

Western District Case Notes



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In *The Glen H. Curtiss Museum of Local History v. Confederate Motors, Inc.*, 20-cv-06237-CJS-MWP (Feb. 11, 2021) — an action for trademark infringement and breach of contract — defendants moved to dismiss based on lack of personal jurisdiction, arguing that their connection to New York is too remote to support the court’s jurisdiction over them. Plaintiff

opposed, contending that, while the court does not have “general jurisdiction” over defendants, long-arm jurisdiction exists over them under CPLR 302(a)(3)(ii). Under that Section, a court in New York may exercise jurisdiction over a non-domiciliary when the defendant: (1) committed a tortious act outside of New York that causes injury in New York, (2) expects or should reasonably expect the act to have consequences in New York, and (3) derives substantial revenue from interstate or international commerce. Observing that it is the plaintiff’s obligation to demonstrate a “reasonable probability” that the court has personal jurisdiction over a defendant, the court found that plaintiff met its burden. Regarding the first element, trademark infringement can be a tort for the purpose of determining long-arm jurisdiction, and plaintiff presented evidence that defendants’ website and Facebook page featured a mark that allegedly infringes plaintiff’s trademark, causing actual and potential confusion. Next, the court found that trademark infringement causes injury in the state where the allegedly infringed intellectual property is held (in this case, New York), and determined that a reasonable person would have been on notice that his acts in using a mark similar to plaintiff’s mark would have consequences in New York. Further, an interactive website generally supports a finding of personal jurisdiction, so it was reasonably foreseeable that defendants could be “haled into New York courts” because their website displays the full range of company product offerings, and invites users to initiate their purchase through the website. Regarding the third factor, the court noted that di-



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rect contact with New York is not required, only that the defendant is “economically big enough to defend suit in New York.” Plaintiff’s showing that defendants have raised over \$1.7 million from more than 70 investors was sufficient for that purpose. Ultimately, the court concluded that, because the elements of CPLR 302(a)(3) (ii) were met, and because exercising personal jurisdiction would comport with the Due Process Clause of the United States Constitution, defendants’ motion would be denied.

Personal Jurisdiction

In *Zito v. United Airlines, Inc.*, 20-cv-6203-EAW (March 3, 2021) — a negligence action arising from an injury allegedly sustained while plaintiff was a passenger on defendant’s flight between Florida and New Jersey — defendant moved to dismiss the complaint for lack of personal jurisdiction, and plaintiff moved for an extension of time to file a response in opposition to that motion. Plaintiff, who during the pandemic had filed an amended complaint in response to the first motion to dismiss, failed to file opposition to the second motion to dismiss either within the statutory deadline for opposing such a motion or by the deadline set by the court. Although the court found that plaintiff’s conduct represented an “egregious lack of diligence,” it granted plaintiff’s motion for an extension of time because it found defendant would not be prejudiced by plaintiff’s late filing. The court then granted defendant’s motion to dismiss for lack of personal jurisdiction, finding first that *general jurisdiction* over defendant was lacking because defendant was not a New York corporation, did not maintain its principal place of business in the state, and the mere registration to transact business in New York was an insufficient basis for establishing general jurisdiction. Nor was *specific jurisdiction* afforded under New York’s long-arm statute. Although plaintiff had purchased his plane ticket in New York, for a series of flights that started and ended in New York, specific jurisdiction was lacking because his

injury occurred during the leg of his return trip from Florida to New Jersey and not during a flight beginning or ending in New York. The court thus held that the mere purchase of a ticket in New York was insufficient to establish personal jurisdiction when the injury occurred in another state on a flight that did not start or end in New York. The court then denied plaintiff’s request to transfer the lawsuit to the Northern District of Illinois, which plaintiff made in the last paragraph of his opposition to the motion to dismiss. The court held the request to transfer the lawsuit failed to comport with the Local Rules requiring that any motion be accompanied by a notice of motion outlining the relief sought. Nor did plaintiff’s one paragraph requesting the transfer articulate why venue would be proper in the Northern District of Illinois. Having failed to carry his burden to demonstrate that a transfer to a different district served the interests of justice, plaintiff’s complaint was dismissed.

Subject Matter Jurisdiction

In *Vulcan Steam Forging Co. v. A. Finkl & Sons Co., et al*, No. 19-cv-962-WMS (Jan. 26, 2021), plaintiff sought indemnity from defendants for losses or costs plaintiff had suffered already, or might suffer in the future, resulting from the malfunction of a component supplied by defendants and incorporated by plaintiff into a product supplied to a third party. When that product failed, the third party was sued for damages in the Northern District of Florida and brought a third-party action against plaintiff for equitable subrogation and indemnification. That third-party action eventually was dismissed against plaintiff because the federal court in Florida did not have personal jurisdiction over plaintiff. Thereafter, the Florida lawsuit was settled and dismissed with prejudice, and no new action by the third party against plaintiff for indemnification had yet been commenced. Defendants now moved to dismiss the complaint for lack of subject matter jurisdiction. With no lawsuit pending against plaintiff at this time, any claim for indemnification with respect to future lawsuits was speculative, and plaintiff could not establish any injury in fact, leaving it without the standing needed to afford the court the requisite subject matter jurisdiction over the current lawsuit. On similar grounds, the court also dismissed a cause

of action — alleging that defendants agreed but failed to procure general liability insurance in favor of plaintiff — because plaintiff had not yet sought and been denied reimbursement for any losses through defendants' insurance coverage. Only plaintiff's claims to recover its attorneys' fees incurred in defending the Florida third-party lawsuit survived the motion to dismiss because the payment of those fees and costs constituted an actual injury for which indemnification could lie.

Discovery

In *Strike 3 Holdings, LLC v. Doe*, 20-cv-1394-EAW (Jan. 28, 2021), after commencing an action alleging an unknown defendant (*John Doe*) downloaded and distributed plaintiff's motion pictures in violation of the United States Copyright Act of 1976, plaintiff brought an ex parte motion for leave to serve a third party subpoena prior to the Rule 26(f) conference. The motion was required because Rule 26(d) (1) prohibits discovery from any source before the parties have conferred under Rule 26(f), unless the party seeking the discovery obtains a court order upon good cause. Plaintiff sought to serve the subpoena to ascertain the name and address of defendant in order to effectuate service of the complaint. The court granted the motion, finding that plaintiff's allegations were sufficient to establish a *prima facie* case of copyright infringement against defendant, its discovery request was sufficiently specific, alternative means to obtain the subpoenaed information did not exist, expedited discovery was necessary to prevent the requested information from being lost, and plaintiff's interest in discovering defendant's name and address outweighed any privacy interests defendant might have.

Attorney-Client Privilege

In *Valvetech, Inc. v. Aerojet Rocketdyne, Inc.*, No. 17-cv-06788-FPG-MJP (Feb. 18, 2021), a discovery dispute arose concerning plaintiff's desire to depose defendant's in-house counsel. Among the topics plaintiff planned to question defendant's in-house counsel on were his discussions with the former in-house counsel of a non-party to the action. Defendant contended that those communications, while

made to a third party, did not constitute a waiver of the attorney-client privilege based on the common interest exception, and therefore were not subject to discovery. Specifically, defendant claimed that it and the non-party share a common interest due to the existence of an indemnification provision in an agreement among them. Observing first that the burden of establishing the attorney-client privilege always rests upon the person asserting it, the court then noted that, for purposes of the common interest exception, "there must be a substantial showing by the parties attempting to invoke the protections of the privilege of the need for a common defense as opposed to the mere existence of a common problem." The court then found that defendant had not satisfied its burden based on the mere existence of an indemnification agreement between it and the non-party, because the agreement would only apply to a *future* action by plaintiff against the non-party, and no such action is pending. Therefore, the communications are not protected by any common interest between defendant and the non-party "at this time," rendering the communications subject to discovery.

Motion to Strike

In *Black v. Buffalo Meat Service, Inc.*, 15-cv-00049-WMS-HKS (Feb. 26, 2021) — an employment discrimination action based upon sex and race that has included "extensive and sometimes acrimonious discovery and related motion practice" — defendants moved to strike plaintiff's attorney's declaration, which was submitted in opposition to defendants' motion for summary judgment. In doing so, defendants argued that the declaration contains inadmissible evidence (both hearsay and unauthenticated), as well as legal arguments in violation of Local Civil Rule 7(a)(3). Noting that motions to strike are disfavored and that the court has discretion to disregard the legal arguments in the declaration (while considering the legal arguments in plaintiff's memorandum of law), the court found that defendants were not prejudiced by the declaration and denied the motion.

Successive Summary Judgment Motions

In *Frederick v. State of New York, et al.*, No. 16-cv-6570-EAW (Jan. 28, 2021), after the court granted defendants' motion for summary judgment as to all but one count in plaintiff's amended complaint, defendants filed a motion seeking leave to file a second motion for summary judgment, supported by additional evidence addressing the issues that prevented the court from dismissing the lone surviving claim in the first motion. The court granted leave to file the second motion notwithstanding that a party ordinarily is limited to a single timely summary judgment motion, especially if the second motion seeks precisely the same relief as before and is supported only by facts and argument that could have been submitted earlier. Defendants acknowledged that the new evidence was available previously, but their counsel failed to recognize at that time the scope of the proof needed to address the issue. Although not convinced that defendants had established that there was good cause for why the new grounds in support of the second motion could not have been presented previously, the court exercised its discretion in permitting the new motion to go forward because the matter had not yet been scheduled for trial and, due to the global pandemic, any trial would not occur for at least several more months. Accordingly, there would be no meaningful delay in the case by permitting defendants to file the second summary judgment motion.

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