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UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF CALIFORNIA

PANDORA JEWELRY, LLC,

NO. CIV. S-08-3108 LKK/DAD

Plaintiff,

v.

O R D E R

BELLO PARADISO, LLC,

Defendant.

AND RELATED COUNTERCLAIM

Plaintiff has filed a motion to dismiss all of defendant's counterclaims, as well as a motion to strike defendant's state-law counterclaim under California's anti-SLAPP statute.¹ Defendant filed a statement of non-opposition to the motion to dismiss, but opposes the motion to strike on the ground that it is now moot. Plaintiff replies that the motion is not moot because the anti-

¹ Cal. Code Civ. P. § 425.16. "SLAPP is an acronym for 'strategic lawsuit against public participation.'" Jarrow Formulas, Inc. v. La Marche, 31 Cal. 4th 728, 732 n.1 (2003).

1 SLAPP statute makes attorneys fees available, and that voluntary
2 dismissal has no effect on the availability of fees. For the
3 reasons stated below, plaintiff's motion is granted.

4 **I. BACKGROUND**

5 Pandora Jewelry A/S is a Danish entity which manufactures a
6 brand of charm bracelets and necklaces. Pandora Jewelry, LLC,
7 ("Pandora US") is a United States entity that distributes these
8 items in the United States. Pandora US is the plaintiff in this
9 suit, and brings claims for trademark infringement, copyright
10 infringement, and unfair competition against defendant Bello
11 Paradiso, LLC, a California company. In general, Pandora US's
12 claims center on the allegation that Bello Paradiso is selling
13 purported Pandora Jewelry products in a way that implies a
14 connection with Pandora Jewelry when no such connection exists.
15 See, e.g., Compl. ¶ 26.

16 Bello Paradiso has filed a counterclaim naming Pandora US and
17 Pandora A/S. This counterclaim names four federal causes of action
18 and a claim under California's Unfair Competition Law, Cal. Bus. &
19 Prof. Code § 17200. Bello Paradiso's UCL claim contains few
20 specific allegations. The claim alleges that Pandora A/S and
21 Pandora US "conspired to violate [the UCL] to prevent the
22 independent resale of PANDORA Product and Beads and the resale of
23 the jewelry with reasonable discounts, so that they may maintain
24 and enhance the Pandora Parties' monopoly power in the relevant
25 product market in the United States of America." Amended
26 Counterclaim ("ACC") ¶ 68. Bello Paradiso also incorporates by

1 reference all general factual allegations contained in the
2 counterclaim, alleging that these facts demonstrate violations of
3 the UCL. ACC ¶¶ 66, 67. These general allegations demonstrate two
4 theories of unlawful conduct. First, plaintiffs allege that “the
5 Pandora Parties[have] misuse[d] the PANDORA mark and [their]
6 alleged copyrights to harass and to initiate sham litigation
7 against Bello Paradiso in furtherance of the Pandora Parties’
8 unlawful attempts at monopolization.” ACC ¶ 2. This alleged sham
9 litigation includes the instant suit against Bello Paradiso, ACC ¶¶
10 49-50, a suit against another reseller, ¶ 39, and suit against the
11 producer of a competing brand of jewelry, ¶¶ 23, 36. Second, Bello
12 Paradiso alleges that contracts between the Pandora parties and
13 authorized retailers prohibit sale of Pandora products at prices
14 below those dictated by the Pandora parties. ACC ¶ 37.

15 In addition to the state-law UCL counterclaim, Bello
16 Paradiso’s other counterclaims are for violations of section 2 of
17 the Sherman Antitrust Act (Counterclaims 1 - 3) and for declaratory
18 judgment that a trademark registration is invalid (Counterclaim 5).
19 These federal counterclaims are not directly at issue in the
20 present motion.

21 Pandora US moves to dismiss all of counterclaims with
22 prejudice and to strike the UCL claim as violative of California’s
23 Anti-SLAPP statute, Cal. Code Civ. Pro. § 425.16. Bello Paradiso
24 filed a statement of non-opposition to the motion to dismiss. In
25 addition, Bello Paradiso has also filed a Fed. R. Civ. P. 41(a)(i)
26 notice of dismissal without prejudice of all counterclaims against

1 Pandora Jewelry A/S.² Bello Paradiso nonetheless opposes the anti-
2 SLAPP motion, asserting that it has been rendered moot by the non-
3 opposition to the dismissals. Bello Paradiso does not support this
4 opposition with any argument, and has not addressed the merits of
5 the anti-SLAPP motion.

6 **II. STANDARD FOR AN ANTI-SLAPP MOTION TO STRIKE,**
7 **CAL. CODE CIV. PRO. § 425.16**

8 California Code of Civil Procedure section 425.16 (b) (1)
9 provides that:

10 A cause of action against a person arising
11 from any act of that person in furtherance of
12 the person's right of petition or free speech
13 under the United States or California
14 Constitution in connection with a public
15 issue shall be subject to a special motion to
16 strike, unless the court determines that the
17 plaintiff has established that there is a
18 probability that the plaintiff will prevail
19 on the claim.

20 Id. Parties "sued in federal courts can bring anti-SLAPP motions
21 to strike state law claims and are entitled to attorneys' fees
22 and costs when they prevail." Verizon Del., Inc. v. Covad
23 Communs. Co., 377 F.3d 1081, 1091 (9th Cir. 2004).³

24 ² Pandora Jewelry A/S has not stated an appearance, and is not
25 a party to Pandora US's motions.

26 ³ The panel in Verizon Del. held that "procedural state laws
are not used in federal court if to do so would result in a direct
collision with a Federal Rule of Civil Procedure," and that certain
discovery-limiting provision in California's anti-SLAPP statute
gave rise to such a collision. 377 F.3d at 1091 (quoting
Metabolife Int'l, Inc. v. Wornick, 264 F.3d 832, 845-46 (9th Cir.
2001)) (internal modification omitted). These discovery provisions
are not relevant in this case, nor is any other such collision
present.

1 Evaluation of a "special motion to strike" brought under
2 this section therefore proceeds in two steps. Equilon
3 Enterprises v. Consumer Cause, Inc., 29 Cal. 4th 53, 67 (2002).
4 First, the moving party must make "a threshold showing that the
5 challenged cause of action is one arising from protected
6 activity," i.e., that "the act or acts of which the [non-moving
7 party] complains were taken 'in furtherance of the [movant]'s
8 right of petition or free speech under the United States or
9 California Constitution in connection with a public issue,' as
10 defined in the statute." Id. (quoting Cal. Code Civ. P. §
11 425.16(b)(1)). Such protected activity includes:

12 (1) any written or oral statement or writing
13 made before a legislative, executive, or
14 judicial proceeding, or any other official
proceeding authorized by law;

15 (2) any written or oral statement or writing
16 made in connection with an issue under
17 consideration or review by a legislative,
executive, or judicial body, or any other
official proceeding authorized by law;

18 (3) any written or oral statement or writing
19 made in a place open to the public or a
public forum in connection with an issue of
public interest;

20 (4) or any other conduct in furtherance of
21 the exercise of the constitutional right of
22 petition or the constitutional right of free
speech in connection with a public issue or
an issue of public interest.

23 Cal. Code Civ. P. § 425.16(e). These categories are disjunctive,
24 such that activity falling under subsections 1 or 2 is protected
25 even if it is not an issue of public interest. Briggs v. Eden
26 Council for Hope & Opportunity, 19 Cal. 4th 1106, 1117 (1999).

1 If this showing is made, the court moves to the second step,
2 and "determines whether the [non-moving party] has demonstrated a
3 probability of prevailing on the claim." Equilon Enterprises, 29
4 Cal. 4th at 67. This determination is based on "the pleadings,
5 and supporting and opposing affidavits stating the facts upon
6 which the liability or defense is based." Cal. Code Civ. P. §
7 425.16(b)(2).

8 [T]he plaintiff need only have stated and
9 substantiated a legally sufficient claim.
10 Put another way, the plaintiff must
11 demonstrate that the complaint is both
12 legally sufficient and supported by a
sufficient prima facie showing of facts to
sustain a favorable judgment if the evidence
submitted by the plaintiff is credited.

13 Navellier v. Sletten, 29 Cal. 4th 82, 88-89 (2002) (internal
14 quotations and citations omitted). In order to "substantiate" a
15 claim with "a prima facie showing of facts," id., a party "cannot
16 simply rely on the allegations in its own pleadings, even if
17 verified," and must instead present admissible evidence. Church
18 of Scientology v. Wollersheim, 42 Cal. App. 4th 628, 656 (1996),
19 disapproved on other grounds by Equilon Enterprises, 29 Cal. 4th
20 at 68 n.5; see also Kreeger v. Wanland, 141 Cal. App. 4th 826,
21 831 (2006) (nonmoving party must present admissible evidence to
22 satisfy the second step). Thus, a court "should grant [an anti-
23 SLAPP] motion if, as a matter of law, the defendant's evidence
24 supporting the motion defeats the plaintiff's attempt to
25 establish evidentiary support for the claim." Jarrow Formulas,
26 Inc. v. LaMarche, 31 Cal. 4th 728, 741 (2003) (quoting Wilson v.

1 Parker, Covert & Chidester, 28 Cal. 4th 811, 821 (2002)); see
2 also Varian Medical Systems, Inc. v. Delfino, 35 Cal. 4th 180,
3 192 (2005) (the statute provides "a summary-judgment-like
4 procedure"), Kyle v. Carmon, 71 Cal. App. 4th 901, 907 (1999)
5 ("The burden on the plaintiff is similar to the standard used in
6 determining motions for nonsuit, directed verdict, or summary
7 judgment.").

8 **III. ANALYSIS**

9 **A. Mootness**

10 Bello Paradiso's sole argument in opposition to the anti-
11 SLAPP motion is that because Bello Paradiso does not oppose the
12 motion to dismiss the counterclaim, the motion to strike the
13 counterclaim is moot.⁴ Pandora USA argues that it is entitled to
14 fees in connection with this motion, such that the motion is not
15 moot.

16 Cal. Code of Civil Procedure section 425.16(c) provides that
17 "a prevailing defendant on a[n anti-SLAPP] motion to strike shall
18 be entitled to recover his or her attorney's fees and costs."
19 California courts of appeal agree that when a claim is dismissed
20 after an anti-SLAPP motion is filed but before the motion is
21 heard, the movant will sometimes, but not always, have
22 "prevailed" within the meaning of the statute, such that fee
23 shifting is appropriate. Pfeiffer Venice Properties v. Bernard,
24 101 Cal. App. 4th 211, 218 (2002), Coltrain v. Shewalter, 66 Cal.

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26 ⁴ Bello Paradiso provides no further argument in support of
its opposition, and cites no cases.

1 App. 4th 94, 107 (1998). However, California courts disagree as
2 to how the prevailing party should be determined. Coltrain, 66
3 Cal. App. 4th at 107, Bernard, 101 Cal. App. 4th at 218.

4 In Coltrain, the court held that

5 where the plaintiff voluntarily dismisses an
6 alleged SLAPP suit while a special motion to
7 strike is pending, the trial court has
8 discretion to determine whether the defendant
9 is the prevailing party for purposes of
10 attorney's fees under Code of Civil Procedure
11 section 425.16, subdivision (c). . . . [T]he
12 critical issue is which party realized its
13 objectives in the litigation. Since the
14 defendant's goal is to make the plaintiff go
away with its tail between its legs,
ordinarily the prevailing party will be the
defendant. The plaintiff, however, may try to
show it actually dismissed because it had
substantially achieved its goals through a
settlement or other means, because the
defendant was insolvent, or for other reasons
unrelated to the probability of success on
the merits.

15 Coltrain, 66 Cal. App. 4th at 108. The Bernard court
16 specifically rejected the conclusion that the court had
17 discretion in this matter. Instead, it held that "the trial
18 court is required to rule on the merits of the motion, and to
19 award attorney fees" when the movant would have succeeded absent
20 dismissal. 101 Cal. App. 4th at 218.

21 In this case, both approaches lead to the same outcome.
22 Accordingly, this court need not decide which of these two
23 approaches is more likely to be followed by the California
24 Supreme Court, and therefore the better statement of California
25 law. Wilson v. Haria & Gogri Corp., 479 F. Supp. 2d 1127 (E.D.
26 Cal. 2007) (citing Takahashi v. Loomis Armored Car Serv., 625

1 F.2d 314, 316 (9th Cir. 1980)). Bello Paradiso has not attempted
2 to make any showing of the type identified in Coltrain. As
3 explained below, Bello Paradiso also fails if Bernard governs,
4 and the court adjudicates the merits of the anti-SLAPP motion.

5 **B. Protected Activity**

6 The first step in the merits analysis is whether Pandora
7 USA has made "a threshold showing that the challenged cause of
8 action is one arising from protected activity." Equilon
9 Enterprises, 29 Cal. 4th at 67. Here, Bello Paradiso's
10 challenged UCL claim is predicated on two types of activity.
11 The first is the alleged sham litigation brought against Bello
12 Paradiso and other parties, Countercl. ¶¶ 2, 23, 29, 33, 36,
13 39, 47-51, 54, 60, including related "harassment" such as cease
14 and desist letters, id. ¶ 48. Filing litigation is protected
15 activity. Cal. Code Civ. P. § 425.16(e)(1), Navellier, 29 Cal.
16 4th at 90. The cease and desist letters and related
17 communications are made "in connection with" judicial
18 proceedings, and are likewise protected. Cal. Code Civ. P. §
19 425.16(e)(2).

20 Bello Paradiso also bases its UCL counterclaim on the
21 allegation that Pandora USA schemed to maintain minimum retail
22 prices. Countercl. ¶¶ 34-35, 37-38, 40, 62-63. Pandora USA
23 concedes that this alleged conduct is not protected activity.
24 Thus, Bello Paradiso's challenged counterclaim alleges both
25 protected and unprotected activity. In such situations,
26 California Courts of Appeal have held that the anti-SLAPP

1 statute applies "if at least one of the underlying acts is
2 protected conduct, unless the allegations of protected conduct
3 are merely incidental to the unprotected activity." Salma v.
4 Capon, 161 Cal. App. 4th 1275, 1287 (2008) (citing Peregrine
5 Funding, Inc. v. Sheppard Mullin Richter & Hampton LLP, 133
6 Cal. App. 4th 658, 672 (2005)); Wang v. Wal-Mart Real Estate
7 Business Trust, 153 Cal. App. 4th 790, 802 (2007). Here, the
8 two types of underlying acts are independent of one another,
9 such that the protected conduct is not incidental to the
10 unprotected. Accordingly, Bello Paradiso's UCL counterclaim
11 arises in part out of protected conduct. Pandora USA has
12 therefore satisfied its burden under the first part of the
13 anti-SLAPP analysis.

14 **C. Probability of Success on the Counterclaim**

15 Under the second step in the analysis, Bello Paradiso
16 bears the burden of showing at least a minimal probability of
17 success on its counterclaim, including a "prima facie showing
18 of facts to sustain a favorable judgment if the evidence
19 submitted by the plaintiff is credited." Navellier, 29 Cal.
20 4th at 88-89. To make this prima facie showing, Bello Paradiso
21 must provide some admissible evidence. Kreeger, 141 Cal. App.
22 4th at 831. Here, Bello Paradiso has not offered any evidence
23 or argument in support of the merits of its claims. C.f.
24 Jarrow Formulas, 31 Cal. 4th at 741. Bello Paradiso has
25 therefore failed to carry its burden under the second step.

26 ////

1 **D. Remaining Arguments**

2 Bello Pardiso's mistaken belief that the dismissals
3 rendered this motion moot does not excuse the failure to
4 provide such evidence. This is particularly so in this case,
5 where Pandora USA's opening memorandum explicitly argued that
6 dismissal would not render the anti-SLAPP motion moot, although
7 the court acknowledges that this argument could have been made
8 more obvious. Pl.'s Mem. Supp. Mot. Strike, p. 7 n.4 (quoting
9 Moraga-Orinda Fire Protection Dist. v. Weir, 115 Cal. App. 4th
10 477, 480 (2004)).

11 At oral argument on this matter, Bello Paradiso argued
12 that the anti-SLAPP statute was enacted with the purpose of
13 preventing powerful interests from filing lawsuits aimed at
14 quelling public participation, and that the present motion
15 shares little in common with this prototypical case. Bello
16 Paradiso is correct on both points. Nonetheless, the instant
17 motion is well within the plain terms of the statute, and the
18 statute itself provides that these terms "shall be construed
19 broadly." Cal. Code Civ. P. § 425.16(a). The California
20 Supreme Court has refused to limit application the anti-SLAPP
21 statute to cases that were its primary objects. Jarrow
22 Formulas, 31 Cal. 4th at 735. No such limitation may be
23 recognized here.

24 **IV. CONCLUSION**

25 Accordingly, this court ORDERS as follows:


- 26 1. Plaintiff's motion to dismiss, Doc. No. 39, is

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- GRANTED.
2. Defendant's counterclaims against Pandora Jewelry US are DISMISSED WITH PREJUDICE.
 3. Plaintiff's motion to strike, Doc. No. 38, is GRANTED.
 4. Plaintiff SHALL file an affidavit detailing the costs incurred in connection with the filing of the motion to strike within ten days of the filing of this order.
 5. Defendant MAY file an affidavit in response no later than ten days after the above affidavit is filed.

IT IS SO ORDERED.

DATED: June 30, 2009.


LAWRENCE K. KARLTON
SENIOR JUDGE
UNITED STATES DISTRICT COURT