

1 Craig S. Mende, admitted *pro hac vice*  
 David A. Donahue, admitted *pro hac vice*  
 2 Betsy Judelson Newman, admitted *pro hac vice*  
 Grace W. Kang, admitted *pro hac vice*  
 3 FROSS ZELNICK LEHRMAN & ZISSU, P.C.  
 866 United Nations Plaza  
 4 New York, New York 10017  
 Telephone: (212) 813-5900  
 5 Facsimile: (212) 813-5901

6 James H. Berry, Jr. (State Bar No. 075834)  
 Kevin R. Lussier (State Bar No. 143821)  
 7 BERRY & PERKINS  
 A Professional Corporation  
 8 2049 Century Park East, Suite 950  
 Los Angeles, California 90067-3134  
 9 Telephone: (310) 557-8989  
 Facsimile: (310) 788-0080

10 Counsel for Defendant Ernst & Young Advisory Inc.

11 **THE UNITED STATES DISTRICT COURT**  
 12 **FOR THE CENTRAL DISTRICT OF CALIFORNIA**

13 ENTREPRENEUR MEDIA, INC.,  
 14  
 15 Plaintiff,

16 vs.

17 EYGN Limited, ERNST & YOUNG  
 LLP and ERNST & YOUNG  
 18 ADVISORY INC.,  
 19 Defendants.

Case No. SACV08-0608 DOC  
 (MLGx)

**MEMORANDUM OF POINTS AND  
 AUTHORITIES IN SUPPORT OF  
 ERNST & YOUNG ADVISORY  
 INC.'S MOTION FOR JUDGMENT  
 ON THE PLEADINGS FOR LACK  
 OF SUBJECT MATTER  
 JURISDICTION**

Date: December 22, 2008  
 Time: 8:30 a.m.  
 Courtroom: 9D  
 Judge: Honorable David O. Carter

20 EYGN Limited and ERNST &  
 21 YOUNG LLP,

22 Counterclaim-Plaintiffs,

23 vs.

24 ENTREPRENEUR MEDIA, INC., a  
 New York corporation,

25  
 26 Counterclaim-Defendant.

**TABLE OF CONTENTS**

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

Preliminary Statement ..... 1

Statement of Facts..... 2

    A. Nature of the Alleged Controversy..... 2

    B. Limited Allegations Concerning EYAI..... 3

ARGUMENT..... 4

    A. Standard for Subject Matter Jurisdiction..... 5

    B. There is No Justiciable Controversy Between EMI and EYAI  
    Pleaded on the Face of the Complaint..... 6

    C. In the Alternative, the Undisputed Facts Mandate Dismissal of the  
    Complaint Against EYAI ..... 7

Conclusion ..... 8

**TABLE OF AUTHORITIES**

**FEDERAL CASES**

1  
2 *Baker v. Carr*, 369 U.S. 186, 82 S. Ct. 691,  
3 7 L. Ed. 2d 663 (1962) ..... 5  
4 *Doe v. Schachter*, 804 F. Supp. 53 (N.D. Cal. 1992) ..... 5  
5 *Friends of Frederick Seig Grove # 94 v. Sonoma County Water Agency*,  
6 124 F. Supp. 2d 1161 (N.D. Cal. 2000) ..... 5  
7 *Fujitsu Ltd. v. Nanya Technology Corp.*, No. 06 CV 6613,  
8 2008 WL 3539503 (N.D. Cal. Aug. 12, 2008)..... 8  
9 *Hawaii Management Alliance Association v. Schmidt*, No. 07 CV 00593,  
10 2008 WL 4107988 (D. Haw. Sept. 5, 2008) ..... 6  
11 *Maryland Casualty Co. v. Pacific Coal & Oil Co.*, 312 U.S. 270,  
12 61 S. Ct. 510, 85 L. Ed. 826 (1941) ..... 5  
13 *Milne v. Slesinger, Inc.*, No. 02 CV 8508,  
14 2003 U.S. Dist. LEXIS 7942 (C.D. Cal. May 8, 2003) ..... 7  
15 *Morongo Band of Mission Indians v. California State Board of Equalization*,  
16 858 F.2d 1376 (9th Cir. 1988)..... 5  
17 *SanDisk Corp. v. Audio MPEG, Inc.*, No. 06 CV 02655,  
18 2007 WL 30598 (N.D. Cal. Jan 3, 2007) ..... 8  
19 *Snell v. Cleveland, Inc.*, 316 F.3d 822 (9th Cir. 2002)..... 5  
20 *Societe de Conditionnement en Aluminium v. Hunter Engineering Co.*,  
21 655 F.2d 938 (9th Cir. 1981)..... 5, 7  
22 *Stock West, Inc. v. Confederated Tribes of Colville Reservation*,  
23 873 F.2d 1221 (9th Cir. 1989)..... 6  
24 *Thornhill Publishing Co. v. General Telephone & Electronics Corp.*,  
25 594 F.2d 730 (9th Cir. 1979)..... 7  
26  
27  
28

**FEDERAL STATUTES**

1 28 U.S.C. § 2201..... 5

2

3

**FEDERAL RULES**

4 FED. R. CIV. P. 12(b) ..... 6

5 FED. R. CIV. P. 12(c) ..... 1, 6, 7

6 FED. R. CIV. P. 12(h) ..... 5

7

**MISCELLANEOUS**

8 Charles Alan Wright & Arthur R. Miller, *Federal Practice and Procedure*

9 (3d ed. 2004)..... 6

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

1 Defendant Ernst & Young Advisory Inc. (“EYAI”) submits this memorandum  
2 of points and authorities and the accompanying declarations of Doris Stamml, dated  
3 October 29, 2008 (“Stamml Decl.”) and Craig S. Mende, dated November 12, 2008  
4 (“Mende Decl.”), in support of its motion for judgment on the pleadings for lack of  
5 subject matter jurisdiction pursuant to Rule 12(c) of the Federal Rules of Civil  
6 Procedure (“Fed. R. Civ. P.”).

### 7 **Preliminary Statement**

8 In this declaratory judgment action, plaintiff Entrepreneur Media Inc.  
9 (“EMI”) alleges the existence of a trademark dispute with defendants EYGN  
10 Limited (“EYGN”) and Ernst & Young LLP (“Ernst & Young”) – not with  
11 defendant EYAI. Because there is no dispute between EMI and EYAI, there is no  
12 subject matter jurisdiction over EMI’s claims against EYAI.

13 Specifically, this action was filed shortly after EYGN issued two cease and  
14 desist demands which, according to EMI, constituted a “thinly veiled threat of  
15 litigation ...” (Compl. ¶ 1.) EMI’s complaint seeks a declaration that: (1) the  
16 federally registered ENTREPRENEUR OF THE YEAR mark owned by EYGN and  
17 used in the United States under license by Ernst & Young is invalid; (2) the federal  
18 registration for that mark should be cancelled; and/or (3) EMI’s use of the mark  
19 preceded by the words “Entrepreneur® Magazine’s” in connection with its own  
20 contest and awards program is non-infringing. (*Id.*) In addition to naming  
21 defendants EYGN (the trademark owner) and Ernst & Young (its U.S. licensee that  
22 conducts a contest under the ENTREPRENEUR OF THE YEAR mark), EMI also  
23 named EYAI, a Canadian corporation that is registered to do business in California.  
24 (*Id.* ¶¶ 3-4; *see also* Stamml Decl. ¶¶ 2, 4.) However, EYAI has never used the  
25 ENTREPRENEUR OF THE YEAR mark and has never asserted or threatened to  
26 assert any claims against EMI relating to that mark. (Stamml Decl. ¶¶ 5-6.) Thus, it

1 appears that EYAI was named as a defendant solely to support EMI's attempt to  
2 usurp from EYGN and Ernst & Young their choice of a forum outside of  
3 California.<sup>1</sup> In any event, no actual, justiciable or substantial controversy exists  
4 between EYAI and EMI, and therefore the Court is required to dismiss the action as  
5 to EYAI for lack of subject matter jurisdiction.

### 6 Statement of Facts

#### 7 **A. Nature of the Alleged Controversy<sup>2</sup>**

8 EMI alleges that the dispute at issue in this action arose in May 2008 when  
9 EYGN sent a cease and desist letter and follow-up email to EMI claiming trademark  
10 rights in ENTREPRENEUR OF THE YEAR and demanding that EMI choose a  
11 different name for its program. (Compl. ¶ 1.) EMI alleges specifically that  
12 defendant EYGN claimed ownership of the ENTREPRENEUR OF THE YEAR  
13 trademark and "threatened Plaintiff EMI with legal action for trademark  
14 infringement ...." (*Id.* ¶ 3.)

15 The complaint references, quotes, cites and attaches a copy of the May 1,  
16 2008 letter and May 16, 2008 email from EYGN's outside counsel Susan Upton  
17 Douglass in which, according to EMI's allegations, "Ms. Douglass warned that  
18 EYGN Limited would take legal action against Entrepreneur Magazine unless it  
19 selected a different name for its awards program ...." (*Id.* ¶ 11 and Exs. A & B.)  
20 EMI alleges that the correspondence from EYGN's counsel

---

21  
22 <sup>1</sup> EYGN and Ernst & Young (not EYAI) filed a parallel suit against EMI, Case No.  
23 08 CV 6734, in the Southern District of New York. (Mende Decl. ¶ 8 and Ex. 3.)  
24 The procedural history is set forth in greater detail in the accompanying Motion for  
25 Judgment on the Pleadings or, in the Alternative, to Transfer filed by defendant  
Ernst & Young.

26 <sup>2</sup> Without addressing the truth of the allegations in the complaint, EYAI sets them  
27 forth as pleaded to show that, even if true, they fail to establish subject matter  
28 jurisdiction with respect to the claims against EYAI. EYAI submits herewith the  
Declaration of Doris Stamml solely to provide information that would be relevant to  
the motion in the event that, notwithstanding the foregoing, the Court finds that facts  
beyond what is alleged in the complaint may be pertinent to the motion.

1 created in Plaintiff a real and reasonable apprehension that  
2 EMI would be subject to a lawsuit if it continued to  
3 advertise and otherwise promote its “Entrepreneur  
4 Magazine’s 2008 Entrepreneur® OF THE YEAR” and  
5 “Entrepreneur Magazine’s 2008 Emerging Entrepreneur®  
6 OF THE YEAR” contest and awards program for  
7 outstanding entrepreneurs.

8 (*Id.* ¶ 13.)

9 **B. Limited Allegations Concerning EYAI**

10 The only allegation in the complaint specifically addressing EYAI concerns  
11 EYAI’s presence in California. The allegation states, in its entirety:

12 Plaintiff is informed and believes and based thereon  
13 alleges that Defendant Ernst & Young Advisory Inc. is an  
14 affiliate of EYGN Limited, has a California presence, and  
15 is registered to do business in California. Plaintiff is  
16 informed and believes and based thereon alleges that  
17 Defendant Ernst & Young Advisory Inc. otherwise has  
18 substantial contacts within this judicial district.

19 (*Id.* ¶ 4.)<sup>3</sup>

20 In some places, rather than consistently referring to the mark as EYGN’s, the  
21 complaint imprecisely refers to “*Defendants*’ registered ‘Entrepreneur of the Year’  
22 trademark,” or “*Defendants*’ registered trademark[] ... for ENTREPRENEUR OF  
23 THE YEAR, Reg. No. 1,587,164.” (Compl. ¶ 1 and n.1 (emphasis added); *accord*  
24 *id.* ¶¶ 14-16, 20, 29.) Likewise, while EMI alleges specifically and repeatedly that  
25 the May 2008 cease and desist demands were issued by “Defendant EYGN Limited”  
26

---

27 <sup>3</sup> In fact, EYGN is not an “affiliate of EYGN Limited” as Plaintiff alleges. (Stamml  
28 Decl. ¶ 3.)

1 (*see id.* ¶¶ 1, 3, 11), elsewhere the complaint refers to “Defendants’ May 1, 2008  
2 letter and May 16, 2008 e-mail,” the objections of “Defendants,” and “Defendants”  
3 attempt to prevent unauthorized use of its mark. (*See id.* ¶¶ 2, 19, 23.) However,  
4 photocopies of the cease and desist correspondence and a United States Patent and  
5 Trademark Office print-out for the ENTREPRENEUR OF THE YEAR registration  
6 attached at Exhibits A and B to the complaint remove any ambiguity; they confirm  
7 that EYAI does not own the federal registration at issue and did not issue any  
8 demands or threats to EMI. (*See id.* Exs. A & B.)

9       The complaint also references a statement in the May 1, 2008 cease and desist  
10 letter from EYGN’s counsel that “The ENTREPRENEUR OF THE YEAR mark is  
11 licensed by EYGN Limited to member firms of the Ernst & Young global  
12 organization,” including defendant “Ernst & Young LLP.” (*Id.* ¶ 19 and Ex. A.)  
13 EMI alleges that “[s]uch contracts and agreements between EYGN Limited and its  
14 various Ernst & Young affiliates constitute the wrongful use of the claimed  
15 ‘Entrepreneur of the Year’ trademark in restraint of trade or commerce” under  
16 United States antitrust laws. (*Id.* ¶ 19.) However, EMI does not allege that EYAI  
17 ever claimed rights in or used the ENTREPRENEUR OF THE YEAR mark in the  
18 United States or elsewhere, and EYGN’s May 1, 2008 letter does not indicate in any  
19 way that EYAI uses the ENTREPRENEUR OF THE YEAR mark in the United  
20 States or elsewhere. (*See id.* Ex. A.) In fact, EYAI does not. (Stamml Decl. ¶ 5.)<sup>4</sup>

### 21                                   Argument

22       EMI has alleged that the May 2008 EYGN cease and desist demands  
23 regarding the ENTREPRENEUR OF THE YEAR mark constituted a threat  
24 sufficient to create a justiciable controversy. (*See* Compl. ¶ 1.) But that threat did  
25

---

26 <sup>4</sup> The Stamml Declaration also confirms that EYAI’s principal place of business is  
27 located in Toronto; that EYAI has never used the ENTREPRENEUR OF THE  
28 YEAR mark; and that EYAI has never contacted or communicated with EMI  
regarding use of or rights in that mark. (Stamml Decl. ¶¶ 1, 5-6.)



1 not – and could not – come from EYAI – because EYAI (1) has never used the  
2 ENTREPRENEUR OF THE YEAR mark in the United States or elsewhere, and (2)  
3 has never contacted or communicated with EMI regarding use of or rights in such  
4 mark. (Stamml Decl. ¶¶ 5-6.) EMI has failed to adequately allege any controversy  
5 with EYAI in its pleadings (*see* Pt. B below), and the undisputed evidence confirms  
6 that no controversy actually exists between EMI and EYAI (*see* Pt. C below).  
7 Therefore, the Court must dismiss EYAI from this action for lack of subject matter  
8 jurisdiction.

9 **A. Standard for Subject Matter Jurisdiction**

10 Lack of subject matter jurisdiction is a defense that cannot be waived by the  
11 actions of a defendant, *see* Fed. R. Civ. P. 12(h)(1) and (3), and may be raised at  
12 “any time during the pendency of the action.” *Snell v. Cleveland, Inc.*, 316 F.3d  
13 822, 826 (9th Cir. 2002). It is black-letter law that “[i]f the court determines at any  
14 time that it lacks subject-matter jurisdiction, the court *must* dismiss the action.” Fed.  
15 R. Civ. P. 12(h)(3) (emphasis added); *accord Friends of Frederick Seig Grove # 94*  
16 *v. Sonoma County Water Agency*, 124 F. Supp. 2d 1161, 1164 (N.D. Cal. 2000).  
17 Under both Article III of the United States Constitution and the Declaratory  
18 Judgment Act (the “Act”)<sup>5</sup>, there is no subject matter jurisdiction absent a “case or  
19 controversy” between the parties. *Doe v. Schachter*, 804 F. Supp. 53, 57 (N.D. Cal.  
20 1992) (citing *Baker v. Carr*, 369 U.S. 186, 198, 82 S. Ct. 691, 700, 7 L. Ed. 2d 663  
21 (1962)).<sup>6</sup>

22 \_\_\_\_\_  
23 <sup>5</sup> The Act provides that “[i]n a case of actual controversy within its jurisdiction, . . .  
24 any court of the United States, upon the filing of an appropriate pleading, may  
25 declare the rights and other legal relations of any interested party seeking such  
26 declaration, whether or not further relief is or could be sought.” 28 U.S.C. § 2201.  
As such, it “merely creates a remedy in cases otherwise within the court’s  
jurisdiction; it does not constitute an independent basis for jurisdiction.” *Morongo  
Band of Mission Indians v. Cal. State Bd. of Equalization*, 858 F.2d 1376, 1382-83  
(9th Cir. 1988) (internal citation omitted).

27 <sup>6</sup> This means that, for the Court to retain jurisdiction, there must be a “substantial  
28 controversy, between parties having adverse legal interests, of sufficient immediacy  
and reality to warrant the issuance of a declaratory judgment.” *Societe de  
Conditionnement en Aluminium v. Hunter Eng’g Co.*, 655 F.2d 938, 942 (9th Cir.

1           Where, as here, “a party raises an issue as to the court’s subject matter  
2 jurisdiction on a motion for a judgment on the pleadings [under Rule 12(c)], the  
3 district judge will treat the motion as if it had been brought under Rule 12(b)(1).”  
4 5C Charles Alan Wright & Arthur R. Miller, *Federal Practice and Procedure*  
5 § 1367 at 221 (3d ed. 2004); *see also Hawaii Mgmt. Alliance Ass’n v. Schmidt*, No.  
6 07 CV 00593, 2008 WL 4107988, at \*2 (D. Haw. Sept. 5, 2008) (applying Rule  
7 12(b)(1) standard to a motion for judgment on the pleadings brought under Rule  
8 12(c)). As such, the plaintiff bears the burden of proving that subject matter  
9 jurisdiction exists when challenged. *Stock W., Inc. v. Confederated Tribes of*  
10 *Colville Reservation*, 873 F.2d 1221, 1225 (9th Cir. 1989).

11           Because there is no controversy between EMI and EYAI – let alone a  
12 “substantial” controversy – subject matter jurisdiction is lacking and the claims  
13 against EYAI must be dismissed.

14           **B.     There is No Justiciable Controversy Between EMI and EYAI**  
15                   **Pleaded on the Face of the Complaint**

16           EMI, which brought this action in response to demand letters from defendant  
17 EYGN, seeks cancellation of defendant *EYGN’s* federal registration for  
18 ENTREPRENEUR OF THE YEAR, and a declaration that EMI is not infringing  
19 *EYGN’s* mark. (*See* Compl. ¶ 1.) But EMI’s assertion of subject matter jurisdiction  
20 over its claims for declaratory relief against *EYAI* is deficient on its face. EMI does  
21 not allege that EYAI (1) has claimed rights in the ENTREPRENEUR OF THE  
22 YEAR mark in the United States; (2) owns a registration for the mark in the United  
23 States; or (3) has accused EMI of infringing that mark or threatened to take action  
24 against EMI with respect to that mark. (*See* Compl.) Indeed, the only express  
25  
26

27  
28 1981) (quoting *Maryland Cas. Co. v. Pac. Coal & Oil Co.*, 312 U.S. 270, 273, 61 S.  
Ct. 510, 512, 85 L. Ed. 826 (1941)) (internal quotations omitted).

1 reference to EYAI in the entire complaint is an allegation that EYAI does business  
2 in California – nothing more. (*See id.* ¶ 4.)<sup>7</sup>

3         Simply put, even with all allegations construed in EMI’s favor, EMI has  
4 failed to allege *any* controversy with EYAI – let alone a “substantial controversy . . .  
5 of sufficient immediacy” to confer jurisdiction on this Court over the subject matter  
6 of EMI’s claims for declaratory relief against EYAI. *See Societe de*  
7 *Conditionnement en Aluminium*, 655 F.2d at 942. Accordingly, the complaint must  
8 be dismissed as against EYAI.

9         **C. In the Alternative, the Undisputed Facts Mandate Dismissal of the**  
10         **Complaint Against EYAI**

11         Even if EMI’s allegations could be reasonably construed to allege an actual  
12 controversy between EMI and EYAI – which as shown in Pt. B. above, they cannot  
13 – the undisputed facts mandate dismissal of the claims against EYAI for lack of  
14 subject matter jurisdiction.

15         Where a motion challenges the actual existence of subject matter jurisdiction,  
16 rather than merely the sufficiency of the pleadings alleging subject matter  
17 jurisdiction, “[n]o presumptive truthfulness attaches to plaintiff’s allegations, and  
18 the existence of disputed material facts will not preclude the trial court from  
19 evaluating for itself the merits of jurisdictional claims.” *Thornhill Publ’g Co. v.*  
20 *Gen. Tel. & Elec. Corp.*, 594 F.2d 730, 733 (9th Cir. 1979). As set forth in the  
21 declaration of EYAI’s Secretary, Ms. Stamml, EYAI has never used the  
22 ENTREPRENEUR OF THE YEAR mark in the United States or elsewhere and has  
23 never contacted or communicated with EMI regarding use of or rights in such mark.  
24 (Stamml Decl. ¶¶ 5-6.) There is no dispute between EYAI and EMI concerning the

25 \_\_\_\_\_  
26 <sup>7</sup> The correspondence attached to the complaint as Exhibits A and B also confirms  
27 that the claims at issue are not directed to EYAI. *See Milne v. Slesinger, Inc.*, No.  
28 02 CV 8508, 2003 U.S. Dist. LEXIS 7942, at \*9-\*10 (C.D. Cal. May 8, 2003)  
(under Rule 12(c), “the Court may consider pleadings, documents attached as  
exhibits or incorporated by reference in the pleadings, and matters of which the  
Court may take judicial notice”).

1 ENTREPRENEUR OF THE YEAR mark or any variation of that mark in the  
2 United States. (*Id.* ¶ 7.) As such, even if EMI had pleaded allegations that would  
3 create the appearance of a controversy between EMI and EYAI, the claims against  
4 EYAI would still have to be dismissed because the undisputed and indisputable facts  
5 show that there is in reality no actual, justiciable or substantial controversy between  
6 EMI and EYAI, and EMI cannot show otherwise. *See Fujitsu Ltd. v. Nanya Tech.*  
7 *Corp.*, No. 06 CV 6613, 2008 WL 3539503, at \*3-\*4 (N.D. Cal. Aug. 12, 2008)  
8 (finding no actual controversy where defendant did not accuse plaintiff of  
9 infringement); *SanDisk Corp. v. Audio MPEG, Inc.*, No. 06 CV 2655, 2007 WL  
10 30598, at \*6 (N.D. Cal. Jan. 3, 2007) (same).

11 **Conclusion**

12 For the foregoing reasons, EYAI's motion for judgment on the pleadings for  
13 lack of subject matter jurisdiction should be granted.

14  
15 DATED: November 12, 2008

16 BERRY & PERKINS,  
17 A Professional Corporation

Respectfully submitted,

FROSS ZELNICK LEHRMAN & ZISSU, P.C.

18 By: 

19 Craig S. Mende  
[cmende@frosszelnick.com](mailto:cmende@frosszelnick.com)  
20 David A. Donahue  
[ddonahue@frosszelnick.com](mailto:ddonahue@frosszelnick.com)  
21 Betsy Judelson Newman  
[bnewman@frosszelnick.com](mailto:bnewman@frosszelnick.com)  
22 Grace W. Kang  
[gkang@frosszelnick.com](mailto:gkang@frosszelnick.com)  
23 Phone: (212) 813-5900

24 *Counsel for Defendant Ernst & Young*  
25 *Advisory Inc.*