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**IN THE UNITED STATES DISTRICT COURT
DISTRICT OF UTAH, CENTRAL DIVISION**

RENTMASTER PROPERTY MANAGEMENT,
INC., a Utah limited liability company, as
successor in interest to RENTMASTER
PROPERTY MANAGEMENT, INC., an Idaho
corporation;

Plaintiffs,

vs.

SHAIN TRADING CORPORATION D/B/A
ALPHA ENGRAVING, a New York corporation;
and BARRY SHAIN, an individual;

Defendants.

**MEMORANDUM OF LAW IN
SUPPORT OF THE MOTION BY
DEFENDANTS TO
DISMISS THE AMENDED
COMPLAINT ON THE GROUNDS
OF A LACK OF PERSONAL
JURISDICTION, IMPROPER
VENUE, AND FAILURE TO
STATE A CLAIM FOR WHICH
RELIEF CAN BE GRANTED**

Civil No. 2:10-CV-319

Judge Samuel Alba

PRELIMINARY STATEMENT

Defendants Shain Trading Corporation d/b/a Alpha Engraving, a New York corporation (“STC”) and Barry Shain (“Shain”), a resident of the State of New York (collectively, “Defendants”) submit this Memorandum of Law in support of their motion to dismiss the Amended Complaint (hereinafter, the “Complaint”). This action alleges trademark infringement arising out of Defendants’ alleged “use” of the Internet domain name RENTMASTER.COM, in which Plaintiff¹ claims various rights. Defendants move under Fed. R. Civ. P. 12(b)(2) for dismissal for lack of personal jurisdiction; under Fed. R. Civ. P. 12(b)(6) for failure to state a claim upon which relief can be granted; and under Fed. R. Civ. P. 12(b)(3) for improper venue.

Defendants Shain and STC² are residents of the State of New York and, as is clear from the allegations, have never conducted any legally cognizable business in this District. The sole premise for the assertion of jurisdiction over Defendants in this action, and of venue in this Court, is the convenience of Plaintiff and its counsel. Utah’s long-arm statute does not extend this forum’s jurisdiction over Defendants, requiring them to travel to litigate far from home, to a world where they have no minimum contacts. The law does not support such a policy, especially when issues of constitutional due process are at stake; nor do considerations of equity recommend it. This alone is adequate ground for dismissal.

No less importantly, the substantive allegations of the Complaint do not themselves meet

¹ References to “Plaintiff” here include any alleged predecessor in interest.

² As a New York corporation, defendant STC could never, notwithstanding testimony submitted in other papers in this action, “evade service,” as service could always have been effectuated on a registered agent or the New York Secretary of State as agent of a New York corporation. New York Business Corporation Law §§ 306, 306-A, and 307. See Fed. R. Civ. P. 4(h)(1)(B).

the test of stating a plausible claim for which relief can be granted. As set forth below, Plaintiff—whose rights as successor in interest to the trademarks claimed here are, as demonstrated below, highly questionable—has failed to bring its claims within the applicable statute of limitations; it is also barred by a straightforward application of the doctrine of laches in a case where, as it alleges, it has already had, and lost, one “bite at the apple” in its attempt to wrest this domain from Defendant. The Complaint also fails to allege facts sufficient to support a claim of unjust enrichment, thus warranting dismissal of the Complaint.

Moreover, the Complaint should be dismissed on the basis of improper venue. The Complaint’s allegation of venue is insufficient as a matter of law. It does no more than identify the venue statute, neither referring to a specific provision on which Plaintiff relies nor alleging a factual basis for the conclusory allegation that “venue in this district is proper . . .” In any case, no provision of that statute could be met by the facts alleged here. In such a case, dismissal is proper.

STATEMENT OF FACTS

The Parties

This lawsuit asserts a number of causes of action against Defendants, who are alleged to be in the business of lawfully buying and selling “non-durable goods.” (Complaint ¶¶ 8). According to the Complaint, the original plaintiff Rentmaster Property Management, Inc. (“RPM”), the “predecessor in interest” to the Plaintiff in the Amended Complaint, offers property management services to landlords and real estate owners. The services allegedly include helping landlords to fill vacant properties, collecting rents, and managing tenants in Idaho, Utah, and Nevada. (Complaint ¶¶ 1, 10).

RPM is an Idaho corporation. (Complaint ¶ 1.) Notwithstanding references in the Complaint to activities of RPM in Utah, few specifics concerning such activities can be found in the allegations or exhibits, unless one counts the filing of legal papers. For example, Exhibit D to the Complaint includes a record of Utah State trademark registration number 7648058-0190 for RENT MASTER, which was filed and obtained on April 4, 2010—nine days prior to the filing of the original Complaint—but even then showing an address, not in Utah, but in Idaho Falls, Idaho. The suggestion in ¶ 14 that RPM maintains a place of business in Utah would seem at first blush to be supported by the Utah Department of Commerce “Business Entity Search” also included by Plaintiff in Exhibit D, except that this printout states that the registration of RPM in Utah *expired* in January, 1997.

The Complaint also alleges that Plaintiff Rentmaster, LLC (“RMLLC”) is “the master U.S. licensee of the intellectual property (IP) of Rentmaster Property Management and Michael Baird, and successor in interest to of all of Michael Baird and Rentmaster Property Management’s claims against Shain Trading Company and/or Barry Shain.” (Complaint ¶ 2.) No copy of the license granting such interest is attached to the Complaint. As Exhibit M to the Amended Complaint states, the Articles of Incorporation of RMLLC were filed in the Utah Division of Corporations and Commercial Code on August 9, 2010³—the date on which the Amended Complaint was filed.

In short, RMLLC is a shell company utilizing the address of Plaintiff’s counsel (not the one used as address of record in this action but another office of that firm), created solely for the

³ Evidently they were filed in a hurry, because in Article II – Business Purpose, they state, “The business purpose for which the Company is organized is to engage in the practice of law in the State of Utah and other jurisdictions, and to engage in any business or other activity permitted by the Act.”

purpose of litigating this matter in the District where Plaintiff's attorney maintains his office.

As to the Defendants, Complaint alleges, in ¶¶ 5 through 9 and the exhibits annexed to it, that (1) Shain Trading is the alter ego of Barry Shain; (2) Shain Trading runs multiple businesses online which market products across the U.S. using "highly interactive websites," including, *inter alia*, Alpha Engraving; (3) Shain Trading is doing business as Alpha Engraving; and (4) that Shain Trading does business across the U.S. through Alpha Engraving's Website. The sole piece of evidence offered to support these allegations of legal activities and relationships is a printout from the website "Salary.com" which purportedly contains a salary listing for a job at "SHAIN TRADING CORP D/B/A ALPHA ENGRAVING CO." (Complaint, Exhibit N). Plaintiff also refers to Exhibit "N" in support of their allegation that Defendant has filed tax returns demonstrating that it does business as Alpha Engraving (Complaint ¶ 6). The actual tax returns, however, are not in the record, and nothing else in these exhibits or elsewhere provides any factual basis for the claim that Defendants do business in any State other than New York, much less in this District.

The Rise and Fall of the RENTMASTER Trademark

Plaintiff claims common law, state, and federal rights in the trademark RENTMASTER, and alleges that Defendants have infringed these rights by virtue of their registration of the Domain. They allege ownership of a federal trademark registration for the mark RENTMASTER, issued by the U.S. Patent and Trademark Office (USPTO) on July 3, 2007. (*See*, Complaint ¶ 30, Exhibit Q) Plaintiff also filed for and was granted State trademark protection by the State of Utah for the Mark "RENT MASTER" on or about April 4, 2010. (Complaint, Exhibit D) The Complaint subtly notes that a previous registration had been granted

on February 2, 1988 (¶ 17), and acknowledges that Plaintiff let their first registration for RENTMASTER *lapse* (¶ 28).

In fact, the RENTMASTER trademark registration was cancelled by the PTO on August 8, 1994. (Complaint, Exhibit J) Plaintiff did nothing about this lapse for approximately *thirteen years* and had had *no registered trademark* for RENTMASTER for a full *five years* when on January 31, 1999 Defendants allegedly registered the Domain. And it was not until a decade had passed after that date that Plaintiff instituted this action.

Some of this delay can perhaps be understood, though not excused, by events alluded to in the Complaint at ¶ 43 without context, explanation or any obvious purpose. The Complaint refers there to an earlier attempt to secure the Domain via a proceeding before the National Arbitration Forum (NAF) under the Uniform Domain Name Resolution Policy (UDRP) (the “UDRP Action”). Plaintiff declines to identify when the UDRP Action took place, what happened in that proceeding, or the findings of NAF arbitrator. It only alleges that the Decision issued by the NAF, while not described, “contained a number of factual inaccuracies” and that the attorney who represented Plaintiff before the NAF did a poor job of it. *Id.*

As a document referred to in the pleadings, however, the Decision in the UDRP Action is properly included in the record on this motion,⁴ and is attached as Exhibit A to the Affidavit of Marc Nussbaum, Esq. Dated June 13, 2008, the Decision includes the following findings:

When Respondent registered <**rentmaster.com**> in 1999, Complainant’s federal registration for the mark RENTMASTER had already been cancelled in 1994 for failure to file a section 8 affidavit. There were no other federal registrations for RENTMASTER

⁴ Reference to the UDRP decision is proper on this 12(b) motion where, as here, it is a document that is “intrinsic” to the claims in the Complaint. *See, Jacobsen v. Deseret Book Co.*, 287 F.3d 936, 941 (10th Cir. 2002).

alive in 1999. Complainant re-registered the mark in 2006. . . .

The fact that Complainant's purported federal trademark rights were nonexistent for the better part of a decade – including several years both before and after the date of Respondent's domain-name registration – is a glaring omission from his Complaint. Complainant's lack of candor with respect to that aspect of the history of his trademark rights leaves the Panel unpersuaded that any doubts regarding any alleged common-law rights during the critical interim period should be resolved in his favor.

This finding is not legally binding on the Court of course. What is notable, however, is that it does suggest that Plaintiff's insertion of scathing evaluations of its counsel's performance at the UDRP arbitration into the Complaint here is not without some justification. Yet in prosecuting this action two years later, Plaintiff not only failed to remedy but conspicuously repeated the most serious deficiency in those filings: the lack of candor with respect to the lapse of the trademark registration that the arbitrator found so compelling in the passage quoted above. This gap was, just as it was in Plaintiff's UDRP filings, completely ignored in the original complaint filed in this action. Plaintiff's admission of the lapse was added into the Amended Complaint only when it became obvious that Defendants would be vigilant with respect to their rights and would resist Plaintiff's claims with vigor.

Aware that eventually the "hole" in its registered-trademark claims would become known, Plaintiff also submitted various assorted exhibits to the Complaint meant to suggest that Plaintiff had common-law trademark rights to RENTMATER during this thirteen-year period, a necessary component of its claim that Defendants acted willfully and in bad faith.

This Court need not, of course, adopt the NAF panelist's view that such evidence should be considered dimly in view of Plaintiff's consistent lack of candor regarding the history of its alleged trademark. It is merely enough to page through each of these newspaper clippings and related local records and ask how, notwithstanding any common law rights Plaintiff could, in

theory, demonstrate the existence of, Defendants could have become aware of them in New York City. To ask this question is to answer it; nothing in the Complaint approaches plausible common law rights that could be asserted against the defendants as of the time they registered the Domain.

Finally, regarding the present “use” of the Domain by Defendants, as set out in Exhibit B to the Nussbaum Affidavit⁵ the Domain resolves to a website consisting of five active pages, which provide links to car rental websites; a search engine for local listings of what the website refers to as “props”; and the website “alphaengraving.com.” None of these even remotely implicates goods or services related to those of Plaintiffs, or supports an inference of interstate activities, much less activities directed into Utah, by Defendants.

⁵ See previous footnote.

LEGAL ARGUMENT

I. **THE COMPLAINT SHOULD BE DISMISSED BECAUSE THE COURT LACKS JURISDICTION OVER DEFENDANTS ON ANY BASIS**

In order to obtain jurisdiction over non-resident defendants “a plaintiff must show that jurisdiction is legitimate under the laws of the forum state and that the exercise of jurisdiction does not offend the due process clause of the Fourteenth Amendment.” Pro Axxess, Inc. v. Orlux Distrib., Inc., 428 F.3d 1270, 1276 (10th Cir. 2005). The Complaint does not meet this basic requirement because nothing in the record remotely suggests legally cognizable minimum contacts on the part of any Defendant with this District.

A. **Plaintiff has failed to meet its burden of establishing personal jurisdiction over Defendants STC and Barry Shain.**

As a threshold matter, Plaintiff has the burden of establishing personal jurisdiction over Defendants STC and Barry Shain by pleading facts sufficient to establish jurisdiction. Id. at 1276. As set forth below, the Complaint has abjectly failed to meet this initial pleading burden, in that it (1) fails to allege any factual basis that this Court has personal jurisdiction over said Defendants; and (2) fails to invoke any statutory basis for the Court’s jurisdiction over said Defendants.

Standard of Review

In considering the issue of personal jurisdiction over a non-domiciliary, a court must first apply the forum state's long-arm statute and determine if the requirements of the long-arm statute are met, and whether the exercise of jurisdiction over the defendant would comport with the requirements of due process. See, Burger King Corp. v. Rudzewicz, 471 U.S. 462 (1985); World-Wide Volkswagen Corp. v. Woodson, 444 U.S. 286 (1980).

The Utah “Long Arm” Statute reads, in relevant part, as follows:

[A]ny person or personal representative of the person, whether or not a citizen or resident of this state, who, in person or through an agent, does any of the following enumerated acts is subject to the jurisdiction of the courts of this state as to any claim arising out of or related to:

- (1) the transaction of any business within this state;
- (2) contracting to supply services or goods in this state;
- (3) the causing of any injury within this state whether tortious or by breach of warranty;
- (4) the ownership, use, or possession of any real estate situated in this state;
- (5) contracting to insure any person, property, or risk located within this state at the time of contracting...”

See, Utah Code Ann. § 78B-3-205 . Here the Complaint fails to set forth a single meritorious allegation which would establish personal jurisdiction over STC and Barry Shain under the forgoing statute. Plaintiff has failed to allege, and indeed, cannot allege that Defendants directed any of their business activities towards the forum state. Nothing in the record indicates any specific business or any other activity directed by Defendants towards this District.

Plaintiff cannot meet this test merely by alleging because the Domain happens to resolve to a website that can be accessed in this District, the registration of the Domain is a “tortious act” committed in Utah that provides a ground for personal jurisdiction, based on the “effects” of out-of-state actions within the jurisdiction set out in *Calder v. Jones*, 465 U.S. 783 (1984). “As is clear under Tenth Circuit precedent, the mere allegation that an out-of-state defendant has committed business torts that have allegedly injured a resident of the forum ‘does not necessarily establish that the defendant possesses the constitutionally required minimum contacts.’”

Toytrackerz LLC v. Koehler, CIV.A. 08-2297-GLR, 2009 WL 1505705 (D. Kan. May 28, 2009), citing Far W. Capital, Inc. v. Towne, 46 F.3d 1071, 1077 (10th Cir. 1995).

Personal jurisdiction in Internet domain name disputes based on federal trademark

infringement or dilution law require that the relevant tortious act be the *use* of the domain name, not the act of registration. Nor is merely having a website that uses the domain name sufficient. A party domiciled in one state will be subjected to jurisdiction in another only upon supportable allegations that he purposefully, even if electronically, directed his activity to the forum state in a substantial way—and it must be “something more” than merely a domain name registration. Id.; see also, SCC Communications Corp. v. Anderson, 195 F. Supp. 2d 1257 (D. Colo. 2002).

The District of Colorado’s decision in SCC Communications, which is nearly on point with this case, addresses the concepts at issue succinctly. There the court considered the application of *Calder* to a cybersquatting claim. As here, in SCC Communications the plaintiff’s trademark registration was issued after the domain name was registered. This order of events, the court explained, rendered the “effects test” of *Calder* inapplicable:

In the instant case, SCC argues that Defendants' threat to use the domain name in SCC's business marketplace and their subsequent (and higher) counteroffer constitute the “something more” under the effects doctrine. However, SCC's proffered application of the *Calder* test completely ignores timing. A.J. Boggs registered the “911.net” domain name in May 1996. SCC did not receive its “9-1-1NET” trademark until November 1998—two and a half years later. Moreover, SCC did not file its second “911.net” trademark application until January 2000—another year later. To meet the *Calder* test here, SCC essentially projects that Defendants registered the “911.net” domain name intending someday to extort money from SCC or cause other harm if and when SCC obtained the trademark while operating in Colorado.

As that restatement of Defendants' position demonstrates, Defendants should not be made subject to Colorado jurisdiction when there is no showing of any intent to do harm to SCC in Colorado. Absent some extraordinary circumstance, a plaintiff's intellectual property rights must preexist the defendant's alleged wrongful acts. . . . To find otherwise would subject a defendant to jurisdiction based, not on its own present conduct, but on some unknown plaintiff's future conduct.

Id. at 1262-3 (footnotes omitted). See also, Boppy Co. v. Luvée Products Corp., 04-MK-320

(OES), 2004 WL 2608265 (D. Colo. May 25, 2004); SCC Communications Corp. v. Anderson, 195 F. Supp. 2d 1257 (D. Colo. 2002); Sunlight Saunas, Inc. v. Sundance Sauna, Inc., 427 F. Supp. 2d 1011 (D. Kan. 2006); Reg'l Airline Mgmt. Sys., Inc. v. Airports USA, Inc., 2007 WL 1059012 (D. Colo. Apr. 4, 2007).

In a desperate attempt to manufacture jurisdiction on other grounds, Plaintiff tries a multi-step argument. The Complaint, entirely gratuitously and on no plausible good-faith ground, alleges that “Shain Trading is the alter ego of Barry Shain” (Complaint ¶ 2)—even claiming, with no basis whatsoever, that Defendant Shain “affirm[ed] that Shain Trading is his alter-ego” in his UDRP Response (Complaint ¶ 46) and, scandalously,⁶ that “Mr. Shain has regularly co-mingled personal funds and those of Shain Trading, and used Shain Trading to intentionally perpetrate unlawful acts upon other parties in other States.” Besides being false, defamatory, and not based on a good faith belief or source of information, these allegations are irrelevant. To the extent that they, in any way, speak to the jurisdictional issue, they do not, as a matter of law, amount to specific allegations of fact describing the intentional direction of activity into the forum by Defendants.

Similarly, the allegation that “Defendant Shain Trading directs its advertisements at Utah consumers by including them in directories which the Defendant knows will target Utah consumers” (Complaint ¶ 9) is an invention. The exhibits annexed to the Complaint supposedly in support of this claim demonstrate that a website entitled “My Local Services” acquired a listing for Shain Trading Corporation, and show nothing more. (Complaint Exhibit “A”)

⁶ Defendants reserve their right to move under Fed. R. Civ. P. 12(f) to strike this and other scandalous matter filed by Plaintiff in the event the Court does not grant this motion to dismiss in full.

In light of the relevant law and the constitutional concerns reflected in the cases, as well as the paucity of either credible or coherent allegations respecting this Court's personal jurisdiction over Defendants, it is respectfully submitted that Plaintiff has failed to establish the existence of personal jurisdiction, thus warranting dismissal of the Complaint.

II. THE COMPLAINT SHOULD BE DISMISSED FOR FAILURE TO STATE A CLAIM UPON WHICH RELIEF COULD BE GRANTED.

On motions to dismiss under Rule 12(b)(6), a complaint must contain "enough facts to state a claim to relief that is plausible on its face," which requires the Plaintiff to "nudge[] [its] claims across the line from conceivable to plausible." Bell Atl. Corp. v. Twombly, 55 U.S. 544, 127 S. Ct. 1955, 1974 (2007). See, Alvarado v. KOB-TV, L.L.C., 493 F.3d 1210, 1215 n.2 (10th Cir. 2007); Lane v. Simon, 495 F.3d 1182, 1186 (10th Cir. 2007). Although the Court must "accept all the well-pleaded allegations of the complaint as true and must construe them in the light most favorable to the Plaintiff," Alvarado, 493 F.3d at 1215, the Court need not accept any unreasonable inferences or unwarranted deductions of fact when ruling on a motion to dismiss. See Swanson v. Bixler, 750 F.2d 810, 813 (10th Cir. 1984); Bryan v. Stillwater Board of Realtors, 578 F.2d 1319, 1321 (10th Cir. 1977) ("allegations of conclusions or opinions are not sufficient when no facts are alleged by way of the statement of the claim.").

Here Defendants invoke Rule 12(b)(6) based on, the statute of limitations, laches, and the questionable right of plaintiff in this action even to assert the alleged trademark rights on which these claims are based.

A. All of plaintiff's claims should be dismissed for failure to bring its claims within the applicable statute of limitations.

Plaintiff is not entitled to the relief sought because it has failed, by years, to bring the

instant action within the applicable statutes of limitations.

Standard of Review – Utah Statute of Limitations

As a general rule, a federal court exercising jurisdiction applies the statute of limitations of the forum state. See, Bagby v. Merrill Lynch, Pierce, Fenner & Smith, Inc., 104 F. Supp. 2d 1294, 1297 (D. Kan. 2000) (*Citing Dow Chem. Corp. v. Weevil-Cide Co., Inc.*, 897 F.2d 481 (10th Cir. 1990)). In Utah, claims under the Lanham Act or the ACPA are governed by Utah Code Ann. § 78B-2-305. See, Full Draw Productions v. Easton Sports, Inc., 85 F. Supp. 2d 1001 (D. Colo. 2000); 15 U.S.C.A. § 1125(a). The statute provides, in relevant part, as follows:

An action may be brought within three years:

- (1) for waste, trespass upon, or injury to real property; except that when waste or trespass is committed by means of underground works upon any mining claim, the cause of action does not accrue until the discovery by the aggrieved party of the facts constituting the waste or trespass;
- (2) for taking, detaining, or injuring personal property, including actions for specific recovery...

Plaintiff's remaining non-trademark infringement claims are subject to either a three- or a four-year statute of limitations under Utah Code Ann. §§ 78B-2-305 or 307. See, Russell/Packard Dev., Inc. v. Carson, 2003 UT App 316, 78 P.3d 616, 618, *aff'd sub nom. Russell Packard Dev., Inc. v. Carson*, 2005 UT 14, 108 P.3d 741 (2005).

The Complaint alleges that Defendants registered the Domain on or about January 31, 1999 (Complaint ¶ 37)—over *a decade* before this claim was filed. It is respectfully submitted that Plaintiff's claims accrued on January 31, 1999, making the instant action untimely by over six years. Assuming *arguendo*, however, that the Court would reckon 2004—the earliest date alleged in the Complaint on which Plaintiff admits having knowledge of the alleged

infringement—as date as the date of accrual of these claims, it is further submitted that Plaintiff has failed to bring the action within the applicable limitations period by two years.

Either way, Plaintiff's failure to comply with said limitations periods further warrants this Court's dismissal of the instant action. See, DeGette v. Mine Co. Rest., Inc., 751 F.2d 1143 (10th Cir. 1985) (cause of action for infringement of copyright and theft of trade secret accrued at time when Plaintiff discovered, or in exercise of reasonable diligence, should have discovered the facts giving rise to his claim); Zurick v. First Am. Title Ins. Co., 833 F.2d 233 (10th Cir. 1987) (cause of action accrued when plaintiff discovered, or in the exercise of reasonable diligence should have discovered, material facts essential to show the elements of the claims asserted); Ranch Realty, Inc. v. DC Ranch Realty, LLC, 614 F. Supp. 2d 983 (D. Ariz. 2007) (federal and state trademark infringement claims accrued when competitor began marketing and advertising in trademark owner's locality); Karl Storz Endoscopy Am., Inc. v. Surgical Technologies, Inc., 285 F.3d 848 (9th Cir. 2002) (trademark infringement claims under the Lanham Act accrue upon Plaintiff's actual or constructive knowledge of the wrong).

B. All of plaintiff's claims should be dismissed under the doctrine of laches.

Although a federal court may not be bound by a state statute of limitation, that court may dismiss a suit where the plaintiff's lack of diligence is wholly unexcused and both the nature of the claim and the situation of the parties was such as to call for diligence. See, Holmberg v. Armbrrecht, 327 U.S. 392, 66 S. Ct. 582, 90 L. Ed. 743 (1946). It is further well settled that the doctrine of laches can be applied to anticybersquatting claims. See, Flentye v. Kathrein, 485 F.Supp.2d 903, 916 (N.D.Ill.2007) ("Since the ACPA is an amendment to the Lanham Act, the Court will analyze these arguments [that the ACPA claim is barred by laches] under Lanham Act

case law generally.”); Ford Motor Co. v. Catalanotte, 342 F.3d 543, 550 (6th Cir.2003) (applying the laches analysis to an ACPA claim); Omega S.A. v. Omega Eng'g, Inc., 228 F.Supp.2d 112, 140-41 (D.Conn.2002) (same); Mashantucket Pequot Tribe v. Redican, 403 F.Supp.2d 184, 198 (D.Conn.2005) (“[well established that the equitable defense of laches may be applied to cases brought under the Lanham Act and the ACPA is an amendment to the Lanham Act”); Super-Krete Int'l, Inc. v. Sadleir, 2010 WL 1688533 (C.D. Cal. Apr. 22, 2010). The equitable principles applicable to these cases apply as well to Plaintiff’s other putative causes of action, as demonstrated below.

Standard of Review – Defense of Laches

Laches consists of two elements: (1) inexcusable delay in instituting suit; and (2) resulting prejudice from such delay. See, Eureka Water Co. v. Nestle Waters N. Am., Inc., 2009 WL 5083577 (W.D. Okla. Dec. 21, 2009) (citing Brunswick Corp. v. Spinit Reel Co., 832 F.2d 513, 523 (10th Cir.1987)). The Ninth Circuit has held, in an influential ruling, that in considering the viability of a laches defense to trademark infringement, the factors to be weighed include: the strength and value of plaintiff’s trademark; plaintiff’s diligence in enforcing its mark; the harm to plaintiff if relief is denied; whether the defendant acted in good faith ignorance of plaintiff’s rights; competition between the parties; and the harm suffered by defendant because of plaintiff’s delay. E-Systems, Inc. v. Monitek, Inc., 720 F.2d 604, 607 (9th Cir. 1983). For purposes of laches, the period of delay is measured from the time plaintiff knew or in the exercise of diligence reasonably should have known of the defendant’s alleged infringing activities to the date of suit. See, Freeman v. Gerber Products Co., 466 F. Supp. 2d 1242 (D. Kan. 2006); Jacobsen v. Deseret Book Co., 287 F.3d 936 (10th Cir. 2002).

As set forth above, the Complaint alleges that Defendants registered the Domain on or about January 31, 1999 (Complaint ¶ 38)—over a decade before this claim was filed—and that on or about April 7, 2004 Plaintiff registered an alternate domain name of “rentmaster.us.” This action was filed approximately six years later after that. Considering the factors set out in the influential *E-Systems* decision, it is respectfully submitted that a number of the forgoing factors weigh heavily against Plaintiff. Plaintiff allowed its federal trademark registration to lapse for a period of approximately thirteen (13) years and took no action to enforce its alleged rights, during which time Defendants registered the disputed domain name. This dilatory approach to protection of their rights leads to a profound inference that the trademark is of little economic value—unsurprising considering that the trademark in question is indisputably a weak trademark.

Finally, the record demonstrates no basis from which to infer that Defendants acted in anything but good faith ignorance of any rights Plaintiff may have had, and there is certainly no plausible allegation of any intent to trade on Plaintiff’s supposed good will. “While a subsequent user’s adoption of a mark with knowledge of another’s use can certainly support an inference of bad faith, mere knowledge should not foreclose further inquiry. The ultimate focus is on whether the second user had the intent to benefit from the reputation or goodwill of the first user.” *GTE Corp. v. Williams*, 904 F.2d 536, 541 (10th Cir. 1990) (internal citations omitted). For these reasons, the application of the doctrine of laches here—regardless of the legal theory Plaintiff proceeds under—is equitable and just, and provides another sound basis for this Court to dismiss the Complaint.

C. Plaintiff’s claim for personal liability should be dismissed for failure to state a claim upon which relief can be granted.

The first count of the Complaint is styled “Claim For Personal Liability,” and appears to

be a claim that defendant Shain Trading Corporation is the “alter ego” of defendant Barry Shain. The allegations have no basis in the record, despite the spurious citation to Exhibit S of the Complaint which does not, contrary to claim in the Complaint, amount either in form or substance to an “affirmation” or any other admission to the effect that Mr. Shain utilizes Shain Trading Corporation as an alter ego. More to the point, Mr. Shain personally is joined as a defendant in this action, and the allegations do not distinguish between the liability sought to be assigned to either of them. Nonetheless, a “claim for personal liability” is not a claim for which relief can be granted; it is a legal theory of recovery and should be dismissed under Rule 12(b)(6). See, ANR Ltd. Inc. v. Chattin, 89 B.R. 898, 906 n. 4 (D. Utah 1988) (“The doctrine of alter ego is an equitable remedy rather than a substantive cause of action”).

D. Plaintiff’s claim for registered trademark infringement should be dismissed for failure to state a claim upon which relief can be granted.

The sole basis of Plaintiff’s claim of standing to bring any of the causes of action in the Complaint sounding in trademark is its allegation that it is “the master U.S. licensee of the intellectual property (IP) of Rentmaster Property Management and Michael Baird, and successor in interest to of all of Michael Baird and Rentmaster Property Management’s claims against Shain Trading Company and/or Barry Shain.” The “license” referred to is neither described nor attached to the Complaint and, considering that Plaintiff did not exist until the date the Amended Complaint was filed, August 9, 2010, said license can only have been executed that day as part of Plaintiff’s scheme to create a Utah-based entity to prosecute this action with the assistance of RPM’s Utah-based attorney. Even if such a “license” does exist, however, and is not merely a bad-faith sham, it fails in the task assigned it (as alleged in the Amended Complaint) because it would constitute a naked license of trademark rights that in fact vitiates any trademark claim by

Plaintiff.

Courts have consistently held that a valid assignment of a trademark or service mark requires the transfer of the goodwill associated with the mark. The transfer of a trademark apart from the goodwill of the business which it represents is an invalid “naked” or “in gross” assignment, which passes no rights to the assignee. A trademark symbolizes the public's confidence or ‘goodwill’ in a particular product. However, it is no more than that, and is insignificant if separated from that confidence. Therefore, a trademark is not the subject of property except in connection with an existing business.

Vittoria N. Am., L.L.C. v. Euro-Asia Imports Inc., 278 F.3d 1076, 1082 (10th Cir. 2001)

(citations and internal quotes omitted). Thus in R & R Partners, Inc. v. Tovar, 447 F. Supp. 2d 1141, 1149 (D. Nev. 2006), the court invalidated a purported “one dollar” assignment of a trademark, reminiscent of the one alleged here, whose “only practical effect of the purported assignment was to allow [the assignee] to police the trademark”:

[T]he assignment of the WHHSH mark does not continue the reality symbolized by the assigned mark. R & R has provided no evidence that it has any interest in promoting Las Vegas as a tourist destination. The only practical effect of the purported assignment was to allow R & R to police the trademark by assigning the trademark to R & R. Therefore, the court finds that the assignment was an invalid assignment in gross as there is no evidence that any business or portion thereof (good will) was transferred along with the WHHSH mark. Because the assignment was invalid, R & R has not suffered an injury in fact and does not have standing to maintain this action.

Id. at 1149.

Here there is no allegation of the transfer of goodwill as part of Plaintiff's supposed license, nor any other allegation of fact suggesting that RMLLC, an entity located in the office of Plaintiff's counsel in a different state, is actually a bona fide business at all. Nor is there an allegation of consideration given in return for this supposed license, which also renders it invalid and deprives plaintiff of any standing. See, Airs Fragrance Products, Inc. v. Clover Gifts, Inc.,

08-17385, 2010 WL 3678949 (9th Cir. Sept. 17, 2010) (dismissal affirmed for lack of standing due to invalid assignment because there was no concurrent transfer of business good will or consideration).

Plaintiff's attempt to avoid this problem by claiming that it is also "successor in interest to all of Michael Baird and Rentmaster Property Management's claims" is unavailing. The right to sue for trademark infringement is not separate from other trademark rights:

Because there are no rights in a trademark standing alone, it follows that no rights can be transferred apart from the business with which the mark is associated. . . . Given the nature of trademarks, the statutory provisions on assignment of trademark rights, and the analogous rules in patent law described above, the court finds [a] recipient of nothing more than [the right to make] bare claims for trademark infringement cannot bring suit for trademark infringement. Plaintiff has no ownership interest in the mark and therefore cannot sue pursuant to § 32(1) of the Lanham Act.

Nat'l Licensing Ass'n, LLC v. Inland Joseph Fruit Co., 361 F. Supp. 2d 1244, 1256 (E.D. Wash. 2004). Accord, Int'l Soc. for Krishna Consciousness of W. Pennsylvania, Inc. v. Stadium Auth. of City of Pittsburgh, 479 F. Supp. 792, 797 (W.D. Pa. 1979) ("We are convinced that Management as assignee of the action for mark infringement cannot bring suit for the mark infringement"). Plaintiff therefore has no standing to bring any of the causes of action in the Complaint based on the RENTMASTER trademark under federal law.

For the same reasons, the Sixth Count, claiming trademark infringement under Utah Law, also fails to state a claim for which relief can be granted. "Utah law governing unfair competition, infringement of a patent, trademark or trade name requires 'intentional business acts or practices,' similar to the requirements of the Lanham Act." Utah Lighthouse Ministry, Inc. v. Discovery Computing, Inc., 506 F. Supp. 2d 889, 903 (D. Utah 2007) aff'd sub nom. Utah Lighthouse Ministry v. Found. for Apologetic Info. & Research, 527 F.3d 1045 (10th Cir. 2008).

E. Plaintiff's claim for interference with economic relations should be dismissed for failure to state a claim upon which relief can be granted.

Under Utah Law, a tortious interference with prospective economic relations claim requires proof of the following: “(1) that the defendant intentionally interfered with the plaintiff's existing or potential economic relations (2) for an improper purpose or by improper means, (3) causing injury to the plaintiff.” Langille v. Logan City, 9 F. App'x. 892, 900 (10th Cir. 2001), citing, St. Benedict's Dev. Co. v. St. Benedict's Hosp., 811 P.2d 194, 200 (Utah 1991). In this case, Plaintiff has merely restated its allegations of damages arising from Defendants' alleged trademark infringement as “interference” with future prospective clients. In addition, the claim fails on its own deficiencies. As this Court has noted, “Judge Winder of this court has pointed out that under Utah law, in pleading a claim for interference with contractual relations,

[A] plaintiff cannot rest on conclusory allegations that it has existing or potential economic relations.... [Rather, a plaintiff must] allege facts showing either an existing contract or business relationship with a third party, or a potential contract or business opportunity with a third party or identifiable class of persons.

PurCo Fleet Services, Inc. v. Towers, 38 F. Supp. 2d 1320, 1325-26 (D. Utah 1999), citing Proctor & Gamble Co. v. Haugen, 947 F. Supp. 1551, 1556-57 (D. Utah 1996). Thus the Seventh Count should be dismissed pursuant to Rule 12(b)(6) as well.

F. Plaintiff's claim for unfair business practices should be dismissed for failure to state a claim upon which relief can be granted.

Plaintiff recast the same facts for an eighth time in its eighth count, styled as a claim for relief for “unfair business practices.” Utah's tort of unfair competition primarily arises in the context of palming off and misappropriation of goodwill, both of which “involve situations in which a company attempts to profit from the reputation of its competitor by selling one of its own products as that of its competitor or misappropriating a trademark belonging to its

competitor.” Proctor & Gamble Co. v. Haugen, 222 F.3d 1262, 1279-80 (10th Cir. 2000).

There is no allegation of palming off here, and to the extent that this claim is duplicative of the numerous meritless claims by Plaintiff sounding in trademark, it should be dismissed both as duplicative and on the substantive grounds set forth above.

G. Plaintiff’s claim for trademark dilution should be dismissed for failure to state a claim upon which relief can be granted.

Under 15 U.S.C. § 1125(c), the holder of a “famous” registered trademark may obtain an injunction against another’s use of a similar mark if it “is likely to cause dilution” of the famous mark. This relief is limited to “famous” marks, i.e., those “widely recognized by the consuming public in the United States . . . Congress intended to ‘reject dilution claims based on ‘niche’ fame, i.e. fame limited to a particular channel of trade, segment of industry or service, or geographic region.” Heller Inc. v. Design Within Reach, Inc., F.3d, 2009 U.S. Dist. LEXIS 71991, at *4 (S.D.N.Y. Aug. 14, 2009). “[C]ourts generally have limited famous marks to those that receive multi-million dollar advertising budgets, generate hundreds of millions of dollars in sales annually, and are almost universally recognized by the general public.” Id. at *3. Plaintiff cannot plausibly suggest that its RENTMASTER mark—a trademark so little valued by Plaintiff that it allowed its registration to lapse and waited years even before bringing this action, and which it alleges it made use of only in three states—is “widely recognized by the consuming public in the United States.” See 35 U.S.C. § 1125(c). For this reason, in addition to all the foregoing grounds for dismissal, Plaintiff’s dilution claim should also be dismissed.

H. Plaintiff’s claim for corrective advertising damages should be dismissed for failure to state a claim upon which relief can be granted.

Like the first count, the fourth cause of action here, a “Claim for Corrective Advertising

Damages,” confuses a remedy, see Big O Tire Dealers, Inc. v. Goodyear Tire & Rubber Co., 561 F.2d 1365, 1374-75 (10th Cir. 1977), for a cause of action. “A cause of action is established by showing the existence of a right held by the plaintiff and a breach of that right by the defendant, and is distinct from the remedy sought.” Garcia v. Wilson, 731 F.2d 640, 651 aff’d, 471 U.S. 261 (1985) and on reh’g sub nom. Cowdrey v. City of Eastborough, Kan., 730 F.2d 1376 (10th Cir. 1984). “Corrective advertising damages” is not in and of itself a claim for which relief can be granted and the claim in the Complaint seeking relief by that name should be dismissed.

I. Plaintiff’s claim for cybersquatting should be dismissed for failure to state a claim upon which relief can be granted.

The Fifth Cause of Action is based 15 U.S.C.A. § 1125(d), the Anti-Cybersquatting Consumer Protection Act (“ACPA”) which provides:

- (1)(A) A person shall be liable in a civil action by the owner of a mark, including a personal name which is protected as a mark under this section, if, without regard to the goods or services of the parties, that person
 - (i) has a bad faith intent to profit from that mark, including a personal name which is protected as a mark under this section; and

The Complaint fails to make out a claim under this provision, because, as set forth extensively above, the facts alleged and the relevant record cannot be read as a plausible allegation of bad faith under the ACPA. As the District of Colorado wrote recently:

The [statutory ACPA bad faith] factors are given to courts as a guide, not as a substitute for careful thinking about whether the conduct alleged is motivated by a bad faith intent to profit. In the instant case, the Court does not find it necessary to march through the factors seriatim. The role of this Court is not simply to add factors and place them in categories, but to discern what motivates the alleged conduct.

In this case, allowing this claim to go forward would stretch the ACPA beyond the letter of the law and contradict Congress's purpose in enacting the statute. There is no allegation here that Plaintiffs intended to extract payments from Defendant or defraud consumers. There is no allegation that Plaintiffs intended to

divert Defendants' customers to Plaintiffs' website and confuse them into purchasing Plaintiffs' products. Further Defendant fails to allege any facts suggesting why Plaintiffs would even want to try to associate themselves with Defendant. Plaintiff sells high-end clothing targeting a specific niche of consumers, whereas Defendant sells university apparel and merchandise. Lastly and perhaps most importantly, the paradigmatic harm that the ACPA was enacted to eradicate—the practice of cybersquatters registering several hundred domain names in an effort to sell them to the legitimate owners of the mark—is also not alleged to be present here.

Nau Holdings, LLC v. Dlorah, Inc., CIV A08CV02743CMABNB, 2010 WL 447393 (D. Colo.

Feb. 3, 2010) (citations omitted). For this, and for the relevant foregoing additional reasons, this cause of action should be dismissed as well.

J. Plaintiff's claim for unjust enrichment should be dismissed for failure to state a claim upon which relief can be granted.

To support a claim of unjust enrichment under Utah law, a Plaintiff must allege facts demonstrating three elements: (1) there must be a benefit conferred; (2) the conferee must appreciate or have knowledge of the benefit; and (3) the conferee must retain the benefit “under such circumstances as to make it inequitable for the conferee to retain the benefit without payment of its value.” Dummar v. Lummis, 543 F.3d 614, 623 (10th Cir. 2008) (quoting Desert Miriah, Inc. v. B&L Auto, Inc., 12 P.3d 580, 582 (Utah 2000) (citations and internal quotation marks omitted). Although the Complaint makes conclusory statements parroting these elements, it fails to allege any factual basis to support an unjust enrichment claim. No conceivable benefit to Defendants that has accrued to them, much less a benefit that as a matter of equity should in fact have flowed to Plaintiff, is described in the Complaint. “[A]llegations of conclusions or opinions are not sufficient when no facts are alleged by way of the statement of the claim.” Bryan, 578 F.2d at 1321. Considering that unjust enrichment claims here are indeed no more than conclusions without factual bases even in the allegations, the Complaint should be

dismissed.

III. VENUE IN THIS COURT IS IMPROPER

A. Plaintiff's factual allegations do not meet the burden of showing why venue in this District is proper.

If venue is improper in the district court where the action was filed, the Court may, within its discretion under 28 USC § 1406(a), dismiss the action or transfer the action to any district in which it can be brought to promote the interest of justice. See, Weber v. Ideker, Inc., 978 F. Supp. 1419 (D. Kan. 1997). As with allegations respecting jurisdiction the burden is on the plaintiff properly to plead, and on challenge to demonstrate, that venue in a given District is proper. See, Kearns v. Henderson, CIV. A. 99-2211-GTV, 1999 WL 615891 (D. Kan. July 16, 1999). This the Plaintiff has not done, and, Defendants submit, it could not do even upon additional submissions based on the record already before the Court.

The applicable statute, 28 U.S.C. § 1391(b) provides:

A civil action wherein jurisdiction is not founded solely on diversity of citizenship may, except as otherwise provided by law, be brought only in:

- (1) a judicial district where any Defendant resides, if all Defendants reside in the same State,
- (2) a judicial district in which a substantial part of the events or omissions giving rise to the claim occurred, or a substantial part of property that is the subject of the action is situated, or
- (3) a judicial district in which any Defendant may be found, if there is no district in which the action may otherwise be brought.

Courts require, just as with any other pleading matter, more than conclusory allegations when pleading venue. Paragraph 14 of the Complaint is the sole allegation relating to venue, and is insufficient as a matter of law. It merely recites what the applicable venue statute is, setting forth neither a specific provision of that statute nor any information or basis for the belief for

alleging in conclusory fashion that “Venue in this District is proper under 28 U.S.C. § 1391.” In fact, the standards of that statute are not met here, neither in the Complaint nor in the facts.

As to 28 U.S.C. § 1391(b)(1), no Defendant is alleged to reside in this District or to do business here. Nor is this a District in which “any Defendant may be found,” an alternative basis for venue under subsection (3).

Alternatively, Section 1391(b)(2) permits an action to be brought in a judicial district in which “a substantial part of the events or omissions giving rise to the claim occurred.” The phrase “events or omissions giving rise to the claim” in 28 U.S.C. § 1391(b)(2) suggests a focus on the actions of the defendant, not on those of the plaintiff. To qualify as grounds for venue under this provision, the events material to the claims which have occurred in the District must have been significant. See Etienne v. Wolverine Tube, Inc., 12 F. Supp. 2d 1173 (D. Kan. 1998). To establish venue in a trademark action, it has been held that the defendant must have aimed its marketing and advertising at the District or have sold its infringing goods there. See, Boppy Co., *supra*; see also, Edward Wedelstedt v. Law Offices of Goldstein, Goldstein & Hilley, 2006 WL 241136 (D. Colo. Jan. 31, 2006); Daniel v. Am. Bd. of Emergency Med., 428 F.3d 408, 431 (2d Cir. 2005).

In fact, nothing in the Complaint suggests any more significant “event” connecting the State of Utah to the harms alleged in this action than the engagement by Plaintiff of a Utah attorney to file it. Besides the fact that RPM is a Utah corporation whose business registration in Utah expired in 1997, not one of the documents attached to Exhibit F to the Complaint, which ¶ 22 alleges to be proof of RPM’s common-law trademark rights, refers to a transaction involving Utah. For this reason, Plaintiff’s reliance upon this section would fail as well. Based on the

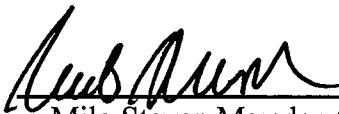
foregoing, venue is improper in this District, which provides an alternate ground for dismissal of the Complaint.

CONCLUSION

Accordingly, for the reasons set forth above, Defendants respectfully request that the Court dismiss Plaintiff's Amended Complaint.

DATED this 12th day of October, 2010.

DORSEY & WHITNEY LLP

By: 
Milo Steven Marsden (4879)
Attorneys for Defendants

CERTIFICATE OF SERVICE

I hereby certify that on the 12th day of October, 2010, the foregoing **MEMORANDUM OF LAW IN SUPPORT OF THE MOTION BY DEFENDANTS TO DISMISS THE AMENDED COMPLAINT ON THE GROUNDS OF A LACK OF PERSONAL JURISDICTION, IMPROPER VENUE, AND FAILURE TO STATE A CLAIM FOR WHICH RELIEF CAN BE GRANTED** was served upon the person(s) named below, at the address set out below either by mailing, postage prepaid, hand-delivery, Federal Express, telecopy, e-mail, or ECF as indicated below:

<p>Steven L. Rinehart WESTERN IP GROUP, LLC 50 West Broadway Salt Lake City, UT 84101 steve@uspatentlaw.us</p>	<p><input type="checkbox"/> U.S. Mail <input type="checkbox"/> Federal Express <input type="checkbox"/> Hand-Delivery <input type="checkbox"/> Telecopy <input type="checkbox"/> E-mail <input checked="" type="checkbox"/> ECF</p>
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