

APPENDIX

TABLE OF APPENDICES

Appendix A

Memorandum Opinion, United States Court
of Appeals for the Ninth Circuit, *EHM
Productions Inc. v. Starline Tours of
Hollywood, Inc.*, No. 19-55288
(Aug. 28, 2020).....App-1

Appendix B

Order (Denying Petition for Panel Rehearing
and Rehearing En Banc), United States Court
of Appeals for the Ninth Circuit, *EHM
Productions Inc. v. Starline Tours of
Hollywood, Inc.*, No. 19-55288
(Nov. 4, 2020).....App-5

Appendix C

Order (Requesting Supplemental Briefing),
United States Court of Appeals for the Ninth
Circuit, *EHM Productions Inc. v. Starline
Tours of Hollywood, Inc.*, No. 19-55288
(Jun. 3, 2020).....App-7

Appendix D

Order (Denying Appellees' Motion to Dismiss),
United States Court of Appeals for the Ninth
Circuit, *EHM Productions Inc. v. Starline
Tours of Hollywood, Inc.*, No. 19-55288
(Sept. 17, 2019).....App-9

Appendix E

Order, United States District Court,
Central District of California, *Warner Bros.
Entertainment Inc. and EHM Productions Inc.
v. Starline Tours of Hollywood, Inc.*,
No. 16-cv-02001 (Oct. 11, 2018)App-11

Appendix F

Order, United States District Court,
Central District of California, *Warner Bros.
Entertainment Inc. and EHM Productions Inc.
v. Starline Tours of Hollywood, Inc.*,
No. 16-cv-02001 (Oct. 19, 2018).....App-36

Appendix G

Report on the Filing or Determination of an
Action Regarding a Patent or Trademark (with
Joint Stipulation of Dismissal of Action
Without Prejudice), United States District
Court, Central District of California, *Warner
Bros. Entertainment Inc. and EHM
Productions Inc. v. Starline Tours of
Hollywood, Inc.*, No. 16-cv-02001
(Feb. 14, 2019).....App-56

Appendix H

Defendant and Counterclaimant Starline
Tours of Hollywood, Inc.'s Memorandum of
Contentions of Fact and Law, United States
District Court, Central District of California,
Warner Bros. Entertainment Inc. and

*EHM Productions Inc. v. Starline Tours
of Hollywood, Inc.*, No. 16-cv-02001
(Jan. 29, 2019).....App-60

Appendix I

Relevant Statutory and Rule
ProvisionsApp-67
 28 U.S.C. § 1291App-67
 Rule 41 of Federal Rules
 of Civil Procedure.....App-67

App-1

Appendix A

UNITED STATES COURT OF APPEALS FOR
THE NINTH CIRCUIT

No. 19-55288

EHM PRODUCTIONS, INC., DBA TMZ, a California
corporation; WARNER BROS. ENTERTAINMENT INC., a
Delaware corporation,

Plaintiffs-Appellees

v.

STARLINE TOURS OF HOLLYWOOD, INC., a California
corporation,

Defendant-Appellant

Appeal from the United States District Court
for the Central District of California
S. James Otero, District Judge, Presiding

Argued and Submitted: August 10, 2020
Pasadena California
Filed: August 28, 2020

MEMORANDUM*

* This disposition is not appropriate for publication and is not
precedent except as provided by Ninth Circuit Rule 36-3.

Before: WARDLAW and CLIFTON, Circuit Judges,
and HILLMAN, * * District Judge.

Starline Tours of Hollywood, Inc. (Starline) appeals the district court's orders dismissing its First Amended Counterclaim (FACC) and denying its motion for leave to amend. We dismiss this appeal for lack of appellate jurisdiction.

1. Under 28 U.S.C. § 1291, the courts of appeals have jurisdiction over “final decisions of the district court.” *Nat’l Distrib. Agency v. Nationwide Mut. Ins. Co.*, 117 F.3d 432, 433 (9th Cir. 1997). Generally, “a voluntary dismissal *without prejudice* is ordinarily *not* a final judgment from which the plaintiff may appeal.” *Galaza v. Wolf*, 954 F.3d 1267, 1270 (9th Cir. 2020) (cleaned up). A limited exception to this rule—which Starline seeks to invoke—permits an appeal “when a party that has suffered an adverse partial judgment subsequently dismisses its remaining claims without prejudice with the approval of the district court, and the record reveals no evidence of intent to manipulate our appellate jurisdiction.” *James v. Price Stern Sloan, Inc.*, 283 F.3d 1064, 1070 (9th Cir. 2002) (cleaned up). We recently reemphasized that this exception applies only if the dismissing party

** The Honorable Timothy Hillman, United States District Judge for the District of Massachusetts, sitting by designation.

secures “the approval and meaningful participation of the district court.” *Galaza*, 954 F.3d at 1272.

Here, “there was no meaningful district court participation in” the parties’ “voluntary dismissal” of their surviving claims. *Id.* at 1271. The parties effected this dismissal through a “Joint Stipulation re Dismissal of Action Without Prejudice” under Federal Rule of Civil Procedure 41(a)(1)(A)(ii). Rule 41(a)(1)(A) is a mechanism for voluntary dismissal “Without a Court Order,” and the parties’ joint dismissal did not request an order or entry of partial judgment. The district court issued no further orders in this case. Because the district court played no role in the parties’ voluntary dismissal of the claims, that dismissal did not produce a final, appealable order. *Galaza*, 954 F.3d at 1272.

2. Starline’s arguments to the contrary are unavailing.

First, while the joint stipulation stated that the voluntary dismissal was “at the suggestion of the Court,” it also noted that this suggestion was “to avoid an unnecessary appearance at the pre-trial conference,” rather than a substantive direction as to the remaining claims. In any event, even if “the district court approved the stipulation to . . . dismiss, such approval cannot be said to involve meaningful consideration or participation by the district court inasmuch as the parties were entitled to do so without leave of the court.” *Am.*

States Ins. Co. v. Dastar Corp., 318 F.3d 881, 888 (9th Cir. 2003) (cleaned up).

Second, the clerk of court's entry of the "Report on the Filing or Determination of an Action Regarding a Patent or Trademark" on the district court docket is irrelevant. Clerks of court are required by statute to transmit certain information in this form to the United States Patent and Trademark Office. 15 U.S.C. §§ 1116, 1127. That the clerk fulfilled this reporting requirement after the parties dismissed their claims does not signify that the district judge meaningfully participated in the voluntary dismissal.

3. Finally, the record does not contain "unambiguous evidence" that the parties intended their stipulation of voluntary dismissal to serve as a dismissal with prejudice. *Romoland Sch. Dist. v. Inland Empire Energy Ctr., LLC*, 548 F.3d 738, 751 (9th Cir. 2008). Unlike in some of our prior cases, *see id.* at 750, the stipulation here expressly stated that the dismissal was "without prejudice." Nor did the stipulation "permit . . . appeal of the underlying order they considered determinative" or serve some other function that would counsel in favor of treating their stipulation as effecting a "dismissal with prejudice." *Concha v. London*, 62 F.3d 1493, 1508 (9th Cir. 1995) (cleaned up).

DISMISSED.

App-5

Appendix B

UNITED STATES COURT OF APPEALS FOR
THE NINTH CIRCUIT

No. 19-55288

EHM PRODUCTIONS, INC., DBA TMZ, a California
corporation; WARNER BROS. ENTERTAINMENT INC., a
Delaware corporation,
Plaintiffs-Appellees

v.

STARLINE TOURS OF HOLLYWOOD, INC., a California
corporation,
Defendant-Appellant

Filed: November 4, 2020

ORDER

Before: WARDLAW and CLIFTON, Circuit Judges,
and HILLMAN,* District Judge.

* The Honorable Timothy Hillman, United States District
Judge for the District of Massachusetts, sitting by
designation.

App-6

The panel unanimously votes to deny the petition for rehearing. Judge Wardlaw votes to deny the petition for rehearing en banc, and Judges Clifton and Hillman so recommend.

The full court has been advised of the petition for rehearing en banc, and no judge has requested a vote on whether to rehear the matter en banc. Fed. R. App. P. 35. The petition for panel rehearing and rehearing en banc is therefore **DENIED**.

App-7

Appendix C

UNITED STATES COURT OF APPEALS FOR
THE NINTH CIRCUIT

No. 19-55288

EHM PRODUCTIONS, INC., DBA TMZ, a California
corporation; WARNER BROS. ENTERTAINMENT INC., a
Delaware corporation,

Plaintiffs-Appellees

v.

STARLINE TOURS OF HOLLYWOOD, INC., a California
corporation,

Defendant-Appellant

Filed: June 3, 2020

ORDER

The parties are requested to file double-spaced supplemental letter briefs, not to exceed five pages, as to the effect, if any, of *Galaza v. Wolf*, 954 F.3d 1267 (9th Cir. 2020), on whether we have jurisdiction over this appeal. The briefs are due seven (7) days from the date of this order.

App-8

FOR THE COURT:

MOLLY C. DWYER
CLERK OF COURT

By: Omar Cubillos
Deputy Clerk
Ninth Circuit Rule 27-7

App-9

Appendix D

UNITED STATES COURT OF APPEALS FOR
THE NINTH CIRCUIT

No. 19-55288

EHM PRODUCTIONS, INC., DBA TMZ, a California
corporation; WARNER BROS. ENTERTAINMENT INC., a
Delaware corporation,
Plaintiffs-Appellees

v.

STARLINE TOURS OF HOLLYWOOD, INC., a California
corporation,
Defendant-Appellant

Filed: September 17, 2019

ORDER

Before: WARDLAW, NGUYEN, and HURWITZ,
Circuit Judges.

App-10

Appellees' motion to dismiss this appeal for lack of jurisdiction (Docket Entry No. 18) is denied without prejudice to renewing the arguments in the answering brief. *See Nat'l Indus. v. Republic Nat'l Life Ins. Co.*, 677 F.2d 1258, 1262 (9th Cir. 1982) (merits panel may consider appellate jurisdiction despite earlier denial of motion to dismiss).

The opening brief and excerpts of record have been filed; the answering brief is due October 18, 2019; and the optional reply brief is due within 21 days after service of the answering brief.

App-11

Appendix E

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

No. CV 16-02001 SJO (GJSx)

WARNER BROS. ENTERTAINMENT INC., et al. v.
STARLINE TOURS OF HOLLYWOOD, INC.

Filed: October 11, 2018

CIVIL MINUTES – GENERAL

PRESENT: THE HONORABLE S. JAMES
OTERO, UNITED STATES DISTRICT JUDGE

PROCEEDINGS (in chambers): ORDER
GRANTING PLAINTIFF AND
COUNTERDEFENDANT'S MOTION TO DISMISS
ALL COUNTERCLAIMS AGAINST
COUNTERDEFENDANT [Docket No. 42]; ORDER
GRANTING PLAINTIFF AND
COUNTERDEFENDANTS MOTION TO STRIKE
DEFENDANT AND COUNTERCLAIMANT'S

FIFTH AFFIRMATIVE DEFENSE FOR
TRADEMARK REGISTRATION PROCURED BY
FRAUD [Docket No. 38]

This Motion comes before the Court on Plaintiff EHM Productions Inc. (“EHM”) and Warner Bros Entertainment Inc.’s (“WBEI”) Motion to Dismiss All Counterclaims Against WBEI and WBEI’s Motion to Strike Counterclaimant Starline Tours of Hollywood Inc.’s (“Starline”) fifth affirmative defense for trademark registration procured by fraud (“Motion to Dismiss”; “Motion to Strike”). For the following reasons, the court **GRANTS** both Motions.

I. FACTUAL AND PROCEDURAL BACKGROUND

A. Factual Background

Plaintiffs allege the following. In 2010, TMZ partnered with Starline to create a custom, licensed TMZ-branded bus tour to be operated by Starline. (Complaint ¶ 11, ECF No. 1.) In 2011, the TMZ Bus Tour (“Bus Tour”) was launched with customized busses featuring the TMZ logo. (Compl. ¶ 11.) Starline licensed from TMZ a series of trademarks and service marks incorporating the TMZ name and logo (the “TMZ Marks”) because of the fame of such marks and the goodwill associated with the TMZ Marks. (Compl. ¶ 11.)

1. The 2012 TMZ-Starline Agreement

In August 2012, TMZ and Starline memorialized the terms of their arrangement in the 2012 TMZ Starline Agreement (“Agreement”). (Compl. ¶ 12; *see also* Compl., Ex. A Agreement, ECF 1-1.)

Pursuant to the Agreement, net revenue is defined as the aggregate earned gross revenue without deduction for reserves or collection issues from the sale of the Bus Tour tickets less operation costs, shared costs, credit card company charges, commissions, and other pre-approved costs. (Agreement 4.¹) Net revenue was to be shared equally between TMZ and Starline, *i.e.*, fifty percent to TMZ and fifty percent to Starline. (Agreement 4.)

The Agreement provides for a monthly reconciliation process from the parties to determine net revenues each month. (Compl. ¶ 15.) On or before the twenty-fifth day following the month in which the revenues are earned and costs incurred, Starline was to provide TMZ all backup documentation to support its revenue calculations, and Starline and TMZ were to provide each other with expense calculations with supporting documentation. (Agreement 6.) TMZ would then prepare and provide a monthly reconciliation

¹ For purposes of this Order, pagination for the Agreement follows the pagination indicated on the ECF stamp. For example, “Agreement 2” refers to page 2 of 31 of Exhibit A, which is the first page of the Agreement.

statement, after which Starline had five days to distribute to TMZ any unreimbursed portion of shared costs incurred by TMZ and TMZ's share of net revenue for the reported month. (Agreement 6.)

The Agreement further requires Starline to deposit all revenues derived from the Bus Tour immediately upon collection into a business checking account solely dedicated to the Bus Tour ("Dedicated Account"), and to maintain a minimum account balance of \$15,000.00 to minimize bank fees and expenses. (Agreement 5.)

"[I]n the event of a termination due to material breach by one party, the non-breaching party shall not be subject to this Non-Compete, however, no party is relieved of the obligation to keep confidential all confidential information obtained during the course of the parties relationship and no party shall have the right to use the intellectual property that is jointly owned by both parties." (Agreement 17.)

2. Dispute Resolution Provisions

Pursuant to the Agreement, "[a]ny and all controversies, claims or disputes arising out of or related to this Agreement or the interpretation, performance or breach thereof, including, but not limited to, alleged violations of state or federal statutory or common law rights or duties, and the determination of the scope or applicability of this agreement to arbitrate ("Dispute") . . . shall be resolved according to the procedures set forth in

subparagraph (a), below, which shall constitute the sole dispute resolution mechanism hereunder[.]” (Agreement 20.) Subparagraph (a) (the “Arbitration Provision”) states, in part: “In the event that the parties are unable to resolve any Dispute informally, then such Dispute shall be submitted to final and binding arbitration.” (Agreement 21.) “The arbitration shall be conducted in Los Angeles County before a single neutral arbitrator appointed in accordance with the [JAMS] Arbitration Rules. The arbitrator shall follow California law and the Federal Rules of Evidence in adjudicating the Dispute.” (Agreement 21). Furthermore, the Agreement provides that “[n]otwithstanding the foregoing, either party shall be entitled to seek injunctive relief in the state and federal courts of Los Angeles County to prevent or to compel conduct as it relates to operation of the Bus Tour only. Starline may not seek to enjoin any conduct of EHM’s other business units, including any EHM website or television program.” (Agreement 21.)

3. Starline’s Breaches

Starline was required to make payments to TMZ within five days after receiving a monthly reconciliation statement from TMZ. (Compl. ¶ 23.) Starline breached the Agreement by missing every payment deadline for the past two years, sometimes by more than four months. (Compl. ¶ 23.) Although the Agreement grants TMZ the right to terminate the Agreement immediately in the

event of late payment, without providing Starline any opportunity to cure, TMZ sent multiple communications to Starline demanding payment. (Compl. ¶ 23.) Starline did not cure its payment breach for November or December 2015 until February 2016, after TMZ had already terminated the Agreement. (Compl. ¶ 23.)

Starline also breached the Agreement by failing to deposit ninety or more percent of revenues into the Dedicated Account within one month immediately upon collection thereof. (Compl. ¶ 24.) Starline informed TMZ that it lacked the “capacity” to segregate the Bus Tour revenues into the Dedicated Account, and that it was therefore “impossible” for Starline to timely make payments to TMZ. (Compl. ¶ 24.)

4. TMZ’s Termination of the Agreement

TMZ terminated the Agreement on February 11, 2016 in response to Starline’s repeated material breaches of the Agreement. (Compl. ¶ 25; *see also* Compl., Ex. B Termination Letter, ECF No. 1-2.) In the Termination Letter, TMZ provided Starline with written notice of termination for cause. (Compl. ¶ 25.) Although the Agreement provides for a sixty-day wind-down period in the event of termination for cause, in response to Starline’s request, TMZ agreed to extend the wind-down period for an extra thirty days, so that termination will be complete on May 11, 2016 (“Termination Date”). (Compl. ¶ 25.)

B. Procedural Background

Plaintiffs filed a Complaint against Starline on March 23, 2016. In the Complaint, Plaintiffs allege the following causes of action: (1) trademark infringement under the Lanham Act, 15 U.S.C. § 1114; (2) unfair competition under the Lanham Act, 15 U.S.C. § 1125(a); (3) false designation of origin, false or misleading description of fact, false or misleading representation of fact, false advertising and unfair competition under the Lanham Act; (4) trademark dilution under the Lanham Act, 15 U.S.C. § 1125(c); (5) trademark infringement under common law; (6) false advertising under California Business and Professions Code § 17200; (7) violation of California Business and Professions Code § 17200; and (8) declaratory relief.² (*See generally* Compl.)

On March 24, 2016, Plaintiffs filed a motion for preliminary injunction, seeking to enjoin Starline from: (1) using the TMZ marks to advertise, market, or operate any bus tours taking place after the Termination Date of May 11, 2016; and (2) operating or representing in any manner that they

² Plaintiffs did not seek damages from Starline in the Complaint. Plaintiffs requested that the Court enter a temporary and permanent injunction enjoining Starline from using the TMZ Marks to advertise the TMZ Bus Tour after the Termination Date and to declare that TMZ's termination of the Agreement was proper, that the termination date is May 11, 2016, and that Starline has no right to operate the TMZ bus tour or use any TMZ Marks after that date. (*See* Compl., Prayer for Relief.)

may operate the Bus Tour after the Termination Date of May 11, 2016. On April 26, 2016, Plaintiffs withdrew without prejudice the motion for preliminary injunction because Starline ceased the infringing conduct. (Notice of Withdrawal, ECF No. 35.)

Starline answered the Complaint (“Answer”) and filed a counterclaim against WBEI and TMZ (“Counterclaim”) on April 18, 2016. (*See* Answer and Counterclaim, ECF Nos. 29, 30.) On May 8, 2016, Starline filed a First Amended Counterclaim (“FACC”) alleging: (1) breach of contract against TMZ; (2) breach of implied covenant of good faith and fair dealing against TMZ; (3) declaratory relief against TMZ and WBEI; (4) breach of fiduciary duty against TMZ and WBEI; (5) trade libel against TMZ and WBEI; (6) intentional interference with contractual relations against WBEI; (7) unfair competition against TMZ and WBEI; and (8) cancellation of registered trademark against WBEI. (*See* FACC, ECF No. 37.) Specifically, Starline seeks damages from both TMZ and WBEI, a judicial declaration that Starline has not breached the Agreement, and a judicial determination that TMZ cannot operate a bus tour that competes with Starline, and that TMZ and WBEI be preliminarily and/or permanently enjoined from operating a bus tour that competes with Starline. (*See* First Am. Countercl., Prayer for Relief.)

On May 9, 2016, WBEI filed a Motion to Strike Starline's Fifth Affirmative Defense for Trademark Registration Procured by Fraud ("Motion to Strike"). (Mot. to Strike, ECF No. 38.) On May 16, 2016, TMZ filed a Motion to Compel Arbitration ("Motion to Compel") and WBEI filed a Motion to Dismiss All Counterclaims Against WBEI ("Motion to Dismiss"). (ECF No. 40); (Mot. to Dismiss, ECF No. 42.) Starline opposed the Motion to Strike on May 16, 2016, and opposed the WBEI Motion to Dismiss and instant Motion to Compel Arbitration on May 23, 2016. (ECF Nos. 44, 48, 49.)

On June 20, 2016, the Court granted Plaintiff TMZ's Motion to Compel Arbitration regarding Starline's First Amended Counterclaim. ("Arbitration Order") (ECF No. 55.) In the same Arbitration Order, the Court stayed Starline's declaratory relief claim against TMZ, Starline's claims against WBEI, WBEI's Motion to Strike, and WBEI's Motion to Dismiss pending arbitration.

TMZ and Starline participated in arbitration at JAMS. (Status Report May 15, 2018 at 2-3, ECF No. 84.) The arbitrator entered her final award ("Final Award") against Starline on October 26, 2017. (*Id.*) TMZ filed a petition to confirm the Final Award in Los Angeles Superior Court on December 19, 2017. (*Id.*) Starline filed a notice of appeal with JAMS on December 20, 2017. (*Id.*) Starline removed TMZ's petition to the United States District Court for the Central District of California

on January 16, 2018, Case No. 18 CV 369 AB (Jcx), where it was assigned to the Honorable Andre Birotte, Jr. (The “Confirmation Action”). (*Id.*) Starline then filed a Motion to Stay or in the Alternative, Dismiss EHM’s Motion to Confirm and a Motion to Vacate Arbitration Award and Response to Petition to Confirm. (*Id.*; ECF No. 11; ECF No. 15.) On February 28, 2018, Judge Birotte stayed the petition until fourteen days after the earlier of (a) an order by the JAMS appellate panel dismissing the JAMS Appeal or (b) a decision by the JAMS Appellate Panel on the merits of the JAMS Appeal. (*Id.*) JAMS has not yet ruled on Starline’s pending appeal. (*Id.*)

On February 23, 2018, the Court declined to transfer the Confirmation Action to its calendar, on the grounds that the cases concern different parties and different claims. At a scheduling conference on May 29, 2018, the Court set trial to resolve the remaining trademark matters against WBEI for February 26, 2019. The Court also lifted the stay on The Motion to Strike and Motion to Dismiss claims.

For the following reasons, the Court **GRANTS** both Motions.

II. DISCUSSION

A. Legal Standard

A motion to dismiss pursuant to Federal Rule of Civil Procedure 12(b)(6) “tests the legal sufficiency

of the claims asserted in the complaint.” *Ileto v. Glock, Inc.*, 349 F.3d 1191, 1199-200 (9th Cir. 2003). In evaluating a motion to dismiss, a court accepts the plaintiff’s factual allegations in the complaint as true and construes them in the light most favorable to the plaintiff. *Shwarz v. United States*, 234 F.3d 428, 435 (9th Cir. 2000). “Dismissal can be based on the lack of a cognizable legal theory or the absence of sufficient facts alleged under a cognizable legal theory.” *Balistreri v. Pacifica Police Dep’t*, 901 F.2d 696, 699 (9th Cir. 1988).

Rule 12(b)(6) must be read in conjunction with Rule 8(a), which requires “a short and plain statement of the claim showing that the pleader is entitled to relief.” Fed. R. Civ. P. 8(a)(2); *see Ileto*, 349 F.3d at 1200. “While legal conclusions can provide the framework of a complaint, they must be supported by factual allegations.” *Ashcroft v. Iqbal*, 556 U.S. 662, 679 (2009). To plead sufficiently, Plaintiff must proffer “enough facts to state a claim to relief that is plausible on its face.” *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 570 (2007). Plausibility requires “more than a sheer possibility that the defendant has acted unlawfully.” *Ashcroft*, 556 U.S. at 678. Instead, a claim must contain “factual content that allows the court to draw the reasonable inference that the defendant is liable for the misconduct alleged.” *Id.* “Where a complaint pleads facts that are merely consistent with a defendant’s liability, it stops short of the line

between possibility and plausibility of entitlement to relief.” *Id.* (internal quotation marks omitted).

In addition, “[i]n alleging fraud or mistake, a party must state with particularity the circumstances constituting fraud or mistake. Malice, intent, knowledge, and other conditions of a person’s mind may be alleged generally.” Fed. R. Civ. P. 9(b). A plaintiff satisfies Rule 9(b) when he “identif[ies] the circumstances constituting fraud so that the defendant can prepare an adequate answer from the allegations.” *Odom v. Microsoft Corp.*, 486 F.3d 541, 553 (9th Cir. 2007). In order to accomplish this, the plaintiff “must state the time, place, and specific content of the false representations as well as the identities of the parties to the misrepresentation” and “explanations of why the statements are misleading.” *Id.*; *Cole v. Asurion Corp.*, No. CV 09-6649 PSG (JTLx), 2008 WL 5423859, at *2 (C.D. Cal. Dec. 30, 2008). In other words, averments of fraud must be accompanied by “the who, what, when, where, and how” of the misconduct charged. *Vess v. Ciba-Geigy Corp. USA*, 317 F.3d 1097, 1106 (9th Cir. 2003) (citation omitted). A complaint that fails to meet these standards will be dismissed. *Id.* at 1107. Although conditions of mind may be “alleged generally,” this “merely excuses a party from pleading . . . intent under an elevated pleading standard. It does not give him license to evade the less rigid—though still operative—strictures of Rule 8.” *Ashcroft*, 556 U.S. at 686-87.

B. Analysis

As a matter of review, on May 8, 2016, Starline filed its FACC alleging the following: (1) breach of contract against TMZ; (2) breach of implied covenant of good faith and fair dealing against TMZ; (3) declaratory relief against TMZ and WBEI; (4) breach of fiduciary duty against TMZ and WBEI; (5) trade libel against TMZ and WBEI; (6) intentional interference with contractual relations against WBEI; (7) unfair competition against TMZ and WBEI; and (8) cancellation of registered trademark against WBEI. (*See* FACC.) The Court first addresses Starline's counterclaims that arose under federal law, and then addresses any remaining state law claims.

1. Starline Fails to Plead a Valid Trademark Cancellation Claim

Trademark Cancellation based on fraud requires (1) a false representation regarding a material fact; (2) knowledge or belief that the representation is false; (3) intent to induce the Trademark Office to rely upon the misrepresentation; (4) actual, reasonable reliance on the misrepresentation; and (5) damages proximately caused by that reliance. *See Hokto Kinoko Co. v. Concord Farms, Inc.*, 738 F.3d 1085, 1097 (9th Cir. 2013). "Allegedly fraudulent misrepresentation must be 'material' in the sense that without it the registration would not have issued." *eCash Techs., Inc. v. Guagliardo*, 127 F. Supp. 2d 1069, 1079 (C.D. Cal. 2000), *aff'd*, 35 F.

App'x 498 (9th Cir. 2002). Thus, a pleading for fraud must contain "explicit rather than implied expression of the circumstances constituting fraud," and "should specify the time, place, and nature of the alleged fraudulent activities." *Hana Fin., Inc. v. Hana Bank*, 500 F. Supp. 2d 1228, 1233 (C.D. Cal. 2007) (citing *Moore v. Kayport Package Express, Inc.*, 885 F.2d 531, 540 (9th Cir. 1989); internal quotation marks omitted). "[M]ere conclusory allegation[s]" do not suffice. *Id.* at 1074 (citation omitted).

Starline alleges that in obtaining the trademark titled "TMZ Hollywood Tour Secrets and Celebrity Hotspots" ("Trademark"), WBEI committed fraud. (FACC ¶ 71.) Starline argues that the Trademark should be cancelled because WBEI intentionally omitted the Agreement and Starline's license to use the Trademark in connection with the Bus Tour. (FACC ¶ 71.)

Specifically, Starline's FACC alleges the following. At the time of application for the Trademark, WBEI did not make it clear that because of the parties' shared Bus Tour, TMZ and Starline were joint users of the Trademark. (FACC ¶ 33.) WBEI did not disclose that it was not using the mark itself. (*Id.* at ¶ 32.) Starline argues that WBEI's application to the United States Patent and Trademark office was materially false in that it intentionally, with intent to deceive, failed to disclose TMZ and Starline's joint use of the

Trademark. (*Id.* at ¶¶ 70-73) Because of these representations, the Trademark was procured by fraud and should be cancelled. (*Id.*)

In the instant Motion, WBEI contends that Starline's allegations are disproven by the trademark application itself, Starline fails to plead fraud, and Starline fails to plead subjective intent to deceive. (Mot. To Dismiss 8-12, ECF No. 42.) Starline argues that sufficient facts have been pled to show that WBEI, in applying for the Trademark, intentionally committed fraud.³

Starline fails to plead facts sufficient to constitute a cause of action for trademark procured by fraud. The Trademark displays both TMZ and Starline's names. (See FACC Ex. 1 at 8, ECF No. 37-1.) The photo attached to WBEI's application displays Starline and TMZ's names, and reads "Partnered with Starline Tours." (*Id.*) Starline pleads no facts to show that WBEI intended or attempted to deceive the Patent and Trademark Office as to ownership of the Bus Tours or the trademark. At most, it appears that WBEI assumed that the

³ WBEI moves to strike Starline's trademark cancellation affirmative defense because it "fails as a matter of law." (Mot. to Strike 8-13, ECF No. 38.) The Court analyzes the pleading sufficiency of Starline's trademark cancellation claim and affirmative defense together. *See Consumer Solutions REO, LLC v. Hillery*, 658 F.Supp.2d 1002, 1020-2021 (N.D.Cal.2009) ("[W]here a motion is in substance a Rule 12(b)(6) motion, but is incorrectly denominated as a Rule 12(f) motion, a court may convert the improperly designated 12(f) motion into a Rule 12(b)(6) motion").

Agreement as to the Bus Tour was clear from the attached photograph.

Fraud must be plead with particularity and that is not the case here. Starline does not show the Court, through affidavits, exhibits, or otherwise, that WBEI intended to deceive the Patent and Trademark Office. Starline's allegations are nothing more than "conclusory allegations." *Moore*, 885 F.2d at 540 (9th Cir. 1989).

Thus, Starline's counterclaim and affirmative defense against WBEI for Cancellation of Trademark are dismissed and stricken, respectively.

2. Starline Does Not Plead an Actionable Unfair Competition Claim

"An [unfair competition] claim under 15 U.S.C. § 1125 requires proof of the same elements as a claim for trademark infringement under 15 U.S.C. § 1114." *Kythera Biopharmaceuticals, Inc. v. Lutheria, Inc.*, 998 F.Supp.2d 890, 897 (C.D Cal. 2014) (citing *Brookfield Commc'ns, Inc. v. W. Coast Etmt't Corp.*, 174 F.3d 1036, 1046 n.6 (9th Cir. 1999)). In order to succeed on an infringement/false designation of origin claim under § 1125(a)(1)(A), Plaintiff must prove each of the following elements:

(1) defendant uses a designation (any word, term, name, device, or any combination thereof) or false designation of origin;

- (2) the use was in interstate commerce;
- (3) the use was in connection with goods or services;
- (4) the designation or false designation is likely to cause confusion, mistake, or deception as to (a) the affiliation, connection, or association of defendant with another person, or (b) as to the origin, sponsorship, or approval of defendant's goods, services, or commercial activities by another person; and
- (5) plaintiff has been or is likely to be damaged by these acts.

Summit Tech., Inc. v. High-Line Med. Instruments, Co., 933 F. Supp. 918, 928 (C.D. Cal. 1996)(internal citation omitted).

Put simply, a plaintiff must show: (1) that it has a valid, protectable trademark, and (2) that defendant's use of the mark is likely to cause confusion. *Kythera*, 998 F. Supp. 2d at 898 (citing *Applied Info. Scis. Corp. v. eBay, Inc.*, 511 F.3d 966, 969 (9th Cir.2007)). Further, the Ninth Circuit has identified six basic factors critical to a court's inquiry into likelihood of confusion: (1) the strength of the plaintiff's mark; (2) the similarity of the marks; (3) evidence of actual confusion; (4) marketing channels used; (5) type of goods and degree of care likely to be exercised by the purchaser of the goods; and (6) defendant's intent in selecting the mark. *Americana Trading, Inc. v.*

Russ Berrie & Co., 966 F.2d 1284, 1287 (9th Cir.1992) (internal citations omitted).

In the instant Motion, WBEI argues that Starline's counterclaim fails because the Agreement states that all rights to the TMZ Marks⁴ would remain with TMZ both during and after the Agreement ended. (Mot.12; Agreement at § 6; *Id.* at § 9.4.) Moreover, WBEI contends that the law is not on Starline's side. For example, in *Wetzel's Pretzels, LLC v. Johnson*, the Central District held that a terminated licensee could not continue to use a trademark that Wetzel's Pretzels initially owned. 797 F.Supp.2d 1020, 1025-28 (C.D. Cal. 2011.)

Similarly here, Here, Starline was a licensee who was permitted to use the Trademark for the duration of the Agreement. Looking to the FACC, Starline argues that by using "TMZ Hollywood Tour Secrets and Celebrity Hotspots" or something substantially similar to it in subsequent TMZ Marks, WBEI is likely to cause customer confusion. (FACC ¶ 67.) Starline emphasizes that because TMZ's past and present Marks are similar, consumers would not likely detect that the tour is now operated by TMZ alone. (Opp'n. 12.)

The Court finds that Starline's assertion that consumers would be confused is a "conclusory statement without reference to its factual context." *Ashcroft*, 129 S. Ct. at 1941. TMZ's current Marks

⁴ The TMZ Marks include the presently disputed Trademark. (See FACC Ex. A.)

read “TMZ Celebrity Tour,” and no longer include the phrase “Partnered with Starline Bus Tours.” (See ECF No. 91-1 at 73-74.) Moreover, using common sense, most individuals taking celebrity bus tours are tourists, not repeat customers. It is unlikely that someone would search for Starline for a second experience and mistakenly choose TMZ since the two names are no longer together on the logo. (See ECF No. 91-1 at 73-74.) Thus, risk of confusion, if any, is minimal.

A full balancing analysis as to consumer confusion is not necessary here because Starline agreed, in contract, that TMZ’s Marks were to remain in TMZ’s ownership after the Agreement came to an end. (Mot.12; Agreement at § 6; *Id.* at § 9.4.) Starline has no ownership rights over the Trademark, which is a requirement to an unfair competition claim. *Kythera*, 998 F. Supp. 2d at 898. The Trademark is registered to WBEI, **not** Starline. Starline only had permission to use the marks for the duration of the Agreement, which is now terminated. (Compl. ¶ 25; *see also* Compl., Ex. B Termination Letter, ECF No. 1-2.) Without ownership rights over the Trademark, Starline fails to state an unfair competition claim that is “plausible on its face.” *Ashcroft*, 129 S. Ct. at 1960 (2009)(internal citation omitted).

In sum, Starline’s counterclaim against WBEI for unfair competition is dismissed.

3. Starline's Remaining Counterclaims Fail on the Merits

Starline's only remaining counterclaims are grounded in state law. (FACC 14-19.) The Court addresses each the sufficiency of each counterclaim in turn.

a. Breach of Fiduciary Duty

"The elements of a cause of action for breach of fiduciary duty are: (1) existence of a fiduciary duty; (2) breach of the fiduciary duty; and (3) damage proximately caused by the breach." *Ash v. N. Am. Title Co.*, 223 Cal. App. 4th 1258, 1276 (2014). Starline alleges that because of the admitted relationship between WBEI and [TMZ], "it may be inferred" that WBEI was aware of the Agreement and [TMZ's] fiduciary duties arising from it, and that "by holding exclusive control over the Trademark, WBEI assisted and encouraged [TMZ] to engage in the [breach]." (Opp'n. 13.) Starline further argues that because (1) WBEI knew that [TMZ] was breaching fiduciary duties owed to Starline and (2) WBEI gave [TMZ] "substantial assistance and encouragement" despite this knowledge, WBEI is also liable for the breach. (FACC ¶ 51; Opp'n. 13, ECF No. 48.) WBEI contends that Starline fails to establish that WBEI owed any fiduciary duties to Starline and as such, a claim for breach of fiduciary duty is unestablished. (Mot. 16.)

The Court finds that Starline fails to state a plausible claim for relief. Starline references [TMZ] as a “fiduciary,” but provides no factual allegations to support a fiduciary relationship. (FACC ¶ 48.) Moreover, even if [TMZ] and Starline were “fiduciaries,” Starline asserts this counterclaim against WBEI and needs to show the Court why its claim is plausible against WBEI specifically. A blanket assertion of aiding and abetting, or asking the Court to infer that [TMZ] consulted with WBEI concerning a breach is not enough. Starline fails to provide concrete factual allegations to support its allegations that WBEI “assisted, encouraged, and gave substantial assistance” to [TMZ]. (Opp’n. 13; FACC § 51.) Starline’s counterclaims are “threadbare recitals of the elements of a cause of action, supported by mere conclusory statements.” *Ashcroft*, 556 U.S. at 678-679.

Starline’s counterclaim against WBEI for breach of fiduciary duty is dismissed.

b. Trade Libel

“A cause of action for trade libel requires, at minimum, a publication which induces others not to deal with plaintiff, and special damages.” *Nichols v. Great Am. Ins. Companies*, 169 Cal. App. 3d 766, 215 Cal. Rptr. 416 (Ct. App. 1985.) “Under California law, trade libel involves publication of a false and unprivileged statement of fact regarding the quality of property, goods or services.” *U.S. Faucets, Inc. v. Home Depot U.S.A. Inc.*, No. 1:03-

CV-1572WSD, 2006 WL 1518887, at *6 (N.D. Ga. May 31, 2006) (citing *Nichols*, 169 Cal. App.3d at 773.) “California defamation law requires that the offending statement ‘expressly or impliedly assert a fact that is susceptible to being proved false,’ and must be able reasonable to be ‘interpreted as stating actual facts.’” *Id.* (quoting *Coastal Abstract Service, Inc. v. First American Title Ins. Co.*, 173 F.3d 725, 730 (9th Cir.1999)).

Starline alleges that by displaying a banner on its website that said “WARNING! STARLINE SELLING BOGUS TICKETS FOR TMZ CELEBRITY TOUR,” [TMZ] engaged in trade libel because [TMZ] did not have the authority to terminate the Agreement. (FACC ¶ 56-58.) Starline further argues that WBEI knowingly and willfully conspired to damage Starline by providing substantial assistance or encouragement to TMZ’s posting and thus, WBEI is also liable for trade libel. (*Id.*) WBEI argues that Starline fails to allege facts in support of these conclusory allegations. (Mot. 18.)

The Court agrees. Even if any of Starline’s claims against TMZ were viable, Starline fails to show how that also makes WBEI liable for the same cause of action. Starline again argues that because of the admitted relationship between TMZ and WBEI, “it can be inferred” that WBEI and TMZ agreed to engage in the libelous conduct. (Opp’n. 14.) Without any facts to support a cause of action

for conspiracy, the Court cannot infer anything from a business relationship. *See United States v. Bestfoods*, 524 U.S. 51, 61 (1998) (“It is a general principle of corporate law deeply ‘ingrained in our economic and legal systems’ that a parent corporation ... is not liable for the acts of its subsidiaries”). Starline fails to show any that WBEI had any independent intent to conspire or harm Starline, and fails to plead a plausible claim for relief against WBEI.

Starline’s counterclaim for trade libel against WBEI is dismissed.

c. Intentional Interference
With Contractual Relations

“Under California law, a claim for intentional interference with contract requires: (1) a valid contract between plaintiff and a third party; (2) defendant’s knowledge of the contract; (3) defendant’s intentional acts designed to induce breach or disruption of the contract; (4) actual breach or disruption; and (5) resulting damage.” *Family Home & Fin. Ctr., Inc. v. Fed. Home Loan Mortg. Corp.*, 525 F.3d 822, 825 (9th Cir. 2008) (internal citation omitted).

WBEI argues that Starline once again fails to allege sufficient facts to state a plausible claim for relief. (Mot. 18-19.) Starline contends that because WBEI knew about the Agreement it can be inferred that WBEI induced [TMZ] to breach, and WBEI is

liable for intentional interference with contractual relations. (FACC ¶ 62.)

The Court finds that Starline fails to plead a plausible claim for relief. Starline again asks the Court to infer a cause of action solely based on the relationship between [TMZ] and WBEI. (Reply 14.) A relationship between WBEI and [TMZ] without more, does not show the Court that WBEI's actions were intentionally "designed to induce breach or disruption of the contract." *Family Home*, 525 F.3d at 825. As such, Starline's claim is a "mere conclusion" which is "not entitled to the assumption of truth." *Ashcroft*, 556 U.S. at 694.

Starline's counterclaim against WBEI for intentional interference with contractual relations is dismissed.

d. Declaratory Relief

Starline argues that the Court should provide declaratory relief that preliminarily or permanently enjoins WBEI from using the Trademark or any mark that imitates or is confusingly similar to the Trademark, or that is likely to cause confusion as to WBEI's connectedness to Starline or the Starline/TMZ partnership. (FACC 22.) WBEI contends that the only declaratory relief that Starline seeks related to the underlying trademark cancellation and unfair competition claims and thus, Starline is not entitled to relief because both of those claims fail. (Mot. 19-20.)

The Court agrees. Starline's request for declaratory relief only involves WBEI in relation to the Trademark usage. (FACC 22.) The Court determined that WBEI had a valid ownership right over the Trademark and is not liable to Starline for trademark cancellation or unfair competition. Accordingly, declaratory relief based on these claims is unwarranted.

Starline's claim for declaratory relief against WBEI is dismissed.

III. RULING

For the foregoing reasons, the Court GRANTS Plaintiff and Counterdefendant's Motion to Dismiss All Counterclaims WITHOUT LEAVE TO AMEND and GRANTS Plaintiff and Defendant's Motion to Strike Defendant and Counterclaimant's Affirmative Defense for Trademark Registration Procured by Fraud.

IT IS SO ORDERED.

App-36

Appendix F

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

No. CV 16-02001 SJO (GJSx)

WARNER BROS. ENTERTAINMENT INC., et al. v.
STARLINE TOURS OF HOLLYWOOD, INC.

Filed: October 19, 2018

CIVIL MINUTES – GENERAL

PRESENT: THE HONORABLE S. JAMES
OTERO, UNITED STATES DISTRICT JUDGE

PROCEEDINGS (in chambers): ORDER DENYING
DEFENDANT'S MOTION FOR LEAVE TO
FILE SECOND AMENDED COUNTERCLAIM
[Docket No. 91]

This Motion comes before the Court on Defendant
Starline Tours of Hollywood, Inc.'s ("Starline")
Motion For Leave To File Second Amended

Counterclaim (“Motion”) filed August 29, 2018. Plaintiffs /Counter Defendants EHM Productions Inc., dba TMZ (“TMZ”) and Warner Bros. Entertainment Inc. (“WBEI”) filed an Opposition to the Motion (“Opposition”) on September 10, 2018. Starline filed a Reply (“Reply”) on September 17, 2018. For the following reasons, the Court **DENIES** the motion.

I. FACTUAL AND PROCEDURAL BACKGROUND

A. Factual Background

Plaintiffs allege the following. In 2010, TMZ partnered with Starline to create a custom, licensed TMZ-branded bus tour to be operated by Starline. (Complaint ¶ 11, ECF No. 1.) In 2011, the TMZ Bus Tour (“Bus Tour”) was launched with customized busses featuring the TMZ logo. (Compl. ¶ 11.) Starline licensed from TMZ a series of trademarks and service marks incorporating the TMZ name and logo (the “TMZ Marks”) because of the fame of such marks and the goodwill associated with the TMZ Marks. (Compl. ¶ 11.)

1. The 2012 TMZ-Starline Agreement

In August 2012, TMZ and Starline memorialized the terms of their arrangement in the 2012 TMZ-Starline Agreement (“Agreement”). (Compl. ¶ 12; *see also* Compl., Ex. A Agreement, ECF 1-1.)

Pursuant to the Agreement, net revenue is defined as the aggregate earned gross revenue without deduction for reserves or collection issues from the sale of the Bus Tour tickets less operation costs, shared costs, credit card company charges, commissions, and other pre-approved costs. (Agreement 4.¹) Net revenue was to be shared equally between TMZ and Starline, *i.e.*, fifty percent to TMZ and fifty percent to Starline. (Agreement 4.)

The Agreement provides for a monthly reconciliation process from the parties to determine net revenues each month. (Compl. ¶ 15.) On or before the twenty-fifth day following the month in which the revenues are earned and costs incurred, Starline was to provide TMZ all backup documentation to support its revenue calculations, and Starline and TMZ were to provide each other with expense calculations with supporting documentation. (Agreement 6.) TMZ would then prepare and provide a monthly reconciliation statement, after which Starline had five days to distribute to TMZ any unreimbursed portion of shared costs incurred by TMZ and TMZ's share of net revenue for the reported month. (Agreement 6.)

¹ For purposes of this Order, pagination for the Agreement follows the pagination indicated on the ECF stamp. For example, "Agreement 2" refers to page 2 of 31 of Exhibit A, which is the first page of the Agreement.

The Agreement further requires Starline to deposit all revenues derived from the Bus Tour immediately upon collection into a business checking account solely dedicated to the Bus Tour (“Dedicated Account”), and to maintain a minimum account balance of \$15,000.00 to minimize bank fees and expenses. (Agreement 5.)

“[I]n the event of a termination due to material breach by one party, the non-breaching party shall not be subject to this Non-Compete, however, no party is relieved of the obligation to keep confidential all confidential information obtained during the course of the parties relationship and no party shall have the right to use the intellectual property that is jointly owned by both parties.” (Agreement 17.)

2. Dispute Resolution Provisions

Pursuant to the Agreement, “[a]ny and all controversies, claims or disputes arising out of or related to this Agreement or the interpretation, performance or breach thereof, including, but not limited to, alleged violations of state or federal statutory or common law rights or duties, and the determination of the scope or applicability of this agreement to arbitrate (“Dispute”) . . . shall be resolved according to the procedures set forth in subparagraph (a), below, which shall constitute the sole dispute resolution mechanism hereunder[.]” (Agreement 20.) Subparagraph (a) (the “Arbitration Provision”) states, in part: “In the event that the

parties are unable to resolve any Dispute informally, then such Dispute shall be submitted to final and binding arbitration.” (Agreement 21.) “The arbitration shall be conducted in Los Angeles County before a single neutral arbitrator appointed in accordance with the [JAMS] Arbitration Rules. The arbitrator shall follow California law and the Federal Rules of Evidence in adjudicating the Dispute.” (Agreement 21.) Furthermore, the Agreement provides that “[n]otwithstanding the foregoing, either party shall be entitled to seek injunctive relief in the state and federal courts of Los Angeles County to prevent or to compel conduct as it relates to operation of the Bus Tour only. Starline may not seek to enjoin any conduct of EHM’s other business units, including any EHM website or television program.” (Agreement 21.)

3. Starline’s Breaches

Starline was required to make payments to TMZ within five days after receiving a monthly reconciliation statement from TMZ. (Compl. ¶ 23.) Starline breached the Agreement by missing every payment deadline for the past two years, sometimes by more than four months. (Compl. ¶ 23.) Although the Agreement grants TMZ the right to terminate the Agreement immediately in the event of late payment, without providing Starline any opportunity to cure, TMZ sent multiple communications to Starline demanding payment. (Compl. ¶ 23.) Starline did not cure its payment

breach for November or December 2015 until February 2016, after TMZ had already terminated the Agreement. (Compl. ¶ 23.)

Starline also breached the Agreement by failing to deposit ninety or more percent of revenues into the Dedicated Account within one month immediately upon collection thereof. (Compl. ¶ 24.) Starline informed TMZ that it lacked the “capacity” to segregate the Bus Tour revenues into the Dedicated Account, and that it was therefore “impossible” for Starline to timely make payments to TMZ. (Compl. ¶ 24.)

4. TMZ’s Termination of the Agreement

TMZ terminated the Agreement on February 11, 2016 in response to Starline’s repeated material breaches of the Agreement. (Compl. ¶ 25; *see also* Compl., Ex. B Termination Letter, ECF No. 1-2.) In the Termination Letter, TMZ provided Starline with written notice of termination for cause. (Compl. ¶ 25.) Although the Agreement provides for a sixty-day wind-down period in the event of termination for cause, in response to Starline’s request, TMZ agreed to extend the wind-down period for an extra thirty days, so that termination will be complete on May 11, 2016 (“Termination Date”). (Compl. ¶ 25.)

B. Procedural Background

Plaintiffs filed a Complaint against Starline on March 23, 2016. In the Complaint, Plaintiffs allege the following causes of action: (1) trademark infringement under the Lanham Act, 15 U.S.C. § 1114; (2) unfair competition under the Lanham Act, 15 U.S.C. § 1125(a); (3) false designation of origin, false or misleading description of fact, false or misleading representation of fact, false advertising and unfair competition under the Lanham Act; (4) trademark dilution under the Lanham Act, 15 U.S.C. § 1125(c); (5) trademark infringement under common law; (6) false advertising under California Business and Professions Code § 17200; (7) violation of California Business and Professions Code § 17200; and (8) declaratory relief.² (*See generally* Compl.)

On March 24, 2016, Plaintiffs filed a motion for preliminary injunction, seeking to enjoin Starline from: (1) using the TMZ marks to advertise, market, or operate any bus tours taking place after the Termination Date of May 11, 2016; and (2) operating or representing in any manner that they

² Plaintiffs did not seek damages from Starline in the Complaint. Plaintiffs requested that the Court enter a temporary and permanent injunction enjoining Starline from using the TMZ Marks to advertise the TMZ Bus Tour after the Termination Date and to declare that TMZ's termination of the Agreement was proper, that the termination date is May 11, 2016, and that Starline has no right to operate the TMZ bus tour or use any TMZ Marks after that date. (*See* Compl., Prayer for Relief.)

may operate the Bus Tour after the Termination Date of May 11, 2016. On April 26, 2016, Plaintiffs withdrew without prejudice the motion for preliminary injunction because Starline ceased the infringing conduct. (Notice of Withdrawal, ECF No. 35.)

Starline answered the Complaint (“Answer”) and filed a counterclaim against WBEI and TMZ (“Counterclaim”) on April 18, 2016. (*See* Answer and Counterclaim, ECF Nos. 29, 30.) On May 8, 2016, Starline filed a First Amended Counterclaim (“FACC”) alleging: (1) breach of contract against TMZ; (2) breach of implied covenant of good faith and fair dealing against TMZ; (3) declaratory relief against TMZ and WBEI; (4) breach of fiduciary duty against TMZ and WBEI; (5) trade libel against TMZ and WBEI; (6) intentional interference with contractual relations against WBEI; (7) unfair competition against TMZ and WBEI; and (8) cancellation of registered trademark against WBEI. (*See* First Am. Countercl., ECF No. 37.) Specifically, Starline seeks damages from both TMZ and WBEI, a judicial declaration that Starline has not breached the Agreement, a judicial determination that TMZ cannot operate a bus tour that competes with Starline, and that TMZ and WBEI be preliminarily and/or permanently enjoined from operating a bus tour that competes with Starline. (*See* First Am. Countercl., Prayer for Relief.)

On May 9, 2016, WBEI filed a Motion to Strike Starline's Fifth Affirmative Defense for Trademark Registration Procured by Fraud ("Motion to Strike"). (Mot. to Strike, ECF No. 38.) On May 16, 2016, TMZ filed a Motion to Compel Arbitration, and WBEI filed a Motion to Dismiss All Counterclaims Against WBEI ("WBEI Motion to Dismiss"). (Mot. To Compel, ECF No. 40.); (Mot. to Dismiss, ECF No. 42.) Starline opposed the Motion to Strike on May 16, 2016, and opposed the Motion to Dismiss and instant Motion to Compel Arbitration on May 23, 2016. (ECF Nos. 44, 48, 49.)

On June 20, 2016, the Court granted Plaintiff TMZ's Motion to Compel Arbitration regarding Starline's First Amended Counterclaim. ("Arbitration Order") (ECF No. 55.) In the same Arbitration Order, the Court stayed Starline's declaratory relief claim against TMZ, Starline's claims against WBEI, WBEI's Motion to Strike, and WBEI's Motion to Dismiss pending arbitration.

TMZ and Starline participated in arbitration at JAMS. (*See* Ecf No. 83 at 2-3.) The arbitrator entered her final award ("Final Award") against Starline on October 26, 2017. (*Id.*) TMZ filed a Petition to Confirm the Final Award in Los Angeles Superior Court on December 19, 2017. (*Id.*) Starline filed a notice of appeal with JAMS on December 20, 2017. (*Id.*) Starline removed TMZ's petition to the United States District Court for the Central District of California on January 16, 2018, Case No.

18 CV 369 AB (Jcx), where it was assigned to the Honorable Andre Birotte, Jr. (The “Confirmation Action”). (*Id.*) Starline then filed a Motion to Stay or in the Alternative, Dismiss EHM’s Motion to Confirm and a Motion to Vacate Arbitration Award and Response to Petition to Confirm. (*Id.*) On February 28, 2018, Judge Birotte stayed the petition until fourteen days after the earlier of (a) an order by the JAMS appellate panel dismissing the JAMS Appeal or (b) a decision by the JAMS Appellate Panel on the merits of the JAMS Appeal. (*Id.*) JAMS has not yet ruled on Starline’s pending appeal. (Opp’n. 8, ECF No. 94.)

On February 23, 2018, the Court declined to transfer the Confirmation Action to its calendar, on the grounds that the cases concern different parties and different claims. At a scheduling conference on May 29, 2018, the Court set trial to resolve the remaining trademark matters against WBEI for February 26, 2019. The Court also lifted the stay on The Motion to Strike and Motion to Dismiss claims.

In the instant Motion, Starline seeks leave to amend its FACC and do the following: (1) remove three of the claims in the FACC which were addressed in arbitration.³; (2) modify the language of current counts for declaratory relief, trade libel, intentional interference with contractual relations,

³ The claims addressed in arbitration include breach of contract, breach of the implied covenant of good faith and fair dealing, and breach of fiduciary duty. (Mot. 2.)

unfair competition, and trademark fraud (which includes a request for cancellation of trademark); (3) add a related claim for unfair business practices pursuant to section 17200 of the California Business and Professions Code; and (4) add a defendant, MBLC, formerly known as TMZ Productions Inc. (“MBLC”) as a counter-defendant. (Mot. 2.)

For the following reasons, the Court DENIES Defendant’s Motion.

II. DISCUSSION

A. Legal Standard

A party may amend its pleading once as a matter of course within 21 days after service of a responsive pleading or motion under Rule 12(b), (e), or (f), whichever is earlier. *See* Fed. R. Civ. P. 15(a)(1)(B). “In all other cases, a party may amend its pleading only with the opposing party’s written consent or the court’s leave. The court should freely give leave when justice so requires.” Fed. R. Civ. P. 15(a)(2). “Although [Rule 15] should be interpreted with ‘extreme liberality’ . . . leave to amend is not to be granted automatically.” *Jackson v. Bank of Hawaii*, 902 F.2d 1385, 1387 (9th Cir. 1990) (quoting *United States v. Webb*, 655 F.2d 977, 979 (9th Cir.1981)).

In assessing the propriety of amendment, district courts consider five factors: (1) undue delay, (2) bad faith or dilatory motive; (3) repeated failure to cure

deficiencies by amendments previously permitted; (4) prejudice to the opposing party; and (5) futility of amendment. *United States v. Corinthian Colleges*, 655 F.3d 984, 995 (9th Cir. 2011). However, the “crucial factor” in determining whether to grant leave to amend under Rule 15 “is the resulting prejudice to the opposing party.” *Howey v. United States*, 481 F.2d 1187, 1190 (9th Cir. 1973); *see also Eminence Capital, LLC v. Aspeon, Inc.*, 316 F.3d 1048, 1052 (9th Cir. 2003) (“[T]he consideration of prejudice to the opposing party. . . carries the greatest weight”).

B. Analysis

The Court addresses each of the five factors in turn. Ultimately, the Court concludes that Plaintiff should not be provided leave to file a second amended counterclaim.

1. Undue Delay

Starline unduly delayed bringing the instant Motion. WBEI and TMZ argue that if Starline’s Second Amended Counterclaim (“SACC”) is permitted, WBEI’s renewed Motion to Dismiss will be heard around the close of discovery and just before parties move for summary judgment, causing undue delay. (Opp’n. 18.) Starline argues that there is no undue delay because WBEI and TMZ did not inform Starline that they would not stipulate to filing the SACC until August 21, 2018, and Starline promptly filed the instant motion eight days later. (Mot. 2-3.) Starline emphasizes

that there is no undue delay because new claims were undiscovered until JAMS arbitration proceedings. (Reply 1, ECF No. 96.) Even if this were true, JAMS arbitration concluded in February 2017. (*See* Final Award, ECF No. 95-1.) Starline did not attempt to stipulate to amendments with WBEI and TMZ until June 2018. (*See* Ghods Decl. Ex. C, ECF No. 92.) Even if WBEI did not refuse to stipulate until August 21, 2018, Starline knew about potential claims to bring since, at the very latest, arbitration ended in October 2017. (Reply 3.) The Court recognizes that the FACC was already filed by this time. (ECF No. 36.) However, the Court lifted the stay on WBEI's pending Motions on May 29, 2018. Starline did not initiate conversations with WBEI about stipulation at this time. Rather, WBEI and TMZ initiated the request to stipulate themselves. (*See* Ghods Decl. Ex. C, ECF No. 92-3.) Moreover, when WBEI and TMZ asked Starline about the substance of the SACC, Starline was evasive about adding counterclaims, calling the counterclaims "updated" and providing no further details. (*Id.*) Finally, although Starline initially promised WBEI and TMZ the suggested stipulation by June 15, 2018 and the amended pleading by June 25, 2018, Starline did not send the amended pleading until July 10, 2018. (*Id.*) Without the amended pleading, WBEI and TMZ could not stipulate. It is clear to the Court that the delay here was avoidable.

The Court notes that Starline's intentions to amend could have been discussed at the Status Conference held May 29, 2018, yet Starline mentioned nothing. Starline seeks to add additional parties, modify current counts, and add a related claim for unfair business practices. Many of these claims, if truly pressing, could have been initiated much sooner either immediately after the stay was lifted in this Court, or in a separately filed lawsuit elsewhere.

As noted above, Starline's actions fall short of competent. Starline waited a month after the stay was lifted before truly attempting to stipulate with WBEI and TMZ. Further, the parties have already started discovery and are not at an early stage of litigation. Allowing the proposed amendments to proceed at this stage would unduly delay litigation.

Thus, Starline's undue delay weighs against granting leave to amend the FACC. *See Chodos v. W. Publ'g Co.*, 292 F.3d 992, 1003 (9th Cir. 2002) (finding undue delay when a plaintiff waited until the close of discovery to seek to amend a complaint).

2. Bad Faith

The Court does not find overt bad faith here.

On one hand, WBEI and TMZ argue that the proposed amendments are a "blatant attempt" to relitigate claims already decided in JAMS arbitration and avoid the Court's currently pending decisions. (Def. WBEI's Opp'n. 17-19.) On the other

hand, Starline contends that the instant Motion is not sought in bad faith, and is purely motivated by a “good faith effort to streamline [the] FACC.” (Mot. 9.) Moreover, Starline states that neither WBEI nor MBLC was a party to arbitration or the joint-venture agreement and as such, Starline would not be re-litigating any claims against them specifically. (*Id.*)

The lack of bad faith here hinges on two things—Starline’s removal of the formerly litigated arbitration claims and the addition of new parties. Had Starline exclusively sought to modify claims that were litigated in arbitration, the analysis here might be different. It is not clear from Starline’s proposed amendments that he is exclusively motivated to re-litigate or delay the Courts dismissal decisions.

Thus, the Court does not unequivocally find that Starline acts in bad faith. This factor is neutral.

3. Previous Deficient Amendments to the Complaint

In examining the third factor, the Ninth Circuit’s decision in *Royal Ins. Co. of Am. v. Sw. Marine*, 194 F.3d 1009 (9th Cir. 1999) is instructive. Royal Insurance Company (“Royal”) sued Southwest Marine (“Southwest”) for negligence, breach of contract, and breach of warranty when Southwest allegedly caused \$900,000 of damage to a boat insured by Royal. *Id.* at 1013. Royal amended the original complaint to correct minor deficiencies and,

later, amended the complaint again to assert additional claims against Southwest. *Id.* However, the district court denied Royal's motion for leave to file a third amended complaint because the facts involved were known to Royal at the time of filing. *Id.* On appeal, the Ninth Circuit stated, "[L]ate amendments to assert new theories are not reviewed favorably when the facts and the theory have been known to the party seeking amendment since the inception of the cause of action." *Id.* at 1016-17 (quoting *Acri v. International Assoc. of Machinists & Aerospace Workers*, 781 F.2d 1393, 1398 (9th Cir.1986)).

Similarly here, the Court holds that Starline "knew or should have known the facts and theories raised by the amendment" by at the very latest, February 24, 2017, when arbitration concluded. *See Jackson*, 902 F.2d at 1388. Although the FACC was already filed at this time, Starline waited far too long to seek any cause of action for the claims he wants to bring now.

In sum, Starline's prior amendments and the suspect timing of the currently sought amendments weigh against granting leave to amend.

4. Prejudice to the Opposing Party

"[T]he consideration of prejudice to the opposing party carries the greatest weight." *Eminence Capital*, 316 F.3d at 1052.

WBEI, TMZ, and proposed party MBLC will suffer great prejudice if the Court grants Starline leave to amend. Plaintiff's proposed amendment advances new legal theories, new allegations, and new parties. (Mot. Ex. B, ECF No. 91-2.) *See Jackson v. Bank of Hawaii*, 902 F.2d 1385, 1388 (9th Cir. 1990) (finding prejudice where allowing an amendment would have forced a defendant to litigate an entirely different legal claim and theory). Moreover, as established, allowing any amendments at this time would cause the Court's ruling on WBEI's Motion to Dismiss to come out "right at the close of discovery and just before the time of filing of any motions for summary judgment. (Opp'n. 18.) Plaintiff argues that it would not oppose extension of discovery deadlines which would remedy any prejudice against Counter-defendant WBEI. (Reply 1.) This is simply not enough. The Court has no way of confirming at this time that any joint stipulation would be proposed by Starline in the future. Moreover, since the delay here was avoidable by Starline, prejudice to the opposing party was avoidable as well.

Prejudice to the opposing party is evident here and given great weight.

5. Futility of the Amendment

A proposed amendment is futile only if "it appears beyond doubt that [the amended complaint] would also be dismissed for failure to state a claim."

Sweaney v. Ada County, Idaho, 119 F.3d 1385, 1393 (9th Cir. 1997.)

WBEI argues that any amendment to the FACC would be futile, that this court would dismiss the SACC pursuant to Federal Rule of Civil Procedure 12(b)(6), and that Starline's claims are barred by res judicata and the statute of limitations. (Opp'n. 11-17.) Plaintiff contends that he seeks to add new facts, new parties, and new causes of action, his claims are not barred by res judicata, nor the statute of limitations. (*See Reply.*)

As discussed in the Courts recent Order granting WBEI's Motion to Dismiss (ECF No. 42), Starline fails to state a claim for relief based on fraud or unfair competition. Although Starline brings in a new defendant, the key facts that support Starline's claims trademark fraud remain the same, and still are insufficient to survive dismissal. Plaintiff argues that the amended allegations for unfair competition are now sufficient because WBEI and TMZ misrepresented a 2013 Certificate of Excellence which was awarded to the TMZ/Starline partnership. (Mot. Ex. B at ¶¶ 35-36.) Starline argues that the certificate was "unlawfully taken." (*Id.*) However, Starline provides no exhibits or statements in the SACC that show the Certificate was awarded to the partnership, nor that TMZ used the trademark or certificate in a deceiving way. (*Id.*) To prove a claim of [unfair, a plaintiff must show: (1) that it has a valid,

protectable trademark, and (2) that defendant's use of the mark is likely to cause confusion. *Kythera Biopharmaceuticals, Inc. v. Lithera, Inc.*, 998 F. Supp. 2d 890, 898 (C.D. Cal. 2014) (citing *Applied Info. Scis. Corp. v. eBay, Inc.*, 511 F.3d 966, 969 (9th Cir.2007)). Starline never owned a valid trademark. WBEI owned it. (Mot. Ex. 5.) Thus, Starline's claim for unfair competition is futile.

Starline also seeks declaratory judgment against MBLC, alleging that MBLC is using confidential information and enjoying benefits of the bus tour to the exclusion of Starline. (See Mot. Ex. B.) All of Starline's claims against MBLC are connected to Starline's purported ownership of the TMZ trademark. As established, WBEI owns the trademark. Thus, because Starline does not have a claim in trademark infringement, it is futile to add MBLC to the lawsuit.

Because Starline's unfair competition and cancellation of trademark claims remain insufficient under Rule 12(b)(6) as to WBEI, TMZ, and MBLC, the Court finds that the futility factor weighs against granting leave to amend.

In sum, while (1) bad faith is not clear in this case, the court finds (2) undue delay, (3) prior unsuccessful amendments, (4) prejudice to the opposing parties and (5) amendment futility. As such, the factors weigh against granting leave to amend.

III. RULING

For the foregoing reasons, the Court **DENIES** Plaintiff's Motion for Leave to File a Second Amended Counterclaim.

IT IS SO ORDERED.

App-56

Appendix G

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA,
WESTERN DIVISION

No. CV 16-02001 SJO (GJSx)

WARNER BROS. ENTERTAINMENT INC., A Delaware
corporation, and EHM PRODUCTIONS INC., a
California corporation.

Plaintiffs and Counterdefendants,

v.

STARLINE TOURS OF HOLLYWOOD, INC., a California
corporation,
Defendant and Counterclaimant

Filed: February 14, 2019

REPORT ON THE FILING OR DETERMINATION
OF AN ACTION REGARDING A PATENT OR
TRADEMARK (WITH JOINT STIPULATION RE
DISMISSAL OF ACTION WITHOUT
PREJUDICE)

The Honorable S. James Otero
Trial Date: February 26, 2019

App-57

AO 120 (Rev. 08/10)

TO: Mail Stop 8 Director of the U.S. Patent and Trademark Office P.O. Box 1450 Alexandria, VA 22313-1450	REPORT ON THE FILING OR DETERMINATION OF AN ACTION REGARDING A PATENT OR TRADEMARK
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In Compliance with 35 U.S.C. § 290 and/or 15 U.S.C. § 1116 you are hereby advised that a court action has been filed in the U.S. District Court Central District of California on the following

Trademarks or Patents. (the patent action involves 35 U.S.C. § 292.):

DOCKET NO. 2:16-CV-02001	DATE FILED 3/23/2016	U.S. DISTRICT COURT Central District of California
PLAINTIFF EHM PRODUCTIONS INC., dba TMZ, a California corporation; and WARNER BROS. ENTERTAINMENT INC., a Delaware corporation		DEFENDANT STARLINE TOURS OF HOLLYWOOD, INC., a California corporation
PATENT OR TRADEMARK NO.	DATE OF PATENT OR TRADEMARK	HOLDER OF PATENT OR TRADEMARK
1 85,295,729	11/22/2011	Warner Bros. Entertainment Inc.
2 78,714,219	5/8/2007	Warner Bros. Entertainment Inc.
3 78,714,214	3/18/2008	Warner Bros. Entertainment Inc.
4		
5		

In the above—entitled case, the following patent(s)/ trademark(s) have been included:

DATE INCLUDED	INCLUDED BY <input type="checkbox"/> Amendment <input type="checkbox"/> Answer <input type="checkbox"/> Cross Bill <input type="checkbox"/> Other Pleading	
PATENT OR TRADEMARK NO.	DATE OF PATENT OR TRADEMARK	HOLDER OF PATENT OR TRADEMARK
1		
2		
3		
4		
5		

In the above—entitled case, the following decision has been rendered or judgement issued:

DECISION/JUDGEMENT 2./13/19 Joint STIPULATION to Dismiss Case pursuant to F.R.Civ.P. 41(a)(1)(A)(ii)
--

CLERK Kiry Gray	(BY) DEPUTY CLERK L Chai	DATE 2/14/ 2019
--------------------	-----------------------------	--------------------

Copy 1—Upon initiation of action, mail this copy to Director ^X Copy 3—Upon termination of action, mail this copy to Director
 Copy 2—Upon filing document adding patent(s), mail this copy to Director Copy 4—Case file copy

**TO THE COURT, ALL PARTIES, AND THEIR
COUNSEL OF RECORD:**

Please take notice that, under Federal Rule of Civil Procedure 41(a)(1)(A)(ii), and at the suggestion of the Court to avoid an unnecessary appearance at the pretrial conference scheduled for Tuesday, February 19, 2019, Plaintiffs and Counterdefendants Warner Bros. Entertainment Inc. and EHM Productions Inc., dba TMZ (“Warner Bros.”) and Defendant and Counterclaimant Starline Tours of Hollywood, Inc. (“Starline”) (collectively “the Parties”), by and through their attorneys of record, voluntarily dismiss the remaining portions of this action without prejudice. More specifically, the Warner Bros. Plaintiffs are dismissing all of their claims in their Complaint and Defendant Starline is dismissing the one remaining claim for declaratory relief in its First Amended Counterclaim.

DATED: February 13, 2019

Respectfully submitted,

BOIES SCHILLER FLEXNER LLP

ANDREW ESBENSHADE

KIMBERLY M. SINGER

By /s/ Andrew Esbenshade

ANDREW ESBENSHADE

Attorneys for Plaintiffs and

Counterdefendants

App-59

WARNER BROS. ENTERTAINMENT INC.
and EHM PRODUCTIONS INC., dba TMZ

DATED: February 13, 2019

LEX OPUS
MOHAMMED K. GHODS
JEREMY A. RHYNE
LORI SPEAK

By

*/s/ Mohammed K. Ghods (with
authorization)*

MOHAMMED K. GHODS
Attorneys for Defendant and Counterclaimant
STARLINE TOURS OF HOLLYWOOD, INC.

App-60

Appendix H

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

No. CV 16-02001 SJO (GJSx)

WARNER BROS. ENTERTAINMENT INC., A Delaware
corporation, and EHM PRODUCTIONS INC., a
California corporation.
Plaintiffs and Counterdefendants,
v.
STARLINE TOURS OF HOLLYWOOD, INC., a California
corporation,
Defendant and Counterclaimant

Filed: January 29, 2019

DEFENDANT AND COUNTERCLAIMANT
STARLINE TOURS OF HOLLYWOOD, INC.'S
MEMORANDUM OF CONTENTIONS OF FACT
AND LAW

Judge: Hon. S. James Otero
Place: Courtroom 10C
Pretrial Conf: February 19, 2019
Trial Date: February 26, 2019

Defendant and Counterclaimant STARLINE TOURS OF HOLLYWOOD, INC. (“Starline”) hereby submits its Memorandum of Contentions of Fact and Law:

I. INTRODUCTION

As explained below, this matter should be dismissed.

Warner Bros. Entertainment Inc. and EHM Productions, Inc., dba TMZ (“WBEI” and “TMZ,” respectively) filed this action for trademark infringement and unfair competition seeking injunctive and declaratory relief. In brief, their Complaint alleges that TMZ and Starline entered into a joint venture agreement to operate a TMZ-branded bus tour in which, generally speaking, Starline was to provide buses and bus drivers and TMZ was to provide its name, tour content, and tour guides. That joint venture agreement provided that Starline and TMZ would equally split profits generated by the tour. They jointly operated that tour for several years under a few different names using the “TMZ” mark. Plaintiffs filed this action because Starline refused to acknowledge what it believed was an invalid termination of the relationship and, therefore, continued marketing the joint tour. By this action, Plaintiffs wanted to stop Starline from doing so. However, Starline voluntarily stopped marketing the tour, and

therefore, Plaintiffs' claims for injunctive relief became moot.

On April 18, 2016, Starline filed its answer to EHM's Complaint as well as a Counterclaim. On May 8, 2016, Starline filed a First Amended Counterclaim (ECF No. 37). In that Counterclaim, Starline claimed that TMZ breached its fiduciary duties and breached the agreement's non-competition clause by preparing to operate a competing bus tour during the term of the agreement and by operating a competing bus tour using the same name used for the joint venture's bus tour. Also, Starline claimed that WBEI and TMZ engaged in unfair competition under the Lanham Act by using a name for TMZ's bus tour that properly belongs to the TMZ/Starline partnership. Finally, Starline sought damages for trade libel and intentional interference with contractual relations, and sought a cancellation of WBEI's registered mark used in connection with TMZ's bus tour.

Upon Plaintiffs' motion to compel arbitration, the Court ordered all of Starline's claims against TMZ to arbitration except for Starline's declaratory relief claim. The Court stayed Starline's declaratory relief claim against TMZ and all of Starline's claims against WBEI as well as WBEI's motion to dismiss pending the arbitration. Upon completion of arbitration, Starline sought leave to file a second amended counterclaim. The Court instead granted

WBEI's motion to dismiss all of Starline's counterclaims and denied Starline's request for leave to amend. The Court also struck Starline's Fifth Affirmative Defense regarding fraudulent trademark. Therefore, the remaining claims in this case are all of Plaintiff's claims and Starline's declaratory relief claim against TMZ.

However, because Plaintiffs have failed entirely to prosecute their case, judgment should be entered in favor of Starline. Furthermore, because this Court dismissed all of Starline's claims against WBEI and ordered all Starline's claims against TMZ to arbitration, except for its declaratory relief claim, all that remains of Starline's counterclaim is a claim for declaratory relief. But because the issues raised in that claim have been addressed in arbitration, which is currently pending in a JAMS Appeal, Starline requests that the Court dismiss its sole remaining claim for declaratory relief against TMZ.

II. Plaintiffs' Claims

WBEI and EHM filed a Complaint alleging eight causes of action:

1. Trademark Infringement under the Lanham Act, 15 U.S.C. § 1114
2. Unfair Competition under the Lanham Act, 15 U.S.C. § 1125(a)

3. False Designation of Origin, False or Misleading Description of Fact, False or Misleading Representation of Fact, False Advertising and Unfair Competition under the Lanham Act;
4. Trademark Dilution under the Lanham Act, 15 U.S.C. § 1125(c)
5. Trademark Infringement under Common Law
6. False Advertising under Cal. Bus. & Prof. Code § 17500
7. Unfair Competition under Cal. Bus. & Prof. Code § 17200
8. Declaratory Relief

Bottom line, Plaintiff has failed to prosecute any of these claims. Counsel for Starline asked Plaintiffs' counsel about the status of the pending claims prior to the deadline for this memorandum. Plaintiffs' counsel did not respond. The parties' stipulated deadline for initial disclosures was November 14, 2018. Plaintiffs failed to make any disclosures before that deadline or anytime after the deadline, up to the filing of this memorandum. Rule 26(a)(3)(B) of the Federal Rules of Civil Procedure mandates that these disclosures be made at least 30 days before trial. Trial is scheduled for February 26, 2018. The 30-day deadline has passed. Furthermore, Plaintiffs failed to propound any discovery, no interrogatories, no requests for production, no depositions. Nothing. Because

Plaintiffs failed to prosecute their case and because they did not disclose any evidence or witnesses, Plaintiffs cannot rely on any information or witnesses to support their claims against Starline. (Fed. R. Civ. Proc. 37(c)(1); *Yeti by Molly, Ltd. v. Deckers Outdoor Corp.*, 259 F.3d 1101, 1106-1107 (9th Cir. 2001) [exclusion of evidence for failure to comply with Rule 26 disclosure requirements is an appropriate remedy].)

Because a defendant has no burden to defend against claims absent a sufficient presentation of evidence by a plaintiff, Defendant requests that judgment be entered in favor of Starline.

III. Starline's Counterclaim

This Court dismissed all of Starline's claims against WBEI and ordered all Starline's claims against TMZ to arbitration, except for its declaratory relief claim. Therefore, all that remains of Starline's counterclaim is a claim for declaratory relief. Because the issues raised in that claim have been addressed in arbitration, which is currently pending on JAMS appeal, and because this Court has stated that those arbitration claims are not related to this case, Starline requests that the Court dismiss its sole remaining claim for declaratory relief against TMZ.

Dated: January 29, 2019

App-66

LEX OPUS

/s/ Jeremy A. Rhyne

By: Jeremy A. Rhyne

Attorneys for

Defendant/Counterclaimant

STARLINE TOURS OF

HOLLYWOOD, INC.

App-67

Appendix I

RELEVANT STATUTORY
AND RULES PROVISIONS

28 U.S.C. § 1291

The courts of appeals (other than the United States Court of Appeals for the Federal Circuit) shall have jurisdiction of appeals from all final decisions of the district courts of the United States, the United States District Court for the District of the Canal Zone, the District Court of Guam, and the District Court of the Virgin Islands, except where a direct review may be had in the Supreme Court. The jurisdiction of the United States Court of Appeals for the Federal Circuit shall be limited to the jurisdiction described in sections 1292(c) and (d) and 1295 of this title.

**Rule 41 of the Federal Rules of Civil Procedure
for the United States District Courts**

(a) Voluntary Dismissal.

(1) *By the Plaintiff.*

(A) *Without a Court Order.* Subject to Rules 23(e), 23.1(c), 23.2, and 66 and any applicable federal statute, the plaintiff may dismiss an action without a court order by filing:

(i) a notice of dismissal before the opposing party serves either an answer or a motion for summary judgment; or

(ii) a stipulation of dismissal signed by all parties who have appeared.

(B) *Effect.* Unless the notice or stipulation states otherwise, the dismissal is without prejudice. But if the plaintiff previously dismissed any federal- or state-court action based on or including the same claim, a notice of dismissal operates as an adjudication on the merits.

(2) *By Court Order; Effect.* Except as provided in Rule 41(a)(1), an action may be dismissed at the plaintiff's request only by court order, on terms that the court considers proper. If a defendant has pleaded a counterclaim before being served with the plaintiff's motion to dismiss, the action may be dismissed over the defendant's objection only if the counterclaim can remain pending for independent adjudication. Unless the order states otherwise, a dismissal under this paragraph (2) is without prejudice.

(b) *Involuntary Dismissal; Effect.* If the plaintiff fails to prosecute or to comply with these rules or a court order, a defendant may move to dismiss the action or any claim against it. Unless the dismissal order states otherwise, a dismissal under this subdivision (b) and any dismissal not under this

rule—except one for lack of jurisdiction, improper venue, or failure to join a party under Rule 19—operates as an adjudication on the merits.

(c) Dismissing a Counterclaim, Crossclaim, or Third-Party Claim. This rule applies to a dismissal of any counterclaim, crossclaim, or third-party claim. A claimant's voluntary dismissal under Rule 41(a)(1)(A)(i) must be made:

- (1) before a responsive pleading is served; or
- (2) if there is no responsive pleading, before evidence is introduced at a hearing or trial.

(d) Costs of a Previously Dismissed Action. If a plaintiff who previously dismissed an action in any court files an action based on or including the same claim against the same defendant, the court:

- (1) may order the plaintiff to pay all or part of the costs of that previous action; and
- (2) may stay the proceedings until the plaintiff has complied.