

George C. Lombardi (*pro hac vice*)
glombardi@winston.com
WINSTON & STRAWN LLP
35 West Wacker Drive
Chicago, IL 60601-9703
Telephone: (312) 558-5600
Facsimile: (312) 558-5700

Dustin J. Edwards (*pro hac vice*)
dedwards@winston.com
WINSTON & STRAWN LLP
800 Capitol St., Suite 2400
Houston, TX 77002-2925
Telephone: (713) 651-2600
Facsimile: (713) 651-2700

E. Danielle T. Williams (*pro hac vice*)
dwilliams@winston.com
WINSTON & STRAWN LLP
300 South Tryon Street, 16th Floor
Charlotte, NC 28202
Telephone: (704) 350-7700
Facsimile: (704) 350-7800

Michael A. Tomasulo (SBN: 179389)
mtomasulo@winston.com
Diana Hughes Leiden (SBN: 267606)
dhleiden@winston.com
WINSTON & STRAWN LLP
333 S. Grand Avenue, 38th Floor
Los Angeles, CA 90071-1543
Telephone: (213) 615-1700
Facsimile: (213) 615-1750

Michael S. Elkin (*pro hac vice*)
melkin@winston.com
WINSTON & STRAWN LLP
200 Park Avenue
New York, NY 10166
Telephone: (212) 294-6700
Facsimile: (212) 294-4700

Attorneys for Defendants
BANK OF AMERICA CORPORATION
and BANK OF AMERICA, N.A.

**UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA**

NANTWORKS, LLC, a Delaware
limited liability company, and
NANT HOLDINGS IP, LLC, a
Delaware limited liability company,

Plaintiffs,

vs.

BANK OF AMERICA
CORPORATION, a Delaware
corporation, and BANK OF
AMERICA, N.A., a national banking
association,

Defendants.

Case No. 2:20-cv-07872-GW-PVC

**DEFENDANTS BANK OF AMERICA
CORPORATION AND BANK OF
AMERICA, N.A.'S NOTICE OF
MOTION AND PARTIAL MOTION TO
DISMISS PLAINTIFFS' FIRST
AMENDED COMPLAINT;
MEMORANDUM OF POINTS AND
AUTHORITIES IN SUPPORT
THEREOF**

Hearing Date: January 25, 2021
Time: 8:30 A.M.
Location: Courtroom 9D
350 W. 1st Street
Los Angeles, CA 90012
Judge: Hon. George H. Wu

Complaint Served: August 31, 2020

PUBLIC-REDACTED VERSION OF DOCUMENT PROPOSED TO BE FILED UNDER SEAL

NOTICE OF MOTION AND MOTION

TO THE COURT, PLAINTIFFS AND THEIR ATTORNEYS OF RECORD:

PLEASE TAKE NOTICE that on January 25, 2021 at 8:30 AM, or as soon thereafter as the matter may be heard, in Courtroom 9D of this Court, located at 350 W. 1st Street, Los Angeles, California 90012, Defendants BANK OF AMERICA CORPORATION and BANK OF AMERICA, N.A. (collectively, “Bank of America”) will and hereby do move this Court for an order dismissing Plaintiffs NANTWORKS, LLC and NANT HOLDINGS IP, LLC’s (collectively, “NantWorks”) copyright, trade secrets, and breach of contract claims from the First Amended Complaint. ECF No. 40.

Bank of America moves to dismiss these claims from the First Amended Complaint pursuant to Rule 12(b)(1) and Rule 12(b)(6) of the Federal Rules of Civil Procedure. This Motion is based on this Notice of Motion and Motion, the attached Memorandum of Points and Authorities in support of the Motion filed concurrently herewith, the Declaration of E. Danielle T. Williams, the record and the Court file, and any evidence and argument that may be presented at or before the hearing.

This Motion is made following the conference of counsel pursuant to L.R. 7-3 which took place on November 20, 2020.

Dated: December 2, 2020

WINSTON & STRAWN LLP

By: /s/ E. Danielle T. Williams

George C. Lombardi
Michael S. Elkin
E. Danielle T. Williams
Dustin J. Edwards
Michael A. Tomasulo
Diana Hughes Leiden

Attorneys for Defendants
BANK OF AMERICA CORPORATION
and BANK OF AMERICA, N.A.

TABLE OF CONTENTS

	Page
I. INTRODUCTION	1
II. FACTUAL BACKGROUND	2
III. LEGAL STANDARD	4
IV. ARGUMENT.....	6
A. NantWorks’s Allegations and the Assignment Agreement Establish that NantWorks Does Not Own the Copyright and Therefore Lacks Standing.....	6
B. NantWorks Impermissibly Combines Distinct Copyright Claims into a Single Cause of Action and Fails to Allege Facts Sufficient to Sustain a Claim for Contributory or Vicarious Infringement.....	9
C. NantWorks’s Trade Secret Claims Are Untimely.	11
1. NantWorks’s CUTSA claim is still untimely because the claim is premised on continuing violations.	11
2. NantWorks’s DTSA claim remains time-barred.....	13
D. NantWorks’s Trade Secret Claims are not Pled with Particularity.	14
E. The Copyright Act Preempts NantWorks’s CUTSA Claim.	18
F. NantWorks’s Amendments Do Not Change the Fact that Its Breach of Contract Claim Is Preempted as a Matter of Law.	20
V. CONCLUSION	21

TABLE OF AUTHORITIES

Page(s)

Cases

<i>Allen v. City of Beverly Hills</i> , 911 F.2d 367 (9th Cir. 1990)	5, 21
<i>Ashcroft v. Iqbal</i> , 556 U.S. 662 (2009).....	4, 5, 10
<i>Avago Techs. U.S. Inc. v. Nanoprecision Prod., Inc.</i> , 2017 WL 412524 (N.D. Cal. Jan. 31, 2017).....	17
<i>Beatport v. SoundCloud</i> , 2019 WL 6330680 (C.D. Cal. Apr. 11, 2019).....	15, 16
<i>Bell Atl. Corp. v. Twombly</i> , 550 U.S. 544 (2007).....	4, 5, 10
<i>Cadence Design Sys., Inc. v. Avant! Corp.</i> , 29 Cal. 4th 215 (2002)	12
<i>Cave Consulting Grp., Inc. v. Truven Health Analytics Inc.</i> , 2017 WL 1436044 (N.D. Cal. Apr. 24, 2017).....	13
<i>Cobbler Nevada, LLC v. Gonzales</i> , 901 F.3d 1142 (9th Cir. 2018)	10
<i>Del Madera Props. v. Rhodes and Gardner, Inc.</i> , 820 F.2d 973 (9th Cir. 1987)	2, 19, 21
<i>DRK Photo v. McGraw-Hill Glob. Educ. Holdings, LLC</i> , 870 F.3d 978 (9th Cir. 2017)	7
<i>Emazing Lights LLC v. De Oca</i> , 2016 WL 3658945 (C.D. Cal. Jan. 7, 2016).....	16
<i>Entous v. Viacom Int’l, Inc.</i> , 151 F. Supp. 2d 1150 (C.D. Cal. 2001).....	20, 21
<i>Feist Publications, Inc. v. Rural Tel. Serv. Co.</i> , 499 U.S. 340 (1991).....	8

1	<i>Fourth Estate Pub. Benefit Corp. v. Wall-Street.com, LLC,</i>	
2	139 S. Ct. 881 (2019).....	1, 2, 6, 7
3	<i>Gabriel Techs. Corp. v. Qualcomm Inc.,</i>	
4	857 F. Supp. 2d 997 (S.D. Cal. 2012)	13
5	<i>Grange Debris Box & Wrecking Co. v. Super. Ct.,</i>	
6	16 Cal. App. 4th 1349 (1993).....	13
7	<i>HiRel Connectors, Inc. v. United States,</i>	
8	465 F. Supp. 2d 984 (C.D. Cal. 2005).....	12
9	<i>InteliClear, LLC v. ETC Glob. Holdings, Inc.,</i>	
10	978 F.3d 653 (9th Cir. 2020)	15
11	<i>Invisible Dot, Inc. v. DeDecker,</i>	
12	2019 WL 1718621 (C.D. Cal. Feb. 6, 2019)	15
13	<i>Jobscience, Inc v. CVPartners, Inc.,</i>	
14	2014 WL 93976 (N.D. Cal. Jan. 9, 2014).....	15, 19
15	<i>Kieu Hoang v. Lang Van, Inc.,</i>	
16	2019 WL 6654130 (C.D. Cal. July 1, 2019)	9
17	<i>Knieval v. ESPN,</i>	
18	393 F.3d 1068 (9th Cir. 2005)	8
19	<i>Kokkonen v. Guardian Life Ins. Co. of Am.,</i>	
20	511 U.S. 375 (1994).....	5
21	<i>Kraft Americas, LP v. Oldcastle Precast, Inc.,</i>	
22	2013 WL 12125759 (C.D. Cal. Dec. 18, 2013).....	12
23	<i>Laws v. Sony Music Entm't, Inc.,</i>	
24	448 F.3d 1134 (9th Cir. 2006)	19
25	<i>Leadsinger, Inc. v. BMG Music Publ'g,</i>	
26	429 F. Supp. 2d 1190 (C.D. Cal. 2005).....	5
27	<i>Luvdarts, LLC v. AT & T Mobility, LLC,</i>	
28	710 F.3d 1068 (9th Cir. 2013)	10
	<i>Marshall & Swift/Boeckh, LLC v. URS Corp.,</i>	
	2009 WL 10668449 (C.D. Cal. Aug. 26, 2009)	20

1	<i>Mattel, Inc. v. MGA Entm't, Inc.</i> ,	
2	782 F. Supp. 2d 911 (C.D. Cal. 2011).....	15, 16
3	<i>Miller v. Rykoff-Sexton, Inc.</i> ,	
4	845 F.2d 209 (9th Cir. 1988)	5
5	<i>Nafal v. Carter</i> ,	
6	388 F. App'x 721 (9th Cir. 2010).....	8, 9
7	<i>Nelson Bros. Pro. Real Estate LLC v. Jaussi</i> ,	
8	2017 WL 8220428 (C.D. Cal. Jun. 27, 2017).....	18
9	<i>Nguyen v. Bank of Am., NA</i> ,	
10	563 F. App'x 558 (9th Cir. 2014).....	8
11	<i>Pak's Trading Europe B.V. v. Target</i> ,	
12	2018 WL 8333362 (C.D. Cal. July 5, 2018)	9
13	<i>Rumble, Inc. v. Daily Mail & Gen. Tr. PLC</i> ,	
14	459 F. Supp. 3d 1294 (C.D. Cal. 2020).....	21
15	<i>Seven Arts Filmed Entm't Ltd. v. Content Media Corp. PLC</i> ,	
16	733 F.3d 1251 (9th Cir. 2013)	7
17	<i>Silvers v. Sony Pictures Ent'mt Inc.</i> ,	
18	402 F.3d 881 (9th Cir. 2005)	6, 7, 8, 9
19	<i>Sleep Sci. Partners v. Lieberman</i> ,	
20	2010 WL 1881770 (N.D. Cal. May 10, 2010)	19
21	<i>Stock West, Inc. v. Confederated Tribes</i> ,	
22	873 F.2d 1221 (9th Cir. 1989)	5
23	<i>Sybersound Records, Inc. v. UAV Corp.</i> ,	
24	517 F.3d 1137 (9th Cir. 2008)	2, 18
25	<i>Ultimax Cement Mfg. Corp. v. CTS Cement Mfg. Corp.</i> ,	
26	587 F.3d 1339 (Fed. Cir. 2009)	17
27	<i>Universal Surface Tech., Inc. v. Sae-A Trading Am. Corp.</i> ,	
28	2011 WL 281020 (C.D. Cal. Jan. 26, 2011).....	6
	<i>Vander Music v. Azteca Int'l Corp.</i> ,	
	2010 WL 11519506 (C.D. Cal. Sept. 15, 2010).....	10

Veronica Foods Co. v. Ecklin,
2017 WL 2806706 (N.D. Cal. June 29, 2017) 13

Warren v. Fox Fam. Worldwide, Inc.,
328 F.3d 1136 (9th Cir. 2003) 6

Statutes

17 U.S.C.

§ 101 *et seq.* *passim*
§ 102 18
§ 103 18
§ 106 8, 18
§ 204(a) 9
§ 301 20
§ 411(a) 1
§ 501 1
§ 501(b) 7, 8

18 U.S.C.

§ 1836 13, 14
§ 1836 *et seq.* *passim*
§ 1839(5)(A)(B) 13

Cal. Civ. Code

§ 3426 *et seq.* *passim*
§ 3426.6 11, 12

Other Authorities

Fed. R. Civ. P.

8 4, 10
10(b) 10
12(b)(1) 5, 6
12(b)(6) 5, 6

I. INTRODUCTION

Plaintiffs' First Amended Complaint ("FAC") fares no better than the original Complaint as to the very claims Bank of America moved to dismiss in October 2020. Once again, NantWorks asserts twelve separate claims for relief against Bank of America—patent infringement claims related to eight patents, violation of the Defend Trade Secrets Act ("DTSA"), misappropriation of trade secrets under the California Uniform Trade Secrets Act ("CUTSA"), breach of contract under California and New York law, and copyright infringement. But NantWorks's second effort does not show entitlement to the relief sought for any of the non-patent claims.

First, NantWorks has no standing to bring a claim for copyright infringement. Only the legal or beneficial owner of a copyright is entitled to bring suit. 17 U.S.C. § 501. And a copyright registration is a prerequisite to bringing a copyright infringement suit. 17 U.S.C. § 411(a); *Fourth Estate Pub. Benefit Corp. v. Wall-Street.com, LLC*, 139 S. Ct. 881, 891 (2019). The claimant on the only copyright registration asserted is NantMobile LLC—which is not a party to this case. Plaintiffs assert they have standing based on an assignment; but that agreement conveyed only the [REDACTED] and not any exclusive rights under the Copyright Act, which is insufficient as a matter of law to confer standing. NantWorks's copyright claim thus still fails at the outset. And even if NantWorks had standing to bring any copyright infringement claim, it has failed to allege facts sufficient to sustain a claim for contributory or vicarious infringement.

Second, NantWorks's misappropriation of trade secrets claims under both the DTSA and the CUTSA are time-barred. In an effort to cure the defects in its original Complaint, NantWorks alleges it provided its mobile deposit software containing its trade secrets to Bank of America in 2013, and Bank of America allegedly misappropriated these trade secrets in 2014, 2015, 2016, 2017 and 2018. The FAC, however, makes clear NantWorks provided no alleged trade secrets to Bank of America after 2013. Because the alleged first use in 2014 triggered the statute of limitations, and

1 any misappropriation thereafter was merely “continuing use,” NantWorks’s addition of
2 more years of purported use fails to cure its original pleading defect. Thus,
3 NantWorks’s DTSA claim and CUTSA claim remain time-barred.

4 *Third*, NantWorks still fails to plead its trade secret claims with the requisite
5 particularity. This time, NantWorks alleges its software includes “proprietary
6 algorithms and information relating to digital image recognition and processing
7 systems,” and that this information is “secret” because NantWorks removed the
8 unspecified secret portions of the software from the copy of the Advanced Mobile
9 Deposit Software deposited with the Library of Congress. As this District has held,
10 these allegations do not meet the pleading requirements because they do not identify
11 the trade secrets with particularity or allege how they are supposedly secret.

12 *Fourth*, the Copyright Act preempts both NantWorks’s claim for
13 misappropriation of trade secrets under CUTSA and its breach of contract claim.
14 Preemption applies when the subject matter and rights in trade secrets are coextensive
15 with a copyright. *See Sybersound Records, Inc. v. UAV Corp.*, 517 F.3d 1137, 1150
16 (9th Cir. 2008). The same principle is true for breach of contract claims. *See Del*
17 *Madera Props. v. Rhodes and Gardner, Inc.*, 820 F.2d 973, 977 (9th Cir. 1987).
18 NantWorks’s CUTSA claim and its breach of contract claim are based on the same
19 nucleus of facts as its copyright infringement claim—namely, use of NantWorks’s
20 Advanced Mobile Deposit Software Software—and are therefore preempted by federal
21 copyright law.

22 As explained in more detail below, even accepting any factual allegations as true,
23 one cannot draw a reasonable inference that Bank of America is liable for any of the
24 non-patent claims NantWorks asserts. Accordingly, the Court should dismiss
25 NantWorks’s claims for copyright infringement, misappropriation of trade secrets, and
26 breach of contract with prejudice.

27 **II. FACTUAL BACKGROUND**

28 According to the FAC, NantWorks’s claims relate to image recognition

1 technology IPPLEX developed and NantWorks allegedly acquired in August 2010.
2 FAC ¶¶ 17, 19. NantWorks alleges Bank of America misappropriated its image
3 recognition technology for use in its own mobile check deposit product. *Id.* ¶¶ 13, 34–
4 37.

5 The FAC alleges that after a Bank of America executive observed a
6 demonstration of NantWorks’s technology at a conference in April 2010, NantWorks
7 contractually agreed to share its technology for purposes of evaluating potential use in
8 Bank of America’s mobile check deposit product. *Id.* ¶¶ 21–24. As part of the
9 evaluation, NantWorks provided Bank of America with demonstration applications
10 containing mobile check deposit technology in 2012. *Id.* ¶ 27. NantWorks further
11 alleges that despite Bank of America’s releasing its own commercial mobile check
12 deposit software in July 2012, Bank of America continued to express interest in
13 implementing NantWorks’s technology, and in early 2013 NantWorks shared additional
14 information about its technology, including developer manuals and header files. *Id.*
15 ¶¶ 29–31. NantWorks theorizes that this information allowed Bank of America to
16 incorporate NantWorks’s mobile check deposit technology into its own mobile
17 checking application. *Id.* ¶ 31, 36. According to NantWorks, when the relationship and
18 evaluation period ended in 2013, NantWorks believed that Bank of America had
19 decided to develop its own mobile check deposit technology. *Id.* ¶ 33.

20 Nearly five years later, in the Spring of 2018, NantWorks allegedly discovered
21 that Bank of America purportedly accessed NantWorks’s mobile deposit software after
22 the parties’ collaboration ended in 2013. *Id.* ¶ 34. Specifically, the FAC states that
23 NantWorks investigated a “software development database” previously used for testing
24 and debugging of NantWorks’s mobile check deposit software. *Id.* During this
25 investigation, NantWorks purportedly found “reports” including information regarding
26 when and from what networks NantWorks’s software was used. *Id.* NantWorks claims
27 that several reports of the software’s use originated from Bank of America after the
28 parties’ collaboration ended in 2013. *Id.* ¶ 35.

1 The FAC alleges that “[u]pon information and belief,” Bank of America used
 2 NantWorks mobile check deposit software “hundreds of times during 2014, 2015, 2016,
 3 2017 and 2018.” *Id.* ¶ 36. But the FAC identifies only one specific example of such an
 4 alleged use of NantWorks’s software: “following the 2014 unauthorized use of
 5 NantWorks’[s] mobile check deposit software as reflected in the development database,
 6 [Bank of America] implemented automatic image capture and confirmation features,
 7 which were developed by NantWorks and found in NantWorks’[s] proprietary mobile
 8 check deposit software.” *Id.* ¶ 37. The FAC further alleges that “[t]he software
 9 development database continued to receive reports into the Spring of 2018,” but
 10 identifies no specific reports, and does not allege that Bank of America is associated
 11 with these later-received reports. *Id.* ¶ 38. NantWorks’s copyright, trade secret, and
 12 breach of contract claims are based on its “Advanced Mobile Deposit Software,” which
 13 it defines to include “source code, object code, and libraries for the mobile check deposit
 14 software.” *Id.* ¶¶ 189, 205, 215.

15 Based on these allegations, NantWorks brings claims for patent infringement
 16 (Counts I–VIII), copyright infringement (Count IX), violation of the Defend Trade
 17 Secrets Act (Count X), misappropriation of trade secrets under California law (Count
 18 XI), and breach of contract under California and New York law (Count XII).

19 **III. LEGAL STANDARD**

20 Rule 8(a)(2) requires that a pleading contain “‘a short and plain statement of the
 21 claim showing that the pleader is entitled to relief,’ in order to ‘give the defendant fair
 22 notice of what the . . . claim is and the grounds upon which it rests.’” *Bell Atl. Corp. v.*
 23 *Twombly*, 550 U.S. 544, 555 (2007) (quoting *Conley v. Gibson*, 355 U.S. 41, 47 (1957));
 24 *see also* Fed. R. Civ. P. 8(a)(2).

25 “To survive a motion to dismiss, a complaint must contain sufficient factual
 26 matter, accepted as true, to state a claim to relief that is plausible on its face.” *Ashcroft*
 27 *v. Iqbal*, 556 U.S. 662, 678 (2009). While a complaint need not include detailed factual
 28 allegations, “a plaintiff’s obligation to provide the ‘grounds’ of his ‘entitle[ment] to

1 relief’ requires more than labels and conclusions.” *Twombly*, 550 U.S. at 555. “[A]
2 formulaic recitation of the elements of a cause of action will not do. . . . Factual
3 allegations must be enough to raise a right to relief above the speculative level.” *Id.*
4 Accordingly, “[w]here a complaint pleads facts that are merely consistent with a
5 defendant’s liability, it stops short of the line between possibility and plausibility of
6 entitlement to relief.” *Id.* at 678 (internal quotations omitted). Under Rule 12(b)(6) of
7 the Federal Rules of Civil Procedure, a pleading which fails to state a claim upon which
8 relief can be granted must be dismissed. *Twombly*, 550 U.S. at 570.

9 Dismissal is appropriate under Rule 12(b)(1) when the court lacks subject matter
10 jurisdiction over the claim. Fed. R. Civ. P. 12(b)(1). Although lack of subject matter
11 jurisdiction is an affirmative defense, the burden of proof in a Rule 12(b)(1) motion is
12 on the party asserting jurisdiction, and the court will presume a lack of jurisdiction until
13 the pleader proves otherwise. *Kokkonen v. Guardian Life Ins. Co. of Am.*, 511 U.S. 375,
14 377 (1994); *Stock West, Inc. v. Confederated Tribes*, 873 F.2d 1221, 1225 (9th Cir.
15 1989).

16 Although a motion to dismiss may be granted with leave to amend, “discretion to
17 deny leave to amend is particularly broad where plaintiff has previously amended the
18 complaint” as here. *Allen v. City of Beverly Hills*, 911 F.2d 367, 373 (9th Cir. 1990)
19 (finding district court did not abuse its discretion in dismissing action with prejudice).
20 Furthermore, leave to amend is not required where “any amendment would be futile.”
21 *Leadsinger, Inc. v. BMG Music Publ’g*, 429 F. Supp. 2d 1190, 1197 (C.D. Cal. 2005);
22 *Miller v. Rykoff-Sexton, Inc.*, 845 F.2d 209, 214 (9th Cir. 1988), overruled on other
23 grounds by *Iqbal*, 556 U.S. 662 (citation omitted) (futility means that “no set of facts
24 can be proved under the amendment to the pleadings that would constitute a valid and
25 sufficient claim or defense”).
26
27
28

1 **IV. ARGUMENT**

2 **A. NantWorks's Allegations and the Assignment Agreement Establish**
 3 **that NantWorks Does Not Own the Copyright and Therefore Lacks**
 4 **Standing.**

5 The FAC establishes NantWorks does not own the copyright to Advanced Mobile
 6 Deposit Software and therefore lacks standing to assert a claim for copyright
 7 infringement. NantWorks's FAC also establishes NantWorks has no registration to the
 8 copyright at issue, a statutory prerequisite to filing suit. *Fourth Estate*, 139 S. Ct. at
 9 891. Either defect is fatal to NantWorks's copyright claim pursuant to Rules 12(b)(1)
 10 and 12(b)(6). *See Warren v. Fox Fam. Worldwide, Inc.*, 328 F.3d 1136, 1140 (9th Cir.
 11 2003) (Rule 12(b)(1) motion appropriate to attack standing under the Copyright Act);
 12 *Universal Surface Tech., Inc. v. Sae-A Trading Am. Corp.*, 2011 WL 281020, at *6
 13 (C.D. Cal. Jan. 26, 2011) (dismissing copyright claim for lack of standing under Rule
 14 12(b)(6)). And while NantWorks alleges NantMobile LLC assigned its ownership
 15 rights to NantWorks, the assignment agreement incorporated by reference into the FAC
 16 reveals that NantMobile [REDACTED] which is
 17 insufficient to establish statutory standing. *See Silvers v. Sony Pictures Ent'mt Inc.*, 402
 18 F.3d 881, 890 (9th Cir. 2005).

19 NantWorks alleges that "source code, object code, and libraries for
 20 NantWorks'[s] Advanced Mobile Deposit Software v. 1.0 are original literary works of
 21 authorship by NantWorks employed programmers" are entitled to copyright protection.
 22 FAC ¶ 190. The FAC included a Copyright Registration No. TX0008852717 for a
 23 Computer File titled "Advanced Mobile Deposit v. 1.0," created in "2013" and
 24 published on January 1, 2013. *Id.* Ex. I, at 2. The copyright claimant is NantMobile
 25 LLC. *Id.* NantWorks alleges that it "owns and has a valid copyright in the
 26 NantWorks'[s] Advanced Mobile Deposit Software v. 1.0." *Id.* ¶ 188. NantWorks
 27 alleges that its subsidiary "NantMobile assigned its ownership rights in the
 28

1 NantWorks’[s] Advanced Mobile Deposit Software v. 1.0 to NantWorks prior to the
 2 filing of this action.” *Id.* NantWorks further alleges that Bank of America copied,
 3 publicly displayed, and distributed products derived from NantWorks’s Advanced
 4 Mobile Deposit Software, and that Bank of America’s products are substantially similar
 5 to NantWorks’s software. *Id.* ¶¶ 194-95.

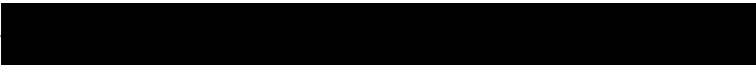
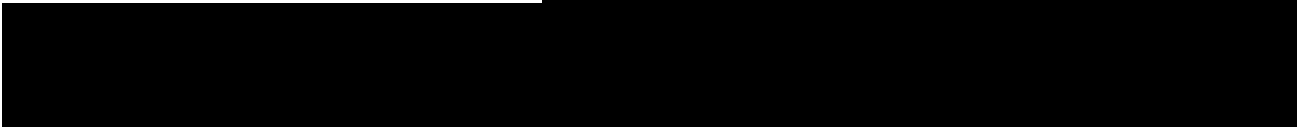

6 But under the Copyright Act of 1976, only “[t]he legal or beneficial owner of an
 7 exclusive right under a copyright is entitled . . . to institute an action for any
 8 infringement of that particular right committed while he or she is the owner of it.” 17
 9 U.S.C. § 501(b); *see Seven Arts Filmed Entm’t Ltd. v. Content Media Corp. PLC*, 733
 10 F.3d 1251, 1254 (9th Cir. 2013). The plaintiff carries the burden of establishing a
 11 qualifying ownership interest, “both as a substantive element of the infringement claim,
 12 [] and as a necessary predicate for standing to bring the claim.” *DRK Photo v. McGraw-*
 13 *Hill Glob. Educ. Holdings, LLC*, 870 F.3d 978, 986 (9th Cir. 2017) (citations omitted).

14 In addition, registration of the copyright claim is a statutory prerequisite to filing
 15 suit for copyright infringement. *Fourth Estate*, 139 S. Ct. at 887 (“registration is akin
 16 to an administrative exhaustion requirement that the owner must satisfy before suing to
 17 enforce ownership rights.”).

18 Here, NantMobile is the registrant of a copyright for Advanced Mobile Deposit
 19 v 1.0 – not either of the Plaintiffs. FAC, Ex. I, at 1.

<p style="text-align: center;"><i>Advanced Mobile Deposit v 1.0.</i></p> <p style="text-align: center;">Type of Work: Computer File</p> <p style="text-align: center;">Registration Number / Date: TX0008852717 / 2020-03-05</p> <p style="text-align: center;">Application Title: Advanced Mobile Deposit v 1.0.</p> <p style="text-align: center;">Title: Advanced Mobile Deposit v 1.0.</p> <p style="text-align: center;">Description: Electronic file (eService)</p> <p style="text-align: center;">Copyright Claimant: NantMobile LLC. Address: 9920 Jefferson Blvd., Culver City, CA, 90232, United States.</p>
--

26 But NantMobile is not a plaintiff in this case. And the assignment agreement
 27 shows NantMobile conveyed only [REDACTED]

1 and not any of the enumerated exclusive rights under Section 106 of the Copyright Act.¹
 2 See Williams Decl., Ex. 1, § 1.1 (“
 3 
 4 ”). In a case directly on point, the Ninth Circuit held that “the bare
 5 assignment of an accrued cause of action” is insufficient to create standing to sue as the
 6 “owner of an exclusive right” as set forth in Section 501(b) of the Copyright Act because
 7 it does not convey any of the exclusive rights under a copyright. *Silvers*, 402 F.3d at
 8 890.
 9

10 Because the assignment is insufficient to create standing for NantWorks to sue
 11 under *Silvers*, NantWorks lacks standing to bring a copyright claim and has initiated
 12 this lawsuit without a copyright registration. Both are independent grounds for
 13 dismissal. See *Feist Publications, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340, 361 (1991);
 14 *Nafal v. Carter*, 388 F. App’x 721, 723 (9th Cir. 2010) (“the assignment documents at
 15 issue here did not actually grant Plaintiff an ownership interest in an exclusive copyright
 16 license. Rather, the documents were a disguised assignment of a cause of action
 17
 18

19 ¹ The Court may consider the assignment agreement, which is attached to the
 20 Declaration of E. Danielle T. Williams as Exhibit 1, because NantWorks incorporated
 21 it by reference into the FAC and NantWorks’s copyright claim depends on it. *Knieval*
 22 *v. ESPN*, 393 F.3d 1068, 1076 (9th Cir. 2005) (“incorporation by reference” doctrine
 23 extends “to situations in which the plaintiff’s claim depends on the contents of a
 24 document, the defendant attaches the document to its motion to dismiss, and the parties
 25 do not dispute the authenticity of the document, even though the plaintiff does not
 26 explicitly allege the contents of that document in the complaint”) (internal citation
 27 omitted). The Court may consider it for the independent reason that the assignment
 28 agreement’s terms conflict with NantWorks’s ownership allegations. *Nguyen v. Bank*
of Am., NA, 563 F. App’x 558, 558 (9th Cir. 2014) (rejecting “allegations [] contradicted
 by other sections of the complaint, as well as the exhibits [] attached to it”—“when an
 exhibit to a complaint is inconsistent with the complaint’s allegations, the exhibit
 controls”) (citation omitted).

1 prohibited under [*Silvers*]”).²

2 Courts do not hesitate to dismiss copyright claims where the plaintiff’s
3 allegations fail to establish ownership and standing. For example, in *Pak’s Trading*
4 *Europe B.V. v. Target*, 2018 WL 8333362, at *7 (C.D. Cal. July 5, 2018), the court
5 granted the defendant’s motion to dismiss where the plaintiff’s copyright claim relied
6 on a registration that listed a different entity as the claimant and “the [p]laintiff [did]
7 not allege any facts showing that [the separate entity] granted [the plaintiff] any
8 exclusive rights in the copyright at issue.” *See also Kieu Hoang v. Lang Van, Inc.*, 2019
9 WL 6654130, at *4 (C.D. Cal. July 1, 2019) (dismissing the plaintiff’s copyright claim
10 because the plaintiff did “not adequate[ly] [] establish standing at the pleading stage”
11 where it was assigned ownership rights from a separate entity listed as the owner on the
12 copyright registration).

13 Because NantWorks is not the claimant on the copyright registration and “the
14 assignment document[] at issue here did not actually grant Plaintiffs an ownership
15 interest,” NantWorks lacks statutory standing to sue and the claim should be dismissed.
16 *Nafal*, 388 F. App’x at 723.

17 **B. NantWorks Impermissibly Combines Distinct Copyright Claims into**
18 **a Single Cause of Action and Fails to Allege Facts Sufficient to**
19 **Sustain a Claim for Contributory or Vicarious Infringement.**

20 Even assuming NantWorks had standing to bring a copyright infringement claim
21 at all, this claim fails for the additional reason that the FAC impermissibly lumps
22 together three distinct copyright claims into a single cause of action. Furthermore,
23 NantWorks’s conclusory allegations are insufficient to state a claim for either
24 contributory or vicarious copyright infringement.

25 ² To the extent that NantWorks is relying on any other assignment to prove ownership
26 rights, this assignment must be in writing under Section 204(a) of the Copyright Act.
27 17 U.S.C. § 204(a) (“A transfer of copyright ownership, other than by operation of law,
28 is not valid unless . . . the transfer[] is in writing and signed by the owner of the rights
conveyed or such owner’s duly authorized agent.”).

1 NantWorks alleges that “users of BoA’s mobile application must have obtained
 2 and used” NantWorks’s copyrighted software by accessing Bank of America’s mobile
 3 banking application, and therefore that “BoFA has thus induced, caused, and materially
 4 contributed to the infringing acts of others by encouraging, inducing, allowing and
 5 assisting others to use, copy, publically [sic] display, and distribute” NantWorks’s
 6 software. FAC ¶ 197. NantWorks alleges that therefore Bank of America has engaged
 7 in “direct, contributory, and/or vicarious copyright infringement.” *Id.* ¶ 198. Because
 8 NantWorks fails to “separately identify or describe the causes of action ... to determine
 9 whether each cause of action is for direct, contributory, or vicarious infringement,” the
 10 claim must be dismissed. *Vander Music v. Azteca Int’l Corp.*, 2010 WL 11519506, at
 11 *2 (C.D. Cal. Sept. 15, 2010) (dismissing copyright claim where the pleading “lumps
 12 all of its causes of action in a single paragraph in violation of Federal Rules of Civil
 13 Procedure 10(b) and 8(a)(2)”; *see also* Fed. R. Civ. P. 10(b) (a complaint must state
 14 “claims ... in numbered paragraphs, each limited as far as practicable to a single set of
 15 circumstances.”).

16 Even setting aside this pleading defect, the FAC is devoid of any factual
 17 allegations that could sustain a claim for either contributory or vicarious copyright
 18 infringement. A contributory infringement occurs when the defendant, “with
 19 knowledge of the infringing activity, induces, causes or materially contributes to the
 20 infringing conduct of another.” *Cobbler Nevada, LLC v. Gonzales*, 901 F.3d 1142,
 21 1147 (9th Cir. 2018) (citation omitted). And a vicarious infringement claim must allege
 22 that the defendant had both the (1) “‘right and ability to supervise the infringing activity’
 23 and (2) ‘a direct financial interest’ in the activity.” *Luvdarts, LLC v. AT & T Mobility,*
 24 *LLC*, 710 F.3d 1068, 1071 (9th Cir. 2013) (citation omitted). The FAC merely parrots
 25 the elements of a contributory infringement claim and lacks even *conclusory* allegations
 26 that Bank of America engaged in vicarious infringement. This is insufficient to state a
 27 claim. *Twombly*, 550 U.S. at 544; *Iqbal*, 129 S. Ct. at 1949 (court need not accept as
 28 true “[t]hreadbare recitals of the elements of a cause of action, supported by mere

conclusory statements...”). Therefore, if the claim is not dismissed on standing grounds, the Court should find that NantWorks has failed to allege a claim for secondary copyright infringement.

C. NantWorks’s Trade Secret Claims Are Untimely.

NantWorks’s trade secret claims under both the DTSA and CUTSA are untimely and should be dismissed with prejudice. According to the FAC, from 2010 to 2013, NantWorks provided Bank of America access to NantWorks’s mobile deposit software and other materials allegedly containing NantWorks’s trade secrets, and NantWorks provided these alleged trade secrets pursuant to confidentiality provisions in various agreements the parties executed in 2010, 2011, and 2013. FAC ¶¶ 23-32; 206. Bank of America allegedly misappropriated these trade secrets in 2014 and continued misappropriating these same trade secrets through 2018. *Id.* ¶ 36. Bank of America allegedly improperly incorporated these trade secrets in the “commercially available versions of its mobile check deposit software that BoA has provided to its customers from 2014 to the present.” *Id.* ¶¶ 207, 217. Here, the alleged first misappropriation in 2014 triggered the statute of limitations, and any misappropriation after that was “a continuing misappropriation constitut[ing] a single claim.” Thus, NantWorks’s trade secret claims are untimely and must be dismissed with prejudice.

1. NantWorks’s CUTSA claim is still untimely because the claim is premised on continuing violations.

The Court should dismiss NantWorks’s CUTSA claim as untimely because it was brought outside of the three-year statute of limitations. A claim for trade secret misappropriation under CUTSA must be brought within three years after the misappropriation is discovered or by the exercise of reasonable diligence should have been discovered. Cal. Civ. Code § 3426.6.

NantWorks attempts to avoid the statutory bar by alleging Bank of America misappropriated the alleged trade secrets “hundreds of times during 2014, 2015, 2016, 2017 and 2018” and incorporated those trade secrets into its product from 2014 to the

1 present. FAC ¶ 217. Under California Civil Code section 3426.6, however, these
 2 allegations do not avoid the statutory bar because the law expressly rejects a continuing
 3 tort theory for misappropriation of trade secrets for the purposes of the statute of
 4 limitations, providing that “a continuing misappropriation constitutes a single claim.”
 5 Cal. Civ. Code § 3426.6. As the California Supreme Court confirmed, “the continued
 6 improper use or disclosure of a trade secret after defendant’s initial misappropriation is
 7 viewed . . . as part of a single claim of continuing misappropriation accruing at the time
 8 of the initial misappropriation.” *See Cadence Design Sys., Inc. v. Avant! Corp.*, 29 Cal.
 9 4th 215, 218 (2002). In expressly rejecting the “continuing wrong approach to the
 10 statute of limitations,” the California Supreme Court observed that a *misappropriation*
 11 occurs “with each misuse or wrongful disclosure of the secret” while a *claim for*
 12 *misappropriation* of a trade secret “arises for a given plaintiff against a given defendant
 13 only once, at the time of the initial misappropriation.” *Id.* at 222.

14 This applies to both “separate misappropriations of related trade secrets” and
 15 “multiple misappropriations of a single secret”; in both instances, a single claim arises
 16 on “the date of the initial misappropriation.” *HiRel Connectors, Inc. v. United States*,
 17 465 F. Supp. 2d 984, 989–91 (C.D. Cal. 2005).

18 Here, NantWorks alleges it provided Bank of America access to the trade secrets
 19 at issue between 2010 and 2013, and Bank of America continuously misappropriated
 20 those same trade secrets from 2014 to 2018. Thus, NantWorks is alleging a single *claim*
 21 consisting of multiple alleged *misappropriations*. Regardless whether this is
 22 characterized as “separate misappropriations of related trade secrets” or “multiple
 23 misappropriations of a single secret,” the claim indisputably arose in 2014, the date of
 24 the alleged initial misappropriation. *Id.* ¶¶ 207, 217; *HiRel* at 988–89. Under California
 25 law, the alleged misappropriation in 2014 triggered the statute of limitations for
 26 NantWorks’s entire claim and the allegations of subsequent access of those same trade
 27 secrets, or related trade secrets, do not give rise to new claims. *Id.*; *see also Kraft*
 28 *Americas, LP v. Oldcastle Precast, Inc.*, 2013 WL 12125759, at *14 (C.D. Cal. Dec.

1 18, 2013) (“contention that [Defendant] continued improperly to use [Plaintiff’s] trade
 2 secrets . . . does not have any effect on the limitations period”); *Gabriel Techs. Corp. v.*
 3 *Qualcomm Inc.*, 857 F. Supp. 2d 997, 1003 (S.D. Cal. 2012) (first alleged
 4 misappropriation triggered statute of limitations for entire claim where “all of Plaintiffs’
 5 purported trade secrets were allegedly shared in the same time period and in connection
 6 with the same relationship”).

7 In short, the FAC makes clear that the alleged trade secret claim arose in 2014,
 8 and has been time-barred since 2017, when the three year statute of limitations expired.
 9 Because the FAC does not allege that NantWorks was unable to discover the alleged
 10 misappropriations earlier, or that it exercised reasonable diligence, the claim should be
 11 dismissed, with prejudice. *Grange Debris Box & Wrecking Co. v. Super. Ct.*, 16 Cal.
 12 App. 4th 1349, 1360 (1993) (to avoid dismissal “plaintiff must plead facts which show
 13 an excuse, tolling, or other basis for avoiding the statutory bar”).

14 **2. NantWorks’s DTSA claim remains time-barred.**

15 NantWorks’s DTSA claim must also be dismissed because the three-year statute
 16 of limitations has long since passed. Under the Act, “misappropriation” consists of (a)
 17 “acquisition of a trade secret” by a person who knows or should know the secret was
 18 improperly acquired or (b) “disclosure or use of a trade secret of another without express
 19 or implied consent.” 18 U.S.C. § 1839(5)(A)(B); *Cave Consulting Grp., Inc. v. Truven*
 20 *Health Analytics Inc.*, 2017 WL 1436044, at *5 (N.D. Cal. Apr. 24, 2017). Similar to
 21 the CUTSA, a civil action under the DSTA “may not be commenced later than 3 years
 22 after the date on which the misappropriation . . . is discovered or by the exercise of
 23 reasonable diligence should have been discovered.” 18 U.S.C. § 1836. The statute
 24 further provides that “a continuing misappropriation constitutes a single claim of
 25 misappropriation.” *Id.*

26 The DTSA applies only to “any misappropriation of a trade secret ... for which
 27 any act occurs on or after [May 11, 2016,] the date of the enactment of [the] Act.”
 28 *Veronica Foods Co. v. Ecklin*, 2017 WL 2806706, at *13 (N.D. Cal. June 29, 2017)

(citation omitted). The FAC alleges that Bank of America used NantWorks’s mobile check deposit software “hundreds of times during 2014, 2015, **2016, 2017** and 2018.” *Id.* ¶ 36 (emphasis added). The FAC further alleges that at all times from 2014 to the present, the “commercially available” mobile check deposit software Bank of America provided its customers improperly incorporated NantWorks’s alleged trade secrets, and that this software was publicly displayed and freely distributed to Bank of America’s customers. *Id.* ¶¶ 194-95, 207, 217. In other words, according to NantWorks’s own allegations, from 2014 to 2018, Bank of America continuously misappropriated the alleged trade secrets NantWorks made available to Bank of America in the 2010 to 2013 time period. *Id.* ¶¶ 207, 217. Thus, because the alleged violations were ongoing at all times, any claim under the DTSA would have arisen, if at all, on or around May 11, 2016, the date of the DTSA was enacted.

NantWorks did not file its complaint until August 2020, well after the statute of limitations had run. Thus, the claim is time-barred. Nor can NantWorks avoid the time bar by alleged ongoing misappropriations because the DSTA (like the CUTSA) only allows for a single claim for misappropriation. 18 U.S.C. § 1836. And as explained above, NantWorks should have discovered the alleged trade secret violations long ago, and certainly should have been aware of them before August 2017. Thus, the FAC itself establishes both the DTSA and CUTSA claims are time-barred and should be dismissed with prejudice.

D. NantWorks’s Trade Secret Claims are not Pled with Particularity.

NantWorks’s trade secret claims are further deficient because NantWorks failed to identify the alleged trade secrets with particularity. The failings are especially egregious given that NantWorks makes no effort to distinguish the supposed trade secrets relating to its mobile check technology from the admittedly public information regarding that same technology contained in NantWorks’s copyright registration and issued patents.

In a trade secret case under both the DTSA and CUTSA, a plaintiff must

1 “describe the trade secret with sufficient particularity to separate it from matters of
 2 general knowledge in the trade or special knowledge of those persons who are skilled
 3 in the trade, and to permit the defendant to ascertain at least the boundaries within which
 4 the secret lies.” *Invisible Dot, Inc. v. DeDecker*, 2019 WL 1718621, at *4 (C.D. Cal.
 5 Feb. 6, 2019) (citation omitted). Neither a “laundry list” of all possible trade secrets
 6 nor a “conclusory and generalized” allegation regarding the plaintiff’s secrets is
 7 sufficient. *Id.* at *5; *see also Beatport v. SoundCloud*, 2019 WL 6330680, at *1 (C.D.
 8 Cal. Apr. 11, 2019).

9 Here, NantWorks identifies its alleged trade secrets as “relating to digital image
 10 recognition and processing systems” and “includ[ing] proprietary algorithms and
 11 information relating to digital image recognition and processing systems, embodied,
 12 described and performed in software, documentation, and code, including but not
 13 limited to any version of NantWorks’ Advanced Mobile Deposit Software v. 1.0.” FAC
 14 ¶¶ 202, 212. But this is no description at all. NantWorks’s allegations are insufficiently
 15 specific and fail to identify a trade secret so as to state a claim under DTSA and CUTSA
 16 for the following reasons.

17 First, NantWorks’s description of its trade secret consists of vague, catchall
 18 phrases or generic categories—“algorithms” and “information”—without providing
 19 any particularity to distinguish the alleged secret from general knowledge in the trade.
 20 *See InteliClear, LLC v. ETC Glob. Holdings, Inc.*, 978 F.3d 653, 658 (9th Cir. 2020).
 21 Courts have rejected similar descriptions as insufficiently specific to allege a trade
 22 secret. *See, e.g., Vendavo, Inc. v. Price f(x) AG*, 2018 WL 1456697, at *3 (N.D. Cal.
 23 Mar. 23, 2018) (holding insufficient allegations of “source code . . . and other
 24 information related to the development of [plaintiff’s] price-optimization software”);
 25 *Jobscience, Inc v. CVPartners, Inc.*, 2014 WL 93976, at *5 (N.D. Cal. Jan. 9, 2014)
 26 (rejecting allegations of “proprietary software applications” and “software code,
 27 methods and other trade secrets” (internal quotation omitted)); *Mattel, Inc. v. MGA*
 28 *Entm’t, Inc.*, 782 F. Supp. 2d 911, 970 (C.D. Cal. 2011) (rejecting allegations of

1 “information concerning the ‘OMNI[] order management system,’” a commercially
2 available product).

3 Second, NantWorks’s allegations in the FAC fail to provide sufficient detail “to
4 ascertain at least the boundaries within which the secrets lie” or “to provide reasonable
5 guidance in ascertaining the scope of appropriate discovery,” required at the pleading
6 stage. *Beatport*, 2019 WL 6330680, at *1. NantWorks’s trade secrets claim is based
7 on NantWorks’s Advanced Mobile Deposit Software, the same software which forms
8 the basis of NantWorks’s copyright infringement claim. *See* FAC ¶¶ 187–89. To avoid
9 the obvious implications of the fact that NantWorks submitted to the Copyright Office
10 a deposit copy of the Software on the secrecy of its purported trade secrets, NantWorks
11 alleges that it “did not include in the deposit the portions of code relating to its Advanced
12 Mobile Deposit Software v. 1.0 that included proprietary algorithms, source code,
13 object code and libraries containing NantWorks’[s] trade secrets.” *Id.* ¶¶ 205, 215.
14 NantWorks provides no further detail, and thus leaves it up to Bank of America and the
15 Court to parse which parts of its Software constitute a trade secret and which do not.

16 But “[a] plaintiff must do more than just identify a kind of technology and then
17 invite the court to hunt through the details in search of items meeting the statutory
18 definition [of a trade secret].” *Mattel*, 782 F. Supp. 2d at 967–68 (alteration in original).
19 Without providing more detail distinguishing its trade secret from the publicly available
20 portions of its Advanced Mobile Deposit Software, NantWorks provides no guidance
21 on the boundaries within which the secrets lie. *See id.* at 970 (explaining that
22 “California requires that a trade secret be alleged with particularity” because “vague
23 description preclude[] the Court from effectively” evaluating the claim).³

24 _____
25 ³ Moreover, NantWorks describes its alleged trade secret as “including, but not limited
26 to any version” of its Software—language this District has expressly rejected as
27 insufficient specific to identify a trade secret at the pleading stage. *See e.g., Emazing*
28 *Lights LLC v. De Oca*, 2016 WL 3658945, at *2 (C.D. Cal. Jan. 7, 2016) (finding that
defendant’s trade secret described with the phrase “includ[ing], but ... not limited to”

1 Similarly, NantWorks does not distinguish the supposedly secret information
 2 regarding its software from the admittedly public information about that same software
 3 in its eight asserted patents. Between January 2010 and April 2014, each of these eight
 4 patents was published and therefore was in the public domain. FAC Exs. A-G. It is
 5 axiomatic that any confidential information in these patents could no longer be a subject
 6 of a trade secret claim after they were published. *Ultimax Cement Mfg. Corp. v. CTS*
 7 *Cement Mfg. Corp.*, 587 F.3d 1339, 1355 (Fed. Cir. 2009) (“Once the information is in
 8 the public domain and the element of secrecy is gone, the trade secret is extinguished
 9 and the patentee's only protection is that afforded under the patent law.”). By April
 10 2014, all trade secret rights to information disclosed in the patents were extinguished.
 11 Not only does the FAC not differentiate the supposedly secret portions of its software
 12 from the admittedly public information in its patents, but also it alleges ***they are one***
 13 ***and the same***. As to each of the eight asserted patents, the FAC alleges that “BoA
 14 directly and wrongfully appropriated and incorporated NantWorks’[s] confidential
 15 image recognition and processing technology” and that “NantWorks owned patent
 16 rights covering the appropriated technology.” *Id.* ¶¶ 69, 85, 100, 115, 139, 146, 163,
 17 180. In other words, the “confidential image recognition and processing technology”
 18 that Bank of America allegedly misappropriated is the subject of the very patents that
 19 NantWorks is asserting. It was incumbent on NantWorks to identify trade secrets that
 20 were actually secret when an actionable misappropriation occurred. *Avago Techs. U.S.*
 21 *Inc. v. Nanoprecision Prod., Inc.*, 2017 WL 412524, at *9 (N.D. Cal. Jan. 31, 2017)
 22 (dismissing DTSA claim where alleged trade secrets were published before DTSA was
 23 enacted). But the FAC does not identify the alleged trade secrets and certainly does not
 24 distinguish those supposed secrets from the information in its patents that had become
 25 available by April 2014. Thus, because the FAC does not distinguish its trade secrets
 26 from the admittedly public information in its patents, it should be dismissed for failing
 27 _____
 28 was “meaninglessness,” because “[a]ny piece of information could potentially be
 labeled as a trade secret under this definition”).

1 to assert trade secrets that were, in fact, secret.

2 Lastly, NantWorks’s allegations of access between 2014 and 2018 are
 3 impermissibly vague. In *Nelson Bros. Pro. Real Estate LLC v. Jaussi*, 2017 WL
 4 8220428, at *7 (C.D. Cal. Jun. 27, 2017), this District rejected strikingly similar
 5 allegations that the defendant ““has continued to use the [] confidential and proprietary
 6 [] secrets in marketing efforts and has obtained further transactions as a result of such
 7 improper usage,”” because those allegations “provide[d] no specific allegations that the
 8 Defendants used the alleged trade secrets after the DTSA was enacted on May 11,
 9 2016.” *Id.* As such, this District held “[t]he general allegation that Defendants
 10 continued to use the alleged trade secrets after [2014] is insufficient to state a claim
 11 under the DTSA.” *Id.* Similarly, here, NantWorks’s vague allegations that Bank of
 12 America accessed the data after 2014 are simply insufficient.

13 Accordingly, because the FAC fails to identify a trade secret with sufficient
 14 particularity, NantWorks fails to state a claim under the DTSA and CUTSA.

15 **E. The Copyright Act Preempts NantWorks’s CUTSA Claim.**

16 The Court should dismiss NantWorks’s CUTSA claim because the Copyright Act
 17 preempts it. “For the Copyright Act to preempt a state law, two conditions must be
 18 satisfied: (1) the content of the protected right must fall within the subject matter of
 19 copyright as described in 17 U.S.C. §§ 102 and 103 and (2) ‘the right asserted under
 20 state law must be equivalent to the exclusive rights contained in section 106 of the
 21 Copyright Act.” *Sybersound Records*, 517 F.3d at 1150 (citation omitted). Here, both
 22 requirements are met.

23 First, the content of the alleged protected trade secret falls within the subject
 24 matter of copyright, namely “proprietary algorithms and information relating to digital
 25 image recognition and processing systems, *embodied, described and performed in*
 26 *software, documentation, and code, including but not limited to any version of*
 27 *NantWorks’[s] Advanced Mobile Deposit Software.*” FAC ¶ 202 (emphasis added).
 28 NantWorks’s CUTSA claim is based on the Advanced Mobile Deposit Software—the

1 same software which forms the basis of NantWorks’s copyright infringement claim and
2 for which NantWorks attaches a registration for version 1 to the FAC. *See* FAC ¶ 205
3 (describing the alleged trade secrets as “relating to [the] Advance Mobile Deposit
4 Software v. 1.0 copyright”); *see also id.* Ex. I. NantWorks has claimed copyright
5 protection and trade secret protection over the same subject matter, thus satisfying the
6 first requirement for preemption.

7 Second, NantWorks’s CUTSA claim asserts a right equivalent to the exclusive
8 rights contained in section 106 of the Copyright Act, and does not allege any “extra
9 element” that would “transform the nature of the action” such that it is “qualitatively
10 different” from a copyright infringement claim. *See Del Madera Props.*, 820 F.2d at
11 977; *Laws v. Sony Music Entm’t, Inc.*, 448 F.3d 1134, 1144 (9th Cir. 2006). Where a
12 state law trade secrets claim is based on “the same nucleus of facts” as a copyright
13 infringement claim, the Copyright Act preempts the trade secrets claim. *See Jobsience*,
14 2014 WL 93976, at *4.

15 Here, NantWorks’s CUTSA claim is also based on the same nucleus of facts as
16 its copyright infringement claim: NantWorks alleges misappropriation of a “trade
17 secret” related to the same software which NantWorks alleges is protected by copyright,
18 and both claims rely on the same alleged wrongful act, namely access of NantWorks’s
19 software and the incorporation of it into Bank of America’s own mobile banking
20 application. FAC ¶¶ 202, 205. And NantWorks has not made any efforts to show that
21 its CUTSA claim contains any “extra element” to avoid preemption. Indeed, as set forth
22 above, NantWorks has failed to even allege the existence of a trade secret—much less
23 plead specific material that was misappropriated that is not subject to copyright
24 protection. *Sleep Sci. Partners v. Lieberman*, 2010 WL 1881770, at *9 (N.D. Cal. May
25 10, 2010) (holding that the plaintiff “must plead clearly . . . and must aver what has
26 been misappropriated that is not subject to copyright protection or allege a cause of
27 action with an extra element that distinguishes the rights asserted from those provided
28 under the Copyright Act”). NantWorks had a second opportunity to show why its trade

1 secret claim contains an “extra element” to avoid preemption, but it has again failed to
2 do so.

3 Accordingly, the Copyright Act preempts NantWorks’s CUTSA claim
4 warranting its dismissal.

5 **F. NantWorks’s Amendments Do Not Change the Fact that Its Breach**
6 **of Contract Claim Is Preempted as a Matter of Law.**

7 Likewise, the Copyright Act preempts NantWorks’s breach of contract claim.
8 Despite the opportunity to amend its Complaint, NantWorks’s breach of contract claim
9 still relies on the same purported unauthorized copying and use of NantWorks’s
10 software underlying its copyright infringement claim. NantWorks has not alleged any
11 “extra element” to avoid preemption. *See Marshall & Swift/Boeckh, LLC v. URS Corp.*,
12 2009 WL 10668449, at *19 (C.D. Cal. Aug. 26, 2009) (“[b]ecause the same conduct
13 that underlies [plaintiff’s] breach-of-express-contract claim serves as the basis for its
14 copyright claims, the right that [plaintiff] seeks to vindicate through its contract claim
15 is equivalent to the exclusive rights of reproduction and distribution protected by the
16 Copyright Act.”).

17 A breach of contract claim is preempted if (1) the work is within the subject
18 matter of copyright, and (2) the asserted state law right is “equivalent to any exclusive
19 rights within the scope of federal copyright.” *Entous v. Viacom Int’l, Inc.*, 151 F. Supp.
20 2d 1150, 1158–59 (C.D. Cal. 2001) (citation omitted); *see also* 17 U.S.C. § 301. Here,
21 NantWorks’s breach of contract claim is based on the alleged unauthorized use of its
22 “trade secrets and other confidential information” disclosed to Bank of America
23 pursuant to the Agreements. FAC ¶¶ 223–25. The substance of this claim in the FAC
24 remains unchanged from the original Complaint and still relies on the same nucleus of
25 facts as NantWorks’s copyright claim: that Bank of America breached the
26 confidentiality and collaboration agreements by using NantWorks’s software. Other
27 than the copyrightable portions of NantWorks’s software and the alleged “trade secrets”
28 contained therein—which, as discussed, are covered by the Copyright Act—the FAC

1 identifies no other “confidential information” exchanged between the parties. And even
2 if it did, courts have held that “ideas and concepts” are considered within the subject
3 matter of copyright for preemption purposes. *See Entous*, 151 F. Supp. 3d at 1159
4 (citing cases).

5 Moreover, the breach of contract claim is preempted because the right
6 NantWorks seeks to enforce through its claim is equivalent to the right available under
7 the Copyright Act. *See Del Madera Props.*, 820 F.2d at 977 (to avoid preemption, the
8 state claim must have an “‘extra element’ which changes the nature of the action”). The
9 FAC alleges that, under the Agreements, the parties agreed that any disclosed
10 information “shall remain the property of the originating party,” and that Bank of
11 America was permitted to use the information “only for the purposes of evaluating the
12 proposed business venture.” FAC ¶ 222. Thus, the FAC alleges only that the
13 Agreements protected against unauthorized reproduction or use, and therefore does not
14 prohibit any conduct beyond that already prohibited by the Copyright Act. *Rumble, Inc.*
15 *v. Daily Mail & Gen. Tr. PLC*, 459 F. Supp. 3d 1294 (C.D. Cal. 2020) (“[W]hen a
16 contract does no more than promise not to infringe on copyrighted works, claims
17 stemming from its breach are preempted.”). Simply put, the breach of contract claim
18 does not add any “extra element” beyond the alleged misappropriation underlying
19 NantWorks’s copyright infringement, and thus the Copyright Act preempts the breach
20 of contract claim.

21 **V. CONCLUSION**

22 For the foregoing reasons, Bank of America respectfully requests that the Court
23 grant its Motion to Dismiss. Because NantWorks has already had two chances to allege
24 its copyright infringement, DTSA, CUTSA, and breach of contract claims, these claims
25 should be dismissed with prejudice. *See Allen*, 911 F.2d at 373 (finding district court
26 did not abuse its discretion in dismissing action with prejudice where the plaintiff had
27 multiple chances to allege plausible claims).
28

1 Dated: December 2, 2020

WINSTON & STRAWN LLP

2 By: /s/ E. Danielle T. Williams

3 George C. Lombardi

4 Michael S. Elkin

E. Danielle T. Williams

5 Dustin J. Edwards

Michael A. Tomasulo

6 Diana Hughes Leiden

7 *Attorneys for Defendants*

BANK OF AMERICA CORPORATION

8 and BANK OF AMERICA, N.A.