
24 are only named in Count 5 for unfair business practices.

25 ii. Marked Defendants

26
27 Defendants argue that the FAC does not allege any Lanham Act
28 claims against the Marked Defendants. Defendants are mistaken.

1 The FAC alleges that Marked falsely represents that A&C products
2 sold on the Marked website are endorsed by certain celebrities,
3 including Brian's endorsers. (FAC ¶ 107.) Furthermore, sellers of
4 infringing goods may be liable for violations of the Lanham Act.
5 See Philip Morris USA Inc. v. Shalabi, 352 F. Supp. 2d 1067, 1073-
6 74 (C.D. Cal. 2004); BMW of North Am. v. DinoDirect Corp., No. C
7 11-04598, 2012 WL 6000573 at *3 (N.D. Cal. Nov. 30, 2012).

8 Defendant Yi and Tran are alleged to be owners or directors of
9 Marked. (FAC ¶¶ 6-7.) Corporate officers are generally liable for
10 Lanham Act violations that they authorize or direct. See Coastal
11 Abstract Serv., Inc. v. First Am. Title Ins. Co, 173 F.3d 725, 734
12 (9th Cir. 1999). While Defendants appear to suggest that Yi and
13 Tran cannot be held liable for acts undertaken within the scope of
14 their employment (Reply at 6), Defendants cite no authority for
15 that proposition.⁷

16
17 iii. Enright and Mockett

18 Similarly, Defendants argue that Defendants Enright and
19 Mockett are not alleged to have acted beyond the scope of their
20 employment at A&C. As above, Defendants do not explain why Enright
21 and Mockett's employment status would absolve them of liability for
22 their individual acts.

23
24 K. Colorado River Abstention

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26
27 ⁷ Given the identical allegations regarding Yi and Tran's
28 activities and relationship to Marked, it is unclear why Tran is
named only in Count 5, while Yi is named in Count 5 and the three
Lanham Act causes of action.

1 Defendants also request that this court stay this case during
2 the pendency of state court proceedings under the Colorado River
3 doctrine. See Colorado River Water Cons. Dist. v. United States,
4 424 U.S. 800, 813-19 (1976). While the basis for Defendants'
5 request is somewhat unclear, it appears to be premised upon
6 Plaintiffs' state court suit regarding ownership of the "Ballin"
7 design (Opp. at 22.) Defendants have not cited to any exhibits
8 regarding that litigation, the scope and status of which is unknown
9 to this court. In any event, "the pendency of an action in the
10 state court is no bar to proceedings concerning the same matter in
11 the Federal court having jurisdiction." Colorado River, 424 U.S.
12 at 817 (internal quotation and citation omitted). Indeed, even the
13 "potential for conflict in the result of adjudications does not,
14 without more, warrant staying exercise of federal jurisdiction."
15 Id. at 816. Furthermore, the resolution of the state court case,
16 from what the court can discern, would have no bearing on the
17 Lanham Act claims brought here, which may or may not subsume the
18 design ownership question presented in state court. Accordingly,
19 the court declines to stay this litigation.

20 **IV. Conclusion**

21
22 For the reasons stated above, Defendants' Motion to Dismiss
23 (Dkt. No. 58), filed on behalf of Defendants Marked, Yi, Tran,
24 Enright, and Mockett, is DENIED in its entirety.

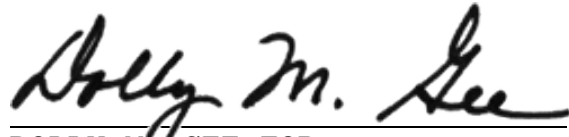
25 Defendants' other Motion to Dismiss (Dkt. No. 57) is GRANTED
26 in part. Plaintiffs' Second and Third Counts for False Designation
27 of Origin and Dilution, Count 4 CUTSA claim for "manner of
28

1 manufacture," and Count 8 claim for slander are DISMISSED, with
2 leave to amend. Plaintiffs' Count 1 claim for trademark
3 infringement regarding "Ballin" and "Ballin Paris" is dismissed
4 with prejudice. In all other respects, Defendants' Motion is
5 DENIED.

6 Plaintiffs shall have 15 days from the date of this Order to
7 file a Second Amended Complaint. Defendants shall file their
8 response within 15 days after service of any amended pleading.

9
10 IT IS SO ORDERED.

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12 DATED: February 13, 2014

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14 DOLLY M. GEE FOR
HONORABLE DEAN D. PREGERSON

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