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UNITED STATES DISTRICT COURT
 CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES - GENERAL

Case No. CV 05-3434-RGK (MANx) Date October 3, 2005

Title LUCASFILM LTD. v. SHEPPERTON DESIGN STUDIOS LIMITED, et al.

SCANNED

Present: The
 Honorable

R. GARY KLAUSNER, U.S. DISTRICT JUDGE

Sharon L. Williams

Not Reported

N/A

Deputy Clerk

Court Reporter / Recorder

Tape No.

Attorneys Present for Plaintiffs:

Attorneys Present for Defendants:

Not Present

Not Present

Proceedings:

(IN CHAMBERS) DEFENDANTS' MOTION TO DISMISS FOR LACK OF JURISDICTION (DE 6)

I. FACTUAL BACKGROUND

Lucasfilm Ltd. ("Plaintiff") filed this action on May 6, 2005. Plaintiff's Complaint alleges copyright infringement, unfair competition, trademark infringement, and state common law unfair competition against Shepperton Design Studios Limited ("Shepperton") and Andrew Ainsworth ("Ainsworth") (collectively, "Defendants") for infringement of Plaintiff's copyrighted Stormtrooper design. Defendants have filed a Motion to Dismiss for Lack of Jurisdiction Pursuant to Federal Rule of Civil Procedure 12(b)(2). They argue that: (1) the Court does not have general jurisdiction over Defendants because Defendants have not engaged in substantial, continuous, and systematic activities within California, and (2) the Court does not have specific jurisdiction over Defendants because Defendants have not purposefully availed themselves of the privilege of conducting activities in California.

For the reasons discussed below, the Court denies Defendants' Motion to Dismiss.

II. JUDICIAL STANDARD

In order to maintain an action in United States District Court, a plaintiff must establish that the court has personal jurisdiction over the defendant. *See* Fed. R. Civ. Proc. 12(b)(2). Although the plaintiff ultimately holds the burden to prove that the defendant is subject to personal jurisdiction, when the motion to dismiss is evaluated without an evidentiary hearing, the plaintiff need only make a prima facie showing to survive dismissal pursuant to Rule 12(b)(2). *Dole Food Co. v. Watts*, 303 F.3d 1104, 1108 (9th Cir. 2002); *Ziegler v. Indian River County*, 64 F.3d 470, 473 (9th Cir. 1995). Uncontroverted allegations in the complaint are taken as true, and contested facts are resolved in favor of the plaintiff.

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Dole Food Co., 303 F.3d at 1108; *Ziegler*, 64 F.3d at 474 (“We accept [plaintiff’s] allegations as true for purposes of determining jurisdiction.”). Once the plaintiff makes this prima facie showing, the defendant may not simply contest the factual allegations made by the plaintiff, but instead must demonstrate additional considerations which undermine the court’s personal jurisdiction over the defendant. *Burger King Corp. v. Rudzewicz*, 471 U.S. 462, 477 (1985).

In order to show personal jurisdiction over the defendant, the plaintiff must show that the long-arm statute of the forum state confers jurisdiction, and that the exercise of personal jurisdiction over the nonresident defendant accords with federal constitutional principles of due process. *Ziegler*, 64 F.3d at 473; *Dole Food Co.*, 303 F.3d at 1110. California’s long-arm statute confers jurisdiction to the extent consistent with due process. Cal. Civ. P. Code § 410.10 (2005). Therefore, the analysis is the same under due process principles and under California law. *Dole Food Co.*, 303 F.3d at 1110. Under the standard set in *International Shoe*, “due process requires only that in order to subject a defendant to a judgment in personam, if he be not present within the territory of the forum, he have certain minimum contacts with it such that the maintenance of the suit does not offend traditional notions of fair play and substantial justice.” *Int’l Shoe Co. v. Washington*, 326 U.S. 310, 316 (1945) (internal quotations omitted).

If a defendant’s contacts with the forum state are “continuous and systematic,” a federal court can exercise jurisdiction over the defendant as to any cause of action, even if unrelated to the defendant’s activities within the state. *Perkins v. Benguet Consol. Mining Co.*, 342 U.S. 437, 445 (1952). Even if a nonresident defendant’s contacts with the forum state are not sufficiently continuous and systematic to justify general jurisdiction, the defendant may be subject to specific jurisdiction on claims arising out of its contacts with the forum state. Specific personal jurisdiction is justified where: (1) the defendant has purposefully availed himself of the privilege of conducting activities in the forum state; (2) the claim arises out of the defendant’s activities in the forum state; and (3) the exercise of jurisdiction is reasonable. *Shute v. Carnival Cruise Lines*, 897 F.2d 377, 381 (9th Cir. 1990), *rev’d on other grounds*, 499 U.S. 585 (1991).

The third prong of the specific jurisdiction test establishes that even when “minimum contacts” between the defendant and the forum state have been shown, the defendant may still defeat jurisdiction by making a compelling case that “some other considerations” indicate that conferring jurisdiction would be unreasonable. *Burger King*, 471 U.S. at 477. An otherwise valid exercise of personal jurisdiction is presumptively reasonable, placing the burden on the defendant to demonstrate “a compelling case” that jurisdiction is unreasonable. *Id.*

III. DISCUSSION

A. This Court May Exercise Specific Jurisdiction Over Defendants.

Plaintiff does not contend that this Court has general jurisdiction; thus, only specific jurisdiction is at issue. See *Ziegler*, 64 F.3d at 473. For the reasons discussed below, this Court finds that the three-part test for specific jurisdiction has been satisfied in this case.

1. Defendants Have Purposefully Availed Themselves of the Privileges of Conducting Activities in California.

Copyright and trademark infringement and unfair competition claims are more akin to tort claims than contract claims. *Panavision Int’l, L.P. v. Toeppen*, 141 F.3d 1316, 1321 (9th Cir. 1998) (finding trademark dilution claims analogous to tort claims for purpose of jurisdiction analysis); see *Bancroft & Masters, Inc. v. Augusta Nat’l Inc.*, 223 F.3d 1082, 1087-88 (9th Cir. 2000) (applying jurisdictional analysis for tort cases to trademark infringement case). In tort cases, purposeful availment is satisfied

where the defendant "(1) committed an intentional act, (2) expressly aimed at the forum state, (3) causing harm that the defendant knows is likely to be suffered in the forum state." *Dole Food Co.*, 303 F.3d at 1111. This test is derived from the "effects" test adopted in *Calder v. Jones*, 465 U.S. 783, 789 (1984) (finding that the effect in California of defendants' actions in Florida justified jurisdiction in California). *Dole Food Co.*, 303 F.3d at 1111 (stating that "the purposeful direction or availment requirement for specific jurisdiction is analyzed in intentional tort cases under the 'effects' test derived from *Calder v. Jones*").

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Plaintiff alleges that Defendants committed intentional acts, including making, selling, and distributing copies of Plaintiff's Stormtrooper helmet, and making misleading statements in advertisements for the helmets. Defendants do not deny that they make and sell the helmets; in fact, Ainsworth states in his Declaration that he uses his company to sell the helmets. Ainsworth Decl. at ¶ 13. Thus, Plaintiff sufficiently alleges intentional action by Defendants.

The second element of the purposeful availment test is satisfied where the defendant purposefully targets a known forum resident. *Bancroft & Masters, Inc.*, 223 F.3d at 1088. Here, Plaintiff alleges that Defendants shipped infringing copies of Plaintiff's copyrighted design to nineteen residents of California, sent emails directly to its California customers, and advertised its infringing copies in national publications and on the Internet. Defendants argue that these actions are directed at all of its customers and do not purposefully target California. However, Defendants' sales, advertisements, and emails are clearly aimed at United States consumers. Even if Defendants did not intend to target California above any other state, their actions affect California more than any other state due to Plaintiff's presence in California. Defendants have not offered any evidence that jurisdiction in any other state would be more appropriate, or that their sales, advertisements, and emails to California are less significant than their sales, advertisements, or emails to any other state. Thus no other state in the United States provides an alternative forum for jurisdiction. Accordingly, these factors weigh in favor of finding purposeful targeting of California.

The third element of the purposeful availment test requires that the harm be felt in the forum state and that defendants know, or should have known, that the harm would be felt there. *Ziegler*, 64 F.3d at 474. A corporation suffers harm in the forum where its principal place of business is located. *Panavision Int'l*, 141 F.3d at 1321. Plaintiff alleges that California is its principal place of business and that it has no offices outside of California. Therefore the harm caused by the alleged infringement is felt by Plaintiff in California. Defendants should have anticipated that the harm would be felt in California, Plaintiff's principal place of business and "the heart of the theatrical motion picture and television industry." *Id.*

2. *Plaintiff's Causes of Action Arise Out of Defendants' Contacts with California.*

Specific jurisdiction only extends to causes of action that arise out of a defendant's contacts with the forum state. A cause of action arises out of a defendant's contacts if the cause of action would not have arisen but for those contacts. *Shute*, 897 F.2d at 385.

Defendants' contacts with California consist of advertising the helmets in print, through email, and on its Internet website, and selling and shipping the helmets to nineteen California consumers. But for Defendants' advertisements and sales of the helmets, Plaintiff's causes of action for trademark and copyright infringement and unfair competition would not have come about. Thus, Plaintiff's causes of action arise out of Defendants' contacts with California.

3. Personal Jurisdiction Is Not Unreasonable in this Case.

The final requirement for an exercise of specific jurisdiction is reasonableness, which requires that the jurisdiction comports with fair play and substantial justice. *Burger King*, 471 U.S. at 476-77. This Circuit employs a seven-factor test to determine whether an exercise of jurisdiction is reasonable: “(1) the extent of a defendant’s purposeful interjection; (2) the burden on the defendant in defending in the forum; (3) the extent of conflict with the sovereignty of the defendant’s state; (4) the forum state’s interest in adjudicating the dispute; (5) the most efficient judicial resolution of the controversy; (6) the importance of the forum to the plaintiff’s interest in convenient and effective relief; and (7) the existence of an alternative forum.” *Panavision*, 141 F.3d at 1323. No single factor is dispositive. *Id.* The defendant bears the burden of proving that jurisdiction would be unreasonable. *Shute*, 897 F.2d at 386. Where the defendant has purposefully directed activities at a forum resident, the defendant must present “a compelling case” for unreasonableness. *Burger King*, 471 U.S. at 477.

a. *Defendants’ Purposeful Interjection Into California Was Not Substantial.*

“Even if there is sufficient interjection into the state to satisfy the purposeful availment prong, the degree of interjection is a factor to be weighed in assessing the overall reasonableness of jurisdiction under the reasonableness prong.” *Panavision*, 141 F.3d at 1323. As discussed above, Defendants purposefully interjected themselves into the United States, including California, but the degree of interjection into California in particular was not substantial. Therefore this factor weighs against jurisdiction.

b. *Defendants’ Burden in Litigating in California Is Not Compelling.*

The fact that Defendants reside in Europe weighs against jurisdiction. *See Dole Foods Co.*, 303 F.3d at 1115. However, this factor is not dispositive. *Id.* Although not a citizen of the United States, Defendant Ainsworth reads, writes, and speaks English, has traveled to California in the past, and can rely on modern advances in communication and transportation to defend himself from England. *See id.* (finding that foreign defendants would be burdened by suit in California, but that the burden was eased by their ability to speak English, their prior visits to the United States, and their use of modern communication and transportation). Thus, Defendants’ burden in litigating in California weighs against jurisdiction but does not present a compelling case of unreasonableness.

c. *Implication of England’s Sovereignty Is Not Compelling.*

“[L]itigation against an alien defendant creates a higher jurisdictional barrier due to additional sovereignty concerns.” *Shute*, 897 F.2d at 387 (citing *Asahi Metal*, 480 U.S. at 115). This factor requires the Court to consider the extent to which California’s exercise of jurisdiction would conflict with the sovereignty of England. Because Defendant is a citizen of England, jurisdiction in California implicates England’s interest in disputes that involve its citizens. *Gates Learjet Corp. v. Jensen*, 743 F.2d 1325, 1333 (9th Cir. 1984), *cert. denied*, 471 U.S. 1066 (1985). However, “this factor is not dispositive because, if given controlling weight, it would always prevent suit against a foreign national in a United States court.” *Id.* Thus, this factor weighs against jurisdiction but does not present a compelling case of unreasonableness. *See Dole Food Co.*, 303 F.3d at 1115-17 (concluding that this factor favored defendants residing in Europe, but that defendants failed to meet their “heavy burden” of proving unreasonableness).

d. *California Has a Strong Interest in Providing the Forum.*

"California has a strong interest in providing a forum for its residents and citizens who are tortiously injured." *Dole Food Co.*, 303 F.3d at 1115-16. Since Plaintiff is a California corporation, this factor weighs in favor of jurisdiction.

e. *The Most Efficient Forum Cannot Be Determined.*

Courts look at the location of witnesses and the substantive law governing the dispute in determining which forum is the most efficient forum for resolution of the dispute. *Dole Food Co.*, 303 F.3d at 1116. Plaintiff claims the majority of witnesses are located in California, and Defendants claim they are in England. Plaintiff's complaint alleges violation of United States and California law. Although Defendants claim English law applies regarding authorship and ownership of the helmets, again this is not compelling. Where witnesses reside in two different forums and where the choice of law analysis is not clear, this factor cannot be said to favor either party. *Id.*

f. *California Is the Most Convenient Forum for Plaintiff.*

The plaintiff's inconvenience is not given much weight in the reasonableness analysis. *Dole Food Co.*, 303 F.3d at 1116 (stating that "in this circuit, the plaintiff's convenience is not of paramount importance"). Nevertheless, the Court notes that California appears to be the most convenient forum for Plaintiff, so this factor weighs in Plaintiff's favor.

g. *No Alternative Forum Exists.*

The plaintiff bears the burden of showing the unavailability of another forum. *Ziegler*, 64 F.3d at 476. Plaintiff has satisfied this burden by showing that its United States copyright claims may not be justiciable in England. *Tyburn Prods. Ltd v. Conan Doyle* [1991] Ch. 75. Additionally, no other state in the United States has been identified as a potential alternative. Therefore this factor weighs heavily in favor of jurisdiction.

h. *Jurisdiction Is Reasonable.*

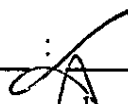
In light of the above considerations, the overall balance of all seven factors favors jurisdiction. Plaintiff has met its initial burden of showing personal jurisdiction, and Defendants have not presented a compelling case that jurisdiction is unreasonable.

IV. CONCLUSION

For the foregoing reasons, Defendants' Motion to Dismiss for Lack of Personal Jurisdiction is **denied.**

IT IS SO ORDERED.

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