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

BB ONLINE UK LIMITED,

Plaintiff,

vs.

101DOMAIN, INC.,

Defendant.

101DOMAIN, INC.,

Counterclaimant,

vs.

BB ONLINE UK LIMITED,

Counterdefendant.

CASE NO. 14cv00885-WQH-JLB

ORDER

HAYES, Judge:

The matter before the Court is the Motion to Modify Case Management Order and to Amend Answer Based on Newly Discovered Evidence filed by Defendant and Counterclaimant 101 Domain, Inc. (ECF No. 43).

I. Background

On April 15, 2014, Plaintiff BB Online UK Limited commenced this action by filing a Complaint in this Court. (ECF No. 1). The Complaint seeks review of a final decision of the Trademark Trial and Appeal Board (“TTAB”) to dismiss Plaintiff’s opposition to Defendant’s registration of the 101DOMAINS and 101DOMAINS.COM trademarks. On May 30, 2014, Defendant 101 Domain, Inc. filed an Answer, Affirmative Defenses and Counterclaims. (ECF No. 1). On September 15, 2014, U.S.

1 Magistrate Judge Jill L. Burkhardt issued a Case Management Conference Order,
2 setting an October 31, 2014 deadline to join parties and amend the pleadings. (ECF No.
3 22).

4 On January 26, 2015, Defendant Domain, Inc. filed the Motion to Modify Case
5 Management Order and to Amend Answer Based on Newly Discovered Evidence (ECF
6 No. 43), accompanied by a lodged proposed first amended answer and counterclaims
7 (ECF No. 44). On February 17, 2015, Plaintiff filed an opposition. (ECF No. 50). On
8 February 23, 2015, Defendant filed a reply. (ECF No. 52).

9 **II. Contentions of the Parties**

10 Defendant contends that good cause exists to modify the Case Management
11 Conference Order to allow it to file an amended answer adding the affirmative defense
12 of unclean hands. Defendant asserts that on November 18, 2014, Plaintiff produced
13 “purported screen shots of what BB Online represented were webpages from its
14 101domains.com website from 1998 to 2012.” (ECF No. 43-1 at 7). Defendant asserts
15 that BB Online’s counsel disclosed for the first time that the “purported 1998 web page
16 was a supposed ‘reconstruction’” after Defendant moved to compel production of the
17 original website files. *Id.* at 8. Defendant asserts that Plaintiff’s corporate designee,
18 Robert Fox, admitted in his January 15, 2015 deposition that he used a screen shot of
19 the 1999 web page to create the purported screen shoot of the 1998 web page.

20 Defendant contends that it could not have anticipated that Plaintiff would
21 “completely fabricate a document.” *Id.* at 13. Defendant contends that Plaintiff will not
22 be prejudiced by Defendant adding a single affirmative defense that will not require a
23 responsive pleading. Defendant asserts that amendment will not alter the schedule in
24 this case.

25 Plaintiff asserts that Defendant was a party to the TTAB proceeding. Plaintiff
26 asserts that Robert Fox testified three times during the TTAB proceeding that he did not
27 have written records of the 1998 website, that he did have written records of the 1999
28 website, and that the website was the same in 1998 as it was in 1999. Plaintiff contends

1 that Defendant’s proposed amendment is for the purpose of causing undue delay.
2 Plaintiff contends that Defendant knew as early as 2010 that Robert Fox was relying on
3 1999 documents to reflect his memory of the website as it existed in 1998. Plaintiff
4 contends that Defendant’s motion is made in bad faith because Robert Fox made the
5 website reconstruction in good faith in response to discovery requests, and not to
6 deceive Defendant. Plaintiff contends that amendment would be futile because the
7 reconstruction of the 1998 website is consistent with Robert Fox’s prior testimony;
8 therefore, an unclean hands theory would be subject to dismissal.

9 **III. Legal Standard**

10 When, as here, a party moves to amend the pleadings after the deadline to amend
11 pleadings has past, the party must first demonstrate “good cause” to amend the
12 scheduling order pursuant to Federal Rule of Civil Procedure 16(b)(4) and then
13 demonstrate that amendment is proper under Federal Rule of Civil Procedure 15.
14 *Johnson v. Mammoth Recreations, Inc.*, 975 F.2d 604, 608 (9th Cir. 1992).

15 **A. Modification of Scheduling Order**

16 Federal Rule of Civil Procedure 16(b)(4) provides that “[a] schedule may be
17 modified only for good cause and with the judge’s consent.” Fed. R. Civ. P. 16(b)(4).
18 “Rule 16(b)’s ‘good cause’ standard primarily considers the diligence of the party
19 seeking amendment. The district court may modify the pretrial schedule ‘if it cannot
20 reasonably be met despite the diligence of the party seeking the extension.’” *Johnson*,
21 975 F.2d at 609 (citing Fed. R. Civ. P. 16 Advisory Committee’s Notes (1983
22 Amendment)). “Although the existence or degree of prejudice to the party opposing
23 modification might supply additional reasons to deny a motion, the focus of the inquiry
24 is upon the moving party’s reasons for seeking modification. If that party was not
25 diligent, the inquiry should end.” *Id.* (citation omitted).

26 **B. Leave to Amend**

27 Federal Rule of Civil Procedure 15 mandates that leave to amend “be freely given
28 when justice so requires.” Fed. R. Civ. P. 15(a). “This policy is to be applied with

1 extreme liberality.” *Eminence Capital, LLC v. Aspeon, Inc.*, 316 F.3d 1048, 1051 (9th
2 Cir. 2003) (quotation omitted). In determining whether to allow an amendment, a court
3 considers whether there is “undue delay,” “bad faith,” “undue prejudice to the opposing
4 party,” or “futility of amendment.” *Foman v. Davis*, 371 U.S. 178, 182 (1962). “Not
5 all of the [*Foman*] factors merit equal weight.... [I]t is the consideration of prejudice
6 to the opposing party that carries the greatest weight.” *Eminence Capital*, 316 F.3d at
7 1052 (citation omitted). “The party opposing amendment bears the burden of showing
8 prejudice.” *DCD Programs, Ltd. v. Leighton*, 833 F.2d 183, 187 (9th Cir. 1987).
9 “Absent prejudice, or a strong showing of any of the remaining *Foman* factors, there
10 exists a *presumption* under Rule 15(a) in favor of granting leave to amend.” *Eminence*
11 *Capital*, 316 F.3d at 1052.

12 **IV. Ruling of the Court**

13 **A. Modification of the Case Management Conference Order (ECF No. 22)**

14 Defendant’s proposed amendment adds an unclean hands defense based on a
15 1998 screen shot of the 101domains.com website that Defendant alleges were fabricated
16 by Plaintiff. Defendant asserts that it first received the allegedly fabricated 1998 screen
17 shot on November 18, 2014. Defendant asserts that it first discovered that the 1998
18 screen shot was potentially fabricated on December 12, 2014, when Plaintiff’s counsel
19 Joel Weinstein filed a declaration stating that his client had informed him that the 1998
20 screen shot was a reconstruction based on the 1999 website. *See* ECF No. 34 at 3. Both
21 events occurred after the October 31, 2014 deadline to amend the pleadings had passed.
22 Because Defendant’s motion is based on information that was not discovered until after
23 the October 31, 2014 deadline, and Defendant did not unduly delay filing the motion
24 after learning the relevant facts, the Court finds that Defendant exercised the necessary
25 diligence.

26 Plaintiff contends that allowing the addition of an affirmative defense would
27 prejudice Plaintiff because it would require Plaintiff “to counter this affirmative defense
28 without the benefit of discovery of the purported defense.” (ECF No. 50 at 12).

1 However, Plaintiff has not provided any reasons for why discovery would be required
2 to counter this defense, and Plaintiff is not precluded from moving to reopen discovery
3 before the Magistrate Judge. The Court finds that Plaintiff would not be prejudiced by
4 amending the scheduling order.

5 The Court concludes that Defendant has shown “good cause” to modify the
6 scheduling order. Fed. R. Civ. P. 16(b)(4). Defendant’s motion to amend the Case
7 Management Conference Order is granted.

8 **B. Leave to Amend**

9 After review of the Motion to Modify Case Management Order and for Leave to
10 Amend Answer to Assert Defense of Unclean Hands Based on Newly Discovered
11 Evidence and all related filings, the Court concludes that Plaintiff has not made a
12 sufficiently strong showing of the *Foman* factors to overcome the presumption under
13 Rule 15(a) in favor of granting leave to amend. *See Eminence Capital*, 316 F.3d at
14 1052. The Court will defer consideration of any challenge to the merits of the proposed
15 first amended answer and counterclaims until after the amended pleading is filed. *See*
16 *Netbula v. Distinct Corp.*, 212 F.R.D. 534, 539 (N.D. Cal. 2003) (“Ordinarily, courts
17 will defer consideration of challenges to the merits of a proposed amended pleading
18 until after leave to amend is granted and the amended pleading is filed.”). Defendant’s
19 motion for leave to amend its answer is granted.

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V. Conclusion

IT IS HEREBY ORDERED that the Motion to Modify Case Management Order and to Amend Answer Based on Newly Discovered Evidence (ECF No. 43) is GRANTED.

IT IS FURTHER ORDERED that the Case Management Scheduling Order (ECF No. 22) is AMENDED to extend the deadline to file motions to amend the pleadings from October 31, 2014 to January 26, 2015.

Defendant shall file its First Amended Answer and Counterclaims no later than **ten (10) days** from the date this Order is filed.

DATED: March 16, 2015


WILLIAM Q. HAYES
United States District Judge