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UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF CALIFORNIA

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MOHIT RANDHAWA aka HARPAL SINGH,

NO. CIV. 09-2304 WBS DAD

Plaintiff,

v.

MEMORANDUM AND ORDER RE:  
INTERACTIVE INTELLIGENCE,  
INC.'S MOTION TO DISMISS

SKYLUX INC., INTERACTIVE INTELLIGENCE, INC., MUJEEB PUZHAKKARAILLATH, and DOES 1 through 20, inclusive,

Defendants.

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Plaintiff Mohit Randhawa aka Harpal Singh filed this action in state court against defendants Skylux Inc. ("Skylux"), Interactive Intelligence, Inc. ("Interactive"), and Mujeeb Puzhakkaraillath alleging various state claims relating to a contract for calling center software. All defendants removed the action to federal court. Defendant Interactive moves to dismiss the FAC pursuant to Federal Rules of Civil Procedure 12(b)(1) for lack of subject matter jurisdiction and 12(b)(3) for improper

1 venue.

2 I. Factual and Procedural Background

3 Skylux is a New York corporation of which  
4 Puzhakkaraillath, a New York resident, is President and CEO.  
5 (First Amended Complaint ("FAC") ¶¶ 4, 15; Decl. Puzhakkaraillath  
6 ¶ 7.) In April 2005, Skylux and Puzhakkaraillath allegedly  
7 contacted plaintiff, a resident of California, advertising  
8 software for an integrated calling center. (FAC. ¶¶ 1, 8.) The  
9 software was manufactured by Interactive, an Indiana corporation,  
10 and Skylux acted as authorized reseller and service provider.  
11 Id. ¶¶ 3, 8, 17. On May 27, 2005, representatives for plaintiff  
12 entered into a written Memorandum of Understanding ("MOU") with  
13 Skylux Telelink Pvt. Ltd. ("STPL"), an Indian company also owned  
14 by Puzhakkaraillath, to set up the Interactive software for an  
15 inbound and outbound Indian calling center for plaintiff's future  
16 company. (FAC Ex. A; FAC ¶ 9; Decl. Puzhakkaraillath ¶ 4.)

17 Beginning around September 2005 and ending in May 2009,  
18 plaintiff had technical difficulties using the Interactive  
19 software. Id. ¶ 13. Plaintiff alleges he purchased software for  
20 inbound and outbound calls, but the licenses he received were  
21 only for outbound calls. Id. Plaintiff alleges that Interactive  
22 refused to provide him with the correct inbound/outbound licenses  
23 for four years after providing proof of purchase. Id. ¶¶ 18, 24.  
24 Interactive allegedly refuses to acknowledge that plaintiff has  
25 purchased the licenses. Id. ¶ 20.

26 II. Discussion

27 On a motion to dismiss, the court must accept the  
28 allegations in the complaint as true and draw all reasonable

1 inferences in favor of the plaintiff. Scheuer v. Rhodes, 416  
2 U.S. 232, 236 (1974), overruled on other grounds by Davis v.  
3 Scherer, 468 U.S. 183 (1984); Cruz v. Beto, 405 U.S. 319, 322  
4 (1972). To survive a motion to dismiss, a plaintiff needs to  
5 plead "only enough facts to state a claim to relief that is  
6 plausible on its face." Bell Atl. Corp. v. Twombly, 127 S. Ct.  
7 1955, 1974 (2007). This "plausibility standard," however, "asks  
8 for more than a sheer possibility that a defendant has acted  
9 unlawfully," and where a complaint pleads facts that are "merely  
10 consistent with" a defendant's liability, it "stops short of the  
11 line between possibility and plausibility." Ashcroft v. Iqbal,  
12 129 S. Ct. 1937, 1949 (2009) (quoting Twombly, 550 U.S. at  
13 556-57).

14 In general, the court may not consider materials other  
15 than the facts alleged in the complaint when ruling on a motion  
16 to dismiss. Anderson v. Angelone, 86 F.3d 932, 934 (9th Cir.  
17 1996). The court may, however, consider additional materials if  
18 the plaintiff has alleged their existence in the complaint and if  
19 their authenticity is not disputed. See Branch v. Tunnell, 14  
20 F.3d 449, 454 (9th Cir. 1994), overruled on other grounds by  
21 Galbraith v. County of Santa Clara, 307 F.3d 1119 (9th Cir.  
22 2002). Here, plaintiff alleges that he purchased Interactive  
23 licenses, and defendant Interactive has provided the court a copy  
24 of its license agreement with Shannon Callnet, plaintiff's India  
25 company, (FAC ¶¶ 10, 13, 18; Mot. to Dismiss Interactive Ex. A.)  
26 and no party has questioned its authenticity. Also, plaintiff  
27 and defendants Skylux and Puzhakkarailath have provided the  
28 court with a copy of the MOU (Removal Ex. A; FAC Ex. A) and no

1 party has questioned its authenticity. Accordingly, the court  
2 will consider these documents in deciding Interactive's motions  
3 to dismiss.

4           The judicial power of the federal courts is limited to  
5 "Cases" and "Controversies." U.S. Const. Art. III, § 1. Without  
6 this basic requirement met, a federal court lacks subject matter  
7 jurisdiction to hear a case. Lujan v. Defenders of Wildlife, 504  
8 U.S. 555, 559 (1992); see Fed. R. Civ. P. 12(b)(1). The doctrine  
9 of standing is an "essential and unchanging part of the case-or-  
10 controversy requirement of Article III." Defenders of Wildlife,  
11 504 U.S. at 560 (citing Allen v. Wright, 468 U.S. 737, 751  
12 (1984)). "In essence the question of standing is whether the  
13 litigant is entitled to have the court decide the merits of the  
14 dispute or of particular issues." Warth v. Seldin, 422 U.S. 490,  
15 498 (1975). Article III standing requires that a plaintiff  
16 allege "a personal injury fairly traceable to the defendant's  
17 allegedly unlawful conduct and likely to be redressed by the  
18 requested relief." Allen v. Wright, 468 U.S. at 751. Prudential  
19 standing further limits which plaintiffs can appear in federal  
20 court. See Warth v. Seldin, 422 U.S. at 499.

21           One of the prudential requirements of the standing  
22 doctrine is that "the plaintiff generally must assert his own  
23 legal rights and interests, and cannot rest his claim to relief  
24 on the legal rights or interests of third parties." Warth v.  
25 Seldin, 422 U.S. at 499. As applied to corporate shareholders,  
26 the law is clear that shareholders are generally prohibited from  
27 "initiating actions to enforce the rights of the corporation  
28 unless the corporation's management has refused to pursue the

1 same action for reasons other than good-faith business judgment.”

2 Franchise Tax Bd. of Calif. v. Alcan Aluminium Ltd., 493 U.S.

3 331, 336 (1990). Here, plaintiff lacks prudential standing

4 because the injuries of which he complains are indirect injuries

5 incurred in his capacity as shareholder of Shannon Callnet

6 Interactive has provided the court with a copy of the

7 license agreement that forms the basis of plaintiff’s first,

8 second, sixth, and seventh causes of action against Interactive.

9 (Mot. to Dismiss Interactive Ex. A; see FAC.) The software

10 licenses granted by Interactive through its India reseller STPL

11 were granted to Shannon Callnet, not to plaintiff. Furthermore,

12 the MOU with STPL does not include Interactive as a party or

13 discuss Interactive in any respect. (See FAC Ex. A.) Plaintiff

14 concedes that the software was purchased “on behalf of” Shannon

15 Callnet by STPL. (Singh Decl. Opp. Mot. to Dismiss Interactive ¶

16 2.)

17 Although plaintiff asserts that he “was the sole

18 shareholder, officer and director” of Shannon Callnet (Id. ¶ 1),

19 this is insufficient to personally enforce Shannon Callnet’s

20 rights against Interactive. There are simply no facts to suggest

21 that Interactive has ever had any contact with plaintiff as an

22 individual instead of as a representative of Shannon Callnet.

23 Plaintiff appears to concede as much in his Opposition and

24 requests leave there and at oral argument to amend his FAC to add

25 Shannon Callnet as a plaintiff. (Opp. Mot. to Dismiss

26 Interactive 2.) Because plaintiff lacks standing to assert

27 claims against Interactive, this court lacks jurisdiction over

28 such claims and plaintiff’s FAC must be dismissed as against

1 Interactive.

2 IT IS THEREFORE ORDERED that defendant Interactive's  
3 motion to dismiss be, and the same hereby is, GRANTED. Plaintiff  
4 is given thirty days from the date of this Order to file an  
5 amended complaint consistent with this Order.

6 DATED: November 2, 2009

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9 WILLIAM B. SHUBB  
10 UNITED STATES DISTRICT JUDGE  
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