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4 UNITED STATES DISTRICT COURT  
5 NORTHERN DISTRICT OF CALIFORNIA

6 INTERNMATCH, INC.,

7 Plaintiff,

8 v.

9 NXTBIGTHING, LLC, et al.,

10 Defendants.  
11

Case No. 14-cv-05438-JST

**ORDER GRANTING MOTION FOR  
VOLUNTARY DISMISSAL OF  
COUNTERCLAIMS**

Re: ECF No. 83

12 Before the Court is Defendant Nxtbigthing, LLC's motion to voluntarily dismiss its  
13 counterclaims with prejudice. ECF No. 83. The Court will grant the motion.

14 **I. BACKGROUND**

15 On December 12, 2014, Plaintiff InternMatch, Inc. filed this complaint against defendants  
16 Nxtbigthing, LLC and Chad Batterman. ECF No. 1. InternMatch alleges five causes of action:  
17 (1) false designation of origin; (2) cancellation for fraud on the USPTO; (3) cancellation for lack  
18 of use in commerce; (4) declaratory judgment that InternMatch has superior rights to Nxtbigthing  
19 and Chad Batterman in the INTERNMATCH trademark; and (5) unfair competition under  
20 California's Business and Professions Code section 17200. Id. InternMatch alleges that  
21 "Nxtbigthing and Mr. Batterman currently hold or control various trademark registrations and/or  
22 trademark applications that have been or are being prosecuted through the use of false specimens  
23 of use at the USPTO." Id. ¶ 39.

24 Defendants Nxtbigthing and Chad Batterman answered the Complaint on February 25,  
25 2015. See ECF Nos. 31, 32. Nxtbigthing also filed counterclaims alleging (1) trademark  
26 infringement; (2) unfair competition under the Lanham Act; and (3) unfair competition under  
27 California's Business and Professions Code section 17200. See ECF No. 32. Defendants' assert  
28 that "[f]rom 2007 through current day, Mr. Batterman and Nxtbigthing have continuously and

1 extensively used the mark INTERNMATCH® in interstate commerce.” Id. ¶ 14.

2 On October 12, 2015, InternMatch’s counsel sent a letter to Nxtbigthing’s counsel that  
3 described “the frivolous nature” of the counterclaims. See ECF No. 67-3. On October 30, 2015,  
4 InternMatch served expert reports on Defendants, including a report that opined that no damages  
5 could be recovered from Nxtbigthing’s infringement counterclaim. See ECF No. 87 at 4; ECF No.  
6 89, Lewis Decl., Ex. 1. On November 4, 2015, Nxtbigthing informed InternMatch via email that it  
7 wanted to drop its counterclaims. ECF No. 67-5.

8 Nxtbigthing now seeks to dismiss its counterclaims with prejudice. ECF No. 83.  
9 InternMatch does not oppose the dismissal of Nxtbigthing’s counterclaims but requests that the  
10 Court condition the dismissal upon an award of attorneys’ fees and costs. ECF No. 87.

11 **II. LEGAL STANDARD**

12 Under Rule 41(a)(2) of the Federal Rules of Civil Procedure, after an opposing party has  
13 served an answer or motion for summary judgment, “an action may be dismissed at the plaintiff’s  
14 request only by court order, on terms that the court considers proper.” FED. R. CIV. P. 41(a)(2).  
15 “This rule applies to dismissal of any counterclaim, crossclaim, or third-party claim.” FED. R. CIV.  
16 P. 41(c). The decision to grant or deny a request to dismiss pursuant to Rule 41(a)(2) is within the  
17 district court’s sound discretion. Sams v. Beech Aircraft Corp., 625 F.2d 273, 277 (9th Cir. 1980)  
18 (internal citation omitted). However, “[a] district court should grant a motion for voluntary  
19 dismissal under Rule 41(a)(2) unless a defendant can show that it will suffer some plain legal  
20 prejudice as a result.” Smith v. Lenches, 263 F.3d 972, 975 (9th Cir. 2001) (citing Waller v. Fin.  
21 Corp. of Am., 828 F.2d 579, 583 (9th Cir. 1987)). Legal prejudice means “prejudice to some legal  
22 interest, some legal claim, [or] some legal argument.” Westlands Water Dist. v. United States,  
23 100 F.3d 94, 97 (9th Cir. 1996).

24 In resolving a motion under Rule 41(a)(2), a court must determine whether to allow  
25 dismissal, whether the dismissal should be with or without prejudice, and what terms and  
26 conditions, if any, should be imposed. See Williams v. Peralta Cnty. Coll. Dist., 227 F.R.D. 538,  
27 539 (N.D. Cal. 2005).

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1     **III.     DISCUSSION**

2             Nxtbigthing requests that the Court dismiss its counterclaims with prejudice because it  
3 cannot meet its burden of proving damages and can “defend its rights equally well in its capacity  
4 merely as a defendant to the case in chief.” ECF No. 83 at 3. Nxtbigthing argues that InternMatch  
5 should not be awarded attorneys’ fees because, even without the counterclaims, Plaintiff would  
6 have expended the same efforts in this advancing its claims. Id. at 7. InternMatch does not  
7 oppose the dismissal with prejudice, but contends that this is an exceptional case that warrants the  
8 award of costs and attorneys’ fees incurred in defending against the counterclaims. ECF No. 87 at  
9 7. InternMatch asserts Nxtbigthing knew that its counterclaims were meritless from the outset and  
10 only belatedly filed the instant motion. Id. at 8.

11             The Court will dismiss the counterclaims with prejudice. The Court finds that no legal  
12 prejudice will result from the dismissal because Nxtbigthing cannot bring its claims in another  
13 federal suit. See Smith, 263 F.3d at 975. The Court must next determine whether to impose fees  
14 and costs as a condition of dismissal. InternMatch argues that the award of attorneys’ fees is  
15 appropriate under either Rule 41(a)(2) or 15 U.S.C. § 1117(a).

16             Although the issue has not been resolved in the Ninth Circuit, district courts have  
17 concluded that payment of fees and costs should not ordinarily be imposed as a condition for  
18 voluntary dismissal with prejudice. See Rodriguez v. Serv. Employees Int’l, No. C-10-01377 JCS,  
19 2011 WL 4831201, at \*3 (N.D. Cal. Oct. 12, 2011); Burnette v. Godshall, 828 F. Supp. 1439,  
20 1443 (N.D. Cal. 1993). Costs and fees may be imposed under “exceptional circumstances” or  
21 pursuant to Federal Rule of Civil Procedure 11. See Rodriguez, 2011 WL 4831201, at \*3  
22 (discussing Chavez v. Northland Grp., No. CV-09-2521-PHX-LOA, 2011 WL 317482, at \*4 (D.  
23 Ariz. Feb. 1, 2011)). Courts should only award attorneys’ fees for work “which is not useful in  
24 continuing litigation between the parties.” Koch v. Hankins, 8 F.3d 650, 652 (9th Cir. 1993).  
25 Under the Lanham Act, “[t]he court in exceptional cases may award reasonable attorney fees to  
26 the prevailing party.” 15 U.S.C. § 1117(a). “This requirement is met when the case is either  
27 groundless, unreasonable, vexatious, or pursued in bad faith.” Cairns v. Franklin Mint Co., 292  
28 F.3d 1139, 1156 (9th Cir. 2002) (internal quotations and citations omitted).

1           The Court finds that this case is not “exceptional” to warrant the imposition of attorneys’  
2 fees under Rule 41(a)(2) or 15 U.S.C. § 1117(a). While Nxtbigthing elected to dismiss its  
3 counterclaims after the close of fact discovery and filed the motion after the parties briefed  
4 InternMatch’s spoliation motion, ECF No. 63, the Court cannot attribute the timing of this motion  
5 to any apparent gamesmanship.

6           InternMatch argues that this case is like Skydive Arizona, Inc. v. Quattrochi, where the  
7 district court awarded plaintiff attorneys’ fees incurred in preparing to defend against  
8 counterclaims belatedly dismissed by the defendant. 704 F. Supp. 2d 841, 857 (D. Ariz. 2010)  
9 rev’d in part sub nom. Skydive Arizona, Inc. v. Quattrocchi, 673 F.3d 1105 (9th Cir. 2012). In  
10 Skydive, however, the defendant informed the plaintiff for the first time that it contemplated  
11 dropping its counterclaims on the first day of trial. Id. The defendant then dropped the  
12 counterclaims after both parties made opening statements. Id. The court determined that by  
13 delaying until the very last second, the defendant tried to treat the counterclaims “as a bargaining  
14 chip or tool to leverage a better outcome.” Id.

15           In this case, however, the Nxtbigthing did not wait until the eleventh hour to dismiss its  
16 counterclaims, and the Court has not decided in favor of InternMatch on any case dispositive  
17 motions.<sup>1</sup> Nxtbigthing sought to dismiss its counterclaims after determining that it can obtain  
18 most of the relief sought “simply by defending its rights in its capacity as a defendant” and  
19 because it cannot sufficiently prove lost profits. ECF No. 83 at 5.

20           The Court also declines to award attorneys’ fees because it does not have sufficient  
21 information to distinguish the work InternMatch did to defend against the counterclaims from the  
22 work necessary to advance its affirmative claims. See Koch, 8 F.3d at 652 (holding that a party is  
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24 <sup>1</sup> This is unlike the cases cited by InternMatch to support the award of attorneys’ fees under the  
25 Lanham Act. ECF No. 87 at 7. In Cairns v. Franklin Mint Co., the Ninth Circuit affirmed the  
26 district court’s award of fees and costs after the court granted summary judgment to the defendant.  
27 292 F.3d at 1145, 1156. In Albrecht v. Tkachenko, the district court awarded fees and costs after  
28 dismissing the case with prejudice, No. 14-cv-05442-VC, 2015 WL 2227607, at \*1. Finally, in  
Vital Pharmaceuticals, Inc. v. Am. Body Bldg. Products, LCC, the district court awarded fees  
under the Lanham Act after finding in favor of the defendants on all claims upon the conclusion of  
a bench trial. 510 F. Supp. 2d 1043, 1044.

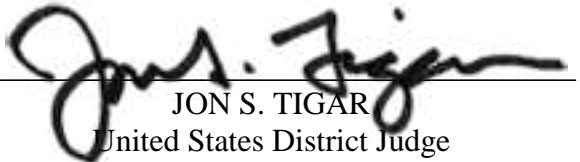
1 only entitled to recover, as a condition of dismissal under Rule 41(a)(2), attorneys' fees and costs  
2 for work that is not useful in continuing litigation between the two parties). InternMatch has not  
3 described the separate work undertaken in defending against Nxtbigthing's counterclaims that  
4 would justify an award of fees and costs.

5 **CONCLUSION**

6 For the foregoing reasons, the Court dismisses Defendant Nxtbigthing's counterclaims  
7 with prejudice, and denies InternMatch's request that the Court order the payment of its attorneys'  
8 fees and costs as a condition of dismissal.

9 IT IS SO ORDERED.

10 Dated: February 11, 2016

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13 JON S. TIGAR  
14 United States District Judge