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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA

LEFT COAST WRESTLING, LLC, a
California limited liability company,

Plaintiff,

v.

DEARBORN INTERNATIONAL LLC, a
California limited liability company, a/k/a
and/or d/b/a TRI TITANS; DUKE MINH
LE, an individual,

Defendants.

Case No.: 3:17-cv-00466-LAB-NLS

**REPORT AND
RECOMMENDATION FOR ORDER
GRANTING DEFAULT JUDGMENT**

Before the Court are Plaintiff’s Motion to Dismiss, ECF No. 23, (referred in part as set forth in ECF No. 30) and Application for Default Judgment by Court, Permanent Injunction and Attorneys’ Fees and Costs, ECF No 37 (referred as set forth in ECF No. 38). Plaintiff also submitted Supplemental Documents for consideration. ECF No. 40.

I. FACTUAL BACKGROUND

This case is centered on the use of “Battle on the Midway” as a trademark, and alleges claims for False Designation of Origin under the Lanham Act, with attendant state law claims including violation of the California Business & Professions Code, § 17200,

1 common law trademark infringement, conversion, breach of fiduciary duty and
2 declaratory relief. ECF No. 1. Plaintiff alleges that “Battle on the Midway” was
3 developed by and is a common law trademark of plaintiff, Left Coast Wrestling, LLC
4 (“Left Coast”), an LLC of which defendant Mr. Duke Le was once a member. Id. at 4.

5 Plaintiff alleges that Left Coast was formed for the purpose of running an annual
6 youth wrestling tournament in San Diego with the final round to occur on the deck of the
7 USS Midway, resulting in the title “Battle on the Midway.” Id. Plaintiff alleges that it
8 developed, marketed, planned and carried out the first tournament in 2016. Id. at 5-10.
9 Plaintiff alleges that after the first tournament, Defendants usurped Plaintiff’s idea, mark,
10 tournament, social media accounts, website and other items, and began promoting a
11 “Battle on the Midway” tournament on behalf a “Tri Titans.” Tri Titans is the dba of
12 defendant Dearborn International, LLC and the alleged alter ego of defendant Mr. Le
13 (Dearborn and Mr. Le are collectively referred to as “Defendants”). Id. at 2-3, 12-15.

14 Plaintiff’s complaint alleges its damages include lost profits and loss of goodwill,
15 and seeks to enjoin Defendants from further use of “Battle on the Midway” in any
16 capacity. Id. at 17-18. Plaintiff also requests disgorgement of any and all profits
17 attributable to Defendants’ trademark infringement, rescission of Defendant’s pending
18 USPTO trademark application, as well as attorneys’ fees and costs. Id. at 25-27.

19 **II. PROCEDURAL HISTORY**

20 Plaintiff’s complaint was filed March 7, 2017 and served on both Defendants
21 March 14, 2017. ECF Nos. 1, 5. In response, Defendants filed an answer and
22 counterclaims. ECF No. 8. The parties, all represented by counsel at the time,
23 participated in an Early Neutral Evaluation, which was unsuccessful. ECF No. 14. The
24 Court issued a Scheduling Order regulating discovery and pretrial proceedings. ECF No.
25 15.

26 A short time later, counsel for the Defendants moved to withdraw based on
27 Defendants’ “failure to communicate with counsel and breach of agreement to pay fees.”
28 ECF No. 17 at 2:9-10. The District Judge issued an order to Defendants to respond and

1 explicitly advised the Defendants of the consequences of failure to do so, as well as the
2 inability of an entity such as defendant Dearborn to proceed without counsel. ECF No.
3 18. Defendants did not respond and the District Judge granted the motion to withdraw.
4 ECF No. 20.

5 Plaintiff proceeded to file a request for entry of default, and then a motion to
6 dismiss Defendants' counterclaims. ECF Nos. 21, 23. The District Judge did not
7 immediately grant the request for entry of default, and instead issued an order to show
8 cause, again requiring written response from the Defendants and advising that failure to
9 respond would result in the dismissal of Defendants' counterclaims and entry of default.
10 ECF Nos. 22, 25. No response was filed.

11 The District Judge dismissed Defendants' counterclaims, and ordered entry of
12 default against both Defendants. ECF No. 30, 31. In the same order, the District Judge
13 referred the request for discovery sanctions and default judgment, to the extent it was
14 requested as a discovery sanction pursuant to Rules 16, 37, and 41, to the undersigned.
15 ECF No. 30. Plaintiff thereafter also moved for default judgment pursuant to Rule 55
16 and served the motion on Defendants by overnight delivery. ECF No. 37. This motion
17 was also referred to the undersigned. ECF Nos. 38. Defendants did not respond to the
18 motion and have not moved to set aside the default. The docket reflects no attempt on the
19 part of Defendants to file any document of any kind since the motion of their prior
20 counsel to withdraw in July of 2017. ECF No. 17 (Motion to Withdraw, filed July 31,
21 2017).

22 **III. DISCUSSION**

23 **A. Legal Standard for Default Judgment**

24 Pursuant to Federal Rule of Civil Procedure 55, the Court may enter default
25 judgment against a defendant who has "failed to plead or otherwise defend" an action.
26 Entry of default does not "automatically entitle the plaintiff to a court-ordered judgment,"
27 granting relief remains "entirely within the court's discretion." *PepsiCo, Inc. v.*
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1 California Sec. Cans, 238 F. Supp. 2d 1172, 1174 (C.D. Cal. 2002) (citing Draper v.
2 Coombs, 792 F.2d 915, 924-25 (0th Cir. 1986).

3 **B. Entry of Default is Proper**

4 Entry of default may be entered as either a sanction¹ or for “failure to plead or
5 otherwise defend.” Fed. R. Civ. P. 55(a) (“When a party ... has failed to plead or
6 otherwise defend ...”); Fed R. Civ. P. 16(f)(1)(C) (“On motion or on its own, the court
7 may issue any just orders, including those authorized by Rule 37(b)(2)(A)(ii)–(vii), if a
8 party ... fails to obey a scheduling or other pretrial order.”); Fed. R. Civ. P. 37(b)(2)(C)
9 (“If a party ... fails to obey an order to provide or permit discovery, ... the court ... may ...
10 render[] a judgment by default against the disobedient party.”); Dreith v. Nu Image, Inc.,
11 CV054146 SVW MANX, 2007 WL 9658786, at *3 (C.D. Cal. Mar. 2, 2007) (“A district
12 court may enter default against a defendant as a sanction for engaging in discovery
13 abuse.”); Adriana Intl. Corp. v. Thoeren, 913 F.2d 1406, 1410 (9th Cir. 1990) (dismissing
14 plaintiff’s complaint, striking answers to cross claims, and entering default judgment as
15 an evidentiary sanction after plaintiff repeatedly failed to obey discovery orders). Where
16 the drastic sanctions of dismissal or default are imposed, the party’s non-compliance
17 must be due to willfulness or bad faith. *Id.* at 1412, n. 5; Sigliano v. Mendoza, 642 F.2d
18 309, 310 (9th Cir. 1981). All that is required to show willfulness or bad faith is
19 “disobedient conduct not shown to be outside the control of the litigant.” Henry v. Gill
20 Industries, 983 F.2d 943, 948 (9th Cir. 1993).

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23 ¹ While the entry of default is not challenged, the Court finds it useful to address the
24 Malone factors for entry of default because consideration of the Malone factors is
25 required where default judgment is issued as a sanction. Dreith v. Nu Image, Inc., CV
26 054146 SVW MANX, 2007 WL 9658786, at *7 (C.D. Cal. Mar. 2, 2007) (“...it would
27 either be redundant or inconsistent to apply Eitel's discretionary factors where default is
28 imposed as a sanction...[o]nce Malone has been met, and the Court is satisfied that the
allegations of the complaint are sufficient, the Eitel analysis is essentially rendered
moot.”).

1 The Ninth Circuit employs a balancing test of five factors for the court to consider
2 before declaring default: (1) the public's interest in expeditious resolution of litigation;
3 (2) the court's need to manage its docket; (3) the risk of prejudice to the other party; (4)
4 the public policy favoring the disposition of cases on their merits; and (5) the availability
5 of less drastic sanctions. *Dreith v. Nu Image, Inc.*, 2007 WL 9658786, at *3 (quoting
6 factors from *Malone v. United States Postal Service*, 833 F.2d 128, 130 (9th Cir. 1987).
7 “Where a court order is violated, the first two factors support sanctions and the fourth
8 factor cuts against a default. Therefore, it is the third and fifth factors that are decisive.”
9 *Adriana Intern. Corp. v. Thoeren*, 913 F.2d 1406, 1412 (9th Cir. 1990).

10 Here, Defendants’ failure to respond to discovery, appear for deposition, or
11 otherwise meaningfully participate in the either the discovery process or comply with
12 Court’s direction to respond or oppose the Plaintiff’s submissions constitutes a failure “to
13 plead or otherwise defend” within the meanings of Rules 16 and 55. Defendants have
14 also ignored at least two orders of this Court: the Scheduling Order (ECF No. 15) which
15 directed the timing and compliance with discovery procedures; and the Order to Show
16 Cause (ECF No. 25) as to why the counterclaim should not be dismissed.² In light of the
17 explicit direction of the court to Defendants, on multiple occasions, explaining that
18 Dearborn must be represented by counsel, and the consequences of failure to act, coupled
19 with service of every motion and order upon Mr. Le, the Defendants actions can only be
20 construed as “within their control” and thus, willful and bad faith non-compliance.

21 Finally, both the third and fifth Malone factors, risk of prejudice and availability of
22 less drastic sanctions, weigh in favor of default. In sum, neither the Plaintiff nor the court
23 have been able to meaningfully engage Defendants in this case. Plaintiff alleges it sent a
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26 ² Arguably, Defendants also violated the Order Directing Defendants to Respond (ECF
27 No. 18) to their prior counsel’s motion to withdraw, however, because that order directed
28 the Defendants to respond only “if” they opposed the withdrawal, the court will give
Defendants the benefit of the doubt that they did not oppose the withdrawal and were not
intentionally disregarding a court order.

1 cease and desist letter to the Defendants prior to bringing this action, to no avail. ECF
2 No. 1 at 14. ¶ 37. Initiation of the present lawsuit does not appear to have impacted
3 Defendants, who refuse to participate. The orders of this court directing Defendants to
4 respond, oppose, or otherwise take part have gone unanswered. Accordingly, there is a
5 possibility of prejudice to the Plaintiff absent default judgment, as the Plaintiff would be
6 left without recourse. *PepsiCo, Inc. v. California Sec. Cans*, 238 F. Supp. 2d at 1177
7 (“[i]f Plaintiffs' motion for default judgment is not granted, Plaintiffs will likely be
8 without other recourse for recovery.”) Nor is there a lesser sanction available; there is no
9 other means remaining to the Plaintiff or the Court to persuade Defendants to respond,
10 participate, or otherwise permit this case to proceed in the normal adversarial course.

11 With four factors weighing in favor entry of default, conduct within the apparent
12 control of Defendant, and complete failure to participate in litigation, entry of default is
13 supported by the Malone factors.

14 **C. Default Judgment**

15 The “entry of default does not entitle the non-defaulting party to a default
16 judgment as a matter of right.” *Dreith v. Nu Image, Inc.*, 2007 WL 9658786, at *5
17 (quoting *In re Villegas*, 132 B.R. 742, 746 (BAP 9th Cir. 1991)).

18 Here, Plaintiff requests default judgment as either (1) a sanction under Rules 16
19 and 37 or (2) for failure to appear and defend under Rule 55. ECF No, 37-1 at 6-8.
20 While total failure to participate in a case and comply with the Scheduling Order is
21 sanctionable by default judgment under Rule 16 (which incorporates all remedies
22 provided by Rule 37), the circumstances presented in this case are more analogous to the
23 cases wherein the defendants never appeared than those cases where discovery abuses
24 included misleading conduct or those where defendants act in direct defiance of court
25 orders that resulted in default judgment as a discovery sanction. See *Canon Sols. Am.,*
26 *Inc. v. Gungap*, SACV141990 JLS RNBX, 2016 WL 9108916, at *4 (C.D. Cal. Feb. 8,
27 2016) (collecting cases, noting terminating sanctions appropriate when “misconduct
28 includes knowingly deceiving the court with manipulated or fabricated evidence [citation

1 omitted], consistently violating ... orders, rules, and procedures...[citation omitted], or
2 engaging in a ‘consistent, intentional, and prejudicial practice of obstructing discovery’
3 [citation omitted]); *Schudel v. Searchguy.com, Inc.*, 07CV0695 BEN BLM, 2010 WL
4 1945743, at *1 (S.D. Cal. May 13, 2010) (default judgment ordered after defendant, who
5 appeared at the pretrial conference, was ordered to appear for deposition and produce
6 specific discovery, and failed to do so); *Dreith v. Nu Image, Inc.*, 2007 WL 9658786 at
7 *2 (default judgment appropriate as sanction for failing to produce documents as directed
8 at an MSJ hearing, and later appearing at pre-trial conference and again ordered to
9 produce documents). Accordingly, the Court finds it appropriate to address default
10 judgment in the context of Rule 55 and the Eitel factors.³

11 **D. Eitel Factors**

12 In determining whether default judgment is appropriate, the Ninth Circuit
13 considers the following seven factors: “(1) the possibility of prejudice to the plaintiff, (2)
14 the merits of plaintiff's substantive claim, (3) the sufficiency of the complaint, (4) the
15 sum of money at stake in the action; (5) the possibility of a dispute concerning
16 material facts; (6) whether the default was due to excusable neglect, and (7) the strong
17 policy underlying the Federal Rules of Civil Procedure favoring decisions on the merits.”
18 *Eitel v. McCool*, 782 F.2d 1470, 1471-72 (9th Cir. 1986). When assessing the Eitel
19 factors, all factual allegations in the complaint are taken as true, except those with regard
20 to damages. *Televideo Sys., Inc. v. Heidenthal*, 826 F.2d 915, 917-18 (9th Cir. 1987).
21 Although a decision on the merits is always preferred, in this case, the Eitel factors weigh
22 in favor of entering default judgment.

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26 ³ Should the District Judge disagree and find default judgment appropriate as a sanction,
27 consideration of the Malone factors (discussed above); the well pled allegations of the
28 complaint (discussed further in Section III.D.2), and the totality of the circumstances of
the case are all that need be considered. *Dreith v. Nu Image, Inc.*, 2007 WL 9658786, at
*7.

1 **1. Possibility of Prejudice to Plaintiff**

2 This factor is duplicative of the Malone factor analyzing the risk of prejudice. As
3 discussed, Plaintiff sent a cease and desist letter, initiated litigation, and used proper
4 channels to seek redress. Without default judgment, Plaintiff would be prejudiced by
5 being left without recourse for the claims alleged. *PepsiCo, Inc. v. California Sec. Cans*,
6 238 F. Supp. 2d at 1177.

7 **2. Substantive Merits and Sufficiency of the Claims**

8 The substantive merits and the sufficiency of the claims share a close relationship
9 and are commonly discussed together. *PepsiCo, Inc. v. California Sec. Cans*, 238 F.
10 Supp. 2d at 1175. “The Ninth Circuit has suggested that these two factors require that a
11 plaintiff ‘state a claim on which the plaintiff may recover.’” *Id.* (quoting *Kloepping v.*
12 *Fireman's Fund*, C 94-2684 TEH, 1996 WL 75314, at *2 (N.D. Cal. Feb. 13, 1996)).

13 While not dispositive to the analysis, most often when a party seeks default
14 judgment, the defendant has not appeared and had no opportunity to challenge the
15 complaint. In this case Defendants were represented by counsel at the outset of this case
16 and, when presented with an opportunity to challenge the sufficiency of the complaint,
17 submitted an answer rather than a motion to dismiss. See ECF No. 8. Nonetheless, the
18 Court will review the well pled allegations, accepted as true, to ensure the substantive
19 merits and sufficiency of the claims are adequately stated.

20 (a) Lanham Act § 43(a) Violation & Declaratory Relief

21 Plaintiff’s first claim for relief alleges false designation of origin and unfair
22 competition in violation of Section 43(a) the Lanham Act. ECF No. 1 at 18. Section
23 43(a) of the Lanham Act prohibits using in commerce in connection with goods or
24 services “any word, term, name, symbol, or device, or any combination thereof, or any
25 false designation of origin, false or misleading description of fact, or false or misleading
26 representation of fact, which is likely to cause confusion, or to cause mistake, or to
27 deceive as to the affiliation, connection, or association of such person with another
28 person, or as to the origin, sponsorship, or approval of his or her goods, services, or

1 commercial activities by another person....” 15 U.S.C. § 1125(a)(1). A mark need not be
2 registered to be protected under Section 43(a) of the Lanham Act. Kendall-Jackson
3 Winery, Ltd. v. E.&J. Gallo Winery, 150 F.3d 1042, 1047, n.7 (9th Cir.
4 1998) (“Registration is not a prerequisite for protection under § 43(a).”). However, to
5 prevail on its claim for false designation of origin for an unregistered mark, Plaintiff still
6 must show that “owns protectable trademark rights and that [the defendants’] activities
7 are likely to confuse consumers as to the source of the goods.” HTS, Inc. v. Boley, 954 F.
8 Supp. 2d at 942 (citing Brookfield Commc'ns., Inc. v. West Coast Entm't Corp., 174 F.3d
9 1036, 1046 (9th Cir.1999)). Ownership of the mark can be established by priority of use.
10 Sengoku Works Ltd. v. RMC Int'l, Ltd., 96 F.3d 1217, 1219 (9th Cir. 1996) (“the standard
11 test of ownership is priority of use.... the party claiming ownership must have been the
12 first to actually use the mark in the sale of goods or services.”).

13 To state a valid claim under Section 43(a) of the Lanham Act, a plaintiff show that
14 the defendant (1) uses a designation or false designation of origin, (2) in interstate
15 commerce, and (3) in connection with goods or services, that (4) is likely to cause
16 confusion, mistake or deception as to either the affiliation, connection, or association of
17 defendant with another person, or the origin, sponsorship, or approval of defendant's
18 goods, services, or commercial activities by another person, that (5) has or will damage
19 the plaintiff. 5 McCarthy on Trademarks and Unfair Competition § 27:13 (5th ed.).

20 Under Section 43(a), “the ultimate test is whether public is likely to be deceived or
21 confused by the similarity of the marks.” HTS, Inc. v. Boley, 954 F. Supp. 2d 927, 942
22 (D. Ariz. 2013) (citing Jada Toys, Inc. v. Mattel, Inc., 518 F.3d 628, 632 (9th Cir.2008));
23 see also, Starbuzz Tobacco, Inc. v. Melnick, SACV 15 0224 DOC RNBX, 2015 WL
24 12656925, at *3 (C.D. Cal. July 31, 2015) (“Whether the violation is called infringement,
25 unfair competition or false designation of origin, the test is identical –whether there is a
26 likelihood of confusion.”) (citing Two Pesos, Inc. v. Taco Cabana, Inc., 505 U.S. 763,
27 781 (1992)); Celebrity Chefs Tour, LLC v. Macy's, Inc., 16 F. Supp. 3d 1159, 1166 (S.D.
28 Cal. 2014) (“[a] claim for false designation of origin is subject to the same standard,

1 except a claim for false designation of origin does not require that the mark be
2 registered.”) (internal quotation omitted). “The likelihood of confusion is the central
3 element of trademark infringement, and the issue can be recast as the determination of
4 whether ‘the similarity of the marks is likely to confuse customers about the source of the
5 products.’” *GoTo.com, Inc. v. Walt Disney Co.*, 202 F.3d 1199, 1205 (9th Cir. 2000)
6 (quoting *Official Airline Guides v. Goss*, 6 F.3d 1385, 1391 (9th Cir.1993)).

7 The Ninth Circuit has developed eight factors, the Sleekcraft factors, to analyze the
8 likelihood of confusion: (1) the similarity of the marks; (2) the relatedness of the two
9 companies' services; (3) the marketing channels used; (4) the strength of the plaintiff's
10 mark; (5) the defendant's intent in selecting its mark; (6) evidence of actual confusion; (7)
11 the likelihood of expansion into other markets; and (8) the degree of care likely to be
12 exercised by purchasers. *Id.* (citing *AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348–49
13 (9th Cir.1979)). The eight-factor test is “pliant.” When the relevant marketing channel is
14 the internet, the three Sleekcraft factors that are most relevant are: (1) the similarity of the
15 marks; (2) the relatedness of the goods or services; and, (3) the “simultaneous use of the
16 Web as a marketing channel.” *Brookfield*, 174 F.3d at 1055 n. 16 (citing *Comp Exam'r*
17 *Agency, Inc. v. Juris, Inc.*, 1996 WL 376600, *1 (C.D. Cal. Apr. 26, 1996)); but see
18 *Network Automation, Inc. v. Adv. Sys. Concepts, Inc.*, 638 F.3d 1137, 1148 (9th Cir.
19 2011) (“we did not intend *Brookfield* to be read so expansively as to forever enshrine
20 these three factors...as the test for trademark infringement on the Internet ... Depending
21 on the facts of each specific case arising on the Internet, other factors may emerge as
22 more illuminating on the question of consumer confusion.”)

23 Plaintiff’s complaint for violation of the Lanham Act based upon false designation
24 of origin states a claim, establishes priority of use, and likelihood of confusion. Plaintiff
25 alleges that Plaintiff developed and used the phrase “Battle on the Midway” to nationally
26 and internationally promote a wrestling tournament presented by Plaintiff in 2016,
27 primarily via the internet and social media. ECF No. 1 at ¶¶ 15, 19, 21-23. Plaintiff
28 alleges that Defendants then used the phrase “Battle on the Midway” to nationally and

1 internationally promote a wrestling tournament presented by “Tri Titans,” a dba of
2 Defendants, in 2017- also primarily via the internet. ECF No. 1 at ¶¶ 29-31. The
3 Plaintiff’s complaint establishes a claim for false designation of origin by showing use of
4 the phrase “Battle on the Midway” as being presented by Tri Titans, which is likely to
5 cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or
6 association of Defendants with Plaintiff, or as to the origin, sponsorship, or approval of
7 the Defendants’ goods and services by Plaintiff. 15 U.S.C. 1125(a)(1)(A); see also
8 PepsiCo, Inc. v. California Sec. Cans, 238 F. Supp. 2d 1172, 1176 (C.D. Cal. 2002).
9 Plaintiff also alleges damages in the form of lost sales, lost profits, loss of goodwill, and
10 customer confusion. ECF No. 1 at ¶¶ 44-53.

11 These admitted allegations of the complaint also establish ownership of the “Battle
12 on the Midway” mark through Plaintiff’s first use for the 2016 tournament, and establish
13 likelihood of confusion as the identical mark is being used to promote an identical
14 wrestling tournament, via the same social media and internet providers. These
15 allegations easily satisfy the three most relevant Sleekcraft factors identified in
16 Brookfield. Brookfield, 174 F.3d at 1055 n. 16.

17 The facts of this specific case are also strongly influenced by the fifth Sleekcraft
18 factor, Defendants’ intent in selecting its mark, as “more illuminating on the question of
19 consumer confusion.” Network Automation, Inc. v. Adv. Sys. Concepts, Inc., 638 F.3d at
20 1148. This factor weighs strongly in favor a finding of likelihood of confusion because
21 both the timing of the events and use of the Plaintiff’s own marketing channels
22 (Facebook and Instagram) provides strong evidence that Defendants’ intentionally aimed
23 to confuse consumers into the belief that Defendants were the originators of the Battle on
24 the Midway mark and tournament.

25 The remaining Sleekcraft factors are also satisfied. The degree of care likely to be
26 exercised by consumers as to the “presenter” of a wrestling tournament is low, and the
27 occurrence of the event as put on by Defendants in 2017 is evidence of actual confusion.
28 See ECF No. 37-1 at 12. Plaintiff has established a likelihood of confusion, and a claim

1 under the Lanham Act. Likewise, Plaintiff adequately alleges an actual controversy
2 exists regarding ownership of the mark and would be aided by judicial determination.
3 See ECF No. 1 at 88-91.

4 (b) California Business and Professions Code Violations & Common
5 Law Trademark Claims

6 The Ninth Circuit “has consistently held that state common law claims of unfair
7 competition and actions pursuant to California Business and Professions Code § 17200
8 are ‘substantially congruent’ to claims made under the Lanham Act.” *Cleary v. News*
9 *Corp.*, 30 F. 3d 1255, 1262-63 (9th Cir. 1994) (citing *Academy of Motion Pictures Arts &*
10 *Sciences v. Creative House Promotions, Inc.*, 944 F. 2d 1446, 1457 (9th Cir. 1991).
11 “This also applies to common law trademark infringement claims.” *Starbuzz Tobacco,*
12 *Inc. v. Melnick*, 2015 WL 12656925, at *4; see also, *Grateful Palate, Inc. v. Joshua Tree*
13 *Imports, LLC*, 220 Fed.Appx. 635, 637 (9th Cir. 2007) (“California trademark law is
14 ‘substantially congruent’ to federal trademark law under the Lanham Act.”); *Monte Carlo*
15 *Shirt, Inc. v. Daewoo Intern. (Am.) Corp.*, 707 F.2d 1054, 1058 (9th Cir. 1983) (“A
16 showing of likely buyer confusion as to the source, origin, or sponsorship of goods is part
17 of a cause of action for infringement of a registered trademark,” but also “applies
18 to common-law trademark infringement claims brought under California law.”).

19 Here, where Plaintiff’s allegations as set forth above also establish priority of use
20 and a likelihood of confusion sufficient to support a false designation of origin claim,
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1 Plaintiff has also established claims under California common law trademark law⁴ and
2 California Business and Professions Code §§ 17200⁵ and 17500.⁶

3 (c) Conversion

4 Under California law, the elements of a conversion claim are (1) plaintiff's
5 ownership or right to possession of the property at the time of the conversion; (2)
6 defendants' conversion by a wrongful act or dispossession of plaintiff's property rights;
7 and (3) damages. *Miles, Inc. v. Scripps Clinic and Research Found.*, 810 F. Supp. 1091,
8 1094 (S.D. Cal. 1993).

9 Plaintiff's complaint establishes Plaintiff's ownership and thus, right to possession
10 of the "Battle on the Midway" mark, the websites and social media pages associated with
11 the tournament, as well as apparel and profits derived from the 2016 tournament of which
12 Defendants retained possession. ECF No. 1 at ¶¶ 13, 15-17, 23-25, 74-79.

13 (d) Breach of Fiduciary Duty

14 To state a claim for breach of fiduciary duty under California law, a plaintiff must
15 allege (1) the existence of a fiduciary relationship; (2) breach of the fiduciary duty; and
16 (3) damage proximately caused by that breach. *Sunrider Corp. v. Bountiful Biotech*
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20 ⁴ "To state a claim of trademark infringement under California common law, a plaintiff
21 need allege only 1) their prior use of the trademark and 2) the likelihood of the infringing
22 mark being confused with their mark." *Wood v. Apodaca*, 375 F.Supp.2d 942, 947-48
(N.D.Cal.2005). See also, *Juan Pollo Fran., Inc. v. B & K Pollo Enterprises, Inc.*,
EDCV132010JGBSPX, 2015 WL 10695881, at *2 (C.D. Cal. Aug. 6, 2015) (same).

23 ⁵ To prevail on their unfair competition claim under Cal. Bus. & Prof.Code § 17200, et
24 seq., Plaintiffs must prove that Defendant engaged in "any unlawful, unfair or fraudulent
25 business act or practice and unfair, deceptive, untrue or misleading advertising." Cal.
Bus. & Prof. Code § 17200.

26 ⁶ To prevail on their false advertising claim under Cal. Bus. & Prof.Code § 17500, et
27 seq., Plaintiffs must prove that Defendant made a "statement," in connection with the
28 performance of services, "which is untrue or misleading, and which is known, or which
by the exercise of reasonable care should be known, to be untrue or misleading." Cal.
Bus. & Prof. Code § 17500.

1 Corp., SACV 08 1339 DOC AJWX, 2010 WL 11596235, at *5 (C.D. Cal. June 4, 2010)
2 (citing *Roberts v. Lomanto*, 112 Cal. App. 4th 1553, 1562 (2003)).

3 Plaintiff alleges Mr. Le was a member of the member-managed limited liability
4 corporation, Left Coast Wrestling, LLC. ECF No. 1 at ¶ 11. The Plaintiff’s operating
5 agreement is not a part of the record, but members of member-managed LLCs owe
6 fiduciary duties of care and loyalty. Cal. Corp. Code § 17704.09 (a) (“The fiduciary
7 duties that a member owes to a member-managed limited liability company and the other
8 members of the limited liability company are the duties of loyalty and care under
9 subdivisions (b) and (c)”); § 17701.10(c) (“an operating agreement shall not do any of the
10 following... [e]liminate the duty of loyalty...[u]nreasonably reduce the duty of care...”).
11 The duties of loyalty and care are enumerated by the California Corporations code as
12 requiring members to “account to the limited liability company and hold as trustee for it
13 any property, profit, or benefit derived by the member in the conduct ... of the activities
14 of a limited liability company” and “[t]o refrain from competing with the limited liability
15 company in the conduct or winding up of the activities of the limited liability company.”
16 Cal. Corp. Code § 17704.09 (b) (1, 3).

17 Plaintiff adequately alleges that Mr. Le, at a minimum, retained entry fees and
18 profits from the sale of apparel, all of which are alleged to have occurred during the time
19 Mr. Le remained an active member of the LLC. ECF No. 1 at ¶¶ 11, 13, 23-26, 81-86.

20 The undersigned finds the substantive merits of each claim are sufficiently stated,
21 and this factor weighs in favor of entry of default judgment.

22 **3. Sum of Money at Stake in the Action**

23 This Eitel factor examines “the amount of money at stake in relation to the
24 seriousness of Defendant’s conduct.” *PepsiCo*, 238 F. Supp. 2d at 1176. If the sum of
25 money at stake is completely disproportionate or inappropriate, then default judgment is
26 disfavored. *Twentieth Century Fox Film Corp. v. Streeter*, 438 F. Supp. 2d 1065, 1071
27 (D. Ariz. 2006). When evidence is presented that shows the damages are “proportional to
28 the harm caused” and “otherwise appropriate,” this factor weighs in favor of entry of

1 default judgment. *Landstar Ranger, Inc. v. Parth Enters., Inc.*, 725 F. Supp. 2d 916, 921
2 (S.D. Cal. 2010) (damages consistent with terms of contract are appropriate); see also,
3 *Moroccanoil, Inc. v. Allstate Beauty Products, Inc.*, 847 F. Supp. 2d 1197, 1202 (C.D.
4 Cal. 2012) (judgment amount sought pursuant to statute, 15 U.S.C. § 1117, and
5 “consistent with the allegations in the first amended complaint” weighs in favor of
6 default judgment).

7 Here, Plaintiff’s complaint seeks both injunctive relief and damages under 15
8 U.S.C. § 1117.⁷ See ECF No. 1. Plaintiff seeks damages in the amount of \$232,755.70.
9 ECF No. 37-1 at 9. Damages are addressed in detail in subsequent sections, but this
10 amount is reasonable and consistent with the allegations of the complaint. See also,
11 *Weeks v. Fresh-Pic Produce Co., Inc.*, 08CV02058 BTM WVG, 2012 WL 1815648, at
12 *4 (S.D. Cal. May 17, 2012), amended in part, 08CV02058 BTM WVG, 2013 WL
13 990827 (S.D. Cal. Mar. 12, 2013) (“the sum of money that would be awarded is not
14 unreasonable... the total damages award that the Court is willing to entertain [] pales in
15 comparison to the three million dollars at issue in *Eitel*.”)

16 ///

17 ///

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19
20 ⁷ 15 U.S.C § 1117(a) states, in relevant part, “When ... a violation under section 1125(a)
21 ... of this title ... shall have been established in any civil action arising under this
22 chapter, the plaintiff shall be entitled, ... subject to the principles of equity, to recover (1)
23 defendant's profits, (2) any damages sustained by the plaintiff, and (3) the costs of the
24 action. ... In assessing damages the court may enter judgment, according to the
25 circumstances of the case, for any sum above the amount found as actual damages, not
26 exceeding three times such amount. If the court shall find that the amount of the recovery
27 based on profits is either inadequate or excessive the court may in its discretion enter
28 judgment for such sum as the court shall find to be just, according to the circumstances of
the case. Such sum in either of the above circumstances shall constitute compensation
and not a penalty. The court in exceptional cases may award reasonable attorney fees to
the prevailing party.”

1 **4. Possibility of Dispute Concerning Material Facts**

2 By operation of default, the material allegations of the complaint are accepted as
3 true. *Televideo Sys., Inc. v. Heidenthal*, 826 F.2d 915, 917-18 (9th Cir. 1987) (“The
4 general rule of law is that upon default the factual allegations of the complaint, except
5 those relating to the amount of damages, will be taken as true.”). Likewise, the District
6 Judge dismissed, without leave to amend, Defendants’ counterclaims. ECF No. 30 (“The
7 Court construes their non-opposition as consent to the motion’s being granted. . . . The
8 Court deems their counterclaims abandoned, and **DISMISSES** them without leave to
9 amend.”). Finally, Defendants have refused to participate in litigation and there is no
10 indication Defendants intend to so. The possibility of dispute is therefore remote and this
11 factor weighs in favor of default judgment.

12 **5. Whether Default was Due to Excusable Neglect**

13 There is no question that Defendants were properly served and are aware of the
14 litigation, having answered the complaint and previously participated. See ECF Nos. 8,
15 14. Defendants’ refusal to participate following the withdrawal of counsel and despite
16 direction from the District Judge cuts against any finding of excusable neglect.

17 **6. Strong Policy Favoring a Decision on the Merits**

18 Finally, the strong policy favoring a decision on the merits is outweighed by the
19 other factors. See *Moroccanoil, Inc. v. Allstate Beauty Products, Inc.*, 847 F.Supp.2d
20 1197, 1203 (C.D. Cal. Mar. 2, 2012) (“Although default judgment is disfavored, a
21 decision on the merits is impractical, if not impossible, when the defendant takes no part
22 in the action”). Defendants have refused to respond, oppose, appear for deposition, or
23 otherwise participate in this litigation, leaving a decision on the merits an “impractical, if
24 not impossible,” alternative.

25 Weighing all the Eitel factors, default judgment is appropriate under the facts and
26 circumstances of this case. The undersigned **RECOMMENDS** the motion for default
27 judgment be **GRANTED**.

28 ///

1 **E. Damages**

2 Under the Lanham Act, recoverable damages include “(1) defendant’s profits, (2)
3 any damages sustained by the plaintiff, and (3) the costs of the action.” 15 U.S.C. §1117
4 (a). Plaintiff is only required to prove Defendants’ sales, not costs. *Id*; see also,
5 *Wecosign, Inc. v. IFG Holdings, Inc.*, 845 F. Supp. 2d 1072, 1084 (C.D. Cal. 2012) (“had
6 Defendants mounted a defense, they would have carried the burden of showing
7 deductions”). The Court has discretion in awarding damages, and “[i]n assessing
8 damages the court may enter judgment, according to the circumstances of the case, for
9 any sum above the amount found as actual damages, not exceeding three times such
10 amount. If the court shall find that the amount of the recovery based on profits is either
11 inadequate or excessive the court may in its discretion enter judgment for such sum as the
12 court shall find to be just, according to the circumstances of the case. Such sum in either
13 of the above circumstances shall constitute compensation and not a penalty.” 15 U.S.C.
14 §1117 (a). “Courts have accepted less precise estimates of damages where a defendant
15 frustrates the discovery of a precise amount by defaulting in the action. *Wecosign, Inc. v.*
16 *IFG Holdings, Inc.*, 845 F. Supp. 2d at 1084 (citing *Taylor Made Golf Co. v. Carsten*
17 *Sports, Ltd.*, 175 F.R.D. 658, 662 (S.D.Cal.1997)).

18 Plaintiff requests damages amounting to Defendants profits (15 U.S.C. §1117 (a))
19 in the amount of \$232,755.70. ECF No. 37-1. The Plaintiff’s requested damages are
20 calculated as follows:

- 21 • 2016 Tournament
 - 22 ○ \$11,614 The amount of door sales paid via credit card at the 2016
 - 23 tournament but not relinquished to Plaintiff. ECF No. 37-2 at ¶ 13, Ex. 5.
 - 24 ○ \$22,500 Estimated merchandise sales based on “observations of
 - 25 merchandise purchases and attendees at the time.” ECF No.37-2 at ¶14;
 - 26 ECF No. 40-2 at ¶ 18.
- 27 • 2017 Tournament
 - 28 ○ \$81,015 Online registration through TrackWrestling. ECF No. 37-2 at

¶15.

- \$63,704 Estimated cash ticket sales at the door. ECF No. 37-2 at ¶ 16.
- \$17,537 Estimated credit ticket sales at the door. ECF No. 37-2 at ¶ 16.
- \$33,975 Estimated merchandise sales. ECF No. 37-2 at ¶ 16.

- Other Property

- \$2,407.70 conversion of personal property (purchase for the 2016 tournament) including ipads and pop-up tents. ECF No. 37-2, at ¶¶ 11-18, 29; ECF No. 40-2 at ¶¶ 21-22.

Plaintiff is able to prove only some of these amounts requested. Plaintiff's damages for conversion of the ipads and pop up tents are supported and should be recovered (\$2,407.70); as should the credit card door payments from 2016 (\$11,614), and the 2017 online registration amounts (\$81,015).

The remaining amounts, including merchandise for 2016 and 2017, and 2017 door sales (cash and credit) are speculative. However, Plaintiff does not request the Court treble damages, and points to Defendants' failure to participate in discovery as the basis for the estimation of various amounts. ECF No. 37-1 at 12. Defendants' failure to participate has frustrated Plaintiff's ability to prove profits with precision, and so the undersigned recommends accepting reasonable estimates.

Plaintiff was able to identify a 51% increase in registration for the tournament between the years 2016 and 2017 in via Track Wrestling (2016=\$53,581 pre-registration fees paid, ECF No. 37-2 at ¶ 11; 2017=\$81,015 pre-registration fees paid, ECF No. 37-2 at ¶ 15). Plaintiff applied that increase to the ticket sales from 2016 to estimate the 2017 ticket sales. This is a reasonable estimate because increased attendance of wrestling teams/participants registered to attend is likely to have a correlating increase in parents/others that purchase tickets to view the tournament.

Plaintiff's estimate of merchandise sales presents a different picture. Plaintiff estimates \$22,500 of merchandise sales in 2016 "based on observations of merchandise purchases and attendees at the time." ECF No. 37-2 at ¶ 14; ECF No. 40-2 at ¶ 18. This

1 amount is speculation. Again, Defendants’ failure to participate in discovery makes it
2 impossible for Plaintiff to prove merchandise sales with any certainty, Plaintiff does not
3 provide enough evidence or support to substantiate merchandise sales at this
4 volume/price for the 2016 year. Likewise, a 51% increase in merchandise sales based
5 solely upon increased registration is speculative, particularly when purchasers from the
6 prior year are unlikely to re-purchase merchandise. The undersigned finds this particular
7 item lacks proper support and recommends no damages for the sale of merchandise be
8 granted.

9 The undersigned therefore recommends damages be awarded in the amount of
10 **\$176,277.70.**⁸

11 **F. Costs**

12 The Lanham Act also provides for the recovery of “costs” and “reasonable
13 attorneys’ fees” in “exceptional cases.” 15 U.S.C. § 1117(a). Plaintiff requests a total of
14 \$65,107.51 as the total costs and fees, and identifies \$4,639.50 as costs. ECF No. 37-1 at
15 23; ECF No. 37-2 at ¶ 28.

16 Costs are recoverable by the plain language of the Lanham Act but Plaintiff’s
17 submission does not make clear that the costs sought are only those permitted under Rule
18

19 ⁸ Calculated as follows (via excel spreadsheet):

20	2016 Merchandise	\$0.00
21	2016 Credit door sales	\$11,614.00
22	2017 Registration	\$81,015.00
23	2017 Cash door sales	\$63,704.00
24	2017 Credit door sales	\$17,537.00
25	2017 Merchandise	\$0.00
26	Conversion property	\$2,407.70
27		<hr/>
		\$176,277.70

1 54 and Local Rule 54.1. Plaintiff appears to have simply identified all items billed as
2 “expenses” as recoverable costs. This is not proper. For instance, the Court is unaware
3 of any authority that permits the recovery of “ESI and Document Processing” fees
4 incurred as “costs” permissible under Rule 54. Costs has a specific defined meaning and
5 encompasses only certain items, Plaintiff bears the burden of complying with Local Rule
6 54.1. The Plaintiff may submit a bill of costs consistent with Local Rule 54.1 by **June 8,**
7 **2018.**

8 **G. Attorneys’ Fees**

9 For an award of attorneys’ fees, the court must examine the “totality of the
10 circumstances” to determine if the case is exceptional. *SunEarth, Inc. v. Sun Earth Solar*
11 *Power Co., Ltd. (“SunEarth”),* 839 F.3d 1179, 1181 (9th Cir. 2016). To examine the
12 totality of circumstances, the Ninth Circuit directs courts to use equitable discretion under
13 the “nonexclusive factors” set forth in *Octane Fitness, LLC v. ICON Health & Fitness,*
14 *Inc. (“Octane Fitness”),* 134 S. Ct. 1749, 1756 (2014) and *Fogerty v. Fantasy, Inc.,* 510
15 U.S. 517, 534 (1994) to evaluate whether the case is exceptional and substantiates an
16 award of fees. *SunEarth,* 839 F.3d at 1181. These factors include: (1) the substantive
17 strength of a party's litigating position (considering both the governing law and the facts
18 of the case); (2) the unreasonable manner in which the case was litigated; (3)
19 frivolousness, motivation, objective unreasonableness (both in the factual and legal
20 components of the case), and (4) the need in particular circumstances to advance
21 considerations of compensation and deterrence. *Octane Fitness,* 134 S. Ct. at 1756, n.6
22 (citing *Fogerty v. Fantasy, Inc.,* 510 U.S. at 534).

23 Under the totality of the circumstances this case is exceptional and warrants an
24 award of attorneys’ fees. There is no dispute that Mr. Le was part of Left Coast
25 Wrestling in 2016 and an active participant in the promotion and execution of the 2016
26 Battle on the Midway Tournament. ECF No. 1 at ¶¶ 11-15. By operation of default,
27 Defendants have admitted that Defendants then mounted a competing tournament at the
28 same location, during the same time, using the same mark and marketed to the Plaintiff’s

1 2016 participants via the Plaintiff's social media accounts. ECF No. 1 at ¶¶ 15-43.
2 These admissions demonstrate, legally and factually, the substantive strength of the
3 Plaintiff's position, while Defendants fail to take a "litigating position" at all. *Octane*
4 *Fitness*, 134 S. Ct. at 1756. Defendants' refusal to participate in litigation is an
5 undoubtedly "unreasonable manner" in which to litigate, and an award of fees is likely to
6 deter this type of conduct in the future. *Id.*

7 Alternatively, an award of fees, particularly those related to depositions and other
8 discovery that went unanswered, is appropriate as a discovery sanction under Rules 16
9 and 37(d). However, where, as here, the undersigned finds that all fees are properly
10 recovered due to the extraordinary nature of the Defendants early participation and then
11 knowing, willful abandonment of the ongoing litigation, there is no reason to separate a
12 fee award related to discovery.

13 Plaintiff requests \$65,107.51 of attorneys' fees and costs and submits invoices for
14 services rendered from February through December of 2017. The fees requested include
15 \$50,107 of billing invoiced through January 2018 for a total of 203 hours, and estimates
16 \$15,000 in additional fees incurred in February (including the cost of drafting the motion
17 for default judgment). ECF no. 37-1 at 23.

18 "[T]he burden is on the fee applicant to produce satisfactory evidence . . . that the
19 requested rates are in line with those prevailing in the community for similar services by
20 lawyers of reasonably comparable skill, experience and reputation." *Blum v. Stenson*,
21 465 U.S. 886, 896 n.11 (1984); *Hensley*, 461 U.S. at 437 ("the fee applicant bears the
22 burden of establishing entitlement to an award and documenting the appropriate hours
23 expended and hourly rate"). Plaintiff must demonstrate that the hourly rates requested
24 are reasonable vis-à-vis the rates charged in "the forum in which the district court sits."
25 *Gonzalez v. City of Maywood*, 729 F.3d 1196, 1205–06 (9th Cir. 2013).

26 Upon review of the invoices submitted for February through December 2017, the
27 hours expended on this case are properly documented and appear reasonable. Plaintiff
28 submits the declaration of counsel as evidence of the reasonableness of the rates

1 requested and as in line with rates in the community and district. ECF No. 37-2 at ¶ 22-
2 24, Exs, 8-11. The Court finds that fees in the amount of \$50,107.00 for the invoiced
3 time in 2017 are supported.

4 Plaintiff also estimates \$15,000 of fees would be incurred in 2018. While \$15,000
5 is a reasonable estimate of fees likely incurred in 2018, in light of the Plaintiff's need to
6 submit a cost bill, the Court will also direct the Plaintiff to submit invoices for 2018 to
7 the undersigned for review by **June 8, 2018**, and the Court will issue a brief further
8 recommendation to District Judge related to additional supported fees and costs. At this
9 time, the undersigned recommends an award of \$50,107.00 in fees.

10 **H. Permanent Injunction**

11 The Lanham Act gives the court "power to grant injunctions according to the rules
12 of equity and upon such terms as the court may deem reasonable, to prevent the
13 violation" of a mark holder's rights. 15 U.S.C. § 1116(a). A plaintiff is not automatically
14 entitled to an injunction simply because it proves its affirmative claims. *PepsiCo, Inc. v.*
15 *California Sec. Cans*, 238 F. Supp. 2d 1172, 1177 (C.D. Cal. 2002) (citing *Pyrodyne*
16 *Corp. v. Pyrotronics Corp.*, 847 F.2d 1398, 1402 (9th Cir.1988) ("[T]he grant of
17 injunctive relief is not a ministerial act flowing as a matter of course.")). To obtain a
18 permanent injunction, the Plaintiff must demonstrate that (1) it has suffered an irreparable
19 injury; (2) remedies available at law, such as monetary damages, are inadequate to
20 compensate for that injury; (3) a remedy in equity is warranted in light of the balance of
21 hardships between Plaintiff and Defendants; and (4) the public interest would not be
22 disserved by a permanent injunction. *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388,
23 391 (2006). The Court's "decision to grant or deny permanent injunctive relief is an act of
24 equitable discretion." *Id.* In determining whether an injunction is appropriate, the Court
25 must also determine whether it is "absolutely clear" that Defendant's wrongful behavior
26 "could not reasonably be expected to recur." *PepsiCo*, 238 F. Supp. 2d at 1178
27 (citing *Friends of the Earth, Inc., v. Laidlaw Env. Servs. (TOC), Inc.*, 528 U.S. 167, 189
28 (2000)).

1 In this case, it is not “absolutely clear” that the Defendants’ conduct has ceased and
2 could not be expected to recur; to the contrary, Defendants’ conduct appears to be
3 ongoing despite Plaintiff’s efforts. Considering the ongoing behavior coupled with the
4 failure to participate in litigation, there is a reasonable expectation that Defendants will
5 continue the behavior in question.

6 **1. Irreparable Injury and Inadequate Remedies at Law**

7 “The terms ‘inadequate remedy at law’ and ‘irreparable harm’ describe two sides
8 of the same coin. If the harm being suffered by plaintiff as a result of the defendant's
9 continuing illegal conduct (such a trademark infringement) is ‘irreparable,’ then the
10 remedy at law (monetary damages) is ‘inadequate.’” 5 McCarthy on Trademarks and
11 Unfair Competition § 30:2 (5th ed.).

12 While irreparable harm was once presumed in meritorious trademark infringement
13 actions, “irreparable harm now ‘must be demonstrated’ to obtain a permanent injunction
14 in a trademark infringement action.” LG Corp. v. Huang, 16-CV-1162 JLS (NLS), 2017
15 WL 476539, at *11 (S.D. Cal. Feb. 6, 2017) (emphasis in original) (quoting Herb Reed
16 Enters., LLC v. Fla. Entm't Mgmt., Inc., 736 F.3d 1239, 1248–49 (9th Cir. 2013)).
17 Irreparable harm requires evidence of intangible injury which can be demonstrated by “a
18 loss of control over and harm to its goodwill and reputation,” (Anhing Corporation v.
19 Thuan Phong Company Limited, 2015 WL 4517846, *23 (C.D. Cal. 2015), appeal
20 dismissed, (9th Cir. 15-56596) (Oct. 14, 2016)) and/or that infringing sales “will cause
21 [p]laintiffs lost profits and customers, as well as damage to goodwill and business
22 reputation” (LG Corp. v. Huang, 2017 WL 476539, at *12).

23 Here, Plaintiff’s complaint alleges loss of control of its business and
24 marketing/social media sites, as well as lost and/or confused customers, and that
25 Defendants are improperly trading upon the goodwill built at the first tournament by use
26 of discount codes to participants from the 2016 event. ECF No. 1 at ¶¶ 29-34, 38-53;
27 ECF No. 37-2 at ¶¶ 5, 19. These intangible and ongoing harms are difficult to impossible
28 to calculate or adequately compensate. See 5 McCarthy on Trademarks and Unfair

1 Competition § 30:2 (5th ed).⁹ These factors weigh in favor of a permanent injunction.

2 **2. Balance of Hardships**

3 The balance of hardships examines whether the harm to Plaintiff in the absence of
4 an injunction outweighs the harm to Defendant as the result of one. *Anhing Corp. v.*
5 *Thuan Phong Co. Ltd.*, CV1305167BROMANX, 2015 WL 4517846, at *24 (C.D. Cal.
6 July 24, 2015). Where, as here, the injunction seeks to halt willful trademark
7 infringement and gain Defendants’ compliance with the law, there is no hardship. *LG*
8 *Corp. v. Huang*, 16-CV-1162 JLS (NLS), 2017 WL 476539, at *11–12 (S.D. Cal. Feb. 6,
9 2017) (“refraining from willful trademark infringement and counterfeiting imposes no
10 hardship on the infringing party”); see also, *E. & J. Gallo Winery v. Consorzio del Gallo*
11 *Nero*, 782 F.Supp.472, 475 (N.D.Cal. 1992) (“Use of an infringing mark, in the face of
12 warnings about potential infringement, is strong evidence of wilful (sic) infringement.”);
13 *Audi AG v. D’ Amato*, 469 F.3d 534, 550 (6th Cir. 2006) (noting that a defendant suffers
14 no hardship in merely “refraining from willful trademark infringement”). This factor
15 weighs in favor of a permanent injunction.

17
18 ⁹ *McCarthy on Trademarks* states in relevant part: “Irreparable harm” for a final
19 injunction in trademark infringement cases usually flows from the fact that the trademark
20 owner has already proven a likelihood of confusion. The likelihood of confusion will
21 continue and deprive the consuming public of a truthful marketplace. This also means the
22 trademark owner's business reputation and goodwill are in jeopardy. If it is likely that
23 confused persons will mistakenly attribute to plaintiff defects or negative impressions
24 they have of defendant's goods or services, then the plaintiff's reputation (and its
25 signifying trademark) is at risk because it is in the hands of a stranger. This stranger has
26 obtained control over the trademark owner's reputation by illegal means. The Sixth
27 Circuit observed that without a permanent injunction, the trademark owner will be
28 irreparably harmed by confused consumers buying from the infringer. Injury to the trademark owner's reputation and good will as well as to consumer expectations is difficult, if not impossible, to adequately compensate for after the fact. If a defendant has been found to be committing acts which constitute trademark infringement, there seems little doubt that the continuing injury to good will and reputation is “irreparable” and that money damages are “inadequate” to compensate plaintiff for continuing acts of infringement.

1 competition.” 5 McCarthy on Trademarks and Unfair Competition § 30:4 (5th ed.) (citing
2 U.S. v. Loew's, Inc., 371 U.S. 38, 53 (1962), abrogated on other grounds by Illinois Tool
3 Works Inc. v. Indep. Ink, Inc., 547 U.S. 28 (2006) (“Some of the practices which the
4 Government seeks to have enjoined ... are acts which may be entirely proper when
5 viewed alone. To ensure, however, that relief is effectual, otherwise permissible practices
6 connected with the acts found to be illegal must sometimes be enjoined.”) While
7 normally holding a competing summer youth wrestling tournament at a specific San
8 Diego location, done alone, would constitute a legal act, the totality of the circumstances
9 presented by this case present a clear case of unfair competition. Plaintiff’s complaint
10 and case centers on a prior member of Left Coast Wrestling, LLC absconding from the
11 company with control of its social media and thus, access to its customers, as well as
12 possession of money and products belonging to Plaintiff and then using them to re-create
13 and takeover a summer wrestling tournament at the same location during the same time
14 period as the Plaintiff. See ECF No. 1. By default and admission, as well as Defendants’
15 failure to participate in the adversarial process, the case before this Court is clear. A
16 tailored permanent injunction is proper.

17 The Plaintiff’s requested injunction is extensive, and seeks to, essentially, take
18 back the tournament and preclude Defendants from creating another competing
19 tournament in the same location during the same time period:

21 Plaintiff respectfully requests this Court to issue the following
22 injunctive relief to remedy the harm now and into the future.

23 Defendants, its officers, directors, owners, employees, agents,
24 and all those working in concert with Defendants shall be
25 ordered to and permanently enjoined from the following:

- 26 a. Using in any form or fashion, the phrase or trademark “Battle
27 on the Midway”;
- 28 b. Defendants shall release all right and claim in the trademark
 “Battle on the Midway” or its derivatives and cooperate with
 the withdrawal of the same;
- c. Defendants shall immediately return to Plaintiff by

1 facilitating the transfer of the rights with the host company
2 or otherwise, any and all media related intellectual property
3 of Plaintiff, including without limitation,

4 i. The Battle on the Midway Facebook page and account
5 together with all codes, passwords, credentials or other
6 information necessary to fully access, implement and
7 operate the same;

8 ii. The Battle on the Midway Instagram page and account
9 together with all codes, passwords, credentials or other
10 information necessary to fully access, implement and
11 operate the same;

12 iii. Any and all web hosting accounts associated with the
13 Battle on the Midway together with all codes,
14 passwords, credentials or other information necessary to
15 fully access, implement and operate the same;

16 iv. Any and all customer relationship management (CRM)
17 systems and databases together with all codes,
18 passwords, credentials or other information necessary to
19 fully access, implement and operate the same;

20 v. Any and all URL hostings and URL listings associated
21 with the Battle on the Midway together with all codes,
22 passwords, credentials or other information necessary to
23 fully access, implement and operate the same;

24 vi. Any and all third party data sets from any partners
25 associated with the Battle on the Midway, including
26 TrackWrestling databases, together with all codes,
27 passwords, credentials or other information necessary to
28 fully access, implement and operate the same;

vii. Any and all Battle on the Midway tournament
registration databases in any form, together with all
codes, passwords, credentials or other information
necessary to fully access, implement and operate the
same;

viii. Any and all e-commerce accounts related to the Battle
on the Midway website, together with all codes,
passwords, credentials or other information necessary to
fully access, implement and operate the same;

d. Defendants shall immediately cease, desist and disable any
cross links from the Battle on the Midway website or search
terms to Defendants' websites or social media portals and
locations;

- 1 e. Defendants shall immediately return to Plaintiff via
2 electronic format and thereafter permanently delete and
3 cease the use of any and all trade secret or proprietary
4 information of Plaintiff including without limitation any and
5 all databases that include contact information for attendees,
6 spectators, vendors and other contacts developed for the
7 2016 or 2017 wrestling events together with all codes,
8 passwords, credentials or other information necessary to
9 fully access, implement and operate the same;
10 f. Defendants shall immediately return to Plaintiff any and all
11 products belonging to LCW, including products with the
12 Battle on the Midway logo; and,
13 g. Defendants shall immediately cease from coordinating,
14 promoting, or hosting wrestling tournaments at or near the
15 U.S.S. Midway Museum and/or the Broadway Pier and shall
16 be permanently enjoined from directly or indirectly
17 performing wrestling tournaments at that finite location.

18 ECF No. 37 at pp. 3-5.

19 The scope of the injunction requested by Plaintiff largely addresses the harm
20 alleged, however, the undersigned recommends some additional tailoring to certain
21 sections, each of which are addressed.

22 As it stands, the Plaintiff put on its “Battle on the Midway” tournament in 2016.
23 Defendants hosted a confusingly similar tournament in 2017 at the same location.
24 Plaintiff as the common law holder of the trademark based on priority of use, should be
25 permitted the opportunity to clearly and firmly establish its tournament free from unfair
26 competition. POM Wonderful LLC v. Coca-Cola Co., 134 S. Ct. 2228, 2238 (2014)
27 (“...the Lanham Act protects commercial interests against unfair competition...”).
28 However, a permanent injunction that is forever binding upon Defendant’s ability to hold
a competing tournament at that location is closer to antitrust than the Lanham Act’s
intended purpose to prevent unfair competition in transparent marketplace for consumers.
The undersigned therefore recommends the injunction related to Defendants’ ability to
host a competing tournament be limited to a period of three years.

///

1 Plaintiff also requests that Defendants be forced to return and “permanently delete
2 and cease the use of any and all trade secret or proprietary information of Plaintiff
3 including without limitation any and all databases that include contact information for
4 attendees, spectators, vendors, and other contacts developed for the 2016 or 2017
5 wrestling event.” This term is overbroad, particularly as to vendors, and vague as to
6 “other contacts developed.” While enjoining the Defendants from a summer wrestling
7 tournament on the Midway and Broadway Pier for a period of years is appropriate,
8 preventing Defendants from contact with vendors could prevent Defendants hosting any
9 wrestling tournament in all of San Diego County. The Lanham Act is intended to prevent
10 unfair competition, not any competition. The undersigned recommends this term be
11 adjusted to delete reference to “vendors, and other contacts developed” as vague and
12 overbroad. In order to prevent continuing sale of infringing items, Defendant will be
13 ordered to provide a copy of the Court’s permanent injunction and order to all
14 distributors, wholesalers, retailers or other agents participating in the marketing and
15 distribution of infringing products. Additionally, it is not clear what “trade secret or
16 proprietary information” might be included other than the customer lists. If Plaintiff was
17 aware of other trade secret or proprietary information believed to be in Defendants’
18 possession, it should be identified. To ensure specificity and appropriate tailoring, the
19 undersigned recommends this term be modified to include only the attendees and
20 spectators of the events. While the undersigned recommends Plaintiff’s language
21 requiring Defendants to permanently delete and cease the use of Plaintiff’s customer list,
22 the Court is mindful that to the extent the attendees are high school or club wrestling
23 teams with publicly available contact information, Defendants are not prohibited from
24 contact or development of their own list and any such contact would not violate the
25 injunction.

26 Plaintiff requests the transfer of social media and websites associated with Battle
27 on the Midway, such as Instagram, facebook, web hosting, URL’s, customer relationship
28 management databases, “third party data sets,” event registration databases, and e-

1 commerce accounts. Plaintiff also requests that “any cross links from the Battle on the
2 Midway website or search terms to Defendants’ websites or social media portals and
3 locations.” The takeover of some of these accounts, specifically the Instagram and
4 facebook pages, URL, and web hosting associated with “Battle on the Midway” are
5 alleged directly in the complaint. ECF No. 1 at 5, ¶¶ 15(b), 16-17, 29-30, 38-39. It is
6 appropriate that the injunction address these items as they are tailored to the address the
7 specific harm suffered. E. & J. Gallo Winery v. Gallo Cattle Co., 967 F.2d at 1297.
8 Similarly, harms that flow directly from that website and social media takeover, including
9 disabling any cross links that direct to Defendants’ website(s) as the result of searching
10 for “Battle on the Midway” are appropriately tailored and within the scope of the
11 injunction.

12 Other harms are also directly alleged in the complaint, including the use of
13 Plaintiff’s mark to conduct the 2017 event, and that Defendants continue to direct
14 searches for “Battle on the Midway” to Defendants’ “Ultimate Summer Series” website
15 and 2018 infringing event. ECF No. 1 at ¶¶ 44-48; ECF No. 37-2 at ¶¶ 4, 19. For this
16 reason, an injunction that directs the turnover of any Battle on the Midway registration
17 database is also within the scope of an appropriately tailored injunction because any such
18 registrants were past participants or found the tournament via social media or by
19 searching “Battle on the Midway” and were re-directed to Defendants’ site. The Court
20 finds it appropriate to include an order that Defendants be required to post the Court’s
21 final order and permanent injunction on the “Ultimate Summer Series” website,
22 www.ultimatesummerseries.com, to inform and advise participants of the ownership of
23 the “Battle on the Midway” mark.

24 However, some of the requests are vague and overbroad. For instance, “third party
25 data sets from any partners” is unclear as to what constitutes a third party, a partner,
26 and/or a data set. The undersigned recommends limiting the scope of this request to only
27 any TrackWrestling database associated with Battle on the Midway.

28 ///

1 Plaintiff also requests “any and all customer relationship management (CRM)
2 systems and databases” without limitation. This term is overbroad and appears to be
3 duplicative of the information that will be produced as part of the “Battle on the Midway
4 tournament registration databases.” It is recommended the CRM database be excluded
5 from the injunction.

6 Finally, Plaintiff requests any e-commerce account associated with the Battle on
7 the Midway website be transferred. Plaintiff’s complaint makes clear that Defendant has
8 a separate apparel company that was once the official sponsor of the event. It is not clear
9 that any ecommerce account would include funds related solely to the tournament in
10 question. Because it is recommended that unpaid funds from the 2016 event and
11 sales/profits from the 2017 event be disgorged under the terms of the Lanham Act as part
12 of the default judgment, there is no reason for Defendants to turn over any e-commerce
13 account. It is recommended this term be excluded from the injunction.

14 Accordingly, the undersigned recommends the following injunction be entered:

15
16 Defendants, its officers, directors, owners, employees, agents, and all
17 those working in concert with Defendants shall be ordered to and
18 permanently enjoined from the following:

- 19 a. Using in commerce, the phrase or trademark “Battle on the Midway”;
- 20 b. Defendants shall release all right and claim in the trademark
21 “Battle on the Midway” or its derivatives and cooperate with
22 the withdrawal of the same;
- 23 c. Defendants shall immediately return to Plaintiff by
24 facilitating the transfer of the rights with the host company
25 or otherwise, any and all media related intellectual property
26 of Plaintiff, including without limitation,
 - 27 i. The Battle on the Midway Facebook page and account
28 together with all codes, passwords, credentials or other
information necessary to fully access, implement and
operate the same;
 - ii. The Battle on the Midway Instagram page and account
together with all codes, passwords, credentials or other
information necessary to fully access, implement and
operate the same;

- 1 iii. Any and all web hosting accounts associated with the
2 Battle on the Midway together with all codes,
3 passwords, credentials or other information necessary to
4 fully access, implement and operate the same;
5 iv. Any and all URL hostings and URL listings associated
6 with the Battle on the Midway together with all codes,
7 passwords, credentials or other information necessary to
8 fully access, implement and operate the same;
9 v. Any TrackWrestling databases associated with the Battle
10 on the Midway, including together with all codes,
11 passwords, credentials or other information necessary to
12 fully access, implement and operate the same;
13 vi. Any and all Battle on the Midway tournament
14 registration databases in any form, together with all
15 codes, passwords, credentials or other information
16 necessary to fully access, implement and operate the
17 same;
18 d. Defendants shall immediately cease, desist and disable any
19 cross links from the Battle on the Midway website or search
20 terms to Defendants' websites or social media portals and
21 locations;
22 e. Defendants shall post a copy of this Order and Permanent
23 Injunction on the Ultimate Summer Series Website
24 (www.ultimatesummerseries.com);
25 f. Defendants shall provide a copy of this Order and
26 Permanent Injunction to all distributors, wholesalers,
27 retailers or other agents participating in the marketing and
28 distribution of infringing products;
29 e. Defendants shall immediately return to Plaintiff via
30 electronic format and thereafter permanently delete and
31 cease the use any and all databases that include contact
32 information for attendees or spectators for the 2016 or 2017
33 wrestling event together with all codes, passwords,
34 credentials or other information necessary to fully access,
35 implement and operate the same;
36 f. Defendants shall immediately return to Plaintiff any and all
37 products belonging to LCW, including products with the
38 Battle on the Midway logo; and,
39 g. Defendants shall immediately cease from coordinating,
40 promoting, or hosting wrestling tournaments at or near the
41 U.S.S. Midway Museum and/or the Broadway Pier and shall

1 be enjoined from directly or indirectly performing wrestling
2 tournaments at that finite location **for a period of three**
3 **years.**

4 **I. Declaratory Relief**

5 Finally, Plaintiff requests the Court issue a “clarifying order establishing
6 Defendant Le has forever forfeited and released any and all rights to membership as an
7 owner or otherwise in Left Coast Wrestling, LLC effective September 2016 at which time
8 he indisputably began directly competing with Left Coast Wrestling breaching his
9 fiduciary duties and violating the other laws as alleged in the Complaint.”

10 Under the California Corporations Code, a “person has the power to dissociate as a
11 member at any time, rightfully or wrongfully, by withdrawing as a member by express
12 will...” Cal. Corp. Code Ann. § 17706.01(a). A person can be dissociated as a member
13 of a limited liability company under several circumstances enumerated in subdivisions of
14 the California Corporations Code §17706.02, including those relevant here:

- 15
- 16 (a) The limited liability company has notice of the person's express will
to withdraw as a member...
 - 17 (e) On application by the limited liability company, the person is expelled
18 as a member by judicial order because the person has done any of the
following:
 - 19 (1) Engaged, or is engaging, in wrongful conduct that has adversely
20 and materially affected, or will adversely and materially affect, the
limited liability company's activities. ...
 - 21 (3) Engaged, or is engaging, in conduct relating to the limited liability
22 company's activities that makes it not reasonably practicable to carry
23 on the activities with the person as a member.

24 By operation of default, Mr. Le admitted that as of September 22, 2016 he sent a text
25 message to the other members stating, “I do not have the time or energy to be a director
26 within LCW. I will leave it to you both, Perry and Aaron to continue with BOTM on your
27 own accord.” ECF No. 1 at 11, ¶ 26. This appears to constitute notice of express will to
28 withdraw as a member, however, Mr. Le’s use of the term “director” as opposed to

1 “member” leaves some ambiguity. Conversely, there is no ambiguity that Mr. Le’s
2 mounting of a competing tournament by use of the marks, customers, and contacts of the
3 Plaintiff constitutes wrongful conduct that has and continues to affect Plaintiff’s activities
4 and that Mr. Le’s conduct makes it not reasonably practicable for Plaintiff to carry out
5 activities with Mr. Le as a member. The undersigned therefore **RECOMMENDS** a
6 judicial order expelling Mr. Le as a member as of September 30, 2016.

7 **IV. RECOMMENDATION**

8 Consistent with the analysis as set forth above, the undersigned **RECOMMENDS** the
9 following:

10 1. The motion for default judgment be **GRANTED**;

11 2. Defendants are **ORDERED** to pay:

12 a. Damages in the amount of \$176,277.70;

13 b. Costs in an amount to be determined upon submission of a costs bill;

14 c. Attorneys’ Fees in the amount of \$50,107.00, plus an amount to be
15 determined upon submission of 2018 fees;

16 3. A permanent injunction issue with the following terms:

17 Defendants, its officers, directors, owners, employees, agents, and all those
18 working in concert with Defendants shall be ordered to and permanently enjoined
19 from the following:

20 a. Using in commerce, the phrase or trademark “Battle on the Midway”;

21 b. Defendants shall release all right and claim in the trademark “Battle on the
22 Midway” or its derivatives and cooperate with the withdrawal of the same;

23 c. Defendants shall immediately return to Plaintiff by facilitating the transfer of
24 the rights with the host company or otherwise, any and all media related
25 intellectual property of Plaintiff, including without limitation,

26 i. The Battle on the Midway Facebook page and account together with all
27 codes, passwords, credentials or other information necessary to fully
28 access, implement and operate the same;

- 1 ii. The Battle on the Midway Instagram page and account together with all
2 codes, passwords, credentials or other information necessary to fully
3 access, implement and operate the same;
- 4 iii. Any and all web hosting accounts associated with the Battle on the
5 Midway together with all codes, passwords, credentials or other
6 information necessary to fully access, implement and operate the same;
- 7 iv. Any and all URL hostings and URL listings associated with the Battle on
8 the Midway together with all codes, passwords, credentials or other
9 information necessary to fully access, implement and operate the same;
- 10 v. Any TrackWrestling databases associated with the Battle on the Midway,
11 including together with all codes, passwords, credentials or other
12 information necessary to fully access, implement and operate the same;
- 13 vi. Any and all Battle on the Midway tournament registration databases in
14 any form, together with all codes, passwords, credentials or other
15 information necessary to fully access, implement and operate the same;
- 16 d. Defendants shall immediately cease, desist and disable any cross links from
17 the Battle on the Midway website or search terms to Defendants' websites or
18 social media portals and locations;
- 19 e. Defendants shall post a copy of this Order and Permanent Injunction on the
20 Ultimate Summer Series Website (www.ultimatesummerseries.com);
- 21 f. Defendants shall provide a copy of this Order and Permanent Injunction to
22 all distributors, wholesalers, retailers or other agents participating in the
23 marketing and distribution of infringing products;
- 24 g. Defendants shall immediately return to Plaintiff via electronic format and
25 thereafter permanently delete and cease the use any and all databases that
26 include contact information for attendees or spectators for the 2016 or 2017
27 wrestling event together with all codes, passwords, credentials or other
28 information necessary to fully access, implement and operate the same;

1 h. Defendants shall immediately return to Plaintiff any and all products
2 belonging to LCW, including products with the Battle on the Midway logo;
3 and,

4 i. Defendants shall immediately cease from coordinating, promoting, or hosting
5 wrestling tournaments at or near the U.S.S. Midway Museum and/or the
6 Broadway Pier and shall be enjoined from directly or indirectly performing
7 wrestling tournaments at that finite location **for a period of three years.**

8 4. An order that Mr. Le is expelled as a member from Left Coast Wrestling, LLC
9 effective as of September 30, 2016.

10 **V. CONCLUSION**

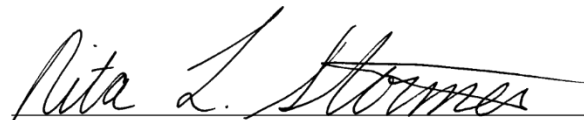
11 This report and recommendation is submitted to the United States District Judge
12 assigned to this case pursuant to 28 U.S.C. § 636.

13 **IT IS ORDERED** that no later than **June 8, 2018**, any party to this action may file
14 written objections and serve a copy on all parties. The document should be captioned
15 “Objections to Report and Recommendation.”

16 **IT IS FURTHER ORDERED** that any reply to the objections must be filed and
17 served on all parties no later than **June 15, 2018**. The parties are advised that failure to
18 file objections within the specified time may waive the right to raise those objections on
19 appeal of the Court’s order. *Martinez v. Ylst*, 951 F.2d 1153, 1157 (9th Cir. 1991).

20 **IT IS SO ORDERED.**

21 Dated: May 23, 2018

22 

23 Hon. Nita L. Stormes
24 United States Magistrate Judge