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8 UNITED STATES DISTRICT COURT  
9 SOUTHERN DISTRICT OF CALIFORNIA  
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11 EMOVE, INC., a Nevada corporation, and  
12 U-HAUL INTERNATIONAL INC., a  
13 Nevada corporation,

14 Plaintiffs,

15 v.

16 HIRE A HELPER LLC, a California  
17 limited liability company, and MICHAEL  
18 GLANZ, an individual,

19 Defendants.

Case No.: 17cv0535-CAB-JLB

**ORDER REGARDING MOTION TO  
DISMISS COUNTERCLAIMS [Doc.  
No. 56]**

20 On October 23, 2017, Plaintiffs filed a motion to dismiss all of Defendants'  
21 counterclaims and/or to strike count three of Defendants' counterclaims. [Doc. No. 56.]  
22 On November 13, 2017, Defendants filed an opposition. [Doc. No. 60.] On November 20,  
23 2017, Plaintiffs filed a reply to the opposition. [Doc. No. 62.] For the reasons set forth  
24 below, the motion to dismiss/strike is **DENIED**.

25 **PROCEDURAL BACKGROUND**

26 On March 16, 2017, Plaintiffs filed a complaint for declaratory relief and to stay  
27 arbitration. [Doc. No. 1.] On May 2, 2017, Plaintiffs filed a First Amended Complaint  
28 ("FAC"). [Doc. No. 12.] On May 16, 2017, Defendants filed a motion to dismiss Count

1 I of the FAC. [Doc. No. 21.] On August 30, 2017, the Court granted the motion to  
2 dismiss Count I with leave to amend. [Doc. No. 51.] On September 19, 2017, Plaintiffs  
3 filed a Second Amended Complaint (“SAC”). [Doc. No. 52.]

4 The SAC asserts four causes of action against Defendants: (1) for breach of a 2010  
5 settlement agreement (“Settlement Agreement”) between the parties; (2) for breach of the  
6 covenant of good faith and fair dealing during the performance of that Settlement  
7 Agreement; (3) for a declaratory judgment regarding the use of Plaintiffs’ registered  
8 trademarks by Defendants and certain affiliates; and (4) for unfair competition. [Doc. No.  
9 52 ¶¶ 57–83.]

10 Defendants answered the SAC and filed counterclaims (“Counterclaims”) seeking  
11 (1) declarations regarding Defendants’ duty under the Settlement Agreement to protect  
12 Plaintiffs’ trade secrets and other confidential information; (2) declarations regarding the  
13 impact of the Settlement Agreement on parties who are or may become interested in  
14 HAH; and (3) a declaration that the final sentence of Paragraph 4 of the Settlement  
15 Agreement (the “Nonopposition Clause”) is void. [Doc. No. 53 ¶¶ 14–36.]

#### 16 ALLEGATIONS OF COUNTERCLAIMS

17 The parties settled a prior dispute by entering into a Settlement Agreement in  
18 September 2010. [Doc.No. 53 at ¶¶ 11.] The Settlement Agreement contains the  
19 following provision:

20 4. Respondents’ Acknowledgement of Claimants’ Intellectual Property  
21 Including the Payment Code. Respondents hereby acknowledge Claimants’  
22 proprietary and ownership interest in the Trademarks, copyrights in  
23 Claimant’s movinghelp.com website, trade secrets, Payment Code and  
24 Claimants other Intellectual Property. Claimants hereby grant Hire a Helper  
25 a perpetual, fully paid up, noncancellable, worldwide, nonexclusive,  
26 nontransferable, nonsublicenseable license to use Claimants’ trade secrets  
27 that existed when Glanz was a service provider for eMove and to which  
28 Glanz had access. Said license is solely for the use of said trade secrets as  
such is currently being used on the hireahelper.com website. Said license  
does not include a license to use the Trademarks or the Payment Code. Said  
license shall become effective as of the Effective Date. Respondents shall  
discontinue all use of the Payment Code and Trademarks prior to the

1 Effective Date. Said license shall terminate upon the breach of this  
2 Settlement Agreement by Respondents or upon an attempted assignment,  
3 sub license or other transfer of this license by one or both Respondents.  
4 Respondents shall take reasonable steps to maintain the secrecy of  
5 Claimants' trade secrets. Other than the license granted in this Settlement  
6 Agreement, Respondents have no rights, title or interest in Claimants'  
7 Intellectual Property, including the Payment Code and Trademarks.  
8 Respondents agree not to oppose, challenge, or petition against the use or  
9 registration of, in any country, in any trademark office, court, administrative  
10 or other government body Claimants' Intellectual Property (including the  
11 Payment Code) or Trademarks (including petition to cancel any application,  
12 registration, or re-registration of the Trademarks).

13 [Doc. No. 53-1 at ¶4.]

14 In the final sentence of Paragraph 4 of the Settlement Agreement, the  
15 Nonopposition Clause, Defendants "agree not to oppose, challenge, or petition  
16 against the use or registration of, in any country, in any trademark office, court,  
17 administrative or other government body [Plaintiffs'] Intellectual Property  
18 (including the Payment Code) or Trademarks (including petitioning to cancel any  
19 application, registration, or re-registration of the Trademarks." [Doc. No. 53-1 at ¶  
20 4.]

21 According to Defendants' Counterclaims, "controversies have arisen and  
22 now exist concerning their respective rights and obligations under the Settlement  
23 Agreement." [Doc. No. 53 at ¶ 12.] Defendants also allege that Plaintiffs "may  
24 dispute" some of Defendants' contentions. [*Id.* at ¶ ¶ 21, 27.]

25 Defendants' Counterclaims contain three counts. In Count One, Defendants  
26 request declarations that "1) [Defendants] do not possess any of [Plaintiffs'] trade  
27 secrets; 2) there are no trade secrets belonging to [Plaintiffs] covered by the  
28 Settlement Agreement; 3) [Defendants] are not obligated to maintain as  
confidential any matters as [Plaintiffs'] alleged trade secrets pursuant to the  
Settlement Agreement or otherwise; and 4) HireAHelper's current website does  
not use or contain any of [Plaintiffs'] trade secrets." [Doc. No. 53 at ¶ 22.] Count  
Two asks this Court to declare that "owners of all or part of HireAHelper's

1 equitable interests . . . other than Glanz, are not parties to the Settlement  
2 Agreement and are not bound by it,” and that “any party that purchases all or part  
3 of HireAHelper’s assets . . . are not parties to the Settlement Agreement and are  
4 not bound by it.” [*Id.* at ¶¶ 24–25, 28.] Count Three seeks a declaration that the  
5 Nonopposition Clause is void and unenforceable. [*Id.* at ¶ 36.]

## 6 DISCUSSION

### 7 A. Legal Standard.

8 Under Rule 12(b)(6), a party may file a motion to dismiss based on the failure to  
9 state a claim upon which relief may be granted. A Rule 12(b)(6) motion challenges the  
10 sufficiency of a complaint as failing to allege “enough facts to state a claim to relief that is  
11 plausible on its face.” *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 570 (2007). A facial  
12 plausibility standard is not a “probability requirement” but mandates “more than a sheer  
13 possibility that a defendant has acted unlawfully.” *Ashcroft v. Iqbal*, 556 U.S. 662, 678  
14 (2009) (internal quotations and citations omitted). For purposes of ruling on a Rule  
15 12(b)(6) motion, the court “accept[s] factual allegations in the complaint as true and  
16 construe[s] the pleadings in the light most favorable to the non-moving party.” *Manzarek*  
17 *v. St. Paul Fire & Marine Ins. Co.*, 519 F.3d 1025, 1031 (9th Cir. 2008). “[D]ismissal may  
18 be based on either a lack of a cognizable legal theory or the absence of sufficient facts  
19 alleged under a cognizable legal theory.” *Johnson v. Riverside Healthcare Sys.*, 534 F.3d  
20 1116, 1121 (9th Cir. 2008) (internal quotations and citations omitted); *see also Neitzke v.*  
21 *Williams*, 490 U.S. 319, 326 (1989) (“Rule 12(b)(6) authorizes a court to dismiss a claim  
22 on the basis of a dispositive issue of law.”).

23 Even under the liberal pleading standard of Rule 8(a)(2), under which a party is only  
24 required to make “a short and plain statement of the claim showing that the pleader is  
25 entitled to relief,” a “pleading that offers ‘labels and conclusions’ or ‘a formulaic recitation  
26 of the elements of a cause of action will not do.” *Iqbal*, 556 U.S. at 678 (quoting *Twombly*,  
27 550 U.S. at 555). “[C]onclusory allegations of law and unwarranted inferences are  
28 insufficient to defeat a motion to dismiss.” *Adams v. Johnson*, 355 F.3d 1179, 1183 (9th

1 Cir. 2004); *see also Starr v. Baca*, 652 F.3d 1202, 1216 (9th Cir.2011) (“[A]llegations in a  
2 complaint or counterclaim may not simply recite the elements of a cause of action, but  
3 must contain sufficient allegations of underlying facts to give fair notice and to enable the  
4 opposing party to defend itself effectively”). The court must be able to “draw the  
5 reasonable inference that the defendant is liable for the misconduct alleged.” *Iqbal*, 556  
6 U.S. at 663. “Determining whether a complaint states a plausible claim for relief . . . [ is]  
7 a context-specific task that requires the reviewing court to draw on its judicial experience  
8 and common sense.” *Id.* at 679.

9 2. Count I.

10 Plaintiffs argue Count I should be dismissed because it does not present a justiciable  
11 controversy and the requested declarations would serve no useful purpose. [Doc. No. 56-  
12 1 at 9-13.] Defendants argue Count I is justiciable because there is a dispute regarding  
13 Plaintiffs’ alleged trade secrets; and a declaratory judgment regarding trade secrets serves  
14 a useful purpose. [Doc. No. 60 at 10-12.]

15 Under 28 U.S.C. §2201(a), a federal court may issue a declaratory judgment in a  
16 “case of actual controversy.” The statutory phrase “case or controversy” refers to the types  
17 of “cases” or controversies” that are justiciable under Article III of the U.S. Constitution.  
18 *Aetna Life Ins. V. Haworth*, 300 U.S. 227, 239-240 (1937); *Medimmune, Inc. v. Genentech*,  
19 549 U.S. 118, 125-26 (2007). The burden is on the party claiming declaratory judgment  
20 jurisdiction to establish that an Article III case or controversy existed at the time the claim  
21 for declaratory relief was filed. *Arris Group, Inc. v. British Telecommunications PLC*, 639  
22 F.3d 1368, 1373-74 (Fed. Cir. 2011).

23 A declaratory relief case must be “ripe” for judicial determination. A substantial  
24 controversy must exist between parties having adverse legal interests, “of sufficient  
25 immediacy and reality to warrant the issuance of a declaratory judgment.” *City of Colton*  
26 *v. American Promotional Events, Inc.-West*, 614 F.3d 998, 1004-05 (9th Cir. 2010)(internal  
27 quotes omitted); *Golden v. California Emergency Physicians Med. Group*, 782 F.3d 1083,  
28

1 1087 (ripeness concerns may be implicated in contract dispute where breach or injury yet  
2 to occur).

3 Adjudicating rights and obligations in the absence of a live “case or controversy”  
4 would violate the Article III limitation against advisory opinions. O’Connell & Stevenson,  
5 Rutter Group Prac. Guide: Federal Civ. Pro. Before Trial (The Rutter Group 2017),  
6 §10:24.2. *See Calderon v. Ashmus*, 523 U.S. 740, 747 (1998)(no “case or controversy”  
7 where plaintiff sought advance ruling on validity of a defense that defendant might raise in  
8 future proceedings; *Klinger v. Conan Doyle Estate, Ltd.*, 755 F.3d 496, 498-99 (7th Cir.  
9 2014)(no asking “federal judges for legal advice”). Finally, declaratory relief may be  
10 sought to resolve disputes regarding such matters as . . . the [m]eaning of terms of contract  
11 in dispute.” O’Connell & Stevenson, Rutter Group Prac. Guide: Federal Civ. Pro. Before  
12 Trial (The Rutter Group 2017), §10:12 (citations omitted).

13 Here, a global review of the complaint and counter-complaint shows that the parties  
14 are in disagreement as to what is meant by certain terms in the Settlement Agreement, and  
15 that disagreement has caused a substantial impasse. While some of Counter-claimaints’  
16 requested declarations border on requests for legal advice, others are appropriate requests  
17 for a determination as to what the parties intended when they entered into the Settlement  
18 Agreement. Thus, for example, while this Court is not inclined to adjudicate what is or is  
19 not a “trade secret” or a “trademark” in the general sense (that was the subject of the  
20 previous litigation), it can determine what the parties intended a particular term to mean,  
21 and/or whether there was a meeting of the minds. Therefore, the motion to dismiss Count  
22 I is **DENIED**.

### 23 3. Count II.

24 Plaintiff argues Count II should be dismissed because there is no controversy  
25 regarding the rights and obligations of third parties under the Settlement Agreement, and  
26 Defendants’ requested declaration regarding the rights of parties who may become  
27 interested in HAH is purely hypothetical. [Doc. No. 56-1 at 13-15.] Defendants argue  
28 there is an actual controversy as to whether Fidelity, as a member of HireAHelper, is bound

1 by the Settlement Agreement. [Doc. No. 60 at 13.] To the extent Count II seeks a  
2 declaration as to whether a particular entity is bound by the Settlement Agreement, there  
3 is a sufficient controversy for declaratory relief. Therefore, the motion to dismiss Count II  
4 is **DENIED**.

5 4. Count III.

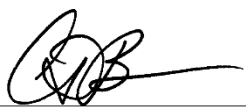
6 Plaintiff argues Count III should be dismissed because it is the mirror image of  
7 Plaintiff's breach of contract claim and is more properly brought as an affirmative defense.  
8 [Doc. No. 56-1 at 15-17.] Defendants argue Count III is not identical to the breach of  
9 contract claim because the argument that the nonopposition clause is void and  
10 unenforceable is one of four affirmative defenses to the breach of contract claim. [Doc.  
11 No. 60 at 14-15.] In addition, Defendants argue Count III is not redundant of the breach  
12 of contract claim because Count III seeks different relief. [Doc. No. 60 at 15.]

13 Here, although the breach of contract claim and Count III obviously overlap, it is not  
14 clear that Count III is in fact entirely redundant of the breach of contract claim. Given that  
15 "it is very difficult to determine whether the declaratory-judgment counterclaim really is  
16 redundant prior to trial . . . [t]he safer course for the court to follow is to deny a request to  
17 dismiss a counterclaim for declaratory relief unless there is no doubt that it will be rendered  
18 moot by the adjudication of the main action." 6 Charles A. Wright & Arthur R. Miller,  
19 Federal Practice & Procedure § 1406, at 36 (2d ed.1990). Therefore, the motion to dismiss  
20 and/or strike Count III is **DENIED**.

21 CONCLUSION

22 For the reasons set forth above, the motion to dismiss all of Defendants'  
23 counterclaims and/or to strike Count III is **DENIED**.

24 Dated: December 20, 2017

25   
26 \_\_\_\_\_  
27 Hon. Cathy Ann Bencivengo  
28 United States District Judge