IN THE UNITED STATES DISTRICT COURT

FOR THE DISTRICT OF OREGON

PORTLAND DIVISION

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| NIKE, INC., an Oregon corporation,<br><br>Plaintiff,<br><br>v.<br><br>VINCE LOMBARDI, JR., an individual; SUSAN LOMBARDI, an individual; and CMG WORLDWIDE, INC., an Indiana corporation,<br><br>Defendants. | No. CV-10-389-HU<br><br>OPINION & ORDER |

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HUBEL, Magistrate Judge:

Plaintiff Nike, Inc. brings this action against defendants Vince Lombardi, Jr., Susan Lombardi, and CMG Worldwide, Inc. The action against the individual defendants is brought against them as fifty percent owners of the intellectual property of the late Vince Lombardi.

All parties have consented to entry of final judgment by a Magistrate Judge in accordance with Federal Rule of Civil Procedure 73 and 28 U.S.C. § 636(c). Defendant CMG moves to dismiss the action for failure to join an indispensable party. I deny the motion.

## BACKGROUND

The background, based on the facts as alleged in the Complaint, is fully set out in the August 11, 2010 Opinion & Order denying CMG's motion to dismiss for lack of personal jurisdiction and alternative motion to transfer. Any additional facts are referenced in the discussion below.

## STANDARDS

Defendants move to dismiss for failure to join an indispensable party under Federal Rule of Procedure 19. Fed. R. Civ. P. 12(b)(7). Rule 19 requires a two-step analysis to determine whether a party should or must be joined. Takeda v.

Northwestern Nat'l Life Ins. Co., 765 F.2d 815, 819 (9th Cir. 1985). Under Rule 19(a), the court must first determine whether the party is necessary or required. Id. A party is necessary if

> (A) in that person's absence, the court cannot accord complete relief among existing parties; or (B) that person claims an interest relating to the subject of the action and is so situated that disposing of the action in the person's absence may (i) as a practical matter impair or impede the person's ability to protect the interest; or (ii) leave an existing party subject to a substantial risk of incurring double, multiple, or otherwise inconsistent obligations because of the interest.

Fed. R. Civ. P. 19(a)(1).

The "complete relief" inquiry concerns only the relief as between the existing parties, not between an existing party and the absent party whose joinder is sought. Confederated Tribes of Chehalis Indian Reservation v. Lujan, 928 F.2d 1496, 1501 n.3 (9th Cir. 1991). And, the "appropriate focus" in determining the necessity of a party under Rule 19(a) is on the "practical ramifications of joinder versus nonjoinder." Puyallup Indian Tribe v. Port of Tacoma, 717 F.2d 1251, 1255 (9th Cir. 1983) (internal quotation omitted).

If the party is necessary, but its joinder will destroy jurisdiction, then the court must consider whether "in equity and good conscience" the action should proceed without his joinder. Takeda, 765 F.2d at 819; see also EEOC v. Peabody W. Coal Co., 400 F.3d 774, 779 (9th Cir. 2005) (noting that whether a party is indispensable to an action involves "three successive inquiries" with the first determining whether the absent party is "required," the second determining the feasibility of joinder, and the third, if the absent party is required and cannot feasibly be joined, determining whether "in equity and good conscience," the action

should proceed among the existing parties or should be dismissed).

> Four factors are relevant to the indispensable inquiry:
>
> (1) the extent to which a judgment rendered in the person's absence might prejudice that person or the existing parties; (2) the extent to which any prejudice could be lessened or avoided by: (A) protective provisions in the judgment; (B) shaping the relief; or (C) other measures; (3) whether a judgment rendered in the person's absence would be adequate; and (4) whether the plaintiff would have an adequate remedy if the action is dismissed for nonjoinder.

Fed. R. Civ. P. 19(b). Only if the court determines that the action must be dismissed is the party deemed indispensable. McLaughlin v. International Ass'n of Machinists and Aerospace Workers, 847 F.2d 620, 621 (9th Cir. 1988).

DISCUSSION

CMG argues that plaintiff's long time advertising agency, Wieden + Kennedy (WK) is a necessary/required party which may not be joined without destroying this Court's diversity jurisdiction and thus, WK is an indispensable party and this action must be dismissed. In support of the motion, CMG relies on additional facts not included in the Complaint. The evidence consists of emails written by WK employees, plaintiff's employee Mark Thomashow, other employees of plaintiff, and CMG employee Mark Roesler.

The emails show that WK was working on an ad, called the "Voyeur," which, in concept, was going to use what WK thought was a speech given by Vince Lombardi. There are emails from WK to plaintiff inquiring if the license to the speech had been obtained, indicating that WK was going to also contact NFL films in an attempt to locate the original speech, and inquiring if Thomashow would inquire whether it would be possible to get permission to do

a voiceover if WK did not like how the original speech sounded.

Other emails sought clarification that a $150,000 licensing had been paid. July 2008 emails suggest that there was some confusion by Thomashow who thought that WK already had a copy of the speech, and expressing frustration that he had not been told that a voiceover request was possible. Several emails in July 2008 sought to clarify what WK already had in terms of an audio of the speech. In late July 2008, Thomashow emailed CMG's Roesler and stated that WK had not actually heard the speech, but had read it in a book by Vince Lombardi, Jr. Thomashow expressed interest in obtaining a sound recording of the speech and asked Roesler if he knew of any "cache" of Lombardi speeches.

A couple of other emails in late July 2008 indicated that the original speech could not be found, but that pursuing "Vince Jr" to re-record "for the same cost as the original" should be pursued. But, a WK employee then indicated that WK would prefer that before moving forward, WK wanted to first award the job, talk with the director, and "have a final treatment" including voiceover talent.

The next emails are dated in January and February 2009, when WK asked Thomashow about the financial liability of the $150,000 payment if the speech was not used. Thomashow indicated that he had had no communication about the speech since July 29, 2008, and that CMG had already paid the Lombardis. He stated he had never been told there was a chance the speech would not be used. In a separate email to someone at Nike, as well as to the person at WK, Thomashow stated that the $150,000 was paid for the rights based on misinformation from WK as to what they wanted and what existed.

In February 2009, Thomashow learned from another Nike employee

that it was likely the speech would not be used in the ad. The Nike employee indicated that they would still pay for it, but it was likely it would not be used. Thomashow then wrote to Roesler explaining that the speech was not going to be used because it ended up not being right for the concept. He told Roesler that he was disappointed that WK never told him not using the speech was a possibility and that WK did not ask Thomashow to build in a "kill fee" if the speech was not used. Thomashow then asked Roesler to pay back the $150,000.

Finally, there are several emails from June and July 2009, regarding finishing the filming of the video.

CMG argues that the emails show that WK was responsible for the origination, design, production, release, and placement of the ad campaign that was to use the Lombardi intellectual property or the Lombardi speech. CMG asserts that the emails show that WK was responsible for locating the audio of the Lombardi Speech, or in the alternative, that WK was planning on using a voiceover should WK be unable to locate the actual audio or the audio was not of sufficient quality. According to CMG, plaintiff's sole responsibility was to secure the rights to the Lombardi intellectual property.

CMG contends that based on WK's primary role in the circumstances underlying this action, WK is a required party which should be joined, and further, that WK is indispensable to this action. Generally, CMG argues that by failing to add WK, plaintiff has sought to exclude from the court's, and ultimately the jury's, consideration the detailed facts and circumstances associated with the negligence and contributory liability of WK acting on behalf of

plaintiff in regard to the speech.

I. Rule 19(a) - Necessary or Required Party

The first inquiry of a Rule 19 joinder analysis is whether the party to be added is necessary or required. As stated above, a party is necessary or required if, "in that person's absence, the court cannot accord complete relief among existing parties." Fed. R. Civ. P. 19(a)(1)(A).

CMG argues that complete relief cannot be afforded to either it or the Lombardis if WK is not joined. Specifically, CMG argues that WK "holds the key to CMG's absolute defense of the one and only cause asserted against CMG, fraud[.]" Deft CMG's Mem. at p. 9. CMG bases its argument on the following: (1) WK was responsible for the planning and design of the advertising campaign in which the speech was to be used; (2) the payment for the rights to use the Lombardi intellectual property was to be attributed to WK's budget; (3) the existence of the speech notwithstanding, WK was prepared to use a voiceover as opposed to the voice of Lombardi himself; (4) WK negligently failed to confirm that the Lombardi Speech did not exist in audio form, nor did it seek to confirm the availability as WK should have because the industry standard of practice requires the advertising agency to do so; and (5) WK did not communicate that the speech may not be used in the campaign in any form, depriving plaintiff of the chance to negotiate a "kill fee" in such a circumstance.

As I understand CMG's argument, it anticipates defending the fraud claim asserted against it by plaintiff by arguing that (1) given the facts regarding WK's involvement, CMG's alleged misrepresentation about the existence of the voice recording was

not material to plaintiff, or (2) plaintiff's reliance on the misrepresentation was not reasonable, or (3) in the end, plaintiff suffered no damages caused by CMG's alleged misrepresentation about the existence of the recording because the recording was not used by WK based on a creative decision. CMG contends that if WK is not made a party, it will be prejudiced and unable to obtain full relief.

Notably, CMG fails to explain why it will suffer such prejudice in WK's absence. I agree with plaintiff that if CMG is able to cast blame on WK, plaintiff will recover nothing in this lawsuit and CMG will be provided complete relief in the form of a verdict in its favor on the only claim against it. Nothing prevents CMG from making its argument at trial. CMG may subpoena WK witnesses and offer evidence in support of its theory of the case. As I explained at oral argument, CMG gets to point to the empty chair, an opportunity most defense attorneys would relish. And, alternatively, if CMG fails to convince the jury that WK is at fault, plaintiff will be awarded damages accordingly, whether WK is a party or not. In either event, the existing parties will be accorded full relief.

In a recent case, Judge Stewart came to the same conclusion. In Hurley v. Horizon Project, Inc., No. CV-08-1365-ST, 2009 WL 5511205 (D. Or. Dec. 3, 2009), adopted by Judge Redden (D. Or. Jan. 15, 2010), Judge Stewart rejected an argument similar to the one made by CMG here. As she noted, the county defendants in the case contended that complete relief under Rule 19 could not be afforded in the absence of the State of Oregon as a party because the State was liable for some or all of the plaintiff's injuries. Id. at *7.

The county defendants, she noted, believed they would be "left holding the bag" without the State's presence. Id. The county defendants argued that their concerns over their ability to "pin blame on the State" were valid considerations in the "complete relief" analysis and compelled a finding that the State was a necessary party. Id.

Judge Stewart rejected the argument, explaining first that joinder of a joint tortfeasor with "the usual 'joint-and-several' liability" is regulated by Rule 20, governing permissive joinder. Id. "[A] joint tortfeasor is not a necessary party to a lawsuit under FRCP 19[.]" Id. Then, she explained that the county defendants could be afforded complete relief:

> The county defendants remain free to contend that Hurley's injuries were caused by the State's actions. They may subpoena state witnesses and offer evidence in support of their arguments. Because the State will not be present to defend itself, it is difficult to understand how its absence will prejudice the county defendants.

Id. at *8.

The same is true here for CMG. Given that CMG can call WK employees as witnesses and can submit the email evidence at trial, CMG, like the county defendants in Hurley, is "free to contend that [the plaintiff's] injuries were caused by [WK's] actions." WK is not a necessary or required party under Rule 19(a)(1).

II. Rule 19(b)

Hurley and other cases indicate that if the party sought to be joined is not necessary/required, then the Court does not proceed to the Rule 19(b) analysis. Id. at *10; e.g., LNG Dev. Co., LLC v. Port of Astoria, No. CV-09-847-JE, 2010 WL 143821, at *5 (D. Or. Jan. 5, 2010) (when party was not necessary under Rule 19(a), court

does not reach question of whether the party is indispensable under Rule 19(b)).

## CONCLUSION

Defendant CMG's motion to dismiss [29] is denied.

IT IS SO ORDERED.

Dated this 16th day of November, 2010.

/s/ Dennis J. Hubel

Dennis James Hubel
United States Magistrate Judge