

United States District Court
Northern District of California

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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN JOSE DIVISION

SEBASTIAN BROWN PRODUCTIONS,
LLC,

Plaintiff,

v.

MUZOOKA, INC., et al.,

Defendants.

Case No. 15-CV-01720-LHK

**ORDER GRANTING MOTION FOR
LEAVE TO FILE A MOTION FOR
RECONSIDERATION AND GRANTING
RECONSIDERATION TO ALLEGE
NEWLY PRESENTED FACTS**

Re: Dkt. No. 92

Plaintiff Sebastian Brown Productions, LLC (“Plaintiff”) sues Defendant Muzooka, Inc. (“Defendant”) for unfair competition and trademark infringement under federal and state law. ECF No. 65 (First Amended Complaint, or “FAC”). Before the Court is Plaintiff’s motion for leave to file a motion for reconsideration of the Court’s March 14, 2016 order dismissing the FAC with prejudice. ECF No. 92 (“Mot.”). Having considered the submissions of Plaintiff, the relevant law, and the record in this case, the Court GRANTS Plaintiff’s motion for leave to file a motion for reconsideration. The Court also GRANTS reconsideration and ORDERS Plaintiff to file a Second Amended Complaint alleging a Lanham Act claim with Plaintiff’s newly presented facts.

1 **I. BACKGROUND**

2 In its March 14, 2016 order dismissing the FAC with prejudice, the Court provided a
 3 detailed factual background to this action and legal analysis of each of Plaintiff's claims.
 4 *Sebastian Brown Prods. LLC v. Muzooka Inc.* ("Muzooka II"), 2016 WL 949004 (N.D. Cal. Mar.
 5 14, 2016), ECF No. 86. Rather than repeat that analysis here, the Court provides a brief factual
 6 and procedural background and then considers the issues raised in Plaintiff's motion for leave to
 7 file a motion for reconsideration. The Court assumes that the parties and readers of this order have
 8 read the Court's March 14, 2016 order on Defendant's motion to dismiss.

9 The gravamen of Plaintiff's action is that the "Muzooka" trademark owned by Defendant
 10 (the "Muzooka Mark") infringes upon Plaintiff's "Muzook" trademark (the "Muzook Mark").
 11 Plaintiff alleges (1) statutory and common law unfair competition; (2) infringement of common
 12 law trademark rights; and (3) unfair competition under the Lanham Act, 15 U.S.C. § 1125(a).
 13 Plaintiff filed the original complaint on January 6, 2014. ECF No. 1.

14 On November 11, 2015, the Court granted in part and denied in part Defendant's motion to
 15 dismiss the original complaint. *Sebastian Brown Prods., LLC v. Muzooka, Inc.* ("Muzooka I"),
 16 143 F. Supp. 3d 1026 (N.D. Cal. 2015), ECF No. 64. As relevant to the instant motion, the Court
 17 concluded that Plaintiff failed to state a Lanham Act claim. Specifically, the Court concluded that
 18 Plaintiff insufficiently alleged ownership of the Muzook Mark because the U.S. Patent and
 19 Trademark Office ("PTO") listed the individual J. Michael Miller ("Miller") as the owner of the
 20 Muzook Mark. *Id.* at 1040. Moreover, there was no assignment of the Muzook Mark from Miller
 21 to Plaintiff in the record. *Id.* The Court concluded that Plaintiff may be able to allege additional
 22 facts showing an ownership interest in the Muzook Mark and dismissed Plaintiff's Lanham Act
 23 claim with leave to amend. *Id.* at 1041.

24 On December 11, 2015, Plaintiff filed the FAC, which included the assignment of the
 25 Muzook Mark from Miller to Plaintiff. ECF No. 65. The FAC alleged that Miller had applied for
 26 the Muzook Mark under an "intent-to-use" application, which permits an applicant with a bona
 27 fide intent to use a mark to effectively reserve the mark before the mark is actually used in

1 commerce. *See Muzooka II*, 2016 WL 949004, at *1. To complete registration of the mark with
2 the PTO, an intent-to-use applicant must file a statement of use indicating that the mark has been
3 used in commerce. *Id.* According to the FAC, Miller assigned the intent-to-use application for the
4 Muzook Mark to Plaintiff before filing a statement of use. *Id.* at *1–2.

5 On March 14, 2016, the Court granted Defendant’s motion to dismiss the FAC. The Court
6 found that Plaintiff failed to allege that the assignment of the Muzook Mark complied with 15
7 U.S.C. § 1060(a)(1). Analyzing the text of the statute, applicable case law, and legislative history,
8 the Court concluded that § 1060(a)(1) limits the assignment of intent-to-use applications before a
9 statement of use is filed to situations where the intent-to-use application is transferred with both
10 the goodwill accrued by the mark and the “ongoing and existing” business associated with the
11 mark. *See id.* at *8–11. The Court noted that the FAC contained no allegations about Miller’s
12 pre-assignment use of the Muzook Mark. *Id.* at *12. Thus, Plaintiff failed to allege that the
13 Muzook Mark had accrued goodwill or been part of an “ongoing and existing” business prior to
14 the assignment. Accordingly, the Court concluded that Plaintiff failed to allege a valid assignment
15 and thus an ownership interest in the Muzook Mark. *Id.* The Court also rejected a procedurally
16 improper declaration by Miller submitted in opposition to the motion to dismiss, which failed to
17 show that the Muzook Mark accrued goodwill before the assignment. *Id.* at *12–13. The Court
18 denied leave to amend. *Id.* at *16.

19 On April 8, 2016, Plaintiff filed the instant motion for leave to file a motion for
20 reconsideration of the Court’s March 14, 2016 order. ECF No. 92.

21 **II. LEGAL STANDARD**

22 Pursuant to Civil Local Rule 7-9(a), “[b]efore the entry of a judgment adjudicating all of
23 the claims and the rights and liabilities of all the parties in a case, any party may make a motion
24 before a Judge requesting that the Judge grant the party leave to file a motion for reconsideration
25 of any interlocutory order made by that Judge on any ground set forth in Civil L.R. 7-9(b). No
26 party may notice a motion for reconsideration without first obtaining leave of Court to file the
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1 motion.” Civil Local Rule 7-9(b) provides three grounds for reconsideration of an interlocutory
2 order:

3 (1) That at the time of the motion for leave, a material difference in fact or law
4 exists from that which was presented to the Court before entry of the interlocutory
5 order for which reconsideration is sought. The party also must show that in the
6 exercise of reasonable diligence the party applying for reconsideration did not
7 know such fact or law at the time of the interlocutory order; or

8 (2) The emergence of new material facts or a change of law occurring after the time
9 of such order; or

10 (3) A manifest failure by the Court to consider material facts or dispositive legal
11 arguments which were presented to the Court before such interlocutory order.

12 Civil Local Rule 7-9(c) further requires that “[n]o motion for leave to file a motion for
13 reconsideration may repeat any oral or written argument made by the applying party in support of
14 or in opposition to the interlocutory order which the party now seeks to have reconsidered.” In
15 general, motions for reconsideration should not be frequently made or freely granted. *See*
16 *generally Twentieth Century-Fox Film Corp. v. Dunnahoo*, 637 F.2d 1338, 1341 (9th Cir. 1981).

17 **III. DISCUSSION**

18 Plaintiff raises two bases for reconsideration, both of which pertain only to the dismissal of
19 Plaintiff’s Lanham Act claim. *See generally* Mot. Specifically, Plaintiff contends that (1) the
20 Court misinterpreted the legal requirements of 15 U.S.C. § 1060(a)(1); and (2) Plaintiff should be
21 granted leave to amend based on newly presented evidence. Plaintiff does not move for
22 reconsideration of the Court’s dismissal with prejudice of Plaintiff’s claims for common law
23 trademark infringement, and statutory and common law unfair competition.

24 As to Plaintiff’s first argument, Plaintiff disagrees with the Court’s interpretation of 15
25 U.S.C. § 1060(a)(1), without explaining on which ground of Civil Local Rule 7-9(b) the motion is
26 based. The Court finds that Plaintiff fails to demonstrate that reconsideration of the Court’s
27 interpretation of § 1060(a)(1) is warranted on any ground. In particular, Plaintiff points to no
28 material difference or change in law from that considered in the order granting Defendant’s
motion to dismiss. *See* Civ. L.R. 7-9(b)(1)–(2). Nor does Plaintiff identify any “failure by the
Court to consider material facts or dispositive legal arguments” presented in the briefing on the

1 motion to dismiss. *Id.* 7-9(b)(3). In the instant motion, Plaintiff relies on the text of § 1060(a)(1)
2 and associated legislative history to argue that the Court should alter its interpretation of
3 § 1060(a)(1). Not only were these arguments available to Plaintiff at the time of the Court’s order,
4 the Court considered these issues in detail in the order dismissing the FAC.¹ *See Muzooka II*,
5 2016 WL 949004, at *8–11. Accordingly, reconsideration on this basis is not warranted.

6 As to Plaintiff’s second argument, Plaintiff contends that a material difference in fact exists
7 from that presented to the Court on the motion to dismiss. Plaintiff does not contest that, under
8 the Court’s interpretation of § 1060(a)(1), the allegations in the FAC are insufficient to
9 demonstrate a valid assignment of the Muzook Mark. However, Plaintiff asks the Court to
10 reconsider the denial of leave to amend based on new evidence of Miller’s pre-assignment activity
11 with the Muzook Mark. Mot. at 14–15. Plaintiff asserts that Plaintiff did not present this evidence
12 to the Court during the briefing on the motion to dismiss because Plaintiff did not realize the
13 relevance in light of the unsettled state of the law on § 1060(a)(1).

14 The Court agrees that Plaintiff has shown a material difference in fact from that presented
15 on the motion to dismiss. In support of the instant motion, Plaintiff offers significant evidence
16 that Miller engaged in a variety of activities not presented during the briefing on the motion to
17 dismiss, including signing a written agreement with a recording studio while using the Muzook
18 Mark; contacting “numerous” and “many” people in the recording industry using the Muzook
19 Mark; and discussing the Muzook Mark at the San Francisco MusicTech Summit IX. *See* ECF
20 No. 97. This evidence is relevant to whether the Muzook Mark accrued goodwill prior to Miller’s
21 assignment of the Muzook Mark to Plaintiff. While Plaintiff could have presented this evidence
22 during the motion to dismiss, Plaintiff is correct that, at the time of the motion to dismiss, neither
23 the Ninth Circuit nor any district court within the Ninth Circuit had interpreted the legal
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25 ¹ For example, Plaintiff argues that the word “goodwill” is not in § 1060(a)(1) and thus an intent-
26 to-use application need not be assigned with goodwill. Mot. at 5. Contrary to Plaintiff’s
27 statement—and as discussed in the Court’s order—§ 1060(a)(1) explicitly provides that an intent-
to-use application “shall be assignable with the good will of the business in which the mark is
used.” *Muzooka II*, 2016 WL 949004, at *8 (quoting 15 U.S.C. § 1060(a)(1)).

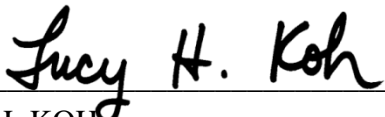
1 requirements of § 1060(a)(1). *Muzooka II*, 2016 WL 949004, at *9. In addition, the Trademark
 2 Trial and Appeal Board had issued conflicting authority on the meaning of § 1060(a)(1). *Id.*
 3 Thus, the scope of § 1060(a)(1)—and the type of allegations needed to satisfy § 1060(a)(1)—was
 4 unclear. In light of the newly presented evidence, the Court is persuaded that granting Plaintiff
 5 leave to amend Plaintiff’s Lanham Act claim is not necessarily futile. *See id.* at *16 (concluding
 6 that granting leave to amend would be futile). For this reason, the Court agrees with Plaintiff that
 7 Plaintiff’s Lanham Act claim should be dismissed with leave to amend to allege newly presented
 8 facts, rather than with prejudice.

9 **IV. CONCLUSION**

10 For the foregoing reasons, the Court GRANTS Plaintiff’s motion for leave to file a motion
 11 for reconsideration and, in the interest of avoiding unnecessary delay, GRANTS reconsideration to
 12 allege newly presented facts. The Court VACATES the portion of its earlier order denying leave
 13 to amend as to Plaintiff’s Lanham Act claim and DISMISSES Plaintiff’s Lanham Act claim with
 14 leave to amend. Plaintiff shall file a Second Amended Complaint alleging a Lanham Act claim
 15 with Plaintiff’s newly presented facts within twenty-one (21) days of this order. Failure to meet
 16 the twenty-one day deadline to file an amended complaint or failure to cure the deficiencies
 17 identified in the Court’s March 14, 2016 order will result in a dismissal with prejudice of
 18 Plaintiff’s Lanham Act claim.

19 **IT IS SO ORDERED.**

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 21 Dated: July 5, 2016

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 24 LUCY H. KOH
 25 United States District Judge