UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

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**LIN'S WAHA INTERNATIONAL CORP.,**

Plaintiff,

- against –

**TINGYI (CAYMAN ISLANDS) HOLDING CORP.,**

Defendant.

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**TINGYI (CAYMAN ISLANDS) HOLDING CORP.,**

Counterclaim-Plaintiff,

- against -

**LIN'S WAHA INTERNATIONAL CORP., KANG SHI FU USA INC., IZGU HOLDINGS GROUP LIMITED, LIN'S GROUP HOLDING CORP., LIN'S USA GROUP HOLDING LLC, JACKY LIN, XIU QING LIN, MEI QIN LIN and DOES 1-50,**

Counterclaim-Defendants.

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**MEMORANDUM DECISION AND ORDER**
17-cv-00773 (AMD) (ST)

**ANN M. DONNELLY**, United States District Judge:

On February 10, 2017, the plaintiff, Lin's Waha International Corp., filed this action seeking a declaration that its use of certain marks "do[es] not infringe, dilute, or otherwise interfere with any asserted rights" of the defendant, Tingyi (Cayman Islands) Holding Corp. (ECF No. 1 at 1-2.) The plaintiff also seeks cancellation of Tingyi's trademark registrations based on abandonment and non-use. (*Id.* at 2.) On February 26, 2018, Tingyi asserted 11 counterclaims, including a claim for declaratory judgment that Lin's Waha's copyrights are

invalid (Count VII). (ECF No. 45 at 23-44.) On March 30, 2018, Lin's Waha moved to dismiss Count VII pursuant to Fed. R. Civ. P. 12(b)(1) and 12(b)(6), claiming lack of subject matter jurisdiction, failure to state a claim for relief, and failure to state a claim for attorneys' fees. (ECF No. 59.) For the reasons that follow, Lin's Waha's motion to dismiss Count VII of Tingyi's counterclaims is denied.

## BACKGROUND[1]

This dispute arises from the parties' use of similar images—a chef and the words "Kang Shi Fu"—on food and beverage packaging. The counterclaim plaintiff, Tingyi (Cayman Islands) Holding Corp., is a food and beverage company, and specializes in the production and distribution of baked goods, beverages, and instant noodles. (ECF No. 45 at 12.) Tingyi markets and distributes goods in the United States and around the world under trademarks including the following logos: Kang Shi Fu in Chinese characters, a cartoon "chef man" design, and an image of the words "Mr. Kron." (*Id.* at 12-13.) Tingyi also claims "extensive common law rights" in these images based on its continuous use of them in the United States and New York. (*Id.* at 14.) Tingyi claims to be the "exclusive copyright owner" of the "chef man" design, which was registered with the National Copyright Administration of the People's Republic of China (PRC Reg. No. 00108588, effective date January 2, 2014). (*Id.* at 16.) Tingyi also owns trademark registrations of its Kang Shi Fu marks issued by the United States Patent and Trademark Office in 1996, 1999, and 2008; the trademarks are for instant noodles, rice porridge, and tea-,

[1] For purposes of this motion, I assume as true all factual allegations that Tingyi asserts in its counterclaims, and construe all inferences and ambiguities in Tingyi's favor. *See Olagues v. Perceptive Advisors LLC*, 902 F.3d 121, 123 (2d Cir. 2018); *Trodale Holdings LLC v. Bristol Healthcare Inv'rs L.P.*, No. 16-CV-4254, 2018 WL 2980325, at *3 (S.D.N.Y. June 14, 2018) ("When reviewing the sufficiency of counterclaims, the Court is required to 'draw all reasonable inferences in [the non-moving party's] favor, assume all well-pleaded factual allegations to be true, and determine whether they plausibly give rise to an entitlement to relief.'" (alteration in original)).

chocolate-, and cocoa-based beverages, as well as cookies, pastries and crackers. (ECF No. 1 at 4-6; *see also* ECF No. 45 at 14-15.)

The counterclaim defendant, Lin's Waha International Corp., also manufactures and sells food products, including instant noodles, beverages, baked goods, and jarred vegetables. (ECF No. 1 at 2.) Lin's Waha obtained copyright registrations with the United States Copyright Office for 11 images of "a cartoon version of a smiling, wide-eyed, potbellied chef wearing a chef's hat, neckerchief, cuffed short-sleeve shirt, apron, and sneakers." (ECF No. 45 at 19-20.) Lin's Waha also owns two trademark registrations issued by the United States Patent and Trademark Office in July of 2014, which contain the same cartoon chef next to the phrase "Kang Shi Fu;" the trademarks are for tea-based beverages and instant noodle soups. (*Id.* at 17-18.) Lin's Waha has one open trademark registration application for using the same mark on cakes, cookies, and pastries. (*Id.* at 17.)

In March of 2016, Tingyi initiated a proceeding before the Trademark Trial and Appeal Board ("TTAB") to cancel Lin's Waha's Kang Shi Fu trademarks. (ECF No. 45 at 20.) The TTAB suspended the proceeding pending the outcome of this action. (*Id.*) On January 19, 2017, Tingyi sent Lin's Waha a cease-and-desist letter charging that "Lin's Waha's use of the [Kang Shi Fu] Mark for instant noodles and tea beverages is a direct infringement of Tingyi's *identical* KANG SHI FU Marks" and "constitutes, *inter alia*, federal registered trademark infringement and unfair competition . . . ." (ECF No. 1-4 at 4 (emphasis in original); ECF No. 45 at 21.) Tingyi demanded that Lin's Waha cease using the Kang Shi Fu marks. (ECF No. 1-4 at 4-5; ECF No. 45 at 21.)

On February 10, 2017, Lin's Waha commenced this action against Tingyi under the Declaratory Judgment Act, 28 U.S.C. §§ 2201, 2202, federal trademark laws, 15 U.S.C. § 1051

*et seq.*, and corresponding state law, seeking a declaration that Lin's Waha's use of marks covered by its trademark registrations does not infringe or interfere with any of Tingyi's asserted rights. (*See* ECF No. 1 at 1-2.) Lin's Waha also requested cancellation of Tingyi's trademark registrations for abandonment and non-use. (*Id.* at 2.)

On February 26, 2018, Tingyi filed an Amended Complaint and Counterclaims, asserting 11 counterclaims: federal trademark infringement (Count I), federal unfair competition (Count II), indirect/vicarious trademark infringement (Count III), contributory trademark infringement (Count IV), direct and indirect copyright infringement of Tingyi's copyrights (Counts V, VI), a declaratory judgment of invalidity of Lin's Waha's copyrights (Count VII), common law unfair competition (Count VIII), common law trademark infringement (Count IX), cancellation of Lin's Waha's trademark registration (Count X), and opposing Lin's Waha's federal trademark application. (ECF No. 45.)

On March 30, 2018, Lin's Waha moved to dismiss Count VII of Tingyi's counterclaims for lack of subject matter jurisdiction and failure to state a claim. (ECF No. 59.) Tingyi responded on April 30, 2018, and Lin's Waha replied on May 18, 2018. (ECF Nos. 60, 61.)

**DISCUSSION**

Lin's Waha argues that I do not have subject matter jurisdiction over Count VII of Tingyi's counterclaims because it does not present an actual case or controversy. Lin's Waha also argues that Count VII fails to state a claim for relief under the Copyright Act because a declaratory judgment claim for copyright invalidity can only be brought as a defense to a claim for infringement, a claim Lin's Waha did not make. For the reasons that follow, I conclude that

there is a justiciable case or controversy, and that Tingyi has stated a claim for relief under the Copyright Act. Accordingly, I deny Lin's Waha's motion to dismiss Count VII.[2]

## I. Fed. R. Civ. P. 12(b)(1)

### A. Standard of Review

"A case is properly dismissed for lack of subject matter jurisdiction under Rule 12(b)(1) when the district court lacks the statutory or constitutional power to adjudicate it." *Makarova v. United States*, 201 F.3d 110, 113 (2d Cir. 2000); *see also Aurecchione v. Schoolman Transp. Sys., Inc.*, 426 F.3d 635, 638 (2d Cir. 2005) ("After construing all ambiguities and drawing all inferences in a plaintiff's favor, a district court may properly dismiss a case for lack of subject matter jurisdiction under Rule 12(b)(1) if it lacks the statutory or constitutional power to adjudicate it." (internal citations and quotation marks omitted)). "In resolving a motion to dismiss under Rule 12(b)(1), the district court must take all uncontroverted facts in the [pleading] . . . as true, and draw all reasonable inferences in favor of the party asserting jurisdiction." *Tandon v. Captain's Cove Marina of Bridgeport, Inc.*, 752 F.3d 239, 243 (2d Cir.

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[2] Lin's Waha argues that Tingyi cannot recover attorneys' fees under Count VII because the claim "is not one for copyright infringement and does not purport to be based on any specific cause of action under the Copyright Act," and an award of attorneys' fees "would run afoul of 17 U.S.C. § 412." (ECF No. 59 at 14.) Tingyi's ability to seek attorneys' fees is not a basis to dismiss the counterclaim. Moreover, a claim for a declaration of copyright invalidity arises under the Copyright Act because it requires construction of the Act. *See Bassett v. Mashantucket Pequot Tribe*, 2014 F.3d 343, 349 (2d Cir. 2000) ("[A] suit 'arises under' the Copyright Act" if the pleading "asserts a claim requiring construction of the Act." (internal quotation marks and citation omitted).) Count VII asserts that Lin's Waha's "Infringing Chef Design constitutes an unauthorized derivative work . . . in violation of 17 U.S.C. §§ 101 and 103" of the Copyright Act. (ECF No. 45 at 35.) Section 412 forecloses attorneys' fee awards only for copyright infringement claims, which Lin's Waha agrees Count VII is not. *See* 17 U.S.C. § 412 ("In any action under this title, . . . no award of statutory damages or attorney's fees . . . shall be made for . . . (1) any *infringement of copyright* in an unpublished work commenced before the effective date of its registration; or (2) any *infringement of copyright* commenced after first publication of the work and before the effective date of its registration, unless such registration is made within three months after the first publication of the work." (emphasis added)); *cf. 16 Casa Duse, LLC v. Merkin*, 791 F.3d 247, 263 (2d Cir. 2015) ("There is nothing in the statute that prohibits fee awards in cases . . . of *non* infringement." (internal quotation marks and alterations omitted) (emphasis in original)).

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