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UNITED STATES DISTRICT COURT

CENTRAL DISTRICT OF CALIFORNIA

DC COMICS, Plaintiff, v. MAD ENGINE, INC., Defendant.	Case No. CV 15-07980 DDP (JPRx) **ORDER DENYING MOTION TO DISMISS** [Dkt. No. 25]

Presently before the Court is Defendant Mad Engine's Motion to Dismiss. (Dkt. No. 25.) After considering the parties' submissions and hearing oral argument, the Court adopts the following Order.

I. BACKGROUND

Plaintiff DC Comics is a publisher of comic books and owner of related intellectual property. (Compl. ¶¶ 1, 9.) In this case, Plaintiff is asserting its trademark rights in its Superman character – specifically, the iconic shield design that Superman wears on his chest. (Id. ¶ 10-14.) As provided by Plaintiff's complaint, "one well-known iteration of the design" is:

As the complaint provides, "[o]ne of the indicia most strongly associated with Superman is the red and yellow five-sided shield that appears on Superman's chest." (Id. ¶ 10.) Plaintiff has registered a trademark in this shield design for adults' and children's clothing, including t-shirts. (Id. Ex. 1 (U.S. Trademark No. 1,184,881).) Plaintiff has also licensed this mark on t-shirts, with the complaint providing examples:

As shown above, some of the licensed products are more humorous and some are more traditional. Plaintiff alleges that it "has achieved great commercial success with the goods and services offered under the Shield Mark." (Id. ¶ 16.)

Defendant Mad Engine is a clothing wholesaler. (Id. ¶ 20.) Defendant sold a shirt that allegedly violated Plaintiff's Superman shield trademark. (Id. ¶ 2, 21-23.) The shirt at issue has a five-sided shield design on the chest with the text "DAD" inside:

According to Plaintiff, "DC Comic's Shield Design consists of a bordered five-sided shield in red and yellow, with the text inside the shield sized and positioned according to the proportions and shape of the shield" and Defendant's t-shirt "incorporates each of these elements." (Id. ¶ 24.) Plaintiff alleges that it sent Defendant a cease and desist letter on June 1, 2015, but Defendant failed to respond until June 19, 2015, because Defendant wanted the shirt to sell during the Father's Day sales period. (Id. ¶ 28.) Defendant refused to cease sales, even after a second cease and desist letter. (Id. ¶ 29.)

Thus, Plaintiff has filed the current lawsuit, alleging federal trademark infringement and counterfeiting under 15 U.S.C. § 1114, unfair competition and false designation of origin under 15 U.S.C. § 1125, trademark dilution under 15 U.S.C. § 1125, and state law unfair competition under California Business and Professions Code section 17200 et seq. (See Compl.) Defendant has filed a Motion to Dismiss, arguing that its t-shirt is a parody of Plaintiff's mark so the shirt does not infringe or dilute Plaintiff's mark. (See Def. Mot. Dismiss, Dkt. No. 25.)

II. LEGAL STANDARD

A 12(b)(6) motion to dismiss requires a court to determine the sufficiency of the plaintiff's complaint and whether it contains a "short and plain statement of the claim showing that the pleader is entitled to relief." Fed. R. Civ. P. 8(a)(2). Under Rule 12(b)(6), a court must (1) construe the complaint in the light most favorable to the plaintiff, and (2) accept all well-pleaded factual allegations as true, as well as all reasonable inferences to be drawn from them. See Sprewell v. Golden State Warriors, 266 F.3d

979, 988 (9th Cir. 2001), amended on denial of reh'g, 275 F.3d 1187 (9th Cir. 2001); Pareto v. F.D.I.C., 139 F.3d 696, 699 (9th Cir. 1998).

In order to survive a 12(b)(6) motion to dismiss, the 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, 663 (2009) (quoting Bell Atl. Corp. v. Twombly, 550 U.S. 544, 570 (2007)). However, "[t]hreadbare recitals of the elements of a cause of action, supported by mere conclusory statements, do not suffice." Id. at 678. Dismissal is proper if the complaint "lacks a cognizable legal theory or sufficient facts to support a cognizable legal theory." Mendiondo v. Centinela Hosp. Med. Ctr., 521 F.3d 1097, 1104 (9th Cir. 2008); see also Twombly, 550 U.S. at 561-63 (dismissal for failure to state a claim does not require the appearance, beyond a doubt, that the plaintiff can prove "no set of facts" in support of its claim that would entitle it to relief).

A complaint does not suffice "if it tenders 'naked assertion[s]' devoid of 'further factual enhancement.'" Iqbal, 556 U.S. at 678 (quoting Twombly, 550 U.S. at 556). "A claim has facial plausibility when the plaintiff pleads factual content that allows the court to draw the reasonable inference that the defendant is liable for the misconduct alleged." Id. The Court need not accept as true "legal conclusions merely because they are cast in the form of factual allegations." Warren v. Fox Family Worldwide, Inc., 328 F.3d 1136, 1139 (9th Cir. 2003).

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III. DISCUSSION

Defendant argues that its "DAD" shield image on a Father's Day novelty t-shirt is a parody of Plaintiff's Superman shield and therefore not likely to confuse consumers as to the source or affiliation of its product. (See Mot. Dismiss at 6-9.) Defendant also claims that this lack of consumer confusion is true under a full Sleekcraft analysis. (Id. at 10-18.) Defendant further argues that there is no trademark dilution here because the two shields are dissimilar and because parodies do not dilute as a matter of law. (Id. at 19-22.) Lastly, Defendant claims that the state law unfair competition claim should be dismissed for the same reasons that support dismissing the trademark claims. (Id. at 22-23.)

In response, Plaintiff argues first that Defendant has failed to treat its motion to dismiss as a true motion to dismiss because Defendant has introduced new facts not alleged in the complaint and fails to accept the well-pled facts in the complaint as true. (Opp'n at 4-7.) Plaintiff claims that its complaint adequately alleges facts that, taken as true, support all of its claims. (Id. at 7-21.) For the argument regarding likelihood of confusion, Plaintiff argues that Defendant's motion relies on facts and allegations from outside the complaint, which should not be considered on a motion to dismiss, and that the facts in the complaint satisfy a Sleekcraft factor analysis. (Id. at 7-8; n9-15.) Further, Plaintiff argues that Defendant's use of its mark is not a parody at all for purposes of likelihood of confusion and dilution. (Id. at 16-21.)

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