IN THE UNITED STATES DISTRICT COURT

FOR THE WESTERN DISTRICT OF WISCONSIN

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ASSOCIATION OF EGYPTIAN-AMERICAN SCHOLARS, INC., MOHAMMED ATTALLA, MOHAMED HEGAB, TAWFIK AYOUB and ALY MANSOUR,

ORDER

Plaintiffs,

09-cv-772-bbc

v.

LOTFI GERIESH,

Defendant.

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This is a civil action for monetary and injunctive relief in which plaintiffs are suing defendant Lotfi Geriesh for conversion, defamation and trademark infringement. Defendant has now filed three motions: a motion to dismiss for lack of subject matter jurisdiction, under Fed. R. Civ. P. 12(b)(1); a motion to dismiss for insufficient service of process, Fed. R. Civ. P. 12(b)(5); and, in the alternative, a motion to transfer venue to a district court in Virginia (defendant does not specify which).

I will deny these motions. I conclude that I have subject matter jurisdiction over this case because plaintiffs are asserting a federal claim that is not entirely derivative of its state law claims. I also conclude that defendant has failed to show that service was insufficient

or that transfer to a district court in Virginia would be clearly more convenient.

A. Subject Matter Jurisdiction

Defendant contends that, although plaintiffs are asserting a claim for trademark infringement under federal law, this case does not "arise under" federal law because that federal claim is "entirely derivative" of state law matters. As a general rule, a claim for violation of federal law "arises under" federal law and thus satisfies the requirement for exercising federal jurisdiction under 28 U.S.C. § 1331 so long as "the law in question creates a federal cause of action." International Union of Operating Engineers, Local 150, AFL-CIO v. Ward, 563 F.3d 276, 281 (7th Cir. 2009) (citing American Well Works Co. v. Layne & Bowler Co., 241 U.S. 257, 260 (1916); Bennett v. Southwest Airlines Co., 484 F.3d 907, 909 (7th Cir. 2007)). In this case, plaintiffs' claim for trademark infringement certainly "creates a federal cause of action," so it seems straightforward that the requirements of § 1331 have been met.

However, as defendant points out, the fact that a plaintiff has identified a federal claim does not mean necessarily that any claim truly arises under federal law. Federal jurisdiction cannot be created by "artful pleading"; as the Court of Appeals for the Seventh Circuit explained, the district court must "loo[k] past the surface allegations to make its own assessment of what law the claim arises under." International Armor & Limousine Co. v.

Moloney Coachbuilders, Inc., 272 F.3d 912, 915 (7th Cir. 2001). Relying on this principle in International Armor, the court of appeals concluded that there was no federal jurisdiction over a case involving Lanham Act claims because those claims were "entirely derivative" of the parties' contract disputes. Id. at 916. In particular, the court concluded that "the only serious dispute" in the case involved the way that two contracts at issue in the case "allocate[d] ownership rights" in the business name and business history. Id. at 916. As the court explained, a claim about the ownership of property rights created by federal law does not arise under federal law; therefore, the parties' contract dispute could not satisfy § 1331. Id. at 915-16.

According to defendant, "[t]his case bears many similarities to International Armor," dkt. #38, at 6, because the parties' real dispute in this case is not about trademark law, but rather about "who the rightful leaders of AEAS are." Thus, defendant contends, the trademark infringement claim is "completely derivative" of plaintiffs' conversion claim. However, there are more differences than similarities between this case and International Armor, and the holding of that case does not support dismissal for lack of subject matter jurisdiction. As an initial matter, as plaintiffs point out, plaintiffs' conversion claim does not cover the trademark claim at all. Although the gist of plaintiffs' case may be that defendant "stole" the company, trademarks and all, the conversion claim relates only to the funds defendant refuses to return. That is an issue entirely separate from defendant's alleged

unauthorized use of plaintiffs' trademarks.

Defendant identifies no state law claim or set of claims that addresses the parties' disputes about trademark infringement. This is a key difference between this case and International Armor. In International Armor, the parties' contract dispute entirely overlapped their dispute about trademarks because "[t]he contracts . . . are *about* trademarks" and the Lanham Act claim was derivative of the rights conferred in those contracts. Id. at 914 (emphasis in original). In this case, there is a matter of state law upon which the federal claim hinges, but it is not a dispute that underlies any particular claim for relief. The parties' disagreement about who are the rightful leaders of the corporation is one that invokes state corporate law, but this is an *issue*, not a claim. None of plaintiffs' claims for relief brought under state law tracks the relief allowable under the trademark infringement claim. This is an important distinction from International Armor. As the court of appeals acknowledged, "[a] claim might arise under federal law even though all dispositive issues depend on state law if the remedies differ." Id. at 916. That was not the case in International Armor, but it is the case here. I conclude that plaintiffs' trademark claim satisfies the requirements of federal jurisdiction under § 1331 (and thus the remaining claims are subject to supplemental jurisdiction under 28 U.S.C. § 1367). Accordingly, I will deny defendant's motion to dismiss plaintiffs' complaint for lack of subject matter jurisdiction.

B. Insufficient Service of Process

In an order entered September 15, 2010, I granted plaintiffs' request to serve defendant by publication after plaintiffs averred that they had attempted to serve defendant nineteen times at his home and office but were unable to do so. Defendant contends that plaintiffs failed to use due diligence to serve him personally before serving defendant by publication because they (1) waited until the 120-day service time limit had nearly expired to ask to serve defendant by publication; (2) misled the court; and (3) failed to use alternative methods to contact him, including by using publicly available telephone numbers.

None of defendant's arguments are persuasive. First, although plaintiffs waited until nearly all of the 120 days had passed before asking to serve by publication, this does not mean they made no efforts to serve defendant before then. Shortly after filing the lawsuit and well within the 120-day time limit, plaintiffs began their efforts to serve defendant. After failing repeatedly, they sought an extension of time, which they received, dkt. #28, and hired new process servers, who located the two addresses defendant now identifies as his home and office, but were unable to serve defendant there either, despite repeated attempts.

Next, defendant fails to establish that plaintiffs misled the court. Defendant contends that plaintiffs "fraudulently claimed" that the leasing office confirmed that defendant does not live at his listed residence, that residents said defendant left years ago and that the vehicle registration addresses are "bad." However, defendant offers no evidence to support

his assertion that plaintiffs are lying. He avers only that the addresses listed are truly his home and office addresses. To show that plaintiffs are lying, he needed to show that no one at those addresses told plaintiffs that defendant does not live there or that he left years ago. Defendant could have gathered evidence to that effect by obtaining affidavits from his neighbors or from individuals at the leasing office, but he chose not to do so.

Finally, although plaintiffs did not use publicly available telephone numbers to contact defendant, this fact alone does not undermine my conclusion that plaintiffs were sufficiently diligent in attempting to serve defendant personally that they could serve him by publication. The repeated attempts to visit defendant at the addresses defendant says were tied to those publicly available numbers means that there was no need to also call those numbers. Defendant's motion to dismiss for insufficient service of process will be denied. (I note that, even if defendant were able to show that service was insufficient, under the circumstances, such a showing would likely only warrant quashing service and allowing plaintiffs to try again. Cf. Panaras v. Liquid Carbonic Industries Corp., 94 F.3d 338, 340 (7th Cir. 1996) (even when no good cause exists for extending the time for effecting service, the court need not necessarily dismiss the action, it may choose to simply "direct that service be effected within a specified time").)

C. Transfer of Venue

Finally, defendant moves to transfer venue to a district court in Virginia. He does not say which one, but it does not matter because he fails to show that transfer to either district is warranted. Under 28 U.S.C. § 1404(a), "[f]or the convenience of the 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." As the Court of Appeals for the Seventh Circuit explained recently, the convenience of the parties prong of the § 1404 analysis includes considering such things as the availability of and access to witnesses, the parties' access to and distance from resources in each forum, the location of material events and the relative ease of access to sources of proof. Research Automation, Inc. v. Schrader-Bridgeport International, Inc., 626 F.3d 973, 978 (7th Cir. 2010) (citations omitted). The interest of justice prong "relates to the efficient administration of the court system," which may include considering docket congestion, likely speed to trial in each forum, each court's relative familiarity with the law, respective desirability of resolving controversies in each locale and the relationship of each community to the controversy. Id.

Defendant contends that most of the events giving rise to the claims against him arose outside of Wisconsin: (1) defendant is controlling the allegedly converted funds in Virginia; (2) none of the recipients of the allegedly defamatory emails are residents of Wisconsin; and (3) the trademark infringement relates to an academic conference in Cairo, Egypt.

Defendant adds that he is a resident of Virginia and so is one of the plaintiffs, Aly Mansour. In addition, according to defendant, plaintiff Association of Egyptian-American Scholars, Inc. maintains its principal place of business in Virginia. (The parties dispute this last point, a dispute that relates to who are the true leaders of Association Egyptian American Scholars, the central issue in this case.)

Against defendant's showing, plaintiffs contend that Wisconsin is where Association of Egyptian-American Scholars was originally incorporated and point out that the parties are located in several different states, including California, as well as Ontario, Canada. In addition, plaintiffs have hired counsel licensed to practice in Wisconsin but not Virginia and may be required to find new representation in Virginia.

In this case, the showings on either side are weak. Plaintiffs do not have much of a reason to litigate this case in Wisconsin. Although defendant would like to litigate his case where he resides, he does not identify any other convincing reason to litigate in Virginia and does not attempt to balance out the respective convenience of each party or explain how transfer would further efficient administration of the courts. Defendant's efforts fall short. "Where the balance of convenience is a close call, merely shifting inconvenience from one party to another is not a sufficient basis for transfer." Id. at 978-79 (citations omitted). As a general rule, the plaintiff's choice of forum is honored, which means that defendant must go beyond showing that the factors lean in his favor and instead show that when the various

factors are weighed, the balance tips strongly in its favor. In re National Presto Industries, Inc., 347 F.3d 662, 664 (7th Cir. 2003). Defendant fails to do so, so his motion for transfer will be denied.

ORDER

IT IS ORDERED that defendant Lotfi Geriesh's motion to dismiss for lack of subject matter jurisdiction or insufficient service of process, dkt. #37 and motion to transfer, dkt. #37, are DENIED.

Entered this 26th day of January, 2011.

BY THE COURT:
/s/
BARBARA B. CRABB
District Judge