1996 WL 786124

United States District Court, C.D. California.

MULTISTATE LEGAL STUDIES, INC., a Delaware Corporation, Plaintiff,

v.

Joseph L. MARINO, an individual; Emily M. Grufferman, an individual; Joseph L. Marino d.b.a. Multistate Bar Exam Review; Emily M. Grufferman d.b.a. Multistate Bar Exam Review; Black's Law Publishing Co., Inc., a corporation, Defendants.

No. CV 96-5118 ABC (RNBx).
|
Nov. 4, 1996.

ORDER RE: MOTION TO DISMISS FOR LACK OF PERSONAL JURISDICTION AND IMPROPER VENUE OR, IN THE ALTERNATIVE, TO TRANSFER ACTION TO THE SOUTHERN DISTRICT OF NEW YORK PURSUANT TO 28 U.S.C. §1404(a)

COLLINS, District Judge.

***1** Defendants' motion to dismiss for lack of personal jurisdiction pursuant to Federal Rule of Civil Procedure 12(b)(2) and improper venue pursuant to Federal Rule of Civil Procedure 12(b)(3) or, in the alternative, to transfer the action to the Southern District of New York pursuant to 28 U.S.C. § 1404(a) came on regularly for hearing before this Court on November 4, 1996. After reviewing the materials submitted by the parties, argument of counsel, and the case file, it is hereby ORDERED that: (1) Defendant Black's Law Publishing Co., Inc.'s motion to dismiss for lack of personal jurisdiction pursuant to Federal Rule of Civil Procedure 12(b)(2) is DENIED; (2) Defendant Black's Law Publishing Co., Inc.'s motion to dismiss for improper venue pursuant to Federal Rule of Civil Procedure 12(b)(3) is DENIED; and (3) Defendants' motion to transfer venue to the Southern District of New York pursuant to 28 U.S.C. § 1404(a) is GRANTED.

I. Procedural Background

On July 23, 1996, Plaintiff MULTISTATE LEGAL STUDIES, INC. (“Multistate”) filed a Complaint against Defendants JOSEPH L. MARINO (“Marino”), an individual, EMILY M. GRUFFERMAN (“Grufferman”), an individual, JOSEPH L. MARINO d.b.a. MULTISTATE BAR EXAM REVIEW, EMILY M. GRUFFERMAN, d.b.a. MULTISTATE BAR REVIEW, and BLACK'S LAW PUBLISHING CO., INC. (“BLP”), a corporation. The Complaint alleges that Defendants infringed Plaintiff's exclusive rights in copyright.

On October 11, 1996, Defendants filed the instant motion to dismiss for lack of personal jurisdiction pursuant to Federal Rule of Civil Procedure 12(b)(2) and improper venue pursuant to Federal Rule of Civil Procedure 12(b)(3) or, in the alternative, to transfer the action to the Southern District of New York pursuant to 28 U.S.C. § 1404(a). Plaintiff filed an Opposition to Defendants' motion on October 18, 1996. On October 28, 1996, Defendants filed a Reply.

II. Factual Background

Plaintiff's Complaint and Robert Feinberg's [1] Declaration state [2], in pertinent part, as follows:

- Plaintiff Multistate is a corporation duly organized and existing under the laws of the State of Delaware. Multistate is authorized to conduct business in the State of California, where it has its principal place of business.

- Robert Feinberg ("Feinberg") is the President of Multistate.

- Defendants Marino and Grufferman are married, and they each have principal places of business at 255 West 99th Street, New York, New York and 124 East 37th Street, New York, New York 10016.

- Marino and Grufferman are doing business under the fictitious name of Multistate Bar Exam Review.

- Marino and Grufferman are also officers of Defendant BLP. BLP is a shell through which Marino and Grufferman carry on their business in a corporate name. Marino and Grufferman dominate, control and influence BLP. Moreover, they caused BLP to be formed and conduct business without adequate capitalization, and they commingled their books and accounts with those of BLP.

***2** - Both Multistate Bar Exam Review and BLP have principal places of business at 255 West 99th Street, New York, New York and 124 East 37th Street, New York, New York 10016.

- Since 1977, Plaintiff, under the fictitious name of PMBR, has been in the business of offering bar review courses which help law school graduates to prepare for the Multistate Bar Examination ("MBE").

- PMBR conducts its courses in many states, including California and New York.

- Plaintiff, through its employees, has created numerous questions with multiple choice answers (hereinafter PMBR questions) which are similar in style and complexity to the type of questions law students are expected to encounter on the MBE.

- Plaintiff applied to and received from the Registrar of Copyrights a Registration Certificate for the PMBR questions. Plaintiff has complied in all respects with the Copyright Act of 1976, Title 17 of the United States Code and all other laws governing copyrights.

- Defendants are competitors of Plaintiff in the bar review business.

- In addition to their bar review courses, Defendants market study materials directed towards first year law students. These materials consist of audio cassette tapes and printed pamphlets, which are sold under the trademark "Marino Study System." Separate Marino Study Systems are available for the law school courses of contracts, torts, criminal law, civil procedure, and property. Defendants market these materials in California as well as throughout the United States.

- Around three years prior to the filing of this action, Defendants infringed on Plaintiff's exclusive rights in copyrights of the PMBR questions by incorporating the questions into Defendants' course materials.

- Defendants have been fully aware since they began to infringe on the PMBR questions that such questions were protected by the copyright laws of the United States of America. Notwithstanding such knowledge and awareness, Defendants have willingly and intentionally infringed Plaintiff's exclusive rights.

- Defendants have sold materials that incorporate PMBR questions, without Plaintiff's consent, in "this district" [3] and elsewhere.

- Specifically, the Torts volume of the Marino Study System, which is published by BLP, contains at least a dozen questions which infringe upon PMBR questions. The questions printed in BLP's Torts volume are substantially similar to the PMBR questions, except that BLP's versions have been condensed to eliminate the multiple choice format.

- Defendant BLP advertised the Marino Study System in the California Law Student Journal in 1996.

- BLP distributed brochures at various California law schools in 1995 and 1996.

- Defendants' infringement of the PMBR questions has caused and continues to cause Plaintiff to suffer serious and irreparable harm in ways including, but not limited to, the fact that the feasibility and profitability of marketing Plaintiff's course materials is seriously jeopardized and diminished.

***3** Plaintiff prays: (1) for an injunction, at first preliminarily and then permanently, enjoining and restraining Defendants from infringing on Plaintiff's copyright and directing that Defendants deliver to Plaintiff all copies of the infringing questions and all materials used for printing the PMBR questions; (2) that Defendants be required to render an accounting of the profits derived from the duplication and/or sale of the PMBR questions and that Defendants pay to Plaintiff these profits; (3) that at Plaintiff's election, in lieu of profits, Defendants pay Plaintiff statutory damages for the infringement; and (4) that Defendants pay reasonable attorneys fees and costs of this suit.

III. Discussion

A. Personal Jurisdiction

1. Standard

A motion to dismiss for lack of personal jurisdiction is based on Federal Rule of Civil Procedure 12(b)(2). While Fed.R.Civ.P. 12(b)(2) does not prescribe the procedure for resolving such a motion, case law indicates that a court has two options: (1) it can decide the motion on the basis of the plaintiff's affidavits submitted in response to the motion; or (2) it can delay a decision and hold an evidentiary hearing. 5A Wright & Miller, *Federal Practice and Procedure:* Civil § 1351 at 248 n.27 (citations omitted). Whichever procedure is used, the plaintiff bears the burden of proof on the necessary jurisdictional facts. *Ziegler v. Indian River County,* 64 F.3d 470, 473 (9th Cir. 1995); *Flynt Distributing Co. v. Harvey,* 734 F.2d 1389, 1392 (9th Cir. 1984). When a court rules on the basis of affidavits alone, or, on the basis of affidavits and discovery materials without holding an evidentiary hearing, plaintiff's burden is met with a simple prima facie showing of personal jurisdiction. *Fields v. Sedgwick Associated Risks, Ltd.,* 796 F.2d 299, 301 (9th Cir. 1986). In determining whether a plaintiff has met this burden, uncontroverted allegations in the plaintiff's complaint must be taken as true, and "'conflicts between the facts contained in the parties' affidavits must be resolved in [the plaintiff's] favor...[.]"' *AT&T Co. v. Compagnie Bruxelles Lambert,* 94 F.3d 586, 588 (9th Cir. 1996) (citing *WNS, Inc. v. Farrow,* 884 F.2d 200, 203 (5th Cir. 1989)). However, when a court rules after an evidentiary hearing, the plaintiff must establish the jurisdictional facts by a preponderance of the evidence. *Data Disc, Inc. v. Systems Technology Assoc., Inc.,* 557 F.2d 1280, 1285 (9th Cir. 1977).

In copyright infringement cases, such as the instant case, "[t]here is no applicable federal statute governing personal jurisdiction... hence the law of the state in which the district court sits -California- applies." *Rano v. Sipa Press, Inc.,* 987 F.2d 580, 587 (9th Cir. 1993) (citing *Hylwa, M.D., Inc. v. Palka,* 823 F.2d 310, 312 (9th Cir. 1987)).

In California, the personal jurisdiction statute extends jurisdiction to the very limits of constitutional due process. *See* Cal. Code. Civ. Proc. § 410.10 (West 1973) ("A court of this state may exercise jurisdiction on any basis not inconsistent with the Constitution of this state or of the United States.") Therefore, this Court need only determine whether the exercise of jurisdiction in this case would comport with due process. *See Haisten v. Grass Valley Medical Reimbursement,* 784 F.2d 1392, 1396 (9th Cir. 1986).

***4** The Fourteenth Amendment's Due Process Clause permits courts to exercise personal jurisdiction over any defendant who has had "certain minimum contacts" with the forum state such that the "maintenance of the suit does not offend traditional notions of fair play and substantial justice." *International Shoe Co. v. Washington,* 326 U.S. 310, 316 (1945).

There are two recognized bases for personal jurisdiction over nonresident defendants: (1) "general jurisdiction," which arises when a nonresident defendant's activities within the forum state are "substantial" or "continuous and systematic" enough to justify the exercise of jurisdiction over the defendant in all matters, and (2) "specific jurisdiction," which arises out of the defendant's contacts with the forum giving rise to the subject litigation. *Helicopteros Nacionales de Columbia S.A. v. Hall,* 466 U.S. 408, 414-16 (1984); *Omeluk v. Langsten Slip & Batbyqqeri A/S,* 52 F.3d 267, 270 (9th Cir. 1995); *Perkins v. Benquet Consol. Mining Co.,* 342 U.S. 437 (1952); *Data Disc,* 557 F.2d at 1287.

Whether specific jurisdiction will lie "turns on the nature and quality of the defendant's contacts in relation to the cause of action." *Data Disc,* 557 F.2d at 1287. The Ninth Circuit has articulated a three-prong test for determining the existence of specific jurisdiction:

(1) the nonresident defendant must perform some act by which he purposefully avails himself of the benefits and protections of the forum's laws;

(2) the plaintiff's claim must arise out of or result from the defendant's forum-related activities; and

(3) the exercise of jurisdiction must be reasonable.

Data Disc, 557 F.2d at 1287. The first two requirements "are closely related because they focus on the relationship of the defendant and the claim to the forum state." *Paccar Int'l., Inc. v. Commercial Bank of Kuwait, S.A.K,* 757 F.2d 1058, 1062 (9th Cir. 1985). Once the first two requirements are shown, a rebuttable presumption arises that the exercise of jurisdiction is reasonable. *Haisten,* 784 F.2d at 1397. The burden is thus on defendant to present "a compelling case that jurisdiction would be unreasonable." *Id.* at 1397 (citing *Burger King Corporation v. Rudzewicz,* 471 U.S. 462, 477-78 (1985)).

2. Analysis

1. *General Jurisdiction*

To establish that this Court has general jurisdiction over Defendants, Plaintiff must show that Defendants had "substantial" or "continuous and systematic" contacts with California. Here, because Plaintiff does not explicitly argue that any of the Defendants are subject to general jurisdiction, the Court declines to rule as to whether this Court can assert general jurisdiction over Defendants.

2. *Specific Jurisdiction*

a. *Defendant BLP*

Plaintiff argues that this Court can assert specific jurisdiction over Defendant BLP. The Court agrees.

(1) *Purposeful Availment*

***5** The "purposeful availment" prong assures that a nonresident defendant will be aware that it could be sued in the forum state. *World Wide Volkswagen Corp. v. Woodson,* 444 U.S. 286, 297 (1980). In other words, the "purposeful availment" prong protects a nonresident from being haled into a court solely because of "random, fortuitous or attenuated" contacts over which it has no control. *Burger King,* 471 U.S. at 476. Specifically, the Ninth Circuit has indicated that in order for a defendant to have purposefully availed itself of the forum state, it must have committed an affirmative act which either allowed or promoted the transaction of business within the forum state. *Shute v. Carnival Cruise Lines,* 897 F.2d 377, 381 (9th Cir. 1990); *Sinatra v. National Enquirer, Inc.,* 854 F.2d 1191, 1195 (9th Cir. 1988); *Decker Coal Co. v. Commonwealth Edison Co.,* 805 F.2d 834, 840 (9th Cir. 1986). Generally, this "affirmative conduct" requirement is satisfied where defendant's efforts to solicit customers or advertise within the forum state ultimately result in a sale or contractual negotiations. *See Decker Coal Co.,* 805 F.2d at 840 ("if the defendant directly solicits business in the forum state, the resulting transactions will probably constitute the deliberate transaction of business invoking the benefits of the forum state's laws"); *see also Shute,* 897 F.2d at 382 (holding that defendant purposefully availed itself of the California forum where defendants advertised in local media in California, sent brochures to businesses in California, and California residents purchased tickets from defendants).

In the present case, Plaintiff alleges that BLP advertised in a California-based legal periodical and distributed brochures in California to promote a law school exam preparation course entitled "Marino's Study System." [4] Feinberg Decl. ¶¶ 6, 9. Moreover, Defendant BLP admits to receiving around $500.00 in profits from the sale of Marino's Study Systems. [5] Grufferman Decl. ¶ 8. Consequently, because Defendant BLP solicited and ultimately consummated business transactions in California, the Court finds that Defendant BLP had more than "random, fortuitous or attenuated" contacts with California, and accordingly concludes that Defendant BLP purposefully availed itself of the California forum. [6]

(2) *Arising out of Forum-Related Activities*

The Ninth Circuit follows a "but for" analysis of this second prong of the specific jurisdiction test. *See e.g. Shute,* 897 F.2d at 385. Specifically, if a plaintiff would not have suffered a loss "but for" the defendant's forum-related activities, courts hold that the claim arises out of the defendant's forum-related activities. *Id.*.

In this case, as articulated above, Defendant BLP's forum-related activities include its advertisements for the "Marino Study System" in California. Plaintiff alleges that it suffered a loss when Defendant BLP infringed upon Plaintiff's copyrighted questions in Defendant's "Marino Study System" materials and then sold the materials in several locations, including California. Complaint ¶¶ 24, 26. Because Plaintiff's alleged loss (including the denial of profits) would not have

occurred "but for" Defendant BLP's advertisements in California, the Court concludes that Plaintiff has satisfied the second prong of specific jurisdiction. [7]

(3) *Reasonableness*

***6** The "reasonableness" prong requires that the Court's exercise of jurisdiction comport with "fair play and substantial justice." *Burger King,* 471 U.S. at 477-78. The Ninth Circuit regularly evaluates seven factors in considering whether the exercise of jurisdiction is reasonable. These factors are: (1) the extent of a defendant's purposeful interjection into the forum; (2) a defendant's burden from litigating in the forum; (3) the extent of conflict with the sovereignty of a 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. *Terracom v. Valley Nat'l Bank,* 49 F.3d 555, 561 (9th Cir. 1995); *Ziegler,* 64 F.3d at 476-77; *Decker Coal Co.,* 805 F.2d at 840. No one factor is dispositive; the court must balance all seven. *Core-Vent,* 11 F.3d 1482, 1486-87 (9th Cir. 1993).

(i) *Extent of purposeful interjection into the forum state*

The Court's determination that BLP purposefully availed itself of California law "does not obviate the need to consider the degree of [its] intrusion." [8] *Zielger,* 64 F.3d at 475. "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.]" *Core-Vent,* 11 F.3d at 1488.

In this case, the degree of interjection into California by BLP is moderate. While BLP placed a series of advertisements in a California legal periodical and allegedly distributed brochures in California, BLP did not regularly advertise and distribute brochures in California, nor did it generate many sales. [9] Accordingly, the Court finds that this factor favors neither party.

(ii) *Burden on the defendant*

"This factor examines how difficult it will be for a defendant to travel to the forum state to defend itself." *Indiana Plumbing Supply v. Standard of Lynn, Inc.,* 880 F.Supp. 743 (C.D. Cal 1995). The Ninth Circuit has recognized that "modern means of communication and transportation have tended to diminish the burdens of defense of a lawsuit in a distant forum." *Marina Salina Cruz,* 649 F.2d at 1271. While the Ninth Circuit has been more sensitive to foreign parties needing to defend themselves in the United States, *see Asahi Metal Indus., Ltd. v. Superior Court,* 480 U.S. 102, 112 (1987) ("[t]he unique burdens placed on one who must defend oneself in a foreign legal system should have significant weight in assessing the reasonableness" of exercising jurisdiction), there are no alleged problems of extreme distance here. Accordingly, the Court finds that this factor, at best, is neutral to both parties.

(iii) *Conflict with Sovereignty of Defendants' State*

***7** Although sovereignty interests may carry significant weight when a defendant hails from a foreign country, this factor is of minimal significance with respect to state sovereignty. *Decker Coal Co.,* 805 F.2d at 841. This factor, then, does not favor Defendant.

(iv) *Forum State's Interest in Adjudication*

A state generally has a "manifest interest" in providing its residents with a convenient forum for redressing injuries by non-resident actors. *Burger King,* 471 U.S. at 473. Here, Plaintiff alleges that Defendant BLP inflicted harm upon it by infringing Plaintiff's copyright and than selling products containing copyrighted materials. Accordingly, California has a "manifest interest" in providing Plaintiff with a convenient forum and this factor tips in Plaintiff's favor.

(v) *Most Efficient Judicial Resolution*

This factor involves a comparison of alternative forums. The location of the witnesses and the evidence is an important consideration. *Core-Vent,* 11 F.3d at 1489. Plaintiff argues that, based on the location of the witnesses, the case can be litigated just as effectively in California, as in New York. Opp. at 6. Plaintiff asserts that Plaintiff's witness lives in California, that Defendant's advertising contacts are in California, that Defendant's president and independent contractor live in New York, and that Defendant's sales are handled by a company in Florida. Opp. at 5-6, 8 (addressing Feinberg Decl. ¶ 3; Grufferman's Decl. ¶ 3, 10; Marino's Decl. ¶ 3, 5.) Plaintiff therefore argues that the number of witnesses in New York is relatively small and that New York is no more a convenient and efficient forum than California. Opp. at 6. In contrast, Defendant alleges that additionally, there are four to five material witnesses who have worked on the questions in issue and all of them reside in New York. Marino's Decl. ¶ 11. The declarations of both Plaintiff and Defendants therefore suggest that there are more witnesses in New York than in California. Accordingly, it appears that New York is a more efficient forum for judicial resolution. Thus, this factor favors Defendant.

(vi) *Convenience and Effectiveness of Relief for Plaintiff*

It is uncontested that California is the more convenient and effective forum from Plaintiff's perspective. However, courts have not given much weight to convenience to the Plaintiff in the balancing of these factors. *See e.g. Core-Vent,* 11 F.3d at 1489 ("[a] mere preference on the part of the plaintiff for its home forum does not affect the balancing.") Put another way, "no doctorate in astrophysics is required to deduce that trying a case where one lives is almost always a plaintiff's preference." *Roth v. Marquez,* 942 F.2d 617, 624 (9th Cir. 1991). Thus, this factor is either neutral or it favors Plaintiff.

(vii) *Availability of an Alternative Forum*

Plaintiff "bears the burden of proving the unavailability of an alternative forum." *FDIC v. British-American Ins. Co., Ltd.,* 828 F.2d 1439, 1445 (9th Cir. 1987). Here, Plaintiff has not met this burden as it concedes that "[b]oth New York and Florida are available." Opp. at 6. Consequently, the Court finds that this factor favors Defendant.

***8** As indicated above, Defendant's burden is to "present a compelling case" that the exercise of jurisdiction is unreasonable. *Ziegler,* 64 F.3d at 476. In the instant case, Defendant BLP has failed to meet this burden. [10] Consequently,

Plaintiff has satisfied each of the three prongs necessary for a finding of specific jurisdiction, and the Court accordingly finds that Plaintiff has made a prima facie showing that this Court can assert personal jurisdiction over Defendant BLP.

b. *Individual Defendants*

Defendants argue that this Court cannot assert personal jurisdiction over Marino and Grufferman because they "have not engaged in any affirmative conduct which constitutes the transaction of business within the state of California." Mot. at 12. Putting aside for a moment the notion of potential alter ego liability, the Court agrees with Defendants. Neither Marino or Grufferman have been in the State of California for at least twenty years, have any assets in California, or have any contacts with California. Grufferman Decl. ¶ 4 & Marino Decl. ¶ 4. Accordingly, at first blush, it appears that the Court cannot assert jurisdiction over either Marino or Grufferman.

However, Plaintiff alleges that BLP constitutes the alter ego of Marino and Grufferman, Feinberg Decl. ¶ 13, and furthermore, argues that this Court may be able to assert personal jurisdiction over both Grufferman and Marino. Opp. at 7. On this basis, Plaintiff has requested the opportunity to conduct discovery as to Marino and Grufferman's personal involvement before this Court rules on whether Plaintiff can make a prima facie showing of alter ego liability and personal jurisdiction.

If this Court were to retain jurisdiction over this case, the Court would have granted Plaintiff's request. It is in this Court's discretion to permit discovery to aid in the determination of alter ego liability and personal jurisdiction. *See Data Disc,* 557 F.2d 1280, 1284-1285 & n.1 (citing *Wells Fargo & Co. v. Wells Fargo Express Co.,* 556 F.2d 4006, at 430 n.24 (9th Cir. 1977)) ("[i]n granting discovery, the trial court is vested with broad discretion ...[and] [d]iscovery may appropriately be granted where .. a more satisfactory showing of the [jurisdictional] facts is necessary.); *see also Flynt Distributing Co.,* 734 F.2d at 1393-1394 (applying the jurisdiction analysis set forth in *Data Disc* to alter ego liability). However, because this Court is transferring this case to the Southern District of New York, Plaintiff's request to conduct discovery on this issue is moot.

B. Venue

1. Standard

Federal venue is governed entirely by statute. *Leroy v. Great Western United Corp.,* 443 U.S. 173, 181 (1979). Except as otherwise provided by special venue rules, venue in federal question cases is governed by 28 U.S.C. § 1391(b). Actions arising under federal copyright laws, however, are governed by 28 U.S.C. § 1400(a), which provides that "[c]ivil actions, suits, or proceedings arising under any Act of Congress relating to copyright or exclusive rights in mask works may be instituted in the district in which the defendant or his agent resides or may be found." Accordingly, in order for venue to be proper in the Central District, the Court must find that Defendants Grufferman, Marino and BLP each "reside or may be found" in the Central District of California. *See* Shwarzer, Tashima & Wagstaffe, *Federal Civil Procedure Before Trial* 4:189 at 4-42.5 (The Rutter Group 1996) ("Ordinarily, venue must be satisfied as to *each* defendant in the action.")

2. Analysis

***9** Defendants argue that the instant case should be dismissed pursuant to Federal Rule of Civil Procedure 12(b)(3) for improper venue. The Court does not agree.

The Court first addresses Defendants' venue argument as it relates to Defendant BLP. Defendants correctly assert that pursuant to the copyright venue provision, an action arising under the copyright laws may only be instituted in the district in which the defendant resides or "may be found." 28 U.S.C. § 1400(a). Where the Defendants are mistaken, however, is in their assertion that "[the] declarations [,] clearly show that *neither* the individual defendants nor the corporate defendants, or their agents, reside in California, or may be found there." Mot. at 15.

In discussing venue statutes, the Ninth Circuit has specifically noted that for the purposes of the copyright venue provisions, "'[a] corporation is 'found' in any district in which personal jurisdiction might be obtained over it.'"[11] *See Varsic v. U.S. Distr. Court for Central Dist. of California,* 607 F.2d 245, 248 (9th Cir. 1977) (citing *Mode Art Jewelers Co. v. Expansion Jewelry Ltd.,* 409 F.Supp. 921, 923 (S.D.N.Y. 1976); *Sterling Television Presentations, Inc. v. Shintron Co.,* 454 F.Supp. 183, 190-91 (S.D.N.Y. 1978)). Accordingly, because the Court has found that it can assert personal jurisdiction over BLP and that BLP maintained contacts with the Central District, it finds that venue is proper here.

Regarding Defendants Marino and Grufferman, the Court cannot rule at this time whether venue in this district is proper. While it is clear that neither Defendant resides in California, it is not clear that they may not be "found" in California. This determination depends upon whether the Court can assert personal jurisdiction over them. *See Advideo, Inc. v. Kimel Broadcast Group, Inc.,* 727 F.Supp. 1337 (N.D. Cal. 1989) (defendant is "found" within meaning of copyright venue statute wherever personal jurisdiction is proper); *Store Decor Div. of Jas Intern., Inc. v. Stylex Worldwide Industries, Ltd.,* 767 F.Supp. 181 (N.D. Ill. 1991) (same). Accordingly, because Grufferman and Marino do not reside in California, the Court cannot rule on whether proper venue lies in the Central District of California without a resolution of the issue of personal jurisdiction. As articulated above, a determination of whether the Court can assert personal jurisdiction over Defendants Marino and Grufferman would require the parties to conduct further discovery.

Because the Court finds first, that venue is proper as to Defendant BLP, and second, that it cannot reach the propriety of venue as to Defendants Marino and Grufferman without first reaching the issue of personal jurisdiction, the Court DENIES Defendants' motion to dismiss for improper venue.

C. Transfer

1. Applicable Transfer Statute

There are two distinct grounds on which parties may seek to change venue in federal courts. First, under 28 U.S.C. § 1404(a), where venue is *proper* in the transferor court, the court may transfer to another district "for the convenience of parties and witnesses, in the interest of justice." Second, under 28 U.S.C. § 1406(a), where venue is *improper* in the transferor court, the court may dismiss the case or transfer "if it be in the interest of justice."

***10** Upon thoughtful consideration of U.S.C. § 1404(a) and related case law, the Court finds that U.S.C. § 1404(a) may be utilized in this case, even though the Court has not made the threshold determination as to whether venue is proper in the Central District of California as to Marino and Grufferman. *See* C. Wright, A. Miller & E. Cooper, 15 *Federal Practice and Procedure* § 3854 at 469-470 ("It may well conserve judicial resources, and serve the interests of the parties as well, to transfer from a forum in which there is a difficult question of personal jurisdiction or venue to a district in which there are no such uncertainties"); *see also Kahhan v. City of Fort Lauderdale,* 566 F.Supp. 736 (E.D. Pa. 1983) (granting transfer under 28 U.S.C. § 1404(a) where personal jurisdiction over defendant and venue in transferor court in was doubt, whereas personal jurisdiction over defendant and venue in transferee court was certain).

2. Standard for 28 U.S.C. § 1404(a)

Section 1404(a) of Title 28 of the United States Code provides that "[f]or the convenience of parties and witnesses, in the interest of justice, a district court may transfer any civil action to any other district or division where it might have been brought." Thus, in ruling on a motion to transfer, the Court must evaluate three elements raised by the statute: (1) convenience of the parties (2) convenience of the witnesses and (3) interests of justice. *A.J. Industries, Inc. v. United States District Court For The Central District of California,* 503 F.2d 384 (9th Cir. 1974) (paraphrasing statute); *Los Angeles Memorial Coliseum Commission v. NFL,* 89 F.R.D. 497, 499 (C.D.Cal. 1994) (same). In addition, a court may also balance additional factors previously weighed under the common law doctrine of forum non conveniens, the predecessor to § 1404(a). *Los Angeles Memorial Coliseum Commission,* 89 F.R.D. at 499. These include the relative ease of access to sources of proof, the availability of process to compel the presence of unwilling witness, the expense of presenting willing ones, and the practical problems indicating that the case can be tried more expeditiously and inexpensively elsewhere. *Id.* (citing *Gulf Oil Corporation v. Gilbert,* 330 U.S. 501, 508-09 (1947)).

The party seeking 28 U.S.C. § 1404(a) transfer has the burden of justifying that the particular circumstances warrant a change of venue. *Id.; Commodity Futures Trading Comm'n v. Savage,* 611 F.2d 270, 279 (9th Cir. 1979); *Decker Coal Co.,* 805 F.2d at 843. Additionally, Plaintiff's choice of forum must be accorded a certain deference. *Decker Coal Co.,* 805 F.2d at 843.

3. Analysis

A transfer of this case is appropriate because convenience to the parties, convenience to the witnesses, and the interests of justice each favor a transfer to New York.

Defendants argue that New York is a more convenient forum for the parties to litigate the instant case. Mot. at 17-18. The Court finds Defendants' argument to have merit. First, both Plaintiff Multistate and Defendant BLP maintain offices in New York. Marino Decl. ¶ 10; Complaint ¶ 8. Second, Defendants Marino and Grufferman reside in New York. Grufferman Decl. ¶ 3; Marino Decl. ¶ 3. While Plaintiff Multistate's principal place of business is in California, New York is not so inconvenient a forum for Plaintiff as to justify forcing Defendants to litigate in California, where they neither live, work, or maintain an office.

***11** Defendants also argue that the convenience of witnesses favors a transfer to New York. Mot. at 17-18. Again, the Court finds this argument to have merit. Defendants assert that there are four to five potential witnesses, all of whom live in New York, who have worked on the questions that Plaintiff claims infringe upon PMBR's questions. Grufferman Decl. § 11; Marino Decl. § 11. Not only is the Southern District of New York a more convenient location than Los Angeles for these witnesses, but these nonparty witnesses are not subject to the subpoena power of this Court. In contrast, Plaintiff only identifies one witness, Robert Feinberg. While Feinberg does reside in Los Angeles, he maintains offices in both Los Angeles and New York. Complaint ¶ 4; Reply at 16. Accordingly, the Court finds that New York is a more convenient forum for the majority of the proposed non-party witnesses.

While the convenience of both parties and witnesses weigh in favor of transferring this action to New York, it is the "interest of justice" factor that convinces this Court to transfer this case to the Southern District of New York. Courts have repeatedly held that a change of venue from a forum where there is a difficult question of personal jurisdiction or venue to a district where there are not such uncertainties serves the interest of justice. *See DataSouth Computer Corp. v. Three Dimensional Technologies, Inc.,* 719 F.Supp. 446 (W.D.N.C. 1989) (transfer from district where resolution of jurisdiction issue would "require a substantial expenditure of additional resources" to district which rendered "moot the issue of personal jurisdiction"). *See also Kahhan v. City of Fort Lauderdale,* 566 F.Supp. at 739 (transfer which obviated jurisdiction and venue difficulties serves interest of justice within meaning of § 1404(a)); *Donnelly v.Klosters Rederi A/S/,* 515 F.Supp. 5, 7 (E.D. Pa. 1981) ("[s]ubstantial time, money, and effort will be required to determine .. preliminary

jurisdictional issue which [will be] rendered unnecessary if the action is transferred to a [district] which has *in personam* jurisdiction over defendant and is a forum where the action might have been brought"); *X-Rail Sys., Inc. v. Norfolk & W. Ry. Co.,* 485 F.Supp. 553, 555 (D.N.J. 1980) ("[t]ransfer will ... strike a constructive blow in support of the need to eliminate avoidable discovery, and aid in the inexpensive determination of the action, Rule 1, F.R.Civ.P., since it will render moot the dispute over minimum contacts"); *Terukuni Kaiun Kaisha, Ltd. v. CB. Rittenberry and Associates, Inc.,* 454 F.Supp. 418 (S.D.N.Y. 1978) ("prosecuting action in district where personal jurisdiction can clearly be obtained over defendant will avoid risk of squandered energies on personal jurisdiction issue.")

In the instant case, as articulated above, there are substantial questions as to whether Defendants Marino and Grufferman are subject to personal jurisdiction in California and whether venue is proper in the Central District of California. Both issues require parties to engage in further discovery, file further briefing and potentially conduct an evidentiary hearing. Moreover, there is a great likelihood, as indicated by Defendants' moving papers and declarations, Reply at 8-9; Marino Supp. Decl. ¶¶ 7-19, that Defendants would contest Plaintiff's prima facie showing that this Court can assert personal jurisdiction over Defendant BLP. In this scenario, the Court would hold an evidentiary hearing. Consequently, were the Court to retain this case, significant discovery and at least one evidentiary hearing would be required before jurisdiction and venue could be properly, and finally, established. Thus, if this case is not transferred, it will be necessary for both the parties and the Court to expend substantial efforts to resolve preliminary issues. Moreover, these efforts will consume time, energy and resources of all involved whether the Court ultimately retains jurisdiction or concludes that it cannot assert jurisdiction over some or all of the defendants, compelling a transfer or dismissal. [12] Because the preliminary issues regarding jurisdiction and venue will be eliminated from an action litigated in New York, transfer of this case to the Southern District of New York avoids the potential for squandering resources. Under these circumstances, the Court finds transferring this case to the Southern District of New York clearly serves the interest of justice.

***12** Accordingly, because the interests of the parties, the witnesses and justice would be advanced by suit in New York, it is appropriate to transfer this action there. Moreover, there is no question that the action "might have been brought," 28 U.S.C. § 1404(a), in the Southern District of New York, as venue is proper because all Defendants either reside or "may be found" there and the traditional bases of personal jurisdiction exists since all parties were served in New York. Consequently, this action is TRANSFERRED to the Southern District of New York.

IV. Conclusion

For all of the reasons set forth above, the Court hereby ORDERS that: (1) Defendant BLP's motion to dismiss for lack of personal jurisdiction pursuant to Federal Rule of Civil Procedure 12(b)(2) is DENIED; (2) Defendant BLP's motion to dismiss for improper venue pursuant to Federal Rule of Civil Procedure 12(b)(3) is DENIED; and (3) Defendants' motion to transfer venue to the Southern District of New York pursuant to 28 U.S.C. § 1404(a) is GRANTED.

SO ORDERED.

All Citations

Not Reported in F.Supp., 1996 WL 786124, 41 U.S.P.Q.2d 1886

Footnotes

1 Robert Feinberg, as indicated below, is the President of Multistate.

2 For the purpose of the personal jurisdiction motion, the Court will only inquire into whether Plaintiff's pleadings and affidavits make a prima facie showing of personal jurisdiction. *See Caruth v. International Psychoanalytical Ass'n,* 59 F.3d 126 (9th Cir. 1995) (citing *Data Disc, Inc. v. Systems Technology Assoc., Inc.,* 557 F.2d 1280, 1285 (9th Cir. 1977)).

3 The Court is not sure what Plaintiff means by "this district," but assumes that Plaintiff refers, at the very least, to the greater Los Angeles area.

4 Defendant Grufferman concedes that BLP placed six advertisements in a California legal periodical, at a total cost of about $750.00 per advertisement. Grufferman Decl. ¶ 8. However, regarding the brochures, Defendant Marino asserts that the brochures were never sent to, or distributed in, California. Supp. Marino Decl. ¶ 20. However, because at this stage of the proceeding factual conflicts must be resolved in Plaintiff's favor, *AT&T,* 94 F.3d at 588, Plaintiff's allegations control.

5 The Court notes that the $500.00 figure stated in Grufferman's declaration differs from the "less than $1000.00" figure stated in Defendants' Motion at 13.

6 Relying on decisions from the District of Arizona, the Southern District of Texas and the Fifth Circuit, Defendants argue that the six advertisements and approximately $1,000 in sales were *de minimus* and, thus, insufficient to establish personal jurisdiction. Mot. at 13-14. In *Gordy v. The Daily News, L.P.,* —— F.3d ——, 1996 WL 50913, *5-6. (9th Cir. 1996), the Ninth Circuit rejected a *de minimus* rule for purposeful availment. There, the defendants had allegedly written and published a defamatory article in a New York based newspaper about a California resident. *Gordy,* at *1. Although the paper enjoyed a substantial market in New York, only 13 to 18 of its total subscriptions actually reached California. *Id.* Undeterred by the minimal number of contacts defendants had with the forum state, however, the Court focused its purposeful availment analysis on where the tortious act was targeted and where the most harm was suffered. *Id.* at 5. Because the libelous statements were directed at Plaintiff in California and resulted in damage to Plaintiff's reputation there, the Court found that the number of subscription sales in California satisfied the purposeful availment prong. *Id.* at *6.

Applying the reasoning of *Gordy,* it is clear that the advertisements and sales of Marino's Study System in California are sufficient contacts for this Court to assert personal jurisdiction over BLP. Because BLP allegedly infringed Plaintiff's copyrighted material, Defendant has clearly "targeted" Plaintiff. In addition, because Plaintiff is based in California, that is where it suffers the majority of the harm from the copyright infringement.

7 Defendants Grufferman and Marino assert that the actual materials marketed and sold in California did not contain the alleged infringing questions and accordingly, that the alleged injury did not arise out of the forum related activity. Grufferman Decl. ¶ 8, Marino Supp. Decl. ¶¶ 11-14. Here the Court relies, however, on Plaintiff's allegation that Defendant's material did contain infringing questions as there is a conflict between the parties' declarations. *See AT&T Corp.,* 94 F.3d at 588.

Defendant Marino also voices his concern that "[if] the Marino Study System contains no questions which infringe on Plaintiff's copyrighted multiple choice bar review questions ... then jurisdiction and venue are not proper in California." Marino Supp. ¶ 14; *see also* Reply at 8-9. While the Court is satisfied that the Plaintiff has made a *prima facie showing* that this Court may properly exercise personal jurisdiction over BLP, were this Court to retain this case instead of transferring it to the Southern District of New York, Defendants would have had the opportunity to contest Plaintiff's prima facie showing. At that point in time, Plaintiff would have had to prove the existence of personal jurisdiction by a *preponderance of the evidence. See* Schwarzer, Tashima & Wagstaffe, *Federal Civil Procedure Before Trial* at 9:119 (The Rutter Group 1996) (citing *Rano v. Sipa Press, Inc.,* 987 F.2d 580, 587 n.3 (9th Cir. 1993)) ("[i]f plaintiff's prima facie showing is contested by defendant, at some point (either at a later evidentiary hearing or at a trial) plaintiff will have to prove the existence of minimum contacts by a *preponderance* of evidence.").

8 Plaintiff states that this factor is "identical to the first prong [[of purposeful availment]." Opp. at 5. This is not entirely true. Ninth Circuit cases make it clear that a finding that a defendant has purposefully availed himself of a state's forum does not preclude an analysis of the "extent of the purposeful interjection." *See Ziegler,* 64 F.3d at 475; *Core-Vent,* 11 F.3d at 1488.

9 There is little case law to guide the Court's analysis of the extent of purposeful interjection. Until very recently, the Ninth Circuit did not analyze this factor where there had already been a finding of "purposeful availment." Accordingly, the Court concludes that although the Defendants in this case did interject themselves into California, such interjection was not necessarily high on the "scale" of possible interjection.

10 In sum, only two factors appear to weigh in BLP's favor: the most efficient judicial resolution and the availability of an alternative forum.

11 Because this Ninth Circuit language is in dicta, the Court also looks to *Milwaukee Concrete Studios Ltd. v. Fjeld Mfg. Co.,* 8 F.3d 441 (7th Cir. 1993), a more recent case which directly addresses the copyright venue provision. In *Milwaukee Concrete Studios Ltd.,* the court held that it must find that a defendant possesses contacts with the particular federal district in which the copyright action has been filed, above and beyond the court's finding of personal jurisdiction, before the requirements of the copyright venue provision are satisfied. *Id.* at 445-446 (holding that while defendant was subject to personal jurisdiction in Wisconsin, venue was not proper in the Eastern District of Wisconsin because defendant's contacts were limited to the Western District of Wisconsin). Even applying this heightened standard, the Court may nonetheless dispose of BLP's venue challenge. Based on Plaintiff's allegation that BLP sold its products containing copyrighted material specifically within the Central District, Complaint ¶ 24, the Court finds that BLP possesses sufficient contacts with the Central District to be amenable to suit here.

12 It is even possible that the Court would ultimately conclude that it can assert personal jurisdiction over Defendant BLP but not over Defendants Grufferman and Marino (and likewise that venue would be improper in the Central District of California for Grufferman and Marino), a result which might necessitate transfer to avoid duplicative litigation.

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