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UNITED STATES DISTRICT COURT

FOR THE SOUTHERN DISTRICT OF CALIFORNIA

BREAKING CODE SILENCE, a California Public Benefit Corporation,

Plaintiff,

v.

CHELSEA PAPCIAK aka FILER, an individual; JENNIFER WALKER, an individual; JENNA BULIS, an individual; MARTHA THOMPSON, an individual; and BREAKINGCODESILENCE, INC., a Florida Profit Corporation.,

Defendants.

Case No. 21-cv-0918-BAS-DEB

PLAINTIFF BREAKING CODE SILENCE'S OPPOSITION TO DEFENDANTS' MOTION TO DISMISS PURSUANT TO FEDERAL RULES OF CIVIL PROCEDURE 12(B)(6) AND STRIKE PURSUANT TO FEDERAL RULES OF CIVIL PROCEDURE 12(F)

Date: September 13, 2021
Dept: 4B
Judge: Hon. Cynthia A. Bashant

Plaintiff BREAKING CODE SILENCE ("BCS" or "Plaintiff") hereby opposes Defendants' Motion to Dismiss Pursuant to Federal Rule of Civil Procedure 12(b)(6) and Motion to Strike Pursuant to Federal Rule of Civil Procedure 12(f) (Dkt. 36).

I. INTRODUCTION

Defendants' Motion to Dismiss should be denied. Defendants claim under 12(b)(6) that Plaintiff failed to allege sufficient facts to support a cognizable legal theory on seven out of Plaintiff's nine causes of action. A motion under Rule 12(b)(6) merely tests the legal sufficiency of a complaint, requiring a court to construe the complaint liberally, assume all facts as true, and draw all reasonable inferences in

favor of the plaintiff. *Bell Atlantic Corp. v. Twombly*, 550 U.S. 544, 556-557 (2007).

While Defendants claim throughout their Motion that information is missing to support some of Plaintiff's causes of action, a close review of the SAC will show the information was provided and is sufficient. Furthermore, Defendants' attempt to rely on information outside the four corners of the SAC is inappropriate and should not be allowed as it is well established that questions of fact cannot be resolved or determined on a 12(b)(6) motion to dismiss. *Cook, Perkiss & Liehe, Inc. v. N. Cal. Collection Serv., Inc.*, 911 F.2d 242, 245 (9th Cir. 1990).

II. LEGAL ANALYSIS

A. Legal Standard for Motions to Dismiss under 12(b)(6) and 12(f).

A motion to dismiss under Federal Rule of Civil Procedure 12(b)(6) tests the sufficiency of a complaint's well-pleaded allegations. Dismissal is warranted under Rule 12(b)(6) where the complaint lacks a cognizable legal theory. *Neitzke v. Williams*, 490 U.S. 319, 326 (1989) ("Rule 12(b)(6) authorizes a court to dismiss a claim on the basis of a dispositive issue of law"). While a plaintiff need not give "detailed factual allegations," a plaintiff must plead sufficient facts that, if true, "raise a right to relief above the speculative level." *Bell Atlantic Corp. v. Twombly*, 550 U.S. 544, 545 (2007). "To survive a motion to dismiss, a complaint must contain sufficient factual matter, accepted as true, 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 547). A claim is facially plausible when the factual allegations permit "the court to draw the reasonable inference that the defendant is liable for the misconduct alleged." *Id*. "Determining whether a complaint states a plausible claim for relief will . . . be a context-specific task that requires the reviewing court to draw on its judicial experience and common sense." *Iqbal*, 556 U.S. at 679.

In evaluating the sufficiency of the complaint under 12(b)(6), the Court must assume the facts alleged in the complaint to be true unless the allegations are

controverted by exhibits attached to the complaint, matters subject to judicial notice, or documents necessarily relied on by the complaint and whose authenticity no party questions. *Lee v. City of Los Angeles* (9th Cir.2001) 250 F.3d 668, 688-89. A court should not grant dismissal unless the plaintiff has failed to plead "enough facts to state a claim to relief that is plausible on its face." *Bell Atlantic Corp. v. Twombly* (2007) 550 U.S. 544, 570. Moreover, dismissal should be with leave to amend unless it is clear that amendment could not possibly cure the complaint's deficiencies. *Steckman v. Hart Brewing, Inc.,* 143 F.3d 1293, 1296 (9th Cir.1998).

B. Defendants' Motion to Dismiss Should be Denied.

While Defendants allege that the complaint should be dismissed under 12(b)(6), Defendants fail to address the complaint as failing to plead sufficient facts and instead attempt to show that information outside the four corners of the complaint contradict the facts alleged therein. This is improper via a motion to dismiss. As it "is well-established that questions of fact cannot be resolved or determined on a motion to dismiss for failure to state a claim upon which relief can be granted." *Cook, Perkiss & Liehe, Inc. v. N. Cal. Collection Serv., Inc.*, 911 F.2d 242, 245 (9th Cir. 1990).

1. Plaintiff Has Alleged Sufficient Facts to Support its Cause of Action Against Defendants for Trademark Infringement.

Plaintiff has alleged facts to support its use of Breaking Code Silence, BCS, and #breakingcodesilence ("Trademarks") and its acquisition of prior rights in the Trademarks to support its claim of infringement. (SAC ¶ 12-23.) Furthermore, Plaintiff has alleged that all Defendants have infringed its right in its Trademarks by knowingly using the Trademarks and confusingly similar marks on social media, for webinars, and for a for profit business registered under BREAKINGCODESILENCE, Inc. (SAC ¶ 24-44; 49-53.)

Defendants' reliance on *Brookfield*[1] is misleading as there is no registered

[1] Defendant refers to *Brookfield Commc'ns, Inc. v. W. Coast Ent. Corp*., 174 f.3d 1036, 1046-47 (9th Cir. 1999). (Dkt. 36-1 p. 12, line 7-8.)

mark at issue here. Furthermore, trademark infringement may be based on ownership of a registered mark, an unregistered mark or even a non-owner with a cognizable interest in the mark. See 15 U.S.C. §§ 1114(1); *Halicki Films, LLC v. Sanderson Sales and Mktg.*, 547 F.3d 1213, 1225 (9th Cir. 2008). Furthermore in *Brookfield* the court was looking at a completely different standard as Plaintiff was seeking a preliminary injunction and therefore had the burden to show likelihood of success on its cause of action. The burden is much lower at this stage of the proceeding. Here, the Court must presume the truth of the facts in the light most favorable to the nonmoving party, BCS. *Manzarek v. St. Paul Fire & Marine Ins. Co.*, 519 F.3d 1025, 1031 (9th Cir. 2008); see *Cook, Perkiss & Liehe, Inc. v. N. Cal. Collection Serv., Inc.*, 911 F.2d 242, 245 (9th Cir. 1990) ("It is well-established that questions of fact cannot be resolved or determined on a motion to dismiss for failure to state a claim upon which relief can be granted."). "The standard at this stage of the litigation is not that plaintiff's explanation must be true or even probable. The factual allegations of the complaint need only 'plausibly suggest an entitlement to relief.'" *Starr v. Baca*, 652 F.3d 1202, 1216–17 (9th Cir. 2011) (citing *Iqbal*, 556 U.S. at 681).

Even if Defendant's facts were correct and BCS' use of an unregistered mark did not have priority over Defendants' alleged use/ownership, the rights assigned by the third-party user as alleged in the SAC predates all alleged use by Defendants and would suffice to support Plaintiff's claims. (SAC ¶ 14 wherein Plaintiff alleges the use of the assigned rights date back to 2010.) While Defendant claims no assignment occurred, it is clear Defendant does not have any evidence to refute the assignment and this is another question of fact to be determined on the merits, not a motion to dismiss. Furthermore, nothing in Defendants' RJN Exh. A[2] refutes Plaintiff's claims. In fact, Record 2 out of 5 shows that Plaintiff filed a trademark

[2] RJN Exh. A (DKT. 36-5) is simply a printout of five partial records relating to the Trademarks at issue. Plaintiff has separately objected to this information based on the records being incomplete and being asserted for their truth.

application on May 6, 2021 claiming rights in BREAKING CODE SILENCE back to 2010, which supports the allegations in this case. (Dkt. 36-5 p. 6-7.)

While Defendants claim ownership rights in the Trademarks, their alleged rights are clearly in dispute in this case and these additional facts do not support a motion to dismiss, but proceeding to allow a decision on the merits. Taking the allegations in the SAC as true as the Court must, in regards to Defendants' motion to dismiss, Plaintiff has alleged the necessary facts to support its claim for trademark infringement.

2. Plaintiff Has Alleged Sufficient Facts to Support its Cause of Action Against Defendants for Unfair Competition.

Plaintiff has alleged sufficient facts to support its cause of action for unfair competition. California's Unfair Competition Law ("UCL") generally prohibits "any unlawful, unfair or fraudulent business act or practice and unfair, deceptive, untrue or misleading advertising." Cal. Bus. & Prof. Code § 17200. "[A] plaintiff may proceed under the UCL on three possible theories. First, 'unlawful' conduct that violates another law is independently actionable under Section 17200. Alternatively, a plaintiff may plead the defendants' conduct is 'unfair' within the meaning of the several standards developed by the courts. Finally, a plaintiff may challenge 'fraudulent' conduct by showing that 'members of the public are likely to be deceived' by the challenged business acts or practices." *Stewart v. Screen Gems-EMI Music, Inc*., 81 F. Supp. 3d 938, 967 (N.D. Cal. 2015) (internal citations omitted). "Because the statute is written in the disjunctive, it is violated where a defendant's act or practice violates any of the foregoing prongs." *Davis v. HSBC Bank Nevada, N.A*., 691 F.3d 1152, 1168 (9th Cir. 2012).

Here, if Plaintiff's first cause of action for trademark infringement survives, as it must, Plaintiff has also alleged enough facts to support UCL under California law. Furthermore, Plaintiff has alleged that Defendants have committed conversion,

defamed Plaintiff and interfered with Plaintiff's economic relations and advantage. (SAC ¶ 24-44; 79-100.)

In addition, Plaintiff has alleged sufficient facts to support its cause of action for Federal Unfair Competition. Plaintiff's SAC alleges that all Defendants, including Thompson, have infringed its right in its Trademarks by knowingly using the Trademarks and confusingly similar marks on social media, for webinars, and for a for profit business registered under BREAKINGCODESILENCE, Inc. (SAC ¶ 24-44; 49-53.)

3. Plaintiff Has Alleged Sufficient Facts to Support its Cause of Action Against Defendants for Injunctive Relief.

Plaintiff has alleged sufficient facts to support its cause of action for injunctive relief. Defendants' reliance on *Brookfield* again, assumes the wrong standard at this phase of the proceedings as the standard in *Brookfield* applies to obtaining a preliminary injunction, not a motion to dismiss a cause of action for injunctive relief. Plaintiff has not sought a preliminary injunction in this case but has plead a cause of action under the Lanham Act. As stated above the standard to survive a motion to dismiss is much lower and simply requires providing sufficient factual matter, accepted as true, 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 547).

4. Plaintiff Has Alleged Sufficient Facts to Support its Cause of Action Against Defendants for Declaratory Relief.

Plaintiff has alleged sufficient facts to support its cause of action for declaratory relief. The Declaratory Judgment Act provides that, "In a case of actual controversy within its jurisdiction ... any court of the United States ... may declare the rights and other legal relations of any interested party seeking such declaration, whether or not further relief is or could be sought." 28 U.S.C. § 2201(a). "Basically, the question in each case is whether the facts alleged, under all the circumstances,

show that there is a substantial controversy, between parties having adverse legal interests, of sufficient immediacy and reality to warrant the issuance of a declaratory judgment." *Id.* (quoting *Md. Cas. Co. v. Pac. Coal & Oil Co.,* 312 U.S. 270, 273 (1941)). The Courts have found that filing a complaint is sufficient to support a claim in controversy between the parties to warrant the issuance of a declaratory judgment.

As addressed in section 1 above Plaintiff has sufficiently pled trademark infringement. Defendants additional allegations provided in their Background Facts clearly supports an actual controversy between the parties, specifically Plaintiff and Defendants in regards to the ownership and use of the Trademarks.

5. Plaintiff Has Alleged Sufficient Facts to Support its Cause of Action Against Defendants for Conversion.

Plaintiff has alleged sufficient facts to support its cause of action for conversion against Defendants Bulis, Walker, Papciak and Thompson as alleged. Plaintiff has alleged that these Defendants wrongfully exercised control over Plaintiff's personal property by taking possession of and/or preventing Plaintiff from having access to its Instagram account, G suite accounts, Facebook page, Twitter account and Squarespace accounts ("Accounts"). (SAC ¶ 28-29, 31-35, 80-85)

Specifically, Plaintiff has alleged that Thompson took control of Plaintiff's website accounts and removed BCS' access to the accounts. (SAC ¶ 32-33.) Furthermore, Plaintiff has alleged that each of these Defendants have changed passwords on BCS' Accounts preventing BCS' access. (SAC ¶ 31.) Thompson threatened to create a corporation without BCS and steal Plaintiff's Trademarks before following through with the above acts. These facts are all contained in the SAC.

6. Plaintiff Has Not Alleged a Cause of Action for False Light, but Defamation in Its SAC.

While Plaintiff had alleged False Light in Its First Amended Complaint, there is no cause of action for False Light in the SAC. Plaintiff has alleged a cause of action for defamation in its place. Defendants have not addressed any alleged deficiencies in Plaintiff's cause of action for defamation.

7. Plaintiff Has Alleged Sufficient Facts to Support its Cause of Action Against Defendants for Intentional Interference with Prospective Economic Advantage.

Plaintiff has alleged sufficient facts to support its cause of action for intentional interference with prospective economic advantage. Plaintiff alleged existing economic relationships in its SAC (SAC ¶ 37, 42, 95), including one with the Hilton Foundation. (SAC ¶ 37.) Plaintiff alleged Defendants knowledge of the relationship with the Hilton Foundation (SAC ¶ 37), the intentional acts of Defendants to disrupt those relationships (SAC ¶ 37, 39-40, 42-43, 98, 100), the actual disruption and harm (SAC ¶ 37-44; 96, 98). In addition, Plaintiff alleges Defendants knowledge that it relies on donors and Defendants publicly accused Plaintiff of attempting to profit from the troubled teen survivor movement and then using Plaintiff's Trademarks to name and brand a for profit entity making their accusations appear true. (SAC ¶ 42.)

C. Defendants Motion to Strike is Moot.

Defendants also move to dismiss this case under Federal Rule of Civil Procedure 12(f). Federal Rule of Civil Procedure 12(f) provides that "[t]he court may strike from a pleading an insufficient defense or any redundant, immaterial, impertinent, or scandalous matter." "Motions to strike are regarded with disfavor because they are often used as delaying tactics and because of the limited importance of pleadings in federal practice. The possibility that issues will be unnecessarily complicated or that superfluous pleadings will cause the trier of fact to draw unwarranted inferences at trial is the type of prejudice that is sufficient to support the

granting of a motion to strike." *Ayat v. Societe Air France,* No. 06–cv–01574, 2007 WL 1840923, at * 1 (N.D. Cal. June 27, 2007) (citations omitted).

However, Defendants are not requesting the court strike any redundant, immaterial, impertinent or scandalous matter but simply the filing of the SAC. However, this issue is moot as the Court addressed this exact issue in its Jul 19, 2021 Order. (Dkt. 34). Defendants acknowledge the Court's Order and specifically state "Thankfully, the Court cleared out all of the errant filings, and we are timely responding to the SAC herein." (Dkt. 36-1 9:8-9.)

D. Plaintiff Has Standing to Bring This Action.

"To establish standing to sue for trademark infringement under the Lanham Act, a plaintiff must show that he or she is either (1) the owner of a federal mark registration, (2) the owner of an unregistered mark, or (3) a nonowner with a cognizable interest in the allegedly infringed trademark." See 15 U.S.C. §§ 1114(1); *Halicki Films, LLC v. Sanderson Sales and Mktg.*, 547 F.3d 1213, 1225 (9th Cir. 2008). Defendant's analysis suffers from a fundamental flaw. Plaintiff is not claiming that it has standing to sue for infringement of the BCS mark as a registered owner of the mark. Rather, Plaintiff asserts standing on other grounds.

Here Plaintiff is the owner of an unregistered mark. Furthermore, contrary to Defendants' claim that the USPTO's registry provides presumptive proof that Plaintiff did not register the trademark first (Dkt. 36-1 18:8-10) no one has obtained registration of the marks at issue (Exhibit 1 to Defendants' Motion) and therefore neither Defendants nor anyone else can claim they are the owner of the **registered** mark. Regardless, ownership is not based on the first to register. *Halicki Films, LLC v. Sanderson Sales and Mktg.*, 547 F.3d 1213, 1226 (9th Cir. 2008).

Not only does Plaintiff plead use in commerce, but also the assignment of the rights to Plaintiff by a third party. (SAC ¶ 14.) Even if the assignment did not exist, as alleged by Defendants (Dkt. 36-1 18:12-17), Plaintiff would still have standing

based on its unregistered rights and its interest in the infringing mark.

Defendants' reliance on *Upper Deck* is misplaced. As *Upper Deck* is an unpublished opinion regarding a licensee's rights, not an owners. *Upper Deck* is easily distinguished from the case at hand. *Wilson v. RSM Management, Inc*. 187 F.3d 651, 651 (9th Cir. 1999) is also unpublished and addresses evidence for summary judgment. Neither case addresses standing or stands for the position cited by Defendants. Lastly, as addressed separately the declaration of Joshua Scarpuzzi is not judicially noticeable and has been objected to and opposed by Plaintiff at this stage of the proceedings.

E. Plaintiff Has a Right to Amend Its Complaint.

"[D]ismissal without leave to amend is improper unless it is clear, upon de novo review, that the complaint could not be saved by any amendment." *Chang v. Chen*, 80 F.3d 1293, 1296 (9th Cir.1996). Defendants claim that the alleged defects cannot be cured by amendment. However, Plaintiff is able to provide additional information and support if necessary. For instance, Plaintiff could provide the documents and additional details to support the assignment. Furthermore, Defendants request requires the Court to rely on incomplete records from the USPTO and to ignore the information in those records that contradict Defendants' position here. Plaintiff hereby requests that if the Court dismisses its complaint or a cause of action it does so with leave to amend.

III. CONCLUSION

For the reasons stated above, Plaintiff respectfully requests that this Court deny Defendants' Motion to Dismiss.

DATED: August 30, 2021

PROCOPIO, CORY, HARGREAVES & SAVITCH LLP

By: s/Lisel M. Ferguson
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Breaking Code Silence

☑ *(Federal)* **BY CM/ECF NOTICE OF ELECTRONIC FILING** by causing such document(s) listed above to be served through this Court's electronic transmission facilities via the Notice of Electronic Filing (NEF) and hyperlink, to the parties and/or counsel who are determined this date to be registered CM/ECF Users set forth in the service list obtained from this Court on the Electronic Mail Notice List.

☑ *(Federal)* I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on August 30, 2021, at **San Diego**, California.

s/Lisel M. Ferguson
Lisel M. Ferguson