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4 UNITED STATES DISTRICT COURT
5 NORTHERN DISTRICT OF CALIFORNIA
6

7 ALDEN GAJO,

8 Plaintiff,

9 v.

10 CHICAGO BRAND, et al.,

11 Defendants.

Case No. [17-cv-00380-EMC](#)

**ORDER GRANTING DEFENDANTS'
MOTION TO DISMISS**

Docket No. 13

12
13 Plaintiff Alden Gajo, proceeding pro se, has filed suit against Defendants Chicago Brand,
14 Eva Stone, and Holly Snyder (erroneously sued as “Holly Smith”), asserting claims for, *inter alia*,
15 breach of contract and violation of various intellectual property rights (*e.g.*, copyright, trademark,
16 and patent). Currently pending before the Court is Defendants’ 12(b)(6) motion to dismiss. At a
17 hearing held on June 1, 2017, the Court **GRANTED** the motion. This order memorializes the
18 rulings made by the Court at that hearing and provides additional analysis, as necessary.

19 **I. DISCUSSION**

20 A. False Advertising

21 Mr. Gajo has asserted a claim for dissemination of false advertising pursuant to 15 U.S.C.
22 § 52. Section 52 is part of the Federal Trade Commission Act (“FTCA”). Courts have held that
23 consumers and members of the public at large may not maintain a private action to enforce the
24 FTCA. *See, e.g., Dreisbach v. Murphy*, 658 F.2d 720, 730 (9th Cir. 1981) (stating that “private
25 litigants may not invoke the jurisdiction of the federal district courts by alleging that defendants
26 engaged in business practices proscribed by” 15 U.S.C. § 45(a)(1); “[t]he Act rests initial remedial
27 power solely in the Federal Trade Commission”); *Holloway v. Bristol-Myers Corp.*, 485 F.2d 986,

28 987 (D.C. Cir. 1973) (“[t]he Act provides that private actions to vindicate rights asserted under the Federal

1 Trade Commission Act may not be maintained”); *Kerr v. Am. Home Mortg. Serv’g, Inc.*, No. 10-
 2 cv-1612 BEN (AJB), 2010 U.S. Dist. LEXIS 100076, at *7 (S.D. Cal. Sep. 22, 2010) (stating that
 3 “[i]t is well-established that there is no private right of action for violation of the FTCA; only the
 4 Federal Trade Commission has standing to enforce it”). Accordingly, the Court dismisses the
 5 claim for false advertising, and with prejudice. Mr. Gajo shall not reassert this claim in any future
 6 pleading.

7 **B. Trafficking of Counterfeit Goods**

8 Mr. Gajo has also asserted a claim for trafficking of counterfeit goods. *See* 18 U.S.C. §
 9 2320. As Defendants note, § 2320 is a criminal statute, and criminal statutes generally do not
 10 provide a private cause of action. *See Kraft v. Old Castle Precast, Inc.*, No. LA CV 15-00701-
 11 VBF1, 2015 U.S. Dist. LEXIS 103440, at *4 (C.D. Cal. Aug. 5, 2015). *See, e.g., Cannon v. Univ.*
 12 *of Chicago*, 441 U.S. 677, 690 (1979) (noting that “[t]he language in these statutes – which
 13 expressly identifies the class Congress intended to benefit – contrasts sharply with statutory
 14 language customarily found in criminal statutes”); *Cent. Bank, N.A. v. First Interst. Bank, N.A.*,
 15 511 U.S. 164, 190 (1994) (stating that “[w]e have been quite reluctant to infer a private right of
 16 action from a criminal prohibition alone”; adding that “we have not suggested that a private right
 17 of action exists for all injuries caused by violations of criminal prohibitions”); *Alexander v.*
 18 *Sandoval*, 532 U.S. 275, 289 (2001) (noting that “[s]tatutes that focus on the person regulated
 19 rather than the individuals protected create ‘no implication of an intent to confer rights on a
 20 particular class of persons’”). Moreover, in his opposition brief, Mr. Gajo essentially concedes
 21 that the cause of action should be dismissed. *See* Opp’n at 10 (“Plaintiff[] realizes that the
 22 Complaint of Trafficking of Counterfeit Goods is a more serious criminal offense beyond the
 23 jurisdiction of this civil Court[;] a separate Complaint to the Federal Trade Commission shall be
 24 filed for investigation and possible prosecution.”). The Court therefore dismisses the claim for
 25 counterfeit trafficking, and with prejudice. Mr. Gajo shall not reassert the claim in any future
 26 pleading.

27 **C. Breach of Contract**

28 The main claim asserted by Mr. Gajo is that for breach of contract. Because Mr. Gajo’s

1 complaint was somewhat confusing with respect to this cause of action, the Court asked Mr. Gajo,
2 at the hearing, to clarify the factual allegations supporting his breach-of-contract claim. In
3 response, Mr. Gajo articulated a breach-of-contract theory that was not pled (at least not clearly) in
4 the complaint. That is, Mr. Gajo asserted that Defendants breached the contract in two ways: (1)
5 because Defendants used K. Fung as the manufacturer for the Alden wrench (instead of finding a
6 new manufacturer)¹ and (2) because (regardless of the manufacturer) Defendants failed to pay
7 royalties on their sales of the Alden wrench.

8 Because this breach-of-contract theory was not pled in the original complaint, the Court
9 shall, in the interest of efficiency, dismiss the breach-of-contract claim as currently pled and allow
10 Mr. Gajo to amend the claim so as to make factual allegations consistent with the representations
11 above. In so ruling, the Court does not opine as to whether any amended claim would be subject
12 to, *e.g.*, a statute-of-limitations defense or would otherwise be viable.

13 D. Copyright Infringement

14 Mr. Gajo has asserted various claims for infringement of intellectual property, including a
15 claim for copyright infringement and a related claim for vicarious infringement. Defendants'
16 motion to dismiss the copyright claims is granted because it is not clear what the copyrighted
17 works are in the first instance and whether they have been registered. The complaint refers
18 generally to photos of the wrench and product descriptions, but both references are vague. To the
19 extent Mr. Gajo has tried to cure that deficiency by submitting a declaration, *see* Gajo Decl. ¶ 4 &
20 Ex. D (providing a copy "of a violated creative work by [Mr. Gajo]" – "Sample 1 is the original
21 packaging and instructions created by [Mr. Gajo] for A&S" and "Sample 2 is . . . a photograph
22 taken by [Mr. Gajo]"), he cannot do so for purposes of a 12(b)(6) proceeding. *See In re Bare*
23 *Escentuals, Inc. Sec. Litig.*, 745 F. Supp. 2d 1052, 1065 (N.D. Cal. 2010) (stating that, "when
24 resolving a motion to dismiss for failure to state a claim, the court may not generally consider
25 materials outside the pleadings"). Moreover, even if those specific works were named in an
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28 ¹ At the hearing, Mr. Gajo added that, if Defendants had used a manufacturer other than K. Fung,
29 then Defendants would have had the authority to use the Alden wrench name in selling the

1 amended complaint, Mr. Gajo would still have to plead registration of the works. *See Epikhin v.*
 2 *Game Insight N. Am.*, 145 F. Supp. 3d 896, 902 (N.D. Cal. 2015) (noting that, under 17 U.S.C. §
 3 411(a), “no civil action for infringement of the copyright in any United States work shall be
 4 instituted until registration of the copyright claim has been made”; adding that, “[a]lthough the
 5 registration requirement is not jurisdictional, it is a ‘precondition to suit’”). Mr. Gajo’s suggestion
 6 that he is relieved from the registration requirement by virtue of the Berne Act lacks merit.

7 In 1989, the United States agreed to the Berne Convention, an
 8 international copyright treaty that, among other things, prohibits
 9 signatories from imposing copyright formalities as a condition to the
 10 protection of works of nationals of other member countries. “To
 meet obligations necessary to adhere to the Convention, the United
 States eliminated many of the formalities for *foreign works*,
 including the registration requirement of § 411(a).”

11 *Crunchyroll, Inc. v. Admiral*, No. 11-cv-02334-JCS, 2014 U.S. Dist. LEXIS 47033, at *38 (N.D.
 12 Cal. Feb. 10, 2014) (emphasis added); *see also Cosmetic Ideas, Inc. v. IAC/InteractiveCorp*, 606
 13 F.3d 612, 619 n.12 (9th Cir. 2010) (stating that, “[a]s a result of the Berne Convention’s mandate
 14 that foreign works not be subject to formalities, § 411’s pre-suit registration requirement does not
 15 apply to non-U.S. works”). There is no indication in the complaint that Mr. Gajo has a copyright
 16 in a *foreign* work as opposed to a U.S. work.

17 Finally, it would appear that the royalty agreement may have encompassed an implied
 18 right to use certain materials, such as photographs of the Alden wrench, *cf.* note 1 (discussing the
 19 right to use the Alden wrench name). If so, the copyright claim may rise and fall with the breach
 20 of contract claim.

21 Accordingly, the Court dismisses the copyright infringement claims but shall give Mr.
 22 Gajo leave to amend if he can, in good faith, identify what the copyrighted works are and state that
 23 they are registered. If Mr. Gajo amends, he should also clarify whether Defendants were
 24 authorized by contract to use any copyrighted works in selling the Alden wrench if they had used a
 25 manufacturer other than K. Fung.

26 E. Trademark Infringement

27 Mr. Gajo’s claim for trademark infringement and related claim for vicarious infringement

1 trademark at issue is the word mark “Alden wrench.” Defendants have offered judicially
 2 noticeable evidence that the Alden wrench word mark was cancelled back in July 2006, *see* Defs.
 3 RJN, Ex. B (PTO record), and, as alleged in the complaint, Defendants’ wrongdoing did not take
 4 place until years after, *i.e.*, 2009 or later (the agreements between the Gajos and Chicago Brand
 5 were signed in November and December 2009). Because the alleged wrongdoing did not take
 6 place until after the trademark was already cancelled, Mr. Gajo has failed to plead viable
 7 trademark infringement claims. *See, e.g., ZipSleeve, LLC v. W. Marine, Inc.*, No. 3:14-cv-01754-
 8 SI, 2015 U.S. Dist. LEXIS 65050, at *7 (D. Or. May 19, 2015) (recognizing that there was no
 9 binding authority but concluding that the “weight of authority . . . clearly indicates that Congress
 10 sought to protect only the interests of plaintiffs with *registered* trademarks under § 1114”;
 11 “[t]herefore, the owner of a mark that was valid when issued but which has since lapsed has no
 12 cause of action under § 1114 – not even for infringement that occurred during the lifetime of the
 13 mark”).

14 The Court therefore dismisses the trademark infringement claims but shall give Mr. Gajo
 15 leave to amend if he can plead, in good faith, a different trademark that has allegedly been
 16 infringed. At the hearing, Mr. Gajo disavowed Defendants had any right to use the company name
 17 “A&D Industrial Tools and Instruments.” As noted above, Plaintiff shall clarify the scope of any
 18 license to use any trademark as part of the contract.

19 F. Patent Infringement

20 Mr. Gajo’s final intellectual property claim is related to patent infringement. Although Mr.
 21 Gajo has technically invoked contributory patent infringement, the allegations in his complaint
 22 really seem to be directed at inducement of patent infringement instead. *See generally Emblaze*
 23 *Ltd. v. Apple Inc.*, No. C 11-01079 SBA, 2012 U.S. Dist. LEXIS 168201, at *14 (N.D. Cal. Nov.
 24 27, 2012) (stating that “[t]here are two theories under which a party may be held liable for indirect
 25 infringement: (1) induced infringement under § 271(b); and (2) contributory infringement under §
 26 271(c)”). “[I]nducement [of infringement] requires that the alleged infringer knowingly induced
 27 infringement and possessed specific intent to encourage another’s infringement.” *Id.* at *14-15.

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