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8 UNITED STATES DISTRICT COURT
9 SOUTHERN DISTRICT OF CALIFORNIA
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11 THE UPPER DECK COMPANY, a
12 Nevada corporation,

13 Plaintiff,

14 v.

15 MIGUEL FLORES AND DOES 1-100,
16 inclusive,

17 Defendant.
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Case No.: 21cv1182-GPC(KSC)

ORDER:

- 1) GRANTING DEFENDANT'S
MOTION TO SET ASIDE DEFAULT;**
- 2) GRANTING IN PART AND
DENYING IN PART DEFENDANT'S
MOTION TO DISMISS WITH
LEAVE TO AMEND**

[DKT. NOS. 8, 9.]

20
21 Before the Court is Defendant's motion to set aside default and motion to dismiss
22 the first amended complaint. (Dkt. Nos. 8, 9.) Oppositions to these motions were filed
23 by Plaintiff. (Dkt. Nos. 11, 12.) Defendant filed a reply to his motion to set aside default
24 but did not file a reply to the motion to dismiss. (Dkt. Nos. 13, 14.) The Court finds that
25 the matter is appropriate for decision without oral argument pursuant to Local Civ. R.
26 7.1(d)(1). Based on the reasoning below, the Court GRANTS Defendant's motion to set
27 aside default and GRANTS in part and DENIES in part Defendant's motion to dismiss
28 with leave to amend.

1 **Factual Background**

2 This trademark infringement case was removed to this Court on June 28, 2021.
3 (Dkt. No. 1, Not. of Removal.) After removal, on June 29, 2021, Plaintiff The Upper
4 Deck Company (“Plaintiff” or “Upper Deck”) filed a first amended complaint (“FAC”)
5 alleging eight causes of action for 1) false affiliation/endorsement, false advertising, and
6 unfair competition under 15 U.S.C. § 1125(a); 2) trademark dilution under 15 U.S.C. §
7 1125(c); 3) trademark infringement and counterfeiting under 15 U.S.C. § 1114; 4)
8 deprivation of rights of publicity pursuant to California Civil Code section 3344; 5)
9 commercial misappropriation/violation of rights of publicity under California common
10 law; 6) violation of California’s Unfair Competition Law (“UCL”) under California
11 Business & Professions Code section 17200 *et seq.*; 7) violation of California common
12 law unfair competition;¹ and 8) unjust enrichment/quasi-contract. (Dkt. No. 4, FAC.)

13 According to the FAC, Upper Deck is a leading manufacturer of trading cards,
14 holds exclusive licensing agreements with various professional athletes and maintains
15 trademarked logos, designs and word marks. (Dkt. No. 4, FAC ¶ 2.) It has been one of
16 the leading trading card manufacturers for over 30 years and has remained at the forefront
17 of the industry since its inception around 1989. (*Id.* ¶¶ 7, 9, 10.) Upper Deck exclusively
18 owns a number of trademarks and tradenames which are collectively referred to as the
19 “Upper Deck Trademarks.” (*Id.* ¶ 11.) Relevant to this case, Upper Deck owns the green
20 diamond “UPPER DECK” logo, USPTO No. 2498524. (*Id.*)

21 Plaintiff uses the “Upper Deck Trademarks” in its usual course of business in
22 connection with its manufacture, marketing, and sale of sports trading cards in interstate
23 commerce. (*Id.* ¶ 12.) The green diamond logo was Plaintiff’s main logo displayed on
24 its products from 1988 to 2008 and is still used today. (*Id.* ¶ 16.) Upper Deck also holds
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28 ¹ Plaintiff misnumbered the causes of action; therefore, instead of nine causes of action there are only eight causes of action. (Dkt. No. 4, FAC at p. 13-14.)

1 exclusive licenses and non-exclusive licenses with certain major sports leagues and
2 athletes including retired athletes such as Michael Jordan. (*Id.* ¶ 17.)

3 Defendant Miguel Flores (“Defendant” or “Flores”) markets products for sale
4 online throughout the United States through eBay. (*Id.* ¶ 3.) It is alleged that Defendant
5 is advertising and selling counterfeit trading cards (“Cards”) with the Upper Deck
6 Trademarks and Jordan’s likeness in interstate commerce without permission via his
7 eBay store using the seller name “migflo_3800”. (*Id.* ¶¶ 19, 22.) Defendant’s products,
8 including the trading cards, are counterfeits that were not created or distributed by or on
9 behalf of Upper Deck and feature Upper Deck Trademarks as well as Jordan’s name,
10 image, likeness and/or autograph for which Plaintiff holds a license and assignment
11 related to the use of Jordan’s publicity rights on trading cards. (*Id.* ¶ 24.)

12 Many of Defendant’s products are illegally reprinted versions of authentic trading
13 cards previously produced by Upper Deck that were created without its permission,
14 consent, authority or approval. (*Id.* ¶ 25.) Even though Defendant’s Cards were graded
15 as “Facsimile Reprint” by GMA Grading, GMA Grading has recently acknowledged that
16 reprint cards are counterfeits that “appears to use non-licensed images, logos, or
17 likenesses” and has stopped providing grading to these counterfeit cards as of March 13,
18 2021. (*Id.*)

19 Discussion

20 I. Motion to Set Aside Default

21 The FAC was filed on June 29, 2021, (Dkt. No. 4), and Defendant had until July
22 14, 2021 to file a response. Because no response was filed by Defendant, a request for
23 default by Plaintiff was filed on July 16, 2021 which was entered on August 10, 2021.
24 (Dkt. Nos. 6, 7.) On the same day, Defendant filed its motion to set aside default and
25 motion to dismiss. (Dkt. Nos. 8, 9.)

26 “Judgment by default is a drastic step appropriate only in extreme circumstances; a
27 case should, whenever possible, be decided on the merits.” *Falk v. Allen*, 739 F.2d 461,
28 463 (9th Cir. 1984). A court’s discretion to set aside a default is “especially broad”

1 where no default judgment has been entered. *O'Connor v. Nevada*, 27 F.3d 357, 364 (9th
2 Cir. 1994).

3 The court may set aside an entry of default for “good cause.” Fed. R. Civ. P. 55(c).
4 Three factors govern the inquiry into “good cause” under Federal Rule of Civil Procedure
5 (“Rule”) 55(c). *United States v. Signed Personal Check No. 730 of Yubran S. Mesle*, 615
6 F.3d 1085, 1091 (9th Cir. 2010). “Those factors, which courts consistently refer to as the
7 *Falk* factors, are: (1) whether the plaintiff will be prejudiced, (2) whether the defendant
8 has a meritorious defense, and (3) whether culpable conduct of the defendant led to the
9 default.” *Brandt v. Am. Bankers Ins. Co. of Florida*, 653 F.3d 1108, 1111 (9th Cir. 2011)
10 (citing *Falk*, 739 F.2d at 463). “This standard, which is the same as is used to determine
11 whether a default judgment should be set aside under Rule 60(b), is disjunctive, such that
12 a finding that any one of these factors is true is sufficient reason for the district court to
13 refuse to set aside the default.” *Mesle*, 615 F.3d at 1091.

14 **A. Defendant’s Culpable Conduct²**

15 Defendant moves to set aside the default arguing he did not engage in culpable
16 conduct by intentionally failing to answer for the purpose of taking advantage of the
17 opposing party, interfering with judicial decision making or manipulating the legal
18 process. (Dkt. No. 8 at 7-8.) Instead, he explains that defense counsel’s excusable
19 neglect resulted in the default due to events concerning his personal life. (Dkt. No. 8-1,
20 Anderson Decl.³) These include the death of his mother on June 5, 2021, his mother’s
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23 ² Unfortunately, the attorneys in the case have an acrimonious relationship as exhibited by the extensive
24 attachments to the instant briefing on the motion to set aside default. Because the attorneys’ conduct is
25 not before the Court, it declines to consider these attachments for purposes of the instant motion. (Dkt.
26 Nos. 8-1, 11-1, 14.) Pursuant to this District’s Civil Local Rules, attorneys are required to act with
civility and professionalism. *See* Civ. Local R. 2.1. To the extent either party seeks sanctions for
attorney misconduct, it must do so by an appropriate motion.

27 ³ While the original filed declaration by defense counsel was not signed under penalty of perjury, in the
28 courtesy copy to the Court, defense counsel signed the declaration. (Dkt. No. 8-1.) However, for a
proper record, Defendant must file a signed declaration of defense counsel’s declaration on the Court’s
electronic filing system.

1 funeral on June 9, 2021, time off from work due to family and personal issues due to his
2 mother's death, his child's surgery on July 11, 2021, the demands and deadlines of his
3 other cases, and his own personal health issues requiring medical care since July 1, 2021.
4 (Dkt. No. 8 at 5-6; Dkt. No. 8-1, Anderson Decl. ¶¶ 16-18.) Further, defense counsel
5 states that due to COVID, he laid off most of his staff and accepted this case in June 2021
6 before all his personal and health issues arose. (*Id.* ¶ 15.) He also explains that he
7 defaulted because he needed additional time to prepare a complicated motion to dismiss
8 which was filed on the same date as the motion to set aside default which demonstrates
9 he had no intention of delaying the action. (Dkt. No. 8 at 5; Dkt. No. 8-1, Anderson
10 Decl. ¶ 13.) Plaintiff responds that because Defendant was represented by counsel, he is
11 subject to the sophisticated party culpability standard and his reasons strain credibility.
12 (Dkt. No. 11 at 20.) But under either the sophisticated or unsophisticated party standard,
13 Plaintiff asserts that Defendant's conduct was culpable. (*Id.* at 20-21.)

14 A defendant's conduct is culpable if he has "received actual or constructive notice
15 of the filing of the action and *intentionally* failed to answer." *TCI Grp. Life Ins. Plan v.*
16 *Knoebber*, 244 F.3d 691, 697 (9th Cir. 2001) (emphasis in original). Cases have used
17 "intentional" to mean "willful, deliberate, or evidence of bad faith." *See id.* The term
18 "intentionally" does not mean the court can treat a party as culpable "simply for having
19 made a conscious choice not to answer; rather, to treat a failure to answer as culpable, the
20 movant must have acted with bad faith, such as an intention to take advantage of the
21 opposing party, interfere with judicial decisionmaking, or otherwise manipulate the legal
22 process." *Mesle*, 615 F.3d at 1092 (internal quotations omitted). "Neglectful failure to
23 answer as to which the defendant offers a credible, good faith explanation negating any
24 intention to take advantage of the opposing party, interfere with judicial decision-making,
25 or otherwise manipulate the legal process is not 'intentional' under default cases." *TCI*
26 *Grp.*, 244 F.3d at 697-98.

27 The standard on culpability depends on whether the party is "legally
28 sophisticated." *Mesle*, 615 F.3d at 1093. Where a party is not legally sophisticated, the

1 Ninth Circuit has “held that a defendant’s conduct was culpable . . . where there is no
2 explanation of the default inconsistent with a devious, deliberate, willful, or bad faith
3 failure to respond.” *TCI Grp.*, 244 F.3d at 698. But where a legally sophisticated party is
4 concerned, “conduct may be considered culpable if the defendant has received actual or
5 constructive notice” and failed to answer. *Mesle*, 615 F.3d at 1093. This is because
6 “[w]hen considering a legally sophisticated party’s culpability in a default, an
7 understanding of the consequences of its actions may be assumed, and with it,
8 intentionality.” *Id.* In the context of culpability under the good cause standard, defense
9 counsel’s conduct is attributable to Defendant because, “[a]s a general rule, parties are
10 bound by the actions of their lawyers.” *Casey v. Albertson’s, Inc.*, 362 F.3d 1254, 1260
11 (9th Cir. 2004); *see also Pioneer Inv. Servs. Co. v. Brunswick Assocs. Ltd. P’ship*, 507
12 U.S. 380, 396 (1993) (explaining that “petitioner voluntarily chose this attorney as his
13 representative in the action, and he cannot now avoid the consequences of the acts or
14 omissions of this freely selected agent.”).

15 Here, even under the legally sophisticated standard, the Court finds that Defendant
16 is not culpable. When defense counsel undertook this case, a number of unfortunate
17 events in his personal life occurred which caused the delay. However, defense counsel
18 should have communicated with Plaintiff’s counsel or sought leave of Court if he needed
19 additional time to respond to the FAC. Nonetheless, the Court does not find that
20 Defendant’s failure to respond was deliberate, willful, or in bad faith and even though
21 defense counsel knew about the consequences of his actions, while in default, he drafted
22 a motion to set aside default and a motion to dismiss that was promptly filed when the
23 default was entered. In light of these circumstances, the Court concludes the case should
24 be decided on the merits and concludes that Defendant is not culpable. However,
25 Defendant and his counsel are on notice that, in the future, they must comply with the
26 Federal Rules of Civil Procedure, Southern District of California’s Civil Local Rule and
27 the undersigned chambers rules.

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1 **B. Meritorious Defense**

2 Defendant incorporates by reference the motion to dismiss he concurrently filed
3 with the motion to set aside default to argue that he has a meritorious defense. (Dkt. No.
4 8.) Plaintiff argues the Court should strike Defendant’s Rule 12(b)(6) motion for failing
5 to comply with the deadlines set by the Rules. (Dkt. No. 11 at 28.) Moreover, even if the
6 Court considers the motion to dismiss, Defendant does not challenge factual allegations
7 but address the sufficiency of the allegations and as such, does not meet the meritorious
8 standard factor. (*Id.*)

9 “A defendant seeking to vacate a default judgment must present specific facts that
10 would constitute a defense,” but “the burden on a party seeking to vacate a default
11 judgment is not extraordinarily heavy.” *TCI Grp.*, 244 F.3d at 700 (citations omitted).
12 Defendants have a “minimal” burden in establishing a meritorious defense. *Mesle*, 615
13 F.3d at 1094. To satisfy the “meritorious defense” requirement, all that is necessary is to
14 “allege sufficient facts that, if true, would constitute a defense.” *Id.* The Court need not
15 consider truth of those factual allegations and assumes their truth at this stage. *Id.*

16 District courts have held that the filing or even joinder in a motion to dismiss
17 “articulates a sufficiently colorable defense for the purpose of . . . [a] motion to set aside
18 default.” *Maciel Builders LLC v. U.S. Framing Int’l LLC*, Case No. 19-cv-03660-BLF,
19 2020 WL 553942, at *3 (N.D. Cal. Feb. 4, 2020); *E. & J. Gallo Winery v. Cantine Rallo*,
20 *S.p.A.*, 430 F. Supp. 2d 1064, 1091–92 (E.D. Cal. 2005) (setting aside default judgment
21 on meritorious defense factor stating, “[t]he law does not require that defendant show it
22 will prevail on its defense.”); *Kaszuba v. Fidelity Nat’l Default Servs.*, No. 11CV129
23 DMS (NLS), 2011 WL 2445860, at *3 (S.D. Cal. June 17, 2011) (meritorious defense
24 demonstrated after review of draft motion to dismiss submitted by the defense); *Park v.*
25 *U.S. Bank Nat’l Ass’n*, No. 10cv1546–WQH–WMc, 2010 WL 4809652, at *3 (S.D. Cal.
26 Nov. 19, 2010) (reviewing defendants’ proposed motion to dismiss and finding they have
27 sufficiently shown a meritorious defense). Here, a review of the motion to dismiss
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1 demonstrates that Defendant has raised meritorious defenses. Accordingly, this factor
2 has been met.

3 C. Prejudice to Plaintiff

4 Finally, Defendant maintains that Plaintiff will not suffer any prejudice by an
5 unavoidable few days of delay in the filing of his motion to dismiss. (Dkt. No. 8 at 8.)
6 Plaintiff asserts it will be prejudiced because it alerted Defendant about concerns it had
7 about delaying resolution of this case from its inception, (Dkt. No. 11-2, Litney Decl.,
8 Ex. F at 37), and recently learned that Defendant has destroyed relevant evidence of the
9 marketing and selling of counterfeit products, including using the Upper Deck
10 Trademarks. (Dkt. No. 11-2, Litney Decl., Exs. K, L.)

11 “To be prejudicial, the setting aside of a judgment must result in greater harm than
12 simply delaying resolution of the case.” *Mesle*, 615 F.3d at 1095 (quoting *TCI Grp.*, 244
13 F.3d at 701). Mere delay and litigation costs are not sufficient prejudice to justify
14 refusing to set aside a default. *See TCI Group*, 244 F.3d at 701 (finding the Plaintiff
15 suffered no cognizable prejudice merely by incurring costs in litigating the default). “The
16 standard is whether his ability to pursue his claim will be hindered”, *Falk*, 739 F.2d at
17 463, such as by “loss of evidence” or “increased difficulties of discovery,” *TCI Grp.*, 244
18 F.3d at 701.

19 Plaintiff’s concerns about delaying resolution of the case does not demonstrate
20 prejudice. *See Mesle*, 615 F.3d at 1095. As to Plaintiff’s concern of recent spoliation of
21 evidence by Defendant by the removal of an Instagram post, such conduct may be
22 addressed during discovery. *See Hu and Assocs., LLC v. New Life Senior Wellness Ctr,*
23 *LLC*, Case No. LA CV16-03078 JAK (MRWx), 2017 WL 10591751, at *3 (C.D. Cal.
24 Nov. 20, 2017) (setting aside default and stating, “if any spoliation of evidence is shown,
25 other remedies, including an appropriate jury instruction, may be granted.”). Further, the
26 delay in the case has been minimal. *See Francois & Co., LLC v. Nadeau*, 334 F.R.D.
27 588, 599 (C.D. Cal. 2020) (granting request to set aside default despite concluding that
28

1 two-year delay since the filing of the complaint did not constitute cognizable prejudice).
2 Therefore, no prejudice has been shown to Plaintiff.

3 Because the *Falk* factors supports the setting aside the default, the Court GRANTS
4 Defendant's motion to set aside default. The Court now considers Defendant's motion to
5 dismiss even though it is not procedurally proper. However, instead of having Defendant
6 re-file the motion to dismiss, the Court considers it in the interest of judicial economy and
7 efficiency.

8 **II. Motion to Dismiss for Failure to State a Claim**

9 **A. Legal Standard as to Federal Rule of Civil Procedure 12(b)(6)**

10 Federal Rule of Civil Procedure ("Rule") 12(b)(6) permits dismissal for "failure to
11 state a claim upon which relief can be granted." Fed. R. Civ. P. 12(b)(6). Dismissal
12 under Rule 12(b)(6) is appropriate where the complaint lacks a cognizable legal theory or
13 sufficient facts to support a cognizable legal theory. *See Balistreri v. Pacifica Police*
14 *Dep't.*, 901 F.2d 696, 699 (9th Cir. 1990). Under Federal Rule of Civil Procedure
15 8(a)(2), the plaintiff is required only to set forth a "short and plain statement of the claim
16 showing that the pleader is entitled to relief," and "give the defendant fair notice of what
17 the . . . claim is and the grounds upon which it rests." *Bell Atlantic Corp. v. Twombly*,
18 550 U.S. 544, 555 (2007).

19 A complaint may survive a motion to dismiss only if, taking all well-pleaded
20 factual allegations as true, it contains enough facts to "state a claim to relief that is
21 plausible on its face." *Ashcroft v. Iqbal*, 556 U.S. 662, 678 (2009) (quoting *Twombly*,
22 550 U.S. at 570). "A claim has facial plausibility when the plaintiff pleads factual
23 content that allows the court to draw the reasonable inference that the defendant is liable
24 for the misconduct alleged." *Id.* "Threadbare recitals of the elements of a cause of
25 action, supported by mere conclusory statements, do not suffice." *Id.* "In sum, for a
26 complaint to survive a motion to dismiss, the non-conclusory factual content, and
27 reasonable inferences from that content, must be plausibly suggestive of a claim entitling
28 the plaintiff to relief." *Moss v. U.S. Secret Serv.*, 572 F.3d 962, 969 (9th Cir. 2009)

1 (quotations omitted). In reviewing a Rule 12(b)(6) motion, the Court accepts as true all
2 facts alleged in the complaint, and draws all reasonable inferences in favor of the
3 plaintiff. *al-Kidd v. Ashcroft*, 580 F.3d 949, 956 (9th Cir. 2009).

4 Where a motion to dismiss is granted, “leave to amend should be granted ‘unless
5 the court determines that the allegation of other facts consistent with the challenged
6 pleading could not possibly cure the deficiency.’” *DeSoto v. Yellow Freight Sys., Inc.*,
7 957 F.2d 655, 658 (9th Cir. 1992) (quoting *Schreiber Distrib. Co. v. Serv-Well Furniture*
8 *Co.*, 806 F.2d 1393, 1401 (9th Cir. 1986)). In other words, where leave to amend would
9 be futile, the Court may deny leave to amend. *See DeSoto*, 957 F.2d at 658; *Schreiber*,
10 806 F.2d at 1401.

11 **B. First Cause of Action-False Affiliation/Endorsement, False Advertising, and**
12 **Unfair Competition under 15 U.S.C. § 1125**

13 Defendant moves to dismiss the false affiliation/endorsement claim under 15
14 U.S.C. § 1125(a)(1)(A) and false advertising claim under 15 U.S.C. § 1125(a)(1)(B).
15 (Dkt. No. 9-1 at 14-20.) Plaintiff maintains it has adequately stated a claim under both
16 provisions. (Dkt. No. 12 at 11-14.)

17 The Lanham Act was intended to make “actionable the deceptive and misleading
18 use of marks,” and “to protect persons engaged in . . . commerce against unfair
19 competition.” 15 U.S.C. § 1127. Section 43(a) of the Lanham Act provides, in pertinent
20 part:

21 (1) Any person who, on or in connection with any goods or services... uses
22 in commerce...[any] false or misleading representation of fact, which--

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

27 (B) in commercial advertising or promotion, misrepresents the nature,
28 characteristics, qualities, or geographic origin of his or her or another
person's goods, services, or commercial activities,

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

3
4 15 U.S.C. § 1125(a)(1). “Section 1125(a) creates two distinct bases of liability: false
5 association, § 1125(a)(1)(A), and false advertising, § 1125(a)(1)(B).” *Lexmark Int'l, Inc.*
6 *v. Static Control Components, Inc.*, 572 U.S. 118, 122 (2014).

7 **1. 15 U.S.C. § 1125(a)(1)(A)**

8 To assert a claim under § 1125(a)(1)(A), a plaintiff must allege that “(1) defendant
9 uses a designation (any word, term, name, device, or any combination thereof) or false
10 designation of origin; (2) the use was in interstate commerce; (3) the use was in
11 connection with goods or services; (4) the designation or false designation is likely to
12 cause confusion, mistake, or deception as to (a) the affiliation, connection, or association
13 of defendant with another person, or (b) as to the origin, sponsorship, or approval of
14 defendant's goods, services, or commercial activities by another person; and (5) the
15 plaintiff has been or is likely to be damaged by these acts.” *Zamfir v. Casperlabs, LLC*, -
16 -F. Supp. 3d --, 2021 WL 1164985, at *4 (S.D. Cal. 2021) (quoting *United Tactical Sys.,*
17 *LLC v. Real Action Paintball, Inc.*, 143 F. Supp. 3d 982, 1015 (N.D. Cal. 2015) (citing
18 *Summit Tech., Inc. v. High-Line Med. Instruments, Co.*, 933 F. Supp. 918, 928 (C.D. Cal.
19 1996)).

20 Under § 1125(a)(1)(A), the Ninth Circuit has also held that the unauthorized use of
21 a celebrity’s persona, image or likeness, may be brought as a false endorsement claim.
22 *See Brown v. Elec. Arts, Inc.*, 724 F.3d 1235, 1239 (9th Cir. 2013) (claims may be
23 brought under “§ 43(a) relating to the use of a public figure’s persona, likeness, or other
24 uniquely distinguishing characteristic to cause such confusion.”); *Waits v. Frito-Lay, Inc.*,
25 978 F.2d 1093, 1110 (9th Cir. 1992) (*abrogated on other grounds by Lexmark Int'l, Inc.*,
26 572 U.S. at 118) (“A false endorsement claim based on unauthorized use of a celebrity's
27 identity is a type of false association claim . . . which is likely to confuse consumers as to
28 the plaintiff's sponsorship or approval of the product.”).

1 Where the goods the defendant sold are identical or similar to the trademark
2 owner's goods, there is a presumption of a likelihood of confusion. *Arcona, Inc. v.*
3 *Farmacy Beauty, LLC*, 976 F.3d 1074, 1080 (9th Cir. 2020) (citing *Stone Creek Inc. v.*
4 *Omnia Italian Design, Inc.*, 875 F.3d 426, 432 (9th Cir. 2017) (“identical marks paired
5 with identical goods can be case-dispositive” in a case involving an “exact replica” of a
6 competitor's logo)).

7 In its motion, Defendant challenges the first and fourth factors arguing Plaintiff
8 does not identify an act where Flores “uses” any of the Upper Deck Trademarks or
9 Jordan’s likeness and does not sufficiently allege that use of the Upper Deck Trademarks
10 or Jordan’s likeness is likely to cause consumer confusion as to origin, sponsorship, or
11 approval based on his sale of one trading card on eBay. (Dkt. No. 9-1 at 15-16.) Plaintiff
12 responds it has adequately alleged a violation of § 1125(a)(1)(A) violation based on
13 Defendant’s intentional and unlicensed use of its protected marks and Jordan’s likeness
14 and deceiving consumers into believing that Defendant is re-selling authentic Upper
15 Deck cards but is instead selling counterfeit trading cards that are identical and illegally
16 reprinted versions of Plaintiff’s authentic trading cards. (Dkt. No. 12 at 11.)

17 Here, the FAC alleges that Defendant is selling counterfeit trading cards with the
18 Upper Deck Trademarks and Jordan’s likeness in interstate commerce through eBay.
19 (Dkt. No. 4, FAC ¶ 19.) Defendant is selling non-authentic, counterfeit trading cards
20 with the Upper Deck Trademarks and featuring Jordan’s likeness without Upper Deck’s
21 or Jordan’s permission consent, authority or approval. (*Id.* ¶¶ 22, 23, 24.) The illegal
22 and unauthorized reprinting of Upper Deck’s products harms Plaintiff because the
23 similarity between the authorized products and the illegal reprints causes and will cause
24 confusion and mistake. (*Id.* ¶ 26.) It will also deceive consumers who wish to purchase
25 Upper Deck products as to the affiliation, connection or association of Upper Deck with
26 Defendant or as to the origin, sponsorship, or approval of Defendant’s products by Upper
27 Deck and Jordan and destroys the goodwill and reputation built by Upper Deck and
28 Jordan and harms the collectors of authentic Upper Deck Products. (*Id.*)

1 Contrary to Defendant’s argument, the FAC specifically claims that Defendant
 2 used the Upper Deck Trademarks and Jordan’s marks in connection with the sale of
 3 Defendant’s unauthorized products in interstate commerce, (Dkt. No. 4, FAC ¶ 32), as
 4 well as alleges a likelihood of confusion for such use, (*id.* ¶¶ 26, 33). Moreover, Plaintiff
 5 alleges Defendant’s products are counterfeit reprinted cards of the exact replica of
 6 Plaintiff’s trading cards. (*Id.* ¶ 25.) Therefore, likelihood of confusion is also presumed.
 7 *See Arcona, Inc.*, 976 F.3d at 1080. These allegations sufficiently allege a claim under §
 8 1125(a)(1)(A) that Defendant’s counterfeits will lead consumers to be deceived as to the
 9 trading cards affiliation with Plaintiff.

10 By referencing his sale of trading cards featuring an Upper Deck Trademark and
 11 Jordan’s likeness in the singular, Defendant appears to arguing that one identified sale to
 12 Plaintiff’s counsel is not sufficient to support a false affiliation claim. On this argument,
 13 Flores is disputing a factual allegation in the FAC and relies on documents outside the
 14 FAC concerning the one sale to Plaintiff’s counsel, (Dkt. No. 9-1, Ex. A at 32); however,
 15 disputing a factual allegation and considering evidence outside the FAC are not proper on
 16 a motion to dismiss. Therefore, taking the allegations in the FAC as true on a motion to
 17 dismiss, the Court DENIES Defendant’s motion to dismiss the 15 U.S.C. § 1125(a)(1)(A)
 18 cause of action for false affiliation/false endorsement.⁴

19 ///

21 ⁴Defendant appears to complain that he was merely selling a few of his own cards that he purchased
 22 online unaware of their authenticity and should not be subject to liability. However, courts have held
 23 that a reseller of counterfeit goods, or intermediary sellers, can be liable for trademark infringement and
 24 unfair competition. *See Microsoft Corp. v. Compusource Distributions, Inc.*, 115 F. Supp. 2d 800, 806-07
 25 (E.D. Mich. Aug. 28, 2000) (reseller of software liable for trademark infringement and false designation
 26 of origin by acquiring counterfeit software bearing manufacturer’s trademarks but actually manufactured
 27 by another party, and reselling software); *El Greco Leather Prods. Co., Inc. v. Shoe World, Inc.*, 806
 28 F.2d 392, 396 (2d Cir.1986), *cert. denied*, 484 U.S. 817 (1987) (reseller’s “sale of the shoes was
 sufficient ‘use’ for it to be liable for the results of such infringement and its claimed lack of knowledge
 of its suppliers’ infringement, even if true, provides no defense”); *Adolph Coors Co. v. A. Genderson &
 Sons, Inc.*, 486 F. Supp. 131, 135-36 (D. Colo.1980) (unauthorized beer distributor infringed brewer’s
 trademark by failing to follow brewer’s quality control standards and reselling a product of inferior
 quality).

1 **2. 15 U.S.C. § 1125(a)(1)(B)**

2 Defendant claims Plaintiff has failed to state a § 1125(a)(1)(B) cause of action
3 because it has not alleged a false statement of material fact. (Dkt. No. 9-1 at 16-18.)
4 Plaintiff opposes.

5 Under the Lanham Act, a false advertising claim, “requires a showing that (1) the
6 defendant made a false statement either about the plaintiff’s or its own product; (2) the
7 statement was made in commercial advertisement or promotion; (3) the statement
8 actually deceived or had the tendency to deceive a substantial segment of its audience; (4)
9 the deception is material; (5) the defendant caused its false statement to enter interstate
10 commerce; and (6) the plaintiff has been or is likely to be injured as a result of the false
11 statement, either by direct diversion of sales from itself to the defendant, or by a
12 lessening of goodwill associated with the plaintiff’s product.” *Newcal Indus., Inc. v. Ikon*
13 *Office Sol.*, 513 F.3d 1038, 1052 (9th Cir. 2008) (quoting *Jarrow Formulas, Inc. v.*
14 *Nutrition Now, Inc.*, 304 F.3d 829 (9th Cir. 2002)).

15 Defendant challenges the first and third factors. Plaintiff generally argues that the
16 issue of whether a statement is false and misleading is a question of fact that is
17 inappropriate on a motion to dismiss. (Dkt. No. 12 at 13-14.) Further, it avers that the
18 marketing and sale of Defendant’s counterfeit cards misleads potential customers by
19 misrepresenting that it and Jordan authorize the sale of Defendant’s counterfeit products
20 when they do not. (*Id.* at 14.) Moreover, Defendant’s sale of the counterfeit products is
21 likely to deceive buyers who believe they are buying a genuine product. (*Id.*)

22 **a. Actionable False Statement**

23 “To demonstrate falsity within the meaning of the Lanham Act, a plaintiff may
24 show that the statement was literally false, either on its face or by necessary implication,
25 or that the statement was literally true but likely to mislead or confuse consumers.”
26 *Southland Sod Farms v. Stover Seed Co.*, 108 F.3d 1134, 1139 (9th Cir. 1997) (citation
27 omitted). “However, a false advertising cause of action under the Act is not limited to
28 literal falsehoods; it extends to false representations made by implication or innuendo.”

1 *PhotoMedex, Inc. v. Irwin*, 919, 932 (9th Cir. 2010) (citing *Cook, Perkiss & Liehe, Inc. v.*
2 *N. Cal. Collection Serv., Inc.*, 911 F.2d 242, 245 (9th Cir. 1990)). For example, “[a]
3 statement actionable under the Lanham Act may be an affirmatively misleading
4 statement, a partially incorrect statement, or a statement which is untrue as a result of a
5 failure to disclose a material fact.” *Skil Corp. v. Rockwell Int’l Corp.*, 375 F. Supp. 777,
6 783 n.11 (N.D. Ill. 1974). On the other theory of falsehood, “[c]ourts have also
7 recognized that a statement can be literally true, but nevertheless misleading in the way it
8 is presented.” *U-Haul Int’l, Inc. v. Jartran, Inc.*, 522 F. Supp. 1238, 1247 (D.
9 Ariz.1981), *aff’d*, 681 F.2d 1159 (9th Cir. 1982); *Southland Sod Farms*, 108 F.3d at 1139.

10 Defendant argues that it had the right to use the Upper Deck Trademarks and
11 Jordan’s likeness that accurately describes the products in his listing. (Dkt. No. 9-1 at
12 17.) He further contends that the listing, as depicted in the FAC, of one trading card
13 states that GMA Grading numbered and graded the card and the card states it is a
14 “Facsimile Reprint.” He claims that there is no false statement about this card and no
15 consumer would be confused about the listing. Plaintiff does not address this argument
16 and does not articulate whether the Defendant’s use was literally false or literally true but
17 likely to mislead or confuse consumers.

18 However, upon a review of the FAC, it appears Plaintiff may be relying on a false
19 statement that is literally true, but nevertheless misleading in the way it is presented. The
20 FAC alleges that Defendant’s sale of Upper Deck’s trading cards as a “Facsimile
21 Reprint” creates the false impression that Upper Deck sells reprinted versions of its
22 trading cards, which it did not permit, consent, or approve, and that the trading cards are
23 likely to mislead or confuse consumers into believing that Upper Deck endorses these
24 counterfeits, when, in fact, they do not. (Dkt. No. 4, FAC ¶¶ 23-26.) On this theory,
25 Plaintiff has sufficiently alleged a false statement.

26 Defendant also maintains that the defense of the first sale doctrine under 17 U.S.C.
27 § 109 allows him to sell his own property. (Dkt. No. 9-1 at 19.) Plaintiff responds that
28 the first sale doctrine does not protect the sale of counterfeit goods. (Dkt. No. 12 at 10.)

1 Section 109 provides immunity only when copies are “lawfully made.” 17 U.S.C. § 109.
2 The “first sale” doctrine limits the producer's power to control the resale of “genuine
3 goods bearing a true mark even though such sale is without the mark owner's consent.”
4 *NEC Elecs. v. Cal Circuit ABCO*, 810 F.2d 1506, 1509 (9th Cir. 1987). “[T]rademark law
5 is designed to prevent sellers from confusing or deceiving consumers about the origin or
6 make of a product, which confusion ordinarily does not exist when a genuine article
7 bearing a true mark is sold.” *Id.*

8 Here, because Plaintiff alleges the sale of counterfeit trading cards, the first-sale
9 defense does not apply in this case. *See Apple, Inc. v. Psystar Corp.*, 673 F. Supp. 2d 931,
10 937 (N.D. Cal. 2009) (“The first-sale defense does not apply to those unauthorized
11 copies”). Accordingly, the Court concludes that Plaintiff has alleged an actionable false
12 statement.

13 **b. Actual Deception or Tendency to Deceive a Substantial Segment**
14 **of its Audience**

15 Under the third factor, “where a statement is literally false or the defendant
16 intentionally set out to deceive, . . . actual deception” is presumed. *AECOM Energy &*
17 *Constr., Inc. v. Ripley*, 348 F. Supp. 3d 1038, 1056 (C.D. Cal. 2018); *see William H.*
18 *Morris Co. Grp. W, Inc.*, 66 F.3d 255, 258 (9th Cir. 1995) (failure to establish that a
19 significant number of consumers were actually deceived is not necessarily fatal because if
20 the plaintiff intentionally misled consumers, we would presume consumers were in fact
21 deceived and the defendant would have the burden of demonstrating otherwise). Here,
22 the alleged false statement is not literally false; however, the FAC alleges that
23 Defendant’s conduct will deceive consumers who wish to purchase Upper Deck products
24 and deceive consumers by misrepresenting the nature, characteristic, qualities or origin of
25 Defendant’s products and/or Upper Deck’s or Jordan’s authorized products. (Dkt. No. 4,
26 FAC ¶¶ 26, 33.) Therefore, Plaintiff has alleged the third factor. Accordingly, the Court
27 DENIES Defendant’s motion to dismiss the cause of action under § 1125(a)(1)(B).
28

1 **C. Second Cause of Action - Trademark Dilution, 15 U.S.C. § 1125(c)(1)**

2 Defendant next argues that the trademark dilution claim fails to state a claim
3 because the Upper Deck Trademarks are not sufficiently famous and Upper Deck is not
4 the owner of any rights of Jordan. (Dkt. No. 9-1 at 20-21.) He further summarily claims
5 that Plaintiff has failed to identify or describe any act constituting dilution of its alleged
6 marks, failed to allege the manner in which any of Plaintiff's trademarks were "used" by
7 Flores in connection with the sale of any products, and failed to identify any act by
8 Defendant that would confuse the public or harm any of Plaintiff's alleged rights in its
9 trademarks. (*Id.* at 21.) Plaintiff responds that the FAC only alleged a dilution claim as
10 to the Upper Deck Trademarks, not any rights of Jordan. (Dkt. No. 12 at 14.) Next,
11 Upper Deck argues that it has alleged ownership of the marks, the famous nature of the
12 trademarks, that Defendant used the marks commercially after they became famous and
13 that Defendant's use dilutes the quality. (*Id.* (citing Dkt. No. 4, FAC ¶¶ 7-16, 20-26, 38-
14 43).)

15 The FAC alleges that Upper Deck is a leading manufacturer of trading cards since
16 its inception in 1988/1989 until the present and renowned as one of the leading trading
17 card manufacturers. (Dkt. No. 4, FAC ¶¶ 7, 9, 10.) Upper Deck is instantly recognized
18 and respected among traders and collectors. (*Id.* ¶ 9.) Due to its long history,
19 international reach and record-breaking industry standards, its use of its trademarks with
20 its products "led to favorable public acceptance and association with the recognized
21 quality and substantial goodwill the Upper Deck's name holds." (*Id.* ¶ 16.) The FAC
22 complains that Defendant used the Upper Deck Trademarks in connection with the sale
23 of Defendant's unauthorized Products in interstate commerce without Upper Deck's
24 permission. (*Id.* ¶ 39.)

25 "In order to prove a violation, a plaintiff must show that (1) the mark is famous and
26 distinctive; (2) the defendant is making use of the mark in commerce; (3) the defendant's
27 use began after the mark became famous; and (4) the defendant's use of the mark is likely
28 to cause dilution by blurring or dilution by tarnishment." *Jada Toys, Inc. v. Mattel, Inc.*,

1 518 F.3d 628, 634 (9th Cir. 2008) (citing 15 U.S.C. § 1125(c)(1)). A plaintiff must also
 2 show that “the mark used by the alleged diluter is identical, or nearly identical, to the
 3 protected mark.” *Nissan Motor Co. v. Nissan Computer Corp.*, 378 F.3d 1002, 1011 (9th
 4 Cir. 2004) (quoting *Thane Intern., Inc. v. Trek Bicycle Corp.*, 305 F.3d 894, 905 (9th Cir.
 5 2002)).

6 A mark qualifies as famous “if it is widely recognized by the general consuming
 7 public of the United States as a designation of source of the goods or services of the
 8 mark's owner.” 15 U.S.C. § 1125(c)(2).⁵ Trademark dilution “is a cause of action
 9 reserved for a select class of marks -- those marks with such powerful consumer
 10 associations that even noncompeting uses can impinge on their value.” *Nissan Motor*
 11 *Co.*, 378 F.3d at 1011 (Consequently, “dilution protection [extends] only to those whose
 12 mark is a ‘household name.’”); *see also Avery Dennison Corp. v. Sumpton*, 189 F.3d 868,
 13 875 (9th Cir. 1999) (“[T]o meet the ‘famousness’ element of protection under the dilution
 14 statutes, a mark [must] be truly prominent and renowned.”) (internal quotations and
 15 citations omitted); *Dahon N. Am., Inc. v. Hon*, No. 2:11cv5835-ODW(JCGx), 2012 WL
 16 1413681, at *9 (C.D. Cal. Apr. 24, 2012) (“[T]rademark dilution claims are restricted to
 17 truly famous marks, such as Budweiser beer, Camel cigarettes, and Barbie dolls.”).

18 Dilution protection does not apply to marks that are in a “niche” market. *Deus ex*
 19 *Machina Motorcycles Pty. Ltd. v. Metro-Goldwyn-Mayer Inc.*, Case No.: CV 20-4822-
 20 PLA, 2020 WL 6875178, at *8 (C.D. Cal. Oct. 23, 2020) (dismissing dilution claim
 21 where the complaint only alleged the mark is widely recognized among discrete group
 22 “males aged 18 to 30 who are drawn to custom motorcycle and vintage surf culture”); *see*
 23 *also Planet Coffee Roasters, Inc. v. Dam*, No. SACV 09–00571–MLG, 2009 WL
 24

25
 26 ⁵ Courts should consider the following factors in determining whether a mark is famous: “(i) The
 27 duration, extent, and geographic reach of advertising and publicity of the mark, whether advertised or
 28 goods or services offered under the mark[;] (ii) The amount, volume, and geographic extent of sales of
 Whether the mark was registered . . . on the principal register.” 15 U.S.C. § 1125(c)(2)(A)(i)-(iv).

1 2486457, at *3 (C.D. Cal. Aug. 12, 2009) (federal trademark dilution statute was
2 amended “to deny protection to marks that are famous only in ‘niche’ markets”); *MGA*
3 *Ent., Inc. v. Dynacraft BSC, Inc.*, Case No. 2:17-cv-08222-ODW-KS, 2018 WL
4 2448123, at *6 (C.D. Cal. May 30, 2018) (same); *McCall's Country Canning, Inc. v.*
5 *Paula Deen Ent., Inc.*, CASE NO. 09cv0952-LAB (BLM), 2010 WL 11508996, at *3
6 (S.D. Cal. Feb. 8, 2010) (same).

7 Here, with the exception of famousness, the FAC pleads all the elements of a
8 dilution claim, (*see* Dkt. No. 4, FAC ¶¶ 7-16, 20-26, 39-43). As to whether the mark is
9 famous, Plaintiff alleges that Upper Deck has been a leading manufacturer of trading
10 cards for over thirty years and its name is “recognized and respected among traders and
11 collectors alike”. (*Id.* ¶¶ 7, 9.) Upper Deck has remained at the forefront of the industry
12 since its inception and has a long history, international reach and record-breaking
13 industry standards that have led to favorable public acceptance and association with its
14 name. (*Id.* ¶¶ 10, 16.) These allegations do not sufficiently allege that Upper Deck
15 Trademarks are famous as contemplated by the Lanham Act and merely allege they are
16 famous in the niche market of trading card collectors. The FAC does not allege the
17 Upper Deck Trademarks are “widely recognized by the general consuming public of the
18 United States”, 15 U.S.C. § 1125(a)(2)(A), and “truly prominent and renowned.” *See*
19 *Avery Dennison Corp.*, 189 F.3d at 875 (reach of dilution cause of action is narrow).
20 Accordingly, the Court GRANTS Defendant’s motion to dismiss the second cause of
21 action for dilution under 15 U.S.C. § 1125(c)(1).

22 **D. Third Cause of Action – Trademark Infringement and Counterfeiting, 15**
23 **U.S.C. § 1114**

24 Similar to the arguments raised on the § 1125(a)(1)(A) cause of action, Defendant
25 argues that Plaintiff cannot bring a trademark infringement claim as to Jordan’s likeness
26 and failed to identify any “use” by him to constitute infringement of the Upper Deck
27 Trademarks. (Dkt. No. 9-1 at 21-22.) Moreover, he claims that Upper Deck does not
28 identify, produce or attached any trademark registration certificate it purportedly relies

1 on. (*Id.* at 22.) Plaintiff responds that it does not seek assert the rights of Michael Jordan
2 and that it has asserted sufficient facts to support infringement as to the Upper Deck
3 Trademarks. (Dkt. No. 12 at 15.) Upper Deck acknowledges that it is not aware of each
4 instance of infringement by Defendant because it does not have the benefit of discovery,
5 but at this stage, it has sufficiently alleged a claim. (*Id.* at 16.)

6 The same legal elements apply to allege a trademark infringement claim under 15
7 U.S.C. § 1114 and an unfair competition claim under 15 U.S.C. § 1125(a)(1)(A).
8 *Brookfield Commc'ns, Inc. v. West Coast Entm't Corp.*, 174 F.3d 1036, 1046 n. 6 (9th
9 Cir. 1999) (holding the same legal standard applies to sections 32(1) and 43(a) of the
10 Lanham Act); *see also Philip Morris USA, Inc. v. Liu*, 489 F. Supp. 2d 1119, 1122 (C.D.
11 Cal. 2007). “Liability is established under both Section 32 and Section 43(a) if the
12 plaintiff demonstrates (1) it owns a valid and protectable trademark, and (2) the defendant
13 used in commerce a similar mark without authorization in a manner likely to cause
14 consumer confusion, deception, or mistake.” *Philip Morris USA, Inc.*, 489 F. Supp. 2d at
15 1122. Because the Court held that Plaintiff had alleged a claim under 15 U.S.C. §
16 1125(a)(1)(A), the Court also necessarily holds that Plaintiff has alleged a claim for
17 trademark infringement.

18 Defendant additionally argues that Plaintiff has not shown that it is the registrant or
19 owner of the Upper Deck Trademarks. 15 U.S.C. § 1114 allows an action for trademark
20 infringement to be brought by the “registrant” of the mark. 15 U.S.C. § 1114. The term
21 registrant includes the “legal representatives, predecessors, successors and assigns of
22 such applicant or registrant.” 15 U.S.C. § 1127. “To establish standing to sue for
23 trademark infringement under the Lanham Act, a plaintiff must show that he or she is
24 either (1) the owner of a federal mark registration, (2) the owner of an unregistered mark,
25 or (3) a nonowner with a cognizable interest in the allegedly infringed trademark.”
26 *Halicki Films, LLC v. Sanderson Sales and Mktg.*, 547 F.3d 1213, 1225 (9th Cir. 2008).
27 Typically, “[r]egistration of a mark ‘on the Principal Register in the Patent and
28 Trademark Office constitutes prima facie evidence of the validity of the registered mark

1 and of [the registrant's] exclusive right to use the mark on the goods and services,
2 specified in the registration.” *Applied Info. Scis. Corp. v. eBay, Inc.*, 511 F.3d 966, 970
3 (9th Cir. 2007) (quoting *Brookfield Commc'ns*, 174 F.3d at 1047).

4 Here, the FAC alleges that Upper Deck is the owner of the Upper Deck
5 Trademarks and provides the specific USPTO registration number and provides two of
6 the Upper Deck’s trademark images. (Dkt. No. 4, FAC ¶¶ 11, 23.) Plaintiff has
7 sufficiently alleged it is the owner of the Upper Deck Trademarks and has standing to
8 assert a trademark infringement cause of action. The Court DENIES Defendant’s motion
9 to dismiss the trademark infringement cause of action.⁶

10 **E. Fourth and Fifth Causes of Action - Right of Publicity Claims**

11 The elements of a right of publicity claim under California common law are: “(1)
12 the defendant’s use of the plaintiff’s identity; (2) the appropriation of plaintiff’s name or
13 likeness to defendant's advantage, commercially or otherwise; (3) lack of consent; and (4)
14 resulting injury.” *Stewart v. Rolling Stone LLC*, 181 Cal. App. 4th 664, 679 (2010). A
15 statutory claim for right of publicity under California Civil Code section 3344 requires a
16 plaintiff to prove “all the elements of the common law cause of action” plus “a knowing
17 use by the defendant as well as a direct connection between the alleged use and the
18 commercial purpose.” *Id.* California’s statutory right of publicity “complement[s]” the
19 common law right of publicity but “neither replaces nor codifies the common law cause
20 of action.” *Newcombe v. Adolf Coors Co.*, 157 F.3d 686, 691-92 (9th Cir. 1998).

21
22
23 ⁶ Defendant also argues that Plaintiff has failed to allege a trademark infringement claim under Rule
24 9(b). (Dkt. No. 9-1 at 22-23.) However, he failed to provide legal authority that Rule 9(b) applies to
25 trademark infringement or counterfeiting claims. *See Rolex Watch U.S.A., inv. v. Agarwal*, Case No. CV
26 12-06400 MMM (MRWx), 2012 WL 12886444, at *3 (C.D. Cal. Dec. 17, 2012) (court was unable to
27 find cases where Rule 9(b) was applied to trademark infringement; in fact, authority is to the contrary)
28 (citing *Indiaweekly.com, LLC v. Nehaflix.com, Inc.*, 596 F. Supp. 2d 497, 502 (D. Conn. 2009) (“No
court in this district has ever dismissed a Lanham Act claim for failure to comply with Rule 9(b), nor has
the Second Circuit ever held that it should”); *Stubbs Collections, Inc. v. Davis*, No. CIV. A. 3–
99CV2440–P, 2000 WL 381947, *4 (N.D. Tex. Apr. 14, 2000) (“a claim of infringement under 15
U.S.C. § 1114 does not constitute a claim subject to the heightened pleading requirements of Rule
9(b)”). Accordingly, Defendant’s Rule 9(b) argument is without merit.

1 **1. Standing**

2 Defendant claims that Plaintiff has no standing to allege the right of publicity
3 claims because Upper Deck’s claims the rights of publicity of a third party, Michael
4 Jordan, for whom it has no standing. (Dkt. No. 9-1 at 24.) Flores specifically claims that
5 Plaintiff does not allege it is an exclusive licensee of Jordan’s right of publicity. (*Id.*)
6 Plaintiff responds that it has alleged standing to assert Jordan’s right of publicity claim
7 because Jordan assigned this right to Upper Deck. (Dkt. No. 12 at 17.)

8 The right of publicity and section 3344 claims are assignable under California law.
9 *Timed Out, LLC v. Youabian, Inc.*, 229 Cal. App. 4th 1001, 1008 (2014); *Del Amo v.*
10 *Baccash*, No. CV 07-663 PSG (JWJx), 2008 WL 2780978, at *9 (C.D. Cal. July 15,
11 2008) (citing *KNB Enters. v. Matthews*, 78 Cal. App. 4th 362, 365 n. 2 (2000) (holding
12 that “the right of publicity is assignable for purposes of a [§] 3344 claim.”)). The Ninth
13 Circuit has not determined whether a non-exclusive licensee of an individual's right of
14 publicity has standing to sue, but earlier this year, this Court relied on the California court
15 of appeal ruling of *Timed Out, LLC*, 229 Cal. App. 4th at 1004, holding that a non-
16 exclusive license is sufficient to support standing, *Upper Deck Co. v. Panini America,*
17 *Inc.*, --- F.Supp.3d ---, 2021 WL 1388630, at *8 (S.D. Cal. Apr. 13, 2021), and rejected
18 the ruling in *Upper Deck Authenticated, Ltd. v. CPG Direct*, 971 F. Supp. 1337, 1349
19 (S.D. Cal. 1997) holding that an exclusive license is necessary to support standing on a
20 right of publicity claim.

21 Therefore, Plaintiff’s allegation that is has a “license to use Jordan’s name, image,
22 likeness and/or autograph in connection with trading cards and has been assigned the
23 right to assert claims for deprivation of rights of publicity in connection with trading
24 cards”, (Dkt. No. 4, FAC ¶ 58), sufficiently alleges standing on the right of publicity
25 claims. The Court DENIES Defendant’s motion to dismiss on this issue.

26 **2. Failure to State a Claim**

27 Defendant also moves to dismiss the statutory and common law right of publicity
28 claims because these claims cannot be supported by the resale of one trading card and

1 the incidental use defense applies to Flores’s trivial or incidental use of Jordan’s name,
2 photograph or likeness. (Dkt. No. 9-1 at 24-25.) Plaintiff disagrees arguing that the
3 question of whether use of Jordan’s name, likeness and signature is “plainly incidental” is
4 an issue of fact for the jury. (Dkt. No. 12 at 18.) Moreover, Jordan’s name, image and
5 likeness are prominently featured on both sides of Defendant’s counterfeit card and the
6 value of the card is based on Jordan’s prominence in the trading card as well as his
7 personal autograph which generated a \$150 value. (*Id.* at 19.)

8 Incidental use is a defense for right of publicity and commercial misappropriation
9 claims. *Davis v. Elec. Arts Inc.*, 775 F.3d 1172, 1180 n.5 (9th Cir. 2015) (“Although
10 California courts have not yet held that the incidental use defense applies to right-of-
11 publicity claims, the defense is widely recognized.”). Incidental use of a plaintiff’s name
12 or likeness does not give rise to liability under a common law claim of commercial
13 misappropriation or a claim under section 3344. *Aligo v. Time–Life Books, Inc.*, No. C
14 94–20707 JW, 1994 WL 715605, at *2 (N.D. Cal. Dec. 19, 1994); *see also* 1 J. Thomas
15 McCarthy, *Rights of Publicity and Privacy* § 6:31 (2d ed.2014) (citing “the general rule
16 that an insignificant or fleeting use of plaintiff’s identity is not an infringement”). “The
17 rationale underlying this doctrine is that an incidental use has no commercial value, and
18 allowing recovery to anyone briefly depicted or referred to would unduly burden
19 expressive activity.” *Pooley v. Nat. Hole–In–One Ass’n*, 89 F. Supp. 2d 1108, 1112 (D.
20 Ariz. 2000); *see also Yeager v. Cingular Wireless, LLC*, 673 F. Supp. 2d 1089, 1100
21 (E.D. Cal. 2009).

22 The Ninth Circuit in applying the incidental use defense has considered factors of
23 “(1) whether the use has a unique quality or value that would result in commercial profit
24 to the defendant, (2) whether the use contributes something of significance, (3) the
25 relationship between the reference to the plaintiff and the purpose and subject of the
26 work, and (4) the duration, prominence or repetition of the likeness relative to the rest of
27 the publication.” *Davis*, 775 F.3d at 1180 (citing *Aligo*, 1994 WL 715605, at *3 (internal
28 citations omitted)). Moreover, it is “highly unusual for a court to dismiss a complaint on

1 the basis that a defendant has proven an affirmative defense.” *Designer Skin, LLC v. S &*
2 *L Vitamins, Inc.*, CV 05–3699, 2007 WL 841471, at *2 (D. Ariz. March 19, 2007).

3 “However, where the court can discern from the face of the pleadings that an affirmative
4 defense applies as a matter of law, dismissal pursuant to Rule 12(b)(6) may be
5 appropriate.” *Yeager*, 673 F. Supp. 2d at 1177 (citing *Weisbuch v. Cnty. of Los Angeles*,
6 119 F.3d 778, 783 n. 1 (9th Cir. 1997)).

7 The FAC alleges Defendant’s unauthorized use of Jordan’s name, image, likeness
8 and/or autograph on its products, including trading cards. (Dkt. No. 4, FAC ¶¶ 52, 59.)
9 A replica picture of Jordan name, image and autograph are prominently featured on both
10 sides of the card. (*Id.* ¶ 23). Accepting the allegations as true, the Court cannot conclude
11 that use of Jordan’s name, image and autograph are incidental. Moreover, Defendant’s
12 argument that one sale is incidental is not supported by the FAC where it alleges the sale
13 of more than one product. Thus, the Court DENIES Defendant’s motion to dismiss the
14 statutory and common law right of publicity causes of action.

15 **F. Indispensable Parties**

16 In two sentences, Flores summarily moves to dismiss the FAC because Plaintiff
17 has failed to include Michael Jordan and GMA Grading as “indispensable parties” within
18 the meaning of Rule 19. (Dkt. No. 9-1 at 25.) Plaintiff opposes. (Dkt. No. 12 at 19-21.)

19 Under Rule 12(b)(7), a defendant may move to dismiss for a failure to join a party
20 under Rule 19(b) and bears the burden to demonstrate grounds for dismissal. *Makah*
21 *Indian Tribe v. Verity*, 910 F.2d 555, 558 (9th Cir. 1990). A Rule 19 motion poses “three
22 successive inquiries.” *EEOC v. Peabody W. Coal Co.*, 400 F.3d 774, 779 (9th Cir. 2005).
23 “First, the court must determine whether a nonparty should be joined under Rule 19(a).”
24 *Id.* “If an absentee is a necessary party under Rule 19(a), the second stage is for the
25 court to determine whether it is feasible to order that the absentee be joined.” *Id.*
26 “Finally, if joinder is not feasible, the court must determine at the third stage whether the
27 case can proceed without the absentee, or whether the absentee is an ‘indispensable party’
28 such that the action must be dismissed.” *Id.*

1 Because Defendant has failed to conduct any analysis under Rule 19, he has failed
2 to meet his burden on dismissal. Thus, the Court DENIES Defendant’s motion to dismiss
3 for failing to join indispensable parties.

4 **G. Sixth and Seventh Causes of Action - Unfair Competition under Cal. Bus. &**
5 **Prof. Code section 17200 and Common Law**

6 Flores next contends that Plaintiff has not alleged any predicate act to support the
7 unlawful prong of the UCL.⁷ (Dkt. No. 9-1 at 26.) In response, Plaintiff argues that the
8 FAC sufficiently alleges the unlawful conduct by Defendant as asserted in the first five
9 causes of action which may be used to assert a claim under the UCL. (Dkt. No. 12 at 22.)
10 Moreover, Plaintiff argues that Defendant fails to challenge the common law unfair
11 competition claim. (*Id.*)

12 The UCL broadly prohibits “any unlawful, unfair or fraudulent business act or
13 practice.” Cal. Bus. & Prof. Code § 17200. Each of these three adjectives captures “a
14 separate and distinct theory of liability.” *Kearns v. Ford Motor Co.*, 567 F.3d 1120, 1127
15 (9th Cir. 2009) (citation omitted). Under the “unlawful” prong, “[t]he UCL ‘borrows
16 violations of other laws and treats them as unlawful practices that the unfair competition
17 law makes independently actionable.’” *Wilson v. Hewlett-Packard Co.*, 668 F.3d 1136,
18 1140 (9th Cir. 2012) (quoting *Cel-Tech Commc’ns, Inc. v. L.A. Cellular Tel. Co.*, 20 Cal.
19 4th 163, 180 (1999)).

20 The Court agrees with Defendant that the unlawful prong of the UCL does not
21 allege the “other laws” that will serve as a predicate to this cause of action. The UCL
22 claim only alleges “misappropriation”, (Dkt. No. 4, FAC ¶ 65), yet Plaintiff argues that it
23 brings a claim under the unlawful prong of the UCL based on the first five causes of
24

25 ⁷ Defendant also alleged the Plaintiff has not alleged any harm by claiming any actual disruption to its
26 relationship with anyone to support a UCL claim. But, on this issue, Defendant solely cite to cases
27 addressing claims for intentional interference with prospective economic relations and intentional
28 interference with contractual relations, not cases addressing harm to support a UCL claim. (Dkt. No. 9-1
at 27.) Therefore, Defendant’s argument concerning harm on the UCL claim is without merit and not
supported.

1 action. Because the FAC fails to allege an underlying violation to support its unlawful
2 prong of the UCL claim, the Court GRANTS Defendant’s motion to dismiss the UCL
3 claim. Further, because Flores fails to provide any analysis on the unfair competition
4 claim under the common law, the Court DENIES his request to dismiss the common law
5 UCL claim.

6 **H. Eighth Cause of Action – Unjust Enrichment/Quasi Contract**

7 Finally, Defendant argues that the unjust enrichment/quasi-contract claim fails
8 because Plaintiff fails to allege a direct relationship between the parties such as a prior
9 contractual obligation or duty to the other party to support a quasi-contract claim seeking
10 restitution. (Dkt. No. 9-1 at 29.) Plaintiff disagrees claiming that no direct relationship is
11 required to bring a quasi-contractual cause of action. (Dkt. No. 12 at 23.)

12 California courts have held that unjust enrichment is not a cause of action but a
13 “general principle underlying various doctrines and remedies, including quasi-contract.”
14 *Jogani v. Superior Ct.*, 165 Cal. App. 4th 901, 911 (2008); *Durell v. Sharp Healthcare*,
15 183 Cal. App. 4th 1350, 1370 (2010) (“[T]here is no cause of action in California for
16 unjust enrichment. . . [] and is synonymous with restitution.”). Relying on *Jogani* and
17 *Durell*, the Ninth Circuit has stated, “in California, there is not a standalone cause of
18 action for unjust enrichment, which is synonymous with restitution.” *Astiana v. Hain*
19 *Celestial Grp., Inc.*, 783 F.3d 753, 762 (9th Cir. 2015) (quotation omitted). As such,
20 unjust enrichment may be construed as a “quasi-contract claim seeking restitution.” *Id.*

21 To allege a claim for quasi-contract or unjust enrichment, a plaintiff must assert
22 “[1] receipt of a benefit and [2] unjust retention of the benefit at the expense of another.”
23 *Peterson v. Celco Partnership*, 164 Cal. App. 4th 1583, 1593 (2008). “Under the law of
24 restitution, ‘[a]n individual is required to make restitution if he or she is unjustly enriched
25 at the expense of another. . . The person receiving the benefit is required to make
26 restitution only if the circumstances are such that, as between the two individuals, it is
27 unjust for the person to retain it.’” *Durell*, 183 Cal. App. 4th at 1370 (internal citations
28 omitted). In *Astiana*, the court held that the plaintiff’s allegation that the defendant had

1 “entic[ed]” her to purchase its products through “false and misleading” labeling, and that
2 defendant was “unjustly enriched” was sufficient to state a cause of action for quasi-
3 contract. *Astiana*, 783 F.3d at 762. “The doctrine applies where plaintiffs, having no
4 enforceable contract, nonetheless have conferred a benefit on defendant which defendant
5 has knowingly accepted under circumstances that make it inequitable for the defendant to
6 retain the benefit without paying for its value.” *Hernandez v. Lopez*, 180 Cal. App. 4th
7 932, 938 (2009); *Smith v. Pac. Props. & Dev. Corp.*, 358 F.3d 1097, 1106 (9th Cir. 2004)
8 (“the remedy of disgorgement only arises where a prior relationship between the parties
9 subject to and benefitting from disgorgement originally resulted in unjust enrichment”).

10 District courts have also held that “[a]n unjust enrichment claim that restates a
11 trademark infringement claim, without alleging any quasi-contractual relationship, fails
12 as a matter of law.” *Gearsources Holdings, LLC v. Google LLC*, Case No. 18-cv-03812-
13 HSG 2020 WL 3833258, at *13 (N.D. Cal. July 8, 2020) (citing *Sugarfina, Inc. v. Sweet*
14 *Pete's LLC*, No. 17-cv-4456-RSWL-JEM, 2017 WL 4271133, at *6 (C.D. Cal. 2017)
15 (granting motion to dismiss because Plaintiff's unjust enrichment allegations are
16 “inextricably intertwined” with Plaintiff's trademark claims and “do not give rise to a
17 separate theory of quasi-contract.”)). In *Sugarfina*, the district court noted that the
18 plaintiff, as the owner of intellectual property rights, had no affiliation or connection with
19 the competitor defendant to invoke the quasi-contract theory. *Sugarfina*, 2017 WL
20 4271133 at *8.

21 Here, Plaintiff alleges that by unlawfully using the Upper Deck Trademarks and
22 Jordan's likeness for its own commercial benefit, Defendant unjustly profited from the
23 goodwill and reputation associated with Upper Deck and Jordan. (Dkt. No. 4, FAC ¶ 74.)
24 Defendant's acts created a quasi-contractual obligation on Defendant to restore these ill-
25 gotten gains to Upper Deck. (*Id.*) Because Defendant's retained ill-gotten gains would
26 be unjust and inequitable, Defendant must pay restitution to Upper Deck. (*Id.*)

27 These allegations do not support a quasi-contract between Plaintiff and Defendant.
28 While privity or a direct relationship between the parties is not required, Plaintiff must

1 have conferred a benefit to Defendant which it unjustly retained. The FAC fails to allege
2 that Defendant unjustly retained any benefit from Plaintiff. *See Peterson v. Cellco*
3 *P'ship*, 164 Cal. App. 4th 1583, 1593 (2008) (“The elements of an unjust enrichment
4 claim are the receipt of a benefit and the unjust retention of the benefit at the expense of
5 another.”); *Am Video Duplicating, Inc. v. City of Nat'l Bank*, No. 20-cv-4036, 2020 WL
6 6882735, at *6 (C. D. Cal. Nov. 20, 2020) (“The only benefit Defendants allegedly
7 received – a lender fee – came from SBA, not from Plaintiff.”).

8 Moreover, while Plaintiff uses the term “quasi-contract” in the FAC, threadbare
9 recital to an element of a cause of action, with no facts in support, does not state a cause
10 of action. *See Iqbal*, 556 U.S. at 678. Similar to the facts in *Sugarfina*, Plaintiff, as the
11 owner of the Upper Deck Trademarks and licensee of Jordan’s likeness, did not confer a
12 benefit to Defendant, the alleged infringer, that was unjustly retained by him.
13 Accordingly, the Court GRANTS Defendant’s motion to dismiss the unjust
14 enrichment/quasi-contract cause of action with prejudice.

15 **I. Leave to Amend**

16 In the event the Court dismisses any causes of action, Plaintiff seeks leave to
17 amend. (Dkt. No. 12 at 24.) Because granting leave to amend would not be futile in this
18 case, the Court GRANTS Plaintiffs’ request for leave to file a second amended
19 complaint. *See DeSoto*, 957 F.2d at 658; *Schreiber*, 806 F.2d at 1401.

20 **Conclusion**

21 Based on the above, the Court GRANTS Defendant’s motion to set aside default
22 and GRANTS in part and DENIES in part Defendant’s motion to dismiss with leave to
23 amend. The Court GRANTS dismissal of the 15 U.S.C. § 1125(c)(3) dilution claim, the
24 UCL claim, and unjust enrichment/quasi-contract causes of action. Defense counsel is
25 also directed to file a signed copy of his declaration, Dkt. No. 8-1 within five days of the

26 ///

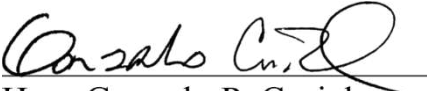
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1 filed date of this Order. Plaintiff shall file a second amended complaint within two weeks
2 of the filed date of this Order.

3 IT IS SO ORDERED.

4 Dated: October 28, 2021

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6 Hon. Gonzalo P. Curiel
7 United States District Judge
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