UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF CALIFORNIA

MYGO, LLC, a California corporation,

Plaintiff,

v.

MISSION BEACH INDUSTRIES, LLC, a California corporation,

Defendant.

Case No.: 3:16-cv-02350-GPC-RBB

ORDER GRANTING IN PART AND DENYING IN PART PLAINTIFF's MOTION TO DISMISS AND MOTION TO STRIKE WITOHUT PREJUDICE

[ECF No. 10.]

Before the Court is Plaintiff and Counterdefendant MyGo, LLC's ("Plaintiff's" or "MyGo's") motion to dismiss Defendant and Counterclaimant Mission Beach Industries, LLC's ("Defendant's" or "MBI's") first through fifth counterclaims pursuant to Fed. R. Civ. P. 12(b)(6) and motion to strike MBI's second, third, fourth, fifth, and eighth affirmative defenses pursuant to Fed. R. Civ. P. 12(f). (Dkt. No. 10 at 1–2.[1]) The motion has been fully briefed. (Dkt. Nos. 19, 20.) The Court deems Plaintiff's motion suitable for disposition without oral argument pursuant to Civil Local Rule 7.1(d)(1). Having reviewed the moving papers and the applicable law, and for the reasons set forth below, the Court **GRANTS IN PART and DENIES IN PART** MyGo's motion to dismiss and

[1] All citations to the record are based upon pagination generated by the CM/ECF system.

GRANTS IN PART and DENIES IN PART MyGo's motion to strike. (Dkt. No. 10.)

BACKGROUND

MyGo designs and sells the MyGo Mouth Mount, a camera mouth mount for GoPro® cameras. (Dkt. No. 1, Compl. ¶ 8.) On March 4, 2015, MyGo filed United States Patent Application No. 14/639,040. (*Id.* ¶ 9; Dkt. No. 1-3.) This patent application claimed priority to United States Provisional Patent Application No. 61/948,308, which was filed on March 4, 2014. (*Id.*) On September 10, 2015, MyGo's patent application was published as United States Patent Application Publication No. 2015/025361 ("MyGo's published patent application"). (*Id.*) On July 5, 2016, the United States Patent and Trademark Office ("PTO") issued United States Patent No. 9,383,630 ("'630 Patent" or "patent-in-suit"), entitled "Camera Mouth Mount." (Compl. ¶ 9; Dkt. No. 1-2.) MyGo owns all rights to the '630 Patent pursuant to an assignment recorded at the PTO on May 19, 2015. (Compl. ¶ 9.)

MyGo alleges that "MBI is and has been making, using, selling, offering for sale, and importing a number of camera mouth mount products that infringe the '630 Patent, including without limitation MBI's Dummy Mount (in various colors), Dummy Mount Kit, Dummy Bundle Kit (in various colors), and Dummy V2 Mouth Mount." (*Id.* ¶ 10.) MBI sells these products via MBI's website, third-party websites, and various retailers within the United States and worldwide. (*Id.*) Shortly after filing its patent application, MyGo informed MBI of its patent application, MyGo's potential patent rights, and MBI's potential infringement liability on May 14, 2014. (*Id.* ¶ 11.)

On April 28, 2015, MBI filed United States Patent Application No. 14/698,700 ("MBI's patent application") for a patent entitled "Video Mouthpiece Apparatus and Method of Making Same." (*Id.* ¶ 12.) MBI's patent application claims priority to United States Provisional Patent Application No. 61/985,461, which was filed on April 29, 2014. (*Id.*)

MyGo alleges that MyGo's published patent application is prior art to the subject matter of MBI's patent application under 35 U.S.C. § 102(a)(2). (*Id.* ¶ 13.) On January

20, 2016, MyGo's PTO representative submitted a Third-Party Submission Under 37 C.F.R. § 1.290 in MBI's patent application to request that the PTO consider MyGo's published patent application as prior art. (*Id.*) The PTO subsequently issued an Office Action on February 3, 2016 rejecting all pending claims of MBI's patent application as being anticipated by prior art references. (*Id.*) The PTO issued a Notice of Abandonment on August 2, 2016 regarding MBI's failure to reply to the Office Action. (*Id.*)

Based on publicly accessible information on the PTO's online Patent Application Information Retrieval system, MyGo alleges on information and belief that MBI has no patents pending. (*Id.* ¶ 14.) MyGo alleges that MBI nonetheless advertises on its website that it has patents pending in connection with the allegedly infringing products. (*Id.* ¶ 15; Dkt. No. 1-5.)

On September 16, 2016, MyGo filed a Complaint against MBI asserting five claims for relief: (1) patent infringement under 35 U.S.C. §§ 154 and 271; (2) federal false marking under 35 U.S.C. § 292; (3) false advertising under 28 U.S.C. § 1125(a); (4) unfair competition under California common law; and (5) unfair competition under the California Unfair Competition Law ("UCL"), Cal. Bus. & Prof. Code § 17200 *et seq.* (Dkt. No. 1.)

On October 17, 2016, MBI filed an Answer with five counterclaims and eight affirmative defenses. (Dkt. No. 7.) MBI asserts the following counterclaims: (1) declaratory judgment of non-infringement; (2) declaratory judgment of invalidity of the '630 Patent; (3) invalidity based on fraud on the PTO and inequitable conduct; (4) unfair competition under California common law; and (5) unfair competition under the UCL. (*Id.*) MBI asserts the following affirmative defenses to MyGo's Complaint: (1) failure to state a claim under Fed. R. Civ. P. 12(b)(6); (2) non-infringement; (3) invalidity for failure to comply with 35 U.S.C. §§ 101, 102, 103, and/or 112; (4) inequitable conduct and fraud on the PTO; (5) unclean hands; (6) adequate remedy at law; (7) prosecution history estoppel; and (8) patent misuse. (*Id.*)

MyGo filed the instant motion to dismiss and motion to strike on November 3, 2016. (Dkt. No. 10.)

LEGAL STANDARDS

A. Rule 12(b)(6)

A motion to dismiss under Federal Rule of Civil Procedure 12(b)(6) tests the sufficiency of a complaint. *Navarro v. Block*, 250 F.3d 729, 732 (9th Cir. 2001). 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*. In other words, "the non-conclusory 'factual content,' and reasonable inferences from that content, must be plausibly suggestive of a claim entitling the plaintiff to relief." *Moss v. U.S. Secret Service*, 572 F.3d 962, 969 (9th Cir. 2009). "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 reviewing a motion to dismiss under Rule 12(b)(6), the court must assume the truth of all factual allegations and must construe all inferences from them in the light most favorable to the nonmoving party. *Thompson v. Davis*, 295 F.3d 890, 895 (9th Cir. 2002); *Cahill v. Liberty Mut. Ins. Co.*, 80 F.3d 336, 337–38 (9th Cir. 1996). Legal conclusions, however, need not be taken as true merely because they are cast in the form of factual allegations. *Ileto v. Glock, Inc.*, 349 F.3d 1191, 1200 (9th Cir. 2003); *W. Mining Council v. Watt*, 643 F.2d 618, 624 (9th Cir. 1981). When ruling on a motion to dismiss, the court may consider the facts alleged in the complaint, documents attached to the complaint, documents relied upon but not attached to the complaint when authenticity

is not contested, and matters of which the court takes judicial notice. *Lee v. Los Angeles*, 250 F.3d 668, 688–89 (9th Cir. 2001).

Where a motion to dismiss is granted, "leave to amend should be granted 'unless the court determines that the allegation of other facts consistent with the challenged pleading could not possibly cure the deficiency.'" *DeSoto v. Yellow Freight Sys., Inc.*, 957 F.2d 655, 658 (9th Cir. 1992) (quoting *Schreiber Distrib. Co. v. Serv-Well Furniture Co.*, 806 F.2d 1393, 1401 (9th Cir. 1986)).

B. Rule 12(f)

Under Federal Rule of Civil Procedure 12(f), the Court may, by motion or on its own initiative, strike "an insufficient defense or any redundant, immaterial, impertinent or scandalous" matter from the pleadings. Fed. R. Civ. P. 12(f). The purpose of Rule 12(f) is "to avoid the expenditure of time and money that must arise from litigating spurious issues by disposing of those issues prior to trial." *Whittlestone, Inc. v. Handi-Craft Co.*, 618 F.3d 970, 973 (9th Cir. 2010) (quoting *Fantasy, Inc. v. Fogerty*, 984 F.2d 1524, 1527 (9th Cir. 1993), *rev'd on other grounds by Fogerty v. Fantasy, Inc.*, 510 U.S. 517 (1994)).

The Court must view the pleading in the light more favorable to the pleader when ruling on a motion to strike. *In re 2TheMart.com, Inc. Sec. Litig.*, 114 F. Supp. 2d 955, 965 (C.D. Cal. 2000) (citing *California v. United States*, 512 F. Supp. 36, 39 (N.D. Cal. 1981)). Motions to strike are regarded with disfavor because striking is such a drastic remedy. *Freeman v. ABC Legal Servs., Inc.*, 877 F. Supp. 2d 919, 923 (N.D. Cal. 2012). If a claim is stricken, leave to amend should be freely given when doing so would not cause prejudice to the opposing party. *Vogel v. Huntington Oaks Delaware Partners, LLC*, 291 F.R.D. 438, 440 (C.D. Cal. 2013) (citing *Wyshak v. City Nat'l Bank*, 607 F.2d 824, 826 (9th Cir. 1979)).

DISCUSSION

I. Motion to Dismiss Counterclaims

MyGo moves to dismiss MBI's first through fifth counterclaims pursuant to Rule

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