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8 UNITED STATES DISTRICT COURT
9 SOUTHERN DISTRICT OF CALIFORNIA
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11 COPASETIC CLOTHING LTD., a
12 Canadian company, and ROOTS OF,
13 INC., a California corporation,
14 Plaintiffs,
15 v.
16 ROOTS CANADA CORPORATION,
17 Defendant.

Case No.: 17-CV-02300-GPC-KSC

**ORDER DENYING IN PART AND
GRANTING IN PART
DEFENDANT’S MOTION TO
DISMISS WITH LEAVE TO AMEND**

[ECF No. 8]

18 Presently before the Court is Defendant Roots Corporation (“Roots”)’s June 7, 2018
19 motion to dismiss the complaint filed by Plaintiffs Copasetic Clothing Ltd. and Roots Of,
20 Inc. (collectively “Plaintiffs”). (ECF No. 8.) Plaintiffs filed an opposition on July 6, 2018
21 and Roots filed its reply on July 20, 2018. (ECF Nos. 15, 16.) Pursuant to Civil Local
22 Rule 7.1(d)(1), the Court finds the matter suitable for adjudication without oral argument.
23 For the reasons set forth below, the Court **GRANTS** Defendant’s motion to dismiss in part
24 and **DENIES** the motion in part, and **GRANTS** Plaintiffs leave to amend their complaint.

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1 **I. BACKGROUND**

2 Copasetic Clothing Ltd., a Canadian company, filed fourteen applications (the
3 “Copasetic Applications”) with the U.S. Patent and Trademark Office (“USPTO”) seeking
4 to register marks containing the words “ROOTS OF” with respect to various articles of
5 clothing and accessories. (ECF No. 1, at 1–5.) Copasetic intends these marks to be used
6 by Roots Of, Inc., its wholly-owned subsidiary, which is incorporated in California. (ECF
7 No. 15, at 10.) Roots Of is the exclusive licensee of all of Copasetic’s trademarks, which
8 include Copasetic’s two already-registered design marks bearing the words
9 “BLOODLINES ROOTS OF FIGHT.” (ECF No. 1, at 1–2.) Roots Of has manufactured
10 and distributed Copasetic’s “ROOTS OF” product line within the United States for
11 approximately six years. (ECF No. 15, at 6, 10).

12 After the USPTO published the Copasetic Applications in mid-2016, Defendant
13 Roots Corporation lodged Notices of Opposition to Copasetic’s pending applications with
14 the Trademark Trial and Appeal Board (“TTAB”). Roots claimed that registration of
15 Copasetic’s marks would confuse, mislead, and deceive consumers to believe that goods
16 bearing Copasetic’s marks were affiliated with or endorsed by Roots, which has maintained
17 a number of registered U.S. trademarks (incorporating the word “ROOTS” in connection
18 with clothing, footwear, and other accessories) since its inception in Canada in the 1970s.
19 (ECF No. 8-5, at 10; ECF No. 8-6, at 10.)

20 Prior to filing its oppositions, Roots, through counsel, sent Copasetic a demand letter
21 on September 12, 2016 which asked Copasetic to withdraw its applications; it also gave
22 notice of Roots’s intent to “file formal opposition proceedings” if its demand was not
23 fulfilled. (ECF No. 8-3, at 2.) The letter further advised that Roots would be amenable to
24 a “reasonable phase-out period” for Copasetic to “cease use” of marks on goods which
25 Roots believed were “identical” to goods offered under the Roots marks. (*Id.*) The parties
26 continued to communicate after Roots instituted formal opposition proceedings before the
27 TTAB, and on February 9, 2017, Roots sent a letter to Copasetic reaffirming Roots’s intent
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1 to “vigorously oppose your trademark applications,” and sought “an explanation of how
2 (and where) [Copasetic] is currently using the ‘Roots’ marks [and] what its plans are for
3 future use.” (ECF No. 15-3, at 3.)

4 Plaintiffs filed a complaint alleging a reasonable apprehension of an imminent
5 trademark infringement suit from Roots. They bring the present action pursuant to the
6 Lanham Act, 15 U.S.C. § 1051 *et seq.*, and the Declaratory Judgment Act (“DJA”), 28
7 U.S.C. § 2201 *et seq.*, seeking, *inter alia*, a declaration that Copasetic’s registered marks,
8 as well as its applied-for marks, do not infringe on any of the marks owned by Roots. (ECF
9 No. 1, at 21). Relatedly, they also seek a declaration that Copasetic has the right to use and
10 register the marks claimed in the Copasetic Applications. (*Id.* at 21–22.) At the time the
11 complaint was filed, Plaintiffs were using the contested “ROOTS OF” marks in connection
12 with their official website and social media account. (*Id.* at 12–13.)

13 Roots, on the other hand, has moved to dismiss the Plaintiffs’ complaint pursuant to
14 Fed. R. Civ. P. 12(b)(1), for lack of subject matter jurisdiction, and in the alternative, Fed.
15 R. Civ. P. 12(b)(6), for failure to state a claim. Specifically, Roots claims that Plaintiffs
16 have failed to allege an “actual case or controversy” under the Declaratory Judgment Act.
17 (ECF No. 8, at 2.) Roots also asserts that Roots Of, in particular, has no standing to pursue
18 declaratory relief, and protests that Plaintiffs did not properly name it in the complaint.

19 **II. LEGAL STANDARD**

20 The Declaratory Judgment Act states that “[i]n a case of actual controversy within
21 its jurisdiction,” federal courts “may declare the rights and other legal relations of any
22 interested party seeking such declaration.” 28 U.S.C. § 2201(a). Such relief is granted at
23 the discretion of the district court, *Chesebrough-Pond’s, Inc. v. Faberge, Inc.*, 666 F.2d
24 393, 396 (9th Cir. 1982), and a two part-analysis guides the Court’s exercise of DJA
25 jurisdiction.

26 The Court “must first inquire whether there is an actual case or controversy within
27 its jurisdiction.” *Principal Life Ins. Co. v. Robinson*, 394 F.3d 665, 669 (9th Cir. 2005);
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1 *accord Am. States Ins. Co. v. Kearns*, 15 F.3d 142, 143 (9th Cir. 1994). “Second, if the
2 court finds that an actual case or controversy exists, the court must decide whether to
3 exercise its jurisdiction by analyzing the factors set out in *Brillhart v. Excess Ins. Co.*, 316
4 U.S. 491 (1942), and its progeny.” *Id.*

5 **a. Case or controversy requirement**

6 The requirement that a case or controversy exist under the Declaratory Judgment
7 Act is a matter of subject matter jurisdiction. *See Principal Life Ins. Co.*, 394 F.3d at 669.
8 The jurisdictional language in the DJA is “identical to Article III’s constitutional case or
9 controversy requirement.” *Kearns*, 15 F.3d at 143. A case or actual controversy exists
10 when the dispute is “definite and concrete,” and can be addressed by “specific relief
11 through a decree of a conclusive character.” *MedImmune, Inc. v. Genentech, Inc.*, 549
12 U.S. 118, 127 (2007) (quoting *Aetna Life Ins. Co. v. Haworth*, 300 U.S. 227, 240–41
13 (1937)). Thus, the facts alleged must “show that there is a substantial controversy, between
14 parties having adverse legal interests, of sufficient immediacy and reality to warrant the
15 issuance of a declaratory judgment.” *Id.* (quoting *Maryland Cas. Co. v. Pac. Coal & Oil*
16 *Co.*, 312 U.S. 270, 273 (1941)).

17 Trademark disputes involving claims for declaratory relief are justiciable under the
18 above rubric when the plaintiff has a “real and reasonable apprehension that he will be
19 subject to liability if he continues to manufacture his product.” *Societe de Conditionnement*
20 *en Aluminium v. Hunter Eng’g Co. Inc.*, 655 F.2d 938, 944 (9th Cir. 1981). That is to say,
21 declaratory judgment plaintiffs need not show “an actual threat of litigation” to prove the
22 existence of a case or controversy. *Id.* While any apprehension of suit “must have been
23 caused by the defendant’s actions,” the inquiry under the real and reasonable apprehension
24 test “focuse[s] upon the position and perceptions of the plaintiff.” *Hal Roach Studios, Inc.*
25 *v. Richard Feiner & Co.*, 896 F.2d 1542, 1555–56 (9th Cir. 1989). As such, “[t]he acts of
26 the defendant [are] . . . examined in view of their likely impact on competition and the risks
27 imposed upon the plaintiff.” *Chesebrough-Pond’s*, 666 F.2d at 396. Further, “if the
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1 plaintiff is engaged in the on-going production of the allegedly patented item, the showing
2 of apprehension ‘need not be substantial.’” *Hal Roach*, 896 F.2d at 1556 (quoting *Societe*,
3 655 F.2d at 944).

4 **b. Discretionary considerations**

5 Even assuming the existence of a case or controversy, the DJA requires further
6 analysis in connection with the district court’s discretion. *See Principal Life Ins. Co.*, 394
7 F.3d at 672. The Supreme Court, in *Brillhart*, and the Ninth Circuit, in *Gov’t Employees*
8 *Ins. Co. v. Dizol*, 133 F.3d 1220, 1225 (9th Cir. 1998), have identified a number of
9 prudential factors for the Court to consider in deciding whether to exercise jurisdiction.
10 Pursuant to those decisions, “district court[s] should . . . discourage litigants from filing
11 declaratory actions as a means of forum shopping” and “avoid duplicative litigation.” *Id.*
12 Also relevant is “whether the declaratory action will settle all aspects of the controversy,”
13 “whether the declaratory action is being sought merely for the purposes of procedural
14 fencing or to obtain a ‘res judicata’ advantage,” and “the availability and relative
15 convenience of other remedies.” *Id.* at 1225, n.5 (quoting *Kearns*, 15 F.3d at 145 (Garth,
16 J., concurring)).

17 **c. Rule 12(b)(1)**

18 Plaintiffs, as the party seeking to invoke jurisdiction, have the burden of establishing
19 that jurisdiction exists. *See Kokkonen v. Guardian Life Ins. Co. of Am.*, 511 U.S. 375, 377
20 (1994). Under Rule 12(b)(1) of the Federal Rules of Civil Procedure, a defendant may
21 challenge the plaintiff’s assertion of jurisdiction in one of two ways. *Leite v. Crane Co.*,
22 749 F.3d 1117, 1121 (9th Cir. 2014).

23 “A ‘facial’ attack accepts the truth of the plaintiff’s allegations but asserts that they
24 ‘are insufficient on their face to invoke federal jurisdiction.’” *Id.* (quoting *Safe Air for*
25 *Everyone v. Meyer*, 373 F.3d 1035, 1039 (9th Cir. 2004)). In such a case, the district court
26 resolves a facial attack as it would a motion to dismiss under Rule 12(b)(6). *Id.*

27 “By contrast, in a factual attack, the challenger disputes the truth of the allegations
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1 that, by themselves, would otherwise invoke federal jurisdiction.” *Safe Air for Everyone*,
2 373 F.3d at 1039. In resolving a factual attack on jurisdiction, the Court may review
3 evidence beyond the complaint without converting the motion to dismiss into a motion for
4 summary judgment. *See Savage v. Glendale Union High Sch.*, 343 F.3d 1036, 1039 n. 2
5 (9th Cir. 2003) (citing *White v. Lee*, 227 F.3d 1214, 1242 (9th Cir. 2000)). “[T]he plaintiff
6 must support [his or] her jurisdictional allegations with ‘competent proof,’ under the same
7 evidentiary standard that governs in the summary judgment context.” *Leite*, 749 F.3d at
8 1121 (quoting *Hertz Corp. v. Friend*, 559 U.S. 77, 96–97 (2010)). Thus, “the court need
9 not presume the truthfulness of the plaintiff’s allegations.” *White*, 227 F.3d at 1242.

10 Roots’s motion to dismiss mounts both types of jurisdictional challenges.

11 **III. Facial Attack on Jurisdiction as to Roots Of**

12 Roots urges the Court to dismiss Roots Of as a plaintiff for lack of standing and for
13 failure to state a claim under the DJA. Although Roots has couched its request in terms of
14 both Rule 12(b)(1) and 12(b)(6), its arguments for dismissal are premised on a single
15 contention: that the Plaintiffs’ complaint does not allege an “actual case or controversy”
16 between Roots and Roots Of. (ECF No. 8, at 16).

17 Roots’s makes a two-pronged argument. First, Roots mounts a facial attack on
18 jurisdiction by claiming that the facts as alleged in the complaint fail to establish Roots
19 Of’s standing to bring a claim under the DJA. (*Id.* at 17). In the second part, Roots claims
20 a factual deficiency with respect to jurisdiction because “there is no basis on which Roots
21 Of could believe that it will be the subject of a trademark infringement action brought by
22 Roots—*i.e.*, there cannot possibly be an actual case or controversy between Roots and
23 Roots Of.” (*Id.* at 18.)

24 With respect to the facial challenge, Roots asserts that the facts alleged in Plaintiffs’
25 complaint are insufficient on their face to establish standing for Roots Of to bring a
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1 declaratory judgment suit against Roots.¹ Roots points out that Roots Of's alleged
2 involvement in the present dispute appears only once in the complaint and observes that
3 the complaint fails to allege the existence of a case or controversy arising between Roots
4 Of and Roots. (*Id.* at 17.) The Court agrees that the complaint only asserts a reasonable
5 apprehension of infringement liability by Copasetic, and a case and controversy between
6 Roots and Copasetic. (ECF No. 1, at 1, 6, 20, 21.) Because the case and controversy
7 requirement is indispensable to this Court's subject matter jurisdiction (both as a matter of
8 Article III standing and as a matter of DJA jurisdiction), the DJA claim of Roots Of cannot
9 proceed. *See S. California All. of Publicly Owned Treatment Works v. U.S. Env'tl. Prot.*
10 *Agency*, 297 F. Supp. 3d 1060, 1067 (E.D. Cal. 2018) ("In the cases of a facial attack, the
11 motion to dismiss is granted only if the nonmoving party fails to allege an element
12 necessary for subject matter jurisdiction."). As a consequence, this Court finds the facial
13 attack meritorious and GRANTS the motion to dismiss Roots Of's action.²

14 When a court dismisses a complaint, it must then decide whether to grant leave to
15 amend. The Ninth Circuit has "repeatedly held that a district court should grant leave to
16 amend even if no request to amend the pleading was made, unless it determines that the
17 pleading could not possibly be cured by the allegation of other facts." *Lopez v. Smith*, 203
18 F.3d 1122, 1130 (9th Cir. 2000) (en banc) (citations and quotation marks omitted). The
19 Court concludes that the facial deficiencies in the complaint can be cured and grants Roots
20 Of leave to amend the complaint. *See Lim v. Helio, LLC*, No. Cv 11-0183 PSG (AGR_x),
21 2012 WL 1288440, *1 (C.D. Cal. 2012) (granting leave to amend after dismissal under
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24 ¹ The Court resolves a facial attack "as it would a motion to dismiss under Rule 12(b)(6):
25 Accepting the plaintiff's allegations as true and drawing all reasonable inferences in the plaintiff's favor,
26 the court determines whether the allegations are sufficient as a legal matter to invoke the court's
jurisdiction." *Leite*, 749 F.3d at 1121.

27 ² Dismissal of Roots Of's DJA claim pursuant to the facial attack obviates any need for the Court
28 to opine on the merits of the factual attack.

1 Rule 12(b)(1) because the plaintiff had not previously amended her complaint).

2 **IV. Factual Attack on Jurisdiction as to Copasetic**

3 On the other hand, Roots’s challenge as to this Court’s jurisdiction over Copasetic’s³
4 DJA claim is factual. This is because Roots disputes Copasetic’s contention that it had a
5 reasonable and real apprehension of a trademark infringement suit, and because Roots
6 introduced extrinsic evidence in support of its motion. *Leite*, 749 F.3d at 1121 (noting that
7 factual attacks “contest[] the truth of the plaintiff’s factual allegations, usually by
8 introducing evidence outside the pleadings”). By submitting a declaration from its general
9 counsel, Kaleb Honsberger, in conjunction with its motion to dismiss, (ECF No. 8-1) Roots
10 mounted a factual attack that obligated Plaintiffs to respond by “furnish[ing] affidavits or
11 other evidence necessary to satisfy its burden of establishing subject matter jurisdiction.”
12 *Savage*, 343 F.3d at 1039 n.2. Plaintiffs did in fact oppose Roots’s motion to dismiss with
13 a declaration from Ana Claudia Guedes, their outside general counsel. (ECF No. 15-1.)

14 Because in this case “the existence of jurisdiction turns on disputed factual issues,”
15 the Court “may resolve those factual disputes itself.” *Leite*, 749 F.3d at 1121–21.

16 **a. Case or controversy requirement**

17 **i. TTAB Notices of Opposition**

18 It is well-established that the bare filing of an opposition before the TTAB, without
19 more, does not a DJA case or controversy make. *See Chesebrough-Pond’s*, 666 F.2d at
20 396 (“[A] simple opposition proceeding in the Patent and Trademark Office generally will
21 not raise a real and reasonable apprehension of suit.”). However, DJA jurisdiction may
22 lie—based on the allegations contained in TTAB materials alone—where the defendant’s
23 opposition articulates the prima facie elements of trademark infringement. *See Whole E*

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26 ³ To be precise, Roots’s factual attack on jurisdiction was levied against both Plaintiffs jointly.
27 However, because this Court has found dismissal of Roots Of’s DJA claim to be proper pursuant to
28 Roots’s facial challenge, the analysis in this part refers only to Copasetic’s DJA claim.

1 *Nature, LLC v. Wonderful Co., LLC*, No. 17cv10-LAB(KSC), 2017 WL 4227150, *2 (S.D.
2 Cal. Sept. 22, 2017). Indeed, when viewed from the perceptions of the plaintiff, a TTAB
3 opposition expressed in the clear terms of trademark infringement could amount to a
4 credible threat of an impending infringement suit.

5 For example, the district court in *Neilmed Prod., Inc. v. Med-Systems, Inc.*, found
6 subject matter jurisdiction in a case based on the substance of a notice of opposition which
7 alleged “striking[] similar[ity]” between the marks at issue, “widespread actual confusion
8 in consumers,” and an effort by plaintiff to “intentionally and willfully deceive the public
9 and free ride on [Defendant’s] good will.” 472 F. Supp. 2d 1178, 1181 (N.D. Cal. 2007)
10 (“Defendant in this case invoked the language of trademark infringement and dilution,
11 which could give Plaintiff a reasonable apprehension that Defendant would sue Plaintiff if
12 Plaintiff continues to use its Sinus Rinse mark.”). In another case, the district court
13 determined that a “substantial controversy” existed where the defendant had “invoked the
14 language of trademark infringement,”—i.e., a similarity between marks and a likelihood
15 of confusion—in its notices of opposition. *Active Sports Lifestyle USA, LLC v. Old Navy,*
16 *LLC*, No. SACV 12-572 JVS (Ex), 2012 WL 2951924, *3 (C.D. Cal. 2012).

17 This Court finds that the notices of oppositions filed by Roots in response to
18 Copasetic’s Applications gave Copasetic a real and reasonable apprehension of being sued
19 for infringement. Like the notices reviewed in *Neilmed* and *Active Sports*, the oppositions
20 in this case alleged elements of trademark infringement under the Lanham Act. *See* 15
21 U.S.C. § 1114(1)(a) (prescribing civil liability for “use in commerce” of a registered mark
22 which “is likely to cause confusion”). As Roots admits, its “first Four Notices of
23 Opposition state that Copasetic’s marks were ‘very similar’ to Roots’s marks and that as a
24 result, registration of Copasetic’s marks in connection with clothing that is identical to that
25 offered by Roots will cause consumers to think that Copasetic or its goods are ‘connected
26 with or sponsored by Roots.’” (ECF No. 8, at 12.) Those notices also maintain that
27 registration of the Copasetic Marks “is likely to cause confusion with and dilute Opposer’s
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1 Roots Marks for identical goods.” (*See, e.g.*, ECF No. 8-6, at 13.) There is no distinction
2 between Roots’s oppositions and the ones determined to give rise to a case and controversy
3 in *Neilmed* and *Active Sports*.

4 Roots, however, argues that its TTAB oppositions could not inspire a reasonable
5 apprehension of an infringement suit because they “focus on the fact that ‘[r]egistration
6 of,’ Copasetic’s marks—as opposed to use—would ‘likely dilute the distinctive quality
7 of’ the Roots trademarks.” (ECF No. 8, at 12.) For this proposition, Roots relies primarily
8 on a number of out-of-circuit dispositions which have disclaimed DJA jurisdiction based
9 on a distinction between opposition notices aimed at challenging “attempted registration,”
10 rather than “use” of marks. *Vina Casa Tamaya S.A. v. Oakville Hills Cellar, Inc.*, 784 F.
11 Supp. 2d 391, 395 (S.D.N.Y. 2011); *see also Bruce Winston Gem Corp. v. Harry Winston,*
12 *Inc.*, No. 09 CIV 7352(JGK), 2010 WL 3629592, *5 (S.D.N.Y. Sept. 16, 2010) (finding no
13 justiciability “where the defendants do not object to the plaintiff’s current *use* of its mark,
14 and the only immediate and definite controversy is over the *registration* of that mark”)
15 (emphases added).

16 Roots’s attempted reliance on *Vina Casa* and *Bruce Winston* is unavailing for two
17 reasons. First, those cases are inapposite because Roots’s notices of opposition articulated
18 a challenge not only to the “registration” of the Copasetic marks, but also as to their “use”
19 and “promotion” by Copasetic. (ECF No. 8-4, at 10.) Indeed, Roots averred that
20 Copasetic’s “goods are and/or will be marketed, promoted and offered through the same
21 marketing channels” as the goods offered by Roots under its marks. (*Id.* at 9.) As a
22 consequence, Roots cannot credibly claim that it sought only to challenge registration.
23 Second, it must be stressed that Ninth Circuit caselaw constrains this Court to conduct the
24 jurisdictional inquiry “with a flexibility ‘that is oriented to the reasonable perceptions of
25 the plaintiff.’” *Hal Roach*, 896 F.2d at 1556 (citing *Chesebrough-Pond’s*, 666 F.2d at 396).
26 Thus, the Court is not so much concerned with Roots’s characterization of what it intended
27 vis-à-vis its notices of opposition (i.e., to raise an objection only as to registration) as it is
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1 with the reasonable perception by Copasetic of the implication of Roots’s oppositions (i.e.,
2 to have portended a claim of trademark infringement as to use). The Court concludes that
3 the inference drawn by Copasetic from Roots’s opposition notices were not unreasonable
4 in view of the language contained therein.

5 **ii. Demand Letters and Ongoing Communications**

6 This Court’s determination of justiciability is additionally supported by the
7 communications the parties exchanged beyond the four corners of the opposition notices.
8 “District courts have consistently held that a combination of TTAB opposition proceedings
9 and infringement-alleging language in cease and desist letters is enough to establish a
10 reasonable apprehension of litigation.” *Homie Gear, Inc. v. Lanceberg Holdings, LLC*,
11 No. 16CV1062 BTM (DHB), 2016 WL 6804611, *3 (S.D. Cal. Nov. 16, 2016); *see also*
12 *Chesebrough-Pond’s*, 666 F.2d at 396–97 (holding that it is “reasonable to infer . . . a threat
13 of an infringement action” from a letter that stated “a prima facie case for trademark
14 infringement” and was sent “declaring [an] intent to file opposition proceedings”); *FN*
15 *Cellars, LLC v. Union Wine Co.*, No. 15-cv-2301-JD, 2015 WL 5138173, 3 (N.D. Cal.
16 Sept. 1, 2015); *E. & J. Gallo Winery v. Proximo Spirits, Inc.*, 583 F. App’x 632, 635 (9th
17 Cir. 2014) (finding subject matter jurisdiction where the plaintiff’s supplier received a
18 “demand that all distribution of the Camarena bottle cease on the grounds that the
19 Camarena and 1800 bottles were confusingly similar”).

20 The letter Roots sent to Copasetic on September 12, 2016 advised of Roots’s intent
21 to file opposition proceedings against Copasetic’s “identical” marks and indicated that
22 Copasetic should “cease use” of any articles bearing the “Roots of Fight” mark. (ECF No.
23 8-3, at 2) (“In the event that your client has an inventory of produced clothing bearing the
24 mark Roots of Fight my client is agreeable to a reasonable phase-out period to cease use.”)
25 Critically, the Roots of Fight mark identified by Roots for phase-out were not limited to
26 the pending Copasetic marks; they also implicated the marks already owned and registered
27 by Copasetic in connection with its “ROOTS OF” products. (*See* ECF No. 1, at 1–2
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1 (displaying the two marks registered by Copasetic in 2014 and 2015)). By asking
2 Copasetic to cease use of its Roots of Fight mark and to clear out any “produced clothing,”
3 Roots likely gave Copasetic the impression that it was seeking to challenge not only
4 Copasetic’s use of its pending marks, but also its prior use of any marks already registered
5 with the USPTO. This demand letter gave Copasetic a reasonable apprehension of
6 imminent suit.

7 Roots’s February 9, 2017 letter only compounds the reasonableness of Copasetic’s
8 apprehension of litigation. That letter re-emphasized Roots’s intent to “vigorously oppose
9 [Copasetic’s] trademark applications for Roots-formative marks.” (ECF No. 15-3, at 3.)
10 It also requested “an explanation of how (and where) [Copasetic] is currently using the
11 ‘Roots’ marks [and] what its plans are for future use.” (*Id.*) It is reasonable to read the
12 letter as implying Roots would pursue an infringement action based on prior and future
13 use, especially in light of Copasetic’s counsel’s declaration that ongoing discussions
14 between Copasetic and Roots had “focused on use rather than registration.” (ECF No. 15,
15 at 5 (citing ECF No. 15-1, at 2).) The timing of this second letter likely exacerbated
16 Copasetic’s apprehension of suit. Since opposition proceedings had already been
17 instituted, the explanation sought by Roots—as to current and future use—could
18 reasonably be perceived as relevant only to a lurking claim of infringement.

19 Moreover, on June 16, 2017, Roots proposed a settlement agreement that sought to
20 impose a number of restrictions on Copasetic’s use of its marks. (ECF No. 15-4, at 2–3).
21 That draft agreement provided, *inter alia*, that “Roots [would] agree[] not to challenge or
22 contest Copasetic’s right to use the terms ‘roots’” so long as Copasetic agreed to “not use
23 the word ‘roots’ prominently on any clothing item but only as the label or brand name on
24 a hang tag or collar tag,” “not use or attempt to register the term ‘roots’ as part of a
25 corporate name or trade name,” and “not use or seek to register the term ‘roots’ in
26 connection with leather goods” (ECF No. 15-4, at 3.) Although Roots’s proposal
27 ostensibly left some avenues of coexistence open, the terms and conditions suggested
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1 would have severely, if not completely, restricted Copasetic’s ability to use any “ROOTS
2 OF” marks, or to persist with Roots Of as the company name of its subsidiary. *Cf. Delphix*
3 *Corp. v. Embarcadero Techs., Inc.*, No. 16-cv-00606-BLF, 2016 WL 4474631, *4 (N.D.
4 Cal. Aug. 25, 2016) (actual and justiciable controversy arose where defendant’s counsel
5 repeatedly asserted that “settlement would require Delphix [the plaintiff] to cease use of its
6 existing DELPHIX company name, and either cease use of or substantially limit its current
7 use of its DELPHIX trademark”).

8 Accordingly, Copasetic has demonstrated a “reasonable apprehension of litigation,”
9 especially when the facts are viewed through the “more lenient standard used when the
10 allegedly infringing mark is in incurrent use.” *Whole E Nature*, 2017 WL 4227150, at *3
11 (citing *Societe*, 655 F.2d at 944). Because the circumstances of this case, taken as a whole,
12 show a substantial controversy of “sufficient immediacy and reality to warrant the issuance
13 of a declaratory judgment,” *MedImmune*, 549 U.S. at 127, the Court determines that it may
14 exercise DJA jurisdiction over Copasetic’s claim.

15 **b. Discretionary considerations**

16 The second part of the jurisdictional inquiry under the DJA obligates this Court to
17 determine whether—in light of a present case or controversy—it *ought* to exercise its
18 jurisdiction under the factors enumerated in *Brillhart* and *Dizol*. Balancing the ““concerns
19 of judicial administration, comity, and fairness to the litigants,”” this Court concludes that
20 there is little reason for this Court to decline jurisdiction over Copasetic’s suit. *Kearns*, 15
21 F.3d at 144 (quoting *Chamberlain v. Allstate Ins. Co.*, 931 F.2d 1361, 1367 (9th Cir.
22 1991)).

23 Roots argues that Copasetic filed the instant action as an attempt to circumvent the
24 procedures of the TTAB, which, if successful, would amount to forum shopping and
25 procedural fencing. (ECF No. 8, at 15–16.) It also argues that Copasetic should be made
26 to await the TTAB determination, since the TTAB was not only Roots’s chosen forum, but
27 also the forum that would be the more streamlined, appropriate channel to resolve the
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1 registration dispute between the parties. (*Id.*)

2 Roots is, in effect, inviting the court to apply the doctrine of primary jurisdiction as
3 a basis for declining to hear the case. Under that doctrine, “When there is a basis for
4 judicial action, independent of agency proceedings, courts may route the threshold decision
5 as to certain issues to the agency charged with primary responsibility for governmental
6 supervision or control of the particular industry or activity involved.” *See United States v.*
7 *Culliton*, 328 F.3d 1074, 1081 (9th Cir. 2003). The Ninth Circuit, however, has rejected
8 the pendency of a TTAB proceeding as a proper basis to forestall an action for declaratory
9 relief in a factually similar case. *See Rhoades v. Avon Products, Inc.*, 504 F.3d 1151, 1162
10 (9th Cir. 2007). *Rhoades* controls the outcome in the present matter.

11 The *Rhoades* court recognized that deferral of a declaratory judgment case is
12 generally appropriate where “the district court action involves only the issue of whether a
13 mark is entitled to registration.” *Id.* at 1165. In such a case, “the benefits of awaiting the
14 decision from the PTO would rarely, if ever, be outweighed by the litigants’ need for a
15 prompt adjudication.” *Id.* at 1163 (quoting *Goya Foods, Inc. v. Tropicana Products, Inc.*,
16 846 F.2d 848, 853 (2d Cir. 1988)).

17 However, that calculus changes if the action before the district court concerns not
18 only the registration of a mark, but also a dispute over the existence *vel non* of infringement.
19 Where, “as here, a potential infringement claim ‘requires the district court to resolve much
20 or all of [the registration issues], it would waste everyone’s time not to settle the registration
21 issue now[, in district court.]’” *Id.* at 1165 (quoting *PHC, Inc. v. Pioneer Healthcare, Inc.*,
22 75 F.3d 75, 81 (1st Cir. 1996)). Indeed, when “there is a potential infringement lawsuit,
23 federal courts are particularly well-suited to handle the claims so that parties may quickly
24 obtain a determination of their rights without accruing potential damages.” *Id.* at 1164.
25 The appropriateness of declaratory relief under these factual predicates rests on several
26 considerations comports with the *Brillhart* and *Dizol* factors.

27 First, exercising declaratory judgment would have the advantage of “settl[ing] all
28

1 aspects of the controversy” between the parties. *Dizol*, 133 F.3d at 1225 n.5. This is
2 because, “unlike a federal district court, the [TTAB] cannot give relief for an infringement
3 claim,” *Rhoades*, 504 F.3d at 1163 (quotations, international citations, and brackets
4 omitted), and “is empowered to determine only the right to register a federal trademark.”
5 Trademark Trial and Appeal Board Manual of Procedure § 102.1. As a result, a
6 “declaratory action is preferable to a TTAB action for addressing ‘all aspects of the
7 controversy’ between the parties, because the TTAB cannot address a trademark non-
8 infringement claim.” *FN Cellars*, 2015 WL 5138173, at *4.

9 Second, the “availability and relative convenience of other remedies” also weighs in
10 favor of declaratory judgment. *Dizol*, 133 F.3d at 1225 n.5. This is because “Congress has
11 not installed the PTO as the exclusive expert in the field” and because “parties may litigate
12 these issues in federal court without previously exhausting their claims before the TTAB.”
13 *Rhoades*, 504 F.3d at 1164. Indeed, because TTAB decisions are “not entitled to
14 deferential review,” and are instead challengeable by “bringing a proceeding in district
15 court,” *Whole E Nature*, 2017 WL 4227150 at*3 (citing *Rhoades*), it cannot be said that
16 TTAB proceedings are more efficient or convenient for either party involved.

17 Because the declaratory judgment sought by Copasetic, like that in *Rhoades*,
18 involves not only a dispute as to the registrations pending before the TTAB, but also a
19 “potential infringement lawsuit,” it is proper for this Court to follow *Rhoades* and exercise
20 its discretion in favor of jurisdiction. Despite Roots’s contestations otherwise, it cannot be
21 said that Plaintiffs’s filing of the federal suit can be deemed evidence of forum shopping
22 procedural fencing, or an attempt to seek a *res judicata* advantage. *See Neilmed*, 472 F.
23 Supp. 2d at 1182 (noting that “the mere commencement of federal litigation does not
24 constitute forum-shopping or procedural fencing, however expensive litigation might be”).
25 On the contrary, in light of the parties’ entitlement to seek review of any TTAB decision
26 in district court, Plaintiffs’ request for declaratory judgment “suggests rather a motive to
27 streamline the process.” *Whole E Nature*, 2017 WL 4227150, at *3.

1 Consistent with *Rhoades*, this Court holds that “the belief in the TTAB’s superiority
2 as a forum is an inappropriate reason to decline to entertain a declaratory relief action.” *Id.*
3 at *4. The Court therefore exercises its discretion in favor of hearing the DJA claim raised
4 by Copasetic.

5 **V. Naming the correct defendant**

6 Roots also seeks to dismiss the complaint in its entirety because the complaint
7 incorrectly names “Roots Canada Corporation,”—as opposed to “Roots Corporation,”—as
8 the defendant. The Court need not take so drastic a measure.

9 Pursuant to Rule 15(a)(2), this Court should grant leave to amend “when justice so
10 requires.” FED. R. CIV. P. 15(a)(2). “Absent prejudice, or a strong showing” of undue
11 delay, bad faith, dilatory motive on the part of the movant, or repeated failure to cure
12 deficiencies by amendments previously allowed, “there exists a *presumption* under Rule
13 15(a) in favor of granting leave to amend.”⁴ *Eminence Capital, LLC v. Aspeon, Inc.*, 316
14 F.3d 1048, 1052 (9th Cir. 2003). In this respect, “the crucial factor is the resulting prejudice
15 to the opposing party.” *Howey v. United States*, 481 F.2d 1187, 1190 (9th Cir. 1973).

16 It is apparent that Roots would not be prejudiced by such a ruling. After being
17 notified of the filing of the complaint, Roots agreed to provide a waiver of service,
18 notwithstanding the discrepancy in the corporate name alleged in the complaint. (ECF No.
19 5.) Thereafter, Roots filed a Notice of Party With Financial Interest, identifying Roots
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23 ⁴ Although Plaintiffs did not file a motion to amend their complaint, the absence of a formal
24 motion to amend does “not preclude the district court from granting leave to amend.” *Edwards v.*
25 *Occidental Chem. Corp.*, 892 F.2d 1442, 1445 & n.2 (9th Cir. 1990) (construing plaintiff’s opposition to
26 defendant-employer’s motion for summary judgment as a motion to amend where the plaintiff’s
27 opposition memorandum “noted confusion over the appropriate name of [her] employer,” which was
28 OPC, and not OCC, as originally pleaded in the complaint).

Plaintiffs’ opposition memorandum, which concedes their technical mistake and invokes Rule
15(a)(2), is hereby construed as a motion to amend the complaint. (ECF No. 15, at 7.)

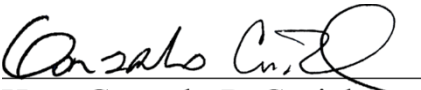
1 Corporation. (ECF No. 9.) Because the proper defendant has already appeared and has
2 not been prejudiced by the Plaintiffs' technical pleading deficiency, the Court grants
3 Plaintiffs leave to file an amended complaint identifying Roots Corporation as the
4 defendant.

5 **CONCLUSION AND ORDER**

6 For the foregoing reasons, the Court hereby **DENIES** Roots's Motion to Dismiss in
7 Part and **GRANTS** the Motion in Part with leave to amend. If Plaintiffs choose to file an
8 amended complaint (1) reflecting the correct defendant, and (2) addressing Roots's facial
9 attack on jurisdiction with respect to Roots Of, they must do so no later than **Thirty Days**
10 after this Order is docketed. The hearing date set for August 31, 2018 shall be **VACATED**.

11 **IT IS SO ORDERED.**

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13 Dated: August 24, 2018

14 
15 Hon. Gonzalo P. Curiel
16 United States District Judge
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