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9 UNITED STATES DISTRICT COURT
 10 FOR THE SOUTHERN DISTRICT OF CALIFORNIA
 11

12 ANTHONY JOHNSON, an individual,

13 Plaintiff,

14 v.

15 MANUEL ALTAMIRANO, an individual,
 16 RICHARD TURNER, an individual,
 17 DAVID KINNEY, an individual, DAVID
 HUFFMAN, an individual, PAUL
 18 TYRELL, an individual, SEAN
 19 SULLIVAN, an individual, STORIX, INC.,
 a California corporation, and DOES 1-5,
 20 inclusive,

21 Defendants.

Case No. 19-cv-01185 H (BLM)

MEMORANDUM OF POINTS
 AND AUTHORITIES IN
 SUPPORT OF THE MOTION TO
 DISMISS PURSUANT TO
 FEDERAL RULE OF CIVIL
 PROCEDURE 12 BY
 DEFENDANT STORIX, INC.

Filed: June 24, 2019
 Hearing: October 7, 2019
 Time: 10:30 a.m.
 Judge: Hon. Marilyn L. Huff
 Court: Courtroom 15A

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I. INTRODUCTION

1
2 This lawsuit is the latest tactic in Anthony Johnson's longstanding battle for
3 control of Storix, Inc. and its flagship software, SBAdmin. Much of the extensive
4 litigation history between Storix and Johnson occurred in this very court, beginning
5 with the 2014 copyright infringement lawsuit Johnson filed against Storix, which
6 culminated in a jury trial and verdict in Storix's favor in December 2015. Since then,
7 Johnson has resorted to post-trial motions, appeals, and state court lawsuits to try to
8 wrest control of the company and its software. None of those efforts worked. In a
9 last-gasp attempt to undo the results of the contentious litigation spanning the last
10 five years, Johnson seeks to revise history to assert new allegations that completely
11 contradict his prior lawsuit and ignore the results of the earlier legal proceedings.

12 Johnson now asserts three claims against Storix, each of which should be
13 dismissed for multiple reasons. First, the doctrine of res judicata bars Johnson's
14 claim for breach of contract, and his demand for rescission, in light of the results of
15 the copyright action that played out in this court. That case confirmed that Storix, not
16 Johnson, owns any and all copyrights to SBAdmin. Johnson never asserted that any
17 contract existed between him and Storix related to the SBAdmin copyrights. Such a
18 claim would be identical to the issues actually litigated as to infringement and
19 ownership, involving identical parties, which case reached a final resolution on the
20 merits against him. He cannot now be allowed to relitigate that case under a new
21 heading. Second, the federal Copyright Act preempts Johnson's purported contract
22 claim, as he seeks to enforce rights expressly provided for by federal law. Third,
23 because Johnson does not own the SBAdmin copyrights, and has not since Storix's
24 formation, he lacks standing to assert any rights over the SBAdmin copyrights.
25 Fourth, such claims are barred by the statute of limitations based on his own
26 allegations. Fifth, his allegations of an oral agreement fail to comply with the writing
27 requirements of 17 U.S.C. § 204, and thus he fails to state a claim. His claims for
28 breach of contract and rescission are entirely meritless and the court should enter an

1 order of dismissal.

2 Finally, Johnson demands indemnity from Storix as a result of the company
3 suing him for breaching his fiduciary duty. The state court entered a judgment
4 against Johnson that he breached his fiduciary duty to Storix while serving on its
5 board of directors. He now claims because he survived a motion for permanent
6 injunctive relief and avoided an even larger monetary judgment against him that he
7 should be indemnified for his defense costs under Corporations Code section 317.
8 That claim is absurd and unsupported by law, as Storix did not sue Johnson for
9 performing corporate functions; rather, he was sued for advancing for his personal
10 interests and trying to harm Storix. Johnson has failed to state facts supporting a
11 valid claim, rendering that claim for indemnity subject to dismissal.

12 II. BACKGROUND FACTS

13 Storix recites many of the following facts as pleaded in Johnson's new lawsuit
14 for purposes of this motion to dismiss, but many of those facts are disputed. Storix
15 cites further facts and materials which are properly subject to judicial notice.¹

16 A. The Johnson-Storix History

17 Johnson founded Storix in 1998 as a sole proprietorship, and incorporated it in
18 2003. Dkt. #1, Compl. ¶ 10. In 2011, following what he believed to be a terminal
19 diagnosis, Johnson took "medical leave," stepped down from running the company,
20 and authorized the issuance of a sixty-percent shareholder interest to key long-time
21 employees. *Id.* ¶ 12. As a result, Johnson became a forty percent shareholder.

22 In about 2013, Johnson apparently had sufficiently recovered to return to work
23 at Storix, and asked to work on some software programming projects. Compl. ¶ 13.
24 However, by May 2014, he felt that Storix did not sufficiently recognize or
25 appreciate his work, and he otherwise had trouble adjusting to Storix's new

26
27 ¹ For consistency and ease of reference, a single Request for Judicial Notice with the
28 appended exhibits has been filed in support of this motion, as well as the special
motion to strike the complaint and the motion to dismiss by Storix' counsel, Paul
Tyrell and Sean Sullivan.

1 management structure, so he quit. Compl. ¶ 13.

2 **B. The Prior Copyright Action Between Johnson and Storix**

3 **After quitting**, Johnson filed a copyright infringement suit against Storix in
 4 2014. Compl. ¶ 14; *See Johnson v. Storix*, Case No. 14-cv-01873 H (BLM), filed in
 5 the United States District Court for the Southern District of California (the
 6 “Copyright Action”); Request for Judicial Notice (“RJN”), No. 1. Johnson claimed
 7 he personally owned the copyright covering Storix’s flagship software, SBAdmin,
 8 and that Storix’s continued sales of that software after his resignation constituted
 9 copyright infringement. Storix asserted affirmative defenses and a counterclaim of
 10 ownership of all rights to SBAdmin, among other issues. RJN No. 2.

11 Nearly three and a half years ago, a 5-day jury trial in this court resulted in a
 12 unanimous verdict for Storix and judgment in Storix’s favor. *See* RJN No. 3. The
 13 jury found (1) Storix—not Johnson—owned all copyrights to all versions of
 14 SBAdmin, (2) that any post-incorporation works constituted works made-for-hire,
 15 and (3) that the statute of limitations barred Johnson’s infringement claims. *Id.*²

16 At trial Storix presented evidence that upon its incorporation in 2003, Johnson
 17 transferred “all assets” including the SBAdmin copyright to the corporation, as
 18 Johnson **confirmed in a writing he signed**, the Company’s 2003 Annual Report (the
 19 “Annual Report”). RJN No. 4 (Order Denying New Trial). The Annual Report
 20 stated:

21 2003 represented the first 10 months in the life of Storix as a
 22 Corporation. Prior to 2003, Storix Software was a sole proprietorship.
 23 **All assets from Storix Software were transferred to Storix Inc., as
 of its incorporation as of February 24, 2003.**

24 *Id.* (emphasis added). Storix “adduced significant evidence confirming that the
 25 Annual Report **memorialized Plaintiff Johnson’s intent to transfer the copyright in**
 26

27 ² The court’s Amended Judgment reflects a discretionary award of attorneys’ fees
 28 and costs against Johnson, and in favor of Storix, **in the amount of \$555,118.64**,
 based on Johnson’s improper conduct during the litigation.

1 SBAdmin.” *Id.*, at p. 5.

2 In granting a discretionary award of attorney fees to Storix, the court again
3 recognized that “[a]t trial, Defendant Storix adduced overwhelming evidence
4 demonstrating that the Annual Report did in fact memorialize Plaintiff Johnson’s
5 intent to transfer the copyright in SBAdmin.” RJN No. 5, p. 22. “In summary, over
6 the course of many years, Plaintiff Johnson repeatedly and consistently stated to third
7 parties that Defendant Storix owned the copyright in SBAdmin, which was the
8 company’s most significant asset.” *Id.* at p. 23.

9 Two years after trial, on December 19, 2017, the Ninth Circuit affirmed the
10 jury’s verdict and the district court’s denial of the motion for a new trial, reversing
11 and remanding the Amended Judgment solely to reassess the amount of attorneys’
12 fees to award Storix under the Copyright Act’s cost-shifting provision, 17 U.S.C. §
13 505.³ *See Johnson v. Storix, Inc.*, 716 F.App’x 628 (9th Cir. 2017), *cert. denied*, 139
14 S.Ct. 76 (2018). The court entered a second amended judgment. RJN No. 6. On July
15 9, 2019, the Ninth Circuit denied Johnson’s motion to recall the mandate, stating:
16 “No further filings will be entertained in this closed case.” RJN No. 7.

17 C. The California State Court Litigation

18 A few months prior to the trial in the Copyright Action, on August 20, 2015,
19 Storix filed a complaint against Johnson and Janstor Technologies, a company
20 Johnson founded to commercialize a “rebranded” version of Storix’s SBAdmin
21 software (the “Janstor Action”). RJN No. 8. Storix had learned that just days after
22 electing himself to a seat on Storix’s board of directors in February 2015, Johnson
23 had formed Janstor, reserved a website, and soon thereafter reserved two “port”
24 numbers that are necessary to operate software like SBAdmin. *Id.*, ¶ 15. Storix
25 asserted a single cause of action for breach of fiduciary duty against Johnson, and
26 one for aiding and abetting breach of fiduciary duty against Janstor. *Id.* at pp. 4-5.

27 ³ Johnson has appealed the district court’s order following remand, which imposed a
28 25% reduction of the fees previously awarded to Storix, now totaling \$407,778,
which appeal has been fully briefed by the parties and is awaiting oral argument.

1 In October 2015, Johnson and his co-plaintiff, Robin Sassi filed a derivative
2 action against Storix's officers and directors, asserting claims for breaches of
3 fiduciary duty, abuse of control, corporate waste, and seeking an accounting (the
4 "Derivative Action"). RJN No. 14. Johnson and Sassi complained that the officers
5 and directors of Storix refused Johnson's plans for software revisions:

6 Disputes related to Defendants' refusal to allow Johnson to properly
7 update the security of the SBAdmin, which Johnson had created,
8 among other things, forced Johnson to resign his employment as at
9 [sic] Storix in May 2014. Specifically, Johnson resigned because
10 Defendants were not acting in the best interests of the company
11 because their rejection of Johnson's proposed modifications to the
12 software was adverse to, and would necessarily cause significant harm
13 to, the integrity and value of the software.

12 *Id.*, § 20. They further asserted that "[i]n July 2014, Johnson sent a letter to Storix
13 and Defendants revoking their license to SBAdmin based on their refusal to allow
14 him control of the software development." *Id.*, § 21. Johnson and Sassi made various
15 other allegations of wrongdoing, relating to Storix's management.

16 Johnson also filed a cross-complaint in the Janstor Action in April 2016
17 against the individual officers and directors of Storix. RJN No. 13. He complained
18 that they forced him out of Storix, that Storix's managers ignored his proposed
19 software updates (echoing his list of complaints stated in the Derivative Action), and
20 failed to obtain his consent to file the Janstor Action against him, among many other
21 grievances.

22 The superior court consolidated the Janstor Action, along with Johnson's
23 crossclaim, the Derivative Action, and a personal injury action Johnson filed against
24 Storix's managers, which collectively proceeded to trial in early 2018, before the
25 Honorable Kevin A. Enright. After a three-week trial, the jury rendered a verdict that
26 "Anthony Johnson breach[ed] his duty of loyalty by knowingly acting against Storix,
27 Inc.'s interests while serving on the Board of Directors of Storix, Inc." RJN No. 17.
28

1 The jury also found against Johnson on all of his crossclaims in the Janstor Action.
2 *Id.* Following the jury trial of the Janstor Action and crossclaim, the court adopted
3 the jury’s verdict that Johnson breached his fiduciary duty to Storix, and therefore
4 held he lacked standing to proceed as a representative plaintiff in the Derivative
5 Action. RJN No. 18. The Derivative Action proceeded to a bench trial before Judge
6 Enright with Sassi as the sole derivative plaintiff. The court ruled in favor of the
7 defense on all counts. RJN No. 20.

8 **D. Johnson’s Latest Lawsuit Against Storix, its Counsel, and its**
9 **Management**

10 Johnson filed this action in June 2019.⁴ Johnson’s complaint covers all the
11 same topics already litigated in both the Copyright Action and the consolidated
12 California state litigation. With respect to the new claims against Storix, Johnson has
13 concocted a new allegation that he “entered into an oral contract with Storix upon its
14 formation, wherein Storix was granted rights to market, sell, copy, distribute and
15 license SBAdmin to third-parties in exchange for future compensation for the
16 copyright if or when Johnson’s participation in Storix ended.” Compl. ¶ 11. Johnson
17 contends that in the Copyright Action, although “the jury rendered a verdict that
18 Johnson implicitly transferred his ownership of SBAdmin to Storix upon its
19 formation,” he now claims “the jury did not reach the question of whether Johnson
20 was compensated for his copyrights.” Compl. ¶ 22. Johnson also contends that the
21 Ninth Circuit upheld a finding that he “assigned his ownership rights by way of an
22 oral agreement.” *Id.*

23 In his new complaint, Johnson asserts that his choice not to reelect himself to
24 Storix’s board in August 2018, somehow “triggered Storix’s obligation to pay
25 Johnson for his copyrights,” notwithstanding the results from the Copyright Action.

26 _____
27 ⁴ Johnson filed a similar action in California superior court, but voluntarily dismissed
28 it when faced with a motion requiring that he post a bond as a foreign plaintiff and an
anti-SLAPP motion filed by Storix’s managers. He did not name Storix or its counsel
in that action. He apparently refiled in federal court as the result of forum shopping.

1 Compl. ¶ 29. “Johnson sent Storix an invoice for \$2.75 million, a substantial
 2 discount to the actual value of the copyrights from which Storix derived over \$2
 3 million in annual sales through the end of 2018.” *Id.* When Storix declined to pay the
 4 meritless invoice, Johnson alleges “he rescinded the contract with Storix due to
 5 Storix’s failure to perform its obligations.” *Id.*

6 Johnson now claims he is owed \$2.75 million under “his contract with Storix”
 7 as payment for “the copyrights,” which contract he claims to have entered into with
 8 himself. Compl. ¶¶ 57; 60. He seeks to rescind “the contract,” to “restore
 9 consideration furnished by Johnson under the contract,” namely the copyright to
 10 SBAdmin. *Id.* at ¶¶ 64-65.

11 Johnson also alleges he sent Storix’s board a demand for reimbursement for
 12 the legal expenses he incurred in defending against the Janstor Action, claiming
 13 indemnity rights under Corporations Code § 317(d). *Id.* at ¶ 30. He claims
 14 entitlement to indemnity “for all expenses incurred in connection with his successful
 15 defense of” the suit Storix brought against him, which indemnity Storix wrongly
 16 denied, notwithstanding the judgment entered against him. *Id.* at ¶¶ 69-70.

17 III. ARGUMENT AND ANALYSIS

18 A. Motions to Dismiss Under Rule 12(b)(6)

19 Even under the liberal pleadings standard of Federal Rule of Civil Procedure
 20 8(a)(2), “a plaintiff’s obligation to provide the ‘grounds’ of his ‘entitle[ment] to
 21 relief’ requires more than labels and conclusions, and a formulaic recitation of the
 22 elements of a claim for relief will not do.” *Bell Atlantic Corp. v. Twombly*, 550 U.S.
 23 544, 555 (2007) (citing *Papasan v. Allain*, 478 U.S. 265, 286 (1986)). Pursuant to
 24 *Twombly*, a plaintiff must not allege conduct that is merely conceivable but must
 25 allege “enough facts to state a claim to relief that is plausible on its face.” *Id.* at 570.
 26 “A claim has facial plausibility when the Plaintiff pleads factual content that allows
 27 the court to draw the reasonable inference that the Defendant is liable for the
 28 misconduct alleged.” *Ashcroft v. Iqbal*, 556 U.S. 662, 678 (2009) (citing *Twombly*,

1 550 U.S. at 556).

2 The Court, however, need not accept as true allegations contradicted by
3 judicially noticeable facts, *see Schwarz v. United States*, 234 F.3d 428, 435 (9th Cir.
4 2000), and it “may look beyond the plaintiff’s complaint to matters of public record”
5 without converting the Rule 12(b)(6) motion into a motion for summary judgment,
6 *Shaw v. Hahn*, 56 F.3d 1128, 1129 n.1 (9th Cir. 1995). Also, the Court must not
7 “assume the truth of legal conclusions merely because they are cast in the form of
8 factual allegations.” *Fayer v. Vaughn*, 649 F.3d 1061, 1064 (9th Cir. 2011) (per
9 curiam) (internal quotation marks omitted). Mere “conclusory allegations of law and
10 unwarranted inferences are insufficient to defeat a motion to dismiss.” *Adams v.*
11 *Johnson*, 355 F.3d 1179, 1183 (9th Cir. 2004).

12 When a party asserts the preclusive effect of a state court judgment, 28 U.S.C.
13 § 1738 requires that a federal court give a state court judgment the same full faith
14 and credit as that judgment would receive under the law of the state in which the
15 judgment was rendered. *Exxon Mobil Corp. v. Saudi Basic Indus. Corp.*, 544 U.S.
16 280, 293, 125 S.Ct. 1517 (2005); *Maldonado v. Harris*, 370 F.3d 945, 951 (9th Cir.
17 2004).

18 In addition, Federal Rule of Civil Procedure 12(f) provides that “upon the
19 court’s own initiative at any time, the court may order stricken from any pleading
20 any ... immaterial, impertinent, or scandalous matter.” Because claims and theories
21 barred by res judicata are immaterial and impertinent, such allegations may be
22 stricken by the Court *sua sponte*. *Ivanova v. Columbia Pictures Indus., Inc.*, 217
23 F.R.D. 501, 512 (C.D. Cal. 2003), *aff’d sub nom. Laparade v. Ivanova*, 116 F.App’x
24 100 (9th Cir. 2004).

25 **B. Johnson’s Claims for Breach of Contract (Fifth Cause) and**
26 **Rescission (Sixth Cause) Should be Dismissed**

27 There are multiple reasons that Johnson’s breach of contract claim, and the
28 related claim for rescission of the alleged contract, are subject to dismissal. Johnson

1 previously brought suit on just these issues in this court and lost. He does not get to
2 reassert those claims five years later by simply changing the headings.

3 ***1. The Doctrine of Res Judicata Bars Johnson’s Claims for***
4 ***Breach of Contract and Rescission Given the Final***
5 ***Determinations on the Merits in this Court***

5 Five years ago, Johnson sued Storix for copyright infringement. Storix
6 defended by denying Johnson’s allegations, and brought a counterclaim against
7 Johnson seeking a declaratory judgment that Storix owned rights to the SBAdmin
8 copyright upon its incorporation in 2003, and that any claims by Johnson were time
9 barred by 2014. RJN No. 2. Storix obtained a jury verdict and judgment in its favor
10 on all counts. RJN No. 6. Johnson’s attempt to relitigate those claims years later
11 under the guise of a claim for “breach of contract” cannot survive as a matter of law
12 under the doctrine of res judicata.

13 Res judicata precludes claims and “bars litigation in subsequent action of any
14 claims that were raised or could have been raised in the prior action.” *Western Radio*
15 *Servs. Co. v. Glickman*, 123 F.3d 1189, 1192 (9th Cir. 1997). Indeed, “[t]he doctrine
16 of res judicata is meant to protect parties against being harassed by repetitive
17 actions.” *Tahoe-Sierra Pres. Council, Inc. v. Tahoe Reg’l Planning Agency*, 322 F.3d
18 1064, 1077 (9th Cir. 2003) (citation omitted). “The doctrine of res judicata is
19 applicable whenever there is (1) an identity of claims, (2) a final judgment on the
20 merits, and (3) identity or privity between the parties.” *Owens v. Kaiser Foundation*
21 *Health Plan, Inc.*, 244 F.3d 708, 713 (9th Cir. 2001). Johnson’s new claims against
22 Storix meet each of these three elements and so should be dismissed.

23 a. Identity of Claims

24 Determining whether there is an identity of claims requires consideration of
25 four criteria, which are not applied “mechanistically:”

26 (1) whether the two suits arise out of the same transactional nucleus of
27 facts;

1 (2) whether rights or interests established in the prior judgment would
2 be destroyed or impaired by prosecution of the second action;

3 (3) whether the two suits involve infringement of the same right; and

4 (4) whether substantially the same evidence is presented in the two
5 actions.

6 *Mpoyo v Litton Electro-Optical Sys.*, 430 F.3d 985, 987 (9th Cir. 2005). “We have
7 often held the common nucleus criterion to be outcome determinative under the first
8 res judicata element.” *Id.* “Whether two events are part of the same transaction or
9 series depends on whether they are related to the same set of facts and whether they
10 could conveniently be tried together.” *Western Sys., Inc. v. Ulloa*, 958 F.2d 864, 871
11 (9th Cir. 1992)(citing Restatement (Second) Judgments § 24(2) (1982)). *See*
12 *Highway J Citizens Group v. U.S. Dep’t. of Transp.*, 456 F.3d 734, 741 (7th Cir.
13 2006) (Res judicata bars not only the claims actually raised in the earlier suit, but
14 also any claims that could have been raised in that suit.).

15 As a result, a creative plaintiff simply retitling his or her claims and refileing
16 them as a purported new “legal theory” is not enough to avoid the res judicata bar.
17 *See, e.g., McClain v. Apodaca*, 793 F.2d 1031, 1034 (9th Cir. 1986) (“McClain
18 cannot avoid the bar of res judicata merely by alleging conduct by the defendant not
19 alleged in his prior action or by pleading a new legal theory.... Nor does the fact that
20 McClain’s subsequent complaint seeks a different remedy for violation of the same
21 primary right create a new cause of action.”) (citing *Costantini v. Trans World*
22 *Airlines*, 681 F.2d 1199, 1201 (9th Cir. 1982)); *see also Boateng v. Interamerican*
23 *Univ., Inc.*, 210 F.3d 56, 62 (1st Cir. 2000) (holding that pursuing new legal theories
24 does not create new cause of action sufficient to avoid res judicata).

25 In fact, courts have consistently found that res judicata bars contract and
26 related claims involving copyrighted works where a copyright claim has been
27 litigated, since such claims arise from the same nucleus of facts. “Copyright
28 infringement claims have two basic elements: ‘(1) ownership of a valid copyright,

1 and (2) copying of constituent elements of the work that are original.” *Dolores*
2 *Press, Inc. v. Jones*, 766 F.App’x 455, 458 (9th Cir. 2019). In *Ivanova v. Columbia*
3 *Pictures Indus., Inc.*, 217 F.R.D. at 505, the court previously ruled that Ivanov had
4 “no ownership rights” in 34 motion pictures, and issued an injunction that
5 “permanently enjoins Ivanova from licensing, distributing, exploiting or otherwise
6 benefitting from any of the 34 Pictures” (“2003 Judgment”). Ivanov and Columbia
7 also entered into a stipulated judgment in an earlier action regarding payment of past
8 and future amounts due Ivanov (“the 1994 Stipulated Judgment”). A month after
9 entry of the 2003 Judgment, Ivanov sued Columbia for copyright infringement,
10 breach of contract, and other claims. *Id.* at 503. The court found Ivanov’s claims
11 barred by res judicata. As to Ivanov’s breach of contract claim, which he purportedly
12 based on a “distribution contract,” the court held:

13 that this breach of contract claim is barred both by the 2003 Judgment
14 and the Findings upon which that Judgment is based, as well as the
15 1994 Stipulated Judgment. The 2003 Judgment declares that
16 Columbia owns these 26 Pictures. This Judgment is based in part on
17 the Court’s Findings that Columbia acquired the 20 Pictures in 1960
18 and the 6 Pictures in 1968. (Citation) As such, Columbia’s right to
19 distribute the 26 Pictures derives from its decades-long ownership of
20 those films, and not from any purported “distribution contract.”

21 *Id.* at 510. Ivanov’s claims were so meritless, the court proceeded to award Rule 11
22 sanctions against him and his counsel. *Id.* at 514.

23 Other courts have reached similar results. *See, e.g., Hudson v. Universal*
24 *Studios Inc.*, 235 F.App’x 788, 790 (2d Cir. 2007) (“We affirm the district court’s
25 dismissal of Hudson’s claims regarding *No Harm, No Foul* as barred by res judicata.
26 Identical claims of copyright infringement and unfair competition regarding this
27 work were raised in an earlier action, and the breach of contract claim could have
28 and should have been brought in the same action.” (emphasis added)); *Sims v.*
Viacom, Inc., 544 F.App’x 99, 102 (3d Cir. 2013) (Finding res judicata barred claims

1 for copyright infringement relating to distinct reality television series, even though
2 the second series had not aired when the first case was litigated, since “[a] claim
3 extinguished by res judicata ‘includes all rights of the plaintiff to remedies against
4 the defendant with respect to all or any part of the transaction or series of connected
5 transactions, out of which the action arose,’ quoting *Elkadrawy v. Vanguard Grp.,*
6 *Inc.*, 584 F.3d 169, 174 (3d Cir. 2009)).

7 Johnson’s new contract-based theories are simply a renewed effort to litigate
8 an old dispute that he lost. He brought his case against Storix for copyright
9 infringement and lost. That trial, and the Copyright Action in general, involved the
10 exact same nucleus of operative facts, namely rights in and to SBAdmin, on which
11 Johnson bases his new contract claims. Johnson now alleges that he “entered into an
12 oral contract with Storix upon its formation, wherein Storix was granted rights to
13 market, sell, copy, distribute and license SBAdmin to third-parties in exchange for
14 future compensation for the copyright if or when Johnson’s participation in Storix
15 ended.” Compl at ¶ 11. Yet, the Copyright Action resulted in a finding that Storix
16 owns the copyright to any and all versions of SBAdmin. There are no strings
17 attached to that final ruling. It is inconsistent, and entirely frivolous for Johnson now
18 to come forward with a new case theory, based on alleged rights he never previously
19 disclosed in a case revolving around the exact same facts and circumstances.
20 Allowing him to proceed with such claims would undermine and eviscerate any
21 meaning behind the final judgment entered in the Copyright Action, and leave all
22 such cases open to indefinite future collateral attacks. That is the exact justification
23 underlying the res judicata doctrine.

24 The court may recall that in the Copyright Action Johnson vehemently denied
25 that Storix had any rights to the SBAdmin copyright, save for a naked license by
26 which he simply allowed Storix to sell SBAdmin, but which he could revoke at any
27 time. Plainly, his new contract claims arise from the same factual nucleus, involve
28 the same rights and interests related to SBAdmin, and would involve the same

1 evidence as addressed during the Copyright Action. Johnson had a full and fair
2 opportunity to present such claims during the Copyright Action and did not do so.
3 The doctrine of res judicata bars his newly-asserted claims.

4 b. Final Judgment on the Merits

5 In order to be barred by res judicata, there must be a final decision on the
6 merits. *Tahoe-Sierra*, 322 F.3d at 1077. There is no question that a final judgment on
7 the merits exists here. In fact, the Ninth Circuit has affirmed the entirety of the trial
8 results, and only the amount of discretionary attorneys’ fees awarded to Storix
9 remains on appeal. *See Johnson v. Storix, Inc.*, 716 F.App’x 628, 631 (9th Cir. 2017),
10 *cert. denied*, 139 S. Ct. 76 (2018) (Affirming denial of Johnson’s motion for a new
11 trial on all grounds and remanding solely to reassess the amount of fees awarded
12 against him). The Ninth Circuit rejected his effort to recall the mandate, ordering that
13 “No further filings will be entertained in this closed case.” RJN No. 7. With regard to
14 the copyright issues, the court’s judgment stands as final.

15 c. Privity Between the Parties

16 Both Storix and Johnson were parties to the Copyright Action, and thus there
17 is not only privity, but exact identity between the parties in both cases.

18 **2. *The Copyright Act Preempts Johnson’s Claims for Breach of***
19 ***Contract and Rescission***

20 Related to the above issue of res judicata, and perhaps the likely reason that
21 Johnson did not assert his new contract theories during the Copyright Action (in
22 which he had able counsel), is that the Copyright Act expressly preempts such
23 claims. The Copyright Act of 1976 preempts “all legal or equitable rights that are
24 equivalent to any of the exclusive rights within the general scope of copyright as
25 specified by section 106 ... and come within the subject matter of copyright as
26 specified by sections 102 and 103 ...” 17 U.S.C. § 301(a).

27 To determine whether a state claim is preempted, a court must examine the
28 nature of the state law claim to determine what rights the plaintiff seeks to enforce

1 with state law. *Kodadek v. MTV Networks, Inc.*, 152 F.3d 1209, 1212 (9th Cir. 1998).
 2 The Ninth Circuit employs a two-part test to determine whether the Copyright Act
 3 preempts particular state law claims. Preemption occurs when: (1) the work at issue
 4 comes within the subject matter of copyright and (2) the rights granted under state
 5 law are “equivalent to any of the exclusive rights within the general scope of
 6 copyright” set forth in the Act. *Del Madera Properties v. Rhodes and Gardner, Inc.*,
 7 820 F.2d 973, 976 (9th Cir. 1987) (“*Del Madera*”). To avoid preemption under the
 8 second part of this test, “the state claim must protect rights which are qualitatively
 9 different from the copyright rights. The state claim must have an ‘extra element’
 10 which changes the nature of the action.” *Id.* at 977. “In order not to be equivalent, the
 11 right under state law must have an extra element that changes the nature of the action
 12 so that it is qualitatively different from a copyright infringement claim.” *Entous v.*
 13 *Viacom Int’l, Inc.*, 151 F.Supp.2d 1150, 1159 (C.D. Cal. 2001)(Quotation omitted).
 14 *Cf. Valente–Kritzer Video v. Pinckney*, 881 F.2d 772, 776 (9th Cir. 1989), *cert.*
 15 *denied*, 493 U.S. 1062, 110 S.Ct. 879, 107 L.Ed.2d 962 (1990) (producer’s claim for
 16 fraud under California law against author and production company contains extra
 17 element of misrepresentation and is not preempted by the Copyright Act).

18 In *Del Madera*, the plaintiffs alleged claims for copyright infringement, unfair
 19 competition and unjust enrichment based on the defendants’ alleged
 20 misappropriation of (1) a copyrighted map of a real estate development, (2)
 21 supporting documents and (3) plaintiffs’ time and effort in creating the map and
 22 documents. The Ninth Circuit held that the Copyright Act preempted plaintiffs’ state
 23 law claims, since the map, the documents and the plaintiffs’ effort expended to create
 24 them all fell within the scope of copyright protection. *Id.* at 976. As to the
 25 “equivalent rights” inquiry, neither of the state claims contained an “extra element,”
 26 since the unfair competition claim for misappropriation of time and effort in creating
 27 the map was “part and parcel of the copyright claim,” and the claim for unjust
 28 enrichment was based on “[defendants’] implied promise not to use or copy

1 materials within the subject matter of copyright is equivalent to the protection
2 provided by [the Act].” *Id.*

3 District courts in this circuit have held that where the alleged contract right is
4 infringed by the mere act of reproduction, performance, distribution or display,
5 copyright preemption exists. *See, e.g., Selby v. New Line Cinema Corp.*, 96
6 F.Supp.2d 1053, 1062 (C.D. Cal. 2000) (“Because the alleged implied-in-fact
7 contract between Selby and defendants did not regulate the parties’ conduct beyond
8 mere use of Selby’s ideas, the rights protected by that contract were equivalent to the
9 exclusive rights protected by the Act.”); *Entous v. Viacom Int’l, Inc.*, 151 F.Supp.2d
10 1150, 1160 (C.D. Cal. 2001) (“Here, Plaintiff’s claim as expressed in his complaint
11 is based solely on Defendant’s unauthorized use of his ideas without compensation.
12 (Citation). Based on the foregoing authorities, the Court therefore concludes that the
13 claim is preempted by the Copyright Act.”); *Experexchange, Inc. v. Doculex, Inc.*,
14 No. C-08-03875 JCS, 2009 WL 3837275, at *25 (N.D. Cal. Nov. 16, 2009) (Court
15 finding that “based on the Court’s review of the allegations that support Plaintiff’s
16 state law claims, the Court concludes that they are based on the identical rights
17 asserted in the copyright claims and therefore, that the claims are preempted.”);
18 *Kodadek v. MTV Networks, Inc.*, 152 F.3d at 1213 (Finding unfair competition claim
19 preempted since it was “clear that [the plaintiff’s] state law unfair competition claim
20 is based solely on rights equivalent to those protected by the federal copyright
21 laws.”).

22 In this case, the Copyright Act preempts Johnson’s breach of contract and
23 rescission claims since he bases those claims on copyrightable subject matter, and
24 seeks to enforce rights expressly addressed by the Copyright Act. Johnson alleges
25 that he “entered into an oral contract with Storix upon its formation, wherein Storix
26 was granted rights to market, sell, copy, distribute and license SBAdmin to third-
27 parties in exchange for future compensation for the copyright if or when Johnson’s
28 participation in Storix ended.” Compl. at ¶ 11. As to the first prong of the Ninth

1 Circuit’s preemption test, SBAdmin undoubtedly qualifies as copyrightable subject
2 matter. Johnson himself filed the Copyright Action based on that work, and it is
3 registered with the U.S. Copyright Office.

4 With regard to the second prong, Johnson is seeking to assert rights equivalent
5 to those provided under the Copyright Act. Section 106 clarifies that the “owner of a
6 copyright under this title has the exclusive rights to do and to authorize” the
7 reproduction of works, the creation of derivative works, and the distribution of
8 copyrighted work by sale, transfer, lease, rental, or lending. 17 U.S.C. § 106(1)-(3).
9 Those are the exact rights Johnson now seeks to prohibit with his contract and
10 rescission claims. Accordingly, the Copyright Act preempts his new state law claims
11 against Storix, and must be dismissed.

12 **3. *Johnson Lacks Standing to Pursue a Breach of Contract Claim***
13 ***Based on a Copyrighted Work He Does Not Own***

14 As reflected in this court’s prior final judgment, Storix owns the copyright to
15 any and all versions of SBAdmin, including derivatives thereof. Johnson has zero
16 ownership interest in such copyrights. Accordingly, he has no standing to assert
17 rights in or to such copyrights, which he is now attempting to do.

18 “The legal or beneficial owner of an exclusive right under a copyright is
19 entitled, subject to the [registration] requirements of section 411, to institute an
20 action for any infringement of that particular right committed while he or she is the
21 owner of it.” 17 U.S.C. § 501(b). Section 106 sets forth an exhaustive list of those
22 exclusive rights. *Id.* § 106; *Silvers v. Sony Pictures Entm’t, Inc.*, 402 F.3d 881, 887
23 (9th Cir. 2005) (en banc). “They are the rights ‘to do and to authorize’ others to do
24 six things with the copyrighted work: to reproduce the work, to prepare derivative
25 works based upon the work, to distribute copies of the work, to perform the work
26 publicly, to display the work publicly, and to record and perform the work by means
27 of an audio transmission.” *Minden Pictures, Inc. v. John Wiley & Sons, Inc.*, 795
28 F.3d 997, 1002 (9th Cir. 2015) (quoting 17 U.S.C. § 106). *See DRK Photo v.*

1 *McGraw-Hill Glob. Educ. Holdings, LLC*, 870 F.3d 978, 983 (9th Cir. 2017), cert.
2 denied, 138 S. Ct. 1559, 200 L. Ed. 2d 744 (2018)

3 As Section 501(b) states, and the Ninth Circuit has made clear, after a
4 copyright owner has fully transferred an exclusive right, it is the transferee who has
5 standing to sue for that particular exclusive right. *See* 17 U.S.C. § 501(b);
6 *Righthaven v. Hoehn*, 716 F.3d 1166, 1170 (9th Cir. 2013); *see also* 3 M. Nimmer &
7 D. Nimmer, *Nimmer on Copyright* § 12.02[c] (2017) (“Once the copyright owner
8 grants an exclusive license of particular rights, only the exclusive licensee, and not
9 his grantor, may sue for later-occurring infringement of those rights. Indeed, the
10 licensor may be liable to the exclusive licensee for copyright infringement, if the
11 licensor exercises rights that have theretofore been exclusively licensed.”)

12 Johnson no longer owns the copyright to SBAdmin. He therefore lacks
13 standing to assert any rights in or to the copyrighted works, including the license
14 agreement he now seeks to enforce regarding SBAdmin. His claims against Storix
15 should therefore be dismissed.

16 4. *The Two-Year Statute of Limitations Bars Johnson’s Contract* 17 *and Rescission Claims*

18 Johnson’s claims against Storix for breach of contract and rescission are also
19 time-barred.

20 A claim may be dismissed under Rule 12(b)(6) on the ground that it is barred
21 by the applicable statute of limitations when “the running of the statute is apparent
22 on the face of the complaint.” *Von Saher v. Norton Simon Museum of Art at*
23 *Pasadena*, 592 F.3d 954, 969 (9th Cir. 2009). In this diversity case, California law
24 provides the applicable statute of limitations. *Guaranty Trust Co. of New York v.*
25 *York*, 326 U.S. 99, 110 (1945). In California, the statute of limitations on an oral
26 contract, which Johnson alleges existed, is two years. *See* Code Civ. Proc. § 339.

27 Generally, California law provides that “[a] cause of action for a breach of an
28 oral contract accrues at the time of the breach, i.e., when the party charged with the

1 duty to perform under the contract fails to perform.” *Vahora v. Masood*, No. 1:16-
2 CV-1624-LJO-SKO, 2017 WL 1213423, at *7 (E.D. Cal. Apr. 3, 2017).

3 Johnson’s Complaint clearly alleges that his cause of action accrued more than
4 two years prior to filing suit. Johnson alleges that he “entered into an oral contract
5 with Storix upon its formation, wherein Storix was granted rights to market, sell,
6 copy, distribute and license SBAdmin to third-parties in exchange for future
7 compensation for the copyright **if or when Johnson’s participation in Storix**
8 **ended.**” Compl. ¶ 11 (emphasis added). Johnson alleges he returned to Storix from
9 medical leave in 2013, but that in May 2014, he “could no longer tolerate the
10 hostility and resigned from Storix in protest.” *Id.*, ¶ 13. Thus, his own allegations
11 make it clear that Johnson’s “participation in Storix ended,” no later than May 2014
12 as he no longer was employed there and was not a board member. Pursuant to
13 Johnson’s allegations, Storix’s obligation to “compensate” him for the SBAdmin
14 copyright arose in May 2014, yet it never paid him. His self-election to Storix’s
15 board in February 2015, does not save his untimely claims, as he alleges specifically
16 that the contract became due and owing “if or when Johnson’s participation in
17 Storix ended.” *See Traverso v. Dept. of Transp.*, 87 Cal.App.4th 1142, 1151 (2001)
18 (“Plaintiffs cannot evade the bar of the statute by skipping lightly over the first
19 breach of duty and claiming to found their action on some subsequent conduct in line
20 with it. If this could be done ... the operation of the statute of limitations could be
21 entirely defeated.”). His breach of contract claim thus accrued no later than May
22 2014, but he did not file suit until June 2019, making his contract and rescission
23 claims untimely.

24 **5. *Johnson’s Breach of Contract and Rescission Claims Fail as a***
25 ***Matter of Law Under 17 U.S.C. § 204(a), as they Constitute a***
26 ***Transfer of Ownership without a Signed Writing***

27 To the extent that Johnson alleges a purely oral agreement for the exclusive
28 licensing and distribution rights to SBAdmin, that claim fails as a matter of law. A

1 legally valid transfer of copyright ownership can occur only “by operation of law” or
2 through “an instrument of conveyance, or a note or memorandum of the transfer,
3 [which] is in writing and signed by the owner of the rights conveyed or such owner's
4 duly authorized agent.” 17 U.S.C. § 204(a). The initial Copyright Action between
5 Storix and Johnson involved ownership rights and compliance with section 204's
6 requirement of a signed writing evidencing a transfer of ownership. Storix met that
7 burden, and obtained a judgment affirming its ownership rights in all copyrights to
8 all versions of SBAdmin. Now Johnson seeks to effect a retransfer of ownership
9 without a signed writing, instead based solely on an oral contract he alleges he
10 entered into with himself. As a matter of law Johnson's claim for breach of contract
11 and rescission cannot survive the writing requirements of section 204, and thus does
12 not constitute a valid claim, as it would effectuate an exclusive transfer of ownership
13 without a signed writing. *See Weinstein Co. v. Smokewood Entm't Grp., LLC*, 664 F.
14 Supp. 2d 332, 339 (S.D.N.Y. 2009) (Ruling “any claim on the part of [Plaintiff] that
15 it acquired an exclusive license without a legally sufficient writing (of some sort) is
16 irretrievably flawed as a matter of law and, accordingly, dismissed.” (brackets
17 added)).

18 **C. Johnson's Claim for Indemnification (Seventh Cause) Should be**
19 **Dismissed as it is Contrary to Corporations Code § 317**

20 Johnson now demands indemnification under Corporations Code section 317,
21 seeking reimbursement for the defense costs he expended in the Janstor Action
22 which resulted in a judgment against him. That claim should be dismissed because it
23 is unsupported by law, and granting such a request would contravene the code and
24 lead to an inequitable result. Accordingly, he fails to state a valid claim.

25 To be eligible for indemnification under Section 317, the person seeking
26 indemnification must have been sued “by reason of the fact” that he was performing
27 his corporate duties (as a director, officer, employee, or other agent). “In other
28 words, the conduct of the agent which gives rise to the claim against him must have

1 been performed in connection with his corporate functions and not with respect to
 2 purely personal matters.” *Plate v. Sun-Diamond Growers*, 225 Cal. App.3d 1115,
 3 1123 (1990) (citation omitted). The “by reason of the fact” prerequisite is not met
 4 “[w]here *personal motives*, not the corporate good, are predominant in a transaction
 5 giving rise to an action.” *Id.* (emphasis added). For example, “[i]t would ... appear
 6 unlikely that an officer could properly claim that he was entitled to indemnification
 7 as the result of litigation brought [against him] to recover short-swing profits or
 8 profits from trading in the stock of his corporation on the basis of inside information
 9” *Id.* (citation omitted); *see also Warner v. Sims Metal Mgmt.*, Case No. C 13-
 10 02190 WHA, 2013 WL 4777314, at *2 (N.D. Cal. Sept. 6, 2013) (Granting motion to
 11 dismiss without leave to amend as to plaintiff’s indemnification claim, since plaintiff
 12 was not sued “by reason of the fact” that he was an agent of the corporation because
 13 he allegedly “converted property and submitted fraudulent expense reimbursements,
 14 which are purely self-serving acts that do not further the corporate good.”⁵ Thus,
 15 plaintiff cannot seek indemnification under either Section 2802 of the California
 16 Labor Code or Section 317 of the California Corporate Code as a matter of law ...”).

17 While Storix’s claims against Johnson in the Janstor Action were based on a
 18 breach of the duty he owed as a director, the claims did not arise out of actions he
 19 took as a director. Quite the contrary—he committed the tortious acts for his own
 20 personal gain. *See Wilshire-Doheny Assocs. Ltd. v. Shapiro*, 83 Cal.App.4th 1380,
 21 1389 (2000) (Court discussing indemnity under Section 317, and noting “the conduct
 22 of the agent which gives rise to the claim against him must have been performed in
 23 connection with his corporation functions and not with respect to purely personal
 24 matters,” and “[t]he agent must have been acting to promote the corporate good, not
 25 personal profit or interests.” (Quotes omitted).) The breach of fiduciary duty claim
 26 Storix made (and won) against Johnson arose from his activities outside of his role as

27 ⁵ *See also Allergia, Inc. v. Bouboulis*, 229 F.Supp.3d 1150 (S.D. Cal. 2017)
 28 [advancement of fees denied where claims against company president “largely – if
 not entirely – implicate Defendant’s personal motives.”]

1 a Storix director, namely pursuing a competitive venture against Storix and seeking
2 to undermine Storix's success, all for his personal gain or interests.

3 Moreover, as the California Court of Appeal has acknowledged, section 317
4 indemnity is founded on policy considerations "that persons who serve the
5 corporation in good faith should, in the absence of certain conduct (fraud, **breach of**
6 **fiduciary duties**, etc.) be free from liability for corporate acts; indemnification
7 encourages capable persons to perform their duties, secure in the knowledge that
8 expenses incurred by them despite their honesty and integrity will be borne by the
9 corporation. [Citations.]" *Wilshire-Doheny Assocs. Ltd. v. Shapiro*, 83 Cal.App.4th at
10 1388–89 (Citations omitted; emphasis added). Johnson committed just the type of
11 conduct that the Court of Appeal recognized falls outside the scope of potential
12 indemnity under section 317.⁶

13 Both the jury and the court found Johnson did breach a fiduciary duty to
14 Storix. It would be nonsensical, and contrary to the policy underlying section 317,
15 for Storix to have to pay for the defense of a disloyal company director seeking to
16 pursue a secret competitive plan and to otherwise undermine its own success, in
17 breach of his fiduciary duty to the company. Accordingly, Johnson's claim for
18 indemnification should be dismissed for failure to state a valid claim.

19 IV. CONCLUSION

20 Now unrestrained by counsel, Johnson continues his litigation onslaught
21 against Storix *pro se* with entirely frivolous allegations. His new effort to harass
22 Defendants and relitigate issues settled years ago in this court should not be
23 tolerated. Under the doctrines of res judicata, federal preemption, standing, statute of
24 limitations, and 17 U.S.C. § 204, his new contract and rescission theories are barred.

25 ⁶ Johnson's position stands in stark contrast to that of the officers and directors of
26 Storix, who he sued individually both in the Janstor Action crossclaims and in the
27 Derivative Action, based on the actions they took in their roles as company directors
28 or officers, e.g., deciding what expenses the company should pay and development
decisions for SBAdmin. The Superior Court found that Storix appropriately
advanced defense costs to them, and ultimately found none breached any fiduciary
duties to Johnson or Storix. RJN No. 20.

1 His claim to indemnification from the company against which he committed tortious
2 conduct is likewise meritless. This case should be dismissed in its entirety as against
3 Storix.

4 Respectfully submitted,

5
6 DATED: August 30, 2019

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