

LEXSEE



Caution

As of: Aug 17, 2010

**MATTEL, INC., Plaintiff, - against - PROCOUNT BUSINESS SERVICES,  
877NETMALL, INC., and GARY A. GIDDINGS, Defendants.**

03 Civ. 7234 (RWS)

**UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF  
NEW YORK**

2004 U.S. Dist. LEXIS 3895

March 10, 2004, Decided

March 17, 2004, Filed

**DISPOSITION:** Defendant's motion to dismiss or transfer plaintiff's action denied in part and granted in part. Plaintiff's motion for summary judgment denied. Case transferred to Southern District of Texas.

**CASE SUMMARY:**

**PROCEDURAL POSTURE:** Plaintiff toy manufacturer sued for trademark infringement, dilution, and cybersquatting based on an infringing site on the world wide web. The toy manufacturer sought a transfer of certain domain names, an injunction and statutory damages. Defendant individual moved to dismiss based on a lack of personal jurisdiction. Alternatively, the individual, who resided in Houston, Texas, moved to transfer the action to the Southern District of Texas.

**OVERVIEW:** The court noted that, under New York law, personal jurisdiction was proper over a defendant who had used a website to make sales to customers located in the State of New York. Thus, personal jurisdiction was proper here as defendants solicited sales over the internet, accepted an order from a resident of New York, and shipped goods into the New York to fill that order. The fact that the sale was to plaintiff's investigator was irrelevant. As for the motion to transfer venue, the court determined that, in the interests of justice and trial efficiency, the action should be transferred to the Southern District of Texas. The locus of operative facts was in both the Southern District of Texas and New York; defendants' documents related to the website in question

were located in Houston Texas; plaintiff was a world-wide manufacturer with offices all over the United States, and defendants were a one-man outfit, located only in Houston, Texas; maintaining the action in New York would pose a heavy financial burden for defendants; neither party was located in the Southern District of New York, and defendants were located in Houston, Texas.

**OUTCOME:** The individual's motion to dismiss was denied. The individual's motion to transfer venue to the Southern District of Texas was granted.

**LexisNexis(R) Headnotes**

*Business & Corporate Law > Corporations > General Overview*

*Legal Ethics > Client Relations > General Overview*

[HN1]It is well established that neither corporations nor partnerships may appear in federal courts except by duly licensed attorneys.

*Civil Procedure > Jurisdiction > Personal Jurisdiction & In Rem Actions > In Personam Actions > General Overview*

*Contracts Law > Sales of Goods > General Overview*

[HN2]Under New York's long-arm statute, N.Y. C.P.L.R. 302(a)(1), personal jurisdiction can be exercised over any non-domiciliary who in person or through

an agent transacts any business within the state or contracts anywhere to supply goods or services in the state. Personal jurisdiction is proper over a defendant who has used a website to make sales to customers located in the State of New York. It is established that one does not subject himself to the jurisdiction of the courts in another state simply because he maintains a website which residents of that state visit. However, one who uses a website to make sales to customers in a distant state can thereby become subject to the jurisdiction of that state's courts.

*Civil Procedure > Venue > Federal Venue Transfers > General Overview*

[HN3]See 28 U.S.C.S. § 1404(a).

*Civil Procedure > Venue > Federal Venue Transfers > General Overview*

[HN4]To transfer a motion, defendants must demonstrate that: (A) the action could have been brought in the district to which transfer is proposed, and (B) the transfer would serve the convenience of the parties and witnesses and is in the interests of justice.

*Civil Procedure > Venue > Federal Venue Transfers > General Overview*

*Civil Procedure > Venue > Motions to Transfer > Choice of Forum*

[HN5]To determine whether a transfer would serve the interests of convenience and fairness, courts consider the following factors: (1) the place where the operative facts occurred (the locus of operative facts); (2) the location of relevant documents and the relative ease of access to sources of proof; (3) the convenience of the parties; (4) the relative means of the parties, (5) the convenience of the witnesses; (6) the availability of process to compel attendance; (7) the forum's familiarity with the governing law; (8) the plaintiff's choice of forum; and (9) trial efficiency and the interests of justice based on the totality of the circumstances. This determination lies within the broad discretion of the district court, and consideration is based upon notions of convenience and fairness on a case-by-case basis. The location of operative facts is a "primary factor" in determining a motion to transfer venue.

*Civil Procedure > Venue > Federal Venue Transfers > General Overview*

[HN6]A party seeking to rely on the convenience of the witnesses factor must identify the material witnesses and

supply a general description of what their testimony will cover.

*Civil Procedure > Venue > Federal Venue Transfers > General Overview*

[HN7]A plaintiff's choice of forum is generally entitled to "substantial consideration." However, the plaintiff's choice of forum is entitled to less weight when it has not chosen the forum in which it resides.

**COUNSEL:** [\*1] PERKINS & DUNNEGAN, Attorneys for Plaintiff, New York, NY, By: WILLIAM DUNNEGAN, ESQ., MEGAN L. MARTIN, ESQ., Of Counsel.

GARY A. GIDDINGS, Defendant Pro Se, Houston, TX.

**JUDGES:** ROBERT W. SWEET, U.S.D.J.

**OPINION BY:** Sweet

**OPINION**

**Sweet, D.J.,**

Defendant Gary A. Giddings ("Giddings") has moved to dismiss or transfer the action by plaintiff Mattel, Inc. ("Mattel"). Mattel, in turn, has moved for summary judgment on its claims against defendants Procount Business Services, 877NetMall, Inc. ("877NetMall") and Giddings (collectively, "Defendants") under the Anticybersquatting Consumer Protection Act of 1999, 15 U.S.C. § 1125(d). For the reasons set forth below, Giddings' motion is denied in part and granted in part, and Defendants' motion is denied. Defendants Procount Business Services and 877NetMall are ordered to seek counsel, and this action will be transferred to the Southern District of Texas.

*Prior Proceedings*

Mattel commenced this action against Defendants on September 16, 2003. The instant motions were marked fully submitted on November 19, 2003.

*The Parties*

Mattel is a corporation organized and existing under the laws of [\*2] the State of Delaware with its principal place of business in El Segundo, California.

Procount Business Services is a sole proprietorship owned by Giddings. It is in the business of selling toys and has its place of business in Houston, Texas.

877NetMall is a corporation organized and existing under the laws of the State of Texas with its principal

place of business in Houston, Texas. 877NetMall is owned by Giddings.<sup>1</sup>

1 Giddings claims that 877NetMall was recently incorporated by him, that it has not yet been developed, and that it has nothing to do with this case.

Giddings is an individual residing in Houston, Texas.

### Facts

The facts are set forth based upon the parties' pleadings and supporting declarations.

Mattel is the world's largest manufacturer of toys, games, and playthings. In 1959, Mattel co-founder, Ruth Handler, created the Barbie doll. Mattel has caused certain trademarks to be registered in the United States Patent and Trademark Office on the Principal Register.

MetalToys. [\*3] com is an Internet only specialty toy store.<sup>2</sup> It features vintage toy reproductions primarily constructed of metal, but in June 2002, the product line was expanded to include all types of toys, including 10 licensed "Barbie Classic" items. On June 20, 2002, Giddings purchased the virtual domain,<sup>3</sup> BarbieToy.com, and pointed it to [www.metaltoys.com/Barbie.htm](http://www.metaltoys.com/Barbie.htm). In May 2003, Giddings added 13 Mattel licensed "Barbie Retro" items, purchased the virtual domain, BarbieRetro.com, and pointed it to <http://www.metaltoys.com/BarbieRetro.htm>. Procount Business Services owns the domain name, MetalToys.com and the virtual domains, BarbieToy.com and BarbieRetro.com. Mattel makes money when its licensed products are sold through MetalToys.com.

2 Giddings claims that he originally wanted to use the domain name TinToys.com since he initially only sold metal windup toys mostly made of tin. However, as this domain name was already taken, he chose MetalToys.com as "the next best alternative." (Giddings' 9/23/03 Letter at 1.)

3 A virtual domain is not a web site, but rather points to a specific page within an existing domain.

[\*4] From the MetalToys.com site, Mattel's investigator, Michael Falson ("Falson"), purchased a Barbie Tea Set and a Barbie Magic Paper Doll, which Defendants shipped into the Southern District of New York.

Mattel seeks a transfer of the domain names, an injunction, statutory damages, and attorneys' fees.

### I. Defendants Procount Business Services and 877NetMall Need to Seek Counsel

Defendants Procount Business Services and 877NetMall must seek counsel to represent them in this action. [HN1]"It is well established that neither corporations nor partnerships may appear in federal courts except by duly licensed attorneys." Kruman v. Christie's Int'l PLC, 2003 U.S. Dist. LEXIS 9171, No. 00 Civ. 6322, 2003 WL 21277116, at \*1 (S.D.N.Y. June 2, 2003); see also Rowland v. California Men's Colony, 506 U.S. 194, 201-02, 121 L. Ed. 2d 656, 113 S. Ct. 716 (1993) (explaining that "it has been the law for the better part of two centuries . . . that a corporation may appear in the federal courts only through licensed counsel," and 28 U.S.C. § 1654 "does not allow corporations, partnerships, or associations to appear in federal court otherwise than through a licensed attorney"); [\*5] Jacobs v. Patent Enforcement Fund, NC, 230 F.3d 565, 568 (2d Cir. 2000); United States Fire Ins. Co. v. Jesco Const. Corp., 2003 U.S. Dist. LEXIS 12459, No. 03 Civ. 2906, 2003 WL 21689654, at \*1 (S.D.N.Y. Jul. 16, 2003).

### II. Giddings' Motion to Dismiss Is Denied

Giddings' motion to dismiss is denied as personal jurisdiction is proper in this district. [HN2]Under New York's long-arm statute, N.Y. C.P.L.R. ("CPLR") § 302(a)(1), personal jurisdiction can be exercised "over any non-domiciliary . . . who in person or through an agent . . . transacts any business within the state or contracts anywhere to supply goods or services in the state." As recognized in Nat'l Football League v. Miller, 2000 U.S. Dist. LEXIS 3929, 54 U.S.P.Q.2D 1574, 1575 (S.D.N.Y. 2000), personal jurisdiction is proper over a defendant who has used a website to make sales to customers located in the State of New York. The Court explained:

It is now established that one does not subject himself to the jurisdiction of the courts in another state simply because he maintains a website which residents of that state visit. Bensusan Restaurant Corp. v. King, 126 F.3d 25 (2d Cir. 1997). [\*6] However, one who uses a website to make sales to customers in a distant state can thereby become subject to the jurisdiction of that state's courts. See, e.g., Bochan v. La Fontaine, 68 F. Supp. 2d 692, 701 (E.D. Va. 1999).

Id.; see also Citigroup, Inc. v. City Holding Co., 97 F. Supp. 2d 549, 565-66 (S.D.N.Y. 2000).

Here, Defendants shipped merchandise into the State of New York that was ordered by Falson from its website. Furthermore, Defendants e-mailed Falson a substitution to be made to his order, and Falson had a live

chat via AOL instant messenger with Defendants' customer service representative regarding the status of his order. This activity further supports the assertion of jurisdiction over Defendants. *See Mattel, Inc. v. Adventure Apparel*, No. 00 Civ. 4085, 2001 U.S. Dist. LEXIS 3179, at \*9 (S.D.N.Y. Mar. 15, 2001) ("In addition, Adventure e-mailed a confirmation to Falsone . . . . This additional interactive activity further supports the exercise of personal jurisdiction over the defendant."). The fact that this sale was to Mattel's investigator is irrelevant. *Id.* 2001 U.S. Dist. LEXIS 3179, at \*10. Personal jurisdiction is proper [\*7] as Defendants solicited sales over the internet, accepted an order from a resident of this state, and shipped goods into this state to fill that order.

### III. Giddings' Motion to Transfer Is Granted

Defendants have additionally moved to transfer this action to the Southern District of Texas. ' 28 U.S.C. § 1404(a) provides:

[HN3]For 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.

4 Mattel argues that Defendants' motion to transfer should not be considered in light of the pendency of its summary judgment motion. However, Defendants' motion to transfer was submitted first, a transfer of this action would not cause unnecessary delay since Defendants Procount Business Services and 877NetMall cannot appear *pro se* and must seek counsel, and it would further the just disposition of this action.

[HN4]To transfer a motion, Defendants must [\*8] demonstrate that: (A) "the action could have been brought in the district to which transfer is proposed," and (B) "the transfer would serve the convenience of the parties and witnesses and is in the interests of justice." *Bionx Implants, Inc. v. Biomet, Inc.*, 1999 U.S. Dist. LEXIS 8031, No. 99 Civ. 740, 1999 WL 342306, at \*2, \*3 (S.D.N.Y. May 27, 1999); accord *Orb Factory Ltd. v. Design Science Toys, Ltd.*, 6 F. Supp. 2d 203, 208 (S.D.N.Y. 1998).

#### A. This Action Could Have Been Brought in the Southern District of Texas

Mattel does not contest that its action could have been brought in the Southern District of Texas.

#### B. A Transfer Would Serve the Interests of Convenience and Fairness

[HN5]To determine whether a transfer would serve the interests of convenience and fairness, courts consider the following factors: (1) the place where the operative facts occurred (the locus of operative facts); (2) the location of relevant documents and the relative ease of access to sources of proof; (3) the convenience of the parties; (4) the relative means of the parties, (5) the convenience of the witnesses; (6) the availability of process to compel attendance; (7) the forum's [\*9] familiarity with the governing law; (8) the plaintiff's choice of forum; and (9) trial efficiency and the interests of justice based on the totality of the circumstances. *Recoton Corp. v. Allsop, Inc.*, 999 F. Supp. 574, 577 (S.D.N.Y. 1998) (citations omitted); *Brown v. Dow Corning Corp.*, 1996 U.S. Dist. LEXIS 6607, No. 93 Civ. 5510, 1996 WL 257614, at \*2 (S.D.N.Y. May 15, 1996).

This determination "lies within the broad discretion of the district court," and consideration is based "upon notions of convenience and fairness on a case-by-case basis." *Brown v. Dow Corning Corp.*, 1996 U.S. Dist. LEXIS 6607, No. 93 Civ. 5510, 1996 WL 257614, at \*2 (S.D.N.Y. May 15, 1996) (citing *In re Cuyahoga Equip. Corp.*, 980 F.2d 110, 117 (2d Cir. 1992)). See also *Bionx*, 1999 U.S. Dist. LEXIS 8031, 1999 WL 342306, at \*3 ("Section 1404(a) allows a district judge considerable discretion in adjudicating a motion for transfer according to an individualized case-by-case consideration of convenience and fairness.").

#### 1. The Locus of Operative Facts

The location of operative facts is a "primary factor" in determining a motion to transfer venue. *ZPC 2000, Inc. v. The SCA Group, Inc.*, 86 F. Supp. 2d 274, 279 (S.D.N.Y. 2000). [\*10] This is an action for trademark infringement, dilution, and cybersquatting based on an infringing site on the world wide web. Giddings created this site in Texas, and Falsone viewed it in New York. Merchandise ordered from this site were shipped from Texas to New York. The locus of operative facts, therefore, comes out neutral in this case.

#### 2. Access to Sources of Proof

Mattel's documents are located in New York. However, Defendants' documents related to the creation and operation of the site and to the registration of the domains are located in Houston, Texas. This factor is thus also neutral.

#### 3. The Convenience of the Parties

Mattel is a Delaware corporation with its principal place of business in California. Headquarters contact

information, listed in Mattel's website, refer to El Segundo, California; Madison, Wisconsin; and East Aurora, New York. Mattel is "the world's largest manufacturer of toys, games and playthings" (Mattel's Mem. at 2) with offices in North America, Central and South America, Europe, and Asia. Mattel also has an operating office in New York, New York.

Giddings is an individual and sole proprietor of Procount Business Services, located [\*11] in Houston, Texas. 877NetMall is also located in Houston, Texas.

Thus, Mattel is a worldwide manufacturer with offices all over the United States, and Defendants are a one-man outfit owned by Giddings, located only in Houston, Texas. Changing venue from the Southern District of New York to the Southern District of Texas does not merely shift the inconvenience of litigating in a particular forum from one party to another. Wechsler v. Macke Int'l Trade, Inc., 1999 U.S. Dist. LEXIS 19800, No. 99 Civ. 5725, 1999 U.S. Dist. LEXIS 19800, at \*18 (S.D.N.Y. Dec. 21, 1999). Rather, an assessment of the parties' convenience points to the Southern District of Texas as the forum for litigation.

#### 4. The Relative Means of the Parties

As Mattel itself alleges, it is "the world's largest manufacturer of toys, games and playthings" (Mattel's Mem. at 2), and "annual sales of Barbie dolls worldwide currently exceed \$ 1.6 billion (Mattel's Mem. at 3).<sup>5</sup> Mattel's office consists of approximately 75,000 square feet, and it employs approximately 170 people.

5 Mattel further alleges that every second, two Barbie dolls are sold somewhere in the world, and that Mattel has sold more than one billion Barbie dolls worldwide since 1959. (Mattel's Mem. at 3.)

[\*12] Giddings operates out of a 1,000 square foot office/ warehouse space located in Houston, Texas. Procount Business Services has no physical assets and does not produce any revenue; 877NetMall has no assets and does not produce any revenue; and MetalToys.com is a sole proprietorship that has very little assets and produces revenues that resulted in profit of less than \$ 6,000 in 2002. Giddings does not own property or a car and lives with a friend in Houston, Texas.

Giddings claims that he does not have the resources to defend this action in New York. Mattel argues that the difference in the parties' means is neutral in this case as it expects the trial to only last one day and Giddings' "sole expense" is his plane ticket to New York. (Mattel's Mem. at 8.)

However, Mattel too flippantly dismisses the importance of this factor. The trial may very well last several days; Giddings' expense will, at the very least, include a stay in a hotel in New York; and having the action in New York may also pose difficulties for motions argued by the parties and discovery. This factor thus points to a transfer to the Southern District of Texas.

#### 5. The Convenience of the Witnesses

[HN6]A party [\*13] seeking to rely on the convenience of the witnesses factor must identify the material witnesses and supply a general description of what their testimony will cover. Wechsler, 1999 U.S. Dist. LEXIS 19800, at \*16.

Mattel has stated that it intends to call its investigator, Fastone, who resides in New York, New York, at trial. Fastone will testify as to his investigation and the purchase of Barbie products through the Internet. Giddings has not referred to any witnesses he intends to call. This factor thus weighs against transfer.

#### 6. The Availability of Process to Compel Attendance

As all of Defendants' witnesses are parties to this action, this factor is neutral.

#### 7. Forum's Familiarity with the Governing Law

This case raises questions of federal law. Therefore, either forum is equally capable of hearing and deciding those questions. See, e.g., Dealttime.com Ltd. v. McNulty, 123 F. Supp. 2d 750, 757 (S.D.N.Y. 2000). This factor is, therefore, neutral.

#### 8. The Plaintiff's Choice of Forum

[HN7]A plaintiff's choice of forum is generally entitled to "substantial consideration." In re Warrick, 70 F.3d 736, 741 (2d Cir. 1995). [\*14] However, the plaintiff's choice of forum is entitled to less weight when it has not chosen the forum in which it resides. Robomatix Int'l, Inc. v. Aluminum Co. of America, No. 92 Civ. 6281, 1993 U.S. Dist. LEXIS 7034, at \*4 (S.D.N.Y. May 20, 1993) ("The weight given to the plaintiff's choice of forum is . . . diminished where the plaintiff brings suit outside his home forum."); 800-Flowers, Inc. v. Intercontinental Flowers, Inc., 860 F. Supp. 128, 135 (S.D.N.Y. 1994) (affording plaintiff's choice of forum less weight and awarding transfer when plaintiff chose forum that neither corresponded to locus of operative facts nor was defendant's state of incorporation); Brown, 1996 U.S. Dist. LEXIS 6607, 1996 WL 257614, at \*3 (holding that a plaintiff's choice of forum is accorded "little weight" "when a plaintiff brings suit outside his home forum").

Here, Mattel is a Delaware corporation with its principal place of business in California. The Southern District of New York is thus not its home forum.

**9. Totality of the Circumstances: Trial Efficiency and the Interests of Justice**

In the interests of justice and trial efficiency, this action should be transferred [\*15] to the Southern District of Texas. The locus of operative facts is in both the Southern District of Texas and New York; Defendants' documents related to the website in question are located in Houston Texas; Mattel is a worldwide manufacturer with offices all over the United States, and Defendants are a one-man outfit, located only in Houston, Texas; maintaining the action in New York will pose a heavy financial burden for Defendants; neither party is located in the Southern District of New York, and the Defendants are located in Houston, Texas.

**IV. Mattel's Motion for Summary Judgment is Denied as Premature**

Mattel's Motion for summary judgment is denied as premature. Defendants Procount Business Services and 877NetMall are not adequately represented since they

cannot appear *pro se* in this action. The interests of justice support the transfer of this motion to the Southern District of Texas. Moreover, discovery is not complete, and the parties disagree on the facts. Giddings claims that his Barbie virtual domains simply point to where licensed Barbie items are sold, "similar to the way a 'brick and mortar' toy store would have an isle sign." (Giddings' 9/23/03 Letter at 2.)

**Conclusion**

For the reasons set forth, Giddings' motion is denied in part and granted in part, and Defendants' motion is denied. Defendants Procount Business Services and 877NetMall are ordered to seek counsel, and this action will be transferred to the Southern District of Texas.

It is so ordered.

New York, NY

March 10, 2004

**ROBERT W. SWEET**

**U.S.D.J.**