

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PRECEDENTIAL VALUE	unpublished district court opinion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

TOPICS

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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)

OPINION

1 2 3 4 UNITED STATES DISTRICT COURT 5 NORTHERN DISTRICT OF CALIFORNIA 6
SAN JOSE DIVISION 7 8 MAHNUSH MOVAHEDI, Case No. 5:25-cv-05503-EJD 9 Plaintiff,
ORDER GRANTING IN PART AND DENYING IN PART MOTIONS TO 10 v. DISMISS WITH
LEAVE TO AMEND 11 DFINITY USA RESEARCH LLC, et al., Re: Dkt. Nos. 24, 25, 26
Defendants. 12 13 Plaintiff Mahnush Movahedi (“Plaintiff”) brings various California state claims
against 14 Defendants Dfinity USA Research, LLC (“Dfinity USA”), Dfinity Stiftung (“Dfinity 15
Switzerland”), and Dominic Williams (collectively, “Defendants”), alleging that Defendants failed
16 to timely release her vested cryptocurrency.

Compl., ECF No. 1-1. Before the Court are 17 Defendants’ three motions to dismiss. Dfinity USA
Mot., ECF No. 25; Dfinity Switzerland Mot., 18 ECF No. 24; Williams Mot., ECF No. 26. These
motions are fully briefed. Opp’n to Dfinity USA 19 Mot., ECF No. 31; Reply to Dfinity USA
Mot., ECF No. 35; Opp’n to Dfinity Switzerland Mot., 20 ECF No. 33; Reply to Dfinity
Switzerland Mot., ECF No. 36; Opp’n to Williams Mot., ECF No. 21 32; Reply to Williams Mot.,
ECF No. 37.

22 After careful review of the relevant documents, the Court finds this matter suitable for 23
decision without oral argument pursuant to Local Rule 7-1(b). For the reasons explained below, 24
the Court GRANTS IN PART and DENIES IN PART Defendants’ motions to dismiss with 25
leave to amend. 26 I. BACKGROUND 27 Plaintiff is suing Defendants for their failure to release
her vested cryptocurrency in a 1 timely manner, which she alleges deprived her of the ability to
sell her tokens before their value 2 decreased substantially.

There are three Defendants: Dfinity USA, Dfinity Switzerland, and 3 Williams. Dfinity USA is an
LLC operating out of San Francisco that develops network protocols 4 and cryptography for the
Internet Computer (“ICP”), which is a set of protocols for independent 5 data centers to offer a
decentralized Internet as an alternative to cloud services. Compl. ¶¶ 3, 8.

6 Dfinity USA has one sole member, Dfinity Switzerland. Id. ¶ 3. Dfinity Switzerland is a non- 7
profit organization based in Zurich, Switzerland with operations also in San Francisco. Id. 8
Williams is the President and Council Member of Dfinity Switzerland and the Chief Executive 9
Officer of Dfinity USA. Id. ¶ 4. Williams resided in Santa Clara County and Plaintiff resided in 10
San Mateo County at all times alleged in the complaint.

Id. ¶¶ 1, 4. 11 Dfinity USA hired Plaintiff as a senior research scientist in August 2017. Id. ¶ 9. She
12 worked on a project to develop a form of cryptocurrency known as “DFN tokens.” Id. Her 13
compensation included a base salary and an opportunity to earn DFN tokens. Id. ¶ 10. Plaintiff 14

signed two agreements to this end: (1) an employment agreement with Dfinity USA; and (2) a 15 Restricted DFN Agreement with Dfinity Switzerland.

Id. ¶¶ 6, 20. 16 On May 10, 2021, Dfinity USA launched the ICP and listed the DFN tokens for sale to the 17 public in an initial coin offering through several cryptocurrency exchanges, including Coinbase. 18 Id. ¶ 14.

The tokens sold for approximately \$580 shortly after. Id. Plaintiff emailed Dfinity USA 19 on May 11, 2021, requesting to transfer 300,000 of her tokens to Coinbase at the current price of 20 \$495 per token. Id. ¶ 15. Dfinity USA confirmed that she had a vested total of 452,083 tokens 21 that were eligible to be distributed, but it did not transfer her any tokens at that time.

Id. ¶ 16. 22 After multiple requests, Williams called Plaintiff and offered to release only 40,000 tokens. Id. ¶ 23 18. He allegedly refused to release the rest because he represented the batch would be worth more 24 than \$6 million, and there was concern that the market would suffer if she sold all her tokens. Id. 25 ¶¶ 17–18.

After she retained counsel, Dfinity USA slowly transferred all her tokens, but by the 26 time she received them, they were worth significantly less, as low as \$39. Id. ¶¶ 19–22. 27 Plaintiff now brings claims for breach of contract, breach of the implied covenant of good 1 faith and fair dealing, conversion, and violation of the California Unfair Competition Law 2 (“UCL”), Cal. Bus. & Prof.

Code § 17200, et seq. Each Defendant filed a separate motion to 3 dismiss. 4 II. LEGAL STANDARD 5 Federal Rule of Civil Procedure 8(a) requires a plaintiff to plead each claim with sufficient 6 specificity to “give the defendant fair notice of what the... claim is and the grounds upon which 7 it rests.” *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 555 (2007) (internal quotations omitted).

A 8 complaint which falls short of the Rule 8(a) standard may be dismissed if it fails to state a claim 9 upon which relief can be granted. Fed. R. Civ. P. 12(b)(6). Dismissal of a claim under Rule 10 12(b)(6) may be based on a lack of a cognizable legal theory or the absence of sufficient facts 11 alleged under a cognizable legal theory. *Mendiondo v. Centinela Hosp.*

Med. Ctr., 521 F.3d 1097, 12 1104 (9th Cir. 2008); *Balistreri v. Pacifica Police Dep’t*, 901 F.2d 696, 699 (9th Cir. 1988). 13 Moreover, the factual allegations “must be enough to raise a right to relief above the speculative 14 level” such that the claim “is plausible on its face.” *Twombly*, 550 U.S. at 556–57. 15 At the motion to dismiss stage, the Court must read and construe the complaint in the light 16 most favorable to the non-moving party.

Reese v. BP Expl. (Alaska) Inc., 643 F.3d 681, 690 (9th 17 Cir. 2011). The Court must accept as true all “well-pleaded factual allegations.” *Ashcroft v. 18 Iqbal*, 556 U.S. 662, 664 (2009).

However, courts are not bound to accept as true a legal conclusion couched as a factual allegation. *Twombly*, 550 U.S. at 555. “In all cases, evaluating a complaint’s plausibility is a context-specific endeavor that requires courts to draw on... judicial experience and common sense.” *Levitt v. Yelp!*

Inc., 765 F.3d 1123, 1135 (9th Cir. 2014) (quoting *22 Starr v. Baca*, 652 F.3d 1202, 1216 (9th Cir. 2011)) (internal quotation marks omitted). 23 If a motion to dismiss is granted, “a district court should grant leave to amend even if no 24 request to amend the pleading was made, unless it determines that the pleading could not possibly 25 be cured by the allegation of other facts.” *Lopez v. Smith*, 203 F.3d 1122, 1127 (9th Cir.

2000) 26 (internal quotation marks omitted). 27 III. DISCUSSION 1 The Court will begin with Williams’s jurisdictional argument before turning to arguments 2 regarding Plaintiff’s claims for breach of contract, breach of the implied covenant of good faith 3 and fair dealing, conversion, and violation of the UCL. 4 A. Personal Jurisdiction 5 Williams, a British national residing in Switzerland, argues the Court lacks personal 6 jurisdiction over him because he does not reside in or have the required minimum contacts with 7 California.

The Court finds otherwise. 8 The Ninth Circuit evaluates specific personal jurisdiction under a three-pronged test: 9 (1) The non-resident defendant must purposefully direct¹ his activities 10 or consummate some transaction with the forum or resident thereof; or perform some act by which he purposefully avails himself of the 11 privilege of conducting activities in the forum, thereby invoking the benefits and protections of its laws; 12 (2) the claim must be one which arises out of or relates to the defendant’s forum-related activities; and 13 (3) the exercise of jurisdiction must comport with fair play and substantial justice, i.e., it must be reasonable.

14 15 *Yahoo! Inc. v. La Ligue Contre Le Racisme Et L’Antisemitisme*, 433 F.3d 1199, 1205 (9th Cir. 16 2006) (citing *Schwarzenegger v. Fred Martin Motor Co.*, 374 F.3d 797, 802 (9th Cir. 2004)). A 17 plaintiff bears the burden of satisfying the first two prongs. *Id.* If successful, the burden shifts to 18 the defendant to “present a compelling case” that exercising jurisdiction would be unreasonable.

19 *Id.* (quoting *Burger King Corp. v. Rudzewicz*, 471 U.S. 462, 476–78 (1985)). But if a plaintiff 20 fails to establish either of the first two prongs, “the jurisdictional inquiry ends and the case must 21 be dismissed.” *Boschetto v. Hansing*, 539 F.3d 1011, 1016 (9th Cir. 2008). 22 The Court begins with the first two prongs. “Generally, the commission of an intentional 23 tort in a state is a purposeful act that will satisfy the first two requirements of the minimum 24 contacts test.” *Freestream Aircraft (Bermuda) Ltd. v. Aero L. Grp.*, 905 F.3d 597, 603 (9th Cir.

25 2018) (internal quotation marks omitted) (cleaned up) (quoting *Paccar Int’l, Inc. v. Com. Bank* of 26 27 1Where the underlying claim sounds in tort, courts focus on purposeful direction. *Ayla*,

LLC v. Alya Skin Pty. Ltd., 11 F.4th 972, 979 (9th Cir. 2021). 1 Kuwait, S.A.K., 757 F.2d 1058, 1064 (9th Cir. 1985)). This derives from the well-established 2 principle “that the commission of a tort within the forum state usually supports the exercise of 3 personal jurisdiction.” Id. at 606; see also Est. of Daher v. LSH Co., 575 F.Supp. 3d 1231, 1238 4 (C.D.

Cal. 2021) (“[W]here a defendant enters the forum state and performs a tortious act there, 5 the act will satisfy the entire purposeful direction prong without need for further inquiry.”). 6 Here, Plaintiff alleges that Williams resided in Santa Clara County “at all relevant times 7 described in th[e] complaint.” Compl. ¶ 5. Williams does not dispute this. Indeed, Williams 8 concedes that “he was present in California on a non-permanent basis prior to June 2021,” after 9 which time he relocated to Switzerland.

Williams Mot. 5. Given that this allegation is 10 undisputed, the Court must accept it as true. Dole Food Co., Inc. v. Watts, 303 F.3d 1104, 1108 11 (9th Cir. 2002) (“Although the plaintiff cannot ‘simply rest on the bare allegations of its 12 complaint,’ [citation omitted] uncontroverted allegations in the complaint must be taken as true.”). 13 This simple undisputed fact that Williams was present in California at all times alleged in the 14 complaint, including when Plaintiff alleges he committed a tort and violated the UCL by refusing 15 to release her tokens, is sufficient to satisfy the first two prongs.

16 The Court finds Williams’s arguments to the contrary unpersuasive. Williams first argues 17 that his residency in California prior to June 2021 is “irrelevant” because it “has nothing to do 18 with Plaintiff’s claims against Williams and cannot serve as the basis for specific jurisdiction.” 19 Williams Mot. 14. Not so. Plaintiff alleges that Williams violated California law while in 20 California when he refused to release tokens belonging to Plaintiff, a California resident, in May 21 2021.

Williams also argues that his residence in California at the time of the alleged conduct is 22 “irrelevant” because “the relationship [to California] must arise out of contacts that the ‘defendant 23 himself’ creates.” Williams Mot. 11 (quoting *Walden v. Fiore*, 571 U.S. 277, 284 (2014)). But 24 this principle is inapplicable. Williams clearly created his relationship to California by choosing 25 to reside here during the time alleged in the complaint—the case law cited by Williams concerns 26 defendants who were not present in the forum state at the time of the conduct alleged.

See, e.g., 27 id. (“It is undisputed that no part of petitioner’s course of conduct occurred in Nevada.”); *Overholt 1 v. Airista Flow Inc.*, No. 17CV1337-MMA (AGS), 2018 WL 355231, at *13 (S.D. Cal. Jan. 10, 2 2018) (“Plaintiff does not allege Madigan traveled to California, met with Plaintiff in California, 3 or otherwise engaged in numerous communications with Plaintiff while Plaintiff worked for 4 Airista Flow in California.

The only link between Madigan and California, as alleged, is that 5 Plaintiff resides in California and Plaintiff suffered harm in California.”); *Est. of Daher*, 575 F. 6 Supp. 3d at 1238 (“The Estate, here, did not allege that LSH, itself, performed acts in California. 7 Rather, the Estate argued that actions taken by LSH’s agents should be imputed to LSH.”); *Axiom 8 Foods, Inc. v. Acerchem Int’l, Inc.*, 874 F.3d 1064, 1070 (9th Cir.

2017) (“Acerchem UK itself 9 conducts no business in California”). 10 Regarding the third prong, in determining whether the exercise of personal jurisdiction 11 over a nonresident defendant would be unreasonable and violate due process, courts are guided by 12 seven factors: “(1) the extent of the defendant’s purposeful interjection into the forum state’s 13 affairs; (2) the burden on the defendant of defending in the forum; (3) the extent of conflict with 14 the sovereignty of the defendant’s state; (4) the forum state’s interest in adjudicating the dispute; 15 (5) the most efficient judicial resolution of the controversy; (6) the importance of the forum to the 16 plaintiff’s interest in convenient and effective relief; and (7) the existence of an alternative forum.” 17 *Ayla, LLC v. Alya Skin Pty.*

Ltd., 11 F.4th 972, 984 (9th Cir. 2021) (citation omitted). 18 The Court finds these factors weigh in favor of exercising jurisdiction. First, by allegedly 19 harming a California resident under California law while present in California, Williams 20 purposefully interjected himself into California’s affairs.

Second, though Williams now resides in 21 Switzerland, he has not provided any reason why litigating this case would be more burdensome 22 on him than any other foreign resident. Indeed, Williams shares local counsel with the other two 23 Defendants, and he may request virtual appearances where necessary.

Third, there are no facts to 24 suggest that litigating this case here would interfere with Swiss sovereignty. Williams argues that 25 “adjudication of this dispute in California would interfere with the capacity of Swiss courts to 26 resolve disputes involving a Swiss entity, a Swiss contract governed by Swiss law, and a Swiss 27 resident,” Williams Mot. 15; but Williams is not a Swiss entity, Plaintiff does not bring any 1 contract claims against Williams, and the fact alone that Williams is a Swiss resident does not 2 render jurisdiction unreasonable.

Fourth, California has an interest in adjudicating California tort 3 claims committed within in the state. Fifth, adjudicating this case here is the most efficient 4 judicial resolution of the controversy. As discussed throughout this Order, all Defendants share 5 the same local counsel and raise similar, and at times identical, arguments for dismissal. Sixth, 6 Williams offers no argument regarding the public’s interest.

And finally, though an alternative 7 forum exists in Switzerland, all other factors weigh in favor of exercising jurisdiction. The Court 8 therefore finds exercise of jurisdiction over Williams

reasonable. 9 Accordingly, the Court finds it has personal jurisdiction over Williams. 10 B. Breach of Contract 11 Moving to arguments regarding Plaintiff's claims, the Court begins with the first cause of 12 action for breach of contract.

Plaintiff brings this claim against Dfinity USA and Dfinity 13 Switzerland. Dfinity Switzerland does seek dismissal of this count, but Dfinity USA argues that 14 Plaintiff's contract claim against it fails because, unlike Dfinity Switzerland, it was not a signatory 15 to the Restricted DFN Agreement. 16 It is undisputed that that Dfinity USA did not sign the Restricted DFN Agreement.

But 17 Plaintiff contends that her contract claim may nevertheless proceed against it under an alter ego 18 theory, arguing that Dfinity USA and Dfinity Switzerland are not actually separate entities. "To 19 demonstrate that the parent [corporation] and subsidiary are 'not really separate entities' and 20 satisfy the alter ego exception to the general rule that a subsidiary and the parent are separate 21 entities, the plaintiff must make out a prima facie case '(1) that there is such unity of interest and 22 ownership that the separate personalities [of the two entities] no longer exist; and (2) that failure to 23 disregard [their separate identities] would result in fraud or injustice.'" Miller v. Int'l Bus.

24 Machines Corp., No. C02-2118 MJJ, 2006 WL 2792416, at *5 (N.D. Cal. Sept. 26, 2006) (quoting 25 Doe v. Unocal Corp., 248 F.3d 915, 926 (9th Cir. 2001)). 26 Here, Plaintiff tellingly relies on facts outside the complaint to argue that she sufficiently 27 pled alter ego, but the Court will not consider unpled and unincorporated facts for the purposes of 1 a Rule 12(b)(6) motion.² See Douglas v. Kalanta, No. 121CV01535JLTEPGPC, 2022 WL 2 16748728, at *6 (E.D.

Cal. Nov. 7, 2022), report and recommendation adopted, No. 3 121CV01535JLTEPG, 2022 WL 17834036 (E.D. Cal. Dec. 21, 2022), aff'd, No. 23-15104, 2024 4 WL 1795160 (9th Cir. Apr. 25, 2024) ("The Court agrees with Defendants that new allegations in 5 an opposition to a motion cannot be used to defeat dismissal and the only proper allegations for 6 the Court to consider are those contained in the complaint itself.") (citing Schneider v. California 7 Dep't of Corr., 151 F.3d 1194, 1197 (9th Cir.

1998) ("In determining the propriety of a Rule 8 12(b)(6) dismissal, a court may not look beyond the complaint to a plaintiff's moving papers, such 9 as a memorandum in opposition to a defendant's motion to dismiss.")). 10 Looking only to the facts pled, the Court finds them insufficient to show that Dfinity USA 11 is an alter ego of Dfinity Switzerland. Plaintiff alleges that Dfinity USA and Dfinity Switzerland 12 share personnel—Williams is the President and Council Member of Dfinity Switzerland and the 13 Chief Executive Officer of Dfinity USA, and the entities are represented by the same legal 14 counsel—and that Dfinity USA and Dfinity Switzerland "share common marketing, accounting, 15 human resources, and other administrative resources." Compl. ¶¶ 3–4.

But “[t]otal ownership and 16 shared management personnel are alone insufficient to establish the requisite level of control” 17 needed to show alter ego. *Ranza v. Nike, Inc.*, 793 F.3d 1059, 1073 (9th Cir. 2015) (examining 18 alter ego in jurisdictional context). Plaintiff also fails to allege the facts that led her to believe 19 Dfinity USA and Dfinity Switzerland share other resources.

See *Kane v. Delong*, No. CV 13- 20 05021-KAW, 2014 WL 894587, at *4 (N.D. Cal. Mar. 4, 2014). Without more, these allegations 21 are insufficient; and Plaintiff appears to acknowledge as much, offering to amend the complaint to 22 plead the facts relied upon on her opposition that “do not appear in the Complaint.” Opp’n to 23 Dfinity USA Mot. 12. 24 Therefore, the Court GRANTS Dfinity USA’s motion to dismiss the breach of contract 25 26 27 2 For these reasons, the Court denies Plaintiff’s request for judicial notice of these facts.

See Req. for J. Notice, ECF No. 34. 1 claim as to Dfinity USA with leave to amend.³ See *Lopez*, 203 F.3d at 1127 (“[A] district court 2 should grant leave to amend even if no request to amend the pleading was made, unless it 3 determines that the pleading could not possibly be cured by the allegation of other facts.”) 4 (internal quotation marks omitted). 5 C. Implied Covenant 6 Next, Plaintiff claims that Dfinity USA and Sfinity Switzerland breached the implied 7 covenant of good faith and fair dealing.

Both Defendants seek dismissal of this second claim for 8 the reasons outlined below. 9 1. Dfinity USA 10 Dfinity USA contends that Plaintiff’s implied covenant claim fails because, for the reasons 11 argued above, she has not plead any relevant contract underlying the breach.

The Court agrees. 12 “The prerequisite for any action for breach of the implied covenant of good faith and fair dealing 13 is the existence of a contractual relationship between the parties, since the covenant is an implied 14 term in the contract.” *Eurosemillas, S.A. v. PLC Diagnostics Inc.*, No. 17-CV-03159-TSH, 2019 15 WL 2088479, at *9 (N.D. Cal. May 13, 2019) (quoting *Smith v. City & Cnty. of San Francisco*, 16 225 Cal. App.

3d 38, 49 (1990)). Because the Court finds that Plaintiff failed to sufficiently plead 17 a valid contract, her implied covenant claim is likewise deficient. 18 The Court therefore GRANTS Dfinity USA’s motion to dismiss Plaintiff’s implied 19 covenant claim against it with leave to amend. See *Lopez*, 203 F.3d at 1127.

The Court need not 20 examine Dfinity USA’s remaining arguments as to this claim. 21 2. Dfinity Switzerland 22 Dfinity Switzerland challenges Plaintiff’s breach of the implied covenant of good faith and 23 fair dealing claim as duplicative of her first breach of contract claim. “Although a breach of 24 contract may also constitute a breach of the implied covenant of good faith and fair dealing, ‘a 25 claim that merely realleges that breach as a violation of the covenant is superfluous’” and subject 26 27 3 The Court need not examine the Company’s additional

arguments regarding duplicative claims and the economic loss doctrine as applied to breach of the implied covenant.

1 to dismissal. *Yurgevich v. Hyundai Translead*, No. 10CV2622 JAH (JMA), 2011 WL 13356176, 2 at *3 (S.D. Cal. Dec. 12, 2011) (quoting *Guz v. Bechtel Nat. Inc.*, 24 Cal. 4th 317, 349 (2000)); see 3 also *Aljabban v. Fontana Indoor Swap Meet, Inc.*, 54 Cal. App. 5th 482, 509 (2020) (“[B]reach of 4 the implied covenant of good faith and fair dealing involves something beyond breach of the 5 contractual duty itself.”) (internal quotation marks omitted)).

6 Plaintiff’s two contract claims—breach of contract and breach of the implied covenant— 7 both arise out of Dfinity Switzerland’s refusal to release her tokens. But Plaintiff argues that the 8 implied covenant claim stands apart from the contract claim because the covenant implies a duty 9 to release the tokens promptly, which is not an explicit duty in the contract.

In other words, while 10 the breach of contract claim focuses on the complete failure to release the tokens in response to 11 her initial requests, the implied covenant claim focuses on the timeliness of the token release. 12 The Court finds this sufficient at this time. Given that the Restricted DFN Agreement does 13 not contain any terms regarding the logistics or timing of releasing tokens in response to requests, 14 Plaintiff may proceed with a breach of the implied covenant claim to enforce the duty of good 15 faith and fair dealing implied in every contract.

See *Mitchell v. Exhibition Foods, Inc.*, 184 Cal. 16 App. 3d 1033 (Cal. Ct. App. 1986) (when a contract is ambiguous or silent on an issue, the 17 implied covenant of good faith and fair dealing can guide the interpretation and enforcement of the 18 agreement). While it is true, as Dfinity Switzerland contends, that the implied covenant of good 19 faith and fair dealing “cannot impose substantive duties or limits on the contracting parties beyond 20 those incorporated in the specific terms of their agreement,” *Guz*, 24 Cal. 4th at 349–50, the 21 implied covenant can be used to claim that Dfinity Switzerland unfairly frustrated Plaintiff’s right 22 to receive the full benefits of her tokens by purposefully releasing the tokens at a time when they 23 were of lower value.

Avidity Partners, LLC v. State of California, 221 Cal. App. 4th 1180, 1204, 24 165 Cal. Rptr. 3d 299, 320 (2013) (“In essence, the covenant is implied as a supplement to the 25 express contractual covenants, to prevent a contracting party from engaging in conduct which 26 (while not technically transgressing the express covenants) frustrates the other party’s rights to the 27 benefits of the contract.”) (internal quotation marks omitted) (emphasis in original).

1 The Court therefore DENIES Dfinity Switzerland’s motion to dismiss Plaintiff’s implied 2 covenant claim against it. 3 D. Conversion 4 Plaintiff brings her third claim for conversion against all three Defendants, and Defendants 5 raise largely the same three arguments: (1) Plaintiff fails to allege facts specific to each Defendant; 6 (2) her conversion claim is duplicative of her contract claim; and (3) her claim is barred under the 7 economic loss doctrine.

8 1. Failure to Allege Sufficient Facts 9 “Conversion is the wrongful exercise of dominion over the property of another.” *Mindys 10 Cosms., Inc. v. Dakar*, 611 F.3d 590, 601 (9th Cir. 2010) (internal quotation marks omitted).

The 11 elements of a conversion claim are: (1) the plaintiff’s ownership or right to possession of the 12 property at the time of the conversion; (2) the defendant’s conversion by a wrongful act or 13 disposition of property rights; and (3) damages. *Id.* The alleged converter must have assumed 14 control over the property or applied the property to his own use.

Id. The acts include taking 15 possession of the property; preventing the plaintiff from accessing the property; destroying the 16 property; or refusing to return the property after the plaintiff demanded its return.” In *re Hoag 17 Urgent Care-Tustin, Inc.*, No. SACV 19-2485 MWF, 2021 WL 1164285, at *4 (C.D. Cal. Mar. 18 26, 2021). 19 The Court will discuss in turn: (1) Dfinity USA and Williams’s argument that Plaintiff 20 failed to allege they had control over her tokens; and (2) Dfinity Switzerland’s argument that 21 Plaintiff’s allegations impermissibly lump Defendants together.

22 a. Dfinity USA and Williams 23 Dfinity USA and Williams both argue that Plaintiff failed to allege facts to show they had 24 the requisite control over her tokens. The Court disagrees. 25 Plaintiff alleges the following relevant facts.

On May 11, 2021, Plaintiff sent an email to 26 Dfinity USA to request that it transfer 300,000 of her ICP tokens; and later that day, Dfinity 27 USA’s director of legal operations confirmed that Plaintiff had a vested total of 452,083 tokens 1 eligible for distribution. But Dfinity USA did not transfer any tokens in response to her request. 2 Plaintiff then alleges she repeated this request on multiple occasions, until on May 17, 2021, when 3 Dfinity USA’s head of finance contacted her to tell her that Williams, Dfinity USA’s CEO, 4 wanted to discuss her token options with her.

On May 18, 2021, Williams offered to release 5 40,000 tokens but refused to release the rest, noting that the batch is worth more than \$6 million. 6 Williams then proceeded to authorize distribution of various amounts of tokens on May 18 and 7 May 20, 2021. Plaintiff continued to request her remaining tokens be distributed, but Dfinity USA 8 and Williams refused to comply out of concern that the market would tank.

After retaining 9 counsel and making additional requests, Dfinity USA distributed the remaining tokens in August 10 2021. After resigning, Dfinity USA sent her a letter, on behalf of Dfinity Switzerland, indicating 11 that Dfinity USA will repurchase her unvested tokens. 12 The Court finds these facts are sufficient to allege that Dfinity USA and Williams had 13 control over Plaintiff’s tokens.

Dfinity USA is correct that “one cannot refuse to return something 14 over which it had no possession or control.” Reply to Dfinity USA Mot. 7. But at this stage, the 15 Court must accept as

true all allegations and make all reasonable inferences in Plaintiff's favor. 16 Plaintiff alleges that Dfinity USA and Williams initially refused to release her tokens, and 17 subsequently released the tokens on a later date.

Accepting this as true, the reasonable inference is 18 that Dfinity USA and Williams had the possession or control required to release the tokens. 19 b. Dfinity Switzerland 20 Dfinity Switzerland does not argue that Plaintiff failed to allege facts to show it had 21 possession or control over her tokens. Instead, Dfinity Switzerland contends that Plaintiff's 22 conversion claim improperly lumps together all Defendants without specifying what each 23 Defendant did to convert Plaintiff's property.

But Dfinity Switzerland provides no analysis to 24 accompany its position—instead merely citing two cases before summarily concluding that the 25 claim “must be dismissed for this reason alone.” Dfinity Switzerland Mot. 4. Dfinity 26 Switzerland's failure to advance any argument on this point compels the Court's rejection of it. 27 The Court therefore rejects this first argument as to all Defendants and continues its 1 analysis of the remaining arguments regarding duplicativeness and the economic loss doctrine.

2 2. Duplicative Claim 3 Next, Dfinity USA and Dfinity Switzerland⁴ argue that the conversion claim must fail 4 because it is duplicative of her contract claim. “A plaintiff may not ordinarily recover for the tort 5 of conversion for the breach of duties that merely restate contractual obligations.” *Nguyen v. 6 Stephens Inst.*, 529 F. Supp. 3d 1047, 1058 (N.D.

Cal. 2021) (internal quotation marks omitted). 7 “Conduct amounting to a breach of contract becomes tortious only when it also violates an 8 independent duty arising from principles of tort law.” *Applied Equip. Corp. v. Litton Saudi Arabia 9 Ltd.*, 7 Cal. 4th 503, 515 (1994); see also *Erlich v. Menezes*, 21 Cal. 4th 543, 551 (1999) (“An 10 omission to perform a contract obligation is never a tort, unless that omission is also an omission 11 of a legal duty.” (internal quotation marks omitted)).

12 As discussed above, the Court dismisses Plaintiff's contract claim against Dfinity USA for 13 failure to plead that Dfinity USA is a signatory. Accordingly, Dfinity USA's argument that the 14 conversion claim is an impermissible duplicate of the contract claim is moot. But regardless, 15 given the contract's enforceability issues as to Dfinity USA, Plaintiff may still be permitted to 16 plead conversion as an alternative theory for recovery.

See Fed. R. Civ. P. 8(d)(2). 17 As for Dfinity Switzerland, Plaintiff's breach of contract and conversion claims both allege 18 that Dfinity Switzerland failed to release her tokens in response to her requests—a duty contained 19 in the Restricted DFN Agreement. Plaintiff argues that she should nevertheless be permitted to 20 plead both breach of contract and conversion because she seeks to recover different damages for 21 each claim.

But the question is whether Plaintiff's claim arises out of an independent duty owed 22 by Dfinity Switzerland separate from its contractual duty, not whether Plaintiff alleges separate 23 harms or seeks different recoveries. *Nguyen*, 529 F. Supp. 3d at 1058 (finding unpersuasive 24 plaintiff's argument that his claims are not duplicative because the conversion claim is based on an 25 independent harm and seeks additional punitive damages).

Plaintiff has failed to proffer an 26 27 4 Williams does not join in this argument, presumably because Plaintiff does not bring contract claims against him. 1 independent duty underlying her conversion claim that is any different from Dfinity Switzerland's 2 duty under its contract.

The Court therefore finds her conversion claim against Dfinity 3 Switzerland impermissibly duplicative of her contract claim. 4 Accordingly, though the Court rejects this second argument as to Dfinity USA, it finds that 5 Plaintiff's conversion claim against Dfinity Switzerland is duplicative of her contract claim.

The 6 Court therefore GRANTS Dfinity Switzerland's motion to dismiss the conversion claim against it 7 with leave to amend. See *Lopez*, 203 F.3d at 1127. The Court need not examine Dfinity 8 Switzerland's remaining arguments on this claim, but the Court will continue with its discussion 9 of Dfinity USA and Williams's remaining arguments regarding the economic loss doctrine.

10 3. Economic Loss Doctrine 11 Finally, Dfinity USA and Williams argue that the conversion claim is barred by the 12 economic loss doctrine for similar reasons to the section prior—the conversion claim is based on 13 the same facts alleged under the contract claims. 14 The economic loss rule generally provides that a plaintiff cannot bring a tort claim for 15 purely economic loss. “[T]he economic loss rule prevents the law of contract and the law of tort 16 from dissolving one into the other.” *Mehta v. Robinhood Fin.*

LLC, No. 21-CV-01013-SVK, 2021 17 WL 6882377, at *5 (N.D. Cal. May 6, 2021) (quoting *Robinson Helicopter Co. v. Dana Corp.*, 34 18 Cal. 4th 979, 988 (2004)). To this end, under California law, the economic loss doctrine bars tort 19 claims based on the same facts and damages as breach of contract claims. *Martinez v. Welk Grp., 20 Inc.*, 907 F. Supp. 2d 1123, 1134 (S.D.

Cal. 2012). 21 Regarding Williams, this argument fails because Plaintiff does not bring contract claims 22 against him—perhaps Williams recognizes this given that he drops this argument in his reply. 23 Regarding Dfinity USA, again as discussed above, the Court dismisses Plaintiff's contract 24 claim against it. If Dfinity USA's position is that it is not a signatory to any relevant contract with 25 Plaintiff, then there is no contract claim against it in which the conversion claim could possibly 26 dissolve.

See *Mehta*, 2021 WL 6882377, at *5. 27 The Court therefore DENIES Dfinity USA and Williams's motions to dismiss Plaintiff's 1 conversion claim against them. 2 * * * 3 Accordingly,

the Court GRANTS Dfinity Switzerland’s motion and DENIES Dfinity 4 USA and Williams’s motions to dismiss Plaintiff’s claim of conversion. 5 E. UCL Claim 6 And finally, all Defendants urge the Court to dismiss Plaintiff’s UCL claim because it is 7 not pled with the requisite particularly, among other arguments the Court need not reach.5 8 The UCL prohibits “unlawful,” “unfair,” and “fraudulent” business practices.

Cal. Bus. & 9 Prof. Code § 17200. Each prong—unlawful, unfair, and fraudulent—is a separate claim. See Cel- 10 Tech Commc’ns, Inc. v. Los Angeles Cellular Tel. Co., 20 Cal. 4th 163, 180 (1999). A cause of 11 action under the UCL must state with “reasonable particularity” the conduct that was allegedly 12 unlawful, unfair, or fraudulent. Khoury v. Maly’s of California, Inc., 14 Cal. App.

4th 612, 619 13 (1993). 14 Defendants argue in part that the complaint fatally fails to distinguish between these three 15 theories. The Court agrees. The complaint merely states that “[t]he defendants’ actions constitute 16 unlawful, unfair and/or fraudulent business practices within the meaning of California Business & 17 Professions Code section 17200, et seq.” Compl. ¶ 41.

This is inadequate both because it does 18 not distinguish between the distinct theories of liability and does not identify facts specific to any 19 individual Defendant. As such, the Court is unable to examine whether the complaint sufficiently 20 21 5 However, the Court briefly notes that Defendants’ position regarding public harm is not 22 supported by the language in the statute or relevant case law.

All Defendants argue, using identical language, that Plaintiff’s UCL claim fails because she does not allege public harm, citing 23 to one case in support, Pierry, Inc. v. Thirty-One Gifts, LLC, No. 17-CV-03074-LB, 2018 WL 1684409 (N.D. Cal. Apr. 5, 2018). But Pierry involved a dispute between two business entities 24 and restated the general rule that, “where a UCL action is based on contracts not involving either the public in general or individual consumers who are parties to the contract, a corporate plaintiff 25 may not rely on the UCL for the relief it seeks.” Linear Tech.

Corp. v. Applied Materials, Inc., 152 Cal. App. 4th 115, 135 (2007) (emphasis added). Plaintiff is not a corporate plaintiff, 26 and the Court has not been presented with any authority requiring public harm here. See Van Patten v. Vertical Fitness Grp., LLC, 847 F.3d 1037, 1059 (9th Cir. 2017) (to gain standing for a 27 claim under the UCL, a plaintiff must allege only she suffered a loss or deprivation of money or property sufficient to qualify as an injury in fact as a result of an unfair business practice).

1 states a claim under UCL theory. 2 The Court therefore GRANTS all Defendants’ motions to dismiss the UCL claim with 3 leave to amend. See Lopez, 203 F.3d at 1127. 4 || IV. CONCLUSION 5 Based on the foregoing, the Court GRANTS IN PART and DENIES IN PART 6

|| Defendants' motions to dismiss with leave to amend. Should Plaintiff wish to file an amended 7 complaint, she must do so by January 23, 2026.

8 Given the substantially overlapping—and at times identical—arguments in Defendant's 9 three briefs authored by the same counsel, the Court ORDERS that any subsequent motion to 10 || dismiss be filed as an omnibus brief.

The parties may submit to the Court any stipulations or 11 motions regarding a briefing schedule and page limitations if necessary. 12 IT IS SO ORDERED. 5 13 Dated: December 29, 2025 United States District Judge 19 20 21 22 23 24 25 26 27 28 Case No.: 5:25-cv-05503-EJD ORDER GRANTING IN PART AND DENYING IN PART MOTIONS TO DISMISS