

United States District Court
For the Northern District of California

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IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF CALIFORNIA

DIGBY ADLER GROUP LLC,)	Case No. 10-617 SC
)	
Plaintiff,)	ORDER GRANTING PLAINTIFF
)	LEAVE TO FILE FIRST AMENDED
v.)	<u>COMPLAINT</u>
)	
IMAGE RENT A CAR, INC., and)	
VAN RENTAL CO., INC.,)	
)	
Defendants.)	
)	

I. INTRODUCTION

Before the Court is a Motion by Plaintiff Digby Adler Group LLC ("Plaintiff") for leave to file a first amended complaint. ECF No. 66 ("Mot."). Defendants Image Rent A Car, Inc. ("Image"), and Van Rental Co., Inc. ("Van Rental") (collectively, "Defendants") filed an Opposition, and Plaintiff filed a Reply. ECF Nos. 80 ("Opp'n"), 81 ("Reply"). For the following reasons, the Court GRANTS Plaintiff's Motion.

II. BACKGROUND

Plaintiff is a California limited liability company headquartered in San Francisco that rents cars and vans, with a focus on long-term rentals to touring music groups. ECF No. 1 ("Compl.") ¶¶ 4, 10. Plaintiff operates rental locations in California, New Jersey, Illinois, and Oregon, and provides van

1 rentals for use throughout the United States. Id. ¶ 11. Since
2 2003, Plaintiff has done business under the service mark "Bandago"
3 ("the Mark"). Id. ¶ 12. Plaintiff filed an application to
4 register the Mark with the U.S. Patent and Trademark Office in
5 2008, but a Certificate of Registration has not yet issued. Id.
6 In 2003, Plaintiff registered the Internet domain name bandago.com
7 and has since used it in connection with its van rental business.
8 Id. ¶¶ 13-14.

9 On February 11, 2010, Plaintiff brought this action against
10 Defendants, alleging cybersquatting, unfair competition, and false
11 advertising under the Lanham Act, as well as common law trademark
12 infringement and violation of Section 17200 of California's
13 Business and Professions Code. See Compl. Plaintiff alleges that
14 in August 2008, Van Rental, as an agent of Image, registered the
15 Internet domain name bandago.net. Id. ¶¶ 18-21. Plaintiff claims
16 that Defendants created a website at bandago.net that redirects
17 visitors to Imagerentacar.com. Id. ¶¶ 18-21. Plaintiff alleges
18 that Defendants had never before used the "Bandago" name in
19 commerce, and that Defendants used bandago.net solely to divert
20 Plaintiff's customers to Defendant. Id. ¶¶ 24, 25. Plaintiff
21 claims it has received calls from confused customers, and claims
22 that some customers have used Defendants' services rather than
23 Plaintiff's. Id. ¶ 28.

24 On March 4, 2010, Defendants moved to dismiss the action for
25 lack of jurisdiction. ECF No. 8. The Court denied this motion on
26 the basis that Defendants, who are both corporate entities, were
27 not represented by counsel in violation of Civil Local Rule 3-9(b).
28 ECF No. 9. On March 12, 2010, Defendants filed an almost identical

1 motion to dismiss, which the Court again denied. ECF Nos. 10, 14.
2 Defendants moved for two extensions of time to respond to the
3 Complaint; the Court denied the first because Defendants had yet to
4 associate with counsel and granted the second. ECF Nos. 10, 17,
5 18, 20. After associating with counsel, Defendants filed a third
6 motion to dismiss for lack of jurisdiction, which the Court denied.
7 ECF Nos. 21, 37.

8 On July 29, 2010, Plaintiff served Defendants with its first
9 set of discovery requests; on November 3, 2010, Plaintiff filed a
10 motion to compel, claiming Defendants had failed to respond to
11 these requests. Reply at 2. Defendants began to serve responses
12 on December 3, 2010. Id.

13 On January 20, 2011, Plaintiff notified Defendants' counsel of
14 Plaintiff's intent to amend its complaint, seeking a stipulation
15 from Defendants. Plaintiff filed the current Motion on January 26,
16 2011. See Mot. Plaintiff alleges that through Defendants'
17 discovery responses, it learned that two individuals, Shneior
18 Zilberman ("Zilberman") and Gad Sebag ("Sebag"), directed
19 Defendants' alleged misconduct, and that Defendants also infringed
20 on Plaintiff's copyright. Id. Plaintiff alleges that discovery
21 responses and documents produced by third parties revealed that
22 Image and Van Rental had not adhered to basic corporate
23 formalities; that Image and Van Rental operate as alter egos,
24 working at the same address, using the same e-mail account and
25 websites, employing the same personnel, and using the same
26 financial and office resources; that Zilberman and Sebag registered
27 and used the domain name bandago.net; that Defendants bid on
28 Plaintiff's Bandago trademark in the Google AdWords service; and

1 that Defendants infringed Plaintiff's copyright. Mot. at 2.
2 Plaintiff seeks to add Zilberman and Sebag as defendants and add
3 additional copyright and trademark claims. Id.

4 On February 11, 2010, the date before Defendants' Opposition
5 was due, Defendants filed a motion for additional time to respond
6 to Plaintiff's Motion. ECF No. 73. Defendants sought a two-month
7 extension, citing a recent illness of Defendant's counsel. Id.
8 Plaintiff opposed the motion, alleging it was one of many acts by
9 Defendants' counsel to delay proceedings. ECF No. 74. The Court
10 granted the motion in part, giving Defendants two additional weeks
11 to file its Opposition. ECF No. 77.

12
13 **III. LEGAL STANDARD**

14 A party may amend its pleadings with leave of the court, and
15 "[t]he court should freely give leave when justice so requires."
16 Fed. R. Civ. P. 15(a)(2). This policy should be applied with
17 "extreme liberality." Eminence Capital, LLC v. Aspeon, Inc., 316
18 F.3d 1048, 1051 (9th Cir. 2003). However, district courts may deny
19 amendments that would cause undue prejudice to another party, that
20 would cause undue delay, that are sought in bad faith, or that are
21 futile. Bowles v. Reade, 198 F.3d 752, 757-58 (9th Cir. 1999).
22 Not all of these factors merit equal weight, as "it is the
23 consideration of prejudice to the opposing party that carries the
24 greatest weight." Eminence Capital, 316 F.3d at 1052 (citations
25 omitted). "The party opposing amendment bears the burden of
26 showing prejudice." DCD Programs, Ltd. v. Leighton, 833 F.2d 183,
27 187 (9th Cir. 1987).

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1 **IV. DISCUSSION**

2 Defendants argue that they will be unduly prejudiced if
3 Plaintiff is permitted to amend its Complaint, alleging that
4 because there are "but a few months left in discovery," Defendants
5 would not have enough time to "properly conduct discovery to defend
6 against these claims." Opp'n at 1. Defendants also allege that
7 Plaintiff unduly delayed in bringing this Motion, arguing that
8 Plaintiff knew these claims existed well before its filing of this
9 Motion. Id.

10 In response, Plaintiff refers to the above timeline of
11 proceedings in this action as evidence that Defendants, not
12 Plaintiff, are responsible for delay in this action by failing to
13 respond to discovery requests and seeking a continuance of this
14 Motion. Reply at 2-3. Plaintiff also disputes Defendants'
15 allegation that it knew of its additional claims before filing its
16 motion, stating: "While Plaintiff knew that Sebag and Zilberman
17 were employees of Defendants, Plaintiff did not know of their
18 individual misconduct until Plaintiff received documents from
19 Defendants, Google, and Network Solutions." Id. at 4. Plaintiff
20 alleges that while it knew Defendants had engaged in some copyright
21 infringement before January 2011, it believed the infringement was
22 de minimis, and "[o]nly after Plaintiff spent considerable time
23 reviewing the thousands of pages comprising Defendants' websites,
24 did Plaintiff discover significant and chronic copyright
25 infringement." Id.

26 Upon consideration of the above arguments and in light of
27 this circuit's liberal rules for amendment, the Court finds for
28 Plaintiff. Defendants have not shown that allowing Plaintiff to

1 amend its Complaint to include Zilberman and Sebag as Defendants
2 and add new trademark and copyright claims would cause undue
3 prejudice or delay proceedings, or that Plaintiff's Motion was
4 brought in bad faith.

5

6 **V. CONCLUSION**

7 For the foregoing reasons, the Court GRANTS Plaintiff Digby
8 Adler Group LLC's Motion for Leave to File a First Amended
9 Complaint. Plaintiff must file its amended complaint within ten
10 (10) days of this Order.

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12 IT IS SO ORDERED.

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14 Dated: March 16, 2011

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UNITED STATES DISTRICT JUDGE

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