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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' Second
)	Amended Counterclaim
MESRIANI & ASSOCIATES,)	Against Ketab Corp. and
RODNEY MESRIANI, SEYED ALI)	Bijan Khalili [145]
LIMONADI, ALI LIMONADI,)	
STUDIO CINEGRAPHIC LOS)	
ANGELES dba IRTV, MELLI)	
YELLOW PAGES, INC., and)	
DOES 1 through 10,)	
inclusive,)	
)	
)	
Defendants.)	
)	
)	

Plaintiff Ketab Corporation's ("Plaintiff") action alleges various claims related to trademark infringement against five named defendants: Mesriani & Associates, Rodney Mesriani, Seyed Ali Limonadi, Studio Cinegraphic Los Angeles, and Melli Yellow Pages, Inc.¹

¹ On August 26, 2015, the Court dismissed with prejudice all claims against Mesriani & Associates and Rodney Mesriani [132].

1 Defendants Seyed Ali Limonadi, Studio Cinegraphic
2 Los Angeles, and Melli Yellowpages ("Counterclaimants")
3 allege five Counterclaims against Plaintiff: (1)
4 violation of Section 17200 of the California Business &
5 Professions Code ("UCL claim") ; (2) cancellation of
6 trademark registrations [No. 3,271,704], [No.
7 3,246,367], [No. 3,337,567] (collectively, "Disputed
8 Marks" or "Ketab Marks"); (3) declaration of invalidity
9 of trademark Registration Number 3,337,567; (4)
10 declaration of invalidity of trademark Registration
11 Number 3,271,704; and (5) declaration of non-
12 infringement of the Ketab Marks. Second Am. Countercl.
13 ("SACC") ¶¶ 45-83.

14 Currently before the Court is Plaintiff's Motion to
15 Dismiss Defendants' Second Amended Counterclaim Against
16 Ketab Corp. and Bijan Khalili [145] ("Motion" or
17 "Motion to Dismiss"), and Plaintiff's Request for
18 Judicial Notice in Support of Plaintiff's Motion to
19 Dismiss Defendants' Second Amended Counterclaim Against
20 Ketab Corp. and Bijan Khalili [146] ("Request for
21 Judicial Notice"). For the reasons set forth below,
22 the Court **HEREBY GRANTS** Plaintiff's Request for
23 Judicial Notice [146] and **GRANTS** Plaintiff's Motion
24 [145].

25 I. BACKGROUND

26 A. Factual Background

27 Plaintiff is a California corporation based in Los
28 Angeles that is "in the business of providing telephone

1 directory and marketing services . . . to the Iranian
2 community in Southern California, . . . and around the
3 world, who live outside of Iran." Second Am. Compl.
4 ("SAC") ¶ 12, ECF No. 106.

5 Counterclaimant Melli Yellowpages, Inc. is a
6 California corporation based in Studio City,
7 California, that provides telephone directory and
8 marketing services to the Iranian community in the Los
9 Angeles area. SACC ¶¶ 1, 12. Counterclaimant Studio
10 Cinegraphic Los Angeles, dba IRTV ("IRTV") is an
11 Iranian television channel that provides local news,
12 information, and data on Iranian businesses,
13 activities, and cultural and commercial events. Id. ¶¶
14 1, 9. Counterclaimant Seyed Ali Limonadi ("Limonadi")
15 is an individual residing in Los Angeles who owns Melli
16 Yellowpages, Inc. Id. ¶ 1.

17 Counterclaimants allege that Melli Yellowpages and
18 Ketab are "the only two competitors who provide
19 telephone directory and marketing services . . . to the
20 Iranian community in the Los Angeles area." Id. ¶ 12.

21 **B. Procedural Background**

22 On September 16, 2014, Plaintiff filed its
23 Complaint against Counterclaimants and other defendants
24 [1]. On October 23, 2014, Counterclaimants filed their
25 Answer [24], which included Counterclaims for violation
26 of California Business & Professions Code § 17200 and
27 cancellation of trademark registrations. On November
28 14, 2014, Plaintiff filed its Answer to the

1 Counterclaims [32]. On March 2, 2015, Plaintiff filed
2 its First Amended Complaint [53] ("FAC"). On March 16,
3 2015, Counterclaimants filed their Answer to the FAC
4 [65], which included the same two Counterclaims.

5 On March 31, 2015, Plaintiff filed a Motion to
6 Dismiss Counterclaims [79], which the Court granted
7 with leave to amend because Counterclaimants failed to
8 timely oppose the motion. See Order re: Pl.'s Mot.
9 Dismiss Defs.' Countercl. 4:16-18, 4:26-5:1, ECF No.
10 101. On May 22, 2015, Counterclaimants filed their
11 First Amended Counterclaim [105]. That same day,
12 Plaintiff filed its Second Amended Complaint [106]
13 ("SAC"). On June 5, 2015, Counterclaimants filed their
14 Answer to Plaintiff's SAC [115], which contained the
15 same two Counterclaims. On June 12, 2015, Plaintiff
16 filed a Motion to Dismiss Defendants' Amended
17 Counterclaim [120] ("ACC"), which the Court granted
18 with twenty days leave to amend. See Order re: Pl.'s
19 Mot. Dismiss Defs.' Am. Countercl. 14:4-13, ECF No.
20 133.

21 On September 17, 2015, Counterclaimants filed their
22 SACC [137]. On October 8, 2015, Plaintiff filed the
23 present Motion to Dismiss Defendants' SACC [145]. The
24 Opposition [147] and Reply [150] were timely filed. The
25 hearing was originally set for November 10, 2015, and
26 the matter was taken under submission on November 4,
27 2015 [153].

28 / / /

II. LEGAL STANDARD

1
2 Federal Rule of Civil Procedure 12(b)(6) allows a
3 party to move for dismissal of one or more claims if
4 the pleading fails to state a claim upon which relief
5 can be granted. Fed. R. Civ. P. 12(b)(6). A motion to
6 dismiss a counterclaim brought under Rule 12(b)(6) is
7 evaluated under the same standard as a motion to
8 dismiss a plaintiff's complaint. Oracle America, Inc.
9 v. CedarCrestone, Inc., 938 F. Supp. 2d 895, 900 (N.D.
10 Cal. 2013). Dismissal can be based on a "lack of a
11 cognizable legal theory or the absence of sufficient
12 facts alleged under a cognizable legal theory."
13 Balistreri v. Pacifica Police Dep't, 901 F.2d 696, 699
14 (9th Cir. 1990). A complaint must "contain sufficient
15 factual matter, accepted as true, to state a claim to
16 relief that is plausible on its face." Ashcroft v.
17 Iqbal, 556 U.S. 662, 678 (2009) (internal quotation
18 marks omitted).

19 In ruling on a 12(b)(6) motion, a court may
20 generally consider only allegations contained in the
21 pleadings, exhibits attached to the complaint, and
22 matters properly subject to judicial notice. Swartz v.
23 KPMG LLP, 476 F.3d 756, 763 (9th Cir. 2007). A court
24 must presume all factual allegations of the complaint
25 to be true and draw all reasonable inferences in favor
26 of the non-moving party. Klarfeld v. United States,
27 944 F.2d 583, 585 (9th Cir. 1991). The question
28 presented by a motion to dismiss is not whether the

1 plaintiff will ultimately prevail, but whether the
2 plaintiff has alleged sufficient factual grounds to
3 support a plausible claim to relief, thereby entitling
4 the plaintiff to offer evidence in support of its
5 claim. Iqbal, 556 U.S. at 678; Swierkiewicz v. Sorema
6 N.A., 534 U.S. 506, 511 (2002). "While a complaint
7 attacked by a Rule 12(b)(6) motion to dismiss does not
8 need detailed factual allegations, a plaintiff's
9 obligation to provide the 'grounds' of his
10 'entitle[ment] to relief' requires more than labels and
11 conclusions, and a formulaic recitation of a cause of
12 action's elements will not do." Bell Atl. Corp. v.
13 Twombly, 550 U.S. 544, 555 (2007) (internal citation
14 omitted).

15 III. DISCUSSION

16 A. Judicial Notice

17 Copies of trademark registration certificates fall
18 within the category of documents that the court may
19 judicially notice under Federal Rule of Evidence
20 201(b)(2). Metro Publ'g, Ltd. v. San Jose Mercury
21 News, 987 F.2d 637, 641 n. 3 (9th Cir. 1993).

22 Accordingly, the Court **GRANTS** Plaintiff's Request for
23 Judicial Notice [146] of the following three trademark
24 registration certificates:

- 25 1. Registration No. 3,271,704;
- 26 2. Registration No. 3,337,567; and
- 27 3. Registration No. 3,246,367.

28 / / /

1 **B. Compliance with Local Rule 7-3**

2 Local Rule 7-3 requires that "counsel contemplating
3 the filing of any motion shall first contact opposing
4 counsel to discuss thoroughly, preferably in person,
5 the substance of the contemplated motion and any
6 potential resolution." L.R. 7-3. The Local Rule
7 further requires that this conference shall take place
8 at least seven (7) days prior to the filing of the
9 motion.² Id. Here, Plaintiff's Motion [145] was filed
10 on October 8, 2015. At the earliest, the Rule 7-3
11 conference took place on October 2, 2015, which is six
12 days before the Motion was filed. Thus, Plaintiff
13 failed to comply with Local Rule 7-3.

14 If a motion is filed less than seven (7) days after
15 the Local Rule 7-3 conference, the court may, in its
16 discretion, refuse to consider the motion for that
17 reason. See, e.g., Reed v. Sandstone Properties, L.P.,
18 No. CV 12-05021 MMM (VBKx), 2013 WL 1344912, at *6
19 (C.D. Cal. Apr. 2, 2013). However, where the opposing
20 party suffered no real prejudice as a result of the
21 late conference, courts generally consider the motion
22 on the merits. Id. Here, Counterclaimants have not
23 demonstrated that Plaintiff's Motion is "unnecessary."
24 Nor do Counterclaimants provide any arguments that they
25 have suffered prejudice as a result of the late

26
27 ² Plaintiff cites an outdated version of Local Rule 7-3,
28 which requires the "meet and confer" to occur at least five (5)
days prior to the filing of a motion to dismiss. See Reply 1:27-
2:4.

1 conference. Thus, the Court considers the merits of
2 Plaintiff's motion regardless of Plaintiff's failure to
3 comply with Local Rule 7-3. See Thomas v. U.S. Foods,
4 Inc., No. 8:12-cv-1221-JST (JEMx), 2012 WL 5634847, at
5 *1 n. 1 (C.D. Cal. Nov. 14, 2012) (considering the
6 plaintiff's motion despite failure to comply with Local
7 Rule 7-3). Nonetheless, the Court admonishes Plaintiff
8 of the seriousness of its failure to follow the Local
9 Rules and cautions Plaintiff to comply with Local Rule
10 7-3 in the filing of any future motions.

11 **C. California Business & Professions Code § 17200**
12 **(Count One)**

13 "California's [UCL] prohibits any 'unlawful, unfair
14 or fraudulent business act or practice.'" Williams v.
15 Gerber Prods. Co., 552 F.3d 934, 938 (9th Cir. 2008)
16 (quoting Cal. Bus. & Prof. Code § 17200). As such, to
17 state a cause of action under the UCL, the claimant
18 must allege either unlawful, unfair, or fraudulent
19 business activity. VP Racing Fuels, Inc. v. General
20 Petroleum Corp., 673 F. Supp. 2d 1073, 1086 (E.D. Cal.
21 2009).

22 1. Statute of Limitations

23 The statute of limitations for an unfair
24 competition claim is "four years after the cause of
25 action accrued." Cal. Bus. & Prof. Code § 17208; see
26 also Karl Storz Endoscopy Am., Inc. v. Surgical Techs.,
27 Inc., 285 F.3d 848, 857 (9th Cir. 2002). Courts have
28 developed a handful of equitable exceptions to the

1 usual rules governing limitations periods, including,
2 for example, equitable tolling, the discovery rule,
3 fraudulent concealment, the continuing violation
4 doctrine, and the doctrine of continuous accrual.
5 Aryeh v. Canon Bus. Solutions, Inc., 292 P.3d 871, 875-
6 76 (Cal. 2013). Equitable tolling may apply in
7 "extraordinary" cases where it would be unfair or
8 unjust to allow the statute of limitations to bar the
9 claims. Huynh v. Chase Manhattan Bank, 465 F.3d 992,
10 1004 (9th Cir. 2006). "Generally, the applicability of
11 equitable tolling depends on matters outside the
12 pleadings, so it is rarely appropriate to grant a Rule
13 12(b)(6) motion to dismiss . . . if equitable tolling
14 is at issue." Id. at 1003-1004. However, where the
15 claim shows on its face that it would be barred without
16 the application of equitable tolling, the court may
17 require the claimant to demonstrate that his claims
18 survive Section 17208's limitations period at the
19 pleading stage. Fox v. Ethicon Endo-Surgery, Inc., 110
20 P.3d 914, 920-21 (Cal. 2005).

21 Here, the SACC shows on its face that several of
22 Counterclaimants' allegations would be barred absent
23 equitable tolling. However, the SACC does not allege
24 the presence of any factors which would support tolling
25 of the limitations period, such as the discovery rule,
26 continuing violation doctrine, or continuous accrual
27 doctrine. See Aryeh, 292 P.3d at 879. Thus, this
28

1 Court rejects the application of equitable tolling of
2 the statute of limitations.

3 Accordingly, the following allegations are barred
4 by the statute of limitations:

5 (1) Counterclaimants' allegation that Plaintiff
6 "deceived Defendants and Counterclaimants, as
7 well as the public" when Plaintiff placed an ®
8 symbol next to its "08" design mark
9 (Registration Number 3,271,704) prior to its
10 registration date of October 16, 2006. SACC ¶
11 48. Absent an exception, the limitations
12 period on this claim ran no later than 2010,
13 barring Counterclaimants' 2014 suit.

14 (2) Counterclaimants' allegation that "Ketab was
15 the driving force behind a class action filed .
16 . . in 1998," which was "baseless," "abusive,"
17 and "void against public policy." SACC ¶¶ 50-
18 51. Absent an exception, the limitations
19 period on this claim ran no later than 2002,
20 barring Counterclaimants' 2014 suit.

1 Counterclaimants' remaining allegation³ in support
2 of its UCL claim concerns the cybersquatting matter
3 initiated by Counterclaimants on September 30, 2011,
4 after Plaintiff allegedly "reserved through eNom, Inc.,
5 a domain name identical to Defendant and
6 Counterclaimant's trademark 5050100 through a false
7 registrant name," and subsequently "attempt[ed] to
8 avoid service of the complaint." SACC ¶ 49; SACC, Ex.
9 8. Accepting the truth of Counterclaimants'
10 allegations solely for purposes of Plaintiff's
11 limitations defense, this allegation is not barred by
12 the four-year statute of limitations under California
13 Business & Professions Code § 17208.

14 2. Unlawful Act

15 To state a cause of action based on an "unlawful"
16 business act or practice under the UCL, the claimant
17 must allege facts sufficient to show a violation of
18 _____

19 ³ Counterclaimants' allegations that (1) Plaintiff's
20 "abusive litigation tactics are an attempt to enforce alleged
21 trademark rights in descriptive and/or generic terms . . . such
22 that [Counterclaimants] and the public are unable to use
23 descriptive terms in the market for describing the advertising of
24 its goods and services," SACC ¶ 46, and (2) Plaintiff "provides
25 an untenable interpretation of the Settlement Agreement in an
26 effort to . . . force [Counterclaimants] to expend financial
27 resources in defending what Ketab knows are unprotectable and
28 unregistrable trademarks," SACC ¶ 47, are dependent on
Plaintiff's bringing their infringement action, which conduct is
protected by the litigation privilege. Kane v. DeLong, No. C-12-
5437, 2013 WL 1149801, at *11-12 (N.D. Cal. Mar. 19, 2013)
("[T]he litigation privilege serves to prohibit UCL action to the
extent it is based on Plaintiff's filing their infringement
action, even if such an action is unethical or even illegal.").
Thus, Counterclaimants' UCL claim cannot be based on such
allegations.

1 some underlying law. VP Racing Fuels, 673 F. Supp. 2d
2 at 1086.

3 As to the alleged cybersquatting matter,
4 Counterclaimants fail to allege a violation of any
5 specific law in the SACC. In their Opposition,
6 Counterclaimants allege violation of two specific
7 statutes, the Uniform Domain Name Resolution Policy
8 ("UDRP") and the Anti-cybersquatting Consumer
9 Protection Act ("ACPA"). Opp'n 8:3-12. However, such
10 allegations are not in the SACC, and thus are not
11 considered by the Court at the motion to dismiss stage.
12 In fact, this Court made the exact same finding in
13 ruling on Plaintiff's Motion to Dismiss the ACC, and
14 Counterclaimants have not amended the SACC to cure the
15 deficiencies in the ACC. See Order re: Pl.'s Mot.
16 Dismiss ACC 9:17-21, ECF No. 133. Because
17 Counterclaimants once again fail to identify in the
18 SACC any specific law violated by Plaintiff's alleged
19 activity, Counterclaimants' UCL claim cannot be based
20 on an unlawful act.⁴

21 / / /

22 / / /

23
24 ⁴ Counterclaimants did amend the SACC in paragraph 48 to
25 specifically cite various trademark statutes which Plaintiff
26 violated when Plaintiff allegedly included an ® next to its "08"
27 mark (No. 3,271,704) prior to the registration date. Compare
28 SACC ¶ 48, with ACC ¶ 30. However, the allegations in paragraph
48 are barred by the applicable statute of limitations, and
Counterclaimants have not amended their SACC to identify any
specific law violated by Plaintiff's actions in the
cybersquatting matter.

1 3. Unfair Act

2 To sufficiently plead a UCL action based on an
3 "unfair" business act or practice, the claimant must
4 "allege facts showing the 'unfair' nature of the
5 conduct and that the harm caused by the conduct
6 outweighs any benefits that the conduct may have." VP
7 Racing, 673 F. Supp. 2d at 1087. A business act or
8 practice is "unfair" when the conduct "threatens an
9 incipient violation of an antitrust law, or violates
10 the policy or spirit of one of those laws because its
11 effects are comparable to a violation of the law, or
12 that otherwise significantly threatens or harms
13 competition." Id. at 1087-88 (quoting Cel-Tech
14 Comm'ns, Inc. v. L.A. Cellular Tel. Co., 973 P.2d 527,
15 565 (Cal. 1999)).

16 Here, Counterclaimants argue that, "[Plaintiff] is
17 asserting rights to the descriptive terms necessary to
18 sell yellow page services and information," which "is
19 in effect, creating a barrier to entry to competitors
20 in this market or otherwise restraining trade," and
21 that Plaintiff's "creation of barriers to entry in the
22 relevant market are 'unfair' and serve as grounds for
23 an unfair competition claim." Opp'n 8:27-9:3.

24 However, Counterclaimants have failed to amend their
25 SACC in accordance with the Court's August 28, 2015
26 Order, which held that "Counterclaimants' ACC does not
27 mention any law, much less antitrust law. As such,
28 Counterclaimants' UCL claim cannot be based upon the

1 unfair prong." Order re: Pl.'s Mot. Dismiss ACC 11:1-
2 4. Counterclaimants' SACC, as with their ACC, does not
3 mention any law or antitrust law, the violation of
4 which significantly threatens or harms competition.
5 Accordingly, Counterclaimants do not sufficiently
6 allege a UCL claim based on the unfair prong.

7 4. Fraudulent Act

8 A claim for fraud requires proof of five elements:
9 (1) misrepresentation (false representation,
10 concealment, or nondisclosure); (2) knowledge of
11 falsity (or "scienter"); (3) intent to defraud (i.e.,
12 intent to induce reliance); (4) justifiable reliance;
13 and (5) damages. Bank of the West v. Valley Nat. Bank
14 of Ariz., 41 F.3d 471, 477 (9th Cir. 1994).

15 Federal Rule of Civil Procedure 9(b) requires a
16 party alleging fraud to "state with particularity the
17 circumstances constituting fraud" even though
18 "[m]alice, intent, knowledge, and other conditions of a
19 person's mind may be alleged generally." Fed. R. Civ.
20 P. 9(b). "Rule 9(b)'s particularity requirement
21 applies to state-law causes of action," such as a UCL
22 claim. Vess v. Ciba-Geigy Corp. USA, 317 F.3d 1097,
23 317 F.3d 1097, 1103 (9th Cir. 2003) (holding that
24 allegations of fraud supporting a claim under
25 California Business & Professions Code § 17200 must
26 satisfy Rule 9(b)). The circumstances surrounding the
27 alleged fraud must "be specific enough to give
28 [Plaintiff] notice of the particular misconduct . . .

1 so that [Plaintiff] can defend against the charge and
2 not just deny that [it has] done anything wrong.”
3 Kearns v. Ford Motor Co., 567 F.3d 1120, 1124 (9th Cir.
4 2009) (quoting Bly-Magee v. California, 236 F.3d 1014,
5 1019 (9th Cir. 2001)). “Averments of fraud must be
6 accompanied by ‘the who, what, when, where, and how’ of
7 the misconduct charged.” Vess, 317 F.3d at 1106
8 (citation omitted).

9 Here, Counterclaimants argue that “on September 30,
10 2011, [Counterclaimants] discovered that Ketab falsely
11 represented that [it] was different parties in order to
12 evade service in a domain name cybersquatting action
13 under the [UDRP].” Opp’n 7:1-4. Counterclaimants
14 argue that “Ketab falsely claimed to be a company
15 called PMB 368,” and after service was attempted,
16 “changed its name to a company called Import & Export,
17 and then later to [an] individual Ahmad Shah” to avoid
18 service. Id. at 7:6-11. Counterclaimants argue that
19 “[t]he cost of the UDRP proceeding coupled with the
20 costs associated with multiple service attempts damaged
21 [Counterclaimants]” and constitutes fraud under the
22 UCL. Id. at 7:22-23.

23 However, the face of the SACC only alleges that
24 “Ketab brought two frivolous matters in an attempt to
25 increase costs and harm its competitor . . .
26 Counterclaimant. The most recent matter involved
27 cybersquatting. Ketab reserved through eNom, Inc., a
28 domain name identical to [Counterclaimants’] trademark

1 5050100 through a false registrant name.
2 [Counterclaimants] initiated suit through the National
3 Arbitration Forum ('NAF'). . . after several tactics
4 used by Ketab in an attempt to avoid service of the
5 complaint." SACC ¶ 49. After "Ketab failed to answer
6 to complaint," "[t]he panel of the NAF found that the
7 registration of the domain was identical, that the
8 registrant had no legitimate interests and that the
9 registration was done in bad faith." Id. Accordingly,
10 "the NAF ordered the transfer of the domain name
11 5050100.com from Ketab to [Counterclaimants]." Id.

12 Counterclaimants' allegations fail to satisfy the
13 heightened pleading requirements of Federal Rule of
14 Civil Procedure 9(b) because they do not "state with
15 particularity the circumstances constituting fraud."
16 Fed. R. Civ. P. 9(b). Counterclaimants' averments of
17 fraud are not "specific enough to give [Plaintiff]
18 notice of the particular misconduct . . . so
19 [Plaintiff] can defend against the charge." Vess, 317
20 F.3d at 1106. Moreover, Counterclaimants averments of
21 fraud do not contain "the who, what, when, where, and
22 how" of the misconduct charged. Id.

23 As to the first element of a fraud claim,
24 Counterclaimants argue that Plaintiff falsely
25 represented that it was a different entity in order to
26 avoid service in the cybersquatting matter. See SACC ¶
27 49. First, this identification of Ketab as the source
28 of the misrepresentations is insufficiently specific to

1 comply with the "who" requirement of Rule 9(b). See
2 Segal Co. v. Amazon.com, 280 F. Supp. 2d 1229, 1231
3 (W.D. Wash. 2003) (granting motion to dismiss in part
4 because reference to defendant's "representatives"
5 fails to sufficiently identify alleged wrongdoers);
6 Silicon Knights, Inc. v. Crystal Dynamics, Inc., 983 F.
7 Supp. 1303, 1315 (N.D. Cal. 1997) (granting motion to
8 dismiss in part because general allegation listing all
9 defendants is insufficient). Second, Counterclaimants'
10 allegations do not contain the "where" or, most
11 importantly, the "how" of the misconduct charged.
12 Vess, 317 F.3d at 1106. The SACC fails to sufficiently
13 state "how" Plaintiff is connected to the
14 cybersquatting matter, as the Respondent in that matter
15 was "Import & Export/Ahmad Shah," and the SACC does not
16 anywhere provide factual support for Plaintiff's
17 connection to those entities. See SACC, Ex. 8, at 139.
18 Third, the SACC does not specifically state the "when"
19 of Plaintiff's alleged entity changes. Exhibit 8 to
20 the SACC only notes that, on September 30, 2011, the
21 NAF served the complaint in the cybersquatting matter
22 on "Import & Export/Ahmad Shah." SACC, Ex. 8, at 139.
23 The SACC does not anywhere allege "when" Plaintiff made
24 its alleged entity changes to avoid service of that
25 complaint.

26 As to the second element of a fraud claim, even
27 though Rule 9(b) only requires knowledge to be alleged
28 generally, the SACC does not mention anywhere that

1 Plaintiff had knowledge of its alleged false
2 representation. Moreover, as to the third and fourth
3 elements of a fraud claim, the SACC does not allege
4 that Plaintiff intended to induce Counterclaimants'
5 reliance on its false representations, or that
6 Counterclaimants justifiably relied on Plaintiff's
7 representations.

8 Finally, Counterclaimants do not sufficiently plead
9 the fifth element of damages as a result of Plaintiff's
10 actions. Counterclaimants allege that "Ketab brought
11 two frivolous matters in an attempt to increase costs
12 and harm its competitor [Counterclaimant]." SACC ¶ 49.
13 However, the alleged cybersquatting matter was not
14 brought by Plaintiff. Rather, Counterclaimants
15 initiated the suit, and in fact, prevailed in that
16 matter when the NAF transferred the disputed domain
17 name to Counterclaimants. See id. Accordingly,
18 Counterclaimants fail to allege sufficient facts to
19 support its UCL claim under the fraud prong.

20 Because Counterclaimants do not allege sufficient
21 facts under any of the three prongs of an unfair
22 competition claim, the Court **GRANTS** Plaintiff's Motion
23 to Dismiss [145] the UCL claim. This Court warned
24 Counterclaimants that this was their final opportunity
25 to amend the Counterclaim because Counterclaimants have
26 had multiple opportunities to do so. See Order re:
27 Pl.'s Mot. Dismiss ACC 11:17-20. Where a party has
28 previously filed an amended pleading, as

1 Counterclaimants have done here, "the district court's
2 discretion to deny leave to amend is 'particularly
3 broad.'" Miller v. Yokohama Tire Corp., 358 F.3d 616,
4 622 (9th Cir. 2004) (citing Chodos v. W. Publ'g Co.,
5 292 F.3d 992, 1003 (9th Cir. 2002)). Counterclaimants'
6 SACC contains the exact same deficiencies as their ACC.
7 Accordingly, because Counterclaimants have been given
8 multiple opportunities to allege additional facts to
9 support an unfair competition claim, the Court
10 **DISMISSES** the claim **WITHOUT LEAVE TO AMEND**. See Foman
11 v. Davis, 371 U.S. 178, 182 (1962) (noting "repeated
12 failure to cure deficiencies by amendments previously
13 allowed" as a factor supporting denial of leave to
14 amend).

15 **D. Cancellation of Registrations for Fraud (Count Two)**

16 1. Standing

17 Section 1064 of the Lanham Act provides the
18 standard for cancellation of registration of a
19 trademark. 15 U.S.C. § 1064. In order to have
20 standing under Section 1064, the cancellation
21 petitioner must "plead and prove facts showing a 'real
22 interest' in the proceeding." Halicki Films, LLC v.
23 Sanderson Sales and Marketing, 547 F.3d 1213, 1228 (9th
24 Cir. 2008) (quoting Star-Kist Foods, Inc. v. P.J.
25 Rhodes & Co., 735 F.2d 346, 349 (9th Cir. 1984)). The
26 cancellation petitioner "must show that he is more than
27 an intermeddler but rather has a personal interest, and
28 that there is a real controversy between the parties."

1 Id. He "must show a real and rational basis for his
2 belief that he would be damaged by the registration
3 sought to be cancelled, stemming from an actual
4 commercial or pecuniary interest in his own mark." Id.
5 at 1228-29. Courts have found standing to exist where
6 the cancellation petitioner asserts a likelihood of
7 confusion between the petitioner's mark and the
8 registered mark at issue, or where the petitioner's
9 application is rejected during prosecution. Id. at
10 1229.

11 Counterclaimants' allegations in the SACC regarding
12 standing are identical to the allegations in the ACC.
13 Compare SACC ¶¶ 12, 26, 51, with ACC ¶ 11, 26, 31.

14 This Court already determined that those allegations
15 were insufficient to show that Counterclaimants have
16 standing to bring their cancellation claims. See Order
17 re: Pl.'s Mot. Dismiss ACC 12:5-13:20.

18 Counterclaimants' standing to bring their cancellation
19 claim depends entirely on Counterclaimants' allegations
20 that certain marks are "generic and/or descriptive."

21 Counterclaimants do not allege facts showing an
22 independent injury or personal interest in the
23 cancellation of the trademarks separate from the
24 allegations of injury relating to the generic or
25 descriptive nature of the marks.

26 Because Counterclaimants do not "show a real and
27 rational basis for [their] belief that [they] would be
28 damaged by the registration sought to be cancelled,

1 stemming from an actual commercial or pecuniary
2 interest in [their] own mark," Counterclaimants do not
3 allege sufficient facts to show that they have standing
4 to bring their cancellation claim. See Halicki Films,
5 547 F.3d at 1228-29. Counterclaimants have not
6 asserted a likelihood of confusion between
7 Counterclaimants' mark and the registered mark at
8 issue, or that an application of Counterclaimants was
9 rejected during prosecution. Id. at 1229.

10 Accordingly, the Court **GRANTS** Plaintiff's Motion to
11 Dismiss [145] the cancellation claim. As noted above,
12 because Counterclaimants have been given multiple
13 opportunities to amend their Counterclaim, the Court
14 **DISMISSES** the cancellation claim **WITHOUT LEAVE TO**
15 **AMEND.**

16 **E. Counterclaims Three, Four, and Five**

17 1. Amendment of the SACC Without Seeking Leave to
18 Amend

19 In their third through fifth causes of action,
20 Counterclaimants seek to assert Counterclaims brought
21 before the Court for the first time in the SACC.
22 Plaintiff argues that these claims should be dismissed
23 because Counterclaimants did not seek leave to amend to
24 add these new claims. Mot. 18:16-27.

25 "California district courts have occasionally
26 considered new claims submitted in an amended
27 [pleading] where the prior order of dismissal granted
28 leave to amend without limitation." DeLeon v. Wells

1 Fargo Bank, N.A., No. 10-CV-01390-LHK, 2010 WL 4285006,
2 at *3 (N.D. Cal. Oct. 22, 2010). However, in cases
3 like this one, where leave to amend is given to cure
4 deficiencies in certain specified claims, courts have
5 held that new claims alleged for the first time in the
6 amended pleading should be dismissed or stricken. Id.;
7 see, e.g., Kennedy v. Full Tilt Poker, No. CV-09-07964-
8 MMM-AGRx, 2010 WL 3984749, at *1 (C.D. Cal. Oct. 12,
9 2010) (striking the third amended complaint because
10 plaintiff did not seek leave to add new claims as
11 required by Rule 15).

12 The prior Order of this Court only granted leave to
13 amend as to Counterclaimants' claims for (1) violation
14 of California Business and Professions Code § 17200 and
15 (2) cancellation of registrations. Order re: Pl.'s
16 Mot. Dismiss ACC 14:8-13. Therefore, Counterclaimants
17 were required to seek leave of the Court before adding
18 new claims. Counterclaimants did not seek leave to
19 amend, nor do they argue in their Opposition that the
20 addition of Counterclaims three through five is proper.
21 In fact, Counterclaimants' Opposition only addresses
22 Counterclaims one and two, and does not put forward any
23 substantive arguments that Counterclaims three through
24 five should survive Plaintiff's Motion to Dismiss. As
25 discussed below, each of Counterclaimants' new claims
26 is subject to dismissal, and, accordingly, leave to
27 amend to add the new claims will not be granted.

28

1 Accordingly, this Court **GRANTS** Plaintiff's Motion to
2 Dismiss Counterclaims three, four, and five.

3 Generally, under Rule 15, the policy that "leave
4 shall be freely given when justice so requires" is "to
5 be applied with extreme liberality." Eminence Capital,
6 LLC v. Aspeon, Inc., 316 F.3d 1048, 1051 (9th Cir.
7 2003). "In the absence of any apparent or declared
8 reason – such as undue delay, bad faith or dilatory
9 motive on the part of the movant, repeated failure to
10 cure deficiencies by amendments previously allowed,
11 undue prejudice to the opposing party by virtue of
12 allowance of the amendment, futility of the amendment,
13 etc. – the leave sought should, as the rules require,
14 be 'freely given.'" Foman v. Davis, 371 U.S. 178, 182
15 (1962). Here, Counterclaimants unduly delayed in
16 adding claims three and four to their SACC. This Court
17 finds no reason why Counterclaims three and four could
18 not have been asserted long before now, especially when
19 Counterclaimants alleged in their first responsive
20 pleading that "the purported Ketab Marks are the
21 hallmark of descriptiveness and/or genericness and are
22 not enforceable." Countercl. ¶ 16, ECF No. 24.

23 However, undue delay without a "contemporaneous
24 specific finding of prejudice to the opposing party,
25 bad faith by the moving party, or futility of the
26 amendment" is insufficient to deny a motion to amend.
27 Bowles v. Reade, 198 F.3d 752, 758 (9th Cir. 1999). As
28 discussed in further detail below, the proposed

1 amendments would be futile because the issues will be
2 addressed in Plaintiff's case-in-chief. In order for
3 Plaintiff to meet its burden, Plaintiff will need to
4 prove (1) that its trademarks are valid, and (2) that
5 Counterclaimants infringed those trademarks.
6 Accordingly, the Court does not grant leave to amend
7 the SACC to add claims for declaration of invalidity
8 and declaration of non-infringement.

9 2. Declaration of Invalidity and Declaration of
10 Non-infringement

11 The Declaratory Judgment Act provides courts with
12 discretion to grant or dismiss a counterclaim for
13 declaratory judgment. See Wilton v. Seven Falls Co.,
14 515 U.S. 277, 288 (1995); Gov't Emps. Ins. Co. v.
15 Dizol, 133 F.3d 1220, 1223 (9th Cir. 1998). On a
16 motion to dismiss, several district courts within the
17 Ninth Circuit have found that counterclaims for
18 declaratory relief are improper if "repetitious of
19 issues already before the court via the complaint o[r]
20 affirmative defenses." Sw. Windpower, Inc. v. Imperial
21 Electric, Inc., No. CV-10-8200-SMM, 2011 WL 486089, at
22 *3 (D. Ariz. Feb. 4, 2011); Infa-Lab, Inc. v. KDS Nail
23 Int'l, No. CIV 2:07-01270 WBS EFB, 2008 WL 4793305, at
24 *3 (E.D. Cal. Oct. 27, 2008) (citing Berger v. Seyfarth
25 Shaw, LLP, No. 07-05279, 2008 WL 2468478, at *2 (N.D.
26 Cal. June 17, 2008)). Courts in other jurisdictions
27 have also concluded that if the factual and legal
28 issues in the claim and counterclaim are identical, it

1 is appropriate to dismiss the counterclaim. See
2 Knights Armament Co. v. Optical Sys. Tech., Inc., 568
3 F. Supp. 2d 1369, 1375 (M.D. Fla. 2008) ("Because the
4 parties' rights with respect to trademarks will be
5 decided by the infringement claims at hand, there is no
6 need for declaratory judgment."); Pettrey v. Enterprise
7 Title Agency, Inc., No. 05-1504, 2006 WL 3342633, at *3
8 (N.D. Ohio Nov. 17, 2006) ("A number of courts agree
9 that mirror-image counterclaims are improper").

10 Plaintiff's Complaint alleges direct, contributory,
11 and vicarious trademark infringement against
12 Counterclaimants. See SAC ¶¶ 46-119. In Counterclaims
13 three and four, Counterclaimants seek a declaration
14 that two of Plaintiff's trademarks are invalid as being
15 merely descriptive. SACC ¶¶ 66-77. In Counterclaim
16 five, Counterclaimants seek a declaration that
17 "Counterclaimants have not infringed, directly,
18 contributorily or vicariously the KETAB MARKS and
19 [Plaintiff has] failed to plead facts that make out a
20 prima facie claim for trademark infringement against
21 Counterclaimants under federal or state law." SACC ¶
22 82. Counterclaimants argue that "[s]ince [Plaintiff's]
23 allegations against the MESRIANI DEFENDANTS make up the
24 factual basis for its claims against [Counterclaimants]
25 and [Plaintiff has] failed to plead any independent
26 basis for infringement of the KETAB MARKS by
27 Counterclaimants, such claims fail as a matter of law."
28 Id. ¶ 81.

1 The Court **DISMISSES** Counterclaimants' declaratory
2 judgment claims because they are "repetitious of issues
3 already before the court via the complaint." Sw.
4 Windpower, 2011 WL 486089, at *3. In adjudicating the
5 main action, this Court will determine (1) whether
6 Plaintiff's trademarks are valid, and (2) whether
7 Counterclaimants directly, contributorily, or
8 vicariously infringed Plaintiff's trademarks.
9 Accordingly, the issues asserted in the Counterclaim
10 will necessarily be disposed of by Plaintiff's claims,
11 and the Counterclaims for declaration of invalidity and
12 declaration of non-infringement will be rendered moot.
13 See id. Because the third, fourth, and fifth
14 Counterclaims cannot be saved by amendment, the Court
15 **GRANTS** Plaintiff's Motion [145] as to these claims
16 **WITHOUT LEAVE TO AMEND.** Eminence Capital, 316 F.3d at
17 1052.

18 IV. CONCLUSION

19 For the foregoing reasons, the Court **HEREBY GRANTS**
20 Plaintiff's Motion to Dismiss the SACC [145] in its
21 entirety. All five Counterclaims are **DISMISSED WITHOUT**
22 **LEAVE TO AMEND.**
23 **IT IS SO ORDERED.**

24
25 DATED: December 4, 2015

s/ RONALD S.W. LEW

26 **HONORABLE RONALD S.W. LEW**
27 Senior U.S. District Judge
28