

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

KETAB CORP.,)	2:14-cv-07241-RSWL (MRW)
)	
Plaintiff,)	
)	
vs.)	ORDER re: Plaintiff's
)	Motion to Dismiss
)	Defendants' Amended
)	Counterclaim Against
SEYED ALI LIMONADI, STUDIO)	Ketab Corp. and Bijan
CINEGRAPHIC LOS ANGELES dba)	Khalili [120]
IRTV, MELLI YELLOW PAGES,)	
INC., and DOES 1 through)	
10, inclusive,)	
)	
Defendants.)	
)	
)	
)	

INTRODUCTION

Currently before the Court is Plaintiff and Counterdefendant Ketab Corp. ("Ketab") and Counterdefendant Bijan Khalili's (collectively, "Plaintiff" or "Counterdefendants") Motion to Dismiss Defendants and Counterclaimants Melli Yellow Pages, Inc., Studio Cinegraphic Los Angeles, Inc., and Seyed Ali Limonadi's (collectively, "Limonadi Defendants" or

1 "Counterclaimants") Amended Counterclaim [115], which
2 alleges against Plaintiff a violation of Cal. Bus. &
3 Prof. Code § 17200 et seq. and petitions for
4 cancellation of Plaintiff's registered trademarks.
5 Upon review of all papers submitted and pertaining to
6 this Motion [120], the Court **GRANTS** Plaintiff's Motion
7 to Dismiss [120] as follows.

8 I. BACKGROUND

9 A. Factual Background

10 The Counterclaim [115] at issue relates to
11 Plaintiff Ketab Corp.'s various trademark-related
12 claims against Limonadi Defendants in the underlying
13 action. See Second Amend. COmpl. ("SAC"), ECF No. 106.

14 Plaintiff Ketab Corp. is a California corporation
15 based in Los Angeles that is "in the business of
16 providing telephone directory and marketing services .
17 . . to the Iranian community in Southern California, .
18 . . and around the world, who live outside of Iran."
19 SAC ¶ 12. Counterclaimants allege that Bijan Khalili
20 is an individual residing in Los Angeles County,
21 California, and the owner and principal of Ketab Corp.
22 Amend. Countercl. ("ACC") ¶ 3, ECF No. 115.

23 Defendant and Counterclaimant Melli Yellowpages,
24 Inc. ("Melli Yellowpages") is a California corporation
25 based in Studio City, California, that provides
26 telephone directory and marketing services to the
27 Iranian community in the Los Angeles area. Id. ¶¶ 1,
28 11. Defendant and Counterclaimant Studio Cinegraphic

1 Los Angeles, dba IRTV ("IRTV") is a California
2 corporation based in Studio City, California, and an
3 Iranian television channel that provides local news as
4 well as information and data on Iranian businesses,
5 activities, and cultural and commercial events. Id. ¶¶
6 1, 8. Defendant and Counterclaimant Seyed Ali Limonadi
7 ("Limonadi") is an individual residing in Los Angeles
8 who owns Melli Yellowpages. Id. ¶ 1.

9 Counterclaimants allege that IRTV, established in
10 1979, "has been recognized as the information center of
11 the Iranian community." Id. ¶ 8. Counterclaimants
12 allege that in 1994, IRTV published Melli Yellowpages,
13 which IRTV termed, "The National Directory of Iranian-
14 Americans." Id. ¶ 10. Counterclaimants allege that
15 Melli Yellowpages and Ketab are "the only two
16 competitors who provide telephone directory and
17 marketing services . . . to the Iranian community in
18 the Los Angeles area." Id. ¶ 11.

19 Counterclaimants allege two claims against
20 Counterdefendants: (1) Violation of Cal. Bus. & Prof.
21 Code § 17200 et seq. and (2) Cancellation of
22 Registration of federally registered trademarks.

23 **B. Procedural Background**

24 On September 16, 2014, Plaintiff filed its
25 Complaint against Counterclaimants and other defendants
26 [1]. On October 23, 2014, Limonadi Defendants filed
27 their Answer [24], which included the two present
28 counterclaims. On March, 2, 2015, Plaintiff filed its

1 First Amended Complaint [53]. See Dckt. # 59. On
2 March 16, 2015, Limonadi Defendants filed their Answer
3 [65] to the First Amended Complaint, which contained
4 the two present counterclaims.

5 On March 31, 2015, Counterdefendants filed a Motion
6 to Dismiss Counterclaims [79], which the Court granted
7 with leave to amend because Limonadi Defendants failed
8 to timely oppose the motion. See Dckt. # 101. On May
9 22, 2015, Limonadi Defendants filed their Amended
10 Counterclaim [105]. On the same day, Plaintiff filed
11 its Second Amended Complaint [106]. On June 5, 2015,
12 Limonadi Defendants filed their Answer to Plaintiff's
13 Second Amended Complaint [115], which contained the two
14 present counterclaims.

15 On June 12, 2015, Counterdefendants filed the
16 present Motion to Dismiss [120]. The Opposition [124]
17 and Reply [128] were timely filed. The Motion was set
18 for hearing on July 14, 2015, and was taken under
19 submission on July 1, 2015 [131].

20 **II. LEGAL STANDARD**

21 **A. Rule 12(b)(6) Motion to Dismiss**

22 Federal Rule of Civil Procedure 12(b)(6) allows a
23 party to move for dismissal of one or more claims if
24 the pleading fails to state a claim upon which relief
25 can be granted. Fed. R. Civ. P. 12(b)(6). Dismissal
26 can be based on a "lack of a cognizable legal theory or
27 the absence of sufficient facts alleged under a
28 cognizable legal theory." Balistreri v. Pacifica

1 Police Dep't, 901 F.2d 696, 699 (9th Cir. 1990). A
2 complaint must "contain sufficient factual matter,
3 accepted as true, to state a claim to relief that is
4 plausible on its face." Ashcroft v. Iqbal, 556 U.S.
5 662, 678 (2009) (internal quotation marks omitted);
6 Bell Atl. Corp. v. Twombly, 550 U.S. 544, 555 (2007).
7 The question presented by a motion to dismiss is not
8 whether the plaintiff will ultimately prevail, but
9 whether the plaintiff has alleged sufficient factual
10 grounds to support a plausible claim to relief, thereby
11 entitling the plaintiff to offer evidence in support of
12 its claim. Iqbal, 556 U.S. at 678; Swierkiewicz v.
13 Sorema N.A., 534 U.S. 506, 511 (2002).

14 III. DISCUSSION

15 A. Plaintiff's Requests for Judicial Notice

16 Rule 201 of the Federal Rules of Evidence states
17 that the court "may judicially notice a fact that is
18 not subject to reasonable dispute because it: (1) is
19 generally known . . .; or (2) can be accurately and
20 readily determined from sources whose accuracy cannot
21 reasonably be questioned." Fed. R. Evid. 201(b).

22 Generally, when "'ruling on a Rule 12(b)(6)
23 motion,'" "'a district court may not consider any
24 material beyond the pleadings.'" Lee v. City of L.A.,
25 250 F.3d 668, 688 (9th Cir. 2001). However, two
26 exceptions exist. Id. First, "a court may consider
27 'material which is properly submitted as part of the
28

1 complaint' on a motion to dismiss without converting
2 the motion to dismiss into a motion for summary
3 judgment," and if the documents are not physically
4 attached to the complaint, the documents "may be
5 considered if the documents' authenticity is not
6 contested and [if] the plaintiff's complaint
7 necessarily relies on [the documents]." Id. (internal
8 quotation marks and alterations omitted). Second, "a
9 court may take judicial notice of 'matters of public
10 record'" under Federal Rule of Evidence 201. Id.

11 Plaintiff requests that the Court take judicial
12 notice of five exhibits, all of which are records from
13 the U.S. Patent and Trademark Office (USPTO). See
14 Dctk. ## 121, 129. Because the exhibits can all be
15 "accurately and readily determined from sources whose
16 accuracy cannot reasonably be questioned," Fed. R.
17 Evid. 201(b), and because the exhibits are all
18 "matter[s] of public record," Lee, 250 F.3d at 688, the
19 Court **GRANTS** Plaintiff's Requests [121, 129] for
20 judicial notice and takes judicial notice of the fact
21 and content of the five attached exhibits.

22 **B. Motion to Dismiss**

23 1. Cal. Bus. & Prof. Code § 17200 Claim

24 "California's Unfair Competition Law ("UCL")
25 prohibits any 'unlawful, unfair or fraudulent business
26 act or practice.'" Cal. Bus. & Prof. Code § 17200;
27 Williams v. Gerber Prods. Co., 552 F.3d 934, 938 (9th
28

1 Cir. 2008). As such, to state a cause of action under
2 the UCL, the claimant must allege either an unlawful,
3 unfair, or fraudulent business activity. Williams, 552
4 F.3d at 938; VP Racing Fuels, Inc. v. Gen. Petroleum
5 Corp., 673 F. Supp. 2d 1073, 1086-88 (E.D. Cal. 2009).

6 The statute of limitations for an unfair
7 competition claim is "four years after the cause of
8 action accrued." Cal. Bus. & Prof. Code § 17208; see
9 Kayne v. Thomas Kinkade Co., No. C 07-4721-SI, 2007 WL
10 4287364, at *6 (N.D. Cal. Dec. 5, 2007). The movant
11 has the burden to show that the claimant's UCL claim is
12 barred by Section 17208's limitations period, but
13 thereafter, the burden shifts to the claimant to
14 demonstrate that his claims survive Section 17208
15 "based on one or more nonstatutory exceptions to the
16 basic limitations period." Aryeh v. Canon Bus.
17 Solutions, Inc., 292 P.3d 871, 879 (Cal. 2013).

18 a. *Standing*

19 "[A] private person has standing to sue [for unfair
20 competition under California law] only if he or she
21 'has suffered injury in fact and has lost money or
22 property as a result of such unfair competition.'" Californians For Disability Rights v. Mervyn's LLC, 138
23 P.3d 207, 209 (Cal. 2006).

25 Counterclaimants' ACC alleges that Plaintiff's
26 present action against them is "costing
27 [Counterclaimants] damages from not only the inability
28

1 to descriptively advertise its services, resulting in
2 lower sales, but costs through the abusive use of the
3 court system through baseless proceedings . . . [which
4 has] resulted in [Counterclaimants] being forced to
5 defend the claims set forth in Ketab's Second Amended
6 Complaint and expend funds on attorney's fees on
7 generic and/or descriptive terms that should be allowed
8 to be used in the market." ACC ¶ 31.

9 Such an allegation is sufficient at the motion to
10 dismiss stage to assert an injury in fact as a result
11 of what Counterclaimants allege is unfair competition
12 under California law.

13 b. *Fraud Prong*

14 A "fraudulent act" under the UCL "may include a
15 false statement, or one which, though strictly
16 accurate, nonetheless has the likely effect of
17 misleading or deceiving the public." Zeltig
18 Aesthetics, Inc. v. BTL Indus., Inc., No. 13-cv-05473-
19 JCS, 2014 WL 1245222, at *9 (N.D. Cal. Mar. 25, 2014).

20 Counterclaimants allege that Plaintiff placed an ®
21 symbol next to its "08" design mark (Registration No.
22 3,271,704) prior to October 16, 2006, when that mark
23 was filed for registration with the USPTO and, in so
24 doing, deceived Counterclaimants and the public by
25 representing that its "08" mark was a registered mark
26 when the mark was not yet registered. ACC ¶ 30.

27 Plaintiff argues that this allegation is barred by the
28

1 UCL's four-year statute of limitations. Because
2 Counterclaimants' original counterclaim was filed
3 October 23, 2014, see Dckt. # 24, Counterclaimants'
4 allegations regarding Plaintiff's activities prior to
5 October 2006 is barred by the UCL's statute of
6 limitations. Cal. Bus. & Prof. Code § 17208. Because
7 Counterclaimants do not show that their fraud
8 allegations survive Section 17208 under any applicable
9 exception, Counterclaimants' fraud allegations cannot
10 support its UCL claim. See Aryeh, 292 P.3d at 879.

11 c. *Unlawful Prong*

12 To claim a violation of the UCL based on an
13 "unlawful" act, the claimant must prove the defendant
14 violated some underlying law. VP Racing, 673 F. Supp.
15 2d at 1086-88. Plaintiff argues that Counterclaimants
16 have not identified a violation of any specific law in
17 the ACC. Though Counterclaimants allege that
18 Counterdefendants have violated a specific statute in
19 their Opposition, such allegations are not in the ACC
20 and thus will not be considered by the Court. See Lee,
21 250 F.3d at 688. Because Counterclaimants fail to
22 identify any specific law violated by Plaintiff's
23 alleged activity, Counterclaimants' UCL claim cannot be
24 based on the unlawful prong.

25 d. *Unfair Prong*

26 While there is a split among California appellate
27 courts as to the proper standard for an "unfair" act
28

1 under the UCL, Graham v. Bank of Am., N.A., 172 Cal.
2 Rptr. 3d 218, 233 (Ct. App. 2014), the California
3 Supreme Court has established the standard for an
4 unfair competition claim asserted against a competitor¹:

5 "[W]e must require that any finding of
6 unfairness to competitors under Section 17200 be
7 tethered to some legislatively declared policy
8 or proof of some actual or threatened impact on
9 competition . . . [and] thus adopt the following
10 test: When a plaintiff who claims to have
11 suffered injury from a direct competitor's
12 'unfair' act or practice invokes section 17200,
13 the word 'unfair' in that section means conduct
14 that threatens an incipient violation of an
15 antitrust law, or violates the policy or spirit
16 of one of those laws because its effects are
17 comparable to or the same as a violation of the
18 law, or otherwise significantly threatens or
19 harms competition."

20 Cel-Tech Commc'ns, Inc. v. L.A. Cellular Tel. Co., 973
21 P.2d 527, 20 Cal. 4th 548, 186-87 (1999).

22 Counterclaimants must allege that Plaintiff's
23 conduct "threatens an incipient violation of an
24 antitrust law, or violates the policy or spirit of one
25

26 ¹ Counterclaimants allege, and Plaintiff does not dispute,
27 that Counterclaimants and Plaintiff are direct competitors in the
28 Los Angeles area. See ACC ¶ 11.

1 of those laws." Id. Counterclaimants' ACC does not
2 mention any law, much less an antitrust law. As such,
3 Counterclaimants' UCL claim cannot be based upon the
4 unfair prong.

5 Because Counterclaimants' ACC does not allege
6 sufficient facts under any of the three prongs of an
7 unfair competition claim, the Court **GRANTS**
8 Counterdefendants' Motion to Dismiss [120] this claim.

9 Because Counterclaimants could allege additional
10 facts to support an unfair competition claim, the Court
11 **DISMISSES** this claim **WITH TWENTY (20) DAYS LEAVE TO**
12 **AMEND** from the date this Order is issued. See Eminence
13 Capital, LLC v. Aspeon, Inc., 316 F.3d 1048, 1051 (9th
14 Cir. 2003) (stating that Fed. R. Civ. P. 15(a)'s policy
15 that "'leave shall be freely given when justice so
16 requires'" should be "'applied with extreme
17 liberality'"). Because Counterclaimants have had
18 multiple opportunities to amend their Counterclaim,
19 this will be Counterclaimants' **FINAL** opportunity to
20 amend the Counterclaim.

21 2. Cancellation Claim

22 a. *Standing*

23 "In order to bring a claim for trademark
24 cancellation, the cancellation petitioner must plead
25 and prove facts showing a 'real interest' in the
26 proceedings in order to establish standing" and "must
27 show that he is 'more than an intermeddler' but rather
28

1 has a personal interest, and that 'there is a real
2 controversy between the parties.'" Hokto Kinoko Co. v.
3 Concord Farms, Inc., 810 F. Supp. 2d 1013, 1034 (C.D.
4 Cal. 2011).

5 Counterclaimants allege that Counterclaimant Melli
6 Yellowpages and Plaintiff Ketab Corp. are "the only two
7 competitors who provide telephone directory and
8 marketing services . . . to the Iranian community in
9 the Los Angeles area." ACC ¶ 11. Counterclaimants
10 allege that Plaintiff's "attempt to enforce"
11 Plaintiff's generic and/or descriptive marks "prevent
12 [the marks'] descriptive use in the market" and is "an
13 attempt to disrupt . . . the business and financial
14 resources of the Melli Defendants." Id. ¶ 26.
15 Counterclaimants allege they have suffered "damages
16 from . . . the inability to descriptively advertise
17 [their] services, resulting in lower sales." Id. ¶ 31.
18 Counterclaimants do not assert any other facts showing
19 a real interest in the cancellation claim. As such,
20 Counterclaimants' standing to bring their cancellation
21 claim depends entirely on Counterclaimants' allegations
22 that certain marks are "generic and/or descriptive."²

23
24
25 ² Though Counterclaimants allege that Plaintiff's trademarks
26 should be cancelled due to abandonment or fraud in the
27 obtainment, Counterclaimants do not allege facts showing an
28 independent injury or personal interest in the cancellation of
the trademarks separate from the allegations of injury relating
to the generic or descriptive nature of the marks.

1 However, Counterclaimants cannot establish standing
2 on the basis of their allegations of the generic or
3 descriptive nature of the marks for the following
4 reason. The ACC alleges that the following marks are
5 generic and/or descriptive: "Iranian Information
6 Center" and "Yellow Page-Iranian." ACC ¶¶ 14, 16-21.
7 However, Counterclaimants do not seek to cancel those
8 marks, but, rather, the following registered marks,
9 which the ACC does not anywhere allege are generic
10 and/or descriptive: an Arabian design mark that
11 translates to "Iranian pocket yellow pages"
12 (Registration No. 3,337,567); an "08" mark
13 (Registration No. 3,271,704); and a design mark that
14 consists only of an image of what appears to be an open
15 book (Registration No. 3,246,367). ACC ¶¶ 25, 32-42.

16 Because Counterclaimants do not allege sufficient
17 facts to show they have standing to bring their
18 cancellation claim, see Hokto Kinoko, 810 F. Supp. 2d
19 at 1034, the Court **GRANTS** Counterdefendants' Motion to
20 Dismiss [120] this claim.

21 Because Counterclaimants could allege additional
22 facts to support their cancellation claim, the Court
23 **DISMISSES** this claim **WITH TWENTY (20) DAYS LEAVE TO**
24 **AMEND** from the date this Order is issued. See Eminence
25 Capital, 316 F.3d at 1051. Because Counterclaimants
26 have had multiple opportunities to amend their
27
28

1 Counterclaim, this will be Counterclaimants' **FINAL**
2 opportunity to amend the Counterclaim.

3 **IV. CONCLUSION**

4 For the foregoing reasons, the Court **HEREBY GRANTS**
5 Plaintiff's Motion to Dismiss Defendants' Amended
6 Counterclaim Against Ketab Corp. and Bijan Khalili
7 [120].

8 The Court **HEREBY DISMISSES WITH TWENTY (20) DAYS**
9 **LEAVE TO AMEND** from the date of this Order the
10 following claims asserted by Counterclaimants in their
11 Counterclaim [115]:

- 12 (1) Violation of Cal. Bus. & Prof. Code § 17200;
- 13 (2) Cancellation of Registration.

14
15 **IT IS SO ORDERED.**

16
17 DATED: August 28, 2015

s/ RONALD S.W. LEW
HONORABLE RONALD S.W. LEW
Senior U.S. District Judge