

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

METALLIC CERAMIC COATINGS, INC. : CIVIL ACTION
: :
v. : :
: :
PRECISION PRODUCTS, INC. : NO. 00-CV-4941

MEMORANDUM

Padova, J. February ,2001

Before the Court is Defendant’s Motion to Dismiss, Or In the Alternative, Transfer. For the reasons that follow, the Court grants Defendant’s Motion in the alternative and transfers this case to the United States District Court for the Northern District of California for adjudication.

I. BACKGROUND¹

Plaintiff Metallic Ceramic Coatings, Inc., d/b/a Jet-Hot, (“Jet-Hot”) filed the instant suit against Defendant Precision Products, Inc. d/b/a/ Sanderson Headers (“Sanderson”) seeking damages and injunctive relief for alleged trademark infringement and unfair competition. Plaintiff provides automotive exhaust coating services and has continuously marketed its coatings under the mark “JET-HOT” since August 3, 1989. Plaintiff registered two marks, JET-HOT (stylized) and JET-HOT (plus design), for use on automotive after-market products including headers, exhaust systems, engine components, wheels and visible parts of drive systems. Beginning in the mid-1990's, Plaintiff provided services for Sanderson pursuant to a contract. Jet-Hot would apply JET-HOT coating to headers manufactured by Sanderson and forward the coated headers directly to Sanderson’s

¹The following facts are alleged in the Complaint.

customers. During the course of the business relationship, Jet-Hot authorized Sanderson to identify its JET-HOT coatings in advertising and promotions. In the summer of 1999, the business relationship ended. In September 1999, Jet-Hot demanded Sanderson cease using the JET-HOT mark in its advertising.

Plaintiff now complains that Sanderson has continued to use the JET-HOT mark without its permission in national advertising promotions. The Complaint asserts five counts. Counts I and IV allege trademark infringement in violation of the Trademark Act of 1946, 15 U.S.C. § 1114(1), and common law respectively. Counts II and III claim unfair competition pursuant to 15 U.S.C. § 1125(a), and common law respectively. Count V alleges that Sanderson engaged in a civil conspiracy with the coating company with whom Sanderson now contracts to misappropriate Jet-Hot's goodwill.

II. DISCUSSION

Defendant primarily moves to dismiss the Complaint on the ground of lack of personal jurisdiction and improper venue. In the alternative, Defendant seeks transfer of the case to another district. Defendant further challenges the sufficiency of the allegations in Count V to state a claim upon which relief may be granted.

A. Personal Jurisdiction

Since lack of personal jurisdiction is a waivable defense, a defendant must raise the issue on a timely motion to dismiss pursuant to Federal Rule of Civil Procedure 12. See Fed. R. Civ. P. 12(h)(1); Singer v. Commissioner of Internal Revenue Service, No. Civ. A. 99-2783, 2000 WL 14874, at *2 (E.D. Pa. Jan. 10, 2000). When a defendant raises the defense of lack of personal jurisdiction, the plaintiff bears the burden of producing sufficient facts to establish that jurisdiction

is proper. Mellon Bank (East) PSFS, Nat'l Assoc. v. Farino, 960 F.2d 1217, 1223 (3rd Cir. 1992). To establish the propriety of jurisdiction, the plaintiff must present a prima facie case for the exercise of personal jurisdiction by establishing with reasonable particularity sufficient contacts between the defendant and the forum state. Id. at 1223 (citing Provident Nat'l Bank v. California Fed. Sav. & Loan Assoc., 819 F.2d 434, 437 (3rd Cir. 1987)). Resolution of a motion challenging personal jurisdiction requires a determination of factual issues outside the pleadings. Time Share Vacation Club v. Atlantic Resorts, Ltd., 735 F.2d 61, 66 (3d Cir. 1984). The plaintiff, therefore, must go beyond the bare allegations of the pleadings and make affirmative proof through sworn affidavits or other competent evidence.² Id. at 66-67 n.9; Singer, 2000 WL 14874, at *2.

A federal district court may assert personal jurisdiction over a nonresident of the state in which the court sits to the extent authorized by the law of that state. Fed. R. Civ. P. 4(e). The Pennsylvania Long-Arm Statute provides in relevant part:

the jurisdiction of the tribunals of this Commonwealth shall extend . . . to the fullest extent allowed under the Constitution of the United States and may be based on the most minimum contact with this Commonwealth allowed under the Constitution of the United States.

42 Pa. Cons. Stat. Ann. § 5322(b) (West 2000). The Fourteenth Amendment of the United States Constitution limits the reach of long-arm statutes such that a court may not assert personal jurisdiction over a nonresident defendant who lacks minimum contacts with the forum or where maintenance of suit against him offends traditional notions of fair play and substantial justice. International Shoe Co. v. Washington, 326 U.S. 310, 316 (1945); Provident Nat'l Bank, 819 F.2d

²Plaintiff has requested discovery on the issue of personal jurisdiction. The Court's determination, however, does not rest on a factual finding that could have been established through any discovery obtained from Defendant. Plaintiff's request is therefore moot.

at 436-37. Pennsylvania's long arm statute includes both general and specific jurisdiction over nonresident defendants. 42 Pa. Cons. Stat. Ann. §§ 5301, 5322 (West 2000).

1. General Jurisdiction

General jurisdiction arises when the plaintiff's cause of action arises from the defendant's non-forum related activities. Vetrotext Certaineed Corp. v. Consol. Fiber Glass Prod. Co., 75 F.3d 147, 151 n.3 (3d Cir. 1996). To assert general jurisdiction over a nonresident, a plaintiff must establish that the defendant's contacts with the forum state are so "continuous and substantial" that the defendant should reasonably expect to be haled into court therein on any cause of action. Helicopteros Nacionales de Colombia, S.A. v. Hall, 466 U.S. 408, 414-16 (1984); Provident Nat'l Bank, 819 F.2d at 437. Furthermore, the defendant must have purposefully availed itself of the benefits and protections of the laws of the forum state. See Burger King Corp. v. Rudzewicz, 471 U.S. 462, 475 (1985). The plaintiff must adduce "extensive and persuasive" facts indicating that the defendant has maintained continuous and substantial forum affiliations. Reliance Steel Prod. v. Watson, Ess, Marshall, & Enggas, 675 F.2d 587, 588-89 (3d Cir. 1982).

Jet-Hot is a Pennsylvania corporation with its principal place of business therein, while Sanderson is a California corporation with its principal place of business in San Francisco, California. It is undisputed that Sanderson is not registered to conduct business in Pennsylvania, nor has Sanderson ever maintained an office or employees, owned property, or opened bank accounts in Pennsylvania. Jet-Hot, however, argues that Sanderson's contacts are sufficient to assert general jurisdiction based on its business dealings with Jet-Hot, sales to Pennsylvania customers, advertisements placed in national publications, maintenance of an internet website, and participation in a yearly car show. The Court concludes that the facts presented in this case do not establish

general jurisdiction over Defendant.

During the life of the parties' agreement, even though its headers were sent for coating to Jet-Hot's facilities in Arizona, Sanderson remitted payments to Jet-Hot's Pennsylvania offices and communicated by telephone with Jet-Hot employees in Pennsylvania. Jet-Hot further asserts that Pennsylvania is one of the largest markets for Sanderson's automotive parts. While admitting having customers located in Pennsylvania, Sanderson claims that Pennsylvania is actually a relatively small market for its goods. Sanderson advertises in an annual catalog and nine speciality magazines, all of which are published outside of Pennsylvania and circulated nationally. Sanderson also maintains an internet website that advertises its products and promotes a toll-free number for placing orders. The website does not seek or accept orders placed over the internet. Sanderson further participates in a yearly car show in York, Pennsylvania. To participate in the York car show, Sanderson pays a state and local sales use and hotel occupancy tax, but has been represented at the car show by a California independent contractor for the last four years. In 1998, Sanderson sent a shipment of forty orders to Pennsylvania in relation to the car show.

“Continuous and systematic contacts refers to the defendant's contacts with the forum state and not its individual relationship with the resident plaintiff.” Insurance Data Processing, Inc. v. Old Charleston Ins. Co., Ltd., Civ. A. No. 88-4479, 1989 WL 157138, at *4 (E.D. Pa. Dec. 28, 1989). The mere fact that a past business relationship existed between a nonresident defendant and a resident plaintiff does not indicate continuous and systematic contacts with the forum state. Id. The contract that created an ongoing relationship between Jet-Hot and Sanderson ended in August, 1999, more than one year before this suit was filed. Jet-Hot does not allege or present evidence of any continuing relationship following termination of the contract.

General jurisdiction, however, may be found where “a non-resident defendant makes a substantial number of direct sales in the forum, solicits business regularly and advertises in a way specifically targeted at the forum market.” Insurance Data Processing, Inc. v. Old Charleston Ins. Co., Ltd., Civ. A. No. 88-4479, 1989 WL 157138, at *4 (E.D. Pa. Dec. 28, 1989). Sanderson’s advertisements in national publications are not targeted at Pennsylvania, and accordingly do not provide a basis for asserting general jurisdiction. Gehling v. St. George’s Sch. of Medicine, 773 F.2d 539, 542 (3d Cir. 1985); Delta/Ducon Components Group Co. v. Ducon Fluid Transp. Co., No. Civ. A. 99-1386, 2000 WL 15072, at *4 (E.D. Pa. Jan. 3, 2000). Similarly, courts have uniformly held that internet sites that only advertise products and provide a toll-free number for placing orders are insufficient to create general jurisdiction. S. Morantz, Inc. v. Hang & Shine Ultrasonics, Inc., 79 F. Supp. 2d 537, 542-43 (E.D. Pa. 1999); Desktop Tech. Inc. v. Colorworks Reproduction & Design, Inc., No. Civ. A. 98-5029, 1999 WL 98572, at *3 (E.D. Pa. Feb. 25, 1999); Blackburn v. Walker Oriental Rug Galleries, Inc., 999 F. Supp. 636, 638 (E.D. Pa. 1998). Yearly participation in a single car show within Pennsylvania is insufficiently continuous to justify assertion of general personal jurisdiction. Instate sales alone without evidence of targeting Pennsylvania customers are not sufficiently systematic to establish general personal jurisdiction.

Having concluded that no general personal jurisdiction exists, the Court turns to the existence of specific jurisdiction.

2. Specific Jurisdiction

Specific personal jurisdiction may arise when the defendant engages in particular or infrequent contacts with the forum state that are related to the plaintiff’s claim. Pennzoil Products Co. v. Colelli & Assoc., Inc., 149 F.3d 197, 200 (3d Cir. 1998). A finding of specific personal

jurisdiction requires a two-step analysis. First, the court must find that the relationship between the defendant, the cause of action, and the forum satisfies the minimum contacts framework outlined in International Shoe and its progeny. Farino, 960 F.2d at 1222. Second, the court must conclude that the exercise of jurisdiction would comport with traditional notions of ‘fair play and substantial justice.’ Id. Minimum contacts is a “fair warning” requirement of due process that is satisfied if the defendant has purposely directed his activities at forum residents and availed itself of the privilege of doing business there. Burger King, 471 U.S. at 472; Hanson v. Denckla, 357 U.S. 235, 253 (1958). The defendant’s conduct and connections with the forum must have been such that the defendant could have reasonably anticipated his amenability to suit in the forum. Shaffer v. Heitner, 433 U.S. 186, 204 (1977). “Random,” “fortuitous,” or “attenuated” contacts are insufficient to satisfy the minimum contacts requirement, as are contacts resulting from “the unilateral activity of another party or a third person.” Burger King, 471 U.S. at 475. Only those contacts “proximately result[ing] from actions by the defendant himself that create a “substantial connection” with the forum” satisfy due process. Id. Defendants can have minimum contacts where they deliberately engage in significant activity within the forum or create continuing obligations between themselves and forum residents. Id. at 475-76.

Plaintiff advances two theories in support of the exercise of specific jurisdiction over Defendant. First, Plaintiff argues that the parties’ prior contract provides a basis for specific jurisdiction. At oral argument, Plaintiff next asserted that specific jurisdiction exists based on the in-state effects of Defendant’s allegedly tortious conduct based on Calder v. Jones, 465 U.S. 783 (1984). The Court rejects both arguments. The prior contract between the parties clearly cannot give rise to specific personal jurisdiction over this case because the cause of action does not relate to the

terms or existence of the contract. Furthermore, Plaintiff has not established the elements necessary to invoke the Calder doctrine.

Under Calder, an intentional tort directed at the plaintiff and having sufficient impact upon it in the forum may suffice to enhance otherwise insufficient contacts with the forum such that the minimum contacts prong of the due process test is satisfied. IMO Indus., Inc. v. Kiekert AG, 155 F.3d 254, 260 (3d Cir. 1998) (citing Keeton v. Hustler Magazine, Inc., 465 U.S. 770, 780 (1984)). Calder involved a suit by Shirley Jones, an entertainer who lived and worked in California, against a reporter and editor of the National Enquirer, both Florida residents, who published a defamatory article about her in a national magazine. Calder, 465 U.S. at 784-85. The Calder court held that California courts had specific personal jurisdiction over the defendants based on the effects of their conduct in California. Id. at 789. The court specially noted that the plaintiff bore the brunt of the harm from the story in California. Id. The court further found that defendant's actions were expressly aimed at California because they knew that the article would have a "devastating impact" upon the plaintiff's activities in California and that the brunt of that injury would be felt in California where she lives and works and where the National Enquirer has its largest circulation. Id. at 789-90.

The Third Circuit has established a three-prong test that the plaintiff must satisfy to invoke the Calder doctrine of specific jurisdiction. Remick v. Manfredy, No. 99-1422, 20001 WL 62889, at *7 (3d Cir. Jan. 25, 2001) (citing IMO, 155 F.3d at 256). First, the defendant must have committed an intentional tort. Id. Second, the plaintiff must have felt the brunt of the harm caused by that tort in the forum, such that the forum can be said to be the focal point of the harm suffered by the plaintiff as a result of the tort. Id. Third, the defendant must have expressly aimed the tortious conduct at the forum, such that the forum can be said to be the focal point of the tortious activity.

Id. Essentially, the defendant must “manifest behavior intentionally targeted at and focused on the forum for Calder to be satisfied.” IMO, 155 F.3d at 265 (quoting ESAB Group, Inc. v. Centricut, 123 F.3d 617, 625 (4th Cir. 1997)). This generally requires some type of entry into the forum state.

Id. Since it is undisputed that Plaintiffs have alleged a claim for the intentional torts of unfair competition and trademark infringement, the Court will focus on the second and third factors.

To satisfy the second factor, Plaintiff must establish that it felt the brunt of the harm from Defendant’s allegedly tortious behavior in Pennsylvania such that Pennsylvania is the focal point of the harm. Plaintiff’s mere residence in the forum state is insufficient to establish that the focal point of the harm is in the forum. The Calder court determined that California was the focal point of the harm in that case because it is the center of the movie and television entertainment industry in which the plaintiff primarily worked. Calder, 465 U.S. at 789-90; William Rosenstein & Sons Co. v. BBI Produce, Inc., 123 F. Supp.2d 268, 273 (M.D. Pa. 2000). Similarly, the Third Circuit found that a plaintiff suing for defamation over a letter sent into Pennsylvania satisfied the second factor because his professional activities were centered in Pennsylvania and the defamatory letter questioned his professional ability. Remick, 2001 WL 62889, at *7.

Although Jet-Hot’s headquarter is located in Pennsylvania, there is no evidence that Pennsylvania is the focal point of the harm from infringement of its trademark. The case cited by Plaintiff, Indianapolis Colts, Inc. v. Metropolitan Baltimore Football Club, 34 F.3d 410 (7th Cir. 1994) (trademark infringement suit between Indiana Colts and Baltimore Colts), is inapposite because that court found that the Indiana Colts used their trademark primarily in Indiana, and the highest concentration of Indiana Colt fans were located in Indiana and as such Indiana citizens were

most likely to be confused by the existence of a Baltimore Colts team.³ Id. at 412. There is no evidence that the highest concentration of people likely to be confused by any alleged infringement are located in Pennsylvania, nor that Plaintiff used its trademark primarily within Pennsylvania. Plaintiff's request for discovery is inapplicable to this factor because any information about the focal point of the harm would be within its own possession.

The Court further determines that Plaintiff has failed to establish the third factor, namely that the defendant "expressly aimed" its tortious conduct at the forum. Calder did not establish a rule of jurisdiction based on foreseeability of injury to a forum citizen, but instead centered on the fact that injury was caused by activity intentionally directed by defendants at the forum. Narco Avionics, Inc. v. Sportsman'sMarket, Inc., 792 F. Supp. 398, 408 (E.D. Pa. 1992). Mere knowledge that the plaintiff is located in the forum, therefore, is insufficient to establish intentional targeting of the plaintiff. IMO, 155 F.3d at 266. Rather, the inquiry still focuses on the defendant's contacts with the forum state. Id. at 266-67.

The contacts that Defendant had with Pennsylvania are its prior contract with Plaintiff, its participation in a Pennsylvania car show, advertisement in national magazines that are available in Pennsylvania, and sales to Pennsylvania customers. The prior contract does not indicate "express aim" because it occurred prior to the infringement. Infringing advertisements in national magazines do not indicate that Defendant expressly targeted Pennsylvania. See Forum Publ., Inc. v. P.T. Publ. Inc. 700 F. Supp. 236, 247 (E.D. Pa. 1988) (rejecting Calder theory in case of misrepresentation calculated to injure a forum corporation's business published in a national magazine). There is no

³Furthermore, the Third Circuit has rejected the general analysis of Calder used by the Seventh Circuit as overly broad. See IMO, 155 F.3d at 263 (declining to follow Janmark, Inc. v. Reidy, 132 F.3d 1200 (7th Cir. 1997)).

evidence that Defendant targeted Pennsylvania customers for sales.

B. Transfer of Venue

Having determined that Plaintiff has failed to establish specific jurisdiction over Defendant, the Court must decide whether to dismiss the case or transfer it to an alternative forum. If venue in this district is proper notwithstanding the lack of personal jurisdiction, then the action may be dismissed or transferred pursuant to 28 U.S.C. § 1404(a). If venue in this district is improper, then 28 U.S.C. § 1406(a) applies. See Carteret Sav. Bank v. Shushan, 919 F.2d 225, 231-32 (3d Cir. 1990).

Venue in federal question cases is properly laid in the district where the defendant resides, a substantial part of the events or omissions occurred, or, as a last resort, where any defendant may be found. 28 U.S.C. § 1391(b) (1994). The federal venue statute protects the defendant against the risk that a plaintiff will select an unfair or inconvenient place of trial. LeRoy v. Great Western United Corp., 443 U.S. 173, 183-84 (1979). The test for determining the propriety of the plaintiff's choice of venue is not the defendant's contacts with a particular district, but rather the location of those events or omissions that give rise to the plaintiff's claim. Cottman Transmission Sys., Inc. v. Martino, 36 F.3d 291, 294 (3d Cir. 1994). The events or omissions supporting the claim must be more than tangentially connected to the district to qualify as substantial under section 1391(a)(2). Id. at 294 ("Substantiality is intended to preserve the element of fairness so that a defendant is not haled into a remote district having no real relationship to the dispute."). The determination of whether an act or omission is substantial turns on the nature of the dispute. Id. at 295. The party requesting dismissal or transfer bears the burden of demonstrating that venue is improper. Mizrahi v. Great-West Life Assurance Co., No. Civ. A. 99-819, 1999 WL 398714, at *2 (E.D. Pa. June 17,

1999).

Under this standard, venue in this district is improper under § 1391(b). Corporations are deemed to reside where they are subject to personal jurisdiction. 28 U.S.C. § 1391(c) (1994). The Court has already decided that it lacks personal jurisdiction over Defendant. There is no indication that a substantial part of the events or omissions constituting the infringement or unfair competition occurred in this district since the infringing advertisements were placed in nationally circulated magazines that are published in Nevada and California. Similarly, the operation of a passive website is insufficient to establish venue within the district. Blackburn, 999 F. Supp. at 639. Section 1406(a) therefore governs the Court's decision regarding dismissal.

Section 1406(a) permits courts to dismiss or, in the interest of justice, transfer a case where venue is improper to any district where the case could have been originally brought. 28 U.S.C. § 1406(a) (1994). Although primarily seeking outright dismissal, Defendant alternatively recommends transfer to the United States District Court for the Northern District of California where the case could have originally been brought. The Court determines that transfer to the United States District Court for the Northern District of California is appropriate in the interest of avoiding "time-consuming and justice-defeating technicalities," and avoiding the expeditious adjudication of the merits of Jet-Hot's claims. See Delta/Ducon Components, 2000 WL 15072, at *4.

III. CONCLUSION

The Court concludes that personal jurisdiction over Defendant is lacking. In the interest of justice, the Court will transfer the case to the United States District Court for the Northern District of Pennsylvania. An appropriate Order follows.

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

METALLIC CERAMIC COATINGS, INC.	:	CIVIL ACTION
	:	
v.	:	
	:	
PRECISION PRODUCTS, INC.	:	NO. 00-CV-4941

ORDER

AND NOW, this day of February, 2001, upon consideration of Defendant's Motion to Dismiss, Or In the Alternative, Transfer (Doc. No. 4), and all attendant submissions, **IT IS HEREBY ORDERED** that said Motion is **GRANTED** in the alternative. The above-captioned case shall be transferred to the United States District Court for the Northern District of California.

BY THE COURT:

John R. Padova, J.