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8 **UNITED STATES DISTRICT COURT**  
9 **NORTHERN DISTRICT OF CALIFORNIA, SAN JOSE DIVISION**  
10

11 JOELLE SIGNORELLI,

12 Plaintiff,

13 v.

14 NORTH COAST BREWING CO. INC., a  
California Corporation, and DOES 1-10,

15 Defendants.  
16

Case No. 5:18-cv-02914-EJD

**DEFENDANT’S REPLY TO PLAINTIFF’S  
OPPOSITION TO MOTION TO DISMISS**

Judge: The Hon. Edward J. Davila  
Date: September 20, 2018  
Time: 9:00 a.m.  
Dept.: Courtroom 4 (5th Floor)

Trial Date: None Set

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**MEMORANDUM OF POINTS AND AUTHORITIES**

**I. INTRODUCTION**

The Opposition’s admission that North Coast has an “exclusive license,” Opp., 2:16-21, compels dismissal since such a license confers full ownership of the copyright to North Coast. Nevertheless, and contradictorily, the Opposition insists the license was “limited.” Opp., 4-9. But the FAC simply fails to allege the requisite objective intent to limit the license such that North Coast would be prohibited from using the Work in the marketing efforts alleged. Indeed, the opposite is true, as the FAC tacitly admits “consent [was] previously given to North Coast” to use the Work on *both* “beer label[s]” *and* “merchandising items.” See FAC at ¶ 26. Since the FAC fails to allege any limitation on the license (and even acknowledges that it extends to both the labels and the alleged “merchandising”) the case must be dismissed.

In truth, Plaintiff simply does not like the financial outcome of the license – now 13 years later – and wants to revoke and re-write it. She cannot do that as a matter of law. *Asset Mktg. Sys., Inc. v. Gagnon*, 542 F.3d 748, 756 (9th Cir. 2008). Thus, the pleadings establish an unlimited and irrevocable license, which provides a complete defense. *Id.* at 750; *Worldwide Church of God v. Philadelphia Church of God, Inc.*, 227 F.3d 1110, 1114 (9th Cir. 2000) (“The existence of a license creates an affirmative defense to a claim of copyright infringement”) (Citations omitted).

Even if the license was limited, dismissal still is warranted under 17 U.S.C. section 113(c). The Opposition admits it “is true” that section 113(c) bars copyright claims predicated on the advertising of works licensed for use on “useful articles,” as is undeniably the case here. Opp. at 4:7-9. Furthermore, the Opposition does not dispute that the beer bottles *and their labels* are “useful articles,” which emphasizes that the Work depicted on the label can be advertised unconnected to the bottles, themselves. Nor does Plaintiff dispute that all complained of uses of the Work constitute “advertisements.” Moving Memo. at 8:10-28.

Finally, the Opposition fails to advance any meritorious argument for maintaining the claims predicated on state law, punitive damages, and attorney’s fees. See Part II.D-G, *infra*. For all of these reasons, this Motion should be granted.

1 **II. ARGUMENT**

2 **A. Plaintiff Admits North Coast Has an Exclusive License**

3 The Opposition argues that the “only reasonable inference” from the email exchange in  
 4 2005 that established the licensing agreement is that “an exclusive license” was created. Opp.,  
 5 2:16-21; see also FAC at ¶¶ 12-14. In so doing, Plaintiff admits that Smissen not only licensed the  
 6 Work, but in fact transferred ownership of it to North Coast. *Corbello v. DeVito*, 777 F.3d 1058,  
 7 1062 (9th Cir. 2015) (“Copyright law considers both exclusive licenses and assignments to be  
 8 ‘transfer[s] of copyright ownership.’”) (Citing 17 U.S.C. § 101); see also *MacLean Assocs., Inc. v.*  
 9 *Wm. M. Mercer-Meidinger-Hansen, Inc.*, 952 F.2d 769, 778–79 (3d Cir. 1991) (exclusive licenses  
 10 transfer ownership of the copyright, while non-exclusive licenses do not).

11 Typically, an exclusive license must be conveyed in a signed writing, see 17 U.S.C. section  
 12 204(a), but Plaintiff’s argument waives this requirement and/or admits it is satisfied by the 2005  
 13 email. See, e.g., *Weinstein Co. v. Smokewood Entm't Grp., LLC*, 664 F. Supp. 2d 332, 340  
 14 (S.D.N.Y. 2009) (noting that emails can potentially satisfy the requirements of Section 204(a)).

15 Further, since Plaintiff represents to this Court that an exclusive license is at issue, she  
 16 should be bound by that claim. *Zone Sports Ctr. Inc. LLC v. Red Head, Inc.*, No. 11-CV-00634-  
 17 JST, 2013 WL 2252016, at \*7 (N.D. Cal. May 22, 2013) (“The Court considers the factual  
 18 statements of Plaintiffs’ counsel to be judicial admissions, as ‘statements of fact contained in a  
 19 brief may be considered admissions of the party in the discretion of the district court.’”) (Citing  
 20 *Am. Title Ins. Co. v. Lacelaw Corp.*, 861 F.2d 224, 227 (9th Cir. 1988)). This is particularly  
 21 appropriate here since Plaintiff controlled what allegations and attachments to include with her  
 22 complaint, yet failed to include the email that comprises the alleged exclusive license.

23 The exclusive license Plaintiff claims was granted to North Coast necessarily dooms her  
 24 case since the holder of such a license may prepare precisely the type of reproductions that form  
 25 the gravamen of the FAC. Specifically, a holder of an exclusive license may prepare “derivative  
 26 works,” which include, *inter alia*, “art reproduction[s]... or any other form in which a work may  
 27 be recast, transformed, or adapted.” 17 U.S.C. § 101; see also *Corbello*, 777 F.3d at 1062.

28 ///

1           **B.       The Opposition Fails to Rebut That the License Is Unlimited and Irrevocable**

2                   **1.       Overview**

3           Regardless of the “exclusive vs. non-exclusive” issue, the license is unlimited and  
4 irrevocable, which independently warrants dismissal. The Opposition advances only two  
5 arguments that the license was limited: (1) the allegedly “modest price negotiated” for it, Opp.,  
6 1:7, and (2) an arrangement between North Coast and Smissen in the 2010-2012 timeframe that  
7 allegedly involved merchandise, which Plaintiff claims evidences the license at issue (from 2005)  
8 must have excluded the right to use the Work in conjunction with branded merchandise (as alleged  
9 in the FAC), *id.* at 2:21-3:2. Each argument fails, as discussed in turn.

10                   **2.       The claim of insufficient consideration is fundamentally flawed**

11           Plaintiff’s first argument that the license was limited is based on her opinion that the  
12 payment Smissen accepted for it was too “modest.” Opp., 1:7. The argument lacks merit for  
13 multiple reasons. First, it fails to appreciate that the burden was on Smissen (and now Plaintiff)  
14 “to express an intent to retain control over the [work] and limit [the] license if he intended to do  
15 so.” *Asset Mktg. Sys., Inc.*, 542 F.3d at 756. In *Asset Mktg. Sys., Inc.*, the Ninth Circuit held that  
16 “[a] belated statement [from the alleged rights holder]... was not sufficient....” *Id.* Here, not only  
17 does the allegation of insufficient payment say nothing about an objectively expressed limitation  
18 of the license, this assertion, raised only now, 13 years after the fact, is certainly “belated.”

19           In addition, the argument regarding insufficient consideration – in the face of an admitted  
20 monetary payment of \$3,000 (not “modest” to many people), FAC at ¶ 13 – ignores a fundamental  
21 legal principle. It is axiomatic that courts do not second-guess the consideration on which parties  
22 agree, and that even a “peppercorn” is sufficient. See *McLellan v. Fitbit, Inc.*, No. 3:16-CV-  
23 00036-JD, 2018 WL 1913832, at \*3 (N.D. Cal. Jan. 24, 2018) (collecting authorities).

24                   **3.       The alleged subsequent deal cannot limit the earlier license**

25           Next, Plaintiff argues that an alleged subsequent merchandising deal between North Coast  
26 and Smissen in the 2010-2012 timeframe indicates an objective intent, and one that can somehow  
27 be retroactively applied, to limit the scope of the 2005 license at issue in this case. Not so.

28           First, the Opposition mischaracterizes Plaintiff’s own allegations from Paragraph 22 of the



1 FAC, contending they assert a subsequent “contract for merchandising” between Smissen and  
 2 North Coast that “can only reasonably suggest that merchandising... was not part of the original  
 3 deal.” *Id.* at 2:24-3:2. In actuality, Paragraph 22 merely alleges that, in approximately 2010-2012,  
 4 North Coast “hired [Smissen] to design some merchandising related to Thelonious Monk.” FAC  
 5 at ¶ 22. Nothing in the FAC asserts that this later alleged agreement pertained in any way to the  
 6 *specific* Thelonious Monk design constituting the Work that was at issue in “the original deal.”<sup>1</sup>

7 Accordingly, Paragraph 22 does not allege any type of agreement with respect to the Work,  
 8 let alone an agreement that the license pertaining to the Work was limited in any way. Even if the  
 9 alleged merchandising agreement purportedly referenced in Paragraph 22 did pertain to the Work,  
 10 then Plaintiff’s claims would fail for the additional reason that the FAC admits North Coast was  
 11 permitted to create branded merchandising based on the 2010-2012 agreement.

12 If anything, the reasonable inference from Paragraph 22 is that Smissen’s ongoing dealings  
 13 with North Coast reflect an objective understanding that his designs would continue to be used in  
 14 conjunction with branded merchandise. If Smissen had a contrary view, one would expect him to  
 15 have raised the issue, and/or not engaged in additional merchandising agreements with respect to  
 16 his designs. Instead, he raised no objection through the rest of his lifetime, with Plaintiff pursuing  
 17 the allegations in this case only after his death, and some 13 years after the fact.

18 The Opposition’s arguments again ignore that Plaintiff must establish an intent to limit the  
 19 license at issue, not by some subjective belief or subsequent development, but through the  
 20 “licensor’s [i.e., Smissen’s] objective intent at the time” of delivery, i.e., 2005. *Asset Mktg. Sys.,*  
 21 *Inc.*, 542 F.3d at 756. The Opposition falls far short of demonstrating any such objective intent.

22 Therefore, the license at issue is unlimited, meaning it permits the uses complained of in  
 23 the FAC. Furthermore, the license is irrevocable under *Asset Mktg. Sys., Inc.*, something the  
 24 Opposition does not even dispute. See Moving Memo. at 6:16-7:14; see also Opp., 3:3-7 (the  
 25 Opposition’s lone reference to the term “irrevocable” is conclusory and non-substantive).

26 \_\_\_\_\_  
 27 <sup>1</sup> Plaintiff mischaracterizes Paragraph 22 throughout the Opposition. Opp. at 1:15-18,  
 28 7:22-8:3, 8:15-9:5. These mischaracterizations provide the premise for the majority of Plaintiff’s  
 arguments, only emphasizing the lack of merit in both the Opposition and the case as a whole.

1                                   **4. The Opposition mischaracterizes the case law**

2           The Opposition claims that the Ninth Circuit’s decision in *Asset Mktg. Sys., Inc.* provides  
3 that “an exclusive” license is determined by the parties’ conduct, and that the *Fontana* case used  
4 “[p]recisely the same standard.” Opp., 3:9-14. This is flat wrong.

5           Both cases expressly rejected the notion that an exclusive license could be established by  
6 conduct, since such agreements must be in writing; instead, an implied, non-exclusive license can  
7 be established by oral agreement and certain conduct. *Asset Mktg. Sys., Inc.*, 542 F.3d at 754  
8 (“Though exclusive licenses must be in writing, 17 U.S.C. § 204, grants of nonexclusive licenses  
9 need not be in writing, and may be granted orally or by implication.”); *Fontana v. Harra*, No. CV  
10 12-10708 CAS JCGX, 2013 WL 990014, at \*4 (C.D. Cal. Mar. 12, 2013) (same).

11           It is hard to understand why the Opposition insists that the existence of an exclusive  
12 license “supports plaintiff.” Opp., 3:8-9. As noted above, the grant of such a license to North  
13 Coast warrants dismissal on independent grounds. In any event, it is apparent that an unlimited  
14 and irrevocable license is at issue, which likewise warrants dismissal. *Fontana*, 2013 WL 990014  
15 at \*9 (granting motion to dismiss since the complaint failed to plead facts that could establish any  
16 limitations on the license at issue).

17                                   **C. Section 113(c) Provides Additional Grounds for Dismissal**

18                                   **1. The Opposition does not rebut the Section 113(c) argument**

19           The Opposition does not dispute that the face of the FAC admits North Coast’s alleged  
20 uses of the Work meet the definition of advertisements. See Moving Memo. at 8:10-21 (citing  
21 authorities). In addition, as explained in the Motion, the beer bottles, *and the labels*, are “useful  
22 articles,” which the Opposition also does not dispute. Moving Memo. at 8:22-28. Therefore,  
23 Plaintiff effectively does not dispute that section 113(c) applies.

24           This means North Coast may advertise using pictures of the labels untethered from the  
25 bottles, themselves. Since a beer label is a “useful article,” North Coast may “mak[e], distribut[e],  
26 or display... pictures or photographs of” the label, and may “slap it on” branded merchandise and  
27 other advertisements, to use Plaintiff’s terminology. See Opp., 4:10-13; 17 U.S.C. §§ 101, 113(c).  
28 As such, Plaintiff errs by arguing advertisements using pictures of the labels could not be

1 “divide[d]... from... [the] bottle[s].” *Id.*, 4:10-13. Plaintiff errs also by asserting that section  
2 113(c) is limited to “print” advertisements. *Opp.*, 4:8-9. The statute includes no such limitations.

3 Plaintiff’s argument that the label could not be used to advertise the “company generally”  
4 is flawed too. *Opp.*, 4:10-13. Section 113(c) permits the advertisement of the label (one of the  
5 useful articles) with respect to the company as a whole, since that is certainly “related to the  
6 distribution” of the beer product (the other useful article at issue). Moreover, this argument from  
7 the Opposition is not supported by the FAC, which does not allege advertisements of the  
8 “company generally,” but rather alleges branded merchandise and other efforts “to promote [the]  
9 product.” FAC at ¶ 18 (emphasis added). *United States v. LSL Biotechnologies*, 379 F.3d 672,  
10 699 (9th Cir. 2004) (“The nature of Rule 12(b)(6) does not allow courts to reach matters outside  
11 the pleading....”) (Citations and quotations omitted)

12 This is not the only example of the Opposition’s inappropriate assertion of claims not  
13 found in the FAC. For example, Plaintiff argues, without support, that the label was used on  
14 “coasters,” “tee-shirts,” “posters,” “billboards,” “trucks,” and “to advertise the brewery itself.”  
15 *Opp.* at 1:10-14. Regardless, these new claims refer simply to more marketing efforts permitted  
16 by section 113(c), including branded merchandise, which is another form of advertising as  
17 explained in the Motion and not disputed in the Opposition. See Moving Memo. at 8:16-21.

18 Contrary to the arguments in the Opposition, properly applying section 113(c) here would  
19 not cause there to be “no such thing as an exclusive limited license.” *Opp.*, 5:3-6. As a threshold  
20 matter, there already is no such thing as an “exclusive limited license.” Once an exclusive license  
21 is granted under 17 U.S.C. section 204(a), it conveys to the licensee the unlimited rights of  
22 ownership. *Corbello*, 777 F.3d at 1062; see also *Diodem, LLC v. Lumenis Inc.*, No. CV03-2142  
23 GAF (RCX), 2005 WL 6219898, at \*10–11 (C.D. Cal. Sept. 14, 2005) (the only case North Coast  
24 could locate that even refers to an “exclusive limited license” was in the patent context and  
25 rejected the parties’ attempt to create such a license).

26 Another reason section 113(c) will not lead to the doomsday scenario portended by  
27 Plaintiff is that it is a relatively narrow immunity. It applies only when, as here, the plaintiff  
28 alleges use in advertisements of work one is otherwise authorized to use on useful articles. As is

1 apparent from the relatively limited case law on the subject, litigation arising from such  
 2 advertising efforts is uncommon, since it is obvious one may market a product to which a licensed  
 3 work pertains (this underscores the baseless, relatively unprecedented nature of Plaintiff's case).

4 **2. Plaintiff, again, mischaracterizes case law**

5 North Coast is again compelled to clarify authority that is mischaracterized in the  
 6 Opposition. First, Plaintiff cites *LGS Architects, Inc. v. Concordia Homes of Nevada*, 434 F.3d  
 7 1150 (9th Cir. 2006) (superseded on other grounds as recognized in *Perfect 10, Inc. v. Google,*  
 8 *Inc.*, 653 F.3d 976, 979-81 (9th Cir. 2011)). Plaintiff suggests the case reflects that exclusive  
 9 licenses are limited to only a particular, designated use. That is not what this case says, and is  
 10 contrary to the definition of exclusive licenses. Instead, the *LGS Architects* court recognized that,  
 11 when a license is explicitly limited, like the one before it was, exceeding those limitations amounts  
 12 to infringement. *Id.* at 1156. The case helps North Coast, as it reiterates that Plaintiff needed to  
 13 plead that the license was limited, which she failed to do.

14 Second, Plaintiff's reliance on *Michaels v. Nohr*, No. CV1506353ABJEMX, 2015 WL  
 15 12532177 (C.D. Cal. Dec. 17, 2015) is misplaced for the same reason. Like *LGS Architects*,  
 16 *Michaels* involved a license agreement that provided "a limited grant of authority." *Id.* at \*1.  
 17 Again, this is in contrast to the FAC, which expresses no such limitation.

18 Lastly, Plaintiff misrepresents the holding of *Jones v. Corbis Corp.*, 815 F.Supp.2d 1108  
 19 (C.D. Cal. 2011), *aff'd*, 489 F. App'x 155 (9th Cir. 2012). *Jones* is not a copyright case (copyright  
 20 licenses were merely part of the subject matter), but instead involved claims of misappropriation  
 21 of the plaintiff's publicity. Summary judgment was granted to the defendant on the basis of the  
 22 plaintiff's consent. *Id.* at 1116-1117. The Opposition cites to dicta in which the court suggested  
 23 the plaintiff may have had a valid claim had the defendant used her likeness "to advertise" beyond  
 24 the scope of her consent. *Id.* at 1116. This simply has nothing to do with the case at bar.

25 **D. Plaintiff Fails to Rebut the Preemption and Untimeliness of State Law Claims**

26 **1. Preemption and general pleading deficiencies**

27 The Opposition begins the discussion of the state law claims by regurgitating the pleading  
 28 standards at issue, concluding that the FAC satisfies them. *Opp.*, 5:18-6:18. The arguments ring

1 hollow. This is not a case where the defendant is nitpicking a complaint that is merely light on  
2 details. Instead, this is a case where the plaintiff has failed entirely to plead valid claims.

3 The Opposition reflects a fundamental contradiction that demonstrates its flawed logic. On  
4 the one hand, Plaintiff suggests the state law claims are so dissimilar from the federal claim that  
5 the former are not preempted by 17 U.S.C. section 301(a); on the other hand, Plaintiff seems to  
6 argue the state law claims are so similar to her “federal copyright claim” that she can merely  
7 incorporate by reference the allegations of the latter into the former, providing no additional  
8 allegations whatsoever regarding the “extra element[s]” she acknowledges are required. See Opp.,  
9 7:4-15.<sup>2</sup> Plaintiff’s insistence that the state law claims are predicated on the same allegations as  
10 the Copyright Act claim only admits that the state law claims are preempted.

11 Lastly, Plaintiff’s argument that North Coast should have moved for a more definitive  
12 statement, Opp. at 6, n. 4, is misguided. Such motions, which are disfavored, are appropriate  
13 when the pleading is unintelligible. E.g., *Velez v. California*, No. 217CV00960WBSKJN, 2017  
14 WL 4540009, at \*1 (E.D. Cal. Oct. 11, 2017) (Citing cases). North Coast is not in need of clearer  
15 allegations, as it is apparent Plaintiff has not, and cannot, plead a viable claim.

## 16 2. Statute of limitations

17 The Opposition argues that North Coast’s alleged charitable gift to Plaintiff after her  
18 husband’s passing amounts to “payment on a debt” and an “acknowledgement of its liability.”  
19 Opp., 10:4-19. The argument is absurd. Plaintiff relies on California Code of Civil Procedure,  
20 section 360, an inapplicable statute that, if anything, helps North Coast.

21 First, Section 360 pertains only to contract claims. This is the only alleged “exception” to  
22 the statute of limitations advanced by Plaintiff (and, as noted below, it is not an exception at all).  
23 As such, the Opposition does not even attempt to argue for an exception to the statute of  
24 limitations for the other time-barred claims – conversion, restitution, and breach of the implied  
25 covenant of good faith and fair dealing (which the Opposition asserts is based in tort, not contract,  
26

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27 <sup>2</sup> Plaintiff is incorrect that North Coast did not address the test for preemption, see Opp.,  
28 7:4-5, as that issue was noted in the Motion. Moving Memo., 13:1-3.

1 Opp., 9:18-19). See Moving Memo. at 11:1-13:16. Therefore, those claims are undisputedly  
2 time-barred, as well as deficient for the many other reasons discussed.

3 Second, section 360 does not, as Plaintiff implies, provide an exception to the statute of  
4 limitations for contract claims. Quite the contrary. It declares that acknowledging a contractual  
5 obligation does *not* provide an exception to the statute of limitations *unless* (1) the  
6 acknowledgement is in writing, or (2) the contract is a promissory note and the acknowledgement  
7 is in the form of partial payment thereunder. Cal. Code. Civ. Pro. § 360.

8 This case does not involve a promissory note, nor are North Coast’s purported payments  
9 even alleged to be “partial payments” on a note. Likewise, the FAC does not allege that North  
10 Coast’s purported “acknowledgement” of the so-called “debt” was in writing, as required.  
11 Plaintiff’s own authority emphasizes the necessity of such a writing here. *Minifie v. Rowley*, 187  
12 Cal. 481, 485-86 (1921) (noting that the *acknowledgement* must be “evidenced by a clear and  
13 unqualified written memorandum,” even though the preexisting or any new contract need not be);  
14 see also *Eilke v. Rice*, 45 Cal.2d 66, 72-73 (1955) (explaining that amendments to the code do not  
15 require a writing only as to the “promissory note” prong of the statute).<sup>3</sup> Here, the FAC fails to  
16 allege the requisite “written memorandum” acknowledging any contractual obligation.

17 Even if a written memorandum were not required, or even if Plaintiff had alleged one, the  
18 pleadings still fall far short of evidencing an exception to the statute of limitations based on the  
19 type of voluntary, generous payment alleged in the FAC. Plaintiff cites no authority, and North  
20 Coast has found none, providing that a party should be punished for such generosity. Doing so is  
21 repugnant to public policy. North Coast should be lauded for its generosity, not sued for it.

22 Finally, Plaintiff’s reliance on *Jolly v. Eli Lilly & Co.*, 44 Cal.3d 1103, 1113–14 (1988) is  
23 curious. There, the California Supreme Court emphasized “the oft-stated rule that it is the  
24 discovery of facts, not their legal significance, that starts the statute,” and that “the limitations

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25  
26 <sup>3</sup> To the extent Plaintiff argues that a promissory note *is* at issue in this case, despite failing  
27 to allege one, the claim still is time-barred because that part of section 360 applies only to  
28 “contracts against which the statute has not run at the time of the acknowledgment.” *Eilke*, 45  
Cal.2d at 73. Since the alleged wrongdoing was discovered by 2006 or 2007, the claims were  
already barred by the time of the alleged payments in 2017. FAC at ¶¶ 18, 24.

1 period begins when the plaintiff suspects, or should suspect, that she has been wronged.” *Id.* at  
 2 1113-14 (citations omitted). This leaves no doubt Plaintiff’s claims are time-barred, as the FAC  
 3 admits she discovered the relevant facts in 2006 or 2007, FAC at ¶ 18, but did not bring suit for 11  
 4 to 12 years. Also, the idea Plaintiff could unilaterally toll the statute of limitations by delaying her  
 5 alleged copyright registration until December 2017 is patently ridiculous. See Opp., 10:22-25.

6 As Plaintiff fails to put forth any credible argument for why the statutes of limitations do  
 7 not apply, she concedes that they provide grounds for dismissing the claims for which this defense  
 8 was raised in the Motion: conversion, restitution, and all contract-based claims.

9 **E. All State Law Claims Fail for Additional, Independent Reasons**

10 **1. Civil Code section 980**

11 The Opposition’s completely baseless arguments regarding this claim are demonstrative of  
 12 the overall meritless nature of the case. Plaintiff argues this claim is based on designs created by  
 13 Smissen *other* than the Work, allegedly referenced at Paragraph 22 of the FAC, in yet another  
 14 mischaracterization of that part of the complaint. Opp., 7:22-24. Paragraph 22 does not allege any  
 15 separately protectable work – it provides only a vague reference to “merchandising.” And even if  
 16 Paragraph 22 did allege a copyrightable design, the FAC does not allege any infringement of it.

17 The one thing Paragraph 22 does allege is “merchandising,” which is undoubtedly a  
 18 “tangible medium.” This leaves no doubt that this claim is not actionable under Civil Code  
 19 section 980, which provides a right of action only as to work not fixed in a tangible medium.

20 Also, and yet again, North Coast must correct the Opposition’s mischaracterization of case  
 21 law. First, Plaintiff cites *Trenton v. Infinity Broad. Corp.*, 865 F.Supp. 1416 (C.D. Cal. 1994),  
 22 implying that it supports that Smissen’s alleged 2010-2012 designs are not “fixed in a tangible  
 23 form.” Opp., 8:1-5. *Trenton* says nothing of the sort. Rather, it notes that a radio broadcast may  
 24 be considered “fixed in a tangible form” if simultaneously recorded (and, thus, subject to the  
 25 federal Act), and otherwise would not be “fixed” (and, thus, subject to section 980). *Id.* at 1423-  
 26 24, 1427. That a radio broadcast is “fixed” if recorded only emphasizes that the “merchandising”  
 27 alleged at Paragraph 22 is likewise fixed (as is, of course, the Work, itself).

28 Plaintiff relies on *Trenton* also for a curious comment effectively blaming North Coast for

1 not offering evidence in support of its Rule 12(b)(6) motion. Opp., 8:1-3 and n. 5. *Trenton*  
 2 recognized the well-known rule, nearly the opposite of what Plaintiff represents, that “with limited  
 3 exception, the court cannot consider matters outside the pleadings in ruling on a Rule 12(b)(6)  
 4 motion.” *Id.* at 1422. Thus, it is improper to offer evidence on such motions. If parties  
 5 nevertheless do so, the court *may* convert the motion to one for summary judgment under Rule 56,  
 6 but it is not guaranteed and clearly is not something parties should be in the habit of doing. See *id.*

7 Lastly, Plaintiff relies on *Williams v. Weisser*, 273 Cal.App.2d 726 (1969). The  
 8 representations Plaintiff makes to the Court regarding this case are troubling. First, Plaintiff fails  
 9 to indicate that the portion of the case she cites was in fact citing a secondary source. The full  
 10 quote is as follows: “Professor Nimmer’s view is that no divestive publication occurs unless there  
 11 is a distribution of tangible copies of the work.” *Id.* at 741 (citing Nimmer on Copyright, §§ 49,  
 12 52; Nimmer, Copyright Publications, 56 Colum.L.Rev. 184, 197). Second, and likely the reason  
 13 behind Plaintiff’s misleading citation, the full quote clarifies that the *Williams* court was referring  
 14 to whether the plaintiff’s right to his own work was divested by the defendant’s publication. See  
 15 *id.* Plaintiff makes no “divesting” claim in this case, nor could she in light of the admitted license.

16 The *Williams* court did not find that section 980 permits a copyright claim in California up  
 17 to the point of “distribution of tangible copies.” Opp., 8:5-7. To the contrary, it found that the  
 18 work at issue *was* fixed (at least partially) in a tangible medium, but that the claim could  
 19 nevertheless survive under a non-statutory common law infringement theory. *Id.* at 730. Notably,  
 20 this decision was before the federal Copyright Act was amended to include Section 301 that now  
 21 would preempt such a claim. *Nash v. CBS, Inc.*, 704 F.Supp. 823, 835 (N.D. Ill. 1989), *aff’d*, 899  
 22 F.2d 1537 (7th Cir. 1990) (“Congress considered § 301 as ‘one of the bedrock provisions’ of the  
 23 1976 amendments to the Copyright Act and enacted § 301 in order to ‘establish a single system of  
 24 federal statutory copyright.’”) (Citing House Report No. 1476).

## 25 2. Conversion

26 The Opposition all but admits this claim is preempted. See Opp., 8:10-12. Nevertheless,  
 27 in another mischaracterization of Paragraph 22 of the FAC, the Opposition claims that alleged  
 28 “drawings” from 2010-2012 are the subject of this claim, even though that is not what the FAC



1 alleges. Opp., 8:14-18. Paragraph 22 says nothing about “drawings,” let alone any that were  
 2 allegedly misappropriated or converted by North Coast. Even if it did, nowhere does the FAC  
 3 allege that this subsequent work by Smissen had anything to do with the Work allegedly infringed.  
 4 This claim, like the case as a whole, is baseless.

### 5                                   3.       Unjust enrichment/restitution (aka “quasi-contract”)

6           The Opposition offers just one sentence that purports to respond to the substance of the  
 7 Motion. See Opp., 9:12-14. That one sentence simply recasts the “insufficient consideration”  
 8 argument discussed above (i.e., that Plaintiff now believes the payment Smissen proposed, and  
 9 accepted, in 2005 was too “modest”). As such, the argument fails for the same reason noted in  
 10 Part II.B.2, *supra*, as well as the other reasons discussed above and in the moving papers.

### 11                                   4.       Other contract claims

12           The Opposition does not dispute that none of the elements of these claims (other than the  
 13 “existence of a contract”) are pled. See Moving Memo., 10:12-28. Plaintiff’s only argument here  
 14 is that North Coast’s alleged offer to provide financial assistance somehow demonstrates a breach  
 15 of contract. The argument has no merit.

16           The FAC claims the conversation between North Coast’s principal and Plaintiff occurred  
 17 in 2015. FAC at ¶ 23. The licensing contract between North Coast and Smissen was created a  
 18 decade earlier, in 2005. *Id.* at ¶¶ 13-14. A subsequent alleged conversation, 10 years after the  
 19 fact, with someone who was not even a party to the contract, cannot, as a matter of law, be  
 20 probative of the “objective intent” of the contracting parties. See *Yount v. Acuff Rose-Opryland*,  
 21 103 F.3d 830, 836 (9th Cir. 1996) (“Contract interpretation is governed by the objective intent of  
 22 the parties as embodied in the words of the contract.”) (Citing *Beck v. American Health Group*  
 23 *Int'l, Inc.*, 211 Cal.App.3d 1555, 1562 (1989)).

24           The Opposition also appears to argue that North Coast “assumed” a duty to Plaintiff, citing  
 25 *Friedman v. Merck & Co.*, 107 Cal.App.4th 454, 464 (2003). Opp., 9:22-25. The lengthy portion  
 26 of *Friedman* cited by the Opposition pertains to emotional distress claims in California, and  
 27 Plaintiff fails to explain how this has any relevance here, where no such claims are asserted.

28    ///

1           **F.       Punitive Damages Are Unrecoverable**

2           The Opposition implicitly admits no punitive damages are permitted under the Copyright  
3 Act. As for the state law claims, Plaintiff’s arguments reflect a fundamental misunderstanding of  
4 Civil Code, section 3294(a), which establishes the substantive law on punitive damages that  
5 federal courts apply in conjunction with the pleading standards set forth in FRCP 8 and 9. See  
6 *Jackson v. E. Bay Hosp.*, 980 F.Supp. 1341, 1353 (N.D. Cal. 1997). Under these rules, a plaintiff  
7 must allege facts constituting the malice, oppression, or fraud required by section 3294. *Id.* at  
8 1354. In *Jackson*, for example, the court found that the “plaintiff has failed to allege oppression,  
9 fraud or malice,” and noted that vague references to “reckless disregard” would not suffice. *Id.*

10           Plaintiff has done far less than even the plaintiff in *Jackson*. Indeed, she has done no more  
11 than insert the words “punitive damages” in her prayer for relief; the FAC is otherwise silent on  
12 the issue. This does not come remotely close to sufficiently alleging punitive damages. Nor are  
13 there any claims to which such damages can attach anyway since all state and federal claims  
14 should be dismissed for the reasons discussed above and in the original moving papers.

15           North Coast regrets the refrain, but it must, again, correct Plaintiff’s failure to accurately  
16 report case law to this Court. There are three more examples in this portion of the Opposition.

17           First, Plaintiff cites *Harris v. Atl. Richfield Co.*, 14 Cal.App.4th 70 (1993), claiming it  
18 recognizes a right to punitive damages in cases involving tortious breach of the implied covenant  
19 of good faith and fair dealing. Plaintiff neglects to note that the court declined to permit punitive  
20 damages under such claims outside the “special relationship” between an insurer and insured, or in  
21 the absence of other egregious misconduct (e.g., fraud or bad faith denial of a contract). *Id.* at 79,  
22 80; see also *v. Allstate Ins. Co.*, 106 F.Supp.2d 1016, 1018 (S.D. Cal. 2000) (“A plaintiff may  
23 collect punitive damages for an insurer’s breach of the implied covenant of good faith and fair  
24 dealing where the plaintiff also establishes the requirements of Section 3294.”).

25           Second, Plaintiff falsely accuses North Coast of mischaracterizing the holding of *Goel v.*  
26 *Coal. Am. Holding Co. Inc.*, No. CV 11-2349 GAF (EX), 2011 WL 13128300 (C.D. Cal. July 5,  
27 2011), which plaintiff claims does not say that punitive relief is unavailable for equitable claims.  
28 Opp. at 11, n. 6. In fact, the court could not have been clearer: “[p]unitive damages are likewise

1 unavailable in actions ‘in equity.’” *Goel*, 2011 WL 13128300, at \*9 (citations omitted). It is truly  
 2 remarkable that Plaintiff falsely accuses North Coast of misstating case law when the Opposition  
 3 is riddled with blatant misrepresentations of the law, as outlined throughout this Reply.

4 Third, Plaintiff cites *Martinez v. Cty. of Sonoma*, No. 15-CV-01953-JST, 2015 WL  
 5 5354071 (N.D. Cal. Sept. 14, 2015), a case brought under 42 U.S.C. section 1983 and involving  
 6 allegations of abuse in a county-run foster care facility. Under section 1983, the Ninth Circuit  
 7 employs a “deliberate indifference” standard for punitive relief. *Id.* at \*11. North Coast is aware  
 8 of no case law extending this standard to the state law claims at issue here. More fundamental,  
 9 and in contrast to the FAC, *Martinez* permitted punitive damages because, *inter alia*, the pleading  
 10 alleged “evil motive or intent, or... reckless or callous indifference.” Plaintiff ignores each one of  
 11 these fundamental distinctions between *Martinez* and the case at bar.

12 **G. Plaintiff Is Barred from Recovering Attorney’s Fees**

13 The Opposition admits there is no right to attorney’s fees under the Copyright Act. Opp.,  
 14 12:14-18. The reasonable thing to do, therefore, would be to withdraw this claim voluntarily.  
 15 Instead, she again misstates the law to pursue this unquestionably barred form of relief.

16 First, Plaintiff claims attorney’s fees are recoverable on her good faith and fair dealing  
 17 claim, citing *Brandt v. Superior Court*, 37 Cal.3d 813 (1985). Opp., 12:18-20. *Brandt* provides  
 18 that attorney’s fees may be recovered as an item of *damages* (not costs, as Plaintiff claims here)  
 19 when an *insurer* tortiously fails to provide coverage, necessitating an action by the insured. *Id.* at  
 20 817 (“When an insurer’s tortious conduct reasonably compels the insured to retain an attorney to  
 21 obtain the benefits due under a policy, it follows that the insurer should be liable in a tort action  
 22 for that expense.”). No further comment is necessary to demonstrate the inappropriateness of  
 23 Plaintiff’s reliance on, and representation of, this case.

24 Second, Plaintiff cites *Bensinger v. Davidson*, 147 F.Supp. 240 (S.D. Cal. 1956),  
 25 representing to this Court that it provides that “attorneys’ fees *are* available... [under] California  
 26 law of unjust enrichment.” Opp., 12:18-21 (emphasis in original). In fact, *Bensinger* discussed an  
 27 underlying unjust enrichment claim held by a third-party against Bensinger stemming from an  
 28 earlier dispute, and against which the U.S. government asserted a lien. *Id.* at 245-46. Bensinger

1 had paid attorneys' fees in the underlying dispute, which the court found reduced the value of the  
2 third-party's unjust enrichment claim, and, by extension, the amount that the government could  
3 recover from Bensigner to satisfy its lien on that claim. *Id.* at 248-49. This is the extent of the  
4 court's discussion of attorneys' fees. From that, Plaintiff chooses to represent to this Court that  
5 attorney's fees are recoverable on a claim for unjust enrichment in California. The argument is  
6 frivolous.

7 **H. Leave to Amend Should Be Denied**

8 The dearth of reasoned argument in the Opposition, and the numerous misrepresentations,  
9 demonstrate Plaintiff has no valid claim and is unwilling to take genuine positions in this matter.  
10 It would be futile, and work an undue drain on judicial and party resources, to allow Plaintiff to re-  
11 plead and prolong this meritless litigation.

12 **III. CONCLUSION**

13 For the reasons discussed, this case should be dismissed, without leave to amend.

14  
15 DATED: July 13, 2018

Respectfully submitted,

WOOD, SMITH, HENNING & BERMAN LLP

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