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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA

THE UPPER DECK COMPANY, a
Nevada corporation,

Plaintiff,

v.

PANINI AMERICA, INC.,

Defendant.

Case No.: 20cv185-GPC(KSC)

**ORDER GRANTING IN PART AND
DENYING IN PART DEFENDANT’S
MOTION TO DISMISS**

[Dkt. No. 12.]

Before the Court is Defendant’s motion to dismiss for failure to state a claim under Federal Rule of Civil Procedure 12(b)(6). (Dkt. No. 12.) Plaintiff filed an opposition and Defendant replied. (Dkt. Nos. 16, 19.) Based on the reasoning below, the Court GRANTS in part and DENIES in part Defendant’s motion to dismiss.

Background

On January 29, 2020, Plaintiff Upper Deck Company (“Plaintiff” or “Upper Deck”) filed a complaint against Defendant Panini America, Inc. (“Defendant” or “Panini”) alleging eight claims under the Lanham Act and related state law causes of action. (Dkt. No. 1, Compl.) The eight causes of action are: 1) false endorsement and false advertising under the Lanham Act, 15 U.S.C. § 1125(a); 2) trademark dilution under the Lanham Act, 15 U.S.C. § 1125(c); 3) trademark infringement under 15 U.S.C. §

1 1114; 4) intentional interference with prospective economic relationship; 5) intentional
2 interference with contractual relationship; 6) commercial misappropriation; 7) right of
3 publicity under California Civil Code section 3344 *et seq.*; and 8) unfair competition
4 pursuant to California Business & Professions Codes Code sections 17200 *et seq.*
5 (“UCL”). (*Id.*)

6 Upper Deck is a worldwide sports and entertainment company that produces sports
7 memorabilia products, trading card products, as well as many other sports and
8 entertainment products. (*Id.* ¶ 2.) For decades, Upper Deck has been and continues to
9 have an exclusive license with Michael Jordan (“Jordan”) to “use his image, name,
10 likeness, marks, and other rights on and in connection with, among other products,
11 trading cards.” (*Id.* ¶ 4.) It has been the only trading card manufacturer to have a license
12 agreement with Jordan. (*Id.* ¶ 7.) Jordan’s name has been registered as a trademark with
13 the U.S. Patent and Trademark Office since at least 1988. (*Id.* ¶ 16.) Jordan’s jersey
14 number 23 is also a federally registered trademark. (*Id.* ¶ 17.)

15 Panini is one of Upper Deck’s main competitors in the trading card market and
16 also enters into exclusive license agreements for, among other licensed products, trading
17 cards and since 2009 has had exclusive license agreements with current active players of
18 the National Basketball Association (“NBA”). (*Id.* ¶¶ 6, 8.) However, its license does
19 not include the right to feature Jordan in any Panini’s trading cards. (*Id.* ¶¶ 8, 32.)

20 Jordan’s name is distinctive, famous and easily recognized throughout the world.
21 (*Id.* ¶ 16.) In 1984, the Chicago Bulls drafted Jordan third overall in the NBA draft after
22 a stellar collegiate career. (*Id.* ¶¶ 17, 18.) While in the NBA, Jordan won six
23 championships with the Chicago Bulls; as a result, his name and image along with the
24 number 23 is and continues to be legendary and may be the most famous name and jersey
25 number in the history of professional sports. (*Id.* ¶ 20.) Millions around the world easily
26 recognize these marks. (*Id.* ¶ 21.) As a result, trading cards featuring Jordan’s publicity
27 rights are highly valuable and highly sought after in the marketplace in the primary and
28 secondary markets. (*Id.* ¶ 22.) Further, a new trading card featuring Jordan in his 23

1 number jersey has not been released for at least 10 years which has left collectors with an
2 insatiable appetite for any Jordan trading card. (*Id.* ¶ 25.)

3 The market for sports trading cards is extremely lucrative; for example, a single
4 rare trading card featuring Jordan sold on eBay for \$350,100. (*Id.* ¶ 26.) Moreover, the
5 background imagery of a trading card can have substantial bearing on the value of the
6 card. (*Id.* ¶ 44.) Use of cameos featuring ancillary figures in the background of trading
7 cards increases the value of those cards, and individuals in the background of an image
8 on a trading card can dramatically increase the value of both the trading card and the
9 trading card release. (*Id.* ¶¶ 44-45.)

10 In November 2017, Panini printed the 2017-2018 Donruss Basketball Retro Series
11 card featuring Scottie Pippen which did not include any image of Jordan. (*Id.* ¶¶ 35, 37
12 (photo).) Four months later, in April 2018, Panini released its 2017-2018 Donruss Optic
13 Retro trading card set which was its more expensive and higher end version of the
14 Donruss Basketball Retro series released in November 2017. (*Id.* ¶ 36.) Within the set,
15 Panini included the same exact image featuring Scottie Pippen (“Pippen Card”) on the
16 2017-2018 Donruss Basketball Retro Series, but this card included a small image of
17 Jordan in the bottom right corner of the card. (*Id.* ¶ 37 (photo).) Panini later released its
18 2018-19 Panini Contenders Basketball trading card set. (*Id.* ¶ 38.) Within this set, Panini
19 included a card of Dennis Rodman (“Rodman Card”), the background of which
20 prominently featured Jordan. (*Id.*)

21 Upper Deck alleges that Panini deliberately altered and manipulated Jordan’s
22 image into the background of these two trading card releases to market and increase the
23 sale of its products and brand equity, to use Jordan for commercial gain, to confuse the
24 market, and to harm Upper Deck including Upper Deck’s brands, goodwill, and exclusive
25 contract. (*Id.* ¶¶ 9-10.) As part of the exclusive license, Jordan assigned Upper Deck the
26 right to begin an action relating to a third party’s infringing use of Jordan’s rights. (*Id.* ¶¶
27 27, 50, 94, 99.) Defendant moves to dismiss the complaint for failure to state a claim on
28 all causes of action which is fully briefed.

Discussion

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

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

A complaint may survive a motion to dismiss only if, taking all well-pleaded factual allegations as true, it contains enough facts to “state a claim to relief that is plausible on its face.” *Ashcroft v. Iqbal*, 556 U.S. 662, 678 (2009) (quoting *Twombly*, 550 U.S. at 570). “A claim has facial plausibility when the plaintiff pleads factual content that allows the court to draw the reasonable inference that the defendant is liable for the misconduct alleged.” *Id.* “Threadbare recitals of the elements of a cause of action, supported by mere conclusory statements, do not suffice.” *Id.* “In sum, for a complaint to survive a motion to dismiss, the non-conclusory factual content, and reasonable inferences from that content, must be plausibly suggestive of a claim entitling the plaintiff to relief.” *Moss v. U.S. Secret Serv.*, 572 F.3d 962, 969 (9th Cir. 2009) (quotations omitted). In reviewing a Rule 12(b)(6) motion, the Court accepts as true all facts alleged in the complaint, and draws all reasonable inferences in favor of the plaintiff. *al-Kidd v. Ashcroft*, 580 F.3d 949, 956 (9th Cir. 2009).

Where a motion to dismiss is granted, “leave to amend should be granted ‘unless the court determines that the allegation of other facts consistent with the challenged pleading could not possibly cure the deficiency.’” *DeSoto v. Yellow Freight Sys., Inc.*, 957 F.2d 655, 658 (9th Cir. 1992) (quoting *Schreiber Distrib. Co. v. Serv-Well Furniture*

1 Co., 806 F.2d 1393, 1401 (9th Cir. 1986)). In other words, where leave to amend would
2 be futile, the Court may deny leave to amend. *See DeSoto*, 957 F.2d at 658; *Schreiber*,
3 806 F.2d at 1401.

4 **B. First Cause of Action - Unfair Competition, 15 U.S.C. § 1125(a)**

5 Defendant moves to dismiss the false endorsement claim¹ under 15 U.S.C. §
6 1125(a)(1)(A) and false advertising claim under 15 U.S.C. § 1125(a)(1)(B).

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

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

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

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

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

21 15 U.S.C. § 1125(a)(1). “Section 1125(a) creates two distinct bases of liability: false
22 association, § 1125(a)(1)(A), and false advertising, § 1125(a)(1)(B).” *Lexmark Int’l, Inc.*
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26 ¹ Because the Complaint alleges “trademark infringement, false designation of origin, false or
27 misleading representation, and false or misleading description” under 15 U.S.C. § 1125(a)(1)(A), (Dkt.
28 No. 1, Compl. ¶ 62), Defendant moves to dismiss the claim as a false association claim. However,
Plaintiff, in its opposition, clarifies that it is bringing a false endorsement under § 1125(a)(1)(A). In the
event Plaintiff files an amended complaint, it shall amend the complaint to correctly name the cause of
action.

1 *v. Static Control Components, Inc.*, 572 U.S. 118, 122 (2014). Under § 1125(a)(1)(A),
 2 the Ninth Circuit has held that the unauthorized use of a celebrity’s persona, image or
 3 likeness, may be brought as a false endorsement claim. *See Brown v. Elec. Arts, Inc.*, 724
 4 F.3d 1235, 1239 (9th Cir. 2013) (claims may be brought under “§ 43(a) relating to the use
 5 of a public figure’s persona, likeness, or other uniquely distinguishing characteristic to
 6 cause such confusion.”); *Waits v. Frito-Lay, Inc.*, 978 F.2d 1093, 1110 (9th Cir. 1992)
 7 (*abrogated on other grounds by Lexmark Int’l, Inc.*, 572 U.S. at 118) (“A false
 8 endorsement claim based on unauthorized use of a celebrity’s identity is a type of false
 9 association claim . . . which is likely to confuse consumers as to the plaintiff’s sponsorship
 10 or approval of the product.”); *White v. Samsung Elecs. America, Inc.*, 971 F.2d 1395,
 11 1399-1400 (9th Cir. 1992) (“[i]n cases involving confusion over endorsement by a
 12 celebrity plaintiff, “mark” means the celebrity’s persona.”) A celebrity’s “persona is a
 13 uniquely distinguishing characteristic that calls to mind a specific person and his publicly
 14 known sports personality.” *Lemon v. Harlem Globetrotters Int’l, Inc.*, 437 F. Supp. 2d
 15 1089, 1095 (D. Ariz. 2006).

16 **1. 15 U.S.C. § 1125(a)(1)(A) – False Endorsement**

17 Defendant moves to dismiss the claim under 15 U.S.C. § 1125(a)(1)(A) because
 18 Panini’s use of Jordan’s marks, to include his “world renowned image” and his famous
 19 jersey number 23,² are not likely to cause confusion as to origin, sponsorship or approval
 20 of Panini’s trading cards. (Dkt. No. 12 at 14-15.³) Plaintiff responds that Panini’s
 21 intentional, unlicensed and repetitive use of Jordan’s image and jersey number on its
 22 trading cards deceives consumers into believing Jordan endorses the products which
 23 generates consumer interest in them. (Dkt. No. 16 at 11-12.) In reply, Defendant argues
 24 that the false endorsement claim based on Jordan’s “celebrity persona” on the two trading
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26
 27 ² In an amended complaint, Plaintiff should clarify the marks it is alleging is infringed because the
 28 Complaint states that the marks infringed also include the Bulls team name and colors on a Bulls
 uniform which it admits it has no exclusive rights. (Dkt. No. 1, Compl. ¶ 40.)

³ Page numbers are based on the CM/ECF pagination.

1 cards where Scottie Pippen and Dennis Rodman are prominently showcased does not
2 likely cause confusion that Jordan endorsed those cards. (Dkt. No. 19 at 7.)

3 The Lanham Act “prohibits only false endorsement, not mere use of an image or
4 name.” *Cairns v. Franklin Mint Co.*, 107 F. Supp. 2d 1212, 1214 (C.D. Cal. 2000) (citing
5 J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition, § 28:14 (4th
6 ed. 1996)). Therefore, not all uses of a celebrity’s image are actionable under § 1125(a);
7 only those that suggest sponsorship or approval are prohibited. *Id.* “Under the law of
8 false endorsement, likelihood of customer confusion is the determinative issue.” *Cairns*
9 *v. Franklin Mint Co.*, 292 F.3d 1139, 1449 (9th Cir. 2002) (citation omitted). “The
10 ‘likelihood of confusion’ inquiry generally considers whether a reasonably prudent
11 consumer in the marketplace is likely to be confused” as to the sponsorship or approval
12 of the goods bearing the marks at issue in the case.” *Rearden LLC v. Rearden*
13 *Commerce, Inc.*, 683 F.3d 1190, 1209 (9th Cir. 2012).

14 The Ninth Circuit applies an eight-factor test modeled after the *Sleekcraft*⁴ factors
15 to determine whether there has been a likelihood of consumer confusion in celebrity
16 cases. *See Fifty-Six Hope Road Music, Ltd. v. A.V.E.L.A., Inc.*, 778 F.3d 1059, 1069 (9th
17 Cir. 2015). These factors include:

- 18 1. the level of recognition that the plaintiff has among the segment of the
- 19 society for whom the defendant’s product is intended;
- 20 2. the relatedness of the fame or success of the plaintiff to the defendant's
- 21 product;
- 22 3. the similarity of the likeness used by the defendant to the actual plaintiff;
- 23 4. evidence of actual confusion;
- 24 5. marketing channels used;
- 25 6. likely degree of purchaser care;
- 26 7. defendant's intent on selecting the plaintiff; and
- 27 8. likelihood of expansion of the product lines.

28 ⁴1. *AMF, Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348-49 (9th Cir. 1979).

1 *Downing v. Abercrombie & Fitch*, 265 F.3d 994, 1007-08 (9th Cir. 2001). “Although
2 these are all factors that are appropriate for consideration in determining the likelihood of
3 confusion, they are not necessarily of equal importance, nor do they necessarily apply to
4 every case.” *Id.* at 1008. The Ninth Circuit has also noted that the “Lanham Act's
5 likelihood of confusion standard is predominantly factual in nature.” *Wendt v. Host Int'l,*
6 *Inc.* 125 F.3d 806, 812 (9th Cir. 1997); *see also Fortune Dynamic, Inc. v. Victoria's*
7 *Secret Stores Brand Mgmt., Inc.*, 618 F.3d 1025, 1031 (9th Cir. 2010) (“[b]ecause of the
8 intensely factual nature of trademark disputes, summary judgment is generally disfavored
9 in the trademark arena.”) (citation omitted).

10 On a motion to dismiss, the Court accepts as true all facts alleged in the complaint
11 and draws all reasonable inferences in favor of the plaintiff and determines whether the
12 complaint alleges facts to state a claim that is plausible on its face. In its motion,
13 Defendant does not address the *Downing* factors; instead, it argues the merits of whether
14 there is a likelihood of consumer confusion and asks the Court to resolve that issue. For
15 example, Panini argues there is no likelihood of confusion as to whether Jordan endorses
16 its cards because the cards do not bear Jordan’s name and a tiny figure of a Chicago Bulls
17 team player in the background of Pippen’s card is unidentifiable. (Dkt. No. 12 at 16.) As
18 to the Rodman Card, Panini asserts it is not plausible that a background image of Jordan
19 in a partially obscured Bulls jersey would cause consumers to be confused as to the origin
20 or sponsorship of the card. (*Id.*) Panini continues that even if one were to be able to
21 identify Jordan in the background, it is implausible to suggest that Jordan endorsed
22 Rodman’s and Panini’s card based on its mere appearance. (Dkt. No. 19 at 8.) Finally,
23 because the Panini cards are sold in packs, consumers do not know what individual cards
24 are in them until after the purchase. (*Id.*) These merits-based arguments are not
25 appropriate on a motion to dismiss. In response, Plaintiff argues it has alleged sufficient
26 facts under the eight-factor test to survive dismissal. The Court agrees.

27 The Complaint 1) describes Jordan’s high level of recognition as a world famous
28 and easily recognized basketball player amongst those who buy basketball trading cards.

1 (Dkt. No. 1, Compl. ¶¶ 16-22); 2) Jordan’s fame as a basketball player relates to Panini’s
2 use of his image on its basketball trading cards, (*id.*); 3) the actual image of Jordan is
3 used as well as his jersey number 23, (*id.* ¶¶ 9, 37, 40); 4) example of confusion when a
4 prominent sports memorabilia publisher published an article commenting on Jordan’s
5 appearance on Panini’s new product line and reported “on the rarity of Jordan’s
6 appearance in an NBA trading card release given his exclusive license with Upper Deck,
7 and the enormous consumer appetite for all things Jordan in a Bulls uniform, especially a
8 trading card” and confusion on the secondary market, such as eBay, where sellers market
9 Panini’s cards as “Jordan cards”, (*id.* ¶ 42); 5) the marketing channels to sell both parties’
10 trading cards overlap on the primary and secondary markets, (*id.* ¶¶ 22, 26); 6) there
11 exists an “enormous consumer appetite” for Jordan trading cards, (*id.* ¶ 42); and 7)
12 Panini’s use of Jordan in the background is intentionally designed to capture Jordan’s
13 value, (*id.* ¶¶ 9-10; 34-43).⁵ Based on these allegations addressing the *Downing* factors,
14 the Complaint sufficiently alleges the likelihood of consumer confusion as to whether
15 Jordan endorses the two cards at issue. Thus, the Court DENIES Defendant’s motion to
16 dismiss the claim of false endorsement under 15 U.S.C. § 1125(a)(1)(A) for failing to
17 allege likelihood of consumer confusion.⁶

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22 ⁵ There is no allegation on the eighth factor on the likelihood of expansion of the product line.

23 ⁶ Defendant also summarily argues in one sentence that nominative fair use warrants dismissal which
24 Plaintiff does not address in opposition. (Dkt. No. 12 at 18.) Nominative fair use is an affirmative
25 defense and may be considered on a motion to dismiss if “the ‘allegations in the complaint suffice to
26 establish’ the defense.” *See Sams v. Yahoo! Inc.*, 713 F.3d 1175, 1179 (9th Cir. 2013) (quoting *Jones v.*
27 *Bock*, 549 U.S. 199, 215 (2007)). The nominative fair use defense requires the defendant to demonstrate
28 a three-part test. *See New Kids on the Block v. News Am. Publ’g., Inc.*, 971 F.2d 302, 308 (9th Cir.
1992) (a defendant must show 1) “the product or service in question must be one not readily identifiable
without use of the trademark;” 2) “only so much of the mark or marks may be used as is reasonably
necessary to identify the product or service; and 3) “the user must do nothing that would, in conjunction
with the mark, suggest sponsorship or endorsement by the trademark holder.”) Because Defendant fails
to brief the issue, the Court declines to consider the nominative fair use argument.

1 **2. 15 U.S.C. § 1125(a)(1)(B) – False Advertising**

2 Under the Lanham Act, a false advertising claim, “requires a showing that (1) the
3 defendant made a false statement either about the plaintiff’s or its own product; (2) the
4 statement was made in commercial advertisement or promotion; (3) the statement
5 actually deceived or had the tendency to deceive a substantial segment of its audience; (4)
6 the deception is material; (5) the defendant caused its false statement to enter interstate
7 commerce; and (6) the plaintiff has been or is likely to be injured as a result of the false
8 statement, either by direct diversion of sales from itself to the defendant, or by a
9 lessening of goodwill associated with the plaintiff’s product.” *Newcal Indus., Inc. v. Ikon*
10 *Office Sol.*, 513 F.3d 1038, 1052 (9th Cir. 2008) (quoting *Jarrow Formulas, Inc. v.*
11 *Nutrition Now, Inc.*, 304 F.3d 829 (9th Cir. 2002)). Under 15 U.S.C. § 1125(a)(1)(B), the
12 statement must concern a misrepresentation about the “nature, characteristics, qualities,
13 or geographic origin” of Panini’s or another’s products. Defendant challenges the first,
14 third and fourth factors.

15 **i Actionable False Statements**

16 Defendant contends that Plaintiff has not identified any statement, in the form of
17 Jordan’s image, that is either literally false or literally true but likely to mislead. (Dkt.
18 No. 12 at 19-21.) Plaintiff argues that including an image of Jordan in Panini’s cards is a
19 false and misleading statement about Panini’s products and commercial activities by
20 misrepresenting that Jordan authorizes its products when he does not. (Dkt. No. 16 at 19-
21 20.)

22 “To demonstrate falsity within the meaning of the Lanham Act, a plaintiff may
23 show that the statement was literally false, either on its face or by necessary implication,
24 or that the statement was literally true but likely to mislead or confuse consumers.”
25 *Southland Sod Farms v. Stover Seed Co.*, 108 F.3d 1134, 1139 (9th Cir. 1997) (citation
26 omitted). “However, a false advertising cause of action under the Act is not limited to
27 literal falsehoods; it extends to false representations made by implication or innuendo.”
28 *PhotoMedex, Inc. v. Irwin*, 919, 932 (9th Cir. 2010) (citing *Cook, Perkiss & Liehe, Inc. v.*

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

9 Contrary to Defendant’s argument that Plaintiff fails to identify a qualifying verbal
10 or written statement made by Panini, a false advertising claim is not limited to spoken or
11 written words, but applies to any misrepresentative “word, term, name, symbol, or
12 device.” 15 U.S.C. § 1125(a)(1); *American Traffic Solutions, Inc. v. Redflex Traffic Sys.,*
13 *Inc.*, No. CV–08–2051–PHX–FJM, 2009 WL 2714017, at *2 (D. Az. Aug. 27, 2009)
14 (denying dismissal of a false advertising claim based on photographs because whether
15 they were actually misleading cannot be decided on the pleadings alone). Therefore, use
16 of Jordan’s image may constitute a false statement.

17 Here, Plaintiff appears to suggest that the false statements are both literally false
18 and literally true but likely to mislead. (Dkt. No. 16 at 18-19.) However, the image of
19 Jordan in both cards are not alleged to be altered; therefore, they are the actual image of
20 Jordan and are literally true. *See Gibson v. BTS North, Inc.*, Case No. 16-24548-Civ-
21 COOKE/TORRES, 2018 WL 888872, at *4 (S.D. Fla. Feb. 14, 2018) (“Given that
22 Plaintiffs have not shown that the images themselves were altered, it is clear that the
23 images in the advertisements are actual images of Plaintiffs. They therefore are not
24 literally false . . .”). In *Gibson*, while the court concluded that the use of the
25 photographs were not literally false, they could be misleading and therefore, the district
26 court denied summary judgment on that issue. *Id.*

27 In this case, the Complaint claims that Jordan’s inclusion in Panini’s cards is a
28 false and misleading statement about Panini’s products and commercial activities by

1 confusing consumers to think that “Jordan held a similar affinity and reverence for its
2 products, without paying for or even asking for such right.” (Dkt. No. 1, Compl. ¶¶ 12
3 42.) These cards also misrepresent the “nature, characteristics, qualities or origin of
4 Panini’s product, services, or commercial activities and/or Jordan’s authorized products,
5 services, or commercial activities.” (*Id.* ¶ 62.) Plaintiff’s allegations state an actionable
6 false statement and the Court denies dismissal on this factor.

7 **ii. Actual Deception or Tendency to Deceive a Substantial Segment of its**
8 **Audience**

9 As to the third factor for a false advertising claim, Defendant argues that Plaintiff
10 has not alleged that Jordan’s image has a tendency to deceive a substantial segment of its
11 audience. (Dkt. No. 12 at 21.) Plaintiff responds that there is a presumption of deception
12 to false advertising claims involving intent to deceive consumers. (Dkt. No. 16 at 21-22.)

13 Under the third factor, “where a statement is literally false or the defendant
14 intentionally set out to deceive, . . . actual deception” is presumed. *AECOM Energy &*
15 *Constr., Inc. v. Ripley*, 348 F. Supp. 3d 1038, 1056 (C.D. Cal. 2018); *see William H.*
16 *Morris Co. Grp. W, Inc.*, 66 F.3d 255, 258 (9th Cir. 1995) (failure to establish that a
17 significant number of consumers were actually deceived is not necessarily fatal because if
18 the plaintiff intentionally misled consumers, we would presume consumers were in fact
19 deceived and the defendant would have the burden of demonstrating otherwise).

20 The Complaint alleges that Panini sought to confuse consumers into thinking
21 Jordan had an affinity and reverence of its products and “intentionally and egregiously
22 uses these elements to associate its company and products with Jordan.” (Dkt. No. 1,
23 Compl. ¶¶ 12, 41.) Because the Complaint alleges Defendant intentionally set out to
24 deceive, there is a presumption of actual deception. Accordingly, the Court DENIES
25 Defendants’ motion to dismiss on this element.

26 **iii Materiality of Deception**

27 Panini asserts that the Complaint fails to allege that Jordan’s image is material to
28 any consumer’s purchasing decision because the trading cards are part of a set or series

1 so they cannot influence a consumer’s purchasing decision. (Dkt. No. 12 at 22.) Upper
2 Deck counters that use of Jordan’s image in the trading cards is likely to influence
3 purchasing decisions and misrepresents an inherent quality of its goods. Because these
4 cards are in a set, Panini’s repeat use of Jordan’s image now instills in the consumers’
5 minds that they might draw a Jordan card from the pack and creates “the chase” for those
6 cards. (Dkt. No. 16 at 22-23.)

7 A false advertisement’s deception is “material” if “it is likely to influence the
8 purchasing decision” of the advertisement’s audience. *Southland*, 108 F.3d at 1139
9 (citing *Cook, Perkiss, and Liehe, Inc.*, 911 F.2d at 244). In *Rice v. Fox Broadcasting Co.*,
10 330 F.3d 1170, 1181 (9th Cir. 2003), *overruled on other grounds by Skidmore as Trustee*
11 *for Randy Craig Wolfe Trust v. Zeppelin*, 952 F.3d 1051 (9th Cir. 2020), on summary
12 judgment, the court concluded that since “there is no evidence that a potential consumer
13 could view the offending videotape jacket prior to purchase, any deception relating to
14 advertisement of the videos must be immaterial.” *Id.* However, the Court, on a motion to
15 dismiss, is not determining whether there are material factual issues in dispute but looks
16 to the allegations in the Complaint to determine whether Plaintiff has alleged that
17 including Jordan in Panini’s trading cards has likely influenced consumers’ purchasing
18 decisions. The Complaint has provided facts to support this element. It alleges that
19 Panini’s use of Jordan in its trading cards will likely influence consumers’ purchasing
20 decision. (Dkt. No. 1, Compl. ¶¶ 22; 39, 41, 42, 51.) In fact, the media and consumers
21 have noted Jordan’s appearance on Panini’s cards and now demand higher prices when
22 reselling the Panini “Jordan cards. (*Id.* ¶¶ 22, 42.) Thus, the Court DENIES Defendant’s
23 motion to dismiss based on material deception.

24 **C. Third Cause of Action - Trademark Infringement – 15 U.S.C. § 1114**

25 Defendant argues that the trademark infringement claim must be dismissed for lack
26 of standing because Upper Deck is not the “registrant” of the Jordan marks. (Dkt. No. 12
27 at 23-24.) Moreover, Upper Deck has failed to allege whether it has an exclusive license
28 and property interest in the name Michael Jordan and the “23” marks for all goods and

1 services. (Dkt. No. 12 at 24.) In response, Plaintiff contends it has standing because it is
2 an exclusive licensee and the license allows it to freely enforce the trademarks at issue.
3 (Dkt. No. 16 at 24.)

4 15 U.S.C. § 1114 allows an action for trademark infringement to be brought by the
5 “registrant” of the mark. 15 U.S.C. § 1114. The term registrant includes the “legal
6 representatives, predecessors, successors and assigns of such applicant or registrant.” 15
7 U.S.C. § 1127. The Ninth Circuit has not addressed whether an exclusive licensee has
8 standing to sue for trademark infringement under § 1114; yet the prevailing approach by
9 district courts in this Circuit has been to hold “that standing may exist where the licensing
10 agreement both grants an exclusive license and grants to the exclusive licensee a property
11 interest in the trademark, or rights that amount to those of an assignee.” *Halcyon*
12 *Horizons, Inc. v. Delphi Behavioral Health Grp., LLC*, No. 17-cv-00756-JST, 2017 WL
13 1956997, at *3 (N.D. Cal. May 11, 2017) (quoting *Innovation Ventures, LLC v. Pittsburg*
14 *Wholesale Grocers, Inc.*, No. C 12-05523 WHA, 2013 WL 1007666, at *3 (N.D. Cal.
15 Mar. 13, 2013)); *Lasco Fittings, Inc. v. Lesso Am., Inc.*, No. EDCV 13-02015-VAP
16 (DTBx), 2014 WL 12601016, at *4 (C.D. Cal. Feb. 21, 2014) (same); see also *Visa*
17 *U.S.A., Inc. v. First Data Corp.*, No. C 02–01786 JSW, 2005 WL 6271242, at *4 (N.D.
18 Cal. Aug. 16, 2005) (no standing for a non-exclusive licensee without significant
19 property rights to the trademark).

20 “The determination of whether a licensee has standing to sue under § 1114 largely
21 depends on the rights granted to the licensee in the licensing agreement.” *Ultrapure Sys.,*
22 *Inc. v. Ham-Let Grp.*, 921 F. Supp. 659, 665 (N.D. Cal. 1996). For example, no standing
23 exists if the license is non-exclusive or where the licensing contract indicates that the
24 licensor retains exclusive ownership of the mark. *Id.* In *Ultrapure*, the court denied
25 dismissal of the trademark infringement claim because the contract gave exclusive use of
26 the trademark in the United States and did not set forth any restrictions on the licensee’s
27 ability to enforce the trademarks. *Id.* at 665-66. The court concluded that the plaintiff, as
28

1 the exclusive licensee, had a property interest in the trademark and qualified as an
2 assignee or successor of the registrant. *Id.*

3 Therefore, a complaint must allege that a licensing agreement gave the licensee the
4 exclusive use of the trademark and a property interest in the trademark or rights that are
5 akin to those of an assignee. *See id.*; *Nat'l Licensing Ass'n, LLC v. Inland Joseph Fruit*
6 *Co.*, 361 F. Supp. 2d 1244, 1254 (E.D. Wash. 2004) (“Where a licensing agreement does
7 not grant the licensee a property interest in the mark or otherwise assign to the licensee
8 the registrant-licensor’s ownership rights, the licensee, even if exclusive, cannot enforce
9 the mark under [15 U.S.C. § 1114(1)]”); *Experian Mktg. Solutions, Inc. v. List Serv.*
10 *Direct, Inc.*, Case No. SACV 09-01375-CJC(MLGx), 2010 WL 11595830, at *1-2 (C.D.
11 Cal. Apr. 21, 2010) (the plaintiff had standing where complaint alleged the plaintiff had
12 right as an exclusive licensee to use and enforce the violation of the federally registered,
13 incontestable trademark including the right to initiate litigation against infringement.”);
14 *Hem & Thread, Inc. v. Wholesalefashionsquare.com, Inc.*, Case No. 2:19-cv-283-CBM-
15 AFMx, 2019 WL 6486039, at *1 (C.D. Cal. Aug. 23, 2019) (denying dismissal based on
16 standing because the agreement “specifically provides that either Plaintiff. . . may
17 prosecute any infringement or otherwise unauthorized use of the Trademark” and it has
18 the exclusive right to use the trademark in connection with its products).

19 In this case, the Complaint alleges that Jordan has a federally registered trademark
20 of his name with the U.S. Patent and Trademark Office since at least 1988. (Dkt. No. 1,
21 Compl. ¶ 16.) Jordan’s number “23” also is a federally registered trademark. (*Id.* ¶ 17.)
22 The Complaint further claims that Upper Deck has an exclusive license with Michael
23 Jordan to use his “image, name, likeness, marks, and other rights on and in connection
24 with, among other products, trading cards.” (*Id.* ¶ 4; *see also id.* ¶ 23.) “As part of the
25 exclusive license, Jordan assigned Upper Deck the right to commence an action relating
26 to a third party’s infringing use of Jordan’s rights granted under the agreement.” (*Id.* ¶ 27,
27 *see also id.* ¶¶ 50, 94, 99.) Plaintiff has plead that the terms of the license gives it the
28 exclusive right to use and to enforce the marks at issue granting it a property interest in

1 the marks. *See Ultrapure Sys., Inc.*, 921 F. Supp. at 665-66. Taking the allegations in the
2 Complaint as true, the Court DENIES Defendant’s motion to dismiss the third cause of
3 action for trademark infringement under 15 U.S.C. § 1114 for lack of standing.

4 Defendant additionally argues that the counterfeiting allegation fails because
5 Plaintiff does not allege that any registered mark owned by Jordan covers trading cards.
6 Plaintiff does not address this argument. Accordingly, the Court GRANTS the
7 counterfeiting allegation as unopposed.

8 Finally, referencing its prior argument on likelihood of consumer confusion,
9 Defendant asserts that the trademark infringement claim should be dismissed because
10 Jordan’s *de minimus* appearance in the background is not likely to cause consumers to
11 believe that Panini’s cards original came from or were endorsed by Jordan or Upper
12 Deck. As discussed above, the Court concluded that Plaintiff has adequately alleged
13 likelihood of consumer confusion. The same analysis applies here and Defendant’s
14 argument fails. *See E. & J. Gallo Winery v. Gallo Cattle Co.*, 967 F.2d 1280, 1288 n. 2
15 (9th Cir. 1992) (“the elements of infringement and unfair competition claims are
16 essentially the same; the rulings stand or fall together.”).

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

18 Defendant argues Plaintiff lacks standing to pursue a claim for trademark dilution
19 because it is not the owner of the asserted trademarks. (Dkt. No 12 at 22-23.) Plaintiff
20 disagrees arguing that courts have held that exclusive licensees may have standing to
21 assert a trademark dilution claim.⁷ (Dkt. No. 16 at 23-24.)

22
23
24 ⁷ In opposition, Plaintiff argue that a registrant and an owner are not distinct but have the same meaning.
25 (Dkt. No. 16 at 23.) The Court disagrees. Registration of a trademark does not confer ownership but is
26 only prima facie evidence of ownership. *See Brookfield Commc'ns, Inc. v. W. Coast Entm't Corp.*, 174
27 F.3d 1036, 1047 (9th Cir. 1999) (“[Plaintiff’s] registration of the mark on the Principal Register in the
28 Patent and Trademark Office constitutes prima facie evidence of the validity of the registered mark and
of [Plaintiff’s] exclusive right to use the mark on the goods and services specified in the registration.”).
15 U.S.C. § 1057(b) (“A certificate of registration of a mark upon the principal register . . . shall be
prima facie evidence . . . of the owner's ownership of the mark”). However, despite the distinction, for
purposes of standing in this case, the analysis is similar. *See Bliss Clearing Niagara, Inc. v. Midwest*

1 By its terms, § 1125(c)(1) limits standing to the “owner” of the mark. *See* 15
2 U.S.C. § 1125(c). There is limited caselaw in this circuit on whether an exclusive
3 licensee may have standing under § 1125(c)(1); however, similar to the analysis of
4 standing under § 1114, district courts have looked to the provisions of the licensing
5 agreement to determine the rights granted to the licensee.

6 In *STX, Inc. v. Bauer USA, Inc.*, No. C 96-1140 FMS, 1997 WL 337578, at *4
7 (N.D. Cal. June 5, 1997), the court, *sua sponte*, addressed standing under § 1125(c) and
8 held that because the plaintiff was the exclusive licensee and not the owner of the
9 trademark, it lacked standing. *Id.* at *4. As part of its reasoning, the court noted that the
10 licensing agreement stated that the licensor was the owner of all right, title, and interest in
11 the registered trademark and only gave plaintiff the exclusive right, license, and authority
12 to manufacture, sell, and sublicense the licensed products. *Id.* at *3. Moreover, the
13 agreement only allowed the licensor to make the decision whether to seek action against
14 infringement of the marks; the licensee’s ability to enforce the trademarks was restricted
15 by contract. *Id.* In *Williams v. SBE Entm’t Grp.*, Case No. CV 07–7006 GAF (PJWx),
16 2008 WL 11339999, at *4 (C.D. Cal. Nov. 10, 2008), the court granted dismissal of the
17 dilution claim for lack of standing because the plaintiff was the licensee of the trademark
18 and the license agreement limited its rights to the trademark. *Id.* The license agreement
19 did not affirmatively give the plaintiff any right to sue for third-party violations of his
20 licenses, and provided that “[a]ll rights not specifically granted to [Plaintiff] herein are
21 specifically excluded from the scope of the licenses . . . and are expressly retained by
22 UMG.” *Id.* Due to these restrictions, the court concluded the plaintiff was not an owner
23 or assignee of the trademark and lacked standing to bring the dilution claim. *Id.* These
24 cases demonstrate that a court must look at the terms of the licensing agreement to assess
25

26
27 *Nrake Bond Co.*, 339 F. Supp. 2d 944, 959 (W.D. Mich. 2004) (“The few courts that have considered the
28 [standing] issue under [1114] have indicated that the same rule applies to dilution claims under §
1125(c).”) (citing cases).

1 whether the licensor granted the licensee rights that are functionally equivalent to that of
2 an owner or assignee.⁸

3 Here, it is not disputed that Jordan owns the trademark to his name as well as the
4 number 23. (Dkt. No. 1, Compl. ¶¶ 16, 17.) Upper Deck has an exclusive license with
5 Jordan “to use his image, name, likeness, marks, and other rights on and in connection
6 with, among other products, trading cards.” (*Id.* ¶¶ 4, 23.) “As part of the exclusive
7 license, Jordan assigned Upper Deck the right to commence an action relating to a third
8 party’s infringing use of Jordan’s rights granted under the agreement.” (*Id.* ¶ 27, *see also*
9 ¶¶ 50, 94, 99.)

10 On a motion to dismiss, Plaintiff has sufficiently alleged that it has exclusive rights
11 to the trademarks. The Court DENIES Defendant’s motion to dismiss the trademark
12 dilution cause of action under 15 U.S.C. § 1125(c)(1) for lack of standing.

13 **E. Fourth and Fifth Causes of Action - Intentional Interference with Prospective**
14 **Economic Relationship and Intentional Interference with Contractual**
15 **Relationship**

16 Intentional interference with prospective economic relationship and interference
17 with contractual relationship largely require a plaintiff to prove similar elements. *Pac.*
18 *Gas & Elec. Co. v. Bear Stearns & Co.*, 50 Cal. 3d 1118, 1126 (1990) (noting the chief
19 practical difference between these theories is that a broader range of privilege to interfere
20 is recognized when the relationship interfered with is only prospective); *Robi v. Five*
21 *Platters, Inc.*, 918 F.2d 1439, 1442 n. 4 (9th Cir. 1990) (“[plaintiff] must establish the
22 same five elements to sustain a claim of intentional interference with prospective
23 economic relations, except that an economic or business relationship with ‘the probability
24 of economic benefit’ must be established in lieu of a specific contract.”).

25
26
27 ⁸ Defendant’s citation to *Love v. The Mail on Sunday*, No. CV 05-7798-ABC, 2006 WL 4046180, at *14
28 (C.D. Cal. Aug. 15, 2006), is not supportive because the plaintiff did not oppose the argument that it
lacked standing to pursue a § 1125(c) claim because he was only an exclusive licensee of the mark and
not the owner.

1 Under California law, an intentional interference with prospective economic
2 relationship claim requires a party to show “(1) an economic relationship between the
3 plaintiff and some third party, with the probability of future economic benefit to the
4 plaintiff; (2) the defendant's knowledge of the relationship; (3) intentional acts on the part
5 of the defendant designed to disrupt the relationship; (4) actual disruption of the
6 relationship; and (5) economic harm to the plaintiff proximately caused by the acts of the
7 defendant.” *CRST Van Expedited, Inc. v. Werner Enters., Inc.* 479 F.3d 1099, 1108 (9th
8 Cir. 2007) (citing *Korea Supply Co. v. Lockheed Martin Corp.*, 29 Cal. 4th 1134, 1153
9 (2003)). A plaintiff alleging interference with a prospective relationship is also required
10 “to allege an act that is wrongful independent of the interference itself.” *Id.*

11 Under California law, an intentional interference with contractual relationship
12 claim requires a party to show “(1) a valid contract between plaintiff and a third party; (2)
13 defendant's knowledge of this contract; (3) defendant's intentional acts designed to induce
14 a breach or disruption of the contractual relationship; (4) actual breach or disruption of
15 the contractual relationship; and (5) resulting damage.” *CRST Van Expedited, Inc.*, 479
16 F.3d at 1105 (citing *Quelimane Co. v. Stewart Title Guar. Co.*, 19 Cal. 4th 26, 55 (1998)).

17 Panini seeks dismissal of both claims based on the third, fourth, and fifth elements.
18 (Dkt. No. 12 at 24–29.)

19 **a. Intentional Act**

20 Defendant argues that Upper Deck fails to allege facts that it specifically intended
21 to disrupt the relationship and contract or that Panini’s was substantially certain its
22 actions would disrupt Upper Deck’s business relations and contract with Jordan. (Dkt.
23 No. 12 at 28.) Plaintiff responds that it alleges that Panini had knowledge that its action
24 would disrupt Upper Deck’s contract or relationship with Jordan. (Dkt. No. 16 at 28.)

25 To satisfy the intent element for an interference claim, a plaintiff must allege either
26 “that the defendant desired to interfere with the plaintiff’s prospective economic
27 advantage,” or alternatively, that “the defendant knew that the interference was certain or
28

1 substantially certain to occur as a result of its action.” *Korea Supply Co.*, 29 Cal. 4th at
2 1154.

3 Contrary to Defendant’s argument that Upper Deck fails to allege specific intent, in
4 *Korea Supply*, the California Supreme Court held that specific intent “is not a required
5 element of the tort of interference with prospective economic advantage” relying on its
6 prior ruling in *Quelimane Co.*, 19 Cal. 4th at 56 that intentional interference with contract
7 does not require specific intent. *Korea Supply Co.*, 29 Cal. 4th at 1154-55. Next, the
8 Court disagrees with Defendant’s argument that Upper Deck’s failure to plead knowledge
9 of the relationship or contract is dispositive of the requisite intent requirement. *See*
10 *Trindade v. Reach Medica Grp., LLC*, No. 12cv4759-PSG, 2013 WL 3977034, at *15-16
11 (N.D. Cal. July 31, 2013) (because the plaintiff had no knowledge of the specific contract
12 or relationship, the intent element necessarily failed). In its motion, Defendant did not
13 challenge the second element concerning its knowledge of the economic relationship or
14 contract with Jordan.

15 Here, Plaintiff alleges that Defendant knew its conduct diminished the value of
16 Upper Deck’s contract and interfered with its future relationship with Jordan, (Dkt. No. 1,
17 Compl. ¶¶ 83, 89), that Panini carefully manipulated its trading card designs in order to
18 highlight Jordan, (*id.* ¶ 89), and those in the industry recognize the impact of peripheral
19 imagery on trading cards, (*id.* ¶¶ 44-52).⁹ Upper Deck has stated facts to support its
20 allegation of Panini’s intent to disrupt Upper Deck’s relationship and contract with
21 Jordan.

22 **b. Actual Disruption and Economic Harm**

23 Panini contends that Upper Deck’s bare allegations are not sufficient to show
24 actual disruption and actual harm to Upper Deck because the Complaint fails to allege
25

26
27 ⁹ In support of its argument Upper Deck refers to a prior complaint filed by Panini involving Kobe
28 Bryant, (Dkt. No. 16 at 28); however, it is unclear how another complaint with different facts can
support whether Upper Deck has properly stated the element of intended disruption as defined by
caselaw.

1 how its contract or future relationship with Jordan was disrupted; in fact, Upper Deck
2 continues to have an economic and contractual relationship with Jordan and has not
3 sufficiently alleged that any obligations have been made more costly or burdensome.
4 (Dkt. No. 12 at 25-26.) Upper Deck objects that Panini’s use of Jordan in its trading
5 cards attempts to confuse consumers about Panini and Jordan’s affiliation and harms its
6 reputation as the exclusive licensee of Jordan products and the expected goodwill and
7 brand value. (Dkt. No. 16 at 25.) By undermining the exclusivity of the agreement, it
8 dilutes the value of the contract with Jordan and the consumer market for Jordan cards.
9 (*Id.*)

10 Speculative allegations concerning actual disruption and economic harm are
11 insufficient to state a claim. *See Sybersound Records, Inc., v. UAV Corp.*, 517 F.3d 1137,
12 1151 (9th Cir. 2008) (affirming dismissal of intentional interference with economic
13 relationship claim where plaintiff’s alleged disruptions were conclusory claiming it “has
14 been harmed because its ongoing business and economic relationships with Customers
15 have been disrupted” and did not plead “for example, that it lost a contract nor that a
16 negotiation with a [c]ustomer failed”); *Vascular Imaging Prof’ls, Inc. v. Digirad Corp.*,
17 401 F. Supp. 3d 1005, 1014 (S.D. Cal. 2019) (holding that general conclusory allegations
18 regarding lost sales, absent well-plead facts in support of these contentions, does not
19 satisfy the pleading requirements for interference with economic relations); *Silicon*
20 *Knights, Inc. v. Crystal Dynamics, Inc.*, 983 F. Supp. 1303, 1312 (N.D. Cal. 1997)
21 (holding that “reli[ance] on general allegations of ‘loss of business opportunities’ with
22 unidentified ‘existing and potential clients and customers’ was insufficient because
23 plaintiff did not allege specific facts in support, for example, that “sales of a[ny]
24 particular software . . . decreased” as a result of defendant’s actions).

25 Where interference makes enjoyment of a contract “more expensive or
26 burdensome” there may be actionable disruption; an actual breach of a contract is not
27 required. *Pac. Gas & Elec. Co.*, 50 Cal. 3d at 1127. Upper Deck cites to *Behr Process*
28 *Corp. v. RPM Int’l Inc.*, Case No. SACV 14-156-JLS (DFMx), 2014 WL 12584385, at

1 *2–4 (C.D. Cal. May 20, 2014) as authority “recognizing ‘harm to business reputation
2 and goodwill’ as colorable disruption.” (Dkt. No. 16 at 26.) However, in *Behr*, the
3 defendant claimed, not only that the plaintiff’s alleged misrepresentation had damaged
4 defendant’s “business reputation and goodwill,” but also that it “made [defendant]’s
5 performance of the contract more expensive and/or difficult.” Accordingly, the Court
6 ruled that these factors “[t]aken together . . . [made] it plausible that the alleged
7 misrepresentation made performance under the contract more costly or burdensome” in
8 line with the California Supreme Court’s holding in *Pac. Gas & Elec. Behr Process*
9 *Corp.*, 2014 WL 12584385 at *2 (emphasis added). Unlike the defendant in *Behr*, Upper
10 Deck does not allege that its contract with Jordan has been terminated, that its terms have
11 changed, or that performance has become more costly or burdensome as a result of the
12 Phippen and Rodman Cards. Similarly, Plaintiff’s citation to *Leaf Trading Cards, LLC v.*
13 *Upper Deck Co.*, No. 3:17-CV-3200-N-BT, 2020 WL 819392 (N.D. Tex. Feb. 19, 2020)
14 does not support its position because, there, the district court found that on the claim for
15 intentional interference with contractual relations, the counterclaimant sufficiently
16 alleged that the counterdefendant’s actions “harmed its contracts, reduced the contracts’
17 value, and caused extra expense.” *Id.* at 3. Further on the claim for intentional
18 interference with prospective economic relations, the counterclaimant adequately alleged
19 a “reduction in expected sales, a drop in its trading cards’ value, and a diminution of
20 goodwill.” *Id.* Here, Upper Deck does not allege any additional costs or burdens
21 concerning its economic relations or contract with Jordan or any reduction in sales.

22 Moreover, “[g]oodwill is the amount by which a business’s overall value exceeds
23 the value of its constituent assets, often due to a recognizable brand name, a sterling
24 reputation, or an ideal location.” *People v. Dry Canyon Enters., LLC*, 211 Cal. App. 4th
25 486, 493-94 (2012). In California, recognizing that there is “no single acceptable method
26 of valuing goodwill . . . , the methodologies used to value goodwill are by and large
27 based on a business’s profitability.” *Id.* at 493 (“Regardless of the cause, however,
28 goodwill almost always translates into a business’s profitability. Experts, in turn, look to

1 profitability as a gauge for valuing goodwill.”); *see People ex rel. Dept. of Trans. v.*
2 *Muller*, 36 Cal. 3d 263, 271 (1984) (finding that, “to characterize the profitability . . . lost
3 as [loss of] goodwill is consistent with the definition of goodwill used in other contexts”).

4 Upper Deck claims that Panini’s conduct disrupts its exclusive license with Jordan
5 by reducing its value and the goodwill associated with the contract. (Dkt. No. 1, Compl.
6 ¶¶ 10, 54, 85.) By its conduct, Panini diluted the license relationship and harmed Upper
7 Deck who paid and continues to pay large sums for the exclusive rights while not
8 receiving the full advantage of exclusivity that it bargained for and “diminishes the value
9 of Upper Deck’s agreement by diverting to Panini the sales proceeds and the exclusivity
10 for which Upper Deck pays Jordan.” (*Id.* ¶ 84.) It also dilutes the market and “reduces
11 the value of Upper Deck’s cards by diminishing the goodwill and publicity value
12 surrounding Jordan.” (*Id.* ¶ 85.)

13 Upper Deck’s argument concerning economic harm of diverted sales and loss of
14 goodwill and value both relate to lost sales or profitability on Jordan cards. However,
15 such allegations are conclusory and Upper Deck provides no facts in support of its
16 contention that it lost potential customers or sales, thereby suffering economic harm. For
17 example, there is no allegation that sales of a particular Jordan trading card featuring
18 Jordan by Upper Deck decreased after Panini’s release of the Pippen and Rodman Cards.

19 Accordingly, Upper Deck fails to sufficiently plead the fourth and fifth elements of
20 actual disruption and harm and the Court GRANTS Panini’s motion to dismiss based on
21 these two factors.

22 **c. Independently Wrongful Act**

23 Finally, Defendant summarily argue that Upper Deck fails to allege that its conduct
24 was “wrongful by some legal measure other than the fact of interference itself” because it
25 has failed to allege any claims. Plaintiff argues that it has alleged the claims under the
26 Lanham Act.

27 “[A]n act is independently wrongful if it is unlawful, that is, if it is proscribed by
28 some constitutional, statutory, regulatory, common law, or other determinable legal

1 standard.” *Korea Supply*, 29 Cal. 4th at 1159. Here, because the Lanham Act claims
2 have survived, independent wrongful acts have been sufficiently alleged.

3 However, based on Upper Deck’s failure to sufficiently plead the fourth and fifth
4 elements of actual disruption and harm, the Court GRANTS Panini’s motion to dismiss
5 Upper Deck’s fourth cause of action of intentional interference with prospective
6 economic relations and fifth cause of action for intentional interference with contractual
7 relations.

8 **F. Sixth Cause of Action - Commercial Misappropriation and Seventh Cause of**
9 **Action – Right of Publicity**

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

20 The right to publicity and section 3344 claims are assignable under California law.
21 *Timed Out, LLC v. Youabian, Inc.*, 229 Cal. App. 4th 1001, 1008 (2014); *Del Amo v.*
22 *Baccash*, No. CV 07-663 PSG (JWJx), 2008 WL 2780978, at *9 (C.D. Cal. July 15,
23 2008) (citing *KNB Enters. v. Matthews*, 78 Cal. App. 4th 362, 365 n. 2 (2000) (holding
24 that “the right of publicity is assignable for purposes of a [§] 3344 claim.”)).

25 **1. Standing**

26 Panini claims that the Complaint has not alleged facts to support standing on these
27 causes of action as an exclusive licensee of images of Jordan in a Bulls jersey; it only
28 alleges an exclusive license as to Jordan’s image, name, likeness, marks and other rights.

1 (Dkt. No. 12 at 30-31.) Plaintiff argues that Panini’s argument is without merit and is
2 attempting to immunize its infringing conduct by arguing that because the cards feature
3 Jordan in a Bulls uniform, Plaintiff does not have right to enforce the Jordan marks
4 because he is in a Bulls uniform and Panini has those rights. (Dkt. No. 16 at 29.)

5 Similar to the analysis standing for trademark infringement under § 1114 and
6 dilution under § 1125(c), a determination of standing as to a right to publicity claim under
7 California law depends on the rights granted to the licensee in the license agreement. *See*
8 *Fighters Inc., LLC v. Elec. Arts Inc.*, No. CV 09-06389 SJO(VBKx), 2009 WL
9 10699504, at *5-6 (C.D. Cal. Oct. 30, 2009) (examining rights contained in the licensing
10 agreement); *Upper Deck Authenticated, Ltd. v. CPG Direct*, 971 F. Supp. 1337, 1349
11 (S.D. Cal. 1997) (it is unlikely that a non-exclusive licensee could assert a claim for right
12 of publicity) (citing *Bi-Rite Enters., Inc. v. Button Master*, 555 F. Supp. 1188, 1200
13 (S.D.N.Y. 1983) (“A nonexclusive licensee acquires no proprietary interest in the
14 publicity rights of the licensor and accordingly has no standing to sue for violation of
15 those rights.” (citing 3 M. Nimmer, *Nimmer on Copyright* ¶¶ 10.02, 12.02 (1982))).

16 The Complaint alleges that Upper Deck has an exclusive license to Jordan’s marks
17 and Jordan has assigned the right to the publicity and commercial misappropriation
18 claims to Upper Deck. (Dkt. No. 1, Compl. ¶¶ 27, 50, 94, 99.) The Complaint alleges
19 that the image of Jordan is in both trading cards without the consent of Upper Deck or
20 Jordan. (*Id.* ¶¶ 95, 100.) Therefore, on a motion to dismiss, the Court concludes that the
21 Complaint sufficiently alleges standing on the right-of-publicity claims.

22 **2, Readily Identifiable as to Pippen Card**

23 Panini contends that Jordan is not readily identifiable on the Pippen Card when
24 viewed with the “naked eye” because the card features a “very small, non-identifiable
25 image of Jordan in the bottom-right corner.” (Dkt. No. 12 at 32.) Acknowledging that a
26 viewer might be able to determine that the person is wearing a Bulls jersey, the number is
27 not discernable and the person could be any of the Bulls players that year. (*Id.*) In
28 opposition, Upper Deck argues it has alleged that Jordan and his famous number 23 in

1 combination is distinct and highly recognizable and has “consciously or subconsciously
2 conjure[d] up images of [Jordan]” in consumers’ minds. (Dkt. No. 16 at 30.)

3 Under section 3344, a “person shall be deemed to be readily identifiable from a
4 photograph when one who views the photograph with the naked eye can reasonably
5 determine that the person depicted in the photograph is the same person who is
6 complaining of its unauthorized use.” Cal. Civ. Code § 3344(b)(1). The statute expressly
7 provides that liability based on a photograph requires that the plaintiff be “readily
8 identifiable.” Cal. Civ. Code § 3344(a). The Ninth Circuit has held that the same “readily
9 identifiable” standard applies to claims based on alleged misappropriation of “likeness.”
10 *Newcombe*, 157 F.3d at 692.

11 In *Young*, the court concluded that the complaint failed to allege a plausible claim
12 that the plaintiff was readily identifiable in a photograph that the defendant reposted on
13 an apartment complex’s Facebook and Instagram webpages without his consent. *Young*
14 *v. Greystar Real Estate Partners, LLC*, Case No.: 3:18-cv-02149-BEN-MSB, 2019 WL
15 4169889, at *4 (S.D. Cal. Sept. 3, 2019). The photograph depicted an unidentified male
16 wearing a hat and sunglasses, bending over and scratching a dog’s belly at the beach
17 together with the caption “Welcome to doggy heaven [emoji] Your pup will love nearby
18 Ocean Beach Dog Beach, a leash-free haven for pets, people and sandy belly rubs. . . .”
19 *Id.* The court rejected the plaintiff’s argument that he was readily identifiable because his
20 whole frame was visible but the court stated that the only visible facial characteristic was
21 “a small, shadowy sliver of the individual's chin” and the “remainder of the face and all
22 the individual's hair is not discernable” and “the remaining viewable aspects of the
23 depicted individual's frame (back, the backside of his arms and frontside of his legs and
24 feet) are common, plain, and non-identifying.” *Id.* The court also noted that the
25 complaint revealed that the defendant was unaware of the plaintiff’s identity. *Id.*

26 In *Newcombe*, the challenged image was a drawing that was based on, and virtually
27 identical to, an actual photo of the plaintiff, a former major league baseball all-star, that
28 had appeared in a newspaper. *Newcombe*, 157 F.3d at 690. The court observed it was “as

1 though the black and white newspaper photo had been traced and colored in.” *Id.* As
2 such, the drawing undoubtedly was a “likeness” of the plaintiff; the only question was
3 whether it was “readily identifiable,” given that the facial features were not entirely
4 visible. *Id.* at 693. The court noted that the pitcher’s stance was unique to the plaintiff
5 and not generic. *Id.* at 692. The court reviewed various aspects of the visual
6 representation itself and concluded there was at least a triable issue of fact as to whether
7 the image was readily identifiable as plaintiff. *Id.* at 693.

8 Here, the Complaint alleges that Jordan’s image, along with his number 23 is
9 distinctive and highly recognizable, (Dkt. No. 1, Compl. ¶¶ 1, 21), and the Pippen Card
10 “cleverly and purposely features Jordan in the bottom right corner”, (*id.* ¶ 36).
11 Moreover, it complains that background imagery is an important factor in the trading card
12 market and can increase the value of the cards. (*Id.* ¶¶ 44, 45.) The Pippen Card features
13 Scottie Pippen in the forefront and on the bottom right-hand corner is a picture of a
14 teammate in a shadowy background no larger than Pippen’s sneakers where the name and
15 number on the jersey are not identifiable. However, a basketball fan, through context,
16 may immediately identify Jordan, by his build, skin color, or by being a fellow teammate
17 of Pippen, as the player in the background. Moreover, Defendant is aware the image is of
18 Jordan, a highly recognized basketball player. Accordingly, Plaintiff has plausibly
19 alleged that Jordan is readily identifiable in the Pippen Card and DENIES dismissal on
20 this basis.

21 3. Incidental Use

22 Defendant argues that the use Jordan’s image in both cards is incidental; therefore,
23 both right-of-publicity claims fail. (Dkt. 12 at 33.) Upper Deck disagrees and alleges
24 Panini has used Jordan’s image to trade on Jordan’s enormous brand value. (Dkt. No. 16
25 at 31.)

26 Incidental use is a defense for right of publicity and commercial misappropriation
27 claims. *Davis v. Elec. Arts Inc.*, 775 F.3d 1172, 1180 n.5 (9th Cir. 2015) (“Although
28 California courts have not yet held that the incidental use defense applies to right-of-

1 publicity claims, the defense is widely recognized.”). Incidental use of a plaintiff’s name
2 or likeness does not give rise to liability under a common law claim of commercial
3 misappropriation or a claim under section 3344. *Aligo v. Time–Life Books, Inc.*, No. C
4 94–20707 JW, 1994 WL 715605, at *2 (N.D. Cal. Dec. 19, 1994). “The rationale
5 underlying this doctrine is that an incidental use has no commercial value, and allowing
6 recovery to anyone briefly depicted or referred to would unduly burden expressive
7 activity.” *Pooley v. Nat. Hole–In–One Ass’n*, 89 F. Supp. 2d 1108, 1112 (D. Ariz. 2000);
8 *see also Yeager v. Cingular Wireless, LLC*, 673 F. Supp. 2d 1089, 1100 (E.D. Cal. 2009).
9 Court have considered factors of “(1) whether the use has a unique quality or value that
10 would result in commercial profit to the defendant, (2) whether the use contributes
11 something of significance, (3) the relationship between the reference to the plaintiff and
12 the purpose and subject of the work, and (4) the duration, prominence or repetition of the
13 likeness relative to the rest of the publication.” *Davis*, 775 F.3d at 1180 (citing *Aligo*,
14 1994 WL 715605, at *3 (internal citations omitted)). Moreover, it is “highly unusual for
15 a court to dismiss a complaint on the basis that a defendant has proven an affirmative
16 defense.” *Designer Skin, LLC v. S & L Vitamins, Inc.*, CV 05–3699, 2007 WL 841471, at
17 *2 (D. Ariz. March 19, 2007). “However, where the court can discern from the face of
18 the pleadings that an affirmative defense applies as a matter of law, dismissal pursuant to
19 Rule 12(b)(6) may be appropriate.” *Yeager*, 673 F. Supp. 2d at 1177 (citing *Weisbuch v.*
20 *Cnty. of Los Angeles*, 119 F.3d 778, 783 n. 1 (9th Cir. 1997).

21 Plaintiff has alleged that Panini intentionally included images of Jordan into the
22 background of its cards to take advantage of Jordan’s enormous brand value and as a
23 result, the cards drives product sales, stimulates interest in Panini’s products and bestows
24 on Panini with the goodwill associated with the most famous athlete on the planet. (Dkt.
25 No. 1, Compl. ¶¶ 9-11 22, 39, 41, 51, 52). The Complaint alleges that the use of Jordan’s
26 name was not incidental; therefore, the Court cannot determine as a matter of law that
27 Defendant’s inclusion of Jordan’s image in its trading cards was merely incidental. The
28 Court DENIES Defendant’s motion to dismiss based on incidental use

1 **4. Member of Definable Group**

2 Defendant summarily contends, without legal authority, that the seventh cause of
3 action of right to publicity fails because Jordan is only identified as a member of an NBA
4 basketball team, and not as an individual. (Dkt. No. 12 at 34.) In response, Plaintiff
5 argues that the defense hinges on the lack of value stemming from the image of the
6 individual; here, Jordan is not merely a member of a definable group. (Dkt. No. 16 at 32-
7 33.)

8 California’s right of publicity statute excludes certain photographs of “definable
9 groups” from its scope. Cal. Civ. Code § 3344(b)(2).

10 Sections 3344(b)(2)-(3) provides

11 (2) If the photograph includes more than one person so identifiable, then the
12 person or persons complaining of the use shall be represented as individuals
13 rather than solely as members of a definable group represented in the
14 photograph. A definable group includes, but is not limited to, the following
15 examples: a crowd at any sporting event, a crowd in any street or public
16 building, the audience at any theatrical or stage production, a glee club, or a
17 baseball team.

18 (3) A person or persons shall be considered to be represented as members of
19 a definable group if they are represented in the photograph solely as a result
20 of being present at the time the photograph was taken and have not been
21 singled out as individuals in any manner.

22 Cal. Civ. Code §§ 3344(b)(2)-(3). Caselaw is scant on this provision. However, by its
23 definition, definable group includes a “crowd”, “audience”, “club”, or “team”, which
24 suggests a group photo involving many people. Here, the Pippen Card shows Pippen in
25 the forefront and Jordan in the background and the Rodman Card features Rodman in the
26 forefront and Jordan and another unidentified player in the background. It does not
27 appear that these cards feature a definable group. Accordingly, the Court DENIES
28 Defendant’s motion to dismiss on this ground.

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1 **G. Unfair Competition**

2 Defendant summarily moves to dismiss the unlawful prong of the UCL claim
 3 arguing Plaintiff has failed to sufficiently allege any other claims in the Complaint.
 4 Plaintiff disagrees but also contends that even if the Court dismisses any claims based on
 5 statutory standing, the UCL claims survives because it can be brought by any “person
 6 who has suffered injury in fact and has lost money or property as a result of the unfair
 7 competition.” Cal. Bus. & Prof. Code § 17204.

8 The UCL prohibits “any unlawful, unfair or fraudulent business act or practice.”
 9 Cal. Bus. & Prof. Code § 17200. “Each of these three adjectives captures a separate and
 10 distinct theory of liability.” *Rubio v. Capital One Bank*, 613 F.3d 1195, 1203 (9th Cir.
 11 2010) (quotation marks omitted).

12 The Complaint alleges unlawful business practices under California Business &
 13 Professions Code sections 17200 *et seq.*¹⁰ (Dkt. No. 1, Compl. ¶¶ 104-06.) Because the
 14 Court GRANTS dismissal of the claims for intentional interference with prospective
 15 economic relations and intentional interference with contractual relations, the Court
 16 GRANTS dismissal of the UCL claim based on these two claims. The Court DENIES
 17 the UCL claims as to the remaining claims.

18 **H. Leave to Amend**

19 Where a motion to dismiss is granted, leave to amend should be granted “unless
 20 the court determines that the allegation of other facts consistent with the challenged
 21 pleading could not possibly cure the deficiency.” *DeSoto*, 957 F.2d 658 (quoting
 22 *Schreiber Distrib. Co.*, 806 F.2d at 1401). In other words, where leave to amend would
 23 be futile, the Court may deny leave to amend. *See DeSoto*, 957 F.2d at 658; *Schreiber*,
 24 806 F.2d at 1401. Here, Plaintiff seeks leave to amend on any claims that the Court
 25 dismisses. Because Plaintiff can cure the deficiencies in the Complaint, the Court
 26

27
 28 ¹⁰ The Complaint does not assert it seeks claims under the unfair or fraudulent prongs of the UCL. (*See*
 Dkt. No. 1, Compl. ¶¶ 104-05.)

1 GRANTS Plaintiff leave to file a First Amended Complaint. *See De Soto*, 957 F.2d at
2 658.

3 **I. Request for Judicial Notice**

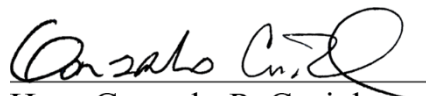
4 Plaintiff filed a request for judicial notice of a complaint and memorandum filed in
5 support of Panini's ex parte motion for temporary restraining ordered in a case filed by
6 Panini in the Central District of California and two e-Bay search results. (Dkt. No. 16-1.)
7 Defendant filed an opposition. (Dkt. No. 20.) While the Court questions the relevance of
8 a complaint and brief in an entirely different case where no ruling has issued, because the
9 Court did not consider these documents in its order, the Court DENIES Plaintiff's request
10 for judicial notice as moot.

11 **Conclusion**

12 Based on the above, the Court GRANTS in part and DENIES in part Defendant's
13 motion to dismiss with leave to amend. Plaintiff may file an amended complaint within
14 20 days of the Court's order.

15 IT IS SO ORDERED.

16 Dated: June 29, 2020

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18 Hon. Gonzalo P. Curiel
19 United States District Judge
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