

1 On July 15, 1873, the National Grange created the
2 California State Grange as its affiliated state-level chapter.
3 (Decl. of Betsy Huber (“Huber Decl.”) (Docket No. 54-6) ¶ 15.)
4 As a chartered affiliate, the California State Grange collects
5 dues from local Granges across California and turns over a
6 portion of those dues to the National Grange. (Id. ¶ 18.) In
7 1946, the California State Grange registered as a corporation
8 with the California Secretary of State. (Id. ¶ 15.) The
9 California State Grange elected McFarland as its leader in 2009.
10 (Id. ¶ 19.)

11 In 2012, a dispute arose between the National Grange
12 and the California State Grange, leading to the suspension of the
13 California State Grange’s charter. (Id.) The National Grange
14 revoked the California State Grange’s membership and the two
15 disaffiliated in 2013. (Id. ¶ 21.) Members of the disaffiliated
16 chapter, led by McFarland, continued to exist as a separate
17 entity under the corporate charter filed in 1946. (Id. ¶ 22.)
18 The National Grange chartered a new California State Grange in
19 2014. (d. ¶ 23.) What resulted after the split, then, were two
20 California entities: a newly chartered California State Grange
21 (i.e., along with the National Grange, plaintiffs to this action)
22 and a disaffiliated entity led by McFarland (i.e., defendants).

23 The National Grange initiated a lawsuit in the
24 Sacramento Superior Court, Nat’l Grange of the Order of Patrons
25 of Husbandry v. California State Grange, No. 34-cv-2002-120439 CU
26 MC GDS (Sacramento Super. Ct.) (filed Oct. 1, 2012) (“the State
27 Action”) seeking a declaration regarding the ownership of Grange
28 property. The National Grange and the reorganized California

1 State Grange succeeded in the State Action, although post-
2 judgment proceedings continue to be ongoing.

3 In March 2014 the National Grange filed an action in
4 this court against defendants for federal trademark infringement,
5 trademark dilution, trademark counterfeiting, and false
6 advertisement under the Lanham Act ("Grange I"). No. 2:14-cv-676
7 WBS DB (E.D. Cal.). On September 30, 2015, the court issued a
8 final judgment and permanent injunction prohibiting the revoked
9 entity's continued use of the "Grange" trademarks. (See Nat'l
10 Grange of the Order of Patrons of Husbandry v. Cal. State Grange,
11 No. 2:14-cv-676 WBS DAD, 2015 WL 5813681, at *2-*3 (E.D. Cal.
12 Sept. 30, 2015), modified, No. 2:14-cv-676 WBS AC, 2016 WL
13 1587193 (E.D. Cal. Apr. 20, 2016).) This holding has since been
14 affirmed by the Ninth Circuit. See National Grange of Order of
15 Patrons of Husbandry v. California State Grange, 715 Fed. Appx.
16 747 (9th Cir. 2018).

17 Plaintiffs argue that despite the Grange I ruling,
18 defendants have continued to cause division and confusion among
19 the California Granges by publicly referring to itself as "CSG"
20 and "[f]ormerly the California State Grange." (Decl. of Ed
21 Kowski ("Kowski Decl.") Ex. 2 (Docket No. 54-3).) Accordingly,
22 plaintiffs filed this action in February 2016. (Compl. (Docket
23 No. 1).) Plaintiffs asserted ten causes of action: (1) false
24 designation of origin under the Lanham Act, 15 U.S.C. §
25 1125(a)(1)(A); (2) false advertisement under the Lanham Act, id.
26 § 1125(a)(1)(B); (3) false advertisement under the California
27 Business and Professional Code, Cal. Bus. & Prof. Code § 17500;
28 (4) trademark infringement under the Lanham Act, 15 U.S.C. §

1 1114; (5) infringement of unregistered logo and trade dress under
2 the Lanham Act, 15 U.S.C. § 1125(a); (6) copyright infringement
3 under the Copyright Act, 17 U.S.C. § 106; (7) trade libel under
4 California common law; (8) intentional interference with
5 contractual relations under California common law; (9) trespass
6 under California common law; and (10) conversion under California
7 common law. (First Amended Complaint ("FAC") (Docket No. 75) at
8 38-51.)

9 Defendants moved to dismiss plaintiffs' amended
10 Complaint in its entirety in August 2016. (Docket No. 77.) The
11 court granted defendants' motion as to plaintiffs' infringement
12 of unregistered logo and trade dress claim and intentional
13 interference with contractual relations claim, and denied the
14 motion in all other respects. (Nov. 15, 2016 Order at 23 (Docket
15 No. 106).)

16 Defendants then moved for summary judgment on
17 plaintiffs' remaining claims (Docket No. 138), which the court
18 denied (Docket No. 153). Plaintiffs filed a cross-motion for
19 partial summary judgment on July 23, 2017. (Docket No. 142.)
20 Plaintiffs' motion for partial summary judgment was withdrawn in
21 order to provide defendants an opportunity for further discovery.
22 (Docket No. 166.) Defendants have now completed that discovery,
23 and both parties have again filed motions for summary judgment.

24 II. Legal Standard

25 Summary judgment is proper "if the movant shows that
26 there is no genuine dispute as to any material fact and the
27 movant is entitled to judgment as a matter of law." Fed. R. Civ.
28 P. 56(a). A material fact is one that could affect the outcome

1 of the suit, and a genuine issue is one that could permit a
2 reasonable jury to enter a verdict in the non-moving party's
3 favor. Anderson v. Liberty Lobby, Inc., 477 U.S. 242, 248
4 (1986).

5 The party moving for summary judgment bears the initial
6 burden of establishing the absence of a genuine issue of material
7 fact and can satisfy this burden by presenting evidence that
8 negates an essential element of the non-moving party's case.
9 Celotex Corp. v. Catrett, 477 U.S. 317, 322-23 (1986).

10 Alternatively, the movant can demonstrate that the non-moving
11 party cannot provide evidence to support an essential element
12 upon which it will bear the burden of proof at trial. Id. Any
13 inferences drawn from the underlying facts must, however, be
14 viewed in the light most favorable to the party opposing the
15 motion. Matsushita Elec. Indus. Co. v. Zenith Radio Corp., 475
16 U.S. 574, 587 (1986).

17 III. Plaintiffs' Motion for Summary Judgment

18 Plaintiffs move the court for summary judgment on all
19 eight of their remaining claims.

20 A. Defendants' Global Objections

21 Before separately addressing each claim, the court will
22 discuss defendants' global arguments against plaintiffs' Motion
23 for Summary Judgment.

24 1. Claims are Improperly Split

25 Defendants argue that plaintiffs' federal and state
26 claims are improperly split. According to defendants, "the
27 federal doctrine against claim-splitting precludes plaintiffs
28 from suing based on the same controversy as the State Action and

1 Grange I." (Defs.' Opp'n (Docket No. 214) at 11.) However, as
2 the Ninth Circuit has explained, "overlapping or even identical
3 federal and state court litigation may proceed simultaneously,
4 limited only by doctrines of abstention and comity." Noel v.
5 Hall, 341 F.3d 1148, 1159 (9th Cir. 2003). Thus, the existence
6 of a pending parallel action in the state court system will not
7 bar proceedings regarding the same matter in federal court.
8 Accordingly, defendants' request for dismissal of plaintiffs'
9 federal action based on this claim-splitting theory is denied.

10 2. Res Judicata and Collateral Estoppel

11 Defendants argue, as they have twice before, that
12 plaintiffs' claims are subject to collateral estoppel and res
13 judicata. The court rejected this argument in 2016 and again in
14 2017. (See Nov. 15, 2016 Order Re Mot. to Dismiss (Docket No.
15 106); Aug. 4, 2017 Order Re Mot. for Summ. J. (Docket No. 153).)
16 With respect to plaintiffs' Lanham Act and California false
17 advertisement claims, the court stated:

18 Grange I decided ownership of the word "Grange," and
19 enjoined defendants from the use of that term . . .
20 The conduct alleged to support plaintiff's Lanham
21 Act [and California false advertisement] claims in
22 this action is different from the conduct enjoined
23 in Grange I. It involves more than merely the use of
24 the word "Grange." To the extent that the complaint
25 here alleges that defendants are representing they
26 are the same organization as the California State
27 Grange, that they are responsible for the history
28 and achievements of the California State Grange, or
making other false or misleading representations
causing confusion among local granges, it goes
beyond the complaint in Grange I and seeks to enjoin
different conduct. Accordingly, the court will not
dismiss plaintiffs' Lanham Act [and California false
advertisement] claims on res judicata grounds.

(Nov. 15, 2016 Order at 16-17.) The court wishes to
express its frustration with defendants for presenting

1 this argument a third time. For the same reasoning
2 described in the court's previous orders, the court
3 rejects defendants' argument that plaintiffs' Lanham Act
4 and California false advertisement claims are precluded.

5 However, with respect to plaintiffs' trespass
6 and conversion claims, the court stated:

7 Plaintiffs' trespass and conversion claims are not
8 barred under the doctrine of res judicata by the
9 underlying state court action in this case because that
10 action remains pending on appeal. See Eichman v.
11 Fotomat Corp., 759 F.2d 1434, 1439 (9th Cir. 1985)
("Under California law . . . a judgment is not final
for purposes of res judicata during the pendency of and
until the resolution of an appeal.").

12 (Id. at 21-22.) As both parties recognized at the August 6, 2018
13 hearing, the state court action has now ended. Accordingly,
14 plaintiffs' trespass and conversion claims are in fact barred and
15 defendants' will receive judgment in their favor with respect to
16 these two claims.

17 3. California State Grange Lacks Standing

18 Defendants also argue that the California State Grange
19 lacks standing to assert the claims raised in this action, and
20 thus that all claims asserted by the California State Grange must
21 be dismissed. (Defs.' Mem. at 4-17.) Standing requires a
22 showing that plaintiff has suffered actual loss, damage or
23 injury, or is threatened with impairment of his or her own
24 interests. Gladstone Realtors v. Village of Bellwood, 441 U.S.
25 91, 100 (1979). A party "generally must assert his own legal
26 rights and interests, and cannot rest his claim to relief on the
27 legal rights or interests of third parties." Warth v. Seldin,

1 422 U.S. 490, 499 (1975). This is known as the "real party in
2 interest" rule, which explains that the real party is the person
3 who has the right to sue under the substantive law. In general,
4 the real party is the person holding title to the claim or
5 property involved, and not merely others who may be interested in
6 or benefit from the litigation. U-Haul Int'l v. Jartran, Inc.,
7 793 F.2d 1034, 1038 (9th Cir. 1986).

8 Actions asserting the rights of a corporation
9 ordinarily must be brought by the corporation itself. Kuntz v.
10 Lamar Corp., 385 F.2d 1177, 1183 (9th Cir. 2004). According to
11 defendants, the California State Grange plaintiff is the
12 incorrect corporation to bring the asserted claims in this case.
13 The named plaintiff California State Grange is a 2016 corporation
14 that was formed to safeguard the corporate registration of the
15 name "California State Grange" after defendants were forced to
16 relinquish the name in Grange I. This corporation has no bank
17 account records and it does not collect dues. (Defs.' Mem. at 9,
18 Ex. E.) There is a separate 2014 corporation, which is not a
19 party to this case, named the Grange of the State of California's
20 Order of Patrons of Husbandry Chartered which does collect dues
21 and have bank accounts. (Id. at 6.) Based on this information,
22 defendants argue that the California State Grange party is merely
23 a "holding corporation" for the name "California State Grange"
24 and not the real party in interest. (Id.)

25 In a misguided argument, plaintiffs claim that "the
26 party in interest is the California State Grange, not a 2014 or
27 2016 corporation." (Pls.'s Opp'n at 3.) Plaintiffs attempt to
28 argue that this action was brought in the name of the California

1 State Grange, not a specific corporate entity. (Id. at 4.)
2 However, “[a] civil action can be maintained only against a legal
3 person, i.e., a natural person or an artificial or quasi-
4 artificial person; a nonentity is incapable of suing or being
5 sued.” Oliver v. Swiss Club Tell, 222 Cal. App. 2d 528, 537 (1st
6 Dist. 1963). In this case, plaintiffs have explicitly admitted
7 that they are not bringing this case on behalf of a specific
8 corporation or entity. Plaintiffs cannot assert a claim on
9 behalf of some amorphous entity vaguely known as the California
10 State Grange. See id. Thus, the court is not convinced by
11 plaintiffs’ argument and agrees with defendants that the
12 California State Grange is not an appropriate plaintiff in this
13 case. Accordingly, summary judgment will be granted in favor of
14 defendants and against the California State Grange, and the
15 California State Grange will be dismissed from this case. See
16 Foundation on Economic Trends v. Lyng, 680 F. Supp. 10, 14
17 (D.C.C. 1988) (granting summary judgment and dismissing case due
18 to lack of standing); see also Lujan v. Defenders of Wildlife,
19 504 U.S. 555 (1992) (granting summary judgment in favor of
20 defendants because plaintiffs lacked standing).

21 After ruling on defendants’ objections, the court must
22 now determine whether the National Grange is entitled to summary
23 judgment on its remaining claims: false designation of origin,
24 federal and California false advertisement, trademark
25 infringement, copyright infringement, and trade libel. The
26 California State Grange is not a proper party and thus all of its
27 claims are dismissed.

1 B. False Designation of Origin, False Advertisement,
2 and Trademark Infringement Under the Lanham Act

3 Four of plaintiffs' eight causes of action--false
4 designation of origin, federal false advertisement, state false
5 advertisement, and trademark infringement--arise under or require
6 substantially the same proof as section 43(a) of the Lanham Act
7 ("section 43(a)"), 15 U.S.C. 1125(a).

8 1. False Designation of Origin

9 The Ninth Circuit has held that a false designation of
10 origin claim under § 43(a)(1)(A) of the Lanham Act, 15 U.S.C. §
11 1125(a)(1)(A), requires proof that a defendant "(1) use[d] in
12 commerce (2) any word, false designation of origin, false or
13 misleading description, or representation of fact, which (3) is
14 likely to cause confusion or misrepresents the characteristics of
15 his or another person's goods or services." Freecycle Network,
16 Inc. v. Oey, 505 F.3d 898, 902 (9th Cir. 2007). Communications
17 made on public websites are made in interstate commerce. See
18 United States v. Sutcliffe, 505 F.3d 944, 952-53 (9th Cir. 2007)
19 ("[T]he Internet is an instrumentality and channel of interstate
20 commerce.") (internal citation omitted).

21 Plaintiffs allege defendants violated the Lanham Act §
22 43(a)(1)(A) through their (1) unauthorized use of "CSG"; (2)
23 unauthorized use of the former phone numbers of the California
24 State Grange; (3) infringement of the "look and feel" of the
25 California State Grange's website and brochure; and (4)
26 unauthorized claim to the history and goodwill of the California
27 State Grange.

28 a. Unauthorized use of "CSG"

1 The term "CSG" is a recognized trade name and
2 designation of the California State Grange. (Komski Decl. at 2;
3 Huber Decl. at 10.) The Jacinto Grange chapter explained that
4 "the letters 'CSG' were known . . . as an abbreviation for
5 'California State Grange,' and [they] had referred to [their]
6 statewide program as 'the CSG' for many years." (Decl. of
7 Jacinto Grange ("Jacinto Grange Decl.") (Docket No. 208-3) ¶ 17.)
8 Thus, although "CSG" is not a registered trademark, based on the
9 volume and length of time that the term has been used as a source
10 identifier for the California State Grange, the court understands
11 "CSG" to be a common law trademark of the California State
12 Grange. See Fleischer Studios, Inc. v. A.V.E.L.A. Inc., 772 F.
13 Supp. 2d 1155, 1168 (C.D. Cal. 2009) ("Priority of use is
14 sufficient to establish ownership of an unregistered
15 trademark.").

16 The National Grange's By-Laws provide that "[a]ll
17 registered and non-registered trademarks . . . are the legal
18 property of the National Grange." (Huber Decl., Ex. 1.)
19 Accordingly, the National Grange owns the rights to the term
20 "CSG," and the National Grange has identified the California
21 State Grange as the sole authorized user of "CSG."

22 It is undisputed that after the court's injunction in
23 Grange I, defendants began using the name "CSG." (See
24 McFarland's Resp. to Pls.' First Set of Req. for Admis., Req. No.
25 21.) They referred to their organization as "CSG" both in
26 printed commercial materials and on their website. This use was
27 not authorized by plaintiffs. Defendants' use of "CSG" has
28 indisputably caused consumer confusion. For example, according

1 to the Jacinto Grange, "Mr. McFarland's continued reference to
2 his organization as 'the CSG' up until April 2016 contributed to
3 [Jacinto's] belief that 'the CSG' was the successor to the
4 California State Grange and that Mr. McFarland was still
5 authorized to represent the California Granges." (Jacinto Grange
6 Decl. ¶ 18.)

7 Accordingly, the court concludes that defendants'
8 misleading representations of itself as the "CSG", which are
9 available on public websites and thus part of interstate
10 commerce, caused confusion and damage to the National Grange's
11 reputation. As such, the National Grange has established all
12 elements necessary to prevail on its false designation of origin
13 claim.^{1 2}

14 2. False Advertising

15 A false advertising claim under Lanham Act §
16 43(a)(1)(B), 15 U.S.C. § 1125(a)(1)(B) requires

17
18 (1) a false statement of fact by the defendant in a
19 commercial advertisement about its own or another's
product³; (2) the statement actually deceived or

20 ¹ The court need not address the other behaviors
21 plaintiffs argue make defendants liable for false designation of
22 origin because the use of CSG is sufficient for plaintiffs to
23 prevail.

24 ² Trademark infringement under section 32(1) of the
25 Lanham Act requires the same proof as false designation of
26 origin. See Brookfield Commc'ns, Inc. v. W. Coast Entm't Corp.,
27 174 F.3d 1036, 1046 n.6 (9th Cir. 1999). Because the court has
28 concluded that the National Grange is entitled to summary
judgment on its claim of false designation of origin, it will
also grant judgment in its favor on the federal trademark
infringement claim.

³ "False" for these purposes means false or misleading.
See Southland Sod Farms v. Stover Seed Co., 108 F.3d 1134, 1139

1 has the tendency to deceive a substantial segment
2 of its audience; (3) the deception is material, in
3 that it is likely to influence the purchasing
4 decision; (4) the defendant caused its false
5 statement to enter interstate commerce; and (5) the
6 plaintiff has been or is likely to be injured as a
7 result of the false statement, either by direct
8 diversion of sales from itself to defendant or by a
9 lessening of the goodwill associated with its
10 products.

11 Southland Sod Farms v. Stover Seed Co., 108 F.3d 1134, 1139 (9th
12 Cir. 1997).

13 The court need not analyze every comment defendants
14 have made since the permanent injunction was granted in Grange I
15 in order to conclude that false and misleading statements have
16 been made. To provide just a few examples, the court notes that:
17 (1) defendants' membership brochures state that "CSG is a grass
18 roots organization that began in 1870," thereby falsely taking
19 credit for plaintiffs' organization and not clarifying that
20 defendants' organization did not in fact begin until 2013 (see
21 Komski Decl., Ex. 3); and (2) defendants' former website
22 contained links to historical publications of the California
23 State Grange as though they were publications of defendant
24 California Guild (see id., Ex. 5).

25 Such statements, along with a multitude of others, have
26 inarguably led the parties' members to believe that California
27 Guild is a continuation of the California State Grange, and that
28 in order to stay members of their local Grange they must pay dues
to defendants. (See, e.g. Decl. of Jerry Allen ("Allen Decl.")
(Docket No. 54-1, Ex. 1) ¶ 3.) Accordingly, the court concludes

(9th Cir. 1997) ("To demonstrate falsity within the meaning of
the Lanham Act, a plaintiff may show that the statement was
literally false . . . or that the statement was literally true
but likely to mislead or confuse consumers.").

1 that defendants have made false and misleading representations in
2 interstate commerce that have materially affected and injured
3 plaintiffs, and thus that the National Grange is entitled to
4 summary judgment on its claim for federal false advertising.⁴

5 3. Defendants' Defenses to Lanham Act Claims

6 Defendants raise several defenses to plaintiffs' Lanham
7 Act claims, none of which have any merit. First, they argue that
8 the representations plaintiffs attribute to them constitute
9 protected political speech under the First Amendment. (Defs.'
10 Opp'n at 39-41.) The court has already rejected this argument,
11 explaining that "it is well established that the 'First Amendment
12 does not protect false or misleading commercial speech.'"

13 (Docket No. 106 at 14 (quoting Amarin Pharma, Inc. v. U.S. Food &
14 Drug Admin, 119 F. Supp. 3d 196, 228 (S.D.N.Y. 2015)).

15 Defendants' statements in this case were false or misleading, and
16 as such they are not protected. See Virginia State Bd. Of
17 Pharmacy v. Virginia Citizens Consumer Council, Inc., 425 U.S.
18 748, 771-72 (1976) ("Untruthful speech, commercial or otherwise,
19 has never been protected for its own sake."). Defendants also
20 argue that they cannot be liable under the Lanham Act because
21 their statements were merely criticism and opinion. Again, as
22 the court explained in a previous order, defendants' statements

23
24 ⁴ The analysis for false advertising pursuant to
25 California state law is identical to that required for false
26 advertising under federal law. See Homeland Housewares, LLC v.
27 Euro-Pro Operating LLC, No. 14-cv-3954 DDP MANX, 2015 WL 476287,
28 at *2 n.1 (C.D. Cal. Feb. 5, 2015). Thus, because the court has
concluded that plaintiff is entitled to judgment in its favor on
its federal false advertising claim, it will also find for the
National Grange on its California false advertising claim.

1 were clearly assertions of fact, not mere opinion or criticism,
2 and thus are not protected. (See Docket No. 106 at 15.)

3 The court is growing increasingly frustrated with
4 defendants and their repetition of previously rejected defenses.
5 The court is now forced to waste its time and reject these
6 arguments yet again. Because the court has rejected these
7 defenses, it will grant summary judgment in favor of the National
8 Grange on its claims of false designation of origin, federal
9 false advertisement, state false advertisement, and trademark
10 infringement.

11 C. Copyright Infringement

12 To succeed on a copyright infringement claim,
13 plaintiffs must prove "(1) ownership of a valid copyright; and
14 (2) that the defendant violated the copyright owner's exclusive
15 rights under the Copyright Act." Ellison v. Robertson, 357 F.3d
16 1072, 1076 (9th Cir. 2004) (citing 17 U.S.C. § 501(a)).
17 Plaintiffs do not need to prove that defendants copied
18 plaintiffs' copyrighted works in their entirety; substantial
19 similarity suffices. See Shaw v. Lindheim, 919 F.2d 1353, 1356
20 (9th Cir. 1990) ("[A] plaintiff may establish copying by showing
21 that the infringer had access to the work and that the two works
22 are substantially similar.").

23 Plaintiffs have submitted copyright registrations for
24 content on their website, including information about the
25 California State Grange's history, foundation, and membership.
26 (See Pls.' Mem of P. & A., Ex. 11.) The elements of their
27 website that are protected by their copyright registrations were
28 designed by Rick Keel in 2010, when he was still an employee of

1 plaintiff the California State Grange. At this time, the
2 California State Grange was still a functioning state-level
3 division of the National Grange, and thus all intellectual
4 property the California State Grange created and used was the
5 legal property of the National Grange.

6 According to Keel's own testimony, members of the
7 California State Grange created the contents of the website
8 before its charter was revoked, and defendants used the same
9 graphics when they created the website for the unaffiliated
10 California Guild. (Docket No. 208, Ex. 5, Rick Keel Dep. 49:23-
11 51:1, 51:10-13, 19-20; Ex. 6, California Guild's Resp. to Pls.'
12 First Set of Interrog. (Amended), Interrog. No. 15.) Defendants'
13 membership brochure, also covered by copyright registration, was
14 also created by the California State Grange prior to its charter
15 revocation and thus is also owned by the National Grange.

16 The evidence is undisputed that defendants, without
17 permission, copied plaintiffs' copyrighted content onto their
18 websites and into their new membership brochure in violation of
19 section 106 of United States Copyright Law, which confers upon
20 copyright owners the exclusive right to "reproduce the
21 copyrighted work" or "prepare derivative works based upon the
22 copyrighted work," 17 U.S.C. § 106. In fact, Rick Keel
23 explicitly admitted that he was specifically instructed by
24 McFarland to maintain the website exactly as it was, with the
25 minor exception of changing all appearances of the word "Grange"
26 to "CSG." (Docket No. 208, Ex. 5, 60:2-10.) Similarly, the
27 membership brochure advertising the "CSG" organization was
28 identical to the California State Grange's former brochure, but

1 for the substitution of "CSG" for "California State Grange."
2 (See Docket No. 208, Ex. 4, California Guild's Resp. to Pls.'
3 First Set of Req. for Admis. (Amended), Request No. 37.)

4 Even given the substitution of "CSG," the court
5 concludes that the works are "substantially similar." Unicolors,
6 Inc. v. Urban Outfitters, Inc., 853 F.3d 980, 987 (9th Cir.
7 2017) ("Where the extrinsic similarity is so strong that the works
8 are near duplicates save for superficial differences, the court
9 may properly conclude that no reasonable jury could find that the
10 works are not substantially similar in their overall concept and
11 feel."). Accordingly, there is no genuine issue that the
12 National Grange owned a valid copyright and that defendants
13 copied it in a "substantially similar" manner without permission,
14 thereby engaging in copyright infringement. The court will
15 therefore grant judgment in favor of the National Grange on its
16 copyright infringement claim.

17 D. Trade Libel

18 Plaintiffs' damages for trade libel are concurrent with
19 the damages they seek for their Lanham Act claims. Because the
20 court will grant judgment in favor of plaintiffs on their Lanham
21 Act claims, it need not address plaintiffs' trade libel claim
22 because it will have no impact on the award of damages.

23 E. Damages

24 1. Lanham Act Damages

25 As explained above, the court will grant summary
26 judgment in favor of the National Grange on its Lanham Act
27 claims. The Lanham Act provides that upon a finding of liability
28 "the plaintiff shall be entitled . . . to recover (1) defendant's

1 profits, (2) any damages sustained by the plaintiff, and (3) the
2 costs of the action.” 15 U.S.C. § 1117(a).

3 a. Profits and Lost Revenue

4 In this case, there is no genuine factual dispute that
5 plaintiffs lost revenues. The court will use defendants’ profits
6 as a “rough proxy” for plaintiffs’ damages. See, e.g.,
7 TrafficSchool.com, Inc. v. Edriver, Inc., 653 F.3d 820, 831 (9th
8 Cir. 2011) (explaining that calculating an award based on a
9 defendant’s profits is merited where it is “appropriate to assume
10 that every dollar defendant makes has come directly out of
11 plaintiff’s pocket); see also Harper House, Inc. v. Thomas
12 Nelson, Inc., 889 F.2d 197, 209 n.8 (9th Cir. 1989) (use of
13 “surrogate measure of damages,” including defendant’s profits,
14 appropriate in certain types of Lanham cases).

15 “When the defendant’s profits are the measure of the
16 plaintiff’s losses, the plaintiff has only the burden of
17 establishing the defendant’s gross profits from the infringing
18 activity with reasonable certainty.” Spin Master, Ltd. v.
19 Zobmondo Entm’t, LLC, 944 F. Supp. 2d 830, 839-40 (C.D. Cal.
20 2012). These profits are then presumed to be a result of the
21 infringement. See Mishawaka Rubber & Woolen Mfg. Co. v. S.S.
22 Kresge Co., 316 U.S. 203, 206 (1942). “The burden then shifts to
23 the defendant to show which, if any, of its total sales are not
24 attributable to the infringing activity, and, additionally, any
25 permissible deductions for overhead.” Spin Master, 944 F. Supp.
26 2d at 839-40.

27 In this case, because the parties are non-profit
28 organizations, rather than “profits” calculated in the

1 traditional accounting sense of "revenue minus expenses,"
2 plaintiffs seek defendants' total gross revenue from dues and
3 loan payments from September 30, 2015, the date defendants were
4 permanently enjoined from further use of the term "Grange," to
5 the present. The court agrees damages of this nature are
6 appropriate. Given that local chapters pay dues on an annual
7 basis, plaintiffs are entitled to those revenues they would have
8 received but for defendants' wrongful actions. See Birthright v.
9 Birthright, Inc., 827 F. Supp. 1114, 1144 (D.N.J. 1993) (awarding
10 "lost profits" as "all monies received after January 15, 1992 as
11 a result of its fundraising letters for the telephone hotline").

12 The parties are in agreement that a jury trial will be
13 needed in order to determine the amount of damages National
14 Grange is entitled to. California State Grange is not entitled
15 to damages on this claim because it does not have standing, and
16 thus any arguments presented by defendants' regarding the amount
17 of damages California State Grange is entitled to need not be
18 addressed.

19 b. Additional Damages

20 In addition to actual damages, § 35(a) of the Lanham
21 Act, 15 U.S.C. § 1117(a), provides for recovery of attorney fees
22 in "exceptional circumstances" and treble damages. The court has
23 broad discretion to determine whether a case is exceptional based
24 on the liberal "totality of the circumstances" using a
25 preponderance of the evidence standard. SunEarth, Inc. v. Sun
26 Earth Solar Power Co., Ltd., 839 F.3d 1179 (9th Cir. 2016).
27 Additionally, "the Court has the discretion to award up to treble
28 damages for a Lanham Act violation," and "[i]f the violation is

1 found to be willful, the trial court should award treble damages
2 unless it finds 'extenuating circumstances.'" A & M Records,
3 Inc. v. Abdallah, 948 F. Supp. 1449, 1458 (C.D. Cal. 1996).

4 The court concludes that this case can certainly be
5 considered "exceptional" given the intentional nature of
6 defendants' use of California State Grange property. In
7 analogous cases courts have awarded enhanced damages in order to
8 account for the willfulness of defendants' conduct. See, e.g.,
9 Century 21 Real Estate LLC v. All Prof'l Realty, Inc., 889 F.
10 Supp. 2d 1198, 1234 (E.D. Cal. 2012) (awarding treble damages to
11 franchisor for former franchisee's willful infringement where
12 franchisee continued to use marks for more than nine months after
13 termination of franchise); Tu Thien The, Inc. v. Tu Thien
14 Telecom, Inc., 668 Fed. Appx. 299, 300 (9th Cir. 2016) (affirming
15 district court's enhancement of actual damages). Thus, given the
16 facts of the case, the court concludes that the National Grange
17 is entitled to its attorney fees and treble damages.

18 2. California False Advertising Damages

19 Pursuant to California law, in addition to the above
20 damages, a plaintiff is entitled to additional punitive damages
21 when defendants acted with "malice, oppression, or fraud." Cal.
22 Civ. Code § 3294; Moroccanoil, Inc. v. Groupon, Inc., 278 F.
23 Supp. 3d 1157, 1165 (C.D. Cal. 2017). In this case, such damages
24 are appropriate because it cannot be disputed that defendants'
25 unlawful conduct was "done willfully, intentionally and in
26 reckless disregard of its possible injurious consequences." See
27 Transgo, Inc. v. Ajac Transmission Parts Corp., 768 F.2d 1001,
28 1024 (9th Cir. 1985). Again, a jury trial will be necessary to

1 determine the extent of punitive damages available to the
2 National Grange.

3 IV. Defendants' MSJ

4 Defendants request that the court grant summary
5 judgment against plaintiffs as to all counts asserted in the
6 First Amended Complaint. The arguments presented in defendants'
7 Motion for Summary Judgment are the very same arguments
8 defendants make in opposition to plaintiffs' Motion for Summary
9 Judgment. As discussed above, the court agrees with defendants
10 that the California State Grange is not a proper party and will
11 grant judgment in defendants' favor with regard to the California
12 State Grange. As for the National Grange, the court rejects
13 defendants' argument with respect to all claims except for
14 trespass and conversion. Those two claims are barred and as such
15 plaintiff cannot assert them.

16 IT IS THEREFORE ORDERED that the National Grange's
17 Motion for Summary Judgment (Docket No. 208) be, and the same
18 hereby is, GRANTED as to the following claims: false designation
19 of origin, federal false advertisement, California false
20 advertisement, trademark infringement, and copyright
21 infringement, and DENIED as to the trespass and conversion
22 claims. The California State Grange's Motion for Summary
23 Judgment (Docket No. 208) be, and the same hereby is, DENIED.
24 The California State Grange is dismissed as a party to this
25 action.

26 IT IS FURTHER ORDERED that defendants' Motion for
27 Summary Judgment (Docket No. 210) be, and the same hereby is,
28 GRANTED as to the California State Grange, GRANTED as to the

1 National Grange's claims of trespass and conversion, and DENIED
2 as to National Grange's other claims.

3 The following relief is granted:

4 1. The court declares that the National Grange, and its
5 chartered California chapter, the California State Grange, are:

6 a. the exclusive authorized representatives of the
7 California State Grange.

8 2. A preliminary and permanent injunction against defendants,
9 collectively and individually, and their officers, shareholders,
10 partners, principals, agents, assignees, beneficiaries,
11 successors, licensees, distributors, attorneys, proxies, alter
12 egos, aliases, and all other persons acting in concert with
13 defendants collectively or individually, from:

14 a. use of "CSG," "Granger," and other trademarks, service
15 marks, trade names, acronyms, abbreviations, logos, trade dress,
16 Internet domain names, or advertising keywords that are
17 confusingly similar to plaintiffs' registered and unregistered
18 trademarks and trade dress;

19 b. representing or asserting that they are affiliated or
20 connected with, the successors to, or the authorized
21 representatives of, the California State Grange, or the local
22 California Granges in any advertising, promotion, and commercial
23 or official communications;

24 c. referencing the history and goodwill of the California
25 State Grange or their past association with the California State
26 Grange in any advertising, promotion and commercial or official
27 communications;

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1 d. appropriating, disposing or dissipating assets and
2 accounts held in the name of, or belonging to, the California
3 State Grange, or the local California Granges;

4 e. making any false representations to the California
5 Granges about plaintiffs' services or encouraging members to
6 "disaffiliate" from plaintiffs' organization;

7 f. interfering in the contractual relations between the
8 California Granges and the California State Grange or the
9 National Grange;

10 g. exercising functions within the exclusive authority of
11 the California State Grange including but not necessarily limited
12 to the collection of Grange dues; disposition of assets owned by
13 the California State Grange, writing and cashing checks on the
14 account of the California State Grange; reorganization of local
15 California Granges; and induction of new Grange members and
16 installation of Grange officers;

17 h. distributing records, copies, recordings, histories or
18 descriptions of past or present events sponsored, authorized,
19 endorsed, or approved by plaintiffs in a manner that is likely to
20 cause confusion, mistake or deception about the sponsorship,
21 authorization, endorsement or approval of such events; and

22 i. reproducing, distributing, or preparing derivative
23 works based on plaintiffs' copyrighted works.

24 3. A preliminary and final order requiring defendants,
25 collectively and individually, and their officers, shareholders,
26 partners, principals, agents, assignees, beneficiaries,
27 successors, licensees, distributors, attorneys, proxies, alter
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1 egos, aliases, and all other persons acting in concert with
2 defendants, to:

3 a. return to plaintiffs any proprietary Grange regalia in
4 their possession;

5 b. remove all of their personal property and equipment
6 located at 3830 U St., Sacramento, CA 95817, without injury to
7 the premises or any of plaintiffs' property located thereon;

8 d. disconnect all telephone numbers used by defendants
9 that were ever registered to the California State Grange; and
10 refrain from further use of such telephone numbers in any
11 business, commercial, or official communications.

12 4. An order directing the California Secretary of State to
13 recognize plaintiffs as the exclusive representatives of the
14 California State Grange for all purposes relevant to the
15 registration, ownership, and responsibility of such corporate
16 entities.

17 5. An order declaring that defendants' act constitute:

18 a. false designation of origin in violation of Section
19 43(a) (1) (A) of the Federal Trademark Act of 1946, 15 U.S.C. §
20 1125(a) (1) (A);

21 b. false advertising in violation of Lanham Act Section
22 43(a) (1) (B), 15 U.S.C. § 1125(a) (1) (B);

23 c. false advertising in violation of Section 17500 of the
24 California Business & Professions Code;

25 d. federal copyright infringement;

26 e. federal trademark and service mark infringement in
27 violation of Section 32(1) of the Lanham Act, 15 U.S.C. §
28 1114(1);

1 6. An accounting of profits pursuant to Section 35(a) of the
2 Lanham Act, 15 U.S.C. § 1117(a).

3 7. An award of lost profits and damages in such amount as may
4 appear appropriate following a trial on the merits, pursuant to
5 Section 35(a) of the Lanham Act, 15 U.S.C. § 1117(a).

6 8. An award of treble damages pursuant to Section 35(a) of the
7 Lanham Act, 15 U.S.C. § 1117(a).

8 9. An award of costs and attorney fees pursuant to Section
9 35(a) of the Lanham Act, 15 U.S.C. § 1117(a).

10 IT IS SO ORDERED.

11 A status conference is scheduled on September 10, 2018
12 at 1:30 p.m. to discuss how to proceed with the trial on the
13 issue of damages.

14 Dated: August 13, 2018



15 **WILLIAM B. SHUBB**
16 **UNITED STATES DISTRICT JUDGE**
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