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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN JOSE DIVISION

12 SEBASTIAN BROWN PRODUCTIONS
13 LLC,

14 Plaintiff,

15 v.

16 MUZOOKA INC., et al.,

17 Defendants.

Case No. 15-CV-01720-LHK

**ORDER GRANTING DEFENDANT'S
MOTION TO DISMISS WITH
PREJUDICE**

Re: Dkt. No. 108

18 Plaintiff Sebastian Brown Productions, LLC ("Plaintiff") sues Defendant Muzooka, Inc.
19 ("Muzooka" or "Defendant") for unfair competition and trademark infringement under federal and
20 state law. ECF No. 107 (Second Amended Complaint, or "SAC"). Before the Court is
21 Defendant's motion for judgment on the pleadings. ECF No. 108 ("Def. Mot."). As discussed
22 below, the Court construes this motion as a motion to dismiss. Pursuant to Civil Local Rule 7-
23 1(b), the Court finds this matter suitable for resolution without oral argument and VACATES the
24 hearing set on October 13, 2016. The October 13, 2016 Case Management Conference at 1:30
25 p.m. remains set. Having considered the submissions of the parties, the relevant law, and the
26 record in this case, the Court hereby GRANTS Defendant's motion to dismiss with prejudice.

I. BACKGROUND

A. Factual Background

1. Plaintiff's Business and Trademark

Plaintiff is a California limited liability company headquartered in Livermore, California.

1. Plaintiff owns and operates the digital media storefront MuZook at muzook.com. *Id.* Plaintiff aims to create “a new and unique art form in multi-media books, multi-media audio, audiovisual works,” including e-books, multi-media songs, short films, music videos, and edited short and feature films together with streaming live or recorded audio and video. *Id.* ¶ 8. Through MuZook, Plaintiff advertises and sells downloadable music, videos, and books. *Id.* ¶ 9. Plaintiff “also offers collaboration services to the Artist Community to help members to collaborate with others to make literature, music, video, movies, soundtracks, e-books, concerts and other forms of entertainment.” *Id.* ¶ 10. Plaintiff plans to sell the multimedia produced by the collaboration program “on muzook.com for use in connection with its Zook App Reader,” which is “currently under development.” *Id.* ¶ 7. Plaintiff also has a downloadable e-book available for purchase on Apple’s iTunes store. SAC ¶ 17 & Ex. F.

On September 12, 2011, Plaintiff’s sole owner, the individual J. Michael Miller (“Miller”), filed for the “Muzook Mark” under an “intent-to-use” application. SAC ¶ 11 & Ex. G. An intent-to-use application permits an applicant with a bona fide intention to use a mark to effectively reserve the mark and establish a constructive priority date before the mark is actually used in commerce. 15 U.S.C. §§ 1051(b), 1057(c). To complete registration of the mark, an intent-to-use applicant must file an allegation of use indicating that the mark has been used in commerce. *Id.* § 1051(b)–(d). Miller’s intent-to-use application sought to register the Muzook Mark for, among other similar services, “collaboration services delivered over the Internet and/or over another publicly accessible network; collaboration services for enabling persons such as writers, musical artists and illustrators to collaborate with each other over a publicly accessible network; collaboration services for enabling persons such as writers, musical artists and illustrators to collaborate with each other to create works incorporating multiple media elements such as

1 narrative textual content, music and illustrations in works of fiction and non-fiction.” SAC ¶ 11.

2 On October 1, 2011, Miller assigned to Plaintiff “[Miller’s] entire right, title and interests
3 in and to the” Muzook Mark intent-to-use application. *Id.* Exs. C & D.

4 On August 30, 2013, the U.S. Patent and Trademark Office (“PTO”) granted a request to
5 divide Plaintiff’s intent-to-use application into a “parent” application and a “child” application.
6 *Id.* ¶ 16. The “parent” application, serial number 85/420,834, sought to register the Muzook Mark
7 for a broad range of collaboration services for which Plaintiff did not claim Muzook was in use.
8 *Id.*; ECF No. 109 (Request for Judicial Notice, or “RJN”) Ex. B.¹ The “child” application, by
9 contrast, sought to register the Muzook Mark for a narrower range of services for which Plaintiff
10 did claim the mark was in use. SAC ¶ 16; RJN Ex. B. Specifically, the child application sought
11 to register the Muzook Mark for “collaboration services, namely, telecommunication access
12 services which allow parties to view, adapt, and share materials such as narrative textual content,
13 music and illustrations in works of fiction and non-fiction to enable persons such as writers,
14 musical artists and illustrators to collaborate with each other within or across disciplines to
15 compare work over a publicly accessible network to compose e-books and works incorporating
16 multiple media elements such as narrative textual content, music and illustrations in works of
17 fiction and non-fiction for electronic devices such as smartphones, computers, e-readers,
18 touchscreen computers, and tablets.” RJN Ex. B.

19 Based on a statement of use filed on August 21, 2013, RJN Ex. B, the child application
20 matured in to U.S. Trademark Registration Number 4,419,977 on October 15, 2013, SAC Ex. B.
21 The first use in commerce of the Muzook Mark was recorded as August 14, 2013. *Id.* Plaintiff
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23 _____
24 ¹ Defendant requests judicial notice of documents from the PTO’s Trademark Status and
25 Document Retrieval Database and the registration certificate for the Muzooka Mark. See RJN.
26 Plaintiff does not oppose this request. These documents are matters of public record and the
27 proper subjects of judicial notice. See Fed. R. Evid. 201(b); *Lee v. City of Los Angeles*, 250 F.3d
668, 689 (9th Cir. 2001), *overruled on other grounds by Galbraith v. Cty. of Santa Clara*, 307
F.3d 1119, 1125–26 (9th Cir. 2002) (“[U]nder Fed. R. Evid. 201, a court may take judicial notice
of matters of public record.” (internal quotation marks omitted)). The Court accordingly
GRANTS Defendant’s request.

1 has used the mark for its collaboration services, in addition to using the mark “in connection with
2 offering products for sale, namely, works incorporating multiple media elements such as narrative
3 textual content and illustrations in works of fiction and non-fiction for electronic devices such as
4 computers.” SAC ¶ 17. By contrast, Plaintiff never filed a statement of use for the parent
5 application and that application is now abandoned. *See* 15 U.S.C. § 1051(d) (limiting time to file
6 a statement of use).²

7 **2. Defendant’s Business and Trademark**

8 Defendant, a Delaware corporation, operates a “Muzooka” website and offers a Muzooka
9 mobile application. SAC ¶¶ 2, 20. Defendant’s website and application allows “users to stream
10 audio works in the form of music playlists or individual tracks from participating artists and offers
11 ‘interactive capabilities’ for sharing one’s listening activity through social media.” *Id.* ¶ 20. Users
12 can also purchase select tracks and view artist biographies. *Id.* Defendant maintains a “Muzooka”
13 Twitter, Facebook, and Tumblr account. *Id.* ¶ 22. Plaintiff alleges that Defendant infringes
14 Plaintiff’s Muzook Mark through use of the confusingly similar “Muzooka” trademark. *Id.* ¶ 21.

15 Defendant filed for the “Muzooka” trademark on December 19, 2011. *Id.* Ex. O; RJN Ex.
16 E. The USPTO registered the Muzooka Mark on December 10, 2013. RJN Ex. E. The Muzooka
17 Mark is registered for, among other services, “computer software for use in the delivery,
18 distribution, and transmission of digital music and entertainment-related audio, video, text and
19 multimedia content; computer software for enabling transmission, storage, sharing, collection,
20 editing, organizing and modifying audio, video, messages, images, and other data, including for

22 ² Plaintiff’s SAC alleges that Plaintiff “is the owner of a pending trademark application” for the
23 broader range of parent-application services. SAC ¶ 11. Defendant asserts that, because the
24 parent application has now been abandoned by Plaintiff, Plaintiff’s inclusion of this allegation is
an attempt by Plaintiff to “willfully misle[a]d the Court in a deliberate attempt to bolster its rights
in the MUZOOK trademark.” Def. Mot. at 4. Defendant asserts that this “egregious” conduct
warrants dismissal of Plaintiff’s SAC and judgment in favor of Defendant. *Id.* at 19.

25 Plaintiff responds that it included the allegation inadvertently. ECF No. 129 (“Pl. Resp.”),
26 at 18. According to Plaintiff, the statement “was accurate at the time it was first alleged but was
27 later inadvertently carried over from the original complaint.” *Id.* The Court takes Plaintiff at its
word that the inclusion was inadvertent. The Court does not consider the allegation in considering
Plaintiff’s complaint. As discussed above, Plaintiff’s parent application has been abandoned
because no statement of use has been filed. 15 U.S.C. § 1051(d)(2).

1 use in social networking and online chats for use in creating social networking databases and for
2 use in social networking database management.” *Id.* According to the registration, the Muzooka
3 Mark was first used in commerce in December 2011. *Id.*

4 **B. Procedural History**

5 On January 6, 2014, Plaintiff filed suit in the U.S. District Court for the District of
6 Delaware against Muzooka; Muzooka’s corporate predecessor Ivory Octaves, LLC; and Muzooka
7 co-founders Shawn Wilson and Chester Aldrige. ECF No. 1, at ¶¶ 1–5. Plaintiff asserted three
8 causes of action against each defendant: (1) unfair competition (without specifying whether the
9 cause of action arose under a statute or the common law); (2) infringement of common law
10 trademark rights; and (3) unfair competition under the Lanham Act, 15 U.S.C. § 1125(a). *Id.* ¶¶
11 39–54. On March 30, 2015, the Delaware district court concluded that it lacked personal
12 jurisdiction over the individual defendants and transferred the case to the U.S. District Court for
13 the Northern District of California. ECF Nos. 26 & 27.

14 This case arrived in the Northern District of California on April 16, 2015. ECF No. 28.
15 On July 6, 2015, Defendants filed a motion to dismiss. ECF No. 37. Plaintiff opposed the motion
16 on July 20, 2015, ECF No. 45, and Defendants replied on July 27, 2015, ECF No. 46. This Court
17 granted in part and denied in part Defendant’s motion to dismiss on November 11, 2015.
18 *Sebastian Brown Prods., LLC v. Muzooka Inc.*, 143 F. Supp. 3d 1026, 1031 (N.D. Cal. 2015), ECF
19 No. 64. As relevant to the instant motion, the Court concluded that Plaintiff failed to state a
20 common law trademark infringement claim and a Lanham Act claim because Plaintiff
21 insufficiently alleged an ownership interest in the Muzook Mark. *Id.* at 1041. Specifically,
22 Plaintiff failed to provide any information regarding the assignment of the Muzook Mark from
23 Miller to Plaintiff, and the PTO listed Miller—not Plaintiff—as the owner of the registered mark.
24 *Id.* at 1040. The Court thus dismissed, with leave to amend, Plaintiff’s common law trademark
25 infringement and Lanham Act unfair competition claims. *Id.* at 1041. The Court also dismissed,
26 with leave to amend, Plaintiff’s unspecified unfair competition claim. *Id.*

27 On December 11, 2015, Plaintiff filed the First Amended Complaint, which included the
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1 assignment of the Muzook Mark from Miller to Plaintiff. ECF No. 65 (First Amended Complaint,
2 or “FAC”). Plaintiff’s FAC asserted three claims against only Muzooka: (1) “statutory and
3 common law unfair competition”; (2) infringement of common law trademark rights; and (3)
4 unfair competition under the Lanham Act, 15 U.S.C. 1125. *Id.* ¶¶ 35–50. On December 29, 2015,
5 Defendant filed a motion to dismiss and, in the alternative, for judgment on the pleadings. ECF
6 No. 68. On that same day, Defendant answered the FAC and filed a counterclaim, ECF No. 70,
7 which Plaintiff opposed, ECF No. 71. Defendants filed a reply on January 19, 2016. ECF No. 74.

8 The Court construed Defendant’s motion as a motion to dismiss and granted the motion
9 with prejudice on March 14, 2016. *Sebastian Brown Prods. LLC v. Muzooka Inc.*, No. 15-CV-
10 01720-LHK, 2016 WL 949004, at *1 (N.D. Cal. March 14, 2016) (“*Muzooka II*”), ECF No. 86.
11 First, this Court dismissed Plaintiff’s common law trademark infringement claim because
12 Plaintiff’s allegations in the FAC were “facially insufficient to plead an actual use in commerce
13 before December 2011,” the date of Defendant’s first use of the Muzooka Mark in commerce. *Id.*
14 at *7.

15 Second, the Court dismissed Plaintiff’s Lanham Act claim because Plaintiff’s complaint
16 failed to sufficiently allege priority over Defendant through constructive use of the Muzook Mark.
17 *Id.* at *14. Specifically, the Court held that Plaintiff failed to allege that the assignment of the
18 Muzook Mark complied with 15 U.S.C. § 1060(a)(1), which limits the assignment of an intent-to-
19 use application to situations where the intent-to-use application is transferred with both the
20 goodwill accrued by the mark and the “ongoing and existing business associated with the mark.”
21 *Id.* at *9–11, 14. Plaintiff’s FAC “include[d] no allegations regarding Miller’s pre-assignment
22 business or use of the Muzook Mark,” and thus the FAC failed to sufficiently allege that the mark
23 developed goodwill prior to Miller’s assignment to Plaintiff. *Id.* at *12.

24 Finally, for the same reasons that the Court dismissed the FAC’s first two claims, the Court
25 dismissed with prejudice Plaintiff’s California statutory and common law unfair competition
26 claims. *Id.* at *14–15.

27 On April 8, 2016, Plaintiff filed a motion for leave to file a motion for reconsideration of

1 Plaintiff's claim under the Lanham Act. ECF No. 92 (motion); ECF No. 93 (memorandum in
2 support). Plaintiff argued that the Court misinterpreted the requirements to transfer an intent-to-
3 use trademark application, as set forth in 15 U.S.C. § 1061(a)(1). ECF No. 93, at 10–14. Further,
4 Plaintiff asserted that, because the Court interpreted the requirements of § 1060(a)(1) as a matter
5 of first impression in *Muzooka II*, Plaintiff was not aware of the relevance of several facts at the
6 time of the prior motion to dismiss. *Id.* at 1. Plaintiff thus sought a reconsideration of the denial
7 of leave to amend Plaintiff's Lanham Act claim. *Id.* at 14–15.

8 On July 5, 2016, this Court granted Plaintiff's motion for leave to file a motion for
9 reconsideration and granted reconsideration to allow Plaintiff to allege new facts in support of its
10 Lanham Act claim. ECF No. 99. The Court held that Plaintiff failed to demonstrate that
11 reconsideration of the Court's interpretation of § 1060(a)(1) was warranted. *Id.* at 4. However,
12 the Court agreed with Plaintiff that "Plaintiff has shown a material difference in fact from that
13 presented on the motion to dismiss" and "that, at the time of the motion to dismiss, neither the
14 Ninth Circuit nor any district court within the Ninth Circuit had interpreted the legal requirements
15 of § 1060(a)(1)." *Id.* at 5–6. Accordingly, the Court granted reconsideration, vacated "the portion
16 of its earlier order denying leave to amend as to Plaintiff's Lanham Act claim," and dismissed
17 "Plaintiff's Lanham Act claim with leave to amend." *Id.* at 6. The Court ordered Plaintiff to "file
18 a Second Amended Complaint alleging a Lanham Act claim with Plaintiff's newly presented
19 facts." *Id.*

20 On July 25, 2016, Plaintiff filed a Second Amended Complaint, again asserting claims for
21 common law trademark infringement; unfair competition under the Lanham Act, 15 U.S.C. §
22 1125(a); and unspecified statutory and common law unfair competition. SAC ¶¶ 66–82.
23 Plaintiff's SAC included new factual allegations regarding Miller's pre-assignment activities, such
24 as discussing the MuZook project in email exchanges with various professionals, "referring people
25 to Miller's forthcoming MuZook.com website," and setting up Skype recording sessions with
26 musicians. *Id.* ¶¶ 11–27. Plaintiff attached to its complaint a declaration and several exhibits. *See*
27 *id.* Ex. Q.

1 On August 8, 2016, Defendant filed a motion for judgment on the pleadings and a request
2 for judicial notice. *See* Def. Mot. & RJN. The following day, on August 9, 2016, Defendant filed
3 an answer to the SAC and counterclaims. ECF No. 110. Plaintiff filed an answer to the
4 counterclaims on September 9, 2016, ECF No. 128, and filed a response to Defendant's motion for
5 judgment on the pleadings on September 12, 2016, Pl. Resp. On September 26, 2016, Defendant's
6 filed a reply. ECF No. 130.

II. LEGAL STANDARD

8 Defendant characterizes the instant motion as a motion for judgment on the pleadings. A
9 motion for judgment on the pleadings pursuant to Federal Rule of Civil Procedure 12(c) is proper
10 “[a]fter the pleadings are closed—but early enough not to delay trial.” Fed. R. Civ. P. 12(c). The
11 Ninth Circuit has held that “the pleadings are closed for the purposes of Rule 12(c) once a
12 complaint and answer have been filed, assuming . . . that no counterclaim or cross-claim is made.”
13 *Doe v. United States*, 419 F.3d 1058, 1061 (9th Cir. 2005).

14 As discussed above, Defendant filed the instant motion on August 8, 2016. Def. Mot. at 1.
15 Defendant filed an answer to the SAC and counterclaims on August 9, 2016. ECF No. 110.
16 Plaintiff filed an answer to Defendant's counterclaims on September 9, 2016. ECF No. 128.
17 Thus, at the time that Defendant filed the instant motion, the pleadings were not "closed."
18 Defendant's motion for judgment on the pleadings is accordingly untimely. *See Doe*, 419 F.3d at
19 1061 (finding a plaintiff's motion for judgment on the pleadings premature because the plaintiff
20 filed the motion prior to a defendant's answer).

Nonetheless, the Court will construe Defendant’s premature motion for judgment on the pleadings as a motion to dismiss pursuant to Rule 12(b)(6) of the Federal Rules of Civil Procedure. Indeed, this Court construed Defendant’s prior motion as a motion to dismiss because it was filed prior to the close of pleadings, *Muzooka II*, 2016 WL 949004, at *4, and other district courts within the Ninth Circuit have similarly construed premature Rule 12(c) motions as motions to dismiss under Rule 12(b)(6), *see, e.g.*, *Baiul v. NBC Sports*, No. CV-15-05163-DDP, 2016 WL 5842189, at *2 n.4 (C.D. Cal. Oct. 5, 2016) (“Where, as here, a motion is brought prematurely

1 under Rule 12(c), courts may treat the motion as a motion to dismiss pursuant to Rule 12(b)(6).”);
2 *KFD Enterprises, Inc. v. City of Eureka*, No. C-08-4571-MMC, 2010 WL 1661822, at *3 (N.D.
3 Cal. April 22, 2010) (construing premature motion for judgment on the pleadings as a motion to
4 dismiss because the two motions are “subject to the same analysis”). A motion to dismiss
5 pursuant to Rule 12(b)(6) “must be made before pleading if a responsive pleading is allowed.”
6 Fed. R. Civ. P. 12(b)(6). Here, as explained above, Defendant filed its motion for judgment on the
7 pleadings prior to filings its answer to Plaintiff’s SAC and counterclaims. Accordingly,
8 Defendant’s motion is timely as a motion to dismiss. Moreover, as the Court explained in
9 *Muzooka II*, a motion to dismiss pursuant to Rule 12(b)(6) and a motion for judgment on the
10 pleadings pursuant to Rule 12(c) are ““functionally identical.”” *Muzooka II*, 2016 WL 949004, at
11 *4 (quoting *Dworkin v. Hustler Magazine, Inc.*, 867 F.2d 1188, 1192 (9th Cir. 1989)). Both
12 motions test the legal sufficiency of the plaintiff’s complaint and “the same standard of review”
13 applies. *Dworkin*, 867 F.2d at 1192.

14 For purposes of ruling on a Rule 12(b)(6) motion, the Court “accept[s] factual allegations
15 in the complaint as true and construe[s] the pleadings in the light most favorable to the nonmoving
16 party.” *Manzarek v. St. Paul Fire & Marine Ins. Co.*, 519 F.3d 1025, 1031 (9th Cir. 2008). The
17 Court, however, need not accept as true allegations contradicted by judicially noticeable facts, *see*
18 *Shwarz v. United States*, 234 F.3d 428, 435 (9th Cir. 2000), and it “may look beyond the plaintiff’s
19 complaint to matters of public record” without converting the Rule 12(b)(6) motion into a motion
20 for summary judgment, *Shaw v. Hahn*, 56 F.3d 1128, 1129 n.1 (9th Cir. 1995). Nor must the
21 Court “assume the truth of legal conclusions merely because they are cast in the form of factual
22 allegations.” *Fayer v. Vaughn*, 649 F.3d 1061, 1064 (9th Cir. 2011) (per curium). Mere
23 “conclusory allegations of law and unwarranted inferences are insufficient to defeat a motion to
24 dismiss.” *Adams v. Johnson*, 355 F.3d 1179, 1183 (9th Cir. 2004).

25 **III. DISCUSSION**

26 **A. Failure to State a Claim for Unfair Competition Under the Lanham Act**

27 The Court granted reconsideration of its prior order to allow Plaintiff to allege facts

1 sufficient to state a claim for unfair competition under the Lanham Act, 15 U.S.C. § 1125(a). ECF
2 No. 99, at 6. A claim for unfair competition under the Lanham Act requires Plaintiff to allege: (1)
3 a protectable ownership interest in a mark, and (2) the likelihood of the infringing mark being
4 confused with the plaintiff's mark. *Brookfield Commc'ns, Inc. v. W. Coast Entm't Corp.*, 174 F.3d
5 1036, 1046–47 (9th Cir. 1999). The Court dismissed Plaintiff's Lanham Act claim in *Muzooka II*
6 because Plaintiff failed to allege an ownership interest in the Muzooka Mark. *See Muzooka II*,
7 2016 WL 949004, at *4. Defendant's instant motion asserts that Plaintiff's SAC also fails to
8 allege a valid ownership interest.

9 An ownership interest in a mark is demonstrated through priority of use. *Sengoku Works*
10 *Ltd. v. RMC Int'l, Ltd.*, 96 F.3d 1217, 1219 (9th Cir. 1996) ("It is axiomatic in trademark law that
11 the standard test of ownership is priority of use."). Use of a mark "typically occurs when a mark
12 is used in conjunction with the actual sale of goods or services" and "creates an association among
13 consumers between the mark and the mark's owner." *Brookfield Commc'ns*, 174 F.3d at 1051
14 ("The Lanham Act grants trademark protection only to marks that are used to identify and to
15 distinguish goods or services in commerce"). "The first to use a mark is deemed the 'senior'
16 user and has the right to enjoin 'junior' users from using confusingly similar marks in the same
17 industry and market or within the senior user's natural zone of expansion." *Id.* at 1047.

18 In addition to demonstrating priority-of-use through actual use of a mark in commerce, a
19 plaintiff bringing a claim under the Lanham Act may also establish priority through constructive
20 use of a mark. *See* 15 U.S.C. § 1057(c). Specifically, federal registration of a mark is "prima
21 facie evidence of [the registrant's] ownership of the mark[]," *see Dep't of Parks & Recreation v.*
22 *Bazaar Del Mundo Inc.*, 448 F.3d 1118, 1124 (9th Cir. 2006), and once a mark is registered, the
23 registrant is granted constructive use of the mark dating back to the filing date of an intent-to-use
24 application. *See Zobmondo Entm't, LLC v. Falls Media, LLC*, 602 F.3d 1108, 1111 n.3 (9th Cir.
25 2010) (describing how a registrant receives a constructive-use date after a registrant's intent-to-use
26 application becomes a registered mark).

27 Defendant first used the Muzooka Mark in commerce in December 2011. *See* RJN Ex. E.

1 Accordingly, in order to establish priority of use, and thus establish an ownership interest in the
2 mark, Plaintiff must plausibly allege facts to establish that Plaintiff used the Muzook Mark in
3 commerce prior to December 2011. *See Brookfield Commc'ns*, 174 F.3d at 1051. Miller filed an
4 intent-to-use application for the Muzook Mark on September 12, 2011. SAC Ex. G. Soon
5 thereafter, on October 1, 2011, Miller assigned the intent-to-use application to Plaintiff. SAC Ex.
6 D. Thus, if Miller's assignment of the intent-to-use application to Plaintiff is a valid assignment,
7 Plaintiff can allege a constructive-use date of September 12, 2011.

8 Unfortunately for Plaintiff, as the Court explained in *Muzooka II*, "an intent-to-use
9 application is not freely assignable." *Muzooka II*, 2016 WL 949004, at *8 (citing 15 U.S.C. §
10 1060(a)(1)). To the contrary, 15 U.S.C. § 1060(a)(1), which governs the assignment of intent-to-
11 use applications, provides the following:

12 A registered mark or a mark for which an application to register has been filed shall
13 be assignable with the good will of the business in which the mark is used, or with
14 that part of the good will of the business connected with the use of and symbolized
15 by the mark. Notwithstanding the preceding sentence, no [intent-to-use
16 application] shall be assignable prior to the filing of an amendment under section
17 1051(c) of this title to bring the application into conformity with section 1051(a) of
18 this title or the filing of the verified statement of use under section 1051(d) of this
19 title, except for an assignment to a successor to the business of the applicant, or
20 portion thereof, to which the mark pertains, if that business is ongoing and existing.

21 15 U.S.C. § 1060(a)(1).

22 Put simply, § 1060(a)(1) states that an applicant may assign an intent-to-use application in
23 only two circumstances: (1) after the applicant has filed an allegation of use; or (2) if the
24 application is transferred "to a successor to the business of the applicant, or portion thereof, to
25 which the mark pertains, if that business is ongoing and existing." *Id.* This rule is intended to
26 "prohibit 'trafficking' in marks: the buying and selling of 'inchoate' marks which as yet have no
27 real existence." 3 McCarthy on Trademarks and Unfair Competition § 18:13 (4th ed.). "Violating
28 this 'anti-trafficking rule' voids the assignment as well as the underlying application and resulting
registration." *Oculu, LLC v. Oculus VR, Inc.*, No. SACV-14-0196-DOC, 2015 WL 3619204, at *7
(C.D. Cal. June 8, 2015); *see also Muzooka II*, 2016 WL 949004, at *8, 11 (explaining the anti-

1 trafficking purpose of § 1060(a)(1)).

2 Here, no statement of use was filed for the Muzook Mark until August 21, 2013, RJN Ex.
3 C, almost two years after Miller assigned the mark to Plaintiff, SAC Ex. D. Section 1060(a)(1)'s
4 first circumstance for assigning an intent-to-use application accordingly does not apply. Thus, for
5 the assignment to be valid, Plaintiff must allege facts that demonstrate that Miller assigned his
6 intent-to-use application pursuant to the second circumstance: "to a successor to the business of
7 the applicant, or portion thereof, to which the mark pertains, if that business is ongoing and
8 existing." See § 1060(a)(1).

9 The Court interpreted the meaning of § 1060(a)(1)'s "ongoing and existing" business
10 requirement in *Muzooka II*, 2016 WL 949004, at *8–11. After examining the statutory text,
11 relevant case law, and legislative history, the Court "conclude[d] that an 'ongoing and existing'
12 business to which a mark pertains requires at least some use of the mark in commerce." *Id.* at *11.
13 "This is simply another way of stating that the mark must have accrued goodwill before the mark
14 may be validly assigned." *Id.* In general, goodwill is "the advantage or benefit, which is acquired
15 by an establishment, beyond the mere value of the capital, stock, funds, or property employed
16 therein, in consequence of the general public patronage and encouragement which it receives from
17 constant or habitual customers." *Newark Morning Ledger Co. v. United States*, 507 U.S. 546, 555
18 (1993). "Goodwill accrues through use of the mark." *Muzooka II*, 2016 WL 949004, at *11; see
19 *Conversive, Inc. v. Conversagent, Inc.*, 433 F. Supp. 2d 1079, 1090 (C.D. Cal. 2006) ("Because
20 there is no evidence of any use of the CONVERSAGENT mark . . . there is also a lack of evidence
21 that there was any transferable goodwill associated with the mark."). More specifically,
22 "[g]oodwill is established through use of a mark 'in a way sufficiently public to identify or
23 distinguish the marked goods in an appropriate segment of the public mind as those of the adopter
24 of the mark.'" *Muzooka II*, 2016 WL 949004, at *12 (quoting *Dep't of Parks*, 448 F.3d at 1126).

25 Plaintiff alleges new facts in its SAC and contends that these facts establish that Miller
26 sufficiently used the Muzook Mark in commerce prior to assigning the mark to Plaintiff. See Pl.
27 Resp. at 6. Specifically, Plaintiff's SAC alleges that Miller engaged in several email exchanges

1 with professionals in 2010 and 2011 in which the Muzook project was discussed; that Plaintiff
2 arranged several Skype recording sessions with musicians in which the musicians performed
3 Miller's music and "endorsed" the Muzook idea; and that Miller attended the San Francisco
4 MusicTech Summit IX in which he "discussed the MuZook project with other attendees." *See id.*
5 at 6–7; SAC ¶¶ 29–46 & Ex. Q. As discussed further below, these new allegations do not
6 plausibly demonstrate that Miller used the mark "in a way sufficiently public to identify or
7 distinguish the marked goods in an appropriate segment of the public mind." *Dep't of Parks*, 448
8 F.3d at 1126. To the contrary, the activities that Plaintiff alleges are analogous to uses of a mark
9 that the Ninth Circuit has held insufficient to convey trademark rights.

10 First, the emails that Plaintiff attached as exhibits to the SAC establish only that Miller
11 discussed his "business plan" and "proposal" with individuals in 2010 and 2011, not that Miller
12 used the Muzook Mark in commerce. *See generally* SAC Ex. Q. Plaintiff attaches six email
13 exchanges to the SAC.

14 The first exchange shows that Miller emailed David McFarland ("McFarland"), Senior
15 Manager of Sales and Marketing for CreateSpace.com, in 2010 and explained his "proposal" and
16 "business plan for the sale of a novel and music in one eBook event." *Id.* Ex. Q-A. McFarland
17 replied and expressed that the idea was "exciting" but that Miller's idea was "a little ahead of [its]
18 time" in terms of the available technology. *Id.* The Muzook name does not even appear in these
19 conversations with McFarland. *See id.*

20 In the second attached email, an email that Miller sent to Jeffrey Cohen in April 2011,
21 Miller refers only to his "'Musook' concept." *Id.* Ex. Q-B.

22 The third attached email shows that in April 2011, Steve Knowles ("Knowles") of
23 Marketing Acumen wrote to Miller and explained to Miller the difficulty of "attracting capital" for
24 Miller's "idea," which Knowles described as an "idea with potential." *Id.* Ex. Q-C.

25 The fourth attached email exchange shows that Miller reached out to Virginia Cannon
26 ("Cannon"), a professional at Voyage Air Guitar, to "show [her] [his] project in more detail and
27 discuss any referrals" that Cannon may have. *Id.* Ex. Q-D. Miller asked Cannon to "keep this

1 under [her] hat” and referred to a non-disclosure agreement between Miller and Jeff Cohen, the
2 apparent recipient of Miller’s April 2011 email. *Id.* Miller explained to Cannon that his project
3 was “*going to be* [a] structure for new and existing books that would like to add music
4 soundtracks” to books. *Id.* (emphasis added). Cannon wrote to Miller indicating that she had seen
5 his “prototypes and thought that they were very interesting.” *Id.*

6 Similarly, in the fifth attached exchange, Miller wrote an email—labeled as confidential—
7 to Mark Vaz (“Vaz”), asking for Vaz to refer Miller to Vaz’s agent because Miller was “launching
8 a new form of ‘book with a soundtrack’” and Miller was “positioned to release the first book of
9 this kind.” *Id.* Ex. Q-E.

10 Lastly, in the sixth attached email, Miller wrote to John Oates (“Oates”) in September
11 2011 and explained that Muzook did not appear on Miller’s website along with Miller’s other
12 businesses because the Muzook patent was not yet filed. *Id.* Ex. Q-F. Miller further stated that
13 “[r]egarding MuZook, I can forward confidential info to you [i]f you like.” *Id.*

14 These six emails show that Miller reached out and discussed his “business project,”
15 “proposal,” and “idea” to individuals in various marketing and creative industries. The Ninth
16 Circuit has held, however, that trademark rights are not conveyed by an individual’s “mere intent
17 to use a mark commercially” or an individual’s “mere preparation to use a term as a trademark.”
18 *Brookfield Commc’ns*, 174 F.3d at 1052; *see also* 3 McCarthy on Trademarks and Unfair
19 Competition § 16:11 (“Unlike patent law, rights in trademarks are not gained through discovery or
20 invention of the mark, but only through actual usage.”). As the Court explained in *Muzooka II*, the
21 Ninth Circuit has found that “neither putting a mark ‘on a prototype displayed to a potential buyer’
22 nor engaging in ‘limited e-mail correspondence with lawyers and a few customers’ is sufficient.”
23 *Muzooka II*, 2016 WL 949004, at *12 (quoting *Brookfield Commc’ns* , 174 F.3d at 1052).

24 Displaying a “prototype” and exchanging “limited e-mail correspondence,” *Brookfield*,
25 174 F.3d at 1052, is essentially the activity that Miller’s emails evince. This does not constitute
26 use of a mark that is “sufficiently public to identify or distinguish the marked goods in an
27 appropriate segment of the public mind as those of the adopter of the mark.” *Dep’t of Parks*, 448

1 F.3d at 1126. Indeed, the *non-public* and preparatory nature of Miller’s correspondence is
2 exemplified by Miller’s emails to Vaz and Oates in which he used the term “confidential,” *see*
3 SAC Ex. Q-E; Ex. Q-F, and Miller’s email to Cannon in which Miller asked Cannon to keep the
4 Muzook idea “under [her] hat” and referred to a non-disclosure agreement between Miller and Jeff
5 Cohen, the apparent recipient of Miller’s April 2011 email. SAC Ex. Q-D.

6 Second, the recording sessions and interviews that Miller arranged with various musicians
7 also fail to establish use of the Muzook Mark in commerce. Plaintiff asserts that the various
8 musicians that participated in Miller’s recording sessions were “potential ‘actual consumers’ of the
9 [Muzook] service,” and that Miller was offering services to these individuals “that were part of the
10 MUZOOK business model: collaborating with writers and musicians to create a catalog of written
11 and musical works that would be later combined to create a new genre of e-book, one with an
12 embedded musical score.” Pl. Resp. at 7, 10. However, the allegations in Plaintiff’s SAC
13 demonstrate only that Miller arranged recording sessions with a limited group of musicians, that
14 these musicians performed Miller’s musical arrangements, and that these musicians “discussed the
15 role” of the Muzook project and “endorse[d]” the Muzook idea. SAC ¶¶ 37–38, 44. There is no
16 allegation that these arrangements were commercial in nature or that the sessions generated any
17 revenue for Muzook. Again, this is analogous to “mere preparation” to use the Muzook Mark in
18 commerce or “limited” engagement with potential consumers. *Brookfield Commc’ns*, 174 F.3d at
19 1052.

20 Plaintiff asserts that, even if these recordings were not “sales,” they constitute sufficient
21 “marketing and rendering of services” under the Muzook Mark to establish goodwill. Pl. Resp. at
22 10. However, even on the assumption that these arrangements were marketing for Muzook or an
23 actual provision of “collaboration” services associated with the Muzook Mark, no goodwill is
24 created when a mark is “seen by the consuming public only in very limited quantity.” *E. & J.*
25 *Gallo Winery v. Gallo Cattle Co.*, 1989 WL 159628, at *3 (E.D. Cal. June 19, 1989), *aff’d E. & J.*
26 *Gallo Winery*, 967 F.2d 1280 (9th Cir. 1992). “[M]inimal consumer exposure . . . d[oes] not
27 create a brand identity or consumer goodwill.” *Id.* Although “advertising combined with other

1 non-sales activity” may constitute sufficient use of a mark, *Dep’t of Parks*, 448 F.3d at 1126, the
2 totality of Plaintiff’s allegations do not establish that Miller’s pre-assignment activity rose to the
3 level of “sufficiently public” use of the Muzook Mark, *see Brookfield Commc’ns, Inc.*, 174 F.3d at
4 1052. This is exemplified by the cases upon which Plaintiff relies. In *Marvel Comics Limited v.*
5 *Defiant*, the district court found that the plaintiff had alleged “sufficiently public” use of a mark
6 where the plaintiff had publicly announced its comic book title “to 13 million comic book readers”
7 and had promoted the title “at the most significant annual convention in the comic book business.”
8 837 F. Supp. 546, 548 (S.D.N.Y. 1993) (internal quotation marks omitted). Similarly, in *New*
9 *West Corporation v. NYM Company of California, Inc.*, New West sent 430,000 individuals a free
10 copy of its magazine prior to the first issue and over 13,800 people responded by subscribing. 595
11 F.2d 1194, 1196 (9th Cir. 1979). Plaintiff’s alleged advertising and non-sales activity is far less
12 extensive than the activity in these cases. *See Chance v. Pac-Tel Teletrac, Inc.*, 242 F.3d 1151,
13 1160 & n.4 (9th Cir. 2001) (noting that the “mailing of [] 35,000 post cards, which generated 128
14 responses” but no sales “[p]aled in comparison to the type of advertising . . . [the court] found
15 determinative in *New West*”). Miller’s alleged pre-assignment activity is far more similar to the
16 “limited e-mail correspondence with lawyers and a few customers” that the Ninth Circuit has
17 found to be insufficient to establish use of the mark in commerce, rather than the public
18 announcement in *Marvel* or the solicitation mailings in *New West*. *See Brookfield*, 174 F.3d at
19 1053.

20 For the same reason, Plaintiff’s allegation that Miller “discussed the Muzook project with
21 other attendees” at the San Francisco MusicTech Summit IX is insufficient. *See SAC ¶ 46.*
22 Plaintiff does not allege that Miller promoted the Muzook Mark at the Summit or that Miller
23 generated any orders or other inquiries from these discussions. *See Future Domain Corp. v.*
24 *Trantor Sys. Ltd.*, 1993 WL 270522, at *8 (N.D. Cal. 1993) (finding that, although a plaintiff
25 promoted his mark at a trade show with approximately 7,000 attendees, “[t]he fact that [the
26 plaintiff] took no orders for its product at [the trade show] significantly . . . undermines its claim to
27 have created a sufficient association in the public mind between” the mark and the product).

1 Accordingly, Plaintiff does not plausibly allege that the Muzook Mark was used in a manner that
2 “distinguish[ed] the marked goods in an appropriate segment of the public mind as those of the
3 adopter of the mark,” *Dep’t of Parks*, 448 F.3d at 1126, and accordingly the SAC does not
4 sufficiently allege that the Muzook Mark acquired goodwill prior to Miller’s assignment of the
5 mark to Plaintiff.

6 In sum, the totality of Miller’s pre-assignment activity indicates that Miller inquired into
7 and promoted the Muzook idea with musicians and other professionals in the industry, and that
8 Miller intended and prepared to use the Muzook Mark in commerce in connection with goods and
9 services. The newly alleged facts do not show, however, that Miller used the Muzook Mark such
10 that the mark developed goodwill prior to the assignment. Plaintiff has thus not alleged that
11 Miller’s assignment of the intent-to-use mark to Plaintiff complied with § 1060(a)(1).
12 Accordingly, taking Plaintiff’s facts as true and making all reasonable inferences in Plaintiff’s
13 favor, the Court finds that Plaintiff has failed to state a claim for trademark infringement under the
14 Lanham Act.

15 The Court stated in its order granting reconsideration that Plaintiff’s “failure to cure the
16 deficiencies identified in the Court’s March 14, 2016 order will result in a dismissal with
17 prejudice” of Plaintiff’s SAC. ECF No. 99, at 6. This is Plaintiff’s third complaint alleging a
18 Lanham Act claim and the Court’s third order dismissing Plaintiff’s claim. The Court accordingly
19 finds that further leave to amend would be futile. *Leadsinger, Inc. v. BMG Music Pub.*, 512 F.3d
20 522, 523 (9th Cir. 2008) (“The decision of whether to grant leave to amend . . . remains within the
21 discretion of the district court, which may deny leave to amend due to . . . repeated failure to cure
22 deficiencies by amendments previously allowed . . . [and] futility of amendment.” (internal
23 quotation marks omitted)). The Court GRANTS Defendant’s motion to dismiss Plaintiff’s
24 Lanham Act claim with prejudice.

25 **B. Plaintiff’s Additional Claims**

26 In addition to asserting a claim under the Lanham Act, Plaintiff’s SAC reasserts claims for
27 statutory and common law unfair competition and for common law trademark infringement. SAC

1 ¶¶ 66–76. Defendant’s motion to dismiss contends that Plaintiff’s assertion of these claims
2 contravenes the Court’s order granting reconsideration because the Court granted consideration
3 only as to Plaintiff’s Lanham Act claim. Def. Mot. at 6–7. Plaintiff responds that the Court’s
4 order did not preclude Plaintiff from realleging these claims and that “the same newly alleged
5 facts that support the Lanham Act claim in turn support the California common law claims for
6 trademark infringement and unfair competition.” Pl. Resp. at 16.

7 As the Court stated in its order granting reconsideration, “Plaintiff does not move for
8 reconsideration of the Court’s dismissal with prejudice of Plaintiff’s claims for common law
9 trademark infringement, and statutory and common law unfair competition.” ECF No. 99, at 4.
10 The Court further stated that Plaintiff’s motion for leave to file a motion for reconsideration
11 “raise[d] two basis for reconsideration, both of which pertain[ed] only to the dismissal of
12 Plaintiff’s Lanham Act claim.” *Id.* The Court granted reconsideration because the Court agreed
13 with Plaintiff that *Muzooka II* answered an issue of first impression pertaining to the Lanham Act,
14 that the relevance of certain facts supporting Plaintiff’s Lanham Act claim may not have been
15 apparent to Plaintiff at the time of the motion to dismiss, and that “granting Plaintiff leave to
16 amend Plaintiff’s Lanham Act claim [was] not necessarily futile.” *Id.* at 5–6. The Court thus
17 granted reconsideration only as to Plaintiff’s Lanham Act claim and vacated only “the portion of
18 its earlier order denying leave to amend as to Plaintiff’s Lanham Act claim.” *Id.* at 6.
19 Accordingly, pursuant to the explicit terms of this Court’s prior order, Plaintiff cannot now
20 reassert Plaintiff’s dismissed claims for common law trademark infringement and statutory and
21 common law unfair competition and allege new facts as to those claims. The Court did not vacate
22 *Muzooka II*’s dismissal of these claims with prejudice. *See id.*

23 Nonetheless, even if Plaintiff were authorized to reassert its dismissed claims for common
24 law trademark infringement and statutory and common law unfair competition and to allege new
25 facts as to these claims, Plaintiff’s new facts fail to sufficiently state these claims for the same
26 reasons that Plaintiff’s new facts fail to support a claim under the Lanham Act.

27 A claim for trademark infringement under California common law requires the same
28

1 allegations as a claim for unfair competition under the Lanham Act: (1) a protectable ownership
2 interest in a mark, and (2) the likelihood of the infringing mark being confused with the plaintiff's
3 mark. *See Wood v. Apodaca*, 375 F. Supp. 2d 942, 947–48 (N.D. Cal. 2005). A claim for
4 common law trademark infringement “requires a mark to have been used in commerce before a
5 protectible [sic] ownership interest in the mark arises.” *Dep't of Parks*, 448 F.3d at 1125. As
6 discussed, Plaintiff's facts do not establish actual use of the Muzook Mark in commerce prior to
7 December 2011, and thus Plaintiff fails to allege a claim for common law trademark infringement.

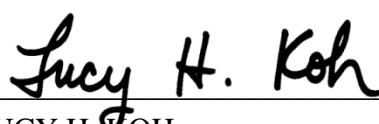
8 Similarly, as the Court explained in *Muzooka II*, “Plaintiff's UCL and common law unfair
9 competition claims are premised on the same alleged conduct that underlies Plaintiff's claims for
10 common law trademark infringement and Lanham Act unfair competition.” *Muzooka II*, 2016 WL
11 949004, at *15. Specifically, Plaintiff alleges that “Defendant misappropriated Plaintiff's
12 goodwill associated with the Mark, using the Infringing Designation ‘MUZOOKA’ for
13 Defendant's own competitive advantage.” SAC ¶ 67. Accordingly, because Plaintiff's new facts
14 are not sufficient to allege a claim based on common law trademark infringement and Lanham Act
15 unfair competition, Plaintiff's new facts are also insufficient to state a claim for state statutory and
16 common law unfair competition.

17 **IV. CONCLUSION**

18 For the foregoing reasons, Defendant's motion to dismiss is GRANTED with prejudice.

19 **IT IS SO ORDERED.**

21 Dated: October 11, 2016

22 
23 LUCY H. KOH
United States District Judge