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**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA**

COLLEGESOURCE, INC.,

Plaintiff,

vs.

ACADEMYONE, INC.,

Defendant.

CASE NO. 08CV1987-GPC(MDD)

**ORDER GRANTING
DEFENDANT'S MOTION FOR
SUMMARY JUDGMENT**

[Dkt. No. 251.]

Before the Court is Defendant's motion for summary judgment. (Dkt. No. 251.) Plaintiff filed an opposition on August 21, 2015. (Dkt. No. 273.) Defendant filed a reply on August 28, 2015. (Dkt. No. 276.) A hearing was held on September 17, 2015. (Dkt. No. 282.) Darren Quinn, Esq. and William Woods, Esq. appeared on behalf of Plaintiffs, and David Landau, Esq. and Aliza Karetnick, Esq. appeared on behalf of Defendants. After a review of the briefs, supporting documentation, the applicable law, and hearing oral argument, the Court GRANTS Defendant's motion for summary judgment.

Procedural Background

On October 27, 2008, Plaintiff CollegeSource, Inc. ("Plaintiff" or "CollegeSource" or "CS") filed this action against Defendant AcademyOne, Inc. ("Defendant" or "AcademyOne" or "A1") alleging numerous causes of action based on Defendant's alleged improper access and use of Plaintiff's databases. On August 24,

1 2009, the Court granted Defendant’s motion to dismiss for lack of personal
2 jurisdiction.¹ (Dkt. No. 93.) On September 21, 2009, Plaintiff filed a notice of appeal
3 of the district court’s order granting motion to dismiss for lack of personal jurisdiction.
4 (Dkt. No. 99.)

5 While this case was dismissed and on appeal with the Ninth Circuit, on July 20,
6 2010, CollegeSource filed a separate complaint against AcademyOne in the United
7 States District Court for the Eastern District of Pennsylvania alleging similar causes of
8 action. See CollegeSource, Inc. v. AcademyOne, Inc., Case No. 10-CV-3542 (E.D. Pa.,
9 filed July 20, 2010) (“the Pennsylvania Action”). In the Pennsylvania Action,
10 CollegeSource asserted the following nine causes of action in its first amended
11 complaint: (1) violation of U.S. Racketeer Influenced and Corrupt Organizations Act,
12 18 U.S.C. § 1964; (2) violation of U.S. Racketeer Influenced and Corrupt
13 Organizations Act, 18 U.S.C. § 1964; (3) violation of U.S. Computer Fraud and Abuse
14 Act (“CFAA”), 18 U.S.C. § 1030; (4) breach of contract; (5) unjust enrichment; (6)
15 trademark infringement under the Lanham Act, 15 U.S.C. § 1114; and (7) unfair
16 competition under the Lanham Act, 15 U.S.C. § 1125(a); (8) declaration of trademark
17 invalidity due to fraud on U.S. Patent and Trademark Office; and (9) false advertising
18 under the Lanham Act, 15 U.S.C. § 1125(a). (Dkt. No. 278, D’s RJN, Ex. B.)

19 In this action, CollegeSource asserts the following ten causes of action in its
20 second amended complaint: (1) violation of the U.S. Computer Fraud and Abuse Act,
21 18 U.S.C. § 1030(g); (2) violation of California’s Comprehensive Computer Data
22 Access and Fraud Act (“CCDAFA”), Cal. Penal Code § 502(e); (3) breach of contract;
23 (4) misappropriation; (5) unjust enrichment; (6) trademark infringement under the
24 Lanham Act, 15 U.S.C. § 1114; (7) unfair competition under the Lanham Act, 15
25 U.S.C. § 1125(a); (8) false advertising under the Lanham Act, 15 U.S.C. § 1125(a); (9)
26 declaration of trademark invalidity, 28 U.S.C. § 2201; 15 U.S.C. §§ 1064, 1119; and
27

28 ¹District Judge Marilyn L. Huff ruled on the motion to dismiss prior to the case
being transferred to the undersigned judge on October 4, 2012. (Dkt. No. 164.)

1 (10) violation of California’s unfair competition statute, Cal. Bus. & Prof. Code §§
2 17200 *et seq.* (Dkt. No. 115.)

3 The district court in the Pennsylvania Action dismissed the RICO claims in May
4 2011. (Dkt. No. 275, SUF No. 3.) AcademyOne then filed a motion for summary
5 judgment on the remaining nine claims on February 27, 2012. (Pennsylvania Action,
6 10cv3542-MAM, Dkt. No. 164.) After full briefing, the Pennsylvania district court
7 held a hearing on AcademyOne’s motion on June 13, 2012. (Id., Dkt. No. 206.) On
8 September 21, 2012, after the motion for summary judgment was fully briefed and after
9 having heard oral argument, CollegeSource filed a motion for leave to supplement its
10 opposition to Defendant’s motion for summary judgment and conduct additional
11 discovery based on newly uncovered evidence. (Id., Dkt. No. 222.) On September 27,
12 2012, the Pennsylvania district court denied Plaintiff’s motion. (Id. Dkt. No. 225.) On
13 October 25, 2012, the district court in the Pennsylvania Action granted Defendant
14 AcademyOne’s motion for summary judgment in its entirety. (Id., Dkt. No. 226;
15 CollegeSource, Inc. v. AcademyOne, Inc., No. 10-3542, 2012 WL 5269213 (E.D. Pa.
16 Oct. 25, 2012.) On November 2, 2012, CollegeSource filed a notice of appeal with the
17 Third Circuit. (Pennsylvania Action, 10cv3542-MAM, Dkt. No. 228.)

18 Meanwhile, in this case, on October 15, 2012, CollegeSource filed an amended
19 motion for partial summary judgment on the merits of its case.² (Dkt. No. 172.) On
20 March 8, 2013, AcademyOne filed an opposition to Plaintiff’s motion for summary
21 judgment which included an expert report by its expert, Paul Lewis, dated March 8,
22 2013. (Dkt. No. 215, Landou Decl., Ex. A, Lewis’ Rebuttal Expert Report (filed Under
23 Seal).) On March 29, 2013, Plaintiff filed objections to Lewis’ Report. (Dkt. No. 219.)

24 On November 28, 2012, AcademyOne filed a motion for summary judgment
25 alleging claim and issue preclusion based on the district court’s ruling granting its
26 motion for summary judgment in the Pennsylvania Action. (Dkt. No. 186.) On March
27

28 ²On September 26, 2011, the Ninth Circuit reversed the district court’s decision
and remanded the case to the district court. (Dkt. No. 110.)

1 11, 2013, CollegeSource filed a motion to stay and a motion to refer summary
2 judgment related motion to Magistrate Judge Mitchell D. Dembin for report and
3 recommendation. (Dkt. Nos. 204, 207.) On April 15, 2013, the Court granted
4 Plaintiff's motion to stay the case pending a ruling by the Third Circuit. (Dkt. No.
5 230.) On April 16, 2013, the Court terminated all pending motions subject to
6 reopening once the stay was lifted. (Dkt. No. 231.)

7 On February 5, 2015, the Third Circuit affirmed the district court's grant of
8 summary judgment in favor of Defendant. CollegeSource, Inc. v. AcademyOne, Inc.,
9 597 F. App'x 116 (3d Cir. 2015). On March 5, 2015, the Third Circuit denied
10 Plaintiff's petition for rehearing by the panel and the court en banc. (Pennsylvania
11 Action, 10cv3542, Dkt. No. 233.) On May 14, 2015, Plaintiff informed the Court it
12 would not file a petition for certiorari with the United States Supreme Court. (Dkt. No.
13 245.)

14 On May 28, 2015, the Court granted the parties' joint motion to lift the stay and
15 set a telephonic status conference. (Dkt. No. 247.) At the status hearing, the Court
16 indicated it would first rule on Defendant's motion for summary judgment on claim
17 preclusion based on the judgment in the Pennsylvania action before ruling on
18 Plaintiff's motion for partial summary judgment concerning liability. (Dkt. No. 252 at
19 5.³) Subsequently, the Court set a briefing schedule on Defendant's motion for
20 summary judgment based on claim preclusion. (Dkt. No. 249.)⁴

21 Defendant filed a motion for summary judgment on June 8, 2015. (Dkt. No.
22

23 ³All page numbers are based on the CM/ECF pagination.

24 ⁴At the hearing, Plaintiff raised a discovery issue, and the Court directed the
25 parties to the Magistrate Judge. (Dkt. No. 252.) On June 16, 2015, the parties filed a
26 joint motion for determination of a dispute regarding production of material considered
27 by Defendant's expert Paul Lewis in his expert report, (Dkt. No. 215), submitted in
28 opposition to Plaintiff's motion for partial summary judgment in March 2013. (Dkt.
No. 253.) On June 22, 2015, the Magistrate Judge denied the joint motion for
discovery dispute regarding materials considered by Defendant's expert. (Dkt. No.
254.) On August 12, 2015, the Court overruled Plaintiff's objections to the Magistrate
Judge's order. (Dkt. No. 272.)

1 251.) On August 21, 2015, Plaintiff filed an opposition. (Dkt. No. 273.) On August
2 28, 2015, Defendant filed a reply. (Dkt. No. 276.)

3 **Factual Background**

4 The facts are taken from the Third Circuit opinion in CollegeSource, Inc., 597
5 F. App'x at 120-21.

6 CS touts itself as “the pioneer of the digital college course catalog and
7 college transfer credit industry.” CS’s main product is the
8 “CollegeSource Online” database, which allows paying subscribers and
9 trial users to search and inspect over 50,000 digital course catalogs and
10 related documents culled by CS from the offerings of colleges across
11 the country. CS has long undertaken efforts to prevent, or enable the
12 detection of, duplication or use of its materials by potential
13 competitors. For instance, throughout the period at issue here, CS
14 embedded in its catalog files an unavoidable “splash page” alerting the
15 user that the catalog originated from CS, and a full-page “Copyright
16 and Disclaimer,” which states that “CollegeSource digital catalogs are
17 derivative works owned and copyrighted by CollegeSource, Inc. . . .
18 Catalog content is owned and copyrighted by the appropriate school.”
19 The notice also declares that distribution and noncommercial use are
20 prohibited.

21 Users of CollegeSource Online must check a box that states, “By
22 signing in above, I agree to be bound by the terms of the . . .
23 Subscription Agreement.” The hyperlinked Subscription Agreement
24 states: “This Subscriber Agreement and Terms of Use govern your use
25 of CollegeSource Online, TES, and, unless other terms and conditions
26 expressly govern, any other electronic services from CollegeSource,
27 Inc. that may be made available from time to time” The agreement
28 also states that commercial use of the data is prohibited.

Along with CollegeSource Online, CS offers a service known as
“CataLink,” which allows colleges to store their catalog information on
CS’s servers and link to that information from their websites, rather
than hosting the information themselves. Since CataLink’s inception,
110 schools have paid to use that service. Course catalogs accessed via
CataLink, like those accessed via CollegeSource Online, contain the
aforementioned Copyright and Disclaimer.

A1 was founded by Appellee David Moldoff in 2005 as a free online
alternative to CS. In 2006, Moldoff approached CS to inquire whether
A1 could purchase or license the contents of CS's database, but he was
rebuffed. A1 then hired Beijing Zhongtian-Noah Sports Science Co.,
Ltd. (Noah), an independent Chinese subcontractor, to obtain course
catalogs by downloading them directly from individual schools'
websites. A1 also pursued an in-house effort to obtain course catalogs
in the same way. By the time its database launched in early 2007, A1
had amassed course catalogs from roughly 4,000 schools, most of
which originated from Noah's collection efforts.

A week after the debut of A1's database, CS sent a cease-and-desist
letter to A1 alleging over 700 instances of copyright infringement and

1 directing A1 to remove the infringing materials from its website. After
2 a brief review, A1 discovered that CS's allegations were largely
3 correct. In an email to CS's president, Moldoff explained that A1 had
4 "removed ALL course catalog PDF files as of this afternoon and are
5 working to determine actually how many catalogs are in question have
6 [sic] your copyright statement." Moldoff also wrote that A1 would
7 "honor [CS's] request and remove the content." A1 immediately
8 disabled public access to the database and made efforts to remove
9 materials that had originated with CS. This task proved technically
10 challenging, and the record reflects that as late as 2010, A1 discovered
11 additional documents on its servers that contained CS's Copyright and
12 Disclaimer.

13 Id. at 120-21 (citations to the record omitted).

14 Discussion

15 A. Requests for Judicial Notice

16 Under Federal Rule of Civil Procedure ("Rule") 201, "[t]he court may judicially
17 notice a fact that is subject to reasonable dispute because it (1) is generally known
18 within the court's territorial jurisdiction; or (2) can be accurately and readily
19 determined from sources whose accuracy cannot reasonably be questioned." Fed. R.
20 Civ. P. 201(b). The court may take judicial notice of "court filings and other matters
21 of public record." Reyn's Pasta Bella, LLC v. Visa USA, Inc., 442 F.3d 741, 746 n.
22 6 (9th Cir. 2006).

23 Here, AcademyOne filed requests for judicial notice in the motion for summary
24 judgment, (Dkt. No. 278), and its reply, (Dkt. No. 279). CollegeSource filed an
25 objection to the request for judicial notice filed as part of AcademyOne's reply because
26 it is "new evidence" presented in a reply to a motion for summary judgment. (Dkt. No.
27 281.) These documents are all publically filed documents in the prior Pennsylvania
28 action. It also objects to AcademyOne's incorporation by reference concerning
discussion and reference to documents filed concerning the history of the parties'
discovery issues in the Pennsylvania Action that was filed in opposition to
CollegeSource's Objection to Judge Dembin's order. (Dkt. Nos. 266,⁵ 267.)

⁵CollegeSource argues that the Court, when ruling on the Magistrate Judge's ruling, denied Defendant's request for judicial notice and so it cannot now rely on these documents. The Court notes that it did not deny Defendant's request for judicial notice

1 CollegeSource does not dispute the accuracy of the documents, that were filed
2 in the Pennsylvania district court and Third Circuit, but makes arguments asserting that
3 these documents are “new evidence” raised in a reply or that the Court previously
4 denied a request for judicial notice. However, in order for the Court to determine
5 whether issues were fully and fairly litigated, the Court should take judicial notice of
6 the record in the prior case. See id. (“To determine what issues were actually litigated
7 in the . . . [prior case] we take judicial notice of Plaintiffs’ briefs in those courts and the
8 transcripts. . . .”). Accordingly, the Court GRANTS Defendant’s requests for judicial
9 notice filed in support of its motion for summary judgment and also its reply.

10 Plaintiff also objects to arguments raised in AcademyOne’s reply concerning
11 “CollegeSource Had Full and Fair Opportunity to Litigate” as constituting a “new
12 issue” that Defendant failed to offer in its moving papers.⁶ (Dkt. No. 276 at 6-10.) The
13 Court disagrees with CollegeSource’s contention. AcademyOne raised the issue of
14 “full and fair opportunity to litigate” in response to Plaintiff raising the issue in its
15 opposition. Therefore, the Court overrules Plaintiff’s objections as to the arguments
16 raised by AcademyOne concerning “full and fair opportunity to litigate.”

17 **B. Legal Standard on Motion for Summary Judgment**

18 Summary judgment is appropriate if the “pleadings, depositions, answers to
19 interrogatories, and admissions on file, together with the affidavits, if any, show that
20 there is no genuine issue as to any material fact and that the moving party is entitled
21 to judgment as a matter of law.” Fed. R. Civ. P. 56(c). A fact is material when it

22 _____
23 on the merits but only because it was not relevant in ruling on the discovery motion.
24 (Dkt. No. 272 at 10.)

25 ⁶It appears that Plaintiff raises this as an issue because it argues that Defendant
26 has the burden to demonstrate “full and fair opportunity to litigate.” If Defendant’s
27 argument on “full and fair opportunity to litigate” was excluded, it would not have met
28 its burden. However, the United States Supreme Court stated that the party opposing
res judicata “must be permitted to demonstrate, if he can, that he did not have a ‘a fair
opportunity procedurally, substantively and evidentially to pursue his claim the first
time.’” Blonder-Tongue Labs., Inc. v. Univ. of Illinois Fdn., 402 U.S. 313, 333 (1971).
Therefore, the burden is on CollegeSource to demonstrate it did not have a “full and
fair opportunity” to litigate in the prior Pennsylvania Action.

1 affects the outcome of the case. Anderson v. Liberty Lobby, Inc., 477 U.S. 242, 248
2 (1986).

3 **C. Whether AcademyOne was Required to Plead the Affirmative Defense of**
4 **Res Judicata**

5 CollegeSource argues that AcademyOne waived its argument on res judicata
6 because it failed to assert it as an affirmative defense by not asserting it in its answer
7 and failing to file an amended answer subsequent to the Pennsylvania district court’s
8 order on summary judgment. AcademyOne disagrees arguing that it could not have
9 raised the preclusion defense in its answer filed on November 4, 2011 because the
10 defense did not come to fruition until October 25, 2012 when the Pennsylvania court
11 entered judgment. Moreover, it argues that the affirmative defense of res judicata can
12 be raised for the first time on summary judgment.

13 Rule 8 lists res judicata as an affirmative defense that is waived if not pled in the
14 answer. Fed. R. Civ. P. 8(c). The purpose of Rule 8(c) is to give the opposing party
15 notice and a chance to dispute its application. Blonder-Tongue Labs., Inc. v. Univ. of
16 Illinois Fdn., 402 U.S. 313, 350 (1971). In Clements, the Ninth Circuit noted that the
17 res judicata defense is waived if it is not raised in the pleadings and the defendant
18 failed “to object to the prosecution of dual proceedings while both proceedings are
19 pending” Clements v. Airport Auth. of Washoe Cty., 69 F.3d 321, 328 (9th Cir.
20 1995). In Clements, the Court held that the waiver should be applied to the defendants
21 because the claim preclusion defense was not in their responsive pleadings, the
22 defendants did not raise the issue in district court and in the brief originally filed in the
23 Ninth Circuit, and was only raised in supplemental briefs filed three months after oral
24 argument before the Ninth Circuit. Id. at 328-29.

25 The Ninth Circuit has liberalized the requirement that defendants must assert
26 affirmative defenses in the initial pleadings. Magana v. Commonwealth of the Northern
27 Mariana Islands, 107 F.3d 1436, 1446 (9th Cir. 1997). As long as the plaintiff is not
28 prejudiced, res judicata may be raised for the first time on summary judgment. Id.;

1 Owens v. Kaiser Fdn. Health Plan, Inc., 244 F.3d 708, 713 (9th Cir. 2001).

2 Here, in September 2011, AcademyOne raised a collateral estoppel argument in
3 its opposition to CollegeSource’s motion to dismiss, transfer or stay, and in support of
4 its cross-motion to enjoin CollegeSource in the Pennsylvania Action. (Dkt. No. 279,
5 D’s Reply RJN, Ex. A at 47.) Defendant raised the issue of preclusion in its reply to
6 its cross-motion to enjoin CollegeSource filed on October 3, 2011. (Dkt. No. 279, D’s
7 Reply RJN, Ex. C at 121.) In this case, Defendant raised the issue of collateral estoppel
8 in its motion to transfer, and its reply filed in this Court on November 22, 2011 and
9 December 12, 2011. (Dkt. No. 121-1 at 29; Dkt. No. 131 at 2-5.) The issue was again
10 raised in its ex parte application to extend stay filed on June 15, 2012. (Dkt. No. 149-1
11 at 4.) On September 14, 2012, Defendant raised the preclusion issue in its motion to
12 extend stay. (Dkt. No. 155-1 at 4.) Moreover, in 2012, CollegeSource acknowledged
13 the potential preclusive effect of a judgment in the Pennsylvania Action. (Dkt. No.
14 279, D’s Reply RJN, Ex. F ¶ 3; Ex. G ¶¶ 5, 8-9, Ex. H at 2-3.) The preclusion issue
15 was raised in both proceedings, and CollegeSource cannot argue that it was without
16 notice concerning this affirmative defense.

17 Since Plaintiff was aware of the issues of claim and issue preclusion during the
18 proceedings in both cases, raising the affirmative defense in its instant motion for
19 summary judgment does not prejudice Plaintiff. See Owens, 244 F.3d at 713. The
20 Court concludes that AcademyOne has not waived its affirmative defense of claim and
21 issue preclusion.

22 **D. Claim Preclusion and “Full and Fair Opportunity to Litigate”**

23 AcademyOne argues that claim preclusion bars CollegeSource from litigating
24 the seven claims in this case that were also asserted and ruled on in the Pennsylvania
25 Action. Plaintiff does not deny that it asserted and did not succeed on the seven causes
26 of action filed in the Pennsylvania Action.⁷ Instead, Plaintiff argues that claim and

27 ⁷In fact, Plaintiff does not address or oppose Defendant’s argument that the
28 seven causes of action in the Pennsylvania action meet the requirements of claim
preclusion, including an identity of claims.

1 issue preclusion do not apply because it did not have a full and fair opportunity to
2 litigate in the Pennsylvania Action.

3 “Under res judicata, a final judgment on the merits of an action precludes the
4 parties or their privies from relitigating issues that were or could have been raised in
5 that action.” Allen v. McCurry, 449 U.S. 90, 94 (1980) (citation omitted). “Under
6 collateral estoppel, once a court has decided an issue of fact or law necessary to its
7 judgment, that decision may preclude relitigation of the issue in a suit on a different
8 cause of action involving a party to the first case.” Id. (citation omitted). “Res
9 judicata and collateral estoppel relieve parties of the cost and vexation of multiple
10 lawsuits, conserve judicial resources, and, by preventing inconsistent decisions,
11 encourage reliance on adjudication.” Id. The Court applies the federal law of claim
12 preclusion when considering the preclusive effect of a federal court judgment. First
13 Pacific Bancorp., Inc. v. Helfer, 224 F.3d 1117, 1128 (9th Cir. 2000).

14 The Ninth Circuit prefers the use of the terms claim preclusion and issue
15 preclusion. Robi v. Five Platters, Inc., 838 F.2d 318, 321-22 (9th Cir. 1988).

16 The doctrine of “claim preclusion” bars the relitigation of a claim, even
17 if the particular theories of recovery or defenses raised in the second
18 proceeding were not actually litigated in the first action. Claim
19 preclusion is also known as the doctrine of merger and bar, and is
20 synonymous with “res judicata” when that expression is used in a
21 narrow sense. The doctrine of “issue preclusion” bars the relitigation
22 of all issues that were litigated in a prior proceeding, even if the second
23 proceeding is an action on a claim different from the one asserted in
24 the first action. Issue preclusion encompasses the doctrines of direct
25 and collateral estoppel.

26 Shaw v. State of California, 788 F.2d 600, 605 (9th Cir. 1986).

27 Claim preclusion or res judicata requires “(1) an identity of claims, (2) a final
28 judgment on the merits and (3) privity between parties.” Turtle Island Restoration
Network v. U.S. Dep’t of State, 673 F.3d 914, 917 (9th Cir. 2012) (quoting Tahoe-
Sierra Pres. Council, Inc. v. Tahoe Reg’l Planning Agency, 322 F.2d 1064, 1077 (9th
Cir. 2003)). Under claim preclusion, a plaintiff is expected to “present in one suit all
the claims for relief that he may have arising out of the same transaction or

1 occurrence.” U.S. Indus., Inc. v. Blake Constr. Co., Inc., 765 F.2d 195, 205 (D.C. Cir.
2 1985) (citation omitted). The burden is on the party asserting claim preclusion to
3 demonstrate its application. In re Associated Vintage Group, Inc., 283 B.R. 549, 562
4 (9th Cir. 2002).

5 Claim preclusion cannot be used as a bar “when the party against whom the
6 earlier decision is asserted did not have a ‘full and fair opportunity’ to litigate that issue
7 in the earlier case.” Kremer v. Chemical Const. Corp., 456 U.S. 461, 480-81 & n.22
8 (1982); Shaw v. State of Cal. Dept. of Alcoholic Beverage Control, 788 F.2d 600, 606
9 (9th Cir. 1986) (citing Kremer, 456 U.S. at 482-83 & n. 22) (“The Supreme Court has
10 held that neither claim nor issue preclusion can be applied by a federal court if there
11 was not a full and fair opportunity to litigate in the state proceeding.”).

12 While cases hold that the moving party has the burden to demonstrate the
13 affirmative defense of claim preclusion, the Court in Blonder-Tongue Labs., Inc. stated
14 that the plaintiff “must be permitted to demonstrate, if he can, that he did not have ‘a
15 fair opportunity procedurally, substantively and evidentially to pursue his claim the
16 first time’” Blonder-Tongue Labs., Inc., 402 U.S. at 333 (res judicata); Lewis v.
17 Parker, 67 F. Supp. 3d 189, 201 (D.D.C. 2014) (quoting Blonder-Tongue) (as to issue
18 preclusion). “The party opposing collateral estoppel has the burden of establishing the
19 absence of a full and fair opportunity to litigate the issues in the prior suit.” Hickerson
20 v. City of New York, 997 F. Supp. 418, 423 (S.D.N.Y. 1998) (citing In re Sokol, 113
21 F.3d 303, 306 (2d Cir. 1997)).

22 In Blonder-Tongue, the Supreme Court announced factors to be considered in
23 determining whether a party had a full and fair opportunity to litigate in the prior suit
24 and include considerations of “choice of forum,” incentive to litigate,” “whether . . .
25 the prior case was one of those relatively rare instances where the courts wholly failed
26 to grasp the technical subject matter and issues in suit,” “whether without fault of his
27 own the patentee was deprived of crucial evidence or witnesses in the first litigation,”
28 and whether the prior court purported to employ the applicable legal standard.

1 Blonder-Tongue, 402 U.S. at 333-34; see also Stevenson v. Sears, Roebuck & Co., 713
2 F.2d 705, 709 (Fed. Cir. 1983); Westenberg v. CNF Trans., Inc., No. CIV. 98-1514-AS,
3 1999 WL 571231, at *6 (D. Or. 1999). The decision rests with the trial court’s “sense
4 of justice and equity.” Id. at 334. Rejecting the plaintiff’s argument that the district
5 court had discretion to deny estoppel, the Fifth Circuit explained that “the only
6 discretion left to the district court’s ‘sense of equity and justice’ by Blonder-Tongue
7 is in the determination of whether the plaintiff had a full and fair opportunity to litigate
8 in the prior suit.” Blumcraft of Pittsburgh v. Kawneer Co., Inc., 482 F.2d 542, 547 (5th
9 Cir. 1973); Mississippi Chem. Corp. v. Swift Agric. Chems. Corp., 717 F.2d 1374,
10 1379 (Fed. Cir. 1983) (“The judge cannot permit relitigation because of equitable
11 considerations.”). A determination of whether the plaintiff had a full and fair
12 opportunity to litigate does not involve “reconsideration of the merits of the claim or
13 issue.” Epstein v. MCA, Inc., 179 F.3d 641, 649 (9th Cir. 1999). “Blonder-Tongue
14 predicated the application of collateral estoppel not on whether the prior finding of
15 invalidity was ‘correct’ but rather on whether the plaintiff had ‘a full and fair
16 opportunity to litigate’ in the prior suit asserted as a bar.” Blumcraft of Pittsburgh, 482
17 F.2d at 546.

18 In its motion, instead of citing to the factors announced in Blonder-Tongue,
19 Defendant cites to the standard announced in Kremer, that the prior judgment need only
20 “satisfy the minimal procedural requirements of the Fourteenth Amendment’s Due
21 Process Clause.” Kremer v. Chemical Constr. Corp., 456 U.S. 461, 481 (1982).
22 “Redetermination of issues is warranted if there is reason to doubt the quality,
23 extensiveness, or fairness of procedures followed in prior litigation.” Kremer, 456 U.S.
24 at 481 (citations omitted). The Ninth Circuit has not distinguished between the “full
25 and fair opportunity” standard outlined in Blonder-Tongue with the due process
26 standard announced in Kremer. Kremer involved a prior adjudication in state court
27 based on the full faith and credit clause under 28 U.S.C. § 1738. On the other hand,
28 the Blonder-Tongue case dealt with a prior adjudication in federal court. While the

1 Court in Kremer distinguished between previous actions litigated in state court and
2 federal court, it did not limit or distinguish its holding from Blonder-Tongue. Kremer,
3 456 U.S. at 482; see also Brown v. St. Louis Police Dept. of City of St. Louis, 691 F.2d
4 393, 395 (8th Cir. 1982) (noting the distinction announced in Kremer).

5 Since this Court is reviewing a prior adjudication in federal court, the Court finds
6 it appropriate to apply the standard announced in Blonder-Tongue. See Moore v. Rees,
7 No. 06cv22-KKC, 2007 WL 2809844, at *10 n.3 (E.D. Ky. Sept. 25, 2007) (applying
8 Kremer's "due process" standard to a prior adjudication in state court and noting that
9 the Blonder-Tongue standard has no bearing on the "full and fair opportunity"
10 exception as applied to prior state court decisions).

11 In its opposition, Plaintiff argues it did not have an opportunity to fully and fairly
12 litigate in the prior action because it was deprived of crucial evidence, the Pennsylvania
13 court failed to grasp a technical subject matter, and failed to apply the purported
14 applicable legal standard. Defendant argues that the issues in the prior litigation were
15 fully and fairly litigated which included "six months of discovery; a two-day
16 preliminary injunction hearing; motion practice on eight discovery motions, a motion
17 to dismiss, a motion to strike affirmative defenses, and a motion to transfer; and
18 substantial briefing and oral argument on summary judgment." (Dkt. No. 276 at 6-7.)

19 **1. Deprived of Crucial Evidence**

20 Plaintiff argues it was deprived of "crucial evidence" in the Pennsylvania Action
21 "without fault of [its] own." First, Plaintiff asserts it was deprived of "crucial
22 evidence" in the prior litigation that AcademyOne hacked CollegeSource's servers
23 through unauthorized usernames/passwords of CollegeSource customers to take
24 CollegeSource's catalogs. Second, CollegeSource contends that it was deprived of
25 "crucial evidence" in the Pennsylvania Action concerning the deletion of 88,000 files
26 from AcademyOne's Apple Server prior to AcademyOne producing a copy of its Apple
27 server files to CollegeSource in discovery. Third, CollegeSource asserts that it was
28 deprived of "crucial evidence" of AcademyOne's expert's copy of the Apple server that

1 apparently contains some or all of the over 88,000 deleted files. At the hearing,
2 Plaintiff stated that the crucial evidence concerning the “newly discovered evidence”
3 by Stan Novak, College Source’s Director of Operations, is limited to the causes of
4 action for breach of contract, the CFAA and unjust enrichment in the Pennsylvania
5 Action. In reply, AcademyOne argues that CollegeSource is seeking a redetermination
6 of discovery issues that were addressed by both the Pennsylvania district court and the
7 Third Circuit.

8 On September 21, 2012, Plaintiff filed a motion for leave to supplement its
9 opposition to Defendant’s motion for summary judgment and conduct additional
10 discovery in the Pennsylvania Action. (Pennsylvania Action, Case No. 10cv3542, Dkt.
11 No. 222.) This motion was filed after the motion for summary judgment was fully
12 briefed and oral arguments were held on June 13, 2012. (Id., Dkt. No. 206.) The
13 motion consisted of over 69 pages, including a 31 page brief. As part of its motion for
14 leave, it attached the supplemental brief in support of its opposition which contained
15 supplemental arguments in opposition to Defendant’s motion for summary judgment
16 based on the recently discovered evidence. (Id., Dkt. No. 222-4.) In its motion,
17 CollegeSource argued that Stan Novak, CollegeSource’s Director of Operations, had
18 recently, in August 2012, discovered, by chance, “newly discovered evidence” on its
19 server logs that Defendant used the username/password of CollegeSource subscribers,
20 Bellmore Memorial Library, and Santa Fe College, to access CollegeSource’s catalogs.
21 (Dkt. No. 278, D’s RJN, Ex. I at 305.) In addition, Plaintiff argued that Defendant
22 deleted about 14,000 native files from its Apple server on February 14, 2011 and that
23 88,000 files from Defendant’s Apple Server were not produced and/or deleted prior
24 to producing it to Defendant on July 26, 2011. (Id. at 300, 306.) CollegeSource also
25 sought to reopen discovery to follow up on the discovery of new evidence. (Id. at 322-
26 23.) On September 27, 2012, the district court in Pennsylvania denied Plaintiff’s
27 motion to supplement the record with newly discovered evidence and to reopen
28 discovery. (Pennsylvania Action, Case No. 10cv3542, Dkt. No. 225.) The court

1 explained that the “newly discovered evidence” concern Defendant’s Apple Server and
2 Plaintiff’s server logs and that the evidence was mostly found on Plaintiff’s own
3 servers that were in its control throughout the lawsuit. (Dkt. No. 278, Ex. K at 349-50.)
4 In addition, the search engine Plaintiff used to locate the “newly discovered evidence”
5 was available free on the internet since 2000. (Id. at 350.) The district court concluded
6 that Plaintiff had not offered any reason “why it could not have done years ago all of
7 the research it now relies on.” (Id.)

8 CollegeSource appealed the district judge’s denial of its motion and argued that
9 the “newly discovered evidence” consisted of:

- 10 (1) A1 and Noah “hacked into [CS’s] server logging in, without
11 authorization, via [CS’s] paying subscribers’ usernames/passwords”;
12 (2) A1 “accessed [CS’s] Website Terms of Use multiple times”; and (3)
13 A1 “deleted over 88,000 electronic files from its server prior to its
production in discovery to [CS] including files with very provocative
names.”

14 CollegeSource, Inc., 597 F. App’x at 124. The Third Circuit noted that CollegeSource
15 attributed its failure to discover evidence earlier due to misleading disclosures or
16 obstruction of justice by AcademyOne. Id. at 124-25.

17 But Novak concedes that he was able to discover the evidence, on his
18 own, during a “spot check[]” of the data on August 2, 2012, while
19 employing a search technique that was technologically feasible
20 throughout A1’s possession of the data. (App.4827.) Novak then
21 uncovered the remainder of the evidence over the following three
22 weeks, again using search tools and methods that were available
earlier. And crucially, despite having no apparent training or expertise
in computer forensics, Novak states that he made the dubious decision
not to enlist the help of CollegeSource’s “computer expert,” Michael
Bandemer, in the company’s review of these materials, which included
roughly 1.6 billion server log entries and hundreds of gigabytes of data.

23 Id. at 125. The Third Circuit stated that the evidence at issue came from
24 CollegeSource’s own servers, and digital copies of AcademyOne’s servers which were
25 produced in discovery in July 2011. Id. at 124. The court noted that CollegeSource
26 had possession of these materials months and in some cases, years before the discovery
27 deadlines. Id. The Third Circuit held that the district court did not abuse its discretion
28 when it excluded the proffered evidence and declined to reopen discovery because

1 Plaintiff failed to show good cause, pursuant to Rule 16(b)(4), for its failure to discover
2 the materials during discovery. Id. at 125.

3 The cases Plaintiff cites in support of its argument are instances where the
4 plaintiff procured newly discovered evidence after judgment and such evidence would
5 alter the ruling of the prior judgment. See Charter Oak Fire Ins. Co. v. Electrolux
6 Home Prods., 882 F. Supp. 2d 396, 403, 405 (E.D.N.Y. 2012) (Plaintiff obtained new
7 evidence through its own investigation and motion to compel after judgment in prior
8 case and that new evidence, had it been available in prior proceeding, could have
9 changed the results); Jones v. Hamic, 875 F. Supp. 2d 1334, 1349-50 (M.D. Ala. 2012)
10 (plaintiff obtained evidence, that defendants failed to disclose through criminal
11 discovery proceedings, that cleared plaintiff of any wrongdoing). In Charter Oak Fire
12 Insurance Co., the court concluded that the plaintiff did not have a full and fair
13 opportunity to litigate in the prior action because, “(1) crucial evidence supporting
14 plaintiff’s claim was not produced by the defendant in the [prior] case even though it
15 was responsive to plaintiff’s discovery requests; (2) plaintiff did not learn of the failure
16 to produce the information until after the [prior] trial; and (3) the evidence, if it had
17 been produced by the defendant in the [prior] case, could have altered the outcome of
18 that trial.” Charter Oak Fire Ins. Co., 882 F. Supp. 2d at 398. Here, the alleged “newly
19 discovered evidence” was known to Plaintiff prior to the judgment in the Pennsylvania
20 Action, and Plaintiff has not argued or demonstrated that the evidence could have
21 altered the outcome in the prior case. Therefore, the cases cited by Plaintiff do not
22 support its contention.

23 The Ninth Circuit has not addressed specifically when a party is deprived of
24 “crucial evidence” under Blonder-Tongue, so the Court has looked to other circuits and
25 district courts to extract principles on this issue. A party cannot argue it did not have
26 a full and fair opportunity to litigate where there is no indication that such evidence
27 was not in existence or not available through no fault of its own. Dana Corp. v. NOK,
28 Inc., 882 F.2d 505, 508 (Fed. Cir. 1989) (evidence appears to have been within the

1 plaintiff's control and readily available in prior action). In determining whether a party
2 was afforded a full and fair opportunity to present his case, one of the factors courts
3 look at is the "presence of new evidence." Khandhar v. Elfenbein, 943 F.2d 244, 249
4 (2d Cir. 1991). "If significant new evidence is uncovered subsequent to the proceeding
5 said to result in an estoppel of the present action, then it cannot be found that a party
6 was afforded a full and fair opportunity to present his case in the absence of that
7 evidence." Id. Since the new evidence was not actually before the prior tribunal, there
8 can be no preclusion. Id. "Newly discovered evidence may preclude application of the
9 collateral estoppel doctrine if the party against whom collateral estoppel is asserted was
10 deprived of crucial evidence in the prior litigation without fault of his own." In re
11 Georgia Granite Co., Inc., 86 B.R. 733, 739 (N.D. GA. 1988) (newly discovered
12 evidence was not "new" since the evidence in question was known to the party and was
13 a matter of public record).

14 The Sixth Circuit has stated that denial of "full-scale discovery" to plaintiffs
15 does not mean that they lacked a full and fair opportunity to litigate their claim. United
16 States v. Sandoz Pharms. Corp., 894 F.2d 825, 828 (6th Cir. 1990) (involving offensive
17 collateral estoppel where plaintiff sought to foreclose defendant from litigating an issue
18 the defendant previously litigated unsuccessfully.) In rejecting the defendant's
19 argument that it did not have a full and fair opportunity because it was denied
20 discovery, the court noted that defendant "failed to identify any undiscovered essential
21 fact relevant to this issue, to show that the denial of its discovery request was unfair,
22 or to show that discovery could have led to a different result in either jurisdiction." Id.
23 at 828; see also Porter v. Shah, 606 F.3d 809, 814 (D.C. Cir. 2010) (plaintiff received
24 a full and fair opportunity to litigate where he was not afforded discovery or an
25 evidentiary hearing, but was permitted to, and did, submit extensive documentary
26 evidence); Hickerson v. City of New York, 997 F. Supp. 418, 424 (S.D.N.Y. 1998)
27 ("[T]he 'full and fair opportunity' requirement does not entitle a party to unlimited
28 discovery.") The court in Porter noted that discovery rulings are within the trial court's

1 discretion and a party is not entitled to discovery as a matter of right. Porter, 606 F.3d
2 at 814.

3 In Selectron, Inc. v. American Tel & Tel. Co., 587 F. Supp. 856 (D. Or. 1987),
4 the defendant claimed that it was deprived of crucial evidence because crucial evidence
5 was unavailable or excluded from the prior trial. Id. at 866. The Court concluded that
6 defendant was not deprived of the evidence “without fault of its own.” Id. at 867. The
7 defendant admitted it had much of the evidence, in its possession, during the prior
8 litigation but chose not to use it. Id. In addition, the evidence was not crucial because
9 the evidence would likely not change the outcome in a new trial. Id. Lastly, the
10 defendant argued that the prior court improperly excluded an administrative ruling
11 based on relevance grounds. Id. at 866. On appeal, the Second Circuit found that trial
12 court erred because such evidence was “arguable probative” but held that the exclusion
13 was not prejudicial. Id. Despite the Second Circuit’s ruling, the district court held that
14 the exclusion of the administrative decision did not warrant retrying the issue. Id.

15 In Jones v. United States, 122 Fed. Cl. 490 (July 30, 2015), the plaintiff argued
16 that he was deprived of crucial evidence due to the mass spoliation of critical evidence
17 in the prior action. Id. at 528. In the prior action, the spoliation issue was extensively
18 litigated with extensive discovery, briefing and evidentiary hearing, and the judge
19 determined that there was no failure by defendants to preserve evidence. Id. at 529.
20 The court concluded that the plaintiffs had a fair and full opportunity to litigate the
21 spoliation issues. Id.

22 Here, the Pennsylvania district court denied Plaintiff’s motion to supplement its
23 opposition to summary judgment, and reopen discovery. A telephonic conference was
24 held to consider both parties’ arguments after the court had received letters from both
25 counsel concerning Plaintiff’s request. (Dkt. No. 278, RJN, Ex. K at 349.) The issue
26 was raised on appeal, and the Third Circuit affirmed the district court’s ruling. The
27 issues Plaintiff raises in this Court are the same as the issues raised in the Pennsylvania
28 courts. Plaintiff should not be given a third attempt at making its argument in another

1 court. The same discovery issues were briefed and litigated in the Pennsylvania
2 Action. Therefore, Plaintiff's argument that it was denied a full and fair opportunity
3 to litigate fails.

4 Moreover, the evidence Plaintiff argues was "crucial" was not "newly discovered
5 evidence" since the discovery was based on its own server logs and AcademyOne's
6 digitized Apple server which were both in the possession of Plaintiff prior to the
7 discovery deadline. Moreover, the issue of the alleged "newly discovered evidence"
8 was presented to the Pennsylvania courts, considered and rejected. See Khandhar, 943
9 F.2d at 249. Therefore, for purposes of claim preclusion, the evidence was not "newly
10 discovered" and Plaintiff's argument that it was denied crucial evidence is without
11 merit.

12 Furthermore, Plaintiff has not demonstrated it was "without fault of its own."
13 As noted by the district court in Pennsylvania, Plaintiff presented no reason why it
14 could not have discovered the evidence earlier. (Dkt. No. 278, D's RJN, Ex. K at 350.)
15 Again, as noted by the Third Circuit, Plaintiff was unable to demonstrate good cause
16 why it failed to discover the materials during discovery. CollegeSource, Inc., 597 F.
17 App'x at 125. In this case, Plaintiff has not provided any additional reasons, not raised
18 in the Pennsylvania courts, why the discovery was not discovered earlier. Plaintiff
19 failed to conduct a comprehensive analysis of the servers and failed to exhaust all
20 possible search vehicles during discovery. Therefore, Plaintiff was not "without fault
21 of [its] own." See Blonder-Tongue Labs., Inc., 402 U.S. at 333. Lastly, while Plaintiff
22 argues it was deprived of "crucial evidence," Plaintiff has not alleged that the "crucial
23 evidence" could have led to a different result.

24 While Plaintiff disagrees with the Pennsylvania courts ruling, this Court's role
25 is not to reconsider the merits of the Pennsylvania district court's discovery decision
26 but to assess whether Plaintiff had a full and fair opportunity to litigate this issue in the
27 Pennsylvania Action. Based on a review of the record, the Court concludes that the
28 discovery issues were fully and fairly litigated in the Pennsylvania Action, and Plaintiff

1 was not “deprived of crucial evidence” “without fault of [its] own.” See id.

2 As to the third issue, CollegeSource argues it was deprived of discovery of
3 AcademyOne’s expert’s copy of the Apple server that apparently contained some or all
4 of the 88,000 files. CollegeSource argues that Lewis, AcademyOne’s expert, had a
5 forensic copy of Defendant’s Apple server different from the Apple server that Plaintiff
6 had that was produced in discovery. Plaintiff reaches this conclusion based on
7 statements in Lewis’ report that certain files mentioned in Stan Novak’s report were not
8 on Lewis’ Apple server. (Dkt. No. 215, Lewis’ Rebuttal Expert Report at 39-40 (under
9 SEAL).) It contends that the Apple server produced in discovery as ACA-PA-3502 is
10 allegedly different from ACA-01-01-014 which Lewis references in his report.
11 Plaintiff notes that the Lewis Report references a copy of Defendant’s Apple Server,
12 “ACA-01-01-014 with directory structure intact”, which was not produced in discovery
13 in this action or the Pennsylvania Action. (Dkt. No. 260 at 12.) According to Plaintiff,
14 it was presented with ACA-PA 3502 “jumbled Apple Server native files (with no
15 directory structure) with all files in the root directory.”⁸ (Dkt. No. 260 at 12 n.7.)

16 In the instant case, on October 15, 2012, CollegeSource filed an amended motion
17 for partial summary judgment. (Dkt. No. 172.) The Lewis expert report was submitted
18 with Defendant’s opposition to Plaintiff’s motion for summary judgment filed on
19 March 8, 2013. (Dkt. Nos. 198, 215.) On March 29, 2013, Plaintiff submitted
20 objections to exclude portions of Lewis’ expert report based on the failure to disclose
21 materials he relied on pursuant to Rules 56(c)(1), and 56(c)(4). (Dkt. No. 219.) It did
22 not seek discovery at that time. CollegeSource knew, at least since March 8, 2013, that
23 Lewis’ copy of Defendant’s Apple Server was allegedly different from Plaintiff’s.

24
25 ⁸Based on the Court’s review, it appears that ACA-PA-3502 and ACA-01-01-
26 014 are referencing the same Apple server. One is T&M Protection Resources’, the
27 company Lewis worked with, identification system and the other is the Bates stamp,
28 ACA-PA-3502. (Dkt. No. 215 at 39, 63 (UNDER SEAL).) Lewis’ report states,
“Bates ACA-PA 3502 (Apple Server) (identified by T&M as ACA-01-01-014).”
Plaintiff does not cite the portion of Lewis’ report where ACA-01-01-014 is referenced
as “ACA-01-01-014 with directory structure intact” or that ACA-PA 3502 are “jumbled
Apple Server native files (with no directory structure).” In fact, Lewis’ report does not
reference ACA-01-01-014 and ACA-PA3502 with these descriptions.

1 After Plaintiff learned about the alleged discrepancy concerning the Apple server
2 considered by Lewis, in March 2013, Plaintiff could have and should have raised this
3 issue with the Pennsylvania court. By March 2013, the district court in the
4 Pennsylvania Action had already granted Defendant AcademyOne's motion for
5 summary judgment, (Pennsylvania Action, 10cv3542-MAM, Dkt. No. 226), and
6 CollegeSource had already filed a notice of appeal with the Third Circuit. (Id., Dkt.
7 No. 228.) In March 2013, the case was pending before the Third Circuit.

8 While the case was pending before the Third Circuit, Plaintiff was still within
9 the time period to file a Rule 60(b) motion in district court. Rule 60(b) motions can be
10 filed, without leave, in district court, while an appeal has been filed. See Standard Oil
11 Co. v. United States, 429 U.S. 17, 19 (1976) (appellate leave not required for District
12 Court to rule on Rule 60(b) motion); Venan v. Sweet, 758 F.2d 117, 123 (3d Cir. 1985)
13 (while appellant's appeal is still pending, the proper procedure is for the appellant to
14 file his motion in the district court, and if that court indicates that it will grant the
15 motion, the appellant should then make a motion in the appellate court for a remand of
16 the case in order the that district court may grant the motion); Werner v. Werner, 267
17 F.3d 288, 302 (2001) (dissent) ("Rule 60(b) is the method for accommodating new
18 concerns created by new evidence" and this should be used "when new evidence is
19 discovered following a judgment in a district court.") Plaintiff's failure to pursue the
20 discovery in the Pennsylvania court demonstrates that Plaintiff was not "without fault
21 of [its] own." See Blonder-Tongue Labs., Inc., 402 U.S. at 333.

22 The Court further notes that Plaintiff alleges Lewis "**may** have a copy of
23 defendant's Apple Server that contains some or all of the over 88,000 files plaintiff
24 claims were deleted prior to its production." (Dkt. No. 260 at 14.) Similarly, in the
25 joint motion for determination of discovery dispute, Plaintiff argues the materials
26 considered by Lewis "**may** be highly relevant for plaintiff to present evidence in
27 opposition to defendant's summary judgment motion" (Dkt. No. 253 at 6.) This
28 demonstrates that a request for discovery may not result in relevant discovery, or that

1 any discovery, if relevant, would have altered the outcome of the prior proceeding.
2 Plaintiff does not argue that discovery of these materials would produce a different
3 result. See Charter Oak Fire Ins. Co., 882 F. Supp. 2d at 405 (“Having carefully
4 analyzed the new evidence, the Court concludes that there is a reasonable likelihood
5 that the new evidence, had it been available in the [prior] litigation, could have changed
6 the result in favor of plaintiff.”); Jones, 875 F. Supp. 2d at 1349 (new evidence cleared
7 plaintiff of any wrongdoing concerning reasons why employer fired her). Plaintiff’s
8 failure to raise this issue in the Pennsylvania Action, at the time it was first learned in
9 March 2013, precludes it from asserting that it did not have a full and fair opportunity
10 to litigate the prior action.⁹

11 The Court concludes that CollegeSource was not deprived of “crucial evidence”
12 in the prior litigation “without fault of [its] own.” See Blonder-Tongue, 402 U.S. at
13 333.

14 **2. Pennsylvania Courts Failed to Grasp a Technical Subject Matter**

15 CollegeSource contends that the Pennsylvania courts failed to grasp the technical
16 subject matter because it excluded the declaration of Stan Novak by commenting on
17 its “complexity” and being “incomprehensible.” AcademyOne argues that the
18 Pennsylvania courts did not fail to grasp a technical subject matter but excluded the
19 declaration of Stan Novak as an untimely expert report.

20 In Blonder-Tongue, the Court noted an exception for when “the prior case was
21 one of those relatively *rare* instances where the courts *wholly* failed to grasp the
22 technical subject matter and issues in suit.” Blonder-Tongue Labs., Inc., 402 U.S. at

23
24 ⁹Defendant also argues that the issue of whether its production of its Apple
25 server was sufficient or that it deleted data on the server has been the subject of
26 multiple discovery motions in the Pennsylvania court. Plaintiff asserts that the
27 discovery rulings in the Pennsylvania action are not relevant because it did not seek
28 production of any documents considered by defendant’s expert Paul Lewis. (Dkt. No.
268 at 11-12.) Because these discovery disputes pre-date the discovery by Mr. Novak
in August 2012, and Paul Lewis’ expert report, the Court does not find these past
discovery issues relevant to determining whether Plaintiff failed to fully and fairly
litigate these “newly discovered evidence” in the prior case. While the discovery
issues raised in the Pennsylvania Action are not relevant to the documents considered
by Lewis, they do demonstrate that Plaintiff was litigating the prior case with vigor.

1 333 (emphasis added). The Court noted that, “[w]e are also aware that some courts
2 have frankly stated that patent litigation can present issues so complex that legal minds,
3 without appropriate grounding in science and technology, may have difficulty in
4 reaching decision.” Id. at 331. The Court further noted that even “assuming a patent
5 case so difficult as to provoke a frank admission of judicial uncertainty, one might ask
6 what reason there is to expect that a second district judge or court of appeals would be
7 able to decide the issue more accurately.” Id. at 331-32. The application of this
8 exception is rare. See Blonder-Tongue Labs., 402 U.S. at 333; DietGoal Innovations
9 LLC v. Chipotle Mexican Grill, Inc., 70 F. Supp. 3d 808, 815 (E.D. Texas 2014)
10 (exception based on lack of understanding of the technology by a district court is a
11 “narrow one that will rarely be encountered”). This exception does not apply if the
12 prior court reached a wrong result, misread a couple of documents, or misconstrued a
13 patent’s application. Miller Brewing Co. v. Joseph Schlitz Brewing Co., 605 F.2d 990,
14 993 (7th Cir. 1979) (reaching a wrong result); Technograph Printed Circuits, Ltd. v.
15 Martin-Marietta Corp., 474 F.2d 798, 806 n.12 (4th Cir. 1973) (district court misread
16 a couple of documents among numerous patent documents); Wallace, Inc. v. United
17 States, 496 F.2d 535, 541 (Ct. Cl. 1974) (mere difference in the conclusions reached
18 does not amount to a court “wholly failed to grasp the technical subject matter”). The
19 exception applies when a court “is faced with esoteric and complex subject matter
20 beyond its experience and comprehension, which the Supreme Court thought might
21 occur in some patent cases.” Miller Brewing Co., 605 F.2d at 993.

22 CollegeSource argues that both the district court in Pennsylvania and the Third
23 Circuit expressed that they failed to grasp the technical subject matter and the issues
24 set forth in the Novak declaration and attached spreadsheets. CollegeSource points to
25 the district court’s description of the spreadsheets attached to Novak’s declaration as
26 “voluminous spreadsheets” that “are also to a large extent incomprehensible.” (Dkt.
27 No. 278, D’s RJN, Ex. O at 416-17.) In addition, CollegeSource cites to the Third
28 Circuit’s reference to the “complexity of the proffered materials” concerning the Novak

1 declaration and attached spreadsheets. (Id., Ex. P at 428.) Based on these assertions
2 by the district court and the Third Circuit, CollegeSource argues that both courts
3 “wholly failed to grasp the technical subject matter and issues in suit.” AcademyOne
4 argues that the Novak declaration was excluded because it was an untimely expert
5 testimony.

6 In an order filed on November 7, 2012, the district court added a footnote to its
7 order on summary judgment that excluded the declaration of Stan Novak and an expert
8 report of Danny Sullivan.¹⁰ (Id., Ex. O at 416-17.) The footnote provides,

9 In opposition to AcademyOne’s motion for summary judgment,
10 CollegeSource submitted a declaration of Stan Novak and an expert
11 report of Danny Sullivan. AcademyOne has moved to preclude both.
12 The Court will grant the motion. Both of these reports represent expert
13 reports filed beyond the deadline for such reports. A party cannot use
14 the filing of a summary judgment motion by the opposing party to
15 prepare and serve expert reports. That gives no time for the movant to
16 rebut the reports and/or to take discovery of the new expert. Attached
17 to the declaration of Stan Novak are voluminous spreadsheets with
18 very little explanation of them. To the extent the Court can even
19 understand some of these exhibits, they appear to represent expert
20 opinion or analysis of Mr. Novak of a variety of different types of data.
21 To the extent these represent expert analyses, it is too late for their
22 admission. Nor are they simply summaries of data. They are at a
23 minimum a distillation or a synthesis of a variety of different types of
24 documents. They are also to a large extent incomprehensible.

18 (Id.)

19 On appeal, the Third Circuit held that the district court did not abuse its
20 discretion “by categorizing these documents as belated expert submissions and
21 excluding them on that basis.” (Dkt. No. 278, D’s RJN, Ex. P at 429.)

22 The district court’s opinion excluded the declaration of Stan Novak and the
23 accompanying documents as an untimely expert report. Both courts used the language
24 “to a large extent incomprehensible”, “voluminous spreadsheets”, and “complexity”
25 merely to describe the documents. They were not excluded because they were
26 incomprehensible or complex. CollegeSource misconstrues the applicability of this

27
28 ¹⁰The Court notes that CollegeSource challenged the district court’s filing of its
order adding a footnote addressing the Novak Declaration.

1 factor, and the Court concludes its argument is without merit.

2 Second, CollegeSource asserts that the Pennsylvania courts were unable to
3 distinguish, and misapprehended, the distinction between CollegeSource’s catalogs in
4 AcademyOne’s possession available through Catalink¹¹ versus username/password
5 login. According to Plaintiff, such misapprehension supports a finding that both courts
6 “wholly failed to grasp the technical subject matter and issues in suit.” Plaintiff argues
7 that both courts improperly concluded that AcademyOne obtained all of Plaintiff’s
8 course catalogs through CataLink. AcademyOne does not specifically address this
9 issue except to generally assert that CollegeSource makes improper direct attacks on
10 decisions in the Pennsylvania Action.

11 The issue of whether AcademyOne obtained Plaintiff’s catalogs through a
12 username/password login was not discovered until August 2012, when Novak
13 accidentally came upon it, and Plaintiff subsequently filed a motion for leave to
14 supplement opposition to Defendant’s motion for summary judgment and conduct
15 additional discovery. Since the Pennsylvania district court denied Plaintiff’s motion,
16 the issue of the username/password was not at issue in the court’s ruling on summary
17 judgment. Plaintiff even acknowledges that the issue was not before the Pennsylvania
18 district court. (Dkt. No. 280, Pl’s Am. Objections and Response to SUMF ¶ 25) (“As
19 a result, the Pennsylvania Court had no evidence of A1's use of third party usernames
20 and passwords when it granted A1's motion for summary judgment.) Therefore, the
21 Pennsylvania district court and Third Circuit were only presented with whether
22 AcademyOne accessed Plaintiff’s catalog through CataLink because that was the only
23 admissible evidence.

24
25 ¹¹“CataLink is a hyperlink service developed to assist schools in distributing
26 course catalogs efficiently. CollegeSource provides subscribing schools with a URL
27 hyperlink to CollegeSource’s archive of that school’s digital course catalogs, which can
28 then be inserted and displayed on the school’s home page. When an interested user
seeks to browse past catalog titles, he clicks on the CataLink and is brought to
CollegeSource’s domain.” (Dkt. No. 278, D’s RJN, Ex. L at 354-55.) CataLink is not
a subscriber service so users are directed to CollegeSource’s website with no notice
that they are leaving the school’s Internet domain. (Id. at 355.)

1 Plaintiff argues that the Pennsylvania district court and the Third Circuit, through
2 inferences, should have concluded that AcademyOne accessed CollegeSource’s
3 catalogs through unauthorized means. (Dkt. No. 274, Quinn Decl. ¶ 46.) Prior to its
4 opinion, the Third Circuit requested a letter brief from CollegeSource that sets “forth
5 a comprehensive account of references in the record that establish exactly how many
6 of the institutions using CS had catalogs available through the CataLink service.”
7 (Dkt. No. 274, Quinn Decl. ¶ 44.) On October 31, 2014, CollegeSource filed its letter
8 brief and accompanying documents in a 37 page submission. (Dkt. No. 274, Quinn
9 Decl. ¶ 45; Ex. P.) In a comprehensive letter brief, CollegeSource explained that the
10 number of institutions using Catalink varied between 64 and 73 institutions depending
11 on the date. (Dkt. No. 274, Quinn Decl. ¶ 45.). CollegeSource alleges it presented
12 evidence that 1,374 catalogs were accessed by AcademyOne and that 344 specific
13 catalogs were accessed and available on CataLink. (Id.) Therefore, it was impossible
14 for at least 1,030 (1,374-344) of the catalogs in dispute to have been accessed through
15 CataLink because the schools, as to the 1,030 catalogs, never used CataLink to publish
16 their catalogs. (Id.) Moreover, of the 783 catalogs that AcademyOne admitted it
17 accessed, only 215 of these catalogs could potentially have been accessed through
18 CataLink. (Id.) According to CollegeSource, this raises the inference that at least 568
19 of the 783 catalogs were obtained through unauthorized access to CollegeSource’s
20 computer, through means other than CataLink. (Id. ¶ 46.) The fact that the
21 Pennsylvania courts failed to pick up on this inference demonstrates that they failed to
22 grasp a technical subject matter.

23 This issue concerning inferences based on the evidence presented was raised
24 with the Third Circuit and it noted that as to AcademyOne’s use of CataLink, “CS
25 further argues that the District Court failed to draw certain inferences in CS’s favor
26 based on the contents of Novak’s April declaration and the attached exhibits. . . .
27 Because we have affirmed the District Court’s exclusion of that evidence, CS’s
28 arguments are unavailing insofar as they rely upon it.” (Dkt. No. 278, D’s RJN, Ex. P

1 at 441 n. 9.) Since the Novak declaration and attached spreadsheets were excluded, no
2 evidence concerning the username/passwords were at issue in the Pennsylvania Action.
3 This issue was again raised in its petition for rehearing without success. (Dkt. No. 274,
4 Quinn Decl. ¶ 49.)

5 The Court finds no merit in Plaintiff's claim that the Pennsylvania courts' failure
6 to infer that AcademyOne accessed, without authorization, through username/password
7 login, constitutes a failure on the part of the courts to fully grasp technical subject
8 matter is without merit. The Court notes that the fact that the Third Circuit requested
9 additional briefing on the specific issue of the CataLink Service demonstrates that the
10 Third Circuit did not wholly fail to grasp a technical subject matter. Moreover, a
11 disagreement as to a ruling by the Third Circuit is not a basis for the exception to
12 apply. See Epstein, 179 F.3d at 649. Thus, CollegeSource has not shown that the
13 courts in the Pennsylvania Action "failed to wholly grasp a technical subject matter"
14 based on the evidence properly before it.

15 **3. Whether the Pennsylvania Court Purported to Apply the Applicable** 16 **Legal Standards**

17 First, Plaintiff argues that the district court and the Third Circuit failed to apply
18 the applicable legal standard when it failed to address the excusable neglect prong of
19 Rule 6(b)(1)(B) articulated in Pioneer Inv. Serv. Co. v. Brunswick Assoc. Ltd.
20 Partnership, 507 U.S. 380, 395 (1993) when both courts denied CollegeSource's
21 motion for leave to supplement its opposition to AcademyOne's motion for summary
22 judgment and reopen discovery.

23 In its order denying Plaintiff's motion to supplement its opposition and reopen
24 discovery, the district court in Pennsylvania provided reasons for the denial but did not
25 cite any legal authority. It explained that the "newly discovered evidence" concerns
26 Defendant's Apple Server and Plaintiff's server logs and that the evidence was mostly
27 found on Plaintiff's own servers that were in its control throughout the lawsuit. (Dkt.
28 No. 278, Ex. K at 349-50.) In addition, the search engine Plaintiff used to locate the

1 “newly discovered evidence” was available free on the internet since 2000. (Id. at
2 350.) The district court concluded that Plaintiff had not offered any reason “why it
3 could not have done years ago all of the research it now relies on.” (Id.) When
4 CollegeSource raised the issue with the Third Circuit issue, it rejected CollegeSource’s
5 argument that the district court should have analyzed its motion to reopen discovery
6 under Rule 6(b)(1)(B) and concluded that since the primary relief sought was
7 reopening of the discovery period, the motion must be addressed under Rule 16(b).
8 CollegeSource, Inc., 597 F. App’x at 124 n.5. Plaintiff argues that the Third Circuit
9 applied the wrong standard in order to avoid addressing the excusable neglect prong.

10 Rule 6(b) states that “[w]hen an act may or must be done within a specified time,
11 the court may, for good cause extend the time: (A) with or without motion or notice if
12 the court acts, or if a request is made, before the original time or its extension expires;
13 or (B) on motion made after the time has expired if the party failed to act because of
14 excusable neglect.” Fed. R. Civ. P. 6(b)(1)(A) & (B). In Pioneer Inv. Servs. Co. v.
15 Brunswick Assocs. Ltd. P’ship, 507 U.S. 380 (1993), the Court considered the meaning
16 of the term “excusable neglect” in the specific context of a bankruptcy rule permitting
17 a late filing of a proof of claim by a creditor if the failure to comply with the deadline
18 was the result of excusable neglect. Id. at 382-83. The Ninth Circuit has adopted this
19 “excusable neglect” standard for purposes of Rule 6(b). Comm. for Idaho’s High
20 Desert, Inc. v. Yost, 92 F.3d 814, 825 n. 4 (9th Cir. 1996). Under Pioneer, a
21 “determination of whether neglect is excusable is an equitable one that depends on at
22 least four factors: (1) the danger of prejudice to the opposing party; (2) the length of
23 the delay and its potential impact on the proceedings; (3) the reason for the delay; and
24 (4) whether the movant acted in good faith.” Bateman v. U.S. Postal Serv., 231 F.3d
25 1220, 1223-24 (9th Cir.2000) (citing Pioneer, 507 U.S. at 395).

26 Rule 16's “good cause” standard applies before modifying a pretrial motion or
27 schedule and “primarily considers the diligence of the party seeking the amendment.”
28 Johnson v. Mammoth Recreations, 975 F.2d 604, 609 (9th Cir.1992). Good cause

1 exists if the party can show that the schedule “cannot reasonably be met despite the
2 diligence of the party seeking the extension.” Id. Additionally, “carelessness is not
3 compatible with a finding of diligence and offers no reason for a grant of relief. . . . If
4 that party was not diligent, the inquiry should end,” and the motion to modify should
5 not be granted. Id.; see also Zivkovic v. S. Cal. Edison Co., 302 F.3d 1080, 1087 (9th
6 Cir. 2002) (no abuse of discretion in denying a motion to modify the scheduling order
7 where the party did not demonstrate diligence in complying with the dates set by the
8 district court).

9 The Third Circuit concluded that the Rule 16 “good cause” standard applied to
10 Plaintiff’s motion to supplement opposition and to reopen discovery because, in
11 essence, it was seeking to reopen discovery. First, a district court has discretion to
12 determine whether to grant or deny relief under Rule 6(b) and Rule 16(b). See Lujan
13 v. Nat’l Wildlife Federation, 497 U.S. 871, 897 n. 5 (1990) (as to Rule 6(b)); Johnson,
14 975 F.2d at 607 (as to Rule 16). Second, this Court’s role is not to revisit the discovery
15 rulings, even if erroneous, of the district court in Pennsylvania and the Third Circuit.
16 See Federated Department Stores, Inc. v. Moitie, 452 U.S. 394, 398–99 (1981) (“[a]
17 judgment merely voidable because based on an erroneous view of the law is not open
18 to collateral attack” as such a proposition would create uncertainty and confusion and
19 would undermine the conclusive nature of judgments); Epstein, 170 F.3d at 649.
20 Even if the Court were to consider the issue, under either standard, Plaintiff failed to
21 demonstrate “good cause” or “excusable neglect” to supplement its opposition to
22 summary judgment motion and to reopen discovery. At the hearing, when the
23 Pennsylvania district court asked why Plaintiff did not use Agent Ransack “months and
24 months ago”, counsel for Plaintiff stated, “Well I wish we had” and lamented that the
25 files were enormous and lacked structure. (Pennsylvania Action, 10cv3542, Dkt. No.
26 219 at 8-9.) After providing the parties an opportunity to present their arguments, the
27 district judge later stated “I haven’t heard any reason why all of this couldn’t have been
28 uncovered during the discovery period.” (Id. at 13.) These comments were part of the

1 district court’s reasoning in its decision. (Dkt. No. 278, D’s RJN, Ex. K at350.) The
2 decision also noted how the motion was brought after summary judgment had been
3 fully briefed and oral arguments had been heard. (Id.) While the court did not cite to
4 any legal standard, it provided reasons sufficient to deny Plaintiff’s motion under both
5 Rule 6(b) and Rule 16(b).

6 Plaintiff’s argument is an attack on the alleged correctness of the decision by the
7 Pennsylvania courts, and does not support its assertion that the Pennsylvania courts did
8 not apply the applicable legal standard. See Studiengesellschaft Kohle, mbH v. USX
9 Corp., 675 F. Supp. 182, 187 (D. Del. 1987) (Even if the “Fifth Circuit’s determination
10 [in prior action] was in error, collateral estoppel is no less appropriate.”).

11 CollegeSource also complains of the district court’s ruling on its motion to
12 supplement six days later “without any opposition by A1 or a hearing.” (Dkt. No. 273
13 at 17.) Plaintiff’s argument is disingenuous.

14 In a letter dated August 30, 2012, defense counsel wrote a letter to the district
15 judge in the Pennsylvania action concerning Plaintiff’s allegation that it discovered
16 newly discovered evidence. (Pennsylvania Action, Case No. 10cv3542, Dkt. No. 216.)
17 On September 7, 2012, Plaintiff’s counsel wrote a letter in response explaining the
18 alleged newly discovered evidence. (Id., Dkt. No. 217.) A hearing on this issue was
19 held on September 11, 2012. (Dkt. No. 219.) At the hearing, the district judge heard
20 the position of both parties and stated that based on what was before the Court, which
21 were the two letters and arguments by both counsel, it was inclined to deny a motion
22 if filed by Plaintiff but that Plaintiff was free to file a motion. (Id.) Based on
23 arguments by defense counsel concerning costs of motion practice after the motion for
24 summary judgment had been fully briefed and argued, the Court stated that if Plaintiff
25 filed a motion for leave to supplement its opposition and conduct discovery, Defendant
26 does not need to file an opposition unless ordered by the Court after its review. (Id. at
27 18-19.) Prior to the filing of Plaintiff’s motion, the Court heard argument by the parties
28 concerning the “newly discovered evidence.” On September 21, 2012, CollegeSource

1 filed a motion for leave to supplement opposition to Defendant’s motion for summary
2 judgment and conduct additional discovery. (Id., Dkt. No. 222.) With the Court’s
3 approval and direction, AcademyOne did not file an opposition. Six days later, on
4 September 27, 2012, the district court denied Plaintiff’s motion for leave to supplement
5 opposition. (Id., Dkt. No. 225.) Plaintiff’s argument that the district court in
6 Pennsylvania ruled on Plaintiff’s motion for leave to supplement, without an
7 opposition, is akin to the court not applying the applicable legal standard is without
8 merit.

9 Plaintiff also claims it received disparate and unfair treatment by the
10 Pennsylvania courts. Specifically, Plaintiff complains that the district court denied its
11 motion for leave to supplement after the motion for summary judgment was fully
12 briefed while, on the other hand, the district court granted Defendant’s motion for leave
13 to amend its answer in a similar procedural posture. Defendant filed its motion for
14 leave to amend its answer to add the affirmative defense of preemption after discovery
15 had ended, after the motions cutoff deadline had passed, and after it filed its motion for
16 summary judgment and Plaintiff had filed its opposition. First, the Court’s role is not
17 to determine whether the Pennsylvania courts’ judicial determinations are correct. In
18 addition, the Court notes that the legal standard to allow an affirmative defense of
19 preemption is liberal. Under Rule 12(h), the affirmative defense of preemption may be
20 raised in any pleading allowed under Rule 7(a), by motion under Rule 12(c) or at trial.
21 Fed. R. Civ. P. 12(h)(2). See Yumul v. Smart Balance, Inc., No. CV 10-927
22 MMM(AJWx), 2011 WL 1045555, at *5 (C.D. Cal. Mar. 14, 2011) (if a claim is
23 preempted, it falls under 12(b)(6)). Plaintiff’s argument does not support its
24 proposition that the district court in Pennsylvania did not apply the applicable legal
25 standard.

26 Lastly, CollegeSource, without any legal authority, argues it was denied a full
27 and fair opportunity to litigate because of “Procedures As Applied by the Third Circuit
28 Briefing.” (Dkt. No. 273 at 18.) CollegeSource complains of the Third Circuit’s ruling

1 denying Plaintiff's request for advance approval to exceed the word limitations. (Dkt.
2 No. 274, Quinn Decl. ¶¶ 39, 40.) Because of the Third Circuit's denial of its request,
3 CollegeSource argues that its arguments regarding five claims at issue were
4 dramatically and prejudicially reduced on appeal. In addition, CollegeSource argues
5 that it filed a petition for rehearing with the Third Circuit requesting correction of a
6 typo in its opinion and a rehearing on certain key matters overlooked or
7 misapprehended by it but the Third Circuit denied its petition for rehearing.

8 On May 18, 2012, CollegeSource filed a request for advance approval to exceed
9 the word limitations of 14,000 as required under the Federal Rule of Appellate
10 Procedure 32(a)(7). (Dkt. No. 274, Quinn Decl. ¶ 39.) On May 21, 2012,
11 CollegeSource filed a supplemental request to exceed word limitations with its
12 Opening Brief. (Id.) On June 11, 2014, the Third Circuit denied CollegeSource's
13 motion as presented but granted CollegeSource to file an amended brief not to exceed
14 15,500 words. (Id. ¶ 40.)

15 Plaintiff, as well as all other litigants, in the appellate courts are bound by the
16 Federal Rules of Appellate Procedure and the Third Circuit has discretion whether to
17 grant a request to exceed word limitations. The Court will not revisit an issue already
18 decided by the Third Circuit. Plaintiff has not demonstrated that the Third Circuit did
19 not apply the applicable legal standard as to word limitations.

20 The arguments raised by CollegeSource are, as AcademyOne argues, direct
21 attacks on the decisions of the district court in Pennsylvania and the Third Circuit.
22 The Court agrees and declines to reconsider the rulings of the Pennsylvania courts.
23 Based on the above, the Court concludes that Plaintiff had a full and fair opportunity
24 to litigate all issues in the prior litigation in Pennsylvania. The case was vigorously
25 litigated by both parties, and the district court and the Third Circuit provided a
26 comprehensive analysis on all the issues presented by the parties. Since Plaintiff had
27 a full and fair opportunity to litigate the issues in the prior case, the Court GRANTS
28 Defendant's motion for summary judgment on the seven claims where judgment was

1 entered in favor of AcademyOne for violation of the U.S. Computer Fraud and Abuse
2 Act, breach of contract, unjust enrichment, trademark infringement under the Lanham
3 Act, unfair competition under the Lanham Act, false advertising under the Lanham Act,
4 and declaration of trademark invalidity. The remaining causes of action under
5 California state law not raised in the Pennsylvania Action are violation of the
6 California’s computer crimes act pursuant to CCDAFA, misappropriation and
7 California Business & Professions Code section 17200 *et seq.*

8 **E. Claim Preclusion as to Three Remaining California Claims**

9 Next, AcademyOne argues that claim preclusion applies to the three remaining
10 California causes of action filed in this action for violation of CCDAFA,
11 misappropriation, and violation of the unfair business practices under California
12 Business & Professions Code section 17200 *et seq.*, but not presented in the
13 Pennsylvania Action. CollegeSource opposes arguing a triable issue of fact exist as to
14 the identity of claims.

15 Claim preclusion applies where there is “(1) an identity of claims, (2) a final
16 judgment on the merits, and (3) privity between parties.” Turtle Island Restoration
17 Network, 673 F.3d at 917 (citation omitted). Claim preclusion bars “all grounds for
18 recovery which could have been asserted, whether they were or not, in a prior suit
19 between the same parties . . . on the same cause of action” McClain v. Apodaca,
20 793 F.2d 1031, 1033 (9th Cir. 1986).

21 In the motion, the parties only dispute whether there is an identity of claims. The
22 Ninth Circuit considers four factors in determining “identity of claims” which are:

- 23 (1) whether rights or interests established in the prior judgment would
24 be destroyed or impaired by prosecution of the second action; (2)
25 whether substantially the same evidence is presented in the two
26 actions; (3) whether the two suits involve infringement of the same
27 right; and (4) whether the two suits arise out of the same transactional
28 nucleus of facts.

26 Turtle Island Restoration Network, 673 F.3d at 917-18 (quoting Costantini v. Trans
27 World Airlines, 681 F.2d 1199, 1201-02 (9th Cir. 1982)). “The last of these criteria is
28 the most important.” Id. at 918. In Mpoyo v. Litton Electro-Optical Sys., 430 F.3d 985

1 (9th Cir. 2005), the Ninth Circuit held that the identity of claims factor was met based
2 solely on the question of “whether the two suits arise out of the same transactional
3 nucleus of facts.” Id. at 987-88. The court concluded that the other three factors were
4 not conclusive. Id.; see also C.D. Anderson & Co. v. Lemos, 832 F.2d 1097, 1100 (9th
5 Cir. 1987) (without reaching the other Costantini factors, the court held second claim
6 barred by res judicata solely on the ground that it arose out of the “same transactional
7 nucleus of facts” as the original suit).

8 **1. Whether the Two Suits Arise Out of the Same Transactional Nucleus**
9 **of Facts**

10 “Whether two suits arise out of the same transactional nucleus depends upon
11 whether they are related to the same set of facts and whether they could conveniently
12 be tried together.” Turtle Island Restoration Network, 673 F.3d at 918 (quoting
13 ProShipLine Inc. v. Aspen Infrastructures Ltd., 609 F.3d 960, 968 (9th Cir. 2010));
14 Mpoyo v. Litton Electro-Optical Sys., 430 F.3d 985, 987 (9th Cir. 2005) (citation
15 omitted) (same). The inquiry into the “same transactional nucleus of facts” is
16 essentially the same as whether the claim could have been brought in the first action.”
17 United States v. Liquidators of European Fed. Credit Bank, 630 F.3d 1139, 1151 (9th
18 Cir. 2011). “[W]here claims arise from the same factual circumstances, a plaintiff must
19 bring all related claims together or forfeit the opportunity to bring any omitted claim
20 in a subsequent proceeding.” Turtle Island Restoration Network, 673 F.3d at 918.

21 AcademyOne argues that the three California state claims arise from the same
22 facts and allegations, and form a “convenient trial unit” with the claims in the
23 Pennsylvania Action. See Int’l Union of Operating Eng’rs-Employers Constr. Indus.
24 Pension, Welfare and Training Trust Funds v. Karr, 994 F.2d 1426, 1420 (9th Cir.
25 1993). CollegeSource does not dispute that the claims arise from the same facts but
26 argues the claims could not be conveniently tried together in the Pennsylvania Action
27 due to conflict of law principles. First, Plaintiff contends that it would have been
28 barred from bringing the misappropriation claim in the Pennsylvania Action because

1 of the statute of limitations. Without legal authority, CollegeSource asserts that the two
2 year statute of limitations under Pennsylvania law, 42 Pa. Cons. Stat. §§ 5524(3), (7)
3 applies to the misappropriation claim under California law. (Dkt. No. 273 at 23.)
4 Since the Pennsylvania Action was filed in July 2010, it alleges that CollegeSource’s
5 claim is “more than 4 years after A1's unauthorized taking of CS’s Digitized
6 Information and almost forty (40) months after CS’s April 2007 discovery.” (Dkt. No.
7 273 at 23.)

8 Plaintiff cites to an exception to the general rule of claim preclusion where “[t]he
9 plaintiff was unable to rely on a certain theory of the case or to seek a certain remedy
10 or form of relief in the first action because of limitations on the subject matter
11 jurisdiction of the courts.” Restatement (Second) of Judgments § 26(1)(c). For
12 instance, a state court judgment “will not have preclusive effect on a cause of action
13 within the exclusive jurisdiction of the federal courts.” Id. Feminist Women’s Health
14 Ctr. v. Codispoti, 63 F.3d 863, 869 (9th Cir. 1995) (quoting Marrese v. American
15 Academy of Orthopaedic Surgeons, 470 U.S. 373, 382 (1985)). In Codispoti, the Court
16 held that while it was unclear at the time of the prior state court trial whether the states
17 had concurrent jurisdiction over federal civil RICO claims, the court noted that, “a
18 litigant must at least test the matter through the state courts, and possibly to the United
19 States Supreme Court, before it can assert that it is foreclosed from bringing such
20 action in state court.” Id. at 869. In Harris v. County of Orange, 682 F.3d 1126 (9th
21 Cir. 2012), a case cited by Plaintiff, in relying on the language of Section 26(1)(c) of
22 the Restatement, the Ninth Circuit held that claim preclusion did not bar the action for
23 damages since a damages remedy was unavailable in the first action. Id. at 1133.

24 In this case, the statute of limitations does not limit the court’s subject matter
25 jurisdiction over the case. Statute of limitations is an affirmative defense and subject
26 to waiver, and is not a jurisdictional bar. United States v. DeTar, 832 F.2d 1110, 1114
27 (9th Cir. 1987); see also Zipes v. Trans World Airlines, Inc., 455 U.S. 385, 393 (1982)
28 (in an EEOC case, filing a timely charge is not a jurisdictional prerequisite but an

1 affirmative defense, similar to a statute of limitations defense). While unclear, as
2 CollegeSource and AcademyOne have not conducted a full analysis on which statute
3 of limitations apply, whether the two year bar in Pennsylvania or three year bar in
4 California on the misappropriation claim applies, in either case, the claim of
5 misappropriation would be barred by the statute of limitations. However, since the
6 statute of limitation is not a jurisdictional bar, the misappropriation claim could have
7 been brought in the Pennsylvania Action.

8 In addition, under the conflict of law principles, Plaintiff argues it could not have
9 brought its California claims in the Pennsylvania Action. AcademyOne disagrees. To
10 determine which state’s substantive law governs choice of law, the court looks to the
11 jurisdiction in which the district court sits, which is Pennsylvania. Klaxon Co. v.
12 Stentor Electric Mfg. Co., 313 U.S. 487, 496 (1941); Melville v. American Home
13 Assur. Co., 584 F.2d 1306, 1308 (3d Cir. 1978). Under Pennsylvania law, courts begin
14 with an “interest analysis” of the policies of all interested states and then “based on the
15 result of that analysis” characterize the case as a “true conflict, false conflict, or
16 unprovided-for case.” Budget Rent-A-Car Sys., Inc. v. Chappell, 407 F.3d 166, 169-70
17 (3d Cir. 2005) (citing LeJeune v. Bliss-Salem, Inc., 85 F.3d 1069, 1071 (3d Cir. 1996);
18 and Lacey v. Cessna Aircraft Co., 932 F.2d 170, 187 & n. 15 (3d Cir. 1991)).

19 A true conflict exists “when the governmental interests of [multiple]
20 jurisdictions would be impaired if their law were not applied.” Lacey,
21 932 F.2d at 187 n. 15. If a case presents a true conflict, Pennsylvania
22 choice-of-law rules “call for the application of the law of the state
23 having the most significant contacts or relationships with the particular
24 issue.” In re Estate of Agostini, 311 Pa.Super. 233, 457 A.2d 861, 871
25 (1983). . .

23 “A false conflict exists if only one jurisdiction's governmental interests
24 would be impaired by the application of the other jurisdiction’s law.”
25 Lacey, 932 F.2d at 187. If there is a false conflict, we must apply the
26 law of the only interested jurisdiction. See, e.g., Kuchinic v. McCrory,
27 422 Pa. 620, 222 A.2d 897, 899–900 (1966); Griffith v. United Air
28 Lines, Inc., 416 Pa. 1, 203 A.2d 796, 807 (1964).

27 Finally, an unprovided-for case arises when no jurisdiction’s interests
28 would be impaired if its laws were not applied. Lex loci delicti (the law
of the place of the wrong—here Pennsylvania) continues to govern
unprovided-for cases. See, e.g., Miller v. Gay, 323 Pa. Super. 466, 470
A.2d 1353, 1355–56 (1983).

1
2 Id. at 170.

3 Plaintiff argues that the computer crime laws are different in California and
4 Pennsylvania because California's CCDAFA provides for civil remedies while
5 Pennsylvania does not. According to Plaintiff, since the laws are in conflict then the
6 district court in Pennsylvania would apply Pennsylvania law. However, CollegeSource
7 prematurely ends its analysis and does not address each state's governmental interests.
8 See Chappell, 407 F.3d at 170.

9 In support, Plaintiff cites to Farmer Ins. Exchange v. Auto Club Group, 823 F.
10 Supp. 2d 847, 858 (N.D. Ill. 2011) where the district court applied Illinois' Computer
11 Crime Prevention Law which allowed a private right of action, and not California's.
12 Id. at 859. After conducting an analysis of the "most significant contacts", the court
13 applied Illinois law. However, this case is distinguishable because, unlike Illinois,
14 there is no private right of action in Pennsylvania. Moreover, Plaintiff did not conduct
15 an analysis of the governmental interests.

16 Here, California's governmental interest, in protecting the rights of private
17 "owner or lessee" of the computer or data, see Cal. Penal Code § 502(e)(1), would be
18 impaired if the Pennsylvania court applied Pennsylvania law, which does not allow a
19 private right of action. On the other hand, Pennsylvania's governmental interest would
20 not be impaired since Pennsylvania does not allow for a private right of action. This
21 difference is a "false conflict" and the Court must "apply the law of the only interested
22 jurisdiction." Chappell, 407 F.3d at 170. In this case, California is the only state with
23 a governmental interest; therefore, the Pennsylvania court would have applied
24 California law.

25 CollegeSource also argues that the statutory unfair competition laws in
26 California and Pennsylvania differ. California's unfair competition law allows a cause
27 of action to be brought by businesses while Pennsylvania's Unfair Trade Practices
28 Consumer Protection Law (the "UTPCPL") only allows a civil cause of action for

1 “goods and services primarily for personal, family or household purposes.” Pa. Stat.
2 Ann. tit. 73, § 201-9.2(a).

3 In Fresh Start, a district court in Pennsylvania applied New Jersey’s Consumer
4 Fraud Act (“NJCFA”) instead of the Pennsylvania’s UTPCPL. Fresh Start Indus., Inc.
5 v. ATX Telecomms. Servs., 295 F. Supp. 2d 521, 527 (E.D. Pa. 2003). The court
6 compared the class of persons protected by the NJCFA and UTPCPL. While NJCFA
7 allowed corporations to bring suit, the UTPCPL excluded corporations and only
8 applied to goods or services used “primarily for personal, family or household
9 purposes.” Id. at 527. The court concluded that New Jersey had an interest in
10 protecting commercial entities as well as consumers and such interest would be
11 impaired if the Pennsylvania statute was applied. Id. On the other hand, the court
12 concluded that Pennsylvania had no interest in the dispute since business entities are
13 outside the scope of its statute. Id. The Court also noted that broadening the protection
14 to include commercial entitles would not impair the UTPCPL whose purpose is “to
15 prevent unfair or deceptive business practices and fraud.” Id.

16 Similarly, in this case, California’s unfair competition statute provides broader
17 protection than Pennsylvania’s statute by allowing corporations to seek relief.
18 Therefore, California’s interest in protecting corporations would be impaired if the
19 Pennsylvania district court applied Pennsylvania law. Therefore, the Pennsylvania
20 district court would have applied California’s unfair competition statute.

21 The Court concludes that the three California causes of action could have been
22 conveniently tried together in the prior Pennsylvania Action. See Turtle Island
23 Restoration Network, 673 F.3d at 917-18. In addition, the parties do not dispute that
24 the case arises from the same facts as the prior case. Therefore, this case and the prior
25 Pennsylvania Action arise out of the same transactional nucleus of facts. The Ninth
26 Circuit has held that meeting this factor, alone, can be dispositive of the “identity of
27 claims” issue. See Mpoyo, 430 F.3d at 987-88. However, the Court will consider the
28 other remaining factors as they support the “identity of claims” factor.

1 **2. Whether Rights or Interests Established in the Prior Judgment**
2 **Would be Destroyed or Impaired by Prosecution of the Second Action**

3 AcademyOne argues that the Pennsylvania judgment established its “freedom
4 from liability” on these claims. (Dkt No. 251-1 at 18.) Therefore, the right to repose
5 that it won “would be destroyed or impaired by prosecution of [this] action.” (Id.)
6 CollegeSource argues that no right or interests in the Pennsylvania case can be
7 “destroyed or impaired” because the district court in Pennsylvania invited “conflicting
8 judgments.” (Dkt. No. 273 at 19-20.) CollegeSource provides no legal authority for
9 its proposition. AcademyOne opposes contending that CollegeSource misleadingly
10 quotes the Pennsylvania court out of context. The Court disagrees with
11 CollegeSource’s interpretation of the Pennsylvania district court’s ruling as inviting
12 conflicting judgments. The Court concludes that the rights or interests established in
13 the prior judgment in favor of AcademyOne would be destroyed or impaired by
14 prosecution of similar issues in this case.

15 **3. Whether Substantially the Same Evidence is Presented in the Two**
16 **Actions**

17 CollegeSource asserts that crucial evidence is different in the Pennsylvania
18 action and this case. Because the Pennsylvania court denied CollegeSource’s motion
19 to supplement its summary judgment opposition with newly discovered evidence, the
20 Pennsylvania court did not have this crucial evidence. CollegeSource also discovered
21 that AcademyOne’s expert Paul Lewis had a copy of a computer server never produced
22 to CollegeSource in discovery and claim preclusion cannot bar claims that concern
23 events that took place after the Pennsylvania Judgment. AcademyOne disagrees.

24 As discussed above, the Court concluded that CollegeSource had a full and fair
25 opportunity to litigate the discovery issues in the prior litigation, including the
26 allegation that Paul Lewis had a copy of Defendant’s computer server that was
27 different than the one produced to Plaintiff in discovery. Besides the denial of
28 discovery in the Pennsylvania Action and the lack of diligence in raising the Paul

1 Lewis issue with the Pennsylvania courts, Plaintiff does not dispute that the same
2 evidence as in the prior action would be presented on these three remaining causes of
3 action.

4 **4. Whether the Two Suits Involve Infringement of the Same Right**

5 CollegeSource asserts that the three California causes of action not asserted in
6 the Pennsylvania Action involve unique and broad rights not available under
7 Pennsylvania law or federal law. AcademyOne contends that CCDAFA,
8 misappropriation and unfair competition claims are similar to the rights alleged in the
9 claim for breach of contract, unjust enrichment and violation of the CFAA in the
10 Pennsylvania Action. It also disputes CollegeSource's attempt to demonstrate this
11 factor by showing that the elements of the Pennsylvania and related California causes
12 of action are different.

13 The Ninth Circuit has stated that an “‘identity of claims’ does not mean that an
14 imaginative attorney may avoid preclusion by attaching a different legal label to an
15 issue that has, or could have, been litigated. . . . Newly articulated claims based on the
16 same nucleus of facts may still be subject to a res judicata finding if the claims could
17 have been brought in the earlier action.” Tahoe-Sierra Pres. Council, Inc. v. Tahoe
18 Reg'l Planning Agency, 322 F.3d 1064, 1077-78 (9th Cir. 2003). Therefore, the Ninth
19 Circuit did not contemplate requiring the same elements on a cause of action in the
20 prior action and the instant action to satisfy this factor.

21 The rights alleged in the CCDAFA and misappropriation claims are based on the
22 unauthorized access by AcademyOne of Plaintiff's course catalogs, that were created
23 with substantial time and money, and unauthorized use whereby AcademyOne
24 reproduced and redistributed these course catalogs at little or no cost. (See Dkt. No.
25 115, SAC ¶¶ 104-107; 121-124.) These rights are the same as the ones alleged in the
26 Pennsylvania Action for breach of contract, unjust enrichment and violation of the
27 CFAA. (Dkt. No. 278, Ex. B, FAC ¶¶ 176-191; 197-202; 205-207.)

28 As to the cause of action under California Business & Professions Code section

1 17200, AcademyOne argues that this claim is derivative of its other claims and
2 CollegeSource relies entirely on the allegations supporting its other claims and alleges
3 no fact unique to this claim. The Court agrees that the unfair competition claim under
4 section 17200 is derivative of its other claims. (Dkt. No. 115, SAC ¶¶ 244-246.) The
5 second amended complaint (“SAC”) provides no facts to support its unfair competition
6 claims except to incorporate by reference the previous paragraphs in the SAC. (Id.)
7 Thus, the Court looks to Plaintiff’s motion for summary judgment to determine the
8 allegations Plaintiff asserts on its claim under section 17200. (Dkt. No. 255 at 29-30.)
9 As to the “unlawful” prong, Plaintiff’s claim borrows from California’s CCDAFA. (Id.
10 at 29.) As to the “unfair” prong, Plaintiff argues that Defendant’s conduct, by taking
11 for free the “fruits of another’s labor,” harms competition. (Id. at 29-30.)
12 CollegeSource asserts that it invested over \$10 million and countless hours to create
13 and compile its database, and was harmed by AcademyOne when it took Plaintiff’s
14 catalogs for free. (Id. at 30.) Both prongs concern the same rights alleged in the
15 Pennsylvania Action which are AcademyOne’s alleged unauthorized access to and use
16 of CollegeSource’s catalogs for reproduction and distribution. Lastly, as to the
17 “fraudulent” prong, Plaintiff alleges that Defendant’s use of the username/passwords
18 of CollegeSource’s subscribers was intended to and likely to deceive. The Court
19 concludes the fraudulent prong is based on the alleged “newly discovered evidence”
20 that the Pennsylvania court rejected. This issue concerns the same right to discovery
21 as alleged in the Pennsylvania Action. After a review of the three California state law
22 claims, the Court concludes that these claims involve the same rights as the claims in
23 the Pennsylvania Action.

24 In sum, Defendant has demonstrated that there are no triable issues of fact as to
25 whether there is an “identity of claim,” and the Court concludes claim preclusion bars
26 Plaintiff’s three California state law causes of action. Thus, the Court GRANTS
27 Defendant’s motion for summary judgment on the claims for violation of CCDAFA,
28 misappropriation, and unfair business practices under California Business &

1 Professions Code 17200 *et seq.*

2 **F. Issue Preclusion**

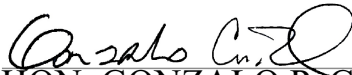
3 AcademyOne also argues that issue preclusion bars the three California causes
4 of action in this case. Due to the Court granting the motion for summary judgment on
5 claim preclusion, the Court need not address AcademyOne's argument on issue
6 preclusion.

7 **Conclusion**

8 Based on the above, the Court GRANTS Defendant's motion for summary
9 judgment. The Clerk of Court shall issue judgment in favor of Defendant and against
10 Plaintiff.

11 IT IS SO ORDERED.

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13 DATED: September 24, 2015

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15 HON. GONZALO P. CURIEL
16 United States District Judge
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