IN THE UNITED STATES DISTRICT COURT

FOR THE WESTERN DISTRICT OF WISCONSIN

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EASYWALKER USA, LLC, LARRY SCHLASINGER and JACOB POLYOCK,

OPINION AND ORDER

Plaintiffs,

04-C-863-C

v.

VOLKER E.G. IMMLER,

Defendant.

- -

Plaintiffs EasyWalker USA, LLC, Larry Schlasinger and Jacob Polyock seek injunctive and monetary relief against defendant Volker E.G. Immler for a violation of the Anticybersquatting Consumer Protection Act, 15 U.S.C. § 1125(d),[1] tortious interference with current and prospective business relationships and breach of contract. In addition, plaintiffs seek a declaration that they have not infringed defendant's copyrights, that plaintiff EasyWalker USA is the exclusive licensee for the sale of horseshoes manufactured

[1]Plaintiffs use the title Anticybersquatting Prevention Act in their complaint; I have been unable to find any such act. I assume that plaintiffs meant to invoke the Anticybersquatting Consumer Protection Act,

by Horse Shoe Technologies Entwicklungs & Vertriebs AG (HST) and that plaintiffs Schlasinger and Polyock did not breach their agreement with defendant to market HST's horseshoes. Plaintiffs assert subject matter jurisdiction under 15 U.S.C. § 1121(a), 28 U.S.C. §§ 1331 and 1338(a) and, as a backup, under the diversity jurisdiction, 28 U.S.C. § 1332(a)(1). They claim pendent and supplemental jurisdiction over their state law claims under 28 U.S.C. §§ 1338(b) and 1367 (but need claim only supplemental because it encompasses pendent claims, pendent parties and ancillary jurisdiction).

At the heart of this dispute are the parties' duties and obligations under their October 2003 operating agreement to form a limited liability company known as PSI to market the HST shoes. Plaintiffs' primary concern is defendant's use and control of the easywalkerusa.com domain name that PSI used. According to plaintiffs, control of this domain name harms the business of plaintiff EasyWalker USA. Defendant contends that plaintiffs sold inventory that did not belong to them, diverted customers to EasyWalker USA and violated defendant's copyright. Both parties have filed lawsuits against each other: plaintiffs filed this case on November 16, 2004; defendant filed his own case in the District Court for the Northern District of Georgia on December 10, 2004,

Presently before the court are defendant's motions to dismiss plaintiffs' case for lack of personal jurisdiction under Fed. R. Civ. P. 12(b)(2), for improper venue under Fed. R. Civ. P. 12(b)(3) and for forum non conveniens. In the alternative, defendant moves for

transfer of the case to the Northern District of Georgia pursuant to 28 U.S.C. § 1404(a). Also before the court is defendant's motion to dismiss plaintiffs' claims for declaratory relief on the ground that the subjects of the claims are causes of action alleged in a pending case brought by defendant in the Northern District of Georgia.

I conclude that this court can exercise personal jurisdiction over defendant, that venue in this district is proper and that defendant has not shown that the case should be transferred under § 1404(a). As to plaintiffs' claims for declaratory relief, I will deny defendant's motion to dismiss. Plaintiffs are entitled to try all their claims in this court. If defendant is concerned about conflicting rulings, he can move the court in Georgia for a transfer of his case to this court, where the cases could be consolidated and the claims tried in one suit.

From the facts alleged in the complaint, the exhibits attached to defendant's brief in support of its motion to dismiss or transfer venue, the complaint filed by defendant in the Northern District of Georgia and the facts averred in the affidavits submitted by the parties, I find for the sole purpose of deciding this motion that the following facts are undisputed and material. Purdue Research Foundation v. Sanofi-Synthelabo, S.A., 338 F.3d 773, 782 (7th Cir. 2003) (court accepts all well-pleaded allegations in complaint as true, unless controverted by challenging party's affidavits; any conflicts concerning relevant facts are to be decided in favor of party asserting jurisdiction).

JURISDICTIONAL FACTS

Plaintiffs Larry Schlasinger and Jacob Polyock are residents of Wisconsin; defendant Volker E.G. Immler is a resident of Georgia. (Initially, Horse Shoe Technologies Entwicklungs & Vertriebs AG, or HST, was a named plaintiff. It was granted leave to withdraw from the case on May 18, 2005.) Plaintiff EasyWalker USA is a Wisconsin limited liability company formed by plaintiffs Schlasinger and Polyock after the limited liability company they had formed with defendant lost its sales-partner agreement with HST.

In 2003 plaintiff Schlasinger had an agreement with HST that authorized him to sell in the United States and Canada synthetic horseshoes produced according to revolutionary technology owned by HST. Plaintiff was authorized to use the HST name, logo and other registered trademarks. In late August or early September 2003, defendant contacted plaintiff Schlasinger at HST's suggestion to discuss the possibility of a partnership to sell the HST horseshoes. On September 2, 2003, defendant met in Minnesota with plaintiffs Schlasinger and Polyock for further discussions of a joint venture. HST authorized plaintiff Schlasinger the exclusive right to sell HST's synthetic horseshoes as part of a sales-partner agreement.

On October 17, 2003, plaintiff Schlasinger and Polyock went to Atlanta, Georgia, where they continued their discussions with defendant. Before they left Atlanta, they executed the final documents for the formation of PSI, a Georgia limited liability company whose partners were plaintiffs Schlasinger and Polyock and defendant. Under Article 13 of

the PSI operating agreement, all terms and provisions of the agreement are to be interpreted under Georgia law, without regard to conflicts of laws principles. Although the agreement shows the company's principal office as Atlanta, Georgia, PSI's Wisconsin office maintained the company's bank account, kept the books, handled the inventory and filled orders.

Defendant conducted business in Wisconsin through PSI. Defendant's phone records show that in a ten-month period from late 2003 through 2004 he placed at least 215 calls to Wisconsin area codes and received 85 calls from Wisconsin area code 715. He placed approximately 184 calls to PSI's Wisconsin office using the number 1-866-952-5327, a number that was programmed to dial both Wisconsin and Georgia. Defendant used this number to transfer calls, including orders, to plaintiff Polyock in Wisconsin.

PSI chose to offer its products and services on the internet. Defendant registered the internet address, easywalkerusa.com, before PSI was established. The website listed a Wisconsin fax number, a Wisconsin address for contact information, a list of trade fairs in Wisconsin and a price list indicating that Wisconsin residents would have to pay a 5.5% sales tax.

Defendant emailed plaintiffs Schlasinger and Polyock at least five times regarding the easywalkerusa.com website. December 29, 2003 email records from defendant indicate that he informed customers that PSI shipped its products from a warehouse in Wisconsin and that none of the horseshoes for sale were located in Atlanta, Georgia. On January 20, 2004,

Maia Broyles of Sister Bay, Wisconsin requested information regarding the horseshoe product. On January 30, 2004, defendant responded to Broyles and provided her a link to the website easywalkerusa.com. Also on January 30, 2004, Malinda Zielke of Athens, Wisconsin requested information regarding the horseshoes. Defendant responded to her the same day.

Defendant conducted a small clinic in Chetek, Wisconsin in 2003 to educate farriers (persons who shoe horses) on the use of the HST horseshoes. He visited Wisconsin again in 2004 to promote the HST horseshoes at the Midwest Horse Expo in Madison. On June 11 and June 25, 2004, Cindy Eckardt and Claudia Cavanaugh each emailed defendant regarding a farrier clinic presentation defendant had given in Wisconsin.

After PSI failed to meet its sales goals, HST terminated its sales-partner agreement with the company. Shortly thereafter, on July 28, 2004, plaintiffs Schlasinger and Polyock formed plaintiff EasyWalker USA, LLC and were granted a license by HST to sell the synthetic horseshoes in interstate commerce under the federally registered EasyWalker trademark.

Defendant is no longer authorized to use the EasyWalker mark in connection with any business or service. He has admitted that PSI must cease use of the EasyWalker logo and all other trademarks but he refuses to forfeit control of the domain name easywalkerusa.com, the EasyWalker USA website and certain other materials.

On October 14, 2004, defendant's attorney wrote plaintiffs' attorney advising him that defendant would file a complaint and motion for temporary restraining order in Fulton County Superior Court of Georgia. Plaintiffs filed this lawsuit against defendant on November 16, 2004. Defendant responded on December 10, 2004, by filing suit against plaintiffs in the United States District Court for the Northern District of Georgia, alleging breach of contract with regard to the PSI operating agreement, copyright infringement, violation of Georgia's Uniform Deceptive Trade Practices Act and breach of fiduciary duty.

OPINION

A. Personal Jurisdiction

The threshold question is whether this court can exercise personal jurisdiction over defendant. A federal court has personal jurisdiction over a non-consenting, nonresident defendant if a court of the state in which that court sits would have jurisdiction. Giotis v. Apollo of the Ozarks, Inc., 800 F.2d 660, 664 (7th Cir. 1986). Wisconsin's jurisdictional statute, Wis. Stat. § 801.05, known as the long-arm statute, authorizes courts in the state to exercise jurisdiction over nonresident defendants in certain specified circumstances. Plaintiffs argue that three separate provisions of the statute provide a basis on which to exercise jurisdiction. I will begin with § 801.05(1)(d), which authorizes courts in Wisconsin to exercise personal jurisdiction over a defendant for any purpose, if when the action is

commenced, the defendant was "engaged in substantial and not isolated activities within this state, whether such activities are wholly interstate, intrastate, or otherwise."

At the time plaintiffs began this action, defendant was a member of the PSI limited liability company. In his efforts to set up a business arrangement with plaintiffs, defendant had solicited a continuing business relationship with plaintiffs, both Wisconsin residents; he nurtured and continued that relationship through telephone calls and at least two visits to the state in which he promoted PSI's sales of the HST horseshoes; he established a website intended to lead to continuing business within the state by promoting sales to be fulfilled by PSI's office in Wisconsin; and he responded to written and telephoned questions from prospective customers seeking information about the HST horseshoes, again in an effort to promote sales. All of these activities are evidence that defendant was engaged in substantial and not isolated activities within this state within the meaning of § 801.05(1)(d).

Finding that defendant's activities come within the reach of the state's long-arm statute is just the first of a two-part inquiry. The second step requires a finding that exercise of jurisdiction over him would not violate his due process rights. Kopke v. A. Hartrodt S.R.L., 2001 WI 99, ¶ 8, 245 Wis. 2d 396, 408-09, 629 N.W.2d 662, 667-68. The court must be able to find that defendant "purposefully established minimum contacts in the forum State," Burger King Corp. v. Rudzewicz, 471 U.S. 462, 474 (1985), and then consider those contacts "in light of other factors to determine whether the assertion of personal

jurisdiction would comport with 'fair play and substantial justice.'" Id. at 476 (quoting International Shoe Co. v. Washington, 326 U.S. 310, 320 (1945)).

The second inquiry is easily satisfied. Defendant's solicitation, creation and maintenance of an ongoing business relationship with Wisconsin residents and his efforts to increase the business of the company through emails, telephone calls and visits to the state are evidence of his "purposeful availment" of the privilege of conducting business within Wisconsin. His contacts were not "random," "fortuitous" or "attenuated." Keeton v. Hustler Magazine, Inc., 465 U.S. 770, 774 (1958).

In determining whether it would offend "traditional notions of fair play and substantial justice," International Shoe, 326 U.S. at 316 (citation omitted), to assert personal jurisdiction over a nonresident defendant, courts look at

> (1) the forum state's interest in adjudicating the dispute; (2) the plaintiff's interest in obtaining convenient and effective relief; (3) the burden on the defendant; (4) the interstate judicial system's interest in obtaining the most efficient resolution of controversies; and, (5) the shared interest of the several States in furthering fundamental substantive social policies.

Kopke, 2001 WI 91, ¶ 39, 245 Wis. 2d at 427, 629 N.W.2d 677 (citing Asahi Metal Industries v. Superior Court of California, 480 U.S. 102, 113 (1987); World-Wide Volkswagen Corp. v. Woodson, 444 U.S. 286, 292 (1980)). The state of Wisconsin has an interest in providing its citizens with a forum in which to adjudicate their claims arising here; plaintiffs have an obvious interest in obtaining convenient and effective relief. Subjecting

defendant to personal jurisdiction in this state is not an undue burden, given his sustained contacts with the state for the period in which the parties were trying to make their business venture successful. Defendant has not shown that the final two factors would weigh against the exercise of personal jurisdiction by having an adverse effect upon the interstate judicial system's interest in obtaining the efficient resolution of controversies or the shared interest of the states in furthering fundamental substantive social policies. In the words of the Supreme Court, defendant "manifestly has availed himself of the privilege of conducting business [in Wisconsin] and because his activities are shielded by the 'the benefits and protections' of the forum's laws it is presumptively not unreasonable to require him to submit to the burdens of litigation in that forum as well." Burger King Corp., 471 U.S. at 476 (quoting Hanson v. Denckla, 357 U.S. 235, 253 (1958)).

In addition to § 801.05(1)(d), plaintiffs assert as bases for personal jurisdiction § 801.05(4)(a) (local injury; foreign act) and § 801.05(5)(a) (actions arising from contracts). Section 801.05(4)(a) authorizes courts sitting in Wisconsin to exercise jurisdiction over nonresident defendants in actions claiming injury within the state arising out of an act or omission outside the state provided that at the time of the injury "[s]olicitation or service activities were carried on within this sate by or on behalf of the defendant."

Citing Panavision International, L.P. v. Toeppen, 141 F.3d 1316 (9th Cir. 1998), plaintiffs argue that they have a claim for a local injury arising out of defendant's use of the

easywalkerusa.com domain name to harm them in Wisconsin. The issue in Panavision was remarkably similar to the issue in this case: the plaintiff was alleging that defendant was a "cyber pirate" who had stolen its trademark and used it to establish domain names on the internet that it then tried to sell to the rightful owners of the trademarks. The court held that it is proper to exercise jurisdiction over the nonresident defendant for his injurious acts involving the internet if the plaintiff could show that the acts were intentional in nature, aimed expressly at the forum state and "'causing harm, the brunt of which is suffered—and which the defendant knows is likely to be suffered—in the forum state.'" Id. at 1321(quoting Core-Vent Corp. v. Nobel Industries AB, 11 F.3d 1482, 1486 (9th Cir. 1993)). The Supreme Court of Wisconsin has not had occasion to address a similar kind of suit but it is reasonable to think that it would find the reasoning of the Court of Appeals for the Ninth Circuit persuasive as it relates to exercising personal jurisdiction over nonresident defendants whose intentional acts involving the internet cause injuries to residents of this state.

Plaintiffs have alleged that defendant is continuing to traffic in the domain name, easywalkerusa.com, which is confusingly similar to the registered trademark EASYWALKER and that his doing so is diverting internet traffic from plaintiff EasyWalker USA and preventing plaintiff from registering and using its federally registered mark on the internet as a domain name and gaining traffic from the use of the domain name. Plaintiff

EasyWalker USA is injured in Wisconsin by defendant's tortious acts committed outside the state. At the time the injuries occurred, defendant was carrying on solicitation and service activities within this state.

Section 801.05(5)(4)(a) provides a basis for exercising personal jurisdiction over a nonresident in any action that "[a]rises out of a promise, made anywhere to the plaintiff or to some 3rd party for the plaintiff's benefit, by the defendant to perform services within this state or to pay for services to be performed in this state by the plaintiff." Plaintiffs do not identify the promise that defendant made with them to perform services within Wisconsin or to pay for services plaintiffs were to perform here. They say only that defendant's "multiple activities in the forum state relating to his duties as a member of PSI are the same activities that give rise to his breach of contract claim." Plts.' Response, dkt. #21, at 16. Without more information about the purported promise, I will not give this section of the statute any additional consideration as a basis for personal jurisdiction.

In summary, I find that this court may exercise personal jurisdiction over defendant under § 801.05(1)(d) and under § 801.05(4)(a).

B. Venue

28 U.S.C. § 1391 provides that a civil action may be brought in a"a judicial district in which a substantial part of the events or omissions giving rise to the claim occurred . . ."

That requirement is satisfied here. As I have found, defendant conducted business in Wisconsin, as shown by his numerous telephone calls to PSI's Wisconsin office, his referral of sales inquiries to Wisconsin and his visits to the state to give farrier presentations. He had a substantial presence in the state. Whether defendant breached the operating agreement turns on his acts and omissions involving plaintiffs and the sales of horseshoes to be shipped from the state of Wisconsin.

Venue for cases arising under the Lanham Act is governed by the general venue statute, § 1391. However, venue for claims raising copyright claims is governed by 28 U.S.C. § 1400(a). Such claims may be brought "in the district in which the defendant or his agent resides or may be found." Id. A defendant "may be found" in any judicial district in which he is subject to personal jurisdiction. Milwaukee Concrete Studios, Ltd. v. Fjeld Manufacturing Co., 8 Fed. 3d 441, 445-46 (7th Cir. 1993).

C. Transfer of Case

Having concluded that personal jurisdiction may be asserted over defendant under § 801.05(1)(d) and (4)(a) and that venue in this district is proper, I must now consider whether the case should be transferred to the Northern District of Georgia. Defendant has asserted both forum non conveniens and 28 U.S.C. § 1404(a) as reasons for transferring the case. Section 1404(a) "embodies in an expanded version the common-law doctrine of *forum*

non conveniens." Burger King Corp., 471 U.S. at 477 n.20. It provides:

> For 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.

As the moving party, defendant bears the burden of showing that the transferee forum is clearly more convenient. Coffey v. Van Dorn Iron Works, 796 F.2d 217, 219-20 (7th Cir. 1986). The parties' convenience is a neutral factor. Transferring the case to Georgia will be inconvenient for plaintiffs; keeping it here will be inconvenient for defendant. "Such a shift in convenience does not generally support a transfer." Heller Financial, Inc. v. Midwhey Powder Co., 883 F.2d 1286, 1293 (7th Cir. 1989)). "When plaintiff and defendant are in different states there is no choice of forum that will avoid imposing inconvenience; and when the inconvenience of the alternative venues is comparable there is no basis for a change of venue; the tie is awarded to the plaintiff." In re National Presto Industries, Inc., 347 F.3d 662, 665 (7th Cir. 2003). Neither side has produced much in the way of definite information about the witnesses it will be calling or suggested any great inconvenience in this electronic age of moving documents to one or the other court; therefore, these factors bear no weight in the determination.

Plaintiffs chose this district and filed their suit here before defendant filed in Georgia. As a rule of thumb, "unless the balance is strongly in favor of the defendant, the plaintiff's choice of forum should rarely be disturbed." In re National Presto, 347 F.3d at 664,

Chicago, Rock Island & Pacific R.R. v. Igoe, 220 F.2d 299, 302 (7th Cir. 1955).

The PSI agreement requires the application of Georgia law to the state claims in dispute. That could be a reason to transfer the case but for the fact that much of the case involves questions of federal law and the state law issues do not appear to be either novel or complex. See generally Charles Alan Wright et al., Federal Practice and Procedure § 3854, pp. 466-68 (1976) (when state law appears clear, courts seem not to give much weight to advantage of having case tried by judge who sits in state whose law is applicable and who would be expected to be more familiar with that law than judge in another state).

Finally, it is in the interest of justice to keep this case here. There is no indication that the Georgia court could exercise personal jurisdiction over plaintiff EasyWalker USA. Moreover, this court's docket is current; trial may occur sooner than it would in Georgia.

D. Dismissal of Declaratory Claims

Defendant has moved for dismissal of plaintiffs' claims for declaratory relief, arguing that this court has discretion to dismiss such claims if the same issues are pending in litigation elsewhere. I see no reason to exercise my discretion to dismiss the claims; in fact, it is doubtful whether I may do so. Central States, Southeast and Southwest Areas Pension Fund v. Paramount Liquor, Inc., 203 F.3d 442, 444 (7th Cir. 2000) (warning against dismissal rather than stay of duplicate suit and noting that court can if it wishes proceed

with case even if parallel one is filed in different district court: "'No mechanical rule governs the handling of overlapping cases.'") (quoting Blair v. Equifax Check Services, Inc., 181 F.3d 832, 838-39 (7th Cir. 1999)). Although Central States addressed separate suits, its holding seems equally applicable to separate claims.

ORDER

IT IS ORDERED that

1. Defendant Volker E.G. Immler's motions to dismiss this action for lack of personal jurisdiction, improper venue and forum non conveniens or in the alternative to transfer it to the United States District Court for the Northern District of Georgia pursuant to 28 U.S.C. § 1404(a) are DENIED.

2. Defendant's motion to dismiss the claims of plaintiffs EasyWalker USA, Larry Schlasinger and Jacob Polyock for declaratory relief relating to claims pending in the suit filed by defendant in the Northern District of Georgia is DENIED.

Entered this 26th day of July, 2005.

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