

UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF
CALIFORNIA

Happy CP Company Limited v. LB Accessories LLC, et al.

Happy CP · No. 2:24-cv-2274-TLN-JDP · Decided May 19, 2025

SUMMARY

The document contains findings and recommendations in an action by Happy CP Company Limited to confirm a Hong Kong arbitration award against LB Accessories LLC and Megan Castillo. The magistrate judge recommends granting default judgment and entering joint and several judgment for \$204,988.69, while denying without prejudice the request for litigation attorney’s fees and costs because the required supporting submissions were not provided.

CASE DETAILS

COURT	United States District Court for the Eastern District of California
WRITING FOR THE COURT	Jeremy D. Peterson
JURISDICTION	United States District Court for the Eastern District of California
DECIDED	May 19, 2025
DOCKET	2:24-cv-2274-TLN-JDP
DISPOSITION	other
PROCEDURAL POSTURE	Petitioner sought confirmation of a foreign arbitration award and moved for default judgment after respondents failed to appear. The magistrate judge issued findings and recommendations recommending that the petition and motion be granted, judgment be entered for \$204,988.69, and the requests for fees and costs be denied without prejudice.
STANDARD OF REVIEW	A default-judgment motion is reviewed under the court's discretionary consideration of the seven Eitel factors. In reviewing a foreign arbitration award under the New York Convention, the court's review is circumscribed and considers whether a Convention defense has been established rather than reviewing the merits of the underlying arbitration.
PRECEDENTIAL VALUE	nonprecedential

TOPICS

arbitration

default judgment

service of process

commercial litigation

breach of contract

PRACTICE AREAS

international arbitration

default judgment

commercial contracts

judgment enforcement

attorney fees and costs

QUESTIONS PRESENTED

1. Whether respondents' failure to appear and defend warranted entry of default judgment under Federal Rule of Civil Procedure 55 and the Eitel factors.
2. Whether the arbitration award was subject to confirmation under the New York Convention and Chapter Two of the Federal Arbitration Act.
3. Whether petitioner established the amount of damages awarded in the arbitration.
4. Whether petitioner was entitled at that stage to attorney fees and litigation costs incurred in the federal confirmation action.

HOLDINGS

1. Default judgment was appropriate because respondents were properly served, failed to appear, and the Eitel factors favored judgment for petitioner.
2. The arbitration award should be confirmed under the New York Convention because it arose from a commercial relationship involving a Hong Kong company and respondents did not establish any Convention defense.
3. Petitioner established entitlement to a total award of \$204,988.69 under the arbitration award.
4. The request for attorney fees and costs incurred in bringing the federal action should be denied without prejudice because petitioner failed to comply with the applicable fee-affidavit and bill-of-costs requirements.

KEY QUOTATIONS

“A defendant’s default does not automatically entitle the plaintiff to a court-ordered judgment.”

“The court shall confirm the award unless it finds one of the grounds for refusal or deferral of recognition or enforcement of the award specified in the Convention.”

“Our review of a foreign arbitration award is quite circumscribed. Rather than review the merits of the underlying arbitration, we review de novo only whether the party established a defense under the Convention.”

“A party’s default conclusively establishes that party’s liability, although it does not establish the amount of damages.”

FACTUAL BACKGROUND

In September 2022, Happy CP, a Hong Kong company, contracted with LB Accessories LLC to purchase a portion of LB Accessories' future receivables in exchange for a percentage of monthly deposits. Megan Castillo guaranteed LB Accessories' performance and agreed to indemnify Happy CP. After LB Accessories allegedly failed to provide required authorizations, Happy CP terminated the contract and obtained an April 3, 2024 Hong Kong arbitration award for \$150,384.64 plus tribunal fees, legal expenses, and administrative costs. Respondents did not participate in the arbitration or the federal confirmation action.

PROCEDURAL HISTORY

Happy CP filed a petition to confirm a Hong Kong arbitration award against LB Accessories LLC and Megan Castillo. After unsuccessful personal-service attempts, the court authorized alternative service under California Code of Civil Procedure section 415.30; petitioner reported completing service on December 30, 2024. Respondents failed to respond, the Clerk entered default on February 3, 2025, and petitioner moved for default judgment. The magistrate judge recommended granting the petition and default judgment, denying attorney fees and costs without prejudice, and closing the case, subject to objections and review by the assigned district judge.

DISPOSITION

other

REMAND INSTRUCTIONS

No remand was ordered. The magistrate judge recommended that the district judge grant the petition and motion for default judgment, enter joint-and-several judgment for \$204,988.69, deny attorney fees and costs without prejudice to a compliant filing, and close the case.

CASES CITED

- PepsiCo, Inc. v. Cal. Sec. Cans, 238 F. Supp. 2d 1172, 1174 (C.D. Cal. 2002)
- Draper v. Coombs, 792 F.2d 915, 924-25 (9th Cir. 1986)
- Aldabe v. Aldabe, 616 F.2d 1089, 1092 (9th Cir. 1980)
- Eitel v. McCool, 782 F.2d 1470, 1471-72 (9th Cir. 1986)
- Philip Morris USA, Inc. v. Castworld Prods., Inc., 219 F.R.D. 494, 498 (C.D. Cal. 2003)
- PepsiCo, Inc. v. Triunfo-Mex, Inc., 189 F.R.D. 431, 432 (C.D. Cal. 1999)
- TeleVideo Sys., Inc. v. Heidenthal, 826 F.2d 915, 917-18 (9th Cir. 1987)
- Geddes v. United Fin. Grp., 559 F.2d 557, 560 (9th Cir. 1977)
- Cripps v. Life Ins. Co. of N. Am., 980 F.2d 1261, 1267 (9th Cir. 1992)
- Day v. Orrick, Herrington & Sutcliffe, LLP, 42 F.4th 1131, 1133 (9th Cir. 2022)
- Ministry of Def. of the Islamic Republic of Iran v. Gould, Inc., 969 F.2d 764, 770 (9th Cir. 1992)
- Polimaster Ltd. v. RAE Systems, Inc., 623 F.3d 832, 836 (9th Cir. 2010)
- China Nat'l Metal Prods. Import/Export Co. v. Apex Digital, Inc., 379 F.3d 796, 799-800 (9th Cir. 2004)
- Landstar Ranger, Inc. v. Parth Enters., Inc., 725 F. Supp. 2d 916, 921 (C.D. Cal. 2010)

- Elektra Entm't Grp. Inc. v. Crawford, 226 F.R.D. 388, 393 (C.D. Cal. 2005)
- Penpower Tech. Ltd. v. S.P.C. Tech., 627 F. Supp. 2d 1083, 1093 (N.D. Cal. 2008)
- Amini Innovation Corp. v. KTY Int'l Mktg., 768 F. Supp. 2d 1049, 1053-54 (C.D. Cal. 2011)
- Rodriguez v. Wallia, No. C-11-03854 EDL, 2012 WL 1831579, at *1 (N.D. Cal. Apr. 18, 2012)
- Turner v. Duncan, 158 F.3d 449, 455 (9th Cir. 1998)
- Martinez v. Yist, 951 F.2d 1153 (9th Cir. 1991)

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