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

SEOUL LASER DIEBOARD
SYSTEM CO., LTD, a South Korean
corporation,

Plaintiff,

vs.

SERVIFORM, S.R.L., an Italian
company; CARTON CRAFT
SUPPLY, INC., a Georgia
corporation, and DIE SUPPLY GUYS,
INC., a Canadian company,

Defendants.

CASE NO. 12-CV-2427 BEN (JMA)

**ORDER GRANTING IN PART
DEFENDANTS' MOTION TO
DISMISS**

[ECF No. 8]

Before the Court is a motion to dismiss Plaintiff's Complaint for failure to state a claim upon which relief can be granted and for lack of subject matter jurisdiction. For the reasons stated below, the motion is **GRANTED IN PART**.

BACKGROUND

Plaintiff Seoul Laser Dieboard System Co., Ltd. is a South Korean corporation in the machine tooling business. Serviform, S.r.l. ("Serviform") manufactures and imports dieboard machines into the United States. Die Supply Guys, Inc. ("Die Supply") and Carton Craft Supply, Inc. ("Carton Craft") market and resell Serviform's machines.

Plaintiff commenced this action on October 8, 2012. It accuses Defendants of

1 directly and indirectly infringing the claims of seven U.S. patents¹ generally relating
2 to cutting apparatuses. Plaintiff alleges that it is the “owner” of the patents-in-suit
3 and has “all legal and equitable rights to enforce these patents, to bring and maintain
4 this action, and to make, have made, use, import, offer to sell products or services
5 covered by the [patents].” (Compl. ¶ 17.) Plaintiff also asserts violations under the
6 federal Lanham Act and state law.

7 On January 31, 2013, Carton Craft moved to dismiss the Complaint pursuant
8 to Federal Rules of Civil Procedure 12(b)(1) and 12(b)(6). It contends that: (1)
9 Plaintiff lacks standing to bring this suit because it does not have complete
10 ownership of the asserted patents; and (2) the complaint fails to state a claim on
11 which relief can be granted. Plaintiff filed a response and Carton Craft replied.
12 Serviform and Die Supply subsequently joined Carton Craft’s motion. For the sake
13 of simplicity, the Court will refer to the arguments in Carton Craft’s motion as
14 “Defendants” arguments.

15 LEGAL STANDARDS

16 I. Rule 12(b)(1)

17 A motion under Federal Rule of Civil Procedure 12(b)(1) challenges the
18 court’s jurisdiction to hear a case. Standing challenges can be “facial” or “factual.”
19 *White v. Lee*, 227 F.3d 1214, 1242 (9th Cir. 2000). “In a facial attack, the
20 challenger asserts that the allegations contained in a complaint are insufficient on
21 their face to invoke federal jurisdiction. By contrast, in a factual attack, the
22 challenger disputes the truth of the allegations that, by themselves, would otherwise
23 invoke federal jurisdiction.” *Safe Air for Everyone v. Meyer*, 373 F.3d 1035, 1039
24 (9th Cir. 2004). In resolving a factual attack, a court “may review evidence beyond
25 the complaint without converting the motion to dismiss into a motion for summary
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27 ¹ The patents-in-suit are: (1) U.S. Patent No. 5,870,919 (“the ’919 Patent”); (2) U.S. Patent
28 No. 6,128,940 (“the ’940 Patent”); (3) U.S. Patent No. 6,405,574 (“the ’574 Patent”); (4) U.S. Patent
No. 7,694,543 (“the ’543 Patent”); (5) U.S. Patent No. 5,749,276 (“the ’276 Patent”); (6) U.S. Patent
No. 6,324,950 (“the ’950 Patent”); and (7) U.S. Patent No. 6,675,682 (“the ’682 Patent”).

1 judgment.” *Id.* When challenged, the party opposing the motion bears the burden
2 of establishing jurisdiction. *A10 Networks, Inc. v. Brocade Comm’n’s Sys., Inc.*,
3 No. 11-CV-05493, 2012 U.S. Dist. LEXIS 74215, at *4-5 (N.D. Cal. May 29,
4 2012).

5 **II. Rule 12(b)(6)**

6 A motion under Federal Rule of Civil Procedure 12(b)(6) tests the legal
7 sufficiency of a claim. *Navarro v. Block*, 250 F.3d 729, 732 (9th Cir. 2001). In
8 federal court, a pleading must contain “a short and plain statement of the claim
9 showing that the pleader is entitled to relief.” FED. R. CIV. P. 8(2). Typically, a
10 complaint is deficient if it fails to state a plausible claim for relief on its face. *Bell*
11 *Atl. Corp. v. Twombly*, 550 U.S. 544, 570 (2007). “A claim has facial plausibility
12 when the plaintiff pleads factual content that allows the court to draw the reasonable
13 inference that the defendant is liable for the misconduct alleged.” *Ashcroft v. Iqbal*,
14 556 U.S. 662, 678 (2009). In addition, allegations of fraud must satisfy the
15 heightened pleading standard of Rule 9(b), which requires pleadings to “state with
16 particularity the circumstances constituting fraud or mistake.”

17 In resolving a motion brought pursuant to Rule 12(b)(6), the Court accepts all
18 well-pleaded allegations of material fact as true and construes them in a light most
19 favorable to the nonmoving party. *Wylar Summit P’ship v. Turner Broad. Sys., Inc.*,
20 135 F.3d 658, 661 (9th Cir. 1998). In addition to the complaint itself, the Court
21 “may consider certain materials—documents attached to the complaint, documents
22 incorporated by reference in the complaint, or matters of judicial notice—without
23 converting the motion to dismiss into a motion for summary judgment.” *United*
24 *States v. Ritchie*, 342 F.3d 903, 907 (9th Cir. 2003).

25 **DISCUSSION**

26 **I. Standing**

27 “Under Article III of the United States Constitution, federal courts cannot
28 entertain a litigant’s claims unless that party demonstrates concrete injury, by

1 satisfying its burden to demonstrate both constitutional and prudential standing to
2 sue.” *Visioneer, Inc. v. KeyScan, Inc.*, 626 F. Supp. 2d 1018, 1023 (N.D. Cal. 2009)
3 (citing *Lujan v. Defenders of Wildlife*, 504 U.S. 555, 560 (1992)). Constitutional
4 standing in a patent case generally requires ownership of the patent. *Toshiba Corp.*
5 *v. Winstron Corp.*, 270 F.R.D. 538, 541 (C.D. Cal. 2010). Prudential standing
6 “generally requires that a patent owner or co-owners be joined in any infringement
7 suit brought by an assignee having fewer than all substantial rights in the patent.”
8 *A10 Networks, Inc.*, 2012 U.S. Dist. LEXIS 74215, at *8-9 (citation omitted).
9 “Absent the voluntary joinder of all co-owners of a patent, a co-owner acting alone
10 will lack standing.” *Israel Bio-Eng. Proj. v. Amgen, Inc.*, 475 F.3d 1256, 1264-65
11 (Fed. Cir. 2007).

12 Defendants contend that Plaintiff lacks standing to bring this case on its own
13 because it is a co-owner of six patents and has no interest in the seventh. For
14 support, they supply assignment records from the United States Patent and
15 Trademark Office (“USPTO”).² For the ’919 patent, the ’940 patent, the ’574
16 patent, the ’543 patent, the ’950 patent and the ’682 patent, the USPTO records
17 identify two assignees. Both are named Seoul Laser Dieboard System Co., Ltd., but
18 one has an address in California and the other has an address in the Republic of
19 Korea. (See RJN, Exhs. A-D, F, and G.) For the ’276 Patent, the assignment
20 records list Seoul Laser Dieboard System Co., Ltd. (with the California address) and
21 SDS USA, Inc. (See RJN, Exh. E.) Defendants contend that only one of the
22 aforementioned parties—Seoul Laser Dieboard System Co., Ltd. with an address in
23 the Republic of Korea—is a named Plaintiff and that standing rules prevent it from
24 bringing this suit on its own.

25 Plaintiff defends its claim of complete ownership by submitting records of its
26

27 ² The Court **GRANTS** Defendants’ request for judicial notice of the USPTO assignment
28 records. Because the USPTO documents are public records “capable of accurate and ready
determination by resort to sources whose accuracy cannot be questioned,” judicial notice is proper.
See FED. R. EVID. 201(b)(2); *Kaempe v. Myers*, 367 F.3d 958, 965 (D.C. Cir. 2004).

1 own. Through the declaration of its vice president, Kyong Chan Lim, Plaintiff
2 explains that Seoul Laser Dieboard System Co., Ltd. is one company with two
3 business addresses—a headquarters in South Korea and a satellite office in
4 California. (Lim Decl. ¶ 5.) In other words, Seoul Laser Dieboard System Co., Ltd.
5 in San Diego, California and Seoul Laser Dieboard System Co., Ltd., in the
6 Republic of Korea, the designated “assignees” for six of the seven patents, “are one
7 and the same corporate entity.” (Lim Decl. ¶¶ 6-7.)

8 As for the ‘276 Patent, Plaintiff does not dispute that one of the named
9 assignees, SDS USA, Inc., is a distinct entity from Seoul Laser Dieboard System
10 Co., Ltd. Plaintiff claims, however, that it is now the sole owner of the patent
11 thanks to a May 1, 2011 assignment by way of a confidential settlement agreement
12 between the parties. Plaintiff attaches a redacted copy of the agreement (which
13 refers to a transfer by SDS USA of “all intellectual property” related to SDS
14 Korea’s products and business) as well as a USPTO assignment record, which has
15 been updated in the wake of Defendants’ motion to reflect an assignment of the
16 ‘276 patent to Seoul Laser Dieboard System Co., Ltd., executed on May 1, 2011.
17 (Opp’n, Exh. E.)

18 At this stage of the litigation, Plaintiff has made a sufficient showing that it
19 has standing to sue for infringement.³ From Lim’s description of Plaintiff’s
20 corporate structure, it appears the entities designated by the USPTO as assignees for
21 six of the seven patents are the same. Absent stronger evidence to the contrary, the
22 Court declines to dismiss the infringement claims on standing grounds. As for the
23 ‘276 patent, Plaintiff’s recording of an assignment “creates a presumption of
24 validity as to the assignment[.]” *SiRF Tech., Inc. v. Int’l Trade Comm’n*, 601 F.3d
25

26 ³ Because Defendants’ jurisdictional attack challenges the truth of Plaintiff’s ownership claim,
27 it is a factual challenge, and the Court may consider material outside the pleadings. *McCarthy v.*
28 *United States*, 850 F.2d 558, 560 (9th Cir. 1988) (“[W]hen considering a motion to dismiss pursuant
to Rule 12(b)(1) the district court is not restricted to the face of the pleadings, but may review any
evidence, such as affidavits and testimony, to resolve factual disputes concerning the existence of
jurisdiction.”).

1 1319, 1327-28 (Fed. Cir. 2010). Plaintiff appears to have standing to sue for
2 infringement from at least the date of assignment. Accordingly, Defendants' motion
3 to dismiss on standing grounds is denied.

4 **II. Pleading Sufficiency**

5 Defendants next attack the pleadings. They assert that none of the eleven
6 claims for relief are sufficiently pled.

7 **A. Infringement**

8 The first seven claims are for "infringement," with each representing a
9 different patent-in-suit. As part of each claim for relief, Plaintiff alleges that
10 Defendants are directly infringing, inducing others to infringe, and contributorily
11 infringing the asserted patents and that their infringement is willful.⁴ Because the
12 pleading standard for each type of infringement differs, the Court will analyze them
13 separately, looking first at the direct and willful infringement claims and then
14 turning to the indirect infringement claims.

15 **1. Direct Infringement**

16 The Federal Circuit has instructed that Form 18, a sample complaint in the
17 Appendix of Forms to the Federal Rules of Civil Procedure, provides the pleading
18 standard for claims of direct infringement. *See K-Tech Telecomm's, Inc. v. Time*
19 *Warner Cable, Inc.*, 714 F.3d 1277, 1284 (Fed. Cir. 2013); *In re Bill of Lading*
20 *Transmission and Processing Sys. Patent Litig.*, 681 F.3d 1323, 1334 (Fed. Cir.
21 2012) ("[T]o the extent the parties argue that *Twombly* and its progeny conflict with
22 the Forms and create differing pleading requirements, the Forms control.")

23 Although the Federal Circuit's view on the applicability of Form 18 is not binding
24 in this circuit, it is strongly persuasive authority and the Court will follow its lead.

25 Form 18 requires: "(1) an allegation of jurisdiction; (2) a statement that the
26 plaintiff owns the patent; (3) a statement that defendant has been infringing the

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28 ⁴ One minor variation appears in the "fourth cause of action," titled "Infringement of Patent No. 7,694,543." For this patent, Plaintiff aims its indirect infringement allegations solely against Serviform. (Compl. ¶¶ 48-53.)

1 patent ‘by making, selling, and using [the device] embodying the patent’; (4) a
2 statement that the plaintiff has given the defendant notice of its infringement; and
3 (5) a demand for an injunction and damages.” *Bill of Lading*, 681 F.3d at 1334
4 (citation omitted). Plaintiff’s allegations conform to Form 18. The Complaint (1)
5 alleges a basis for jurisdiction (¶ 1); (2) alleges Plaintiff’s ownership of the
6 patents-in-suit (¶ 17); (3) alleges that Defendants infringe by “making, imp[o]rting,
7 using, selling and offering to sell” certain machine tools for bending (and
8 sometimes for cutting) metallic material (¶¶ 31, 37, 43, 49⁵, 55, 61, 67); (4) gives
9 Defendants notice of their infringement⁶; and (5) makes the requisite demand for an
10 injunction and damages. No more is required. *Superior Indus., LLC*, 700 F.3d at
11 1295.

12 Defendants suggest that Plaintiff must identify the particular claims that are
13 being infringed as well as specific products accused on infringement. The Court
14 disagrees. Form 18 does not require either. *See Bill of Lading*, 681 F.3d at 1335
15 (“[A] plaintiff need not even identify which claims it asserts are being infringed.”);
16 *K-Tech*, 714 F.3d at 1286 (“We do not read Form 18 . . . to require that a plaintiff
17 identify an accused device by name.”); *see also Clouding IP, LLC v. Amazon.com,*
18 *Inc.*, 2013 WL 2293452, at *2 (D. Del. May 24, 2013) (“As it relates to accused
19 products, Form 18 requires only identification of a general category of products, for
20 example ‘electrical motors.’ Accordingly, complaints frequently survive a motion to
21 dismiss when they accuse a general category of products.”) Here, Plaintiff has
22 identified a general class of products (machine tools for bending and sometimes
23 cutting metal) for each count, and elaborated in the background facts that “[o]ne
24 model of these machines is branded as the IDEA” (Compl. ¶ 18). This is sparse, but
25 sufficient. Accordingly, the Court denies Defendants’ motion to dismiss the direct
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27 ⁵ Paragraph 49 omits the word “importing.”

28 ⁶ Filing of an action for infringement satisfies the notice requirement. *See Superior Indus., LLC v. Thor Global Enters.*, 700 F.3d 1287, 1295 (Fed. Cir. 2012) (citing 35 U.S.C. § 287(a)).

1 infringement claims.

2 **2. Willful Infringement**

3 Plaintiff next asserts that Defendants' infringement was willful. Form 18
4 does not apply to claims for willful infringement. Accordingly, Plaintiff must
5 satisfy the plausibility pleading standard of *Twombly* and *Iqbal*.

6 As a general matter, “[i]nfringement is willful when the infringer was aware
7 of the asserted patent, but nonetheless acted despite an objectively high likelihood
8 that its actions constituted infringement of a valid patent.” *i4i Ltd. P’ship v.*
9 *Microsoft Corp.*, 598 F.3d 831, 860 (Fed. Cir. 2010) (citation and internal quotation
10 marks omitted). What a plaintiff must allege to satisfy *Twombly* and *Iqbal* remains
11 somewhat murky. *See Sony Corp v. LG Elecs. U.S.A., Inc.*, 768 F. Supp. 2d 1058,
12 1064 (C.D. Cal. 2011) (noting a “lack of complete uniformity” in district court
13 decisions). A “bare recitation of the required legal elements for willful
14 infringement” or a “mere allegation, without more,” that Defendants knew of the
15 patents-in-suit will not survive a Rule 12(b)(6) motion. *Robert Bosch Healthcare*
16 *Sys., Inc. v. Express MD Solutions, LLC*, No. C 12–00068, 2012 WL 2803617, at *3
17 (N.D. Cal. July 10, 2012). However, courts have denied such motions where the
18 patentee couples an allegation of direct infringement with “the barest factual
19 assertion” of knowledge. *See Medtrica Solutions, Ltd. v. Cygnus Med., LLC*, No. C
20 12-538, 2012 U.S. Dist. LEXIS 163564, at *4 (W.D. Wash. Nov. 15, 2012); *Avocet*
21 *Sports Tech., Inc. v. Garmin Int’l, Inc.*, No. C 11-04049, 2012 WL 2343163, at *3
22 (N.D. Cal. June 5, 2012).

23 Within each “cause of action” for infringement, Plaintiff alleges that
24 “Defendants have continued their infringement despite having notice of the
25 [patents-in-suit]” and “have committed and are committing willful and deliberate
26 patent infringement.” (Compl. ¶¶ 34, 40, 46, 52, 58, 64, 70.) Plaintiff also alleges
27 that it sent “a letter” to Defendants in 2007 “putting them on notice that they were
28 infringing upon the SDS Patents through the sale of their dieboard bending and

1 cutting machines.” (Compl. ¶ 22.) Through this latter allegation, Plaintiff appears,
2 at first glance, to make out the barest factual assertion that Defendants had
3 knowledge of the patents-in-suit.

4 There is a wrinkle, however. Carton Craft provides the Court with the actual
5 letter from 2007. Because the contents of the letter are referenced in the Complaint
6 as the basis for Defendants’ knowledge, the Court may consider it. *See* 5A
7 CHARLES ALAN WRIGHT ET AL., FEDERAL PRACTICE AND PROCEDURE § 1327 (3d
8 ed.) (“[W]hen the plaintiff fails to introduce a pertinent document as part of her
9 pleading, a significant number of cases from throughout the federal court system
10 make it clear that the defendant may introduce the document as an exhibit to a
11 motion attacking the sufficiency of the pleading; that certainly will be true if the
12 plaintiff has referred to the item in the complaint and it is central to the affirmative
13 case.”). Having examined the letter,⁷ the Court cannot plausibly infer that it
14 notified Defendants of *all* asserted patents in 2007. The letter only names three of
15 them—the ’950 Patent, ’682 Patent, and ’276 Patent. Although the letter alludes to
16 other “related patents,” it makes no express reference to the ’940 Patent, the ’919
17 Patent, the ’574 Patent, or the ’543 Patent.

18 Plaintiff attempts to cure this deficiency in its briefing by asserting other
19 bases for Defendants’ knowledge, e.g. Internet advertisements, product marking, the
20 parties’ co-existence in a small industry. This argument is not well taken. None of
21 this appears in the Complaint. The Court cannot consider new facts put forward in
22 an opposition brief. Accordingly, only some of Plaintiff’s willful infringement
23 allegations—those related to the ’950 Patent, ’682 Patent, and ’276 Patent—suffice.
24 For patents *not* referenced in the letter (the ’940 Patent, the ’919 Patent, the ’574
25 Patent, and the ’543 Patent), Plaintiff fails to put forward “the barest factual
26 assertion” of knowledge, and therefore fails to adequately plead willful

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28 ⁷ As Plaintiff does not suggest otherwise, the Court presumes that the letters to Die Supply and Serviform were substantively identical. Indeed, Serviform appears to have been carbon copied on the letter to Carton Craft.

1 infringement

2 3. ***Indirect Infringement***

3 For each patent, Plaintiff alleges two types of indirect infringement: induced
4 infringement, § 271(b), and contributory infringement, § 271(c). Indirect
5 infringement claims, like willful infringement claims, must satisfy *Twombly*'s
6 plausibility pleading standard. *See Bill of Lading*, 681 F.3d at 1336-37.

7 As an initial matter, the Court dismisses Plaintiff's indirect infringement
8 claims insofar as they are associated with the '940 Patent, the '919 Patent, the '574
9 Patent, and the '543 Patent. Both forms of indirect infringement require knowledge
10 of the patent by the putative infringer. *Global-Tech Appliances, Inc. v. SEB S.A.*,
11 131 S. Ct. 2060, 2068 (2011). As explained above, Plaintiff fails to adequately
12 plead such knowledge.

13 As to the remaining patents, Plaintiff's core allegations are as follows:

14 • Serviform sells "Infringing Machines" to Carton Craft and Die Supply for
15 resale in the United States. (Compl ¶ 19.)

16 • Serviform "intentionally induced and contributed to the infringement of
17 Defendants Carton Craft and Die Supply." (Compl. ¶¶ 57, 63, 69).

18 • "Defendants" have and are "inducing and contributing to others'
19 infringement through the manufacture, importation, sales, offers for sale, and use of
20 certain machine tools for bending and cutting metallic material[.]" (Compl. ¶¶ 55,
21 61, 67.)

22 Defendants argue, and the Court agrees, that Plaintiff fails to adequately
23 plead contributory infringement. "Contributory infringement occurs if a party sells
24 or offers to sell, a material or apparatus for use in practicing a patented process, and
25 that 'material or apparatus' is material to practicing the invention, has no substantial
26 non-infringing uses, and is known by the party 'to be especially made or especially
27 adapted for use in an infringement of such patent.'" *Bill of Lading*, 681 F.3d at 1337
28 (quoting § 271(c)). Among other things, Plaintiff must plead facts that allow an

1 inference that the accused products are “especially made or especially adapted for
2 use in an infringement of such patent, and not a staple article or commodity of
3 commerce suitable for substantial noninfringing use.” *Superior Indus., Inc.*, 700
4 F.3d at 1296 (citing 35 U.S.C. § 271(c)). Plaintiff has not done so. It has merely
5 identified a broad category of accused devices and labeled them infringing. The
6 Court may not supply essential elements of the claim that do not appear in the
7 Complaint. Accordingly, Plaintiff’s remaining contributory infringement claims are
8 dismissed.

9 Defendants also argue, and the Court agrees, that Plaintiff’s induced
10 infringement claims are deficient. To state a claim for induced infringement,
11 Plaintiff must allege, among other things, “facts plausibly showing that
12 [Defendants] specifically intended [their] customers to infringe the
13 [patents-in-suit].” *Bill of Lading*, 681 F.3d at 1339. Conclusory allegations will not
14 suffice. See *Medsquire LLC v. Spring Med. Sys., Inc.*, No. 11-CV-4504, 2011 U.S.
15 Dist. LEXIS 107416, at *8-9 (C.D. Cal. Aug. 31, 2011) (dismissing an allegation
16 that Defendant indirectly infringed by “inducing direct infringement by other
17 persons—specifically, customers and partners of [Defendant], who make, use, sell,
18 or offer for sale” the accused product). Plaintiff’s allegations, like those in
19 *Medquire*, fail to satisfy *Twombly*. Plaintiff alleges that Serviform “intentionally
20 induced” the infringement of Carton Craft and Die Supply and that Carton Craft and
21 Die Supply then induced “others” to infringe. What Plaintiff fails to provide are
22 facts plausibly showing that Defendants *specifically intended* third party
23 infringement. The 2007 letter did not identify any accused device, much less tie any
24 allegedly infringing features or designs to any particular patent. The Court cannot
25 plausible infer from the allegation that Defendants sold or used “certain machine
26 tools” that Defendants specifically intended third party infringement. Accordingly,
27 the inducement claims are dismissed.

28 //

1 **B. Lanham Act Claims**

2 Plaintiff next asserts a claim for unfair competition under Lanham Act
3 § 43(a), 15 U.S.C. § 1125(a), and requests injunctive relief pursuant to 15 U.S.C.
4 § 1116. Although separately alleged, these claims are intertwined. *See Skydive*
5 *Ariz., Inc. v. Quattrocchi*, No. CV-05-2656, 2010 WL 1743189, at *7 (D. Ariz. Apr.
6 29, 2010) (“Under 15 U.S.C. § 1116, Courts may grant injunctions when a
7 defendant has committed a violation of § 43(a).”). Defendants contend Plaintiff is
8 misusing the Lanham Act to reassert its patent claims, and that it fails to state a
9 cognizable claim. The Court agrees.

10 “Section 43(a) . . . prohibits the use of false designations of origin, false
11 descriptions, and false representations in the advertizing and sale of goods and
12 services.” *Jack Russell Terrier Network v. Am. Kennel Club, Inc.*, 407 F.3d 1027,
13 1036 (9th Cir. 2005). It states in pertinent part:

14 (1) Any person who, on or in connection with any goods or services, or
15 any container for goods, uses in commerce any word, term, name,
16 symbol, or device, or any combination thereof, or any false or
misleading description of fact, or false or misleading representation of
fact, which —

17 (A) is likely to cause confusion, or to cause mistake, or to
18 deceive as to the affiliation, connection, or association of
19 such person with another person, or as to the origin,
sponsorship, or approval of his or her goods, services, or
commercial activities by another person, or

20 (B) in commercial advertising or promotion, misrepresents
21 the nature, characteristics, qualities, or geographic origin
of his or her or another person’s goods, services, or
22 commercial activities,

23 shall be liable in a civil action by any person who believes that he or
she is or is likely to be damaged by such act.

24 15 U.S.C. § 1125(a).

25 It is not clear from the Complaint whether Plaintiff is asserting a “false
26 association” claim under § 43(a)(1)(A) or a “false advertising” claim under
27 § 43(a)(1)(B). This ambiguity alone raises fair notice concerns. *See*
28 *FreecycleSunnyvale v. Freecycle Network, Inc.*, No. C 06-00324, 2006 U.S. Dist.

1 LEXIS 54374, at *14-15 (N.D. Cal. July 25, 2006) (holding that a party failed to
2 give Plaintiff fair notice of the ground on which its counterclaim rested because it
3 failed to identify the particular prong of § 43(a)(1) that was being asserted). Even if
4 the Court overlooks this deficiency, however, Plaintiff fails to state a claim under
5 either prong.

6 Section 43(a)(1)(A) “makes actionable any commercial representation that is
7 likely to cause confusion ‘as to the origin’ of goods.” *Baden Sports, Inc. v. Molten*
8 *USA, Inc.*, 556 F.3d 1300, 1306 (Fed. Cir. 2009). “Origin” in this context refers to
9 “the producer of the tangible goods that are offered for sale, and not to the author of
10 any idea, concept, or communications embodied by those goods.” *Dastar Corp. v.*
11 *Twentieth Century Fox Film Corp.*, 539 U.S. 23, 37 (2003). Plaintiff alleges that
12 Defendants’ sale of “Infringing Machines will confuse and deceive the public into
13 thinking that the products sold by Defendants are Plaintiff’s products” (Compl.
14 ¶ 74) and that “Defendants copied the Patents for the specific purposes of infringing
15 upon [Plaintiff’s] Patents and falsely designating [Plaintiff’s] products as their own”
16 (Compl. ¶ 78.) Such allegations fail to state a claim under § 43(a)(1)(A). Plaintiff
17 does not allege that Plaintiff produced the machines that Defendants’ offer for sale.
18 Indeed, nothing in the Complaint suggests that is the case. What Plaintiff appears to
19 be alleging is that it owns the patents *embodied* by those machines and that
20 Defendants’ sales creates confusion as to inventorship. *Dastar* forecloses liability
21 for such conduct under § 43(a)(1)(A).

22 The Complaint also fails to state a false advertising claim under
23 § 43(a)(1)(B). A false advertising claim “requires a showing that (1) the defendant
24 made a false statement either about the plaintiff’s or its own product; (2) the
25 statement was made in commercial advertisement or promotion; (3) the statement
26 actually deceived or had the tendency to deceive a substantial segment of its
27 audience; (4) the deception is material; (5) the defendant caused its false statement
28 to enter interstate commerce; and (6) the plaintiff has been or is likely to be injured

1 as a result of the false statement, either by direct diversion of sales from itself to the
2 defendant, or by a lessening of goodwill associated with the plaintiff's product.”
3 *Jarrow Formulas, Inc. v. Nutrition Now, Inc.*, 304 F.3d 829 (9th Cir. 2002).
4 “District courts in the Ninth Circuit have held that the heightened pleading standard
5 of Federal Rule of Procedure 9(b) applies to false advertising claims and requires
6 the plaintiff to plead the ‘time, place, and specific content of the false
7 representations,’ the identities of the parties to the misrepresentation, and what
8 about the statement is claimed to be misleading.” *Epicor Software Corp. v.*
9 *Alternative Tech. Solutions, Inc.*, No. SACV 13-00448, 2013 U.S. Dist. LEXIS
10 79125, at *12-15 (C.D. Cal. May 9, 2013) (citing *EcoDisc Tech. AG v. DVD*
11 *Format/Logo Licensing Corp.*, 711 F. Supp. 2d 1074, 1085 (C.D. Cal. 2010)). The
12 allegations in the Complaint fall far short. Plaintiff fails to identify *any* false
13 statement, much less explain why it is misleading. Plaintiff only makes passing
14 reference to Defendants’ use of “advertisements” that “may” be below its standards.
15 (Compl. ¶ 76.) Such threadbare allegations fail to state a plausible claim.
16 Accordingly, Plaintiff’s Lanham Act claims are dismissed.

17 C. Tortious Interference

18 Finally, Plaintiff accuses Defendants of tortious interference with contract
19 and with prospective economic advantage. Defendants contend that Plaintiff’s
20 allegations do not pass muster under *Twombly* and that they are preempted by
21 federal patent law. The Court agrees with the first argument and need not reach the
22 second.

23 “The tort of intentional interference with contract requires allegations of the
24 following elements: ‘(1) a valid contract between plaintiff and a third party; (2)
25 defendant’s knowledge of this contract; (3) defendant’s intentional acts designed to
26 induce a breach or disruption of the contractual relationship; (4) actual breach or
27 disruption of the contractual relationship; and (5) resulting damage.’” *CRST Van*
28 *Expedited, Inc. v. Werner Enters., Inc.*, 479 F.3d 1099, 1105 (9th Cir. 2007)

1 (quoting *Quelimane Co. v. Stewart Title Guar. Co.*, 19 Cal. 4th 26, 55 (1998)).
2 Plaintiff has not adequately alleged these elements. Plaintiff alleges no facts from
3 which the Court can plausibly infer the existence of a specific and valid contract or
4 Defendants' knowledge of that contract. Further, Plaintiff does not plead with any
5 specificity the disruption of a contract. Conclusory assertions that "Defendants
6 intentionally and tortiously interfered with the contractual relations between
7 [Plaintiff] and its suppliers, distributors and customers," that Defendants "acted
8 willfully and wantonly in so doing," and that Plaintiff was damaged as a result do
9 not suffice.

10 The tort of intentional interference with prospective economic advantage
11 requires allegations of: "(1) an economic relationship between the plaintiff and
12 some third party, with the probability of future economic benefit to the plaintiff; (2)
13 the defendant's knowledge of the relationship; (3) intentional acts on the part of the
14 defendant designed to disrupt the relationship; (4) actual disruption of the
15 relationship; and (5) economic harm to the plaintiff proximately caused by the acts
16 of the defendant." *Pardi v. Kaiser Permanente Hosp.*, 389 F.3d 840, 852 (9th Cir.
17 2004) (quoting *Korea Supply Co. v. Lockheed Martin Corp.*, 29 Cal. 4th 1134, 1153
18 (2003)). Again, the Complaint falls short. Plaintiff fails to allege that it was likely
19 to receive an economic benefit from a specific third party, and it fails to identify a
20 specific opportunity lost. Conclusory assertions that "Defendants intentionally and
21 tortiously interfered with the prospective business advantage that [Plaintiff] enjoyed
22 with its suppliers, distributors and customers" and that Plaintiff suffered damage do
23 not suffice. *See Sybersound Records, Inc. v. UAV Corp.*, 517 F.3d 1137, 1151 (9th
24 Cir. 2008) (dismissing as conclusory Plaintiff's allegation that "its ongoing business
25 and economic relationships with Customers [had] been disrupted" and noting the
26 absence of any *facts* relating to an actual disruption to negotiations or potential
27 contracts). Accordingly, Plaintiff's tortious interference claims are dismissed.

28 //

1 **CONCLUSION**

2 For the reasons stated above, Defendants' motion to dismiss Plaintiff's
3 complaint is **GRANTED IN PART**. The Court's order is as follows:

4 (1) Defendants' Rule 12(b)(1) motion to dismiss is **DENIED**.

5 (2) Defendants' Rule 12(b)(6) motion to dismiss Plaintiff's direct
6 infringement claims is **DENIED**.

7 (3) Defendants' Rule 12(b)(6) motion to dismiss Plaintiff's willful
8 infringement claims is **DENIED** as to the '950 Patent, '682 Patent, and '276 Patent.
9 It is **GRANTED** as to the '940 Patent, the '919 Patent, the '574 Patent, and the '543
10 Patent).

11 (4) Defendants' Rule 12(b)(6) motion to dismiss Plaintiff's induced
12 infringement claims is **GRANTED**.

13 (5) Defendants' Rule 12(b)(6) motion to dismiss Plaintiff's contributory
14 infringement claims is **GRANTED**.

15 (6) Defendants' Rule 12(b)(6) motion to dismiss Plaintiff's Lanham Act
16 claims is **GRANTED**.

17 (6) Defendants' Rule 12(b)(6) motion to dismiss Plaintiff's tortious
18 interference claims is **GRANTED**.

19 All dismissals are without prejudice. Plaintiff has leave to file an amended
20 complaint that addresses the deficiencies identified above within 21 days of the date
21 of this Order.

22 **IT IS SO ORDERED**

23
24 DATED: July 15, 2013


25 HON. ROGER T. BENITEZ
26 United States District Court Judge
27
28