

UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF
CALIFORNIA, SAN JOSE DIVISION

Mahnush Movahedi v. Dfinity USA Research LLC, et al.

Case No. 5:25-cv-05503-EJD (N.D. Cal. Dec. 29, 2025) · No. 5:25-cv-05503-EJD · Decided December 29, 2025

SUMMARY

The United States District Court for the Northern District of California addresses three motions to dismiss claims arising from the alleged delayed release of vested cryptocurrency tokens. The court finds personal jurisdiction over defendant Dominic Williams, dismisses certain contract and implied-covenant claims against Dfinity USA with leave to amend, and allows other claims, including claims against Dfinity Switzerland and conversion claims, to proceed in whole or in part. The document is an order granting in part and denying in part the defendants’ motions to dismiss.

CASE DETAILS

COURT	United States District Court for the Northern District of California, San Jose Division
WRITING FOR THE COURT	Edward J. Davila
JURISDICTION	United States District Court for the Northern District of California
DECIDED	December 29, 2025
DOCKET	5:25-cv-05503-EJD
DISPOSITION	other
PROCEDURAL POSTURE	Plaintiff brought California claims for breach of contract, breach of the implied covenant of good faith and fair dealing, conversion, and violation of the California Unfair Competition Law. Defendants separately moved to dismiss under Federal Rule of Civil Procedure 12(b)(6), and Dominic Williams also challenged personal jurisdiction.
STANDARD OF REVIEW	On a Rule 12(b)(6) motion, the court accepts well-pleaded factual allegations as true, construes the complaint in the light most favorable to the nonmoving party, and determines whether the complaint states a plausible claim for relief under Rule 8(a). Legal conclusions couched as factual allegations are not accepted as true. For specific personal jurisdiction, the plaintiff bears the burden on purposeful availment or direction and claims arising from forum-related conduct; the burden then shifts to the defendant to present a compelling case that jurisdiction is unreasonable.

PRECEDENTIAL VALUE	unpublished district court opinion
PARTIES	Mahnush Movahedi v. Dfinity USA Research LLC, Dfinity Stiftung, Dominic Williams

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QUESTIONS PRESENTED

1. Whether the court had specific personal jurisdiction over Dominic Williams.
2. Whether Movahedi sufficiently pleaded that Dfinity USA could be liable for breach of the Restricted DFN Agreement under an alter-ego theory despite not signing the agreement.
3. Whether the implied-covenant claim against Dfinity USA failed for lack of a sufficiently pleaded contractual relationship.
4. Whether the implied-covenant claim against Dfinity Stiftung was impermissibly duplicative of the breach-of-contract claim.
5. Whether the conversion claim was inadequately pleaded, duplicative of contract claims, or barred by the economic loss doctrine.
6. Whether the California Unfair Competition Law claim was pleaded with sufficient particularity.

HOLDINGS

1. The court had specific personal jurisdiction over Williams because he was alleged to have been present in California when he committed the alleged tortious conduct and the exercise of jurisdiction was reasonable.
2. The breach-of-contract claim against Dfinity USA was insufficient because the complaint did not adequately plead that Dfinity USA was the alter ego of Dfinity Stiftung, the signatory to the Restricted DFN Agreement.
3. The implied-covenant claim against Dfinity USA was dismissed because Plaintiff failed to sufficiently plead a contractual relationship between herself and Dfinity USA.
4. The implied-covenant claim against Dfinity Stiftung was not impermissibly duplicative because it alleged a duty concerning the timing of token releases that was not expressly addressed by the agreement.
5. The conversion claim against Dfinity USA and Williams was sufficiently pleaded at the motion-to-dismiss stage and was not barred by the economic loss doctrine.

6. The conversion claim against Dfinity Stiftung was impermissibly duplicative of the breach-of-contract claim because it was based on the same alleged failure to release tokens and no independent tort duty was identified.
7. The UCL claim was inadequately pleaded because the complaint did not distinguish among unlawful, unfair, and fraudulent theories or identify conduct specific to each Defendant.

KEY QUOTATIONS

“A complaint which falls short of the Rule 8(a) standard may be dismissed if it fails to state a claim upon which relief can be granted.”

“The economic loss rule generally provides that a plaintiff cannot bring a tort claim for purely economic loss.”

“The Court therefore GRANTS IN PART and DENIES IN PART Defendants’ motions to dismiss with leave to amend.”

FACTUAL BACKGROUND

Movahedi worked for Dfinity USA and received an opportunity to earn DFN cryptocurrency tokens under an employment agreement and a Restricted DFN Agreement with Dfinity Stiftung. After the tokens vested and were publicly listed in May 2021, she requested transfer of 300,000 tokens, but alleged that Dfinity USA and Williams delayed or limited the release because of concerns about the market and the value of the tokens. The tokens were eventually released in stages, allegedly after their value had substantially declined. Williams was alleged to have been present in California during the relevant conduct.

PROCEDURAL HISTORY

The action was filed in the United States District Court for the Northern District of California. After briefing and without oral argument under Local Rule 7-1(b), the court granted in part and denied in part the three motions to dismiss, allowing amendment of the dismissed claims.

DISPOSITION

other

REMAND INSTRUCTIONS

No remand. Plaintiff may file an amended complaint by January 23, 2026. Any subsequent motion to dismiss must be filed as an omnibus brief unless the parties stipulate or seek an alternative briefing schedule or page limitations.

CASES CITED

- Bell Atl. Corp. v. Twombly, 550 U.S. 544, 555–57 (2007)
- Ashcroft v. Iqbal, 556 U.S. 662, 664 (2009)

- *Mendiondo v. Centinela Hosp. Med. Ctr.*, 521 F.3d 1097, 1104 (9th Cir. 2008)
- *Balistreri v. Pacifica Police Dep't*, 901 F.2d 696, 699 (9th Cir. 1990)
- *Reese v. BP Expl. (Alaska) Inc.*, 643 F.3d 681, 690 (9th Cir. 2011)
- *Levitt v. Yelp! Inc.*, 765 F.3d 1123, 1135 (9th Cir. 2014)
- *Lopez v. Smith*, 203 F.3d 1122, 1127 (9th Cir. 2000)
- *Yahoo! Inc. v. La Ligue Contre Le Racisme Et L'Antisemitisme*, 433 F.3d 1199, 1205 (9th Cir. 2006)
- *Schwarzenegger v. Fred Martin Motor Co.*, 374 F.3d 797, 802 (9th Cir. 2004)
- *Burger King Corp. v. Rudzewicz*, *Burger King Corp. v. Rudzewicz*, 471 U.S. 462, 476–78 (1985)
- *Boschetto v. Hansing*, 539 F.3d 1011, 1016 (9th Cir. 2008)
- *Freestream Aircraft (Bermuda) Ltd. v. Aero L. Grp.*, 905 F.3d 597, 603, 606 (9th Cir. 2018)
- *Walden v. Fiore*, *Walden v. Fiore*, 571 U.S. 277, 284 (2014)
- *Axiom Foods, Inc. v. Acerchem Int'l, Inc.*, 874 F.3d 1064, 1070 (9th Cir. 2017)
- *Doe v. Unocal Corp.*, 248 F.3d 915, 926 (9th Cir. 2001)
- *Miller v. Int'l Bus. Machines Corp.*, No. C02-2118 MJJ, 2006 WL 2792416, at *5 (N.D. Cal. Sept. 26, 2006)
- *Schneider v. California Dep't of Corr.*, 151 F.3d 1194, 1197 (9th Cir. 1998)
- *Ranza v. Nike, Inc.*, 793 F.3d 1059, 1073 (9th Cir. 2015)
- *Kane v. Delong*, No. CV 13-05021-KAW, 2014 WL 894587, at *4 (N.D. Cal. Mar. 4, 2014)
- *Eurosemillas, S.A. v. PLC Diagnostics Inc.*, No. 17-CV-03159-TSH, 2019 WL 2088479, at *9 (N.D. Cal. May 13, 2019)
- *Smith v. City & Cnty. of San Francisco*, 225 Cal. App. 3d 38, 49 (1990)
- *Yurgevich v. Hyundai Translead*, No. 10CV2622 JAH (JMA), 2011 WL 13356176, at *3 (S.D. Cal. Dec. 12, 2011)
- *Guz v. Bechtel Nat. Inc.*, 24 Cal. 4th 317, 349–50 (2000)
- *Aljabban v. Fontana Indoor Swap Meet, Inc.*, 54 Cal. App. 5th 482, 509 (2020)
- *Mitchell v. Exhibition Foods, Inc.*, 184 Cal. App. 3d 1033 (Cal. Ct. App. 1986)
- *Avidity Partners, LLC v. State of California*, 221 Cal. App. 4th 1180, 1204, 165 Cal. Rptr. 3d 299, 320 (2013)
- *Mindys Cosms., Inc. v. Dakar*, 611 F.3d 590, 601 (9th Cir. 2010)
- *In re Hoag Urgent Care-Tustin, Inc.*, No. SACV 19-2485 MWF, 2021 WL 1164285, at *4 (C.D. Cal. Mar. 26, 2021)
- *Nguyen v. Stephens Inst.*, 529 F. Supp. 3d 1047, 1058 (N.D. Cal. 2021)
- *Applied Equip. Corp. v. Litton Saudi Arabia Ltd.*, 7 Cal. 4th 503, 515 (1994)
- *Erlich v. Menezes*, 21 Cal. 4th 543, 551 (1999)
- *Mehta v. Robinhood Fin. LLC*, No. 21-CV-01013-SVK, 2021 WL 6882377, at *5 (N.D. Cal. May 6, 2021)
- *Robinson Helicopter Co. v. Dana Corp.*, 34 Cal. 4th 979, 988 (2005)
- *Martinez v. Welk Grp., Inc.*, 907 F. Supp. 2d 1123, 1134 (S.D. Cal. 2012)
- *Cel-Tech Commc'ns, Inc. v. Los Angeles Cellular Tel. Co.*, 20 Cal. 4th 163, 180 (1999)
- *Khoury v. Maly's of California, Inc.*, 14 Cal. App. 4th 612, 619 (1993)

- Linear Tech. Corp. v. Applied Materials, Inc., 152 Cal. App. 4th 115, 135 (2007)
- Van Patten v. Vertical Fitness Grp., LLC, 847 F.3d 1037, 1059 (9th Cir. 2017)

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