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2
3 **UNITED STATES DISTRICT COURT**
4 **EASTERN DISTRICT OF CALIFORNIA**
5

6 **YELLOWCAKE, INC.,**

7 **Plaintiff**

8 **v.**

9 **MORENA MUSIC, INC., and EDUARDO**
10 **LEON dba Long Play Music, and DOES 1-**
11 **50 inclusive,**

12 **Defendants**

13 **MORENA MUSIC, INC,**

14 **Count-Plaintiff**

15 **v.**

16 **YELLOWCAKE, INC., COLONIZE**
17 **MEDIA, INC., and JOSE DAVID**
18 **HERNANDEZ,**

19 **Counter-Defendants**

CASE NO. 1:20-CV-0787 AWI BAM

ORDER ON COUNT-DEFENDANTS'
MOTION TO DISMISS

(Doc. No. 19)

20 This is a copyright dispute involving three musical albums by the artist Los Originales De
21 San Juan. Counter-Plaintiff Morena Music, Inc. ("Morena") brings claims against Counter-
22 Defendants Yellowcake, Inc. ("Yellowcake"), Colonize Media, Inc. ("Colonize"), and Jose
23 Hernandez ("Hernandez") (collectively "YCH") for two copyright violations under the Copyright
24 Act (17 U.S.C. § 100 et seq.) involving the albums and cover art, and state law claims for
25 intentional interference with prospective economic advantage, intentional interference with
26 contractual relations, unfair competition, and conversion. Currently before the Court is YCH's
27 Rule 12(b)(6) motion to dismiss six of the seven claims alleged against them. For the reasons that
28 follow, YCH's motion will generally be granted.

RULE 12(b)(6) FRAMEWORK

Under Federal Rule of Civil Procedure 12(b)(6), a claim may be dismissed because of the plaintiff's "failure to state a claim upon which relief can be granted." Fed. R. Civ. P. 12(b)(6). Counterclaims are subject to Rule 12(b)(6) challenges. See Seismic Reservoir 2020, Inc. v. Paulsson, 785 F.3d 330, 335 (9th Cir. 2015). A dismissal under Rule 12(b)(6) may be based on the lack of a cognizable legal theory or on the absence of sufficient facts alleged under a cognizable legal theory. Mollett v. Netflix, Inc., 795 F.3d 1062, 1065 (9th Cir. 2015). In reviewing a complaint under Rule 12(b)(6), all well-pleaded allegations of material fact are taken as true and construed in the light most favorable to the non-moving party. Kwan v. SanMedica, Int'l, 854 F.3d 1088, 1096 (9th Cir. 2017). However, complaints that offer no more than "labels and conclusions" or "a formulaic recitation of the elements of a cause of action will not do." Ashcroft v. Iqbal, 556 U.S. 662, 678 (2009); Johnson v. Federal Home Loan Mortg. Corp., 793 F.3d 1005, 1008 (9th Cir. 2015). The Court is "not required to accept as true allegations that contradict exhibits attached to the Complaint or matters properly subject to judicial notice, or allegations that are merely conclusory, unwarranted deductions of fact, or unreasonable inferences." Seven Arts Filmed Entm't, Ltd. v. Content Media Corp. PLC, 733 F.3d 1251, 1254 (9th Cir. 2013). To avoid a Rule 12(b)(6) dismissal, "a complaint must contain sufficient factual matter, accepted as true, to state a claim to relief that is plausible on its face." Iqbal, 556 U.S. at 678; Mollett, 795 F.3d at 1065. "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." Iqbal, 556 U.S. at 678; Somers v. Apple, Inc., 729 F.3d 953, 959 (9th Cir. 2013). "Plausibility" means "more than a sheer possibility," but less than a probability, and facts that are "merely consistent" with liability fall short of "plausibility." Iqbal, 556 U.S. at 678; Somers, 729 F.3d at 960. The Ninth Circuit has distilled the following principles for Rule 12(b)(6) motions: (1) to be entitled to the presumption of truth, allegations in a complaint or counterclaim may not simply recite the elements of a cause of action, but must contain sufficient allegations of underlying facts to give fair notice and to enable the opposing party to defend itself effectively; (2) the factual allegations that are taken as true must plausibly suggest entitlement to

1 relief, such that it is not unfair to require the opposing party to be subjected to the expense of
 2 discovery and continued litigation. Levitt v. Yelp! Inc., 765 F.3d 1123, 1135 (9th Cir. 2014). If a
 3 motion to dismiss is granted, “[the] district court should grant leave to amend even if no request to
 4 amend the pleading was made” Ebner v. Fresh, Inc., 838 F.3d 958, 962 (9th Cir. 2016).
 5 However, leave to amend need not be granted if amendment would be futile or the plaintiff has
 6 failed to cure deficiencies despite repeated opportunities. Garmon v. County of L.A., 828 F.3d
 7 837, 842 (9th Cir. 2016).

8 9 **BACKGROUND**

10 Morena is a record label that is in the business of producing, manufacturing, distributing,
 11 exploiting, selling, and licensing sound and audiovisual recordings and artwork. Jesus Chavez Sr.
 12 (“Chavez”) is the founder and principal of the musical group Los Originales De San Juan, a
 13 popular Mexican musical group.

14 On September 16, 2013, Morena entered into an oral recording agreement with Chavez
 15 whereby Morena commissioned Chavez to provide services as a recording artist in the making of
 16 sound and audio-visual recordings for three albums (50 Mentadas, 15 Corridos Inmortales, and
 17 Celebrando 39). Pursuant to the agreement, Morena agreed to: (1) select the musical
 18 compositions to be recorded on the albums; (2) produce the musical performances on the albums;
 19 (3) direct the recording and filming of musical and audiovisual performances to be embodied on
 20 the albums; and (4) pay Chavez a fixed amount per album. Chavez agreed to follow Morena’s
 21 artistic direction, perform the recordings, and grant Morena the non-exclusive right to utilize
 22 Chavez’s likeness and his group’s name. Chavez also agreed that Morena would be the owner of
 23 all title, right, and interest in and to the tangible masters of the albums and all intellectual property
 24 rights in the musical performances embodied in the tangible masters of the albums (including the
 25 copyrights and any extensions and renewals of the copyrights) from the inception of the creation
 26 of each album. Morena performed the above services and contributed sufficient originality to the
 27 albums such that Morena at a minimum is a co-author, co-owner, or joint owner of the copyrights
 28 in the albums for purposes of the Copyright Act. Morena also produced, created, and designed the

1 album cover art for each of the three albums. Morena also registered copyrights in the content of
2 the three albums and in the cover art of the three albums. Morena alleges that it is the exclusive
3 copyright owner of the three albums and the albums' cover art.

4 In April 2019, Hernandez had a meeting with Chavez wherein Hernandez expressed his
5 interest in exploiting the three Los Originales' albums. Chavez advised Hernandez that he had
6 entered into a contract with Morena and that Morena was owner of the three albums. Hernandez
7 intentionally misled Chavez and wrongfully told Chavez that Morena had no rights in the three
8 albums and that Chavez was free to sell to Hernandez's companies, Colonize and Yellowcake.
9 Hernandez offered Chavez a significant sum of money purportedly to purchase the rights to the
10 three albums and also promised to indemnify Chavez if Morena sought legal redress from Chavez.
11 Hernandez engaged in this conduct individually and on behalf of Colonize and Yellowcake to
12 disrupt the contractual relations between Morena and Chavez. Chavez purportedly entered into an
13 agreement with Yellowcake. In exchange for money, Chavez wrongfully transferred his
14 ownership rights in the three albums and cover art to Yellowcake, even though Chavez had no
15 such rights to grant.

16 On December 21, 2019, Morena discovered that Yellowcake and Colonize created or
17 caused the creation of copies of the three Los Originales albums and cover art and was
18 distributing, selling and exploiting these works through online platforms such as iTunes, Amazon
19 Music, and YouTube. The only difference between the cover art created by Morena and the cover
20 art being utilized by Yellowcake and Colonize was that Yellowcake and Colonize removed the
21 Morena logos and replaced them with Yellowcake and Colonize's respective logos. This was
22 done without Morena's authorization. Yellowcake sent correspondences to Morena in which
23 Yellowcake was claiming ownership of the masters and sound recordings of the three albums.

24 Yellowcake and Colonize sent fraudulent takedown notices to YouTube that falsely
25 claimed that Morena had no right to post or upload the three albums and cover art. Prior to the
26 takedown notices, Morena had received significant revenue from YouTube, and the YouTube
27 uploads provided an important and lucrative marketing channel for the three albums and cover art.
28 Now, YCH's uploads of the albums and cover art have generated substantial views and revenue on

1 their YouTube channels. YCH's exploitation of the three albums is unlawful and a blatant
2 violation of California law and federal copyright law.

3 On June 4, 2020, Yellowcake filed a copyright infringement claim against Morena. On
4 June 10, 2020, Morena procured registered copyrights for the three albums. See Berman Reply
5 Dec. Exs. A, B, C.¹ On September 1, 2020, Morena filed its counterclaim.

7 **COUNTER-DEFENDANTS' MOTION TO DISMISS**

8 **I. First Cause of Action – Copyright Infringement of Sound Recordings**

9 Counter-Defendants' Arguments

10 Yellowcake explains that in March 2019, it entered into an asset purchase agreement with
11 Chavez whereby Yellowcake purchased the entirety of Chavez's ownership in the rights, title, and
12 interest in the sound recordings that comprise the albums of Los Originales De San Juan.
13 Yellowcake then complied in all respects with the provisions of the Copyright Act by registering
14 copyrights for each of the sound recordings. Yellowcake was issued a Certificate of Registration
15 for each copyrighted sound recording.

16 Yellowcake argues that the first copyright claim fails because Morena cannot establish that
17 it has valid ownership of a copyright in the albums. Morena purports to make its ownership claim
18 by alleging an oral agreement with Chavez, whose performance created the entirety of the content
19 of the albums. As the author of the musical performances, Chavez has an ownership interest in the
20 albums. However, ownership of copyrights cannot be transferred by oral agreement. In the
21 absence of a writing between Morena and Chavez, Chavez had the ability to transfer his ownership
22 of the sound recordings to Yellowcake. At best, the oral agreement created a non-exclusive
23 license, but non-exclusive licenses are excluded from the definition of what constitutes a transfer
24 of copyright interest.

25
26 ¹ Exhibits A, B, and C of the Berman Reply Declaration are copies of registration information from the U.S.
27 Copyright Office's Online Catalog regarding the three albums. The Court takes judicial notice of these governmental
28 records. See Fed. R. Evid. 201; Basile v. Twentieth Century Fox Film Corp., 678 F. App'x 576, 577 (9th Cir. 2017);
Sybersound Records, Inc. v. UAV Corp., 517 F.3d 1137, 1146 (9th Cir. 2008); Kaseberg v. Conaco, LLC, 360
F.Supp.3d 1026, 1029 n.2 (S.D. Cal. 2018); Obodai v. YouTube LLC, 840 F.Supp.2d 714, 715 n.1 (S.D. N.Y. 2011).

1 Counter-Plaintiff's Opposition

2 Morena argues that, pursuant to ¶ 16, the Counterclaim alleges that Morena is a co-author
 3 of the three albums with Chavez. As a co-author, Morena has an equal undivided interest in the
 4 whole of the works with Chavez. This is the case regardless of whether the Counterclaim in the
 5 alternative pleads that Morena was granted an oral license from Chavez. Therefore, YCH's
 6 arguments that it does not possess a valid copyright in the sound recordings and masters, or that
 7 any claim thereto is made only by way of an oral argument with Chavez, is misplaced. As a co-
 8 author, Morena may sue YCH for copyright infringement because Chavez never had the ability to
 9 grant the exclusive rights that YCH believed it had obtained.

10 Legal Standard

11 “The Copyright Act affords copyright owners the ‘exclusive rights’ to display, perform,
 12 reproduce, or distribute copies of a copyrighted work, to authorize others to do those things, and to
 13 prepare derivative works based upon the copyrighted work.” Maloney v. T3Media, Inc., 853 F.3d
 14 1004, 1010 (9th Cir. 2017); see 17 U.S.C. § 106. Only the “legal or beneficial owner of an
 15 exclusive right under a copyright” has standing to sue for infringement of that right. Righthaven
 16 LLC v. Hoehn, 716 F.3d 1166, 1169 (9th Cir. 2013). Further, while one can own a copyright and
 17 have property rights in a work without a registration, the owner needs to register the copyright
 18 before he can sue for infringement. See 17 U.S.C. §§ 408(a), 411(a); Gold Value Int'l Textile, Inc.
 19 v. Sanctuary Clothing, Ltd. Liab. Co., 925 F.3d 1140, 1144 (9th Cir. 2019); Alaska Stock, LLC v.
 20 Houghton Mifflin Harcourt Publ'g Co., 747 F.3d 673, 678 (9th Cir. 2014). A claim for copyright
 21 infringement has two basic elements: (1) ownership of a valid copyright, and (2) copying of
 22 constituent elements of the work that are original. Feist Publ'ns, Inc. v. Rural Tel. Serv. Co., 499
 23 U.S. 340, 351 (1991); Great Minds v. Office Depot, Inc., 945 F.3d 1106, 1110 (9th Cir. 2019);
 24 Seven Arts, 733 F.3d at 1254. “To plead ownership, [a plaintiff] must plausibly allege it owns a
 25 valid copyright registration for its works.” Malibu Textiles, Inc. v. Label Lane Int'l, Inc., 922
 26 F.3d 946, 951 (9th Cir. 2019).

27 Discussion

28 Morena's opposition focuses on allegations in Paragraph 16 to contend that it is a co-

author and therefore a joint owner of the three albums. This is a reasonable reading of Paragraph 16. However, the Counterclaim also alleges an agreement between Morena and Chavez for the intellectual property rights in the three albums. Further, documents from the Copyright Office indicate that Morena named itself as the author of the albums as an “employer” in a work for hire arrangement. Therefore, the opposition, the Counterclaim, and the judicially noticed documents indicate three potential theories of ownership by Morena in the three albums. The Court will examine each theory separately.

1. Transfer from Chavez to Morena

“Copyright owners may transfer ‘[a]ny exclusive rights comprised in a copyright, including any subdivision of any of the rights specified in [17 U.S.C. § 106],’ . . . so long as the transfer is evidenced by a signed writing.” Corbello v. Devito, 777 F.3d 1058, 1062 (9th Cir. 2015) (citing 17 U.S.C. §§ 201(d)(2) and 204(a)); see also Jules Jordan Video, Inc. v. 144942 Canada, Inc., 617 F.3d 1146, 1156 (9th Cir. 2010). Specifically, the Copyright Act provides that a “transfer of copyright ownership, other than by operation of law, is not valid unless an instrument of conveyance, or a note or memorandum of transfer, is in writing and signed by the owner of the rights conveyed or such owner’s duly authorized agent.” 17 U.S.C. § 204(a). “[S]ection 204 of the Copyright Act invalidates a purported transfer of ownership unless it is in writing.” Effects Assocs. v. Cohen, 908 F.2d 555, 556 (9th Cir. 1990); see Radio TV Espanola S.A. v. New World Entm’t Ltd., 183 F.3d 922, 926-27 (9th Cir. 1999); Konigsberg Int’l, Inc. v. Rice, 16 F.3d 355, 356-57 (9th Cir. 1994).

a. Ability to Raise Compliance with § 204(a)

The general rule in the Ninth Circuit is that a third party may not raise noncompliance with 17 U.S.C. § 204(a)'s writing requirement as a defense to a copyright transfer. DRK Photo, 870 F.3d at 986. Section 204(a) is “designed to resolve disputes between owners and transferees and to protect copyright holders from persons mistakenly or fraudulently claiming oral licenses or copyright ownership.” Jules Jordan Video, 617 F.3d at 1157; see Billy-Bob Teeth, Inc. v. Novelty, Inc., 329 F.3d 586, 592 (7th Cir. 2003). In the absence of a dispute between the copyright owner and transferee, “it would be unusual and unwarranted to permit a third-party

infringer to invoke § 204(a) to avoid suit for copyright infringement.” Jules Jordan Video, 617 F.3d at 1157 (quoting Billy-Bob Teeth, 329 F.3d at 592). “Although a third party may not raise noncompliance with [§ 204(a)]’s writing requirement as a defense to a copyright transfer where the parties to the transfer do not dispute its existence, a third party is not foreclosed from challenging a plaintiff’s ownership for purposes of standing.” DRK Photo v. McGraw-Hill Global Educ. Holdings, LLC, 870 F.3d 978, 986 (9th Cir. 2017) (citing Jules Jordan Video, 617 F.3d at 1157 and Righthaven, 716 F.3d at 1169). The copyright plaintiff bears the burden of establishing a qualifying ownership interest in the copyright both as a substantive element of the infringement claim and also as a necessary predicate for standing to bring the claim. DRK Photo, 870 F.3d at 986. The absence of standing to bring a copyright infringement claim is a jurisdictional failure. Righthaven, 716 F.3d at 1172-73.

Here, no party has raised YCH’s ability to raise § 204(a) with respect to the oral agreement between Chavez and Morena. Despite this failure, the Court finds that YCH’s invocation of § 204(a) is appropriate. First, as *DRK Photo* expressly makes clear, YCH may invoke § 204(a) as a challenge to standing. Second, the express allegations in the Counterclaim make clear that the only agreement between Morena and Chavez is an oral one. Thus, the express allegations by Morena plainly and clearly demonstrate a failure to meet § 204(a)’s requirements. Third, the Court does not find that the general rule against third parties raising § 204(a) applies in this situation. This is not a case in which there is no dispute between the copyright holder and the transferee. This is a case in which Chavez has transferred his rights in the three albums to two separate parties over a span of about six years. The fact that Chavez has purportedly transferred his rights twice to two different entities does not demonstrate the absence of a conflict between Chavez and Morena, far from it. Even if there is no animosity between Chavez and Morena, the fact that Chavez entered into a written agreement with YCH indicates that Chavez believed that he had not transferred his ownership interests to Morena. This is contrary to Morena’s alleged position that it held all exclusive rights by virtue of its agreement with Chavez. Thus, the second transfer by Chavez is indicative of a dispute between Chavez and Morena. Ultimately, the Court is faced with competing claims from two entities who claim ownership in copyrights through a

1 common transferee who transferred the copyrights twice. Under these circumstances, the Court
2 finds that it is appropriate for YCH to raise the issue of compliance with § 204(a).

3 b. Effect of § 204(a)

4 The Counterclaim affirmatively states that Morena and Chavez entered into oral recording
5 agreements that included the transfer to Morena of all intellectual property rights that Chavez had
6 in the three albums. See Counterclaim ¶ 15. There are no allegations that Morena and Chavez
7 entered into any kind of written agreement whatsoever.

8 The absence of a written agreement is a key argument made in YCH's motion, yet
9 Morena's opposition does not address the argument in terms of answering the writing requirement.
10 That is, Morena does not argue that it has a written agreement with Chavez or that a written
11 agreement is somehow unnecessary to affect a transfer of Chavez's copyright interests. Instead,
12 the opposition regarding the first cause of action mentions the agreement with Chavez one time,
13 and only then in an attempt to recharacterize the agreement or the agreement's effect.
14 Specifically, after stating the legal proposition that a co-author shares an equal undivided interest
15 in a copyrighted work, Morena states: "This is the case regardless of whether Morena Music also
16 pleads in the alternative that it was granted an oral license to such rights." Doc. No. 22 at 4:12-13.

17 It is noteworthy that the Counterclaim never uses the term "license" or expressly alleges
18 any claim or theory "in the alternative." Nevertheless, accepting that the Counterclaim is alleging
19 that a license exists, that does not aid Morena. A non-exclusive license may be granted orally or
20 implied from conduct. Effects Assocs., 908 F.2d at 558. The granting of a non-exclusive license
21 waives the right of the copyright owner to sue the licensee for copyright infringement. Graham v.
22 Jones, 144 F.3d 229, 236 (2d Cir. 1998). Critically, a "mere 'non-exclusive license' does not
23 constitute a 'transfer of copyright ownership' and therefore cannot confer standing to assert [a
24 copyright] infringement claim." DRK Photo, 870 F.3d at 983; see Sybersound Records, Inc. v.
25 UAV Corp., 517 F.3d 1137, 1146 (9th Cir. 2008). Therefore, even if the Court accepts Morena's
26 characterization of its agreement with Chavez, the license that would be created is non-exclusive
27 only, the license could only serve as a defense to a claim by Chavez, and it would not form an
28 ownership interest sufficient to confer standing under the first cause of action. The first cause of

1 action is in no way furthered by the contention that the oral agreement created a license in the
2 albums as between Chavez and Morena.

3 Based on the Counterclaim and the opposition, it is apparent that the only agreement
4 between Chavez and Morena is an oral agreement. The absence of a written transfer agreement
5 defeats both Morena's standing to pursue, and substantive claim of, copyright infringement based
6 on a transfer of ownership between Chavez and Morena. See 17 U.S.C. § 204(a); DRK Photo,
7 870 F.3d at 986; Righthaven, 716 F.3d at 1172; Radio TV Espanola, 183 F.3d at 926-27;
8 Konigsberg, 16 F.3d at 356-57; Effects Assocs., 908 F.2d at 556-57. To the extent a non-
9 exclusive license may be involved or plead in the Counterclaim, that non-exclusive license does
10 not give Morena standing to pursue a copyright infringement claim. DRK Photo, 870 F.3d at 983.
11 Therefore, the first cause of action does not allege a valid or plausible ownership interest in the
12 copyrights of the three albums based on a contractual transfer between Morena and Chavez.

13 2. Joint Owner/Co-Author

14 A "joint work" is "a work prepared by two or more authors with the intention that their
15 contributions be merged into inseparable or interdependent parts of a unitary whole." 17 U.S.C. §
16 101; Aalmuhammed v. Lee, 202 F.3d 1227, 1231 (9th Cir. 2000); Ashton-Tate Corp. v. Ross, 916
17 F.2d 516, 520 (9th Cir. 1990). "The authors of a joint work are co-owners of the copyright in that
18 work." 17 U.S.C. § 201(a); Richlin v. MGM Pictures, Inc., 531 F.3d 962, 968 (9th Cir. 2008);
19 Ashton-Tate, 916 F.2d at 521. Each author must make an "independently copyrightable
20 contribution," which is a contribution that "represents original expression that could stand on its
21 own as the subject matter of copyright." Ashton-Tate, 916 F.2d at 521 (quoting P. Goldstein,
22 *Copyright: Principles, Law and Practice*, § 4.2.1 p.379 (1989)); see also Richlin, 531 F.3d at 968.
23 That is, "to be an author, one must supply more than mere direction or ideas; one must 'translate
24 an idea into a fixed tangible expression entitled to copyright protection.'" S.O.S., Inc. v. Payday,
25 Inc., 886 F.2d 1081, 1087 (9th Cir. 1989); Ashton-Tate, 916 F.2d at 521. Therefore, in the Ninth
26 Circuit, a "joint work" has four elements: (1) a copyrightable work, (2) two or more authors, (3)
27 the authors intend for their contributions to be merged into inseparable or interdependent parts of a
28 unitary whole, and (4) each author made an independently copyrightable contribution to the work.

1 Aalmuhammed, 202 F.3d at 1231. In determining whether individuals are co-authors of a joint
 2 work, a contract that defines relationship as one of co-authors is dispositive. See Richlin, 531
 3 F.3d at 968; Aalmuhammed, 202 F.3d at 1234. In the absence of contract, courts consider
 4 whether: (1) a purported author “superintends” the work by exercising control; (2) the putative
 5 co-authors make objective manifestations of a shared intent to be co-authors; and (3) the audience
 6 appeal of the work turns on both contributions and the share of each in its success cannot be
 7 appraised. Aalmuhammed, 202 F.3d at 1234; see also Richlin, 531 F.3d at 968. The first factor,
 8 control, will often be the most important consideration. Richlin, 531 F.3d at 968; Aalmuhammed,
 9 202 F.3d at 1234. Additionally, because each co-author of a “joint work” has an independent right
 10 to use or license the copyright, a co-author cannot be liable to another co-author for infringement
 11 of copyright, but co-authors must account to other co-authors for any profits earned from licensing
 12 or using the copyright. See Ashton-Tate, 916 F.2d at 522; Oddo v. Ries, 743 F.3d 630, 632-33
 13 (9th Cir. 1984). Further, unless all co-authors of a “joint work” join in granting an exclusive
 14 license, a single co-author (acting on its own behalf) can grant only a non-exclusive license in the
 15 copyright work because one co-author cannot limit the other co-authors’ independent right to
 16 exploit the copyright. Sybersound, 517 F.3d at 1146. However, a co-owner of a copyright is free
 17 to transfer his ownership interest to another, as long as the transfer is only of the exclusive
 18 copyright interests that the transferring co-owner himself possesses. Tresona Multimedia, LLC v.
 19 Burbank High Sch. Vocal Music Ass’n, 953 F.3d 638, 645 n.2 (9th Cir. 2020).

20 Here, YCH does not argue that the relevant allegations in the Counterclaim (Paragraphs 15
 21 and 16) do not plausibly allege that the albums are joint works and that Chavez and Morena are
 22 co-authors. Additionally, recent Ninth Circuit authority indicates some of the requirements for a
 23 joint ownership as co-authors can at least be plausibly inferred from the Counterclaim. In Abs
 24 Entertainment, the Ninth Circuit addressed the copyright claims of remastering engineers in
 25 remastered sound recordings. See Abs Entm’t v. CBS Corp., 908 F.3d 405, 410-11 (9th Cir.
 26 2018). As relevant here, the Ninth Circuit made a distinction between remastering engineers and
 27 recording engineers/record producers:

28 Nothing in this opinion should be construed to question or limit the creative

contributions of the recording engineers and/or record producers responsible for the recording session that led to the initial fixation of the sound recording. The initial producer/engineer's role is often to work in collaboration with the performing artists to make many of the creative decisions that define the overall sound of the recording as fixed, including such things as microphone choice, microphone placement, setting sound levels, equipment used, processing filters employed, tapes selected, session structure, and other similar decisions analogous to the creative choices of photographers that courts have consistently held to be original. See United States Copyright Office and Sound Recordings as Works Made for Hire: Hearing Before the Subcomm. on Courts and Intellectual Property of the H. Comm. on the Judiciary, 106th Cong. 2nd Sess. (2000) (statement of Marybeth Peters, Register of Copyrights) (“The copyrightable elements in a sound recording will usually, though not always, involve ‘authorship’ both on the part of the performers whose performance is captured and on the part of the record producer responsible for setting up the recording session, capturing and electronically processing the sounds, and compiling and editing them to make the final sound recording.”); cf. Burrow-Giles, 111 U.S. at 60 (holding that photographs are copyrightable to the extent of the photographer's decisions with respect to costume, accessories, pose of subjects, light and shade and evoking the desired expression).

Id. at 423. Given *Abs Entm*’s observations regarding the contributions of record producers, and the absence of any substantive arguments against the relevant allegations of the Counterclaim, for purposes of this motion, dismissal based on the absence of an ownership interest is inappropriate.

However, accepting the allegation of co-authorship, and thus joint ownership, of the three albums would appear to defeat Morena’s claim of copyright infringement. Morena’s theory means that it was a co-owner of the copyrights in the albums with Chavez. There is no dispute that Chavez entered into a written transfer agreement with YCH. See Complaint at Ex. A; Counterclaim ¶¶ 21, 22. Because it is clear that Morena was not a party to that transfer, Chavez could not transfer exclusive rights to YCH. See Sybersound, 517 F.3d at 1146. However, Chavez could transfer his ownership interest in the albums to YCH. See Tresona Multimedia, 953 F.3d at 645 n.2. Therefore, the agreement between Chavez and YCH could have transferred Chavez’s interests in the album to YCH. The ultimate result would be that Morena is now a joint owner of the copyrights in the albums with YCH. One joint owner of a copyright cannot sue another joint owner of a copyright for copyright infringement. See Ashton-Tate, 916 F.2d at 522; Oddo, 743 F.3d at 632-33. Given the current state of the briefing before the Court, Morena’s theory of co-authorship/joint ownership defeats its claim of copyright infringement because the other joint owner is Yellowcake. See id.; Complaint at Exs. A, B, C.

1 3. Work for Hire

2 A work made for hire is defined as either:

3 (1) a work prepared by an employee within the scope of his or her employment; or

4 (2) a work specially ordered or commissioned for use as a contribution to a
5 collective work, as part of a motion picture or other audio visual work, as a
6 translation, as a supplementary work, as a compilation, as an instructional text, as a
7 test, as answer material for a test, or as an atlas, if the parties expressly agree in a
8 written instrument signed by them that the works shall be considered a work made
9 for hire.

10 17 U.S.C. 101; Hendricks & Lewis PLLC v. Clinton, 766 F.3d 991, 998 n.5 (9th Cir. 2014); Jules
11 Jordan Video, 617 F.3d at 1156. With respect to the first definition, the terms “employee” and
12 “scope of employment” are construed according to common law agency principles. Community
13 for Creative Non-Violence v. Reid, 490 U.S. 730, 740-41 (1989); U.S. Auto Parts Network, Inc. v.
14 Parts Geek, Ltd. Liab. Co., 692 F.3d 1009, 1015 (9th Cir. 2012); JustMed, Inc. v. Bryce, 600 F.3d
15 1118, 1125 (9th Cir. 2010). The central question for determining whether a person is an
16 “employee” is “the hiring party’s right to control the manner and means by which the product is
17 accomplished.” Reid, 490 U.S. at 751; JustMed, 600 F.3d at 1125. Factors that a court should
18 consider for determining “employee” status include: the skill required for that occupation, the
19 source of the instrumentalities and tools, the location of the work, the duration of the relationship
20 between the parties, whether the hiring party has the right to assign additional projects to the hired
21 party, the extent of the hired party’s discretion over when and how long to work, the method of
22 payment, the hired party’s role in hiring and paying assistants, whether the work is part of the
23 regular business of the hiring party, whether the hiring party is in business, the provision of
24 employee benefits, and the tax treatment of the hired party. Reid, 490 U.S. at 751-52; JustMed,
25 600 F.3d at 1125. An employee’s “scope of employment” is determined by examining three
26 factors: (1) the work is of the kind the employee is employed to perform; (2) the work occurs
27 substantially within the authorized time and space limits; and (3) it is actuated, at least in part, by a
28 purpose to serve the employer. U.S. Auto Parts, 692 F.3d at 1015. With respect to the second
29 definition, “[w]orks ‘specially ordered or commissioned’ can only be made after the execution of
30 an express agreement between the parties.” Gladwell Gov’t Servs., Inc. v. County of Marin, 265

1 F. App'x 624, 626 (9th Cir. 2008); Schiller & Schmidt, Inc. v. Nordisco Corp., 969 F.2d 410, 413
 2 (7th Cir. 1992); Sisyphus Touring, Inc. v. TMZ Prods., 208 F.Supp.3d 11xx, 1111-12 (C.D. Cal.
 3 2016). No specific wording need be used in order for a writing to constitute a “work for hire”
 4 agreement.” Warren v. Fox Family Worldwide, Inc., 328 F.3d 1136, 1141 (9th Cir. 2003).
 5 However, if there is no written instrument at all, then the work cannot be a commissioned or
 6 specially ordered “work for hire.” Jules Jordan Video, 617 F.3d at 1155. If a work is made for
 7 hire, “the employer or other person for whom the work was prepared is considered the author” and
 8 owns the copyright “unless the parties have expressly agreed otherwise in a written instrument
 9 signed by them.” 17 U.S.C. § 201(b); see U.S. Auto Parts, 692 F.3d at 1015.

10 As indicated above, there are only two ways that a work can be deemed a “work for hire.”
 11 17 U.S.C. § 101. The Counterclaim’s allegations are insufficient to demonstrate either method.

12 First, there are no allegations that a written agreement exists between Chavez and Morena
 13 that states that the albums are commissioned works that are to be considered works for hire. In
 14 fact, the Counterclaim alleges that the agreements with Chavez were oral. See Counterclaim ¶ 15.
 15 As a result of this allegation, the albums categorically cannot be specially ordered or
 16 commissioned works for hire under § 101(2). Jules Jordan Video, 617 F.3d at 1155.

17 Second, with respect to “employee” status, Paragraph 15 of the Counterclaim describes the
 18 relationship with Chavez. Some aspects of Paragraph 15 may be supportive of “employee” status
 19 under *Reid*, e.g. providing sound engineers and audio/visual directors, while authors do not, e.g.
 20 Chavez was paid a fixed rate per album for the agreed three albums. Cf. Counterclaim ¶ 15 with
 21 Reid, 490 U.S. at 751-53. However, neither Paragraph 15 nor the remainder of the Counterclaim,
 22 addresses all of the *Reid* factors. Further, unlike the express allegation that Morena did enough to
 23 be considered a co-author, or the express allegation that Chavez granted Morena all rights in the
 24 three albums, there are no express allegations that Chavez was an employee of Morena. Given
 25 who Chavez is (the founder and musical principal of Los Originales De San Juan), and the limited
 26 allegations made in the Counterclaim, the Court finds it more plausible that Chavez is an
 27 independent contractor, particularly in the absence of an express allegation that Chavez was an
 28 employee of Morena. In the absence of an actual allegation that Chavez was an employee of

Morena, supported by sufficient factual allegations that indicate employee status, there is not a sufficiently plausible indication that Chavez was an employee of Morena who was acting in the scope of his employment for Morena.

4. Conclusion

The Counterclaim does not plausibly allege a valid transfer between Chavez and Morena, nor does the Counterclaim plausibly allege that the three albums were works for hire. Accepting that there are sufficient plausible allegations that indicate co-authorship between Morena and Chavez, the allegations in the Counterclaim and the Complaint indicate that Chavez transferred at least his ownership interests in the albums to YCH. As a co-owner, Morena cannot sue YCH for copyright infringement. Since no plausible infringement claim is stated, dismissal is appropriate.

II. Third Cause of Action – Injunctive Relief under the Copyright Act

The Copyright Act provides that a court “may . . . grant temporary and final injunctions on such terms as it may deem reasonable to prevent or restrain infringement of a copyright.” 17 U.S.C. § 501(a); Flexible Lifeline sys. v. Precision Lift, Inc., 654 F.3d 989, 994 (9th Cir. 2011). The plain language of § 501(a) presupposes either a plausibly plead or an adequately proven copyright infringement claim. This is consistent with the nature of an injunctive relief, which is not a standalone cause of action but a remedy that must be supported by a viable substantive cause of action. TYR Sport Inc. v. Warnaco Swimwear, Inc., 679 F.Supp.2d 1120, 1141 n.13 (C.D. Cal. 2009). Dismissal of the claim for injunctive relief as a distinct cause of action is appropriate, but Morena is free to request injunctive relief under § 501(a) in the prayer or as part of the allegations under an infringement cause of action.

III. Fourth, Fifth & Sixth Causes of Action –Intentional Interference with Prospective Business Advantage, Intentional Interference with Contractual Relations, UCL, & Conversion

Counter-Defendants’ Arguments

YCH argues that the state law claims fail because they are preempted by the Copyright Act

1 and fail to satisfy the California statute of frauds requirements. With respect to preemption, the
2 state law claims are preempted by the Copyright act because they are equivalent to those protected
3 by the Copyright Act and the work falls within the subject matter of the Copyright Act. Each
4 cause of action depends on a valid transfer of a copyright interest from Chavez to Morena.

5 Counter-Plaintiff's Opposition

6 With respect to preemption, Morena argues that the Copyright Act does not preempt any of
7 the state law claims. Each claim is at least partly based on YCH's wrongdoing affecting Morena's
8 right to own and possess the tangible masters. Copyright law protects intangible sound recordings
9 but does not protect the material object in which the work is embodied. The tangible embodiment
10 of intangible rights, like the tangible masters hear, are qualitatively different than what is protected
11 by the Copyright Act. YCH cite no case in which the Copyright Act preempts a claim based on
12 property rights in tangible embodiments like the masters. Therefore, there is no preemption.

13 With respect to the statute of frauds, full performance of the contract is an exception to the
14 writing requirement. Morena argues that it has fully performed under the terms of the oral
15 agreement. Therefore, the California statute of frauds requirement has been met. Additionally,
16 YCH's reliance on the 17 U.S.C. § 204(a)'s requirement for a writing is misplaced because that
17 section only involves transfers of a copyright. That section can have no application to the masters,
18 which are tangible property and not copyrights. Finally, Morena argues each state law claim
19 incorporates by reference allegations regarding its co-authorship of the three albums. Thus,
20 contrary to YCH's arguments, not one counterclaim relies solely on Morena being able to
21 establish ownership of the copyrights herein through a written contract.

22 Discussion

23 YCH's arguments against the state law counterclaims are primarily based on either
24 Copyright Act preemption or state law statute of frauds.

25 1. California Statute of Frauds

26 YCH invokes Cal. Civ. Code § 1624(a)(1), which applies to agreements that by their terms
27 are not to be performed within one year of making the agreement. See Cal. Civ. Code §
28 1624(a)(1); Zakk v. Diesel, 33 Cal.App.5th 431, 449 (2019). However, even if a contract cannot

1 be completely performed within one year of execution, if the contract has been fully performed by
 2 one party, the remaining promise is taken out of the statute of frauds and may be enforced by the
 3 performing party. See Dutton v. Interstate Investment Corp., 19 Cal.2d 65, (1941); Dougherty v.
 4 California Kettleman Oil Royalties, 9 Cal.2d 58, 81 (1937); Zakk, 33 Cal.App.5th 449-54; Secrest
 5 v. Security Nat'l Morg. Loan Trust 2002-2, 167 Cal.App.4th 544, 556 (2008).

6 Here, the allegations in the Counterclaim generally describe the agreement with Chavez as
 7 being one for the completion of the albums in exchange for a fixed monetary amount per album.
 8 See Counterclaim ¶¶ 15, 16. There are no allegations that indicate that Morena has additional
 9 contractual promises to perform. While there are no allegations that address the statute of frauds
 10 expressly, that is hardly surprising as the statute of frauds is an affirmative defense. See Fed. R.
 11 Civ. P. 8(c)(1); Corbin v. Time Warner Entm't-Advance/Newhouse P'ship, 821 F.3d 1069, 1079-
 12 80 (9th Cir. 2016); Walton v. City of Red Bluff, 2 Cal.App.4th 117, 131 (1991). Further, YCH
 13 does not address in its reply Morena's "full performance" argument. In the absence of any
 14 response from YCH, and because the applicability of the statute of frauds is not apparent from the
 15 face of the counterclaim, dismissal of any state law claim based on the potential application of the
 16 statute of frauds is inappropriate. See McCalden v. California Library Ass'n, 955 F.2d 1214, 1219
 17 (9th Cir. 1990) (holding that a complaint may be dismissed on the basis of an affirmative defense
 18 if the defense clearly appears by the face of the complaint); Williams v. Alhambra Sch. Dist. No.
 19 68, 234 F.Supp.3d 971, 985 (D. Ariz. 2017) (declining to dismiss a claim where the allegations did
 20 not clearly demonstrate the applicability of the statute of frauds).

21 2. Copyright Act Preemption

22 All state laws that are "equivalent to any of the exclusive rights within the general scope of
 23 copyright as specified by [§ 106] in works of authorship that are fixed in a tangible medium of
 24 expression and come within the subject matter of copyright as specified in [§ 102 and § 103] . . .
 25 are governed exclusively by [the Copyright Act]." 17 U.S.C. § 301(a); see also Maloney v. T3
 26 Media, Inc., 853 F.3d 1004, 1010 (9th Cir. 2017); Sybersound, 517 F.3d at 1150. A two part test
 27 is used to determine whether a state law claim is preempted by § 301(a). Maloney, 853 F.3d at
 28 1010; Sybersound, 517 F.3d at 1150. First, whether the subject matter of the state law claim falls

1 within the subject matter of copyright as described in 17 U.S.C. §§ 102 and 103. Maloney, 853
 2 F.3d at 1010; Sybersound, 517 F.3d at 1150. Second, assuming that it does, whether the rights
 3 asserted under the state law are equivalent to the rights contained in 17 U.S.C. § 106, which
 4 identifies the exclusive rights of copyright holders. Maloney, 853 F.3d at 1010; Sybersound, 517
 5 F.3d at 1150. Under the second prong, courts determine whether the state law claim contains an
 6 element not shared by a copyright claim; “an element which changes the nature of the action so
 7 that it is qualitatively different from the [copyright claim].” Summit Mach. Tool Manufacturing
 8 Corp. v. Victor CNC Sys., 7 F.3d 1434, 1439-40 (9th Cir. 1993) (quotation omitted); see Laws v.
 9 Sony Music Entm’t, Inc., 448 F.3d 1134, 1143 (9th Cir. 2006); Altera Corp. v. Clear Logic, Inc.,
 10 424 F.3d 1079, 1089 (9th 2005). In essence, courts should “engage in a fact-specific inquiry into
 11 the actual allegations underlying the claims at issue in the case, so as to determine whether the
 12 ‘gravamen’ of the state law claim asserted is the same as the rights protected by the Copyright
 13 Act.” Crafty Prods. v. Michaels Cos., 424 F.Supp.3d 983, 995 (S.D. Cal. 2019); Idema v.
 14 Dreamworks, Inc., 162 F.Supp.2d 1129, 1190 (C.D. Cal. 2001).

15 a. Intentional Interference with Prospective Economic Advantage (“IIPEA”)

16 The elements of an IIPEA claim are: (1) the existence, between the plaintiff and some
 17 third party, of an economic relationship that contains the probability of future economic benefit to
 18 the plaintiff; (2) the defendant's knowledge of the relationship; (3) intentionally wrongful acts
 19 designed to disrupt the relationship; (4) actual disruption of the relationship; and (5) economic
 20 harm proximately caused by the defendant's action. Roy Allan Slurry Seal, Inc. v. Am. Asphalt S.,
 21 Inc., 2 Cal. 5th 505, 512 (2017). The third element, a wrongful act, refers to an unlawful act that
 22 is proscribed by a constitutional, statutory, regulatory, common law, or other determinable
 23 standard such that it is independently wrongful of its interfering character. Edwards v. Arthur
 24 Anderson LLP, 44 Cal.4th 937, 944 (2008). IIPEA claims are more inclusive than intentional
 25 interference with contractual relations claims and do not require the existence of a valid contract.
 26 Korea Supply Co. v. Lockheed Martin Corp., 29 Cal.4th 1134, 1159 (2003).

27 The Counterclaim alleges that Morena was in an economic relationship with YouTube that
 28 would have resulted in economic benefit through uploading and commercially exploiting the

1 albums and cover art (advertisements would be placed in the videos which would generate
 2 revenue). See Counterclaim ¶ 55. Yellowcake and Colonize knew about Morena's economic
 3 relationship with YouTube and intended to disrupt it. Yellowcake and Colonize sent fraudulent
 4 DMCA takedown notices² to YouTube, knowing that the notices would likely interfere with the
 5 economic relationship between Morena and YouTube. See id. at ¶ 56. The relationship was
 6 disrupted as YouTube agreed to clock Morena's video postings and to cease paying advertising
 7 revenues to Morena for the videos embodying the albums and cover art. See id. at ¶ 57. This
 8 disruption caused economic loss and harm to Morena. See id.

9 First, the albums are sound recordings and thus, are entitled to copyright protection. See
 10 17 U.S.C. § 102(a)(7). Further, the albums' respective cover art is also the subject of three
 11 registered copyrights as visual material. See Counterclaim Ex. 3. The registration indicates that
 12 the cover art is "artwork and photograph for digital sound recordings."³ The Copyright Office
 13 permits registration of cover art as an associated image of sound recordings. EMI Christian Music
 14 Grp., Inc. v. MP3tunes, LLC, 844 F.3d 79, 96-97 (2d Cir. 2016). Therefore, the cover art is also
 15 subject to copyright protection.

16 Second, the IIPEA claim is based on Yellowcake and Colonize utilizing § 512 of the
 17 DMCA/Copyright Act to enforce what they believe to be their exclusive rights in the albums and
 18 cover art. This led to YouTube prohibiting Morena from using YouTube's platform in connection
 19 with videos involving the albums and cover art. In other words, Yellowcake and Colonize
 20 interfered with Morena's ability to exploit the albums by reproducing, distributing, displaying,
 21 and/or performing the albums through YouTube. Morena's allegations call into question who has
 22 the ability to decide whether and how to display, copy, or make available the albums. This is
 23 conduct within the ambit of § 106. See 17 U.S.C. § 106; McGowan, 2020 U.S. Dist. LEXIS
 24 229408 at *39-*40; Hoff, 2019 U.S. Dist. LEXIS 140343 at *17-*18; Worth, 5 F.Supp.2d at 822-
 25 23.

26 _____
 27 ² "DMCA" refers to the Digital Millennium Copyright Act, and the takedown procedures of the DMCA are found at
 17 U.S.C. § 512(c). See Vernor v. Autodesk, Inc., 621 F.3d 1102, 1105 & n.3 (9th Cir. 2010).

28 ³ The Court takes judicial notice of search results on the Copyright Office website for the registrations of the cover art
 for the three albums. Fed. R. Evid. 201; Kaseberg, 360 F.Supp.3d at 1026; Obodai, 840 F.Supp.2d at 715 n.1.

Morena argues that its IIPEA claim is qualitatively different because it includes allegations that Yellowcake and Colonize interfered with Morena's right to possess and exploit the tangible masters. The Court agrees with Morena that claims based on the tangible masters themselves, as opposed to the copyrighted albums, would be qualitatively different from a copyright infringement claim. However, the allegations under the IIPEA claim do not reasonably indicate that the tangible masters have any relevance.

First, the allegations do not expressly mention the masters in any way. While the IIPEA cause of action does incorporate by reference all prior allegations, and the single prior paragraph that includes allegations concerning the tangible masters (Paragraph 15) would be included in that incorporation, the incorporation by reference is improper. Paragraph 55 of the IIPEA claim incorporates by reference all of the prior 54 paragraphs, including paragraphs that make up three prior causes of action and paragraphs that have no relevance to an IIPEA claim. See Counterclaim ¶ 55. This is an improper shotgun pleading technique that does not give proper notice to either YCH or the Court that the tangible masters are intended to play a role in the IIPEA claim.⁴ See Weiland v. Palm Beach Cnty. Sheriff's Office, 792 F.3d 1313, 1321-23 (11th Cir. 2015); Deerpoint Grp., Inc. v. Agrigenix, LLC, 345 F.Supp.3d 1207, 1234 n.14 (E.D. Cal. 2018).

Second, it is unknown how the tangible masters could have been affected by the § 512 takedown notices and YouTube's corresponding decision to not permit Morena to post *videos* on YouTube. To the Court's knowledge, the tangible masters are not videos, they are sound/audio recordings. If anything, the videos being posted on YouTube would appear to be some form of copy of the masters, not the tangible masters themselves. Without additional allegations, it is unreasonable to infer that the tangible masters form the basis of any IIPEA claim as alleged in the Counterclaim. See Seven Arts, 733 F.3d at 1254.

In sum, since Morena's IIPEA claim as pled is preempted by the Copyright Act, dismissal is appropriate. See Crafty Prods., 424 F.Supp.3d at 995-96; Idema, 162 F.Supp.2d at 1193.

⁴ For any cause of action, not just the IIPEA claim, if prior paragraphs are intended to support that cause of action, then Morena should incorporate by reference only those specific paragraphs, e.g. "paragraphs 14 through 17, 27, 38 and 42 are hereby incorporated by reference." The wholesale incorporation by reference of all prior paragraphs, when not all prior paragraphs are relevant and intended to support a cause of action, is improper. Weiland, 792 F.3d at 1321-23; Deerpoint Grp., 345 F.Supp.3d at 1234 n.14.

b. Intentional Interference with Contractual Relations (“IICR”)

The elements of a cause of action for IICR are: (1) a valid contract between the plaintiff and a third party; (2) the defendant’s knowledge of that contract; (3) the defendant’s intentional acts designed to induce a breach or disruption of the contractual relationship; (4) actual breach or disruption of the contractual relationship; and (5) resulting damage. Quelimane Co. v. Stewart Title Guaranty Co., 19 Cal.4th 26, 55 (1998); Ghazarian v. Magellan Health, Inc., 53 Cal.App.5th 171, 191 (2020). “To state a claim for disruption of a contractual relation, the plaintiff need not show the defendant induced an actual or inevitable breach of the contract. It is sufficient to show the defendant’s conduct made the plaintiff’s performance, and inferentially enjoyment, under the contract more burdensome or costly.” Ghazarian, 53 Cal.App.5th at 191 (quoting Golden West Baseball Co. v. City of Anaheim, 25 Cal.App.4th 11, 51 (1994)).

The Counterclaim alleges that Hernandez met with Chavez and expressed interest in exploiting the three albums. See Counterclaim ¶ 61. Although Chavez advised Hernandez that Morena owned the albums, Hernandez intentionally misled Chavez by telling Chavez that Morena had no rights in the albums. See id. at ¶ 62. Hernandez offered to Chavez significant money for Chavez’s rights in the albums and further induced Chavez to ignore his contractual obligations through an offer to indemnify Chavez in the event Morena brought suit. See id. As a result, Chavez entered into an agreement with Yellowcake for the transfer of his ownership and rights in the albums and cover art even though Chavez had no such rights to grant. See id. at ¶ 63. This interference with Morena’s agreement with Chavez caused Morena harm. See id. at ¶ 64.

(1) Preemption

First, the albums and cover art are protected by the copyrights. See 17 U.S.C. § 102(a); EMI Christian Music, 844 F.3d at 96-97; Counterclaim Ex. 3.

Second, the allegations in essence complain that YCH induced Chavez to sell rights in the albums that he did not have, presumably because Chavez had already transferred all of his rights to Morena. See Counterclaim ¶¶ 15, 17, 61, 62, 63. In other words, the contract that was allegedly breached involved the ownership of the albums and cover art. These allegations do not identify or involve any of the rights listed in § 106. Section 106 of the Copyright Act grants

1 exclusive rights to a copyright holder to reproduce, prepare derivative works, distribute, perform,
2 and display the copyrighted work. See 17 U.S.C. § 106; Maloney, 853 F.3d at 1010.

3 YCH contends that since ownership of the copyrights is at issue, then logically every right
4 enumerated in § 106 is at issue. Admittedly, that argument has some appeal. However, the fact
5 remains that Morena's IICR claim does not identify any single act that falls specifically within
6 § 106. Morena is complaining about a breach of contract based on a transfer of an ownership
7 interest, it is not complaining about reproducing, distributing, performing, or making derivative
8 works. Moreover, in the context of exclusive subject matter jurisdiction under 28 U.S.C. §
9 1338(a), the Ninth Circuit has held that "federal courts do not have jurisdiction over a suit on a
10 contract simply because a copyright is the subject matter of the contract." Topolos v Caldewey,
11 698 F.2d 991, 993 (9th Cir. 1983). Topolos explained that if a claim involves copyright
12 infringement or a matter directly related to interpretation or enforcement of the Copyright Act,
13 jurisdiction is present. Id. However, if a claim is "essentially for some common law or state-
14 created right, most generally for a naked declaration of ownership or contractual rights,
15 jurisdiction has been declined, even though the claim might incidentally involve a copyright of the
16 Copyright Act." Id. (quoting Royalty Control Corp. v. Sanco, Inc., 175 U.S.P.Q. 641, 642 (N.D.
17 Cal. 1972)). Thus, the mere fact that the contract between Chavez and Morena involved
18 ownership of copyrights is not enough to fully implicate the Copyright Act or for the Court to
19 conclude that any right within § 106 is the gravamen of the claim. See id. at 993-94.

20 In sum, Morena's IICR claim is qualitatively different from a copyright infringement claim
21 because none of the rights listed in § 106 are the subject of the IICR claim. Dismissal of this
22 claim on the basis of preemption is inappropriate.

23 (2) Pleading Deficiency⁵

24 "Section 204(a) not only bars copyright infringement actions but also breach of contract
25 claims based on oral agreements." Valente-Kritzer Video v. Pinckney, 881 F.2d 772, 774 (9th Cir.

26 _____
27 ⁵ YCH's motion did not argue that the IICR cause of action was not plausibly pled. However, the pleading deficiency
28 identified in this section necessarily follows from the Court's analysis of the first cause of action. Because a failure to
state a claim can be raised even at trial, see Fed. R. Civ. P. 12(h)(2), and because the deficiency is fatal to part of the
IICR cause of action, the Court addresses the matter *sua sponte* at this time. See Omar v. Sea Land Service, Inc., 813
F.2d 986, 991 (9th Cir. 1987).

1989); Johnson v. Altamirano, 418 F.Supp.3d 530, 556 (S.D. Cal. 2019). Here, Morena's IICR claim is based on YCH inducing Chavez to transfer his copyright interests to YCH, even though those transfers were the subject of an oral agreement between Chavez and Morena. Therefore, in order for YCH's conduct in inducing the transfer of copyrights from Chavez to YCH to be wrongful, a valid contract between Morena and Chavez for the transfer of those copyrights is an essential element of Morena's IICR claim. See Johnson, 418 F.Supp.3d at 555-56; Quelimane, 19 Cal.4th at 55. However, as explained above, § 204(a) operates to invalidate the oral contract between Morena and Chavez to the extent that the oral contract included the transfer of copyright ownership in the albums.⁶ See Valente-Kritzer Video, 881 F.2d at 774; Johnson, 418 F.Supp.3d at 556. That is, through operation of § 204(a), there is no valid contract between Chavez and Morena for the transfer of Chavez's copyright interests in the albums. See Johnson, 418 F.Supp.3d at 555-56. Therefore, any IICR claim based on the purported transfer of Chavez's ownership of the copyrights in the three albums fails because Morena cannot establish the first essential element of an IICR claim. See id.; Bed, Bath & Beyond of La Jolla, Inc. v. La Jolla Village Square Venture Partners, 52 Cal.App.4th 867, 879 (1997); A-Mark Coin Co. v. General Mills, Inc., 148 Cal.App.3d 312, 322 (1983). Dismissal of the IICR claim is appropriate to the extent that the claim is based on ownership interests or the transfer thereof in the three albums.⁷ See Valente-Kritzer Video, 881 F.2d at 774; Johnson, 418 F.Supp.3d at 556; Bed, Bath & Beyond, 52 Cal.App.4th at 879; A-Mark Coin Co., 148 Cal.App.3d at 322.

c. UCL

The UCL broadly proscribes the use of any "unlawful, unfair or fraudulent business act or practice." Cal. Bus. & Prof. Code. § 17200; Beaver v. Tarsadia Hotels, 816 F.3d 1170, 1177 (9th Cir. 2016). "The UCL operates as a three-pronged statute: 'Each of these three adjectives [unlawful, unfair, or fraudulent] captures a 'separate and distinct theory of liability.'" Beaver, 816

⁶ YCH did not move to dismiss the second cause of action for copyright infringement based on the three albums' cover art. Therefore, the analysis in this section does not apply to issues surrounding the cover art.

⁷ Again, in the absence of argument on the issue, the IICR claim will not be dismissed to the extent that it is related to ownership interests in the cover art.

1 F.3d at 1177 (citation omitted). The UCL’s “unlawful” prong “borrows violations of other laws . . .
 2 . and makes those unlawful practices actionable under the UCL,” and “virtually any law or
 3 regulation — federal or state, statutory or common law — can serve as a predicate”
 4 Candelore v. Tinder, Inc., 19 Cal.App.5th 1138, 1155 (2018). When the underlying legal claim
 5 that supports a UCL cause fails, however, “so too will the [the] derivative UCL claim.” AMN
 6 Healthcare, Inc. v. Aya Healthcare Services, Inc., 28 Cal.App.5th 923, 950 (2018). “A business
 7 practice is ‘fraudulent’ under the UCL if members of the public are likely to be deceived.” Davis
 8 v. HSBC Bank, 691 F.3d 1152, 1169 (9th Cir. 2012); Puentes v. Wells Fargo Home Morg., Inc.,
 9 160 Cal.App.4th 638, 645 (2008). Unless a particular disadvantaged or vulnerable group is
 10 targeted, whether conduct is “fraudulent” is judged by the effect the conduct would have on a
 11 reasonable consumer. Puentes, 160 Cal.App.4th at 645. Finally, California law with respect to
 12 “unfair” conduct is currently “in flux.” Hodsdon v. Mars, Inc., 891 F.3d 857, 866 (9th Cir. 2018).
 13 Conduct is “unfair” either when it “threatens an incipient violation of an antitrust law, or violates
 14 the policy or spirit of one of those laws because its effects are comparable to or the same as a
 15 violation of the law, or otherwise significantly threatens or harms competition,” or when it
 16 ‘offends an established public policy or when the practice is immoral, unethical, oppressive,
 17 unscrupulous or substantially injurious to consumers.’ Id.

18 The Counterclaim alleges that Yellowcake and Colonize are reproducing and performing,
 19 or benefitting financially from, aiding, encouraging, enabling, inducing causing, materially
 20 contributing to, or otherwise facilitating the reproduction and performance of Morena’s statutory
 21 and common law rights in the albums and cover art and have engaged in common law
 22 misappropriation. See Counterclaim ¶ 67. Hernandez also induced Chavez to breach his
 23 agreement with Morena in order to obtain rights which Chavez had no right to give. See id. The
 24 Counterclaim alleges that this conduct is unfair and constitutes unfair, unlawful, or deceptive
 25 practices under Cal. Bus. & Prof. Code § 17200. See id. at ¶ 68.

26 (1) Yellowcake and Colonize

27 First, as discussed above, the albums and cover art are protected by the copyright act. See
 28 17 U.S.C. § 102; EMI Christian Music, 844 F.3d at 96-97.

1 Second, the conduct alleged in Paragraph 67 involves reproducing and performing the
2 albums and cover art and engaging in common law misappropriation. Reproducing and
3 performing are actions that are expressly listed as exclusive rights in § 106. See 17 U.S.C. § 106;
4 Maloney, 853 F.3d at 1010.

5 Common law misappropriation is covered under the umbrella of unfair competition and is
6 “normally invoked in an effort to protect something of value not otherwise covered by patent or
7 copyright law, trade secret law, breach of confidential relationship, or some other form of unfair
8 competition.” City Solutions, Inc. v. Clear Channel Communications, 365 F.3d 835, 842 (9th Cir.
9 2004). The elements of a California common law misappropriation claim are: (1) the plaintiff
10 made a substantial investment of time, effort and money into creating the thing misappropriated
11 such that the court can characterize that “thing” as a kind of property right; (2) the defendant
12 appropriated the “thing” at little or no cost, such that the court can characterize defendant’s actions
13 as “reaping where it has not sown;” and (3) the defendant injured plaintiff by the misappropriation.
14 Hollywood Screentest of Am., Inc. v. NBC Universal, Inc., 151 Cal. App. 4th 631, 650 (2007).
15 The only “things” that are identified as “misappropriated” are the albums and cover art, see
16 Counterclaim ¶ 67, both of which are protected by the Copyright Act. Further, the only alleged
17 conduct that could readily be considered appropriation are the acts of reproducing, displaying, and
18 performing, all of which are exclusive rights that belong to a copyright owner under § 106.

19 Morena’s opposition generally argues that the involvement of the tangible masters makes
20 all of its claims qualitatively different from an infringement claim. However, as explained in the
21 Court’s analysis of the IIPEA claim, notice in the Counterclaim of the involvement of or
22 dependence on the tangible masters in the UCL claim is not fairly provided through Morena’s
23 improper incorporation by reference of literally all previous paragraphs, particularly since the term
24 the term “tangible master” was used in one sentence of one preceding paragraph (Paragraph 15).
25 Further, apart from the notice problems, it is unclear how the tangible masters truly fit within the
26 conduct alleged in Paragraph 67 given other allegation involving digital mediums such as
27 YouTube. Therefore, Morena’s reliance on the tangible masters does not reasonably fit within the
28 allegations actually made within the Counterclaim.

1 Because the Court finds that the acts of reproducing, performing, and “misappropriating”
 2 are actions covered by § 106, the UCL claims against Yellowcake and Colonize are preempted by
 3 the Copyright Act. See Kodadek v. MTV Networks, Inc., 152 F.3d 1209, 1213 (9th Cir. 1998);
 4 Media.net Adver. FZ-LLC v. NetSeer, Inc., 156 F.Supp.3d 1052, 1074-75 (N.D. Cal. 2016).

5 (2) Hernandez

6 The Counterclaim alleges that Hernandez induced Chavez to breach his agreement with
 7 Morena. No other conduct by Hernandez is expressly identified under the UCL claim. See
 8 Counterclaim ¶¶ 67-70.

9 (A) Preemption

10 Inducing a breach of contract by facilitating a transfer of copyrighted works does not
 11 encompass any exclusive right under § 106. Therefore, the UCL claim against Hernandez is
 12 qualitatively different from a copyright infringement claim and not preempted by § 301.

13 (B) Pleading Defect⁸

14 Inducing a breach of contract is part of an IICR claim, specifically it is one of two ways to
 15 satisfy the third element of that cause of action. As discussed above, through operation of
 16 § 204(a), there is no valid contract between Morena and Chavez for the transfer of a copyright in
 17 the albums. See Valente-Kritzer Video, 881 F.2d at 774; Johnson, 418 F.Supp.3d at 556. Without
 18 a valid contract, no breach can be induced. See Johnson, 418 F.Supp.3d at 556; Bed, Bath &
 19 Beyond, 52 Cal.App.4th at 879; A-Mark Coin Co., 148 Cal.App.3d at 322. In other words,
 20 Hernandez did not and could not induce Chavez to breach a valid agreement for the transfer of
 21 copyrights in the three albums. Without inducement, there is no wrongful conduct that could be
 22 considered “unfair,” “fraudulent,” or “unlawful.” Thus, because there is no plausible or viable
 23 claim, dismissal of any UCL claim that relates to the three albums or transfer thereof is proper.⁹
 24 See AMN Healthcare, 28 Cal.App.5th at 950.

25 _____
 26 ⁸ Like the IICR claim, YCH’s motion did not argue that the UCL cause of action was not plausibly pled. However,
 27 the pleading deficiency identified in this section necessarily follows from the Court’s analysis of the first cause of
 28 action and the IICR claim. Because the deficiency is fatal to part of the UCL claim, the Court addresses the matter
sua sponte at this time. See Omar, 813 F.2d at 991.

⁹ Because YCH does not address any issues surrounding the cover art, the analysis of this subsection is limited to
 actions involving the three albums.

d. Conversion

Conversion is “an act of willful interference with a chattel, done without lawful justification, by which any person thereto is deprived of use and possession.” De Vries v. Brumback, 53 Cal.2d 643, 647 (1960). Stated differently, conversion is “the wrongful exercise of dominion over the property of another.” Lee v. Hanley, 61 Cal.4th 1225, 1240 (2015); Hester v. Public Storage, 49 Cal.App.5th 668, 680 (2020). The elements of conversion are: (1) the plaintiff’s ownership or right to possession of the property; (2) the defendant’s conversion by a wrongful act or disposition of property rights; and (3) damages. Lee, 61 Cal.4th at 1240; Hester, 49 Cal.App.5th at 680. To establish conversion, a plaintiff must show an actual and substantial interference with his ownership or right to possess the property. Zaslow v. Kroenert, 29 Cal.2d 541, 550-51 (1946). The measure of damages for a conversion claim is the full value of the property converted. General Security Servs. Corp. v. County of Fresno, 815 F.Supp.2d 1123, 1143 (E.D. Cal. 2011); Intel Corp. v. Hamidi, 30 Cal.4th 1342, 1350 (2003); Irwin v. McDowell, 91 Cal. 119, 122 (1891).

The Counterclaim in relevant part alleges that Morena owns the tangible master recordings for the three albums and that Yellowcake intentionally interfered with Morena’s ownership in that property by exercising dominion over the masters, exploiting the masters, claiming ownership in the masters, and interfering with Morena’s ability to commercially exploit the masters. See Counterclaim ¶¶ 72, 73.

The Ninth Circuit has recognized that claims for the conversion of tangible property involve actions different from those proscribed in the copyright laws and thus, are not preempted. Oddo, 743 F.2d at 635. “While conversion is generally immune from preemption because it involves tangible property, conversion actions seeking only damages for reproduction of the property – not return of tangible property – are preempted by the Copyright Act.” Doody v. Penguin Group (USA), Inc., 673 F.Supp.2d 1144, 1164-65 (D. Haw. 2009); Marketing Info. Masters, Inc. v. Board of Trs. of Cal. St. Univ. Sys., 552 F.Supp.2d 1088, 1098 (S.D. Cal. 2008); Firoozye v. Earthlink Network, 153 F.Supp.2d 1115, 1130 (N.D. Cal. 2001).

Morena’s invocation of the tangible masters, as opposed to the albums/sound recordings

1 embodied within the masters which are subject to copyright protection, see 17 U.S.C. § 102(a)(7),
2 is clearly an attempt to fit this claim within *Oddo*. However, the Court is not satisfied that Morena
3 has alleged a viable claim, either in terms of *Oddo* or pleading the elements of conversion.

4 First, neither allegations under the conversion claim nor the prayer for relief request the
5 return of the tangible masters. Instead, Morena alleged that it was harmed according to proof.
6 This is indicative of a preempted copyright claim. Doddy, 673 F.Supp.2d at 1164-65

7 Second, the Court understands that Morena is alleging that Yellowcake “exploited” the
8 masters by reproducing them and making them available on platforms such as YouTube. The
9 Court takes this to mean copying and distributing or displaying them through YouTube.
10 Otherwise, it is unclear how tangible masters can be utilized through YouTube or other digital and
11 on-line mediums since, to the Court’s knowledge, the tangible masters are not videos. Similarly,
12 the Court understands that Morena was attempting to exploit the masters in the same way as
13 Yellowcake, but Yellowcake interfered through takedown notices and threats of litigation.

14 Morena’s allegations regarding exploiting the tangible masters on digital platforms like
15 YouTube seem like a copyright infringement claim. Section 106 grants “copyright owners the
16 ‘exclusive rights’ to display, perform, reproduce, or distribute copies of a copyrighted work, to
17 authorize others to do those things, and to prepare derivative works based upon the copyrighted
18 work.” Maloney, 853 F.3d at 1010. The only difference between the conversion cause of action
19 and copyright infringement appears to be that the tangible masters are the “works” at issue.
20 Morena appears to be treating the tangible masters the same as or interchangeably with the
21 copyrighted albums. Without additional allegations that adequately distinguish between the
22 tangible masters and the copyrighted albums, as well as clarification of how the tangible masters,
23 as opposed to the copyrighted albums, were being “exploited” on digital platforms like YouTube,
24 the Court cannot find that Morena has affectively pled around § 301 preemption with respect to
25 “exploitation” of the masters.

26 Third, and relatedly, it is unclear what exactly Morena means by the allegation of
27 “exercising dominion.” While it is possible to read this as an allegation that Yellowcake
28 physically possessed Morena’s masters, that is not what is expressly alleged, nor do the

1 circumstances surrounding this case reasonably indicate that Yellowcake took physical possession
2 of, or took any actions directly against, Morena's tangible masters. Additional allegations are
3 necessary to explain how exactly Yellowcake "exercised dominion" over the tangible masters.

4 Fourth, it is unclear how Yellowcake claimed ownership of the tangible masters (or how
5 merely claiming ownership in general) constitutes such a substantial interference with the tangible
6 masters that Yellowcake would be required to pay Morena the full value of the tangible masters.
7 Additional allegations are necessary because the allegations in the Counterclaim do not reasonably
8 suggest that Yellowcake somehow took the tangible masters or actually interfered with the
9 tangible masters. Instead, it appears that Morena is attempting to rebrand an infringement claim
10 into a conversion claim by relying on the tangible masters instead of the copyrighted albums.

11 Finally, interfering with Morena's ability to commercially exploit the tangible masters
12 does not appear to be an act of conversion. Such interference does not affect either actual
13 ownership of the tangible masters or Morena's right to possess the tangible masters. The ability to
14 commercially exploit the masters is perhaps a benefit of ownership, but it is not the same as
15 ownership and also would not appear to justify the full value of the tangible masters as damages.

16 In sum, because the factual allegations do not plausibly indicate that Yellowcake converted
17 the physical/tangible masters, and because the allegations do not sufficiently remove the
18 conversion claim from § 301 preemption, dismissal of the conversion claim is appropriate.

19 20 **IV. Conclusion**

21 YCH has moved to dismiss all claims, except for the second cause of action for copyright
22 infringement involving the cover art.

23 With respect to the first cause of action, a valid ownership interest has not been pled. The
24 agreement to transfer between Chavez and Morena is invalid under § 204(a) because the
25 agreement was oral. This defect cannot be remedied, so the dismissal of any infringement claim
26 based on a transfer of copyrights through the oral agreement will be without leave to amend. The
27 co-author/joint owner theory does not yield a plausible claim because the pleadings indicate that
28 the joint owners of the copyright in the three albums would be Morena and Yellowcake, and joint

1 owners may not sue each other for copyright infringement. Dismissal of this infringement claim
2 will be with leave to amend. However, Morena must be able to explain why Yellowcake is not a
3 joint owner of the copyrights in the albums. Finally, the allegations categorically show that the
4 albums were not works for hire as specially commissioned works. The allegations are also
5 insufficient to show that the albums were a work for hire based on Chavez being an employee who
6 was acting within the scope of his employment for Morena when the albums were created.
7 Because it is not clear that amendment of this employee work for hire theory would be futile,
8 dismissal will be with leave to amend.

9 With respect to the third cause of action, a preliminary injunction is not a cause of action, it
10 is a remedy. Therefore, dismissal of the request as a standalone cause of action is appropriate.

11 With respect to the IIPEA cause of action, that claim as pled is preempted by the Copyright
12 Act. However, because it is not entirely clear that amendment would be futile with respect to a
13 claim based on the tangible masters, dismissal will be with leave to amend to add such a claim.

14 With respect to the IIRC claim, YCH has not adequately shown that this cause of action is
15 preempted by the Copyright Act. However, application of § 204(a) invalidates any contract for
16 the transfer of Chavez's copyrights in the three albums to Morena. Without a valid contract, there
17 is not a plausible IIRC claim. Therefore, dismissal of the IIRC claim to the extent that it is based
18 on a contract for the transfer of copyrights in the three albums between Chavez and Morena will
19 be without leave to amend.

20 With respect to the UCL cause of action, the claims against Yellowcake and Colonize are
21 preempted by the Copyright Act. With respect to Hernandez, while the Copyright Act does not
22 preempt the UCL claim, no plausible UCL claim based on Hernandez inducing Chavez to transfer
23 his interests in the copyrights of the three albums can be stated because of application of § 204(a).
24 Therefore, dismissal of the UCL claim against Hernandez to the extent that it is based on inducing
25 a breach of the oral contract for the transfer of copyrights in the three albums between Chavez and
26 Morena will be without leave to amend.

27 With respect to the conversion cause of action, no plausible claim is alleged. Additional
28 allegations are necessary to clarify what actions Yellowcake took with respect to the tangible

masters that would rise to the level of conversion and justify the full value of the tangible masters as damages. Further, the allegations in the Complaint suggest that Morena may be attempting to artfully plead a copyright infringement claim as a conversion claim, and thus avoiding preemption, by focusing on the tangible masters instead of the copyrighted albums. Thus, the claim appears to be preempted. However, because it is not clear that amendment would be futile, dismissal will be with leave to amend.

V. Validity of Morena's Copyright Registrations in the Three Albums

The Copyright Act in relevant part provides that “no civil action for infringement of the copyright any United States work shall be instituted until preregistration or registration of the copyright claim has been made in accordance with [the Copyright Act].” 17 U.S.C. § 411(a). While this section does not impose a precondition to copyright protection, it does expressly prohibit “copyright owners from bringing infringement actions without first properly registering their work.” Unicolors, Inc. v. H&M Hennes & Mauritz, L.P., 959 F.3d 1194, 1197 (9th Cir. 2020); see also Alaska Stock, 747 F.3d at 678.

The Ninth Circuit has explained that, “once a defendant alleges that (1) a plaintiff’s certificate of registration contains inaccurate information; (2) ‘the inaccurate information was included on the application for copyright registration’; and (3) the inaccurate information was included on the application ‘with knowledge that it was inaccurate,’ a district court is then required to submit a request to the Register of Copyrights ‘to advise the court whether the inaccurate information, if known, would have caused [it] to refuse registration.’” Unicolors, 959 F.3d at 1197 (quoting 17 U.S.C. § 411(b)(1)-(2)). Courts may “not consider in the first instance whether the Register of Copyrights would have refused registration due to the inclusion of known inaccuracies in a registration application.” Id. Additionally, “inadvertent mistakes on registration certificates do not invalidate a copyright and thus do not bar infringement actions, unless . . . the alleged infringer has relied to its detriment on the mistake, or the claimant intended to defraud the Copyright Office by making the misstatement.” Jules Jordan Video, 617 F.3d at 1156 (quoting Lamps Plus, Inc. v. Seattle Lighting Fixture Co., 345 F.3d 1140, 1145 (9th Cir. 2003)); see also

1 Gold Value, 925 F.3d at 1146. If it is determined that a registration contains inaccurate
2 information, and that the inaccurate information was included in the registration application with
3 knowledge that the information was incorrect, and that the inaccurate information would have
4 caused the Copyright Office to refuse registration, then a district court may declare the registration
5 invalid. See Gold Value, 925 F.3d at 1148; see also Unicolors, 959 F.3d at 1200.

6 Here, the work for hire theory for Morena's ownership interest was brought to the Court's
7 attention by YCH through judicially noticed documents from the U.S. Copyright Office's Public
8 Catalog website, i.e. the registration information for the three albums. The registration
9 information indicates that Morena is the author of the three albums as an "employer for hire." See
10 Berman Reply Dec. Exs. A, B, C. Neither Chavez nor Yellowcake are mentioned on the
11 registration information. See id. YCH argues that the absence of any written agreement, or even
12 the allegation of a written agreement, make the work for hire/"employer for hire" status of Morena
13 false. YCH argues that Morena had knowledge that the work for hire theory was false, and also
14 knew of Yellowcake's registration at the time that Morena filed for its registrations. YCH
15 contends that because Morena knew of the falsity of its representations to the Copyright Office,
16 and because the Copyright Office would not have granted registration with knowledge of the true
17 information, the Court should invalidate Morena's registrations.

18 After review, the Court agrees that the judicially noticed registration information is
19 inconsistent with the Counterclaim. The Counterclaim does not claim an ownership interest in the
20 three albums through any work for hire theory. Instead, the Counterclaim attempts to claim
21 ownership through either a transfer agreement with Chavez or as a co-author/joint owner. The
22 Counterclaim therefore indicates that the registrations contain incorrect information in terms of
23 authorship. Further, while not expressly mentioning the copyright application, YCH is clearly
24 alleging that Morena knew that it was submitting false information to the Copyright Office as part
25 of the registration application. Under *Unicolors*, these allegations and the judicially noticed
26 documents are sufficient to put the validity of Morena's copyright registrations at issue.

27 At this point, however, noting that the validity of the registrations is as far as the Court can
28 go. First, no inquiry has been sent to the Copyright Office regarding inaccurate information. As

1 *Unicolors* expressly states, this Court cannot invalidate a copyright until it receives word from the
2 Copyright Office regarding what effect the known inaccuracy would have had on the registration
3 decision. See id. at 1197. Therefore, invalidating the registrations at this point is clearly
4 improper. See id. Second, and more fundamentally, YCH's arguments have been made for the
5 first time as part of a reply. Morena has not had an opportunity to explain what was actually
6 submitted in its application to the Copyright Office, explain the inconsistency between the
7 Counterclaim and the registration information, address the issue of knowledge or inadvertence, or
8 otherwise respond to YCH's allegations.¹⁰

9 Under these circumstances, the Court will order the parties to submit additional briefing.
10 Morena will be permitted to respond to the challenges to the validity of its registrations. Of
11 particular import, Morena should attempt to explain the apparent inaccuracies in the registration
12 information and explain what information was presented as part of its registration application.
13 The Court will then permit YCH to reply to Morena's supplemental response. If, after reviewing
14 the supplemental information, the Court is satisfied that there is inaccurate information that is part
15 of the registrations and that was included in the applications to the Copyright Office, the Court
16 will send an inquiry as required by § 411/*Unicolors* to determine how the Copyright Office would
17 have reacted. However, once the Court receives the response of the Copyright Office, and
18 depending on the response, the Court will not invalidate the registration until the issue of
19 Morena's knowledge/inadvertence has been decided.

20 The issue of the registrations' validity is not one that should delay proceedings further.
21 Assuming that the Court sends an inquiry to the Copyright Office, that inquiry will not affect the
22 second cause of action. Further, even if Morena files an amended Counterclaim and continues to
23 pursue an infringement claim with respect to the albums, it seems unlikely that the issue of
24 knowledge or inadvertence will be able to be decided before either a summary judgment motion or
25 a trial. Therefore, the pre-trial and scheduling process will not be stayed pending either receipt of
26 the supplemental briefing or a possible response from the Copyright Office.

27
28 ¹⁰ Relatedly, while the submissions at this time suggest knowledge by Morena, the issue of knowledge has not been litigated or decided.

ORDER

Accordingly, IT IS HEREBY ORDERED that:

1. Counter-Defendants' Rule 12(b)(6) motion to dismiss is GRANTED in part in part as follows:

- a. The first cause of action for copyright infringement based on a transfer agreement between Chavez and Morena is DISMISSED without leave to amend;
- b. The first cause of action for copyright infringement based on a work for hire through a special order or commission is DISMISSED without leave to amend;
- c. The first cause of action for copyright infringement based on either a co-author/joint owner or work for hire through an employer-employee relationship is DISMISSED with leave to amend;
- d. The third cause of action for preliminary injunction is DISMISSED without prejudice as this is a remedy and not a cause of action;¹¹
- e. The fourth cause of action for intentional interference with prospective economic advantage is DISMISSED and leave to amend is granted only with respect to a claim based on the tangible masters;
- f. The fifth cause of action for intentional interference with contractual relations to the extent that it is based on a contract involving the transfer of copyrights in the three albums is DISMISSED without leave to amend;
- g. The sixth cause of action for Cal. Bus. & Prof. Code § 17200 UCL against Yellowcake and Colonize is DISMISSED without leave to amend as preempted;
- h. The sixth cause of action for Cal. Bus. & Prof. Code § 17200 UCL against Hernandez based on inducement to breach an agreement relating to copyright ownership in the three albums is DISMISSED without leave to amend; and
- i. The seventh cause of action for conversion based on actions directed against the tangible masters is DISMISSED with leave to amend;

¹¹ To be clear, Morena is free to request a preliminary injunction under the Copyright Act either in its Prayer for Relief or as part of the allegations under a copyright infringement cause of action.

2. Within twenty-one (21) days of service of this order, Morena may file an amended counterclaim that is consistent with the analysis of this order;
3. If Morena fails to timely file an amended Counterclaim, leave to amend shall be automatically withdrawn without further notice, and Defendants shall file an answer to the Counterclaim within twenty-eight (28) days of service of this order;
4. Within fourteen (14) days of service of this order, Morena shall file supplemental briefing, as discussed above, that addresses and responds to the arguments made in the Counter-defendants' reply brief concerning the validity of Morena's copyright registrations in the three albums; and
5. Within seven (7) days of service of Morena's supplemental briefing, Counter-defendants shall file a response.

IT IS SO ORDERED.

Dated: March 1, 2021



SENIOR DISTRICT JUDGE