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UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF CALIFORNIA

SB DIVERSIFIED PRODUCTS INC, a California Corporation, Plaintiff, vs. MICHAEL MURCHISON, an individual Defendant.	Case No. 12-CV-2328 IEG-MDD DEFENDANT MICHAEL MURCHISON'S MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT OF MOTION TO DISMISS THE FIRST AMENDED COMPLAINT PURSUANT TO RULE 12 FOR FAILURE TO STATE A CLAIM, IMPROPER VENUE, AND PLAINTIFF'S LACK OF STANDING. Hearing: Date: November 4, 2013 Time: 10:30 AM Courtroom: 4D Judge: Irma E. Gonzalez

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I. INTRODUCTION

On July 23, 2013 the court dismissed plaintiff SB Diversified Inc.'s (hereinafter "plaintiff") original complaint with leave to amend. Plaintiff filed a first amended complaint (hereinafter "amended complaint") August 23, 2013. As explained herein, plaintiff's amended complaint is almost identical (word for word) to the original complaint, does not plead any new facts, and still fails to state a claim for relief. Accordingly, Defendant Michael Murchison ("Mr. Murchison") hereby moves to dismiss the amended complaint. See Fed. R. Civ. P. 12.

II. PLAINTIFF HAS FAILED TO STATE A CLAIM FOR RELIEF

"A pleading that states a claim for relief must contain . . . a short and plain statement of the claim showing that the pleader is entitled to relief". Fed. R. Civ. P. 8(a)(2). Rule 8, like every other rule of civil procedure, "should be construed and administered to secure the just, speedy, and inexpensive determination of every action and proceeding." Fed. R. Civ. P. §1. Plaintiff in this case has failed to state a claim for the relief requested.

A plaintiff's "grounds" to relief must contain "more than labels and conclusions, and a formulaic recitation of the elements of a cause of action will not do." *Bell Atlantic Corp. v. Twombly* 550 U.S. 544, 555 (2007) (quoting Fed. R. Civ. P. 8(a)(2)). When considering a motion to dismiss, a court must accept as true all "well-pleaded factual allegations." *Ashcroft v. Iqbal,* 556 U.S. 662, 679 (2009). However, a court is not "required to accept as true allegations that are merely conclusory, unwarranted deductions of fact, or unreasonable inferences." *Sprewell v. Golden State Warriors,* 266 F.3d 979, 988 (9th Cir. 2001). "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 Service,* 572 F.3d 962, 969 (9th Cir. 2009) (quotations omitted).

A. No Claim Has Been Stated For False Advertising Or Unfair Competition Under The Lanham Act Or California Common Law.

1. The Allegedly False Statements Were Not Made In Commercial Advertising Or Promotion

To constitute false advertising actionable under the Lanham Act an allegedly false representation of fact must be in "commercial advertising or promotion". See 15 U.S.C. §1125(a)(1)(B).

> In order for representations to constitute "commercial advertising or promotion" under Section 43(a)(1)(B), they must be: (1) commercial speech; (2) by a defendant who is in commercial competition with plaintiff; (3) for the purpose of influencing consumers to buy defendant's goods or services. While the representations need not be made in a "classic advertising campaign," but may consist instead of more informal types of "promotion," the representations (4) must be disseminated sufficiently to the relevant purchasing public to constitute "advertising" or "promotion" within that industry.

Coastal Abstract Service v. First American Title, 173 F. 3d 725, 735 (9th Cir. 1999)

> "Although the boundary between commercial and non-commercial speech has yet to be clearly delineated, the core notion of commercial speech is that it does no more than propose a commercial transaction." [citations omitted] "If speech is not `purely commercial' — that is, if it does more than propose a commercial transaction — then it is entitled to full First Amendment protection." [citation omitted]. Negative commentary about [a company] does more than propose a commercial transaction and is, therefore, non-commercial.

Nissan Motor Co. v. Nissan Computer Corp., 378 F. 3d 1002, 1017 (9th Cir. 2004)

The Court previously dismissed plaintiff's Lanham Act claims for failure to state a claim "because the alleged statements do not constitute commercial speech. . . . As alleged, Defendant's purported statements criticize Plaintiff's product but do not propose any commercial transaction." See July 23, 2013 Order Docket No. 15 (hereinafter "Order") at page 7. No new facts have been alleged in the amended complaint by plaintiff to change this correct conclusion by the Court.

The only difference between the original complaint and the amended complaint are the following argumentative sub-paragraphs (a)-(e) that plaintiff added to paragraph 11 of the original complaint[1]:

> Such emails were commercial speech *inter alia:*
>
> a. Murchison was proposing a commercial transaction by contacting plaintiff's customer and "trying to sell us squirrel traps", see Exhibit D;
>
> b. Murchison and plaintiff are competitors in the marketplace for animal traps;
>
> c. Murchison intended to influence consumers and potential customers not to purchase plaintiff's products;
>
> d. Murchison intended to promote his own competing product;
>
> e. Murchison disseminated the video and email to a wide portion of the relevant purchasing public by emailing it to (NEED FACT HERE).

See paragraph 11 of Amended Complaint.

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[1] The plaintiff also added the words "is informed and" before the word "believes" in paragraph 14 of the amended complaint, and as explained below a deficient claim for trade libel that contained no new facts from the original complaint.

New sub-paragraphs (a)-(e) of paragraph 11 do not plead any new facts; they simply are plaintiff's arguments with respect to the facts that were already alleged in the original complaint. Arguments by plaintiff that on their face still fail to state a claim.

Plaintiff's conclusory allegation in 11(a) that "Murchison was proposing a commercial transaction by contacting plaintiff's customer and "trying to sell us squirrel traps", see Exhibit D" is not a new factual allegation, as this was alleged in the original complaint which had the very same referenced Exhibits. More importantly, even if true, an allegation that Mr. Murchison was "trying to sell squirrel traps" does not show the alleged statements were "commercial speech".

The allegation that Mr. Murchison was "trying to sell squirrel traps" is simply an allegation that Mr. Murchison was in commercial competition with plaintiff, and that the alleged representations were made for the purpose of influencing consumer's to purchase Mr. Murchison's goods. While these are required elements for a statement to be "commercial advertising or promotion", they are not the same as the separate and distinct required element that the alleged statement itself be "commercial speech". See *Coastal Abstract Service v. First American Title*, 173 F. 3d 725, 735 (9th Cir. 1999)(quoted above).

To plead facts showing that an alleged statement was "commercial speech", plaintiff must plead facts as to what the content of the alleged statement was (not the reason for making it), and that "it does no more than propose a commercial transaction." *Nissan Motor Co. v. Nissan Computer Corp.*, 378 F. 3d 1002, 1017 (9th Cir. 2004). None of plaintiff's amendments in paragraph 11(a)-(e) of the amended complaint allege any facts that are different from what was in the original complaint concerning the alleged statements of Mr. Murchison. There are still no facts plead showing that alleged statements by Mr. Murchison proposed a commercial transaction, and nothing more, as is required under the law for a

statement to be commercial speech. *Id.* The statements of Mr. Murchison as alleged in the original complaint, and again in the amended complaint, are commentary about plaintiff's product that do not propose a commercial transaction, and as such are not commercial speech.

Furthermore, in addition to the missing required element of "commercial speech" for there to be commercial advertising or promotion, it is also required that an alleged statement have been "disseminated sufficiently to the relevant purchasing public to constitute "advertising" or "promotion" within that industry." *Coastal Abstract Service v. First American Title*, 173 F. 3d 725, 735 (9th Cir. 1999). Plaintiff's own amendment concedes that this element is missing. See Amended Complaint ¶ 11(e)(where plaintiff expressly admits that there are no supporting facts when it states "Need Fact Here").

In summary, simply alleging that Mr. Murchison has made a false statement about plaintiff's product does not by itself state a claim for relief under the Lanham Act. An allegedly false statement must, inter alia, have been made in commercial advertising or promotion for there to be a claim for false advertising under the Lanham Act. See 15 U.S.C. §1125(a). *Coastal Abstract Service v. First American Title*, 173 F. 3d 725, 735 (9th Cir. 1999). The Court was correct when it previously ruled that "as alleged, Defendant's purported statements criticize Plaintiff's product but do not propose any commercial transaction." There is absolutely nothing new in the amended complaint to change this correct conclusion by the Court.

The alleged statements in the amended complaint underlying the Lanham Act allegations are the exact same statements as alleged in the original complaint. None of these alleged statements by Mr. Murchison constitute commercial advertising or promotion. Plaintiff's minor and argumentative amendment presents no new facts concerning the alleged statements. Accordingly, plaintiff has again failed to state a

claim for false advertising under the Lanham Act, and the amended complaint for false advertising must be dismissed. Fed. R. Civ. P. 12(b)(6).

2. There Are No Facts Alleged Of Any Likelihood of Confusion or Deception As To Origin, Sponsorship or Approval.

The plaintiff's claim for unfair competition under the Lanham Act and California common law is identical to its claim previously dismissed for failure to state a claim. See Amended Complaint ¶ 22-23.

Unfair competition under the Lanham Act requires that an allegedly false representation of fact be "likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person". 15 U.S.C. §1125(a)(1)(A). Similarly, California common law unfair competition requires that a defendant have passed of his goods as those of another, such as by exploiting the trademarks or trade name of another. See *Sybersound Records, Inc. v. UAV Corp.* 517 F. 3d 1137, 1153 (9th Cir. 2008) citing *Bank of the W. v. Superior Court*, 2 Cal.4th 1254, 10 Cal.Rptr.2d 538, 833 P.2d 545, 551 (1992).

There are no facts alleged in the amended complaint of Mr. Murchison passing his goods off as those of plaintiff's, infringing any trademark of plaintiff's, or of any allegedly false representation of fact made by Mr. Murchison that is likely to cause confusion, mistake, or deceive as to the association of Mr. Murchison with another person, or the origin, sponsorship or approval of Mr. Murchison's goods. See ¶ 22-23 Amended Complaint. Accordingly, plaintiff has again failed to state a claim for unfair competition under the Lanham Act or California common law, and the amended complaint must be dismissed. Fed. R. Civ. P. 12(b)(6).

B. No Claim Has Been Stated Under California's Statutory Unfair Competition Law.

The Court previously dismissed plaintiff's statutory California unfair competition claim ruling that "Plaintiff fails to allege any facts showing lost money or property as a result of Defendant's conduct and thus fails to state a claim under the UCL". Order at page 8. Nothing at all has changed with the filing of the amended pleading. Plaintiff has again failed to state a claim for relief for unfair competition under California Business & Professions Code §17200 et seq.

First, the plaintiff has simply set forth again the same single sentence referencing the prior 29 paragraphs of the complaint and stating that "Defendants' acts, as set forth above, constitute unfair competition. . .". This type of "shotgun pleading" does not comport with the requirement that the pleader provide "a short and plain statement of the claim showing that the pleader is entitled to relief." See Fed. R. Civ. P. 8. See also *Bell Atlantic Corp. v. Twombly* 550 U.S. 544, 555 (2007).

California's unfair competition law prohibits unfair competition by means of any unlawful, unfair or fraudulent business practice. Cal. Bus. & Prof.Code § 17200. See *Birdsong v. Apple, Inc.*, 590 F. 3d 955, 959 (9th Cir. 2009). Each prong of the California unfair competition law is a separate and distinct theory of liability. *Id.* It simply cannot be discerned from plaintiff's cursory reference to the prior 29 paragraphs of the amended complaint what the plaintiff's basis or theory of liability is for the claim of unfair competition under California law against Mr. Murchison. For that reason alone plaintiff has failed to state a claim under California's unfair competition law. Fed. R. Civ. P. 8.

Plaintiff has also failed to allege anywhere in its amended complaint facts that show it has the necessary standing to assert a claim under California's unfair competition law. Specifically, standing under California's unfair competition law

extends only to "a person who has suffered injury in fact and has lost money or property as a result of the unfair competition". See Cal. Business & Professions §17204. This standing requirement is substantially narrower than federal standing under article III, section 2 of the United States Constitution. *Kwikset Corp. v. Superior Court*, 51 Cal. 4th 310, 324 (2011). It requires that a plaintiff allege facts or prove "an *identifiable* monetary or property injury" *Id* at 325 (emphasis added). Plaintiff must also allege facts or prove that the identifiable money or property plaintiff allegedly lost was as "a result of" (i.e. caused by) the alleged acts of unfair competition. *Id.*

Plaintiff has still not alleged any facts meeting the above requirements. The claim plead by plaintiff for unfair competition in the amended complaint simply states that "Defendants' acts, as set forth above, constitute unfair competition as defined in California Business and Professions Code §17200, et seq., all to the damage of Plaintiff". See Amended Complaint ¶ 31. This language does not allege any facts identifying what money or property was lost by plaintiff, or allege any facts showing a causal connection between money or property lost by plaintiff and any acts of Mr. Murchison. The threadbare generic conclusory allegation of "lost sales and profits" earlier in the complaint does not satisfy the requirement to plead facts *identifying* money or property that was lost and establishing a causal connection to alleged unfair acts of Mr. Murchison. Complaint ¶ 21. *Bell Atlantic Corp. v. Twombly* 550 U.S. 544, 555 (2007). Plaintiff has not identified in the amended complaint a single lost sale, let alone plead any facts showing a causal connection between such an identified lost sale and any conduct by Mr. Murchison.

Accordingly, plaintiff has again failed to state a claim for unfair competition under California law, and the complaint for unfair competition under California law must again be dismissed. Fed. R. Civ. P. 12(b)(6).

C. No Claim Has Been Stated For Trade Libel

In its amended complaint the plaintiff added a cause of action for trade libel. See amended complaint ¶ 32-34. The claim for trade libel adds no new facts to what was presented in the original complaint, but simply a different legal theory of liability, which is deficient on its face.

Trade libel is defined as "an intentional disparagement of the quality of property, which results in pecuniary damage." *Aetna Cas. & Sur. Co., Inc. v. Centennial Ins. Co.*, 838 F.2d 346, 351 (9th Cir. 1988) (quoting *Erlich v. Etner*, 224 Cal. App. 2d 69, 73 (1964)). An essential element of trade libel is special damages. *Aetna*, 838 F.2d at 351 (9th Cir. 1988). "[An] action for disparagement is based on pecuniary damage and lies only where such damage has been suffered." *Microtec Research, Inc. v. Nationwide Mut. Ins. Co.*, 40 F. 3d 968, 972 (9th Cir. 1994). "[A] cause of action for damages for trade libel requires pleading and proof of special damages in the form of pecuniary loss." *Leonardini v. Shell Oil Co.*, 216 Cal.App.3d 547, 572 (1989). A trade libel plaintiff must "identify particular customers and transactions of which it was deprived as a result of the libel." *Mann v. Quality Old Time Service, Inc.*, 120 Cal. App. 4th 90, 109 (2004). See also Fed. R. Civ. P 9(g) Pleading Special Matters ("Special Damages: If an item of special damage is claimed, it must be specifically stated.")

Here the plaintiff has failed to specifically state the required element of special damages in support of its new trade libel claim. The plaintiff just vaguely asserts that "Defendant's statements have damaged the reputation of plaintiff's products and caused pecuniary harm to plaintiff's business by, inter alia, loss of sales to potential customers". See amended complaint ¶ 34. This vague formulaic and conclusory allegation by plaintiff contains no facts identifying particular customers, transactions, or sales that plaintiff lost as a result of any alleged

statement made by Mr. Murchison. Furthermore, there are no facts plead showing that any specific pecuniary loss was the result of a statement by Mr. Murchison.

Accordingly, the plaintiff has failed to plead, *inter alia*, the essential element of special damage that is required to state a claim for trade libel. Plaintiff's claim for trade libel must therefore be dismissed. Fed. R. Civ. P. §12(b)(6).

III. VENUE IS IMPROPER.

When the Court previously granted defendant's motion to dismiss for failure to state a claim, it denied Mr. Murchison's motion to dismiss for improper venue. In light of plaintiff filing an amended complaint, and to preserve the issue and avoid any assertion that Mr. Murchison has waived his objection to venue here in the Southern District, Mr. Murchison hereby renews his motion to dismiss for improper venue. See e.g. *Neirbo Co. v. Bethlehem Shipbuilding Corp.*, 308 US 165, 168 (1939). See also Fed. R. Civ. P. 12 (b)(3) and (g).

The law protects natural persons such as Mr. Murchison from having to defend against a claim in simply any district where he may be subject to personal jurisdiction[2]. Specifically, venue against a defendant who is a natural person such as Mr. Murchison is expressly limited to (1) a judicial district where the person resides, or (2) a judicial district in which a substantial part of the events or omissions giving rise to the plaintiff's claims occurred[3]. See 28 U.S.C. §1391(b). For all venue purposes a natural person is deemed to reside in the judicial district in which he is domiciled. 28 U.S.C. §1391(c).

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[2] By the express terms of the venue statute personal jurisdiction alone in a judicial district over Mr. Murchison does *not* make venue proper unless there is no other district in which the action may have been brought. See 28 U.S.C. §1391(b)(3). Plaintiff could have brought this action in the Eastern Judicial District of California where Mr. Murchison resides. See 28 U.S.C. §1391(b)(1).

[3] There is no property in the Southern District at issue in this action.

When venue is challenged the plaintiff bears the burden of showing that venue is proper. *Piedmont Label Co. v. Sun Garden Packing Co.*, 598 F.2d 491, 496 (9th Cir. 1979). If venue is improper the court "shall dismiss, or if it be in the interest of justice, transfer such case to any district or division in which it could have been brought." 28 U.S.C. § 1406(a); *Dist. No. 1, Pac. Coast Dist. v. Alaska*, 682 F.2d 797, 799 n.3 (9th Cir. 1982).

A. Mr. Murchison Does Not Reside In This Judicial District

As a preliminary matter it appears undisputed that venue in this judicial district is not proper based upon Mr. Murchison's residence. The complaint itself alleges that Mr. Murchison is an individual doing business in Red Bluff California, which is in the county of Tehama over 600 miles away from this Court. The county of Tehama is outside the jurisdiction of this court, which includes only the counties of Imperial and San Diego. See 28 U.S.C. §84 (d). Mr. Murchison resides in the county of Tehama where he does business, and venue in this action on the basis of Mr. Murchison's residence is thus clearly not proper in this court.

B. No Events Or Omissions Giving Rise To The Claims Occurred In This Judicial District

When denying Mr. Murchison's motion challenging venue for the original complaint the Court did not expressly find that a substantial part of the events underlying plaintiff's claims in this action occurred in this judicial district, which is what is required under the law for venue to be proper in this judicial district. See 28 U.S.C. §1391(b). Rather the Court based its denial of the motion on the grounds that "it is undisputed that Defendant's allegedly false online postings and emailed statements concerning the accused product reached into the Southern District" and that Mr. Murchison's product is allegedly "sold within the Southern District".

Order at page 3. However, even if these grounds were in fact true[4], it does not follow that a substantial part of the events giving rise to the plaintiff's claims occurred in this judicial district.

The *only* alleged events giving rise to plaintiff's claims are statements allegedly made by Mr. Murchison regarding plaintiff's product. The controlling statute is clear and unequivocal – a substantial part of *the events giving rise to the claims* must have *occurred in* this judicial district. 28 U.S.C. § 1391(b)(2). Sales by Mr. Murchison of his product are simply not the events that give rise to any of plaintiff's claims.

The cases cited by the Court when previously denying Mr. Murchison's challenge to venue were all trademark infringement cases where the defendants were accused of selling goods or services using marks that were allegedly infringements of the plaintiff's trademarks. See Order at page 3. In those cases the events giving rise to the plaintiff's claims were the sales by the defendant of accused products or services using marks likely to cause confusion to consumers. So in those cases the events giving rise to the plaintiff's claims were the use by the defendant of the allegedly infringing mark in connection with the sale of goods or services. Therefore use of the allegedly infringing mark and sale of accused goods in a judicial district where consumers were likely to be confused was relevant to a determination of venue in those cases. That is not the situation here though.

This is not a case of trademark infringement. Mr. Murchison is not accused of selling a product that uses plaintiff's trademarks: There is no "accused product"

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[4] Plaintiff produced no evidence of any such facts, and there is nothing in the record supporting a conclusion that it is "undisputed" by defendant that the alleged online postings and emails "reached into the Southern District". Defendant does not exactly know what is meant by "reached into the Southern District", but understands this to be different from "occurred in the Southern District" which defendant did, and does, dispute.

of Mr. Murchison's, and there is no alleged likelihood of confusion between plaintiff's product and Mr. Murchison's product. Rather, the events giving rise to plaintiff's claims are just the allegedly false statements made by Mr. Murchison regarding plaintiff's product. Accordingly, venue in a judicial district outside of the one where Mr. Murchison resides is only proper under the law if plaintiff can establish that a substantial part of the accused statements giving rise to plaintiff's claims occurred in that judicial district. 28 U.S.C. §1391(b).

There are no facts alleged in the amended complaint of Mr. Murchison having made any of the alleged statements giving rise to plaintiff's claims in the Southern District of California. There are also no facts alleged in the complaint that any of such alleged statements were even sent by Mr. Murchison to anyone here in the Southern District of California. A statement made by a defendant outside of this judicial district, and which was not sent by the defendant to a recipient in this judicial district, simply cannot reasonably be deemed to have occurred in this judicial district for purposes of venue. That such a statement was allegedly made over the internet does not change this, and defendant is unaware of any court having ever held otherwise. The statutory test for venue is where the events giving rise to a claim occurred, and this test should be construed and applied to further the policy of the statute which is to protect individual defendants such as Mr. Murchison from inconvenience. See e.g. *Neirbo Co. v. Bethlehem Shipbuilding Corp.*, 308 US 165, 168 (1939). There are no facts plead showing that the allegedly false statements occurred in this judicial district as would be required for venue to be proper here.

Because Mr. Murchison is not a resident of the judicial district for Southern California, and there is no evidence or allegation that the alleged communications by Mr. Murchison giving rise to plaintiff's claims occurred in the judicial district for Southern California, venue here is improper. Accordingly, this action should be dismissed for improper venue. See Fed. R. Civ. P. 12(b)(3) and 28 U.S.C. § 1406.

IV. THERE IS NO STANDING FOR DECLARATORY RELIEF ON THE UNASSERTED CLAIMS OF U.S. PATENT 7,866,086

It is well established with regards to a plaintiff seeking a declaratory judgment regarding any patent claim found in a U.S. patent that the plaintiff must show a continuing case or controversy with respect to an unasserted patent claim in the U.S. patent. *Streck, Inc. v. Research & Diagnostic Systems*, 665 F. 3d 1269, 1282 (Fed. Cir. 2012). Thus, if a U.S. patent has multiple patent claims in it, and the patentee is only presently asserting a sub-set of the patent claims against an accused infringer, then a court does not have jurisdiction to render a declaratory judgment over the remaining unasserted patent claims (whether or not previously asserted) unless the accused infringer can show a continuing case or controversy with respect to such unasserted claims. *Streck, Inc. v. Research & Diagnostic Systems*, 665 F. 3d 1269, 1282 (Fed. Cir. 2012). ("It is well-established that, in patent cases, the existence of a "case or controversy must be evaluated on a claim-by-claim basis." *Jervis B. Webb Co. v. So. Sys., Inc.*, 742 F.2d 1388, 1399 (Fed.Cir. 1984) (citations omitted).") "[W]e find that the district court did not have jurisdiction over the unasserted [patent] claims." *Streck* 665 F.3d at 1284.

An Article III case or controversy with respect to a patent claim does not automatically exist whenever a competitor desires to mount a challenge to the patent claim. *Streck* 665 F.3d at 1284. A competitor must show that under all of the circumstances a present and continuing case or controversy exists between the parties regarding a challenged claim in a patent. *Streck* 665 F.3d at 1284. It is not sufficient to show that there may have previously been a controversy concerning an unasserted patent claim. There must be a present and continuing controversy in order for a competitor to have standing under the Declaratory Judgment Act to challenge a patent claim. *Benitec Australia, Ltd. v. Nucleonics, Inc.*, 495 F.3d 1340,

1344 (Fed. Cir. 2007). *Streck* 665 F.3d at 1284. (A court did not have jurisdiction over patent claims that had been previously asserted but were then withdrawn).

In the present action there are no claims of the '086 patent being presently asserted by Mr. Murchison against the plaintiff. Accordingly, the court does not have jurisdiction to render a declaratory judgment concerning the claims of the '086 patent unless plaintiff shows that under all of the circumstances a present and continuing controversy exists between plaintiff and defendant regarding a patent claim in the '086 patent. *Streck* 665 F.3d at 1284. See also *In re Dynamic Random Access Memory (DRAM) Antitrust Litig.*, 546 F.3d 981, 984-85 (9th Cir. 2008).

There are no facts plead in the amended complaint which show any present and continuing controversy regarding infringement of the claims of the '086 patent. Plaintiff has plead no facts in the amended complaint which show that there has been any communication by Mr. Murchison to plaintiff of an assertion of infringement of the '086 patent. Indeed, there are no facts plead of any communications at all between the plaintiff and Mr. Murchison, at any time. Plaintiff's complaint simply pleads facts concerning three prior alleged statements, the last of which occurred well over one year ago, and none of which make it plausible that there is a present and continuing controversy between Mr. Murchison and plaintiff concerning infringement of any claim in the '086 patent:

(i) *April 30, 2012 email* – This is a one line email allegedly sent by the defendant concerning a video of the Squirrelinator product at work. It makes no mention of any patent. See Amended Complaint Exhibit D.

(ii) *June 15, 2012 email* – This is an email between third parties that does not identify Mr. Murchison or the '086 patent, let alone does it

state anything at all about Mr. Murchison asserting the '086 patent against plaintiff. See Amended Complaint Exhibit E.

(iii) *September 23, 2011 Amazon.com comment* – This obscure commentary from two years ago in response to a review expresses in just one line out of many a lay opinion that the design of the Squirrelinator is a copy of the patented Black Fox trap. See Amended Complaint Exhibit F. It is the *only* statement identified in the complaint where the '086 patent is even mentioned, and then only with respect to Mr. Murchison's Black Fox product. There is no mention of infringement of the '086 patent, or any threat of an assertion of the '086 patent by Mr. Murchison against anyone. When this is considered together with the fact that the alleged comment was made nearly *two years* ago, the facts of this comment clearly don't establish any present and continuing case or controversy between Mr. Murchison and plaintiff concerning infringement of a claim in the '086 patent.

When the Court previously denied Mr. Murchison's motion to dismiss for lack of jurisdiction under the Declaratory Judgment Act it was on the grounds that the Court had independent federal question jurisdiction over Lanham Act claims. See Order at page 5. The defendant did not, and does not, dispute that a federal court has federal question subject matter jurisdiction over Lanham Act claims.

However, in the same way that a federal court having jurisdiction over patent claims being asserted as infringed in a patent infringement case does not necessarily have jurisdiction over other patent claims that have been withdrawn or are otherwise unasserted, the existence of federal question jurisdiction over a Lanham Act cause of action in a case does not necessarily mean that a court also has

jurisdiction over a separate cause of action for relief under the Declaratory Judgment Act concerning unasserted patent claims[5]. *Streck, Inc. v. Research & Diagnostic Systems*, 665 F. 3d 1269, 1282 (Fed. Cir. 2012). In other words, a plaintiff seeking a declaratory judgment regarding an unasserted patent claim can't just evade having to show the existence of a present and continuing case or controversy for the unasserted patent claim by simply pointing to jurisdiction the court may have over other asserted patent claims or causes of action.

Accordingly, the existence of federal question jurisdiction under the Lanham Act in this case doesn't alone mean that the Court has jurisdiction to enter a declaratory judgment for the unasserted claims of the '086 patent. Unless the plaintiff separately establishes Article III standing through the existence of a present and continuing case or controversy between the plaintiff and Mr. Murchison concerning infringement of an unasserted claim in '086 patent there is no such jurisdiction. *Streck, Inc. v. Research & Diagnostic Systems*, 665 F. 3d 1269, 1282 (Fed. Cir. 2012).

The burden is on plaintiff to establish that standing existed both at the time the claim for declaratory relief was filed and that it has continued since. *Benitec Australia, Ltd. v. Nucleonics, Inc.*, 495 F.3d 1340, 1344 (Fed. Cir. 2007). A year has passed since the filing of the original complaint, and nine months since the motion to dismiss the original complaint was filed. Yet, as explained above, there are no facts plead in the amended complaint of Mr. Murchison having ever asserted the '086 patent against plaintiff, or anything else to show a present and continuing controversy between Mr. Murchison and the plaintiff regarding infringement of the unasserted '086 patent claims. Accordingly, it is respectfully submitted that the

[5] It should be noted that the plaintiff in this case is not seeking a declaratory judgment concerning any rights under the Lanham Act, but rather a declaratory judgment concerning unasserted claims of the '086 patent.

court does not have jurisdiction to enter a declaratory judgment on the unasserted claims of the '086 patent, and that plaintiff's cause of action seeking the entry of such a declaratory judgment should be dismissed. See Fed. R. Civ. P. §12(b)(1).

V. CONCLUSION

For the reasons set forth above the first amended complaint filed by the plaintiff should be dismissed.

Date: September 6, 2013

s/David M. Kleiman .
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Counsel for Michael Murchison

CERTIFICATE OF SERVICE

The undersigned hereby certifies that the above document has been served on September 6, 2013 to all counsel of record who are deemed to have consented to electronic service via the Court's CM/ECF system per Fed. R. Civ. P. 5(b)(3). Any other counsel of record will be served by U.S. mail.

Date: September 6, 2013

s/David M. Kleiman
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