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Barry Shain*

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

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

Plaintiff,

vs.

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

Defendants.

**REPLY MEMORANDUM OF LAW IN
SUPPORT OF DEFENDANTS' MOTION
TO DISMISS THE AMENDED
COMPLAINT FOR 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 Dale A. Kimball

PRELIMINARY STATEMENT

Defendants Shain Trading Corporation (“STC”), a New York corporation and Barry Shain, a resident of the State of New York (collectively, “Defendants”), submit this Reply Memorandum of Law in further support of their motion to dismiss the Amended Complaint (hereinafter, the “Complaint”). As set forth below, Plaintiff’s repetition of allegations with no support in the record does not create a jurisdictional basis to maintain Plaintiff’s claim in a forum to which it has no credible connection. Indeed, the exhibits annexed to Plaintiff’s own opposition papers contradict many of Plaintiff’s claims.

Despite the opportunity to set a very inconsistent record straight, Plaintiff’s submission fails adequately to respond to the arguments Defendants have raised: Plaintiff’s failure to establish standing to bring this lawsuit as a licensee or bona fide successor in interest of Rentmaster Property Management Inc.; the absence of any activity by Defendants in or directed at this District; Plaintiff’s inexcusable delay in bringing this action; and Plaintiff’s failure properly to plead causes of action for which relief can be granted. For these reasons, it is respectfully submitted that the Court grant Defendants’ motion to dismiss in full.

REPLY STATEMENT OF FACTS

As a preliminary matter, this Court must be made aware of the unsupported averments in Plaintiff’s opposition papers regarding the many troubling questions about Plaintiff that were “flushed out” in Defendants’ original motion papers, but which Plaintiff obstinately maintains to this date.

Defendants registered the disputed domain name in 1999 and not in 2008

Plaintiff claims that “the disputed domain name was held passively and never used for any purpose [by Defendants] prior to [the trademark’s] re-registration in 2008, [thus] as a matter

of law the effective registration date . . . is January 31, 2008.” But the phrase “as a matter of law” is not a substitute for legal authority – and here there is no legal authority for the proposition urged. This “matter of law” is a complete invention of Plaintiff. Thus Defendants’ discussion of Plaintiff’s inexcusable failure to re-register or do anything about Plaintiff’s purported trademark for thirteen years is very relevant to the issue of Defendants’ knowledge – or in this case, lack of knowledge – of Plaintiff’s alleged use of the mark at the time of registration.

There is no record evidence even to infer that Shain Trading Corp. and Alpha Engraving are alter egos or that they conduct business through each other

Plaintiff also advances the dubious proposition that if Alpha Engraving – which, unlike STC, has a website – is shown to be the “real” defendant here, then there will be a basis for jurisdiction because, presumably, any company with a website can be sued in Utah. But there is no “there” there. In raising the issue of jurisdictional discovery, plaintiff argues that notwithstanding the lack of any proof of minimum contacts, the “compromise” position is to litigate in Utah about litigating in Utah – thereby achieving its illegitimate goal in an alternative fashion. Jurisdictional discovery may be appropriate where a plaintiff has come forward with a plausible factual allegation for minimum contacts. As demonstrated below, that is not the case here.

Plaintiff puts much weight on its assertion that Defendants “failed to deny” that they have had sales in Utah. But Page 2 of the Motion to Dismiss states, “Defendants Shain and STC are residents of the State of New York and conduct all of their business there”; page *ii* of the Memorandum of Law states that these entities, “as is clear from the allegations, have never conducted any legally cognizable business in this District . . . where they have no minimum contacts.” Any claim regarding Utah sales is pure speculation. Similarly, plaintiff urges that

Alpha Engraving is a “DBA” of STC. But this, even if were true, would leave Plaintiff in the same place it is now, since there is no plausible connection between this District and Alpha Engraving either.

Plaintiff’s effort to achieve by shouting and repetition what it cannot prove on this point has resulted in a “statement of additional facts” based on unauthenticated, inadmissible, and irrelevant material, such as a tax return whose contents are only imagined and a printout from “SalaryList.com.” Plaintiff describes these documents as “the closest independent evidence of tax return representations that a Plaintiff to a civil action can submit to the Court short of documents obtainable in jurisdictional discovery.” Even if this questionable assertion were true, Plaintiff’s own failure to diligently establish the facts on which its jurisdictional allegations were based prior to filing them is not Defendants’ problem. Defendants should not be required to spend more time and money litigating nearly a continent away from home to solve it.

Digging further into this empty mine, Plaintiff next claims that (1) STC associates itself with Alpha Engraving in its corporate filings with the New York Secretary of State and (2) STC is “doing business as Alpha Engraving,” referring the Court to Exhibit C of Plaintiff’s opposition papers – an unauthenticated printout from the New York Secretary of State website. But all that does is indicate that STC shares an address, and is thus mailed “in care of” Alpha Engraving, just as Plaintiff shares an address with its counsel.¹ That does not make them the same or even related entities – even though it would make no difference if they were, because just as STC does no business in Utah, the record is devoid as well of evidence that Alpha Engraving doing business or established any other minimum contacts in Utah.

¹ Indeed, for this reason Plaintiff’s earlier sworn claim of an inability to serve STC in person is demonstrated to be false because as these records readily demonstrate, it could be served not only via the New York Secretary of State but “in care of” Alpha Engraving at its retail location in New York City.

Alpha Engraving has not listed itself in a single internet directory and has not marketed itself to the State of Utah

Aware of this last fact (the lack of connection between Alpha Engraving and this District), Plaintiff forges ahead claiming that “Alpha Engraving has listed itself in over 100 internet directories which market products across the US” and referring to a printout from Google showing search results returned by entering the business telephone number of Alpha Engraving – search results that are supposedly relevant to the issue of minimum contacts because an Internet user in Utah looking for Alpha Engraving can find it on Google.

As preposterous as this argument is, even as far as it goes it is based on a serious omission, namely the distinction between Google search results and Google advertisements. The presence of Alpha Engraving in Google’s search results proves nothing about Alpha Engraving’s efforts to be found on the Internet anywhere at all, much less in Utah. In fact, the absence of Alpha Engraving from the “Sponsored Links” section of Plaintiff’s Exhibit “D” affirmatively demonstrates that Alpha Engraving has not advertised on Google.com. With regard to directories listed within Google search results, no affirmative effort is required to be listed in a business directory such as the Yellow Pages, White Pages, and others that simply scoop up the names of businesses that have telephone numbers or other generic identifying information. This has nothing to do with directing marketing efforts into Utah, or anywhere else on earth.

LEGAL ARGUMENT

I. PLAINTIFF HAS FAILED TO DEMONSTRATE A LEGAL BASIS FOR THE ASSERTION OF PERSONAL JURISDICTION OVER DEFENDANTS.

Aside from a boilerplate recitation of inapplicable case law, Plaintiff's legal argument on the issue of personal jurisdiction in this District can be boiled down to the following: Defendants allegedly have: (1) marketed their products across the United States; (2) listed their website in "over 100 directories on the internet"; (3) maintained a webserver in, not Utah, but Colorado; and (4) made sales to residents of Utah. But these assertions are either made with no evidentiary support or, as set forth above, are directly contradicted by Plaintiff's own submissions. There is no plausible basis for the claim of any legally meaningful connection between STC and Alpha Engraving. Any argument regarding the location of webserver that host Alpha Engraving's website – which is in any case by all indications merely a technical decision by the third party that provides hosting services to Alpha Engraving – is palpably irrelevant, besides having been raised for the first time in Plaintiff's opposition papers.

Plaintiff's reliance on A.L. Enterprises, Inc. v. Sebron, 2008 WL 4356958 (D. Utah Sept. 17, 2008) in support of its argument on personal jurisdiction is also misplaced. Specifically, in A.L. Enterprises there was no dispute regarding the nature of the Defendant's business or its location. In the case at bar, every one of Plaintiff's jurisdictional allegations, including the nature of Shain Trading Corp.'s business activities and its purported relationship with Alpha Engraving, has been disputed by Defendants and, as demonstrated above, either contravened by the record, including sworn testimony by affidavit, or shown to be merely baseless speculation. As the Court in A.L. Enterprises ruled, the jurisdictional allegations in the complaint are accepted as true only to the extent that they are uncontroverted by the Defendants' affidavits. Id.

In the case at bar, Defendants have vigorously contradicted the allegations set forth in Plaintiff's complaint, and there is no legal basis on which to credit Plaintiff's representation of the facts.

II. PLAINTIFF HAS FAILED TO DEMONSTRATE WHY THE DEFENSE OF LACHES IS NOT DISPOSITIVE IN THIS MATTER.

Plaintiff has a major problem with having sat on its rights for years and years before making claims premised on, *inter alia*, the existence irreparable harm. In particular, it has no response to Defendants' laches argument. Its approach, therefore, is to either wish away laches as a legal doctrine, or to do a sort of "time travel" and change the facts to which the laches analysis would apply. Neither approach is supportable under the law.

A. Laches is applicable to legal claims brought under the ACPA

As Plaintiffs correctly urge, arbitral decisions under the UDRP are not controlling in this Court. Nor do UDRP panels employ the same law as this Court, nor the doctrines of equity; their jurisdiction and rules of decision are narrowly circumscribed. Thus there is no legal basis for extending the alleged inapplicability of the defense of laches under the UDRP to the case at bar. Yet besides citing UDRP decisions rejecting the application of laches, Plaintiff offers no legal authority whatsoever to support the proposition that laches is inapplicable here.

Plaintiff claims that it could not find "any case in which laches has ever been held to be successful in an ACPA case," but Defendants have had no such difficulty. There are numerous decisions applying laches to claims under the ACPA. See, e.g., S. Grouts & Mortars, Inc. v. 3M Co., 2008 WL 4346798 (S.D. Fla. Sept. 17, 2008) aff'd, 575 F.3d 1235 (11th Cir. 2009) (the doctrine of laches is applicable to the ACPA, citing Flentye v. Kathrein, 485 F.Supp.2d 903, 916 (N.D. Ill. 2007); Ford Motor Co. v. Catalanotte, 342 F.3d 543, 550 (6th Cir. 2003); Omega S.A. v. Omega Eng'g, Inc., 228 F.Supp.2d 112, 140-41 (D. Conn. 2002); Mashantucket Pequot

Tribe v. Redican, 403 F.Supp.2d 184, 198 (D. Conn. 2005)). Plaintiff's assertion that laches cannot apply to the instant case is, to put it mildly, not useful guidance for the Court.

B. The relevant registration year of the Domain is 1999, not 2008

Flummoxed by the legal effect of laches on its stale claims, Plaintiff tries an alternative tack and changes history itself. Plaintiff posits a distinction between the actual registration date of the Domain, which is in 1999, and a later date in 2008, which Plaintiff anoints as the “effective registration date” for the purposes of the ACPA. Support for this assertion is supposedly found in Schmidheiny v. Weber, 319 F.3d 581 (3d Cir. 2003), but that decision says nothing of the sort.

At issue in Schmidheiny was whether the ACPA could be applied retroactively so as to reach back and remedy conduct undertaken nine months before the statute went into effect. In Schmidheiny, the disputed domain name was the somewhat distinctive surname of the plaintiff. The Court's primary concern was the trafficking in domain names of living persons without those persons' consent *ad infinitum* so long as the name was first registered before the effective date of the Act. Id. The Court engaged in an exercise of statutory construction regarding whether the word “registration” was limited to “creation registration” (i.e., the first time a domain was registered) and ultimately held that it did not. The Court's analysis ended on this point. Nothing in Schmidheiny supports the proposition that how a domain was being used is to be subjectively weighed in order to determine an “effective registration date,” much less to eviscerate the doctrine of laches and the application of statutes of limitation.

Here, unlike in Schmidheiny, Defendant has not alleged that the ACPA is inapplicable because it was not in effect at the time of Defendant's registration of the disputed domain – the sole issue decided by the Third Circuit in that case. Therefore, Schmidheiny is inapposite, as are

UDRP decisions trending in the direction Plaintiff suggests. UDRP decisions are of no moment on the question before this Court because the UDRP does not even acknowledge laches. Thus whether the Domain was used “passively” or “actively” after registration is irrelevant to the application of principles of repose, whether laches or statutes of limitation, to Plaintiff’s ACPA claims.

III. THIS PLAINTIFF HAS NO STANDING TO BRING THE INSTANT ACTION

Plaintiff has failed to respond substantively to Defendant’s argument on the issue of Plaintiff’s purported license of trademark rights from Rentmaster Property Management, Inc. (Idaho) to the shell corporation Rentmaster Property Management, Inc. (Utah), created solely for purposes of this case. Plaintiff mainly attempts to distract the Court from the undisputed facts that the Plaintiff was incorporated in Utah on the same day that the Amended Complaint was filed, with a corporate address at Plaintiff’s counsel’s office, and that no goodwill could have been or was even recited to have been transferred along with this supposed license. Plaintiff’s citation to Vittoria North America, L.L.C. v. Euro-Asia Imports Inc., 278 F.3d 1076 (10th Cir. 2001), does not aid it, for the undisputed facts indicate that Rentmaster Utah does not and could not provide services of the same quality and nature allegedly associated with the mark. (Id. at 1083). Likewise, Plaintiff’s claim that Rentmaster was “legally obligated by the state of Utah to renew its status with the Utah Division of Corporations in some form” is simply a non-sequitur.

IV. VENUE IS NOT PROPER IN THIS DISTRICT

Plaintiff’s argument on the issue of venue misconstrues the law and rules regarding venue, focusing solely on the alleged prejudice that would be caused by the Court’s application of the law. This is not, however, a basis for simply permitting parties to venue cases wherever it

is convenient for their attorneys – much less when those attorneys are themselves not even located in the bona fide judicial District where the plaintiff does business.

Thus plaintiff's speculation regarding the number of potential witnesses in this case (purportedly Rentmaster's owners and managers unlikely to offer helpful or even admissible testimony on the issues in this case anyway), and Plaintiff's argument regarding where they grew up and went to school, is irrelevant to the issue of venue. Moreover, even if these factors were at all relevant, Plaintiff's argument might be more compelling if Rentmaster maintained its primary place of business in Utah or had other plausible claims for connections with that state – but it never has, and does not now. Plaintiff stretches even further in urging deference to the State of Utah's "interest in upholding the contracts of local companies" by providing them with a convenient forum is also unpersuasive, for it proves far too much: every state has such an interest, but it is not the law that therefore every company can base venue on the fact that it is incorporated in a given District – much less that it was incorporated the day it brought its claim, and for no discernable reason other than to facilitate the choice of a District based on a lawyer's address. Similarly irrelevant is Plaintiff's argument regarding the number of properties Rentmaster purportedly manages, as is Plaintiff's claim as to purported "location" of the majority of documents relevant to this case. Considering the extreme paucity of documentation in the record already before the Court, there is no plausible basis for Plaintiff to assert that a substantial quantum of documents will need to be gathered from this part of the country regardless of where this case is tried, much less that this volume would outstrip those that may be found in the Southern District of New York.

CONCLUSION

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

DATED this 10th day of November, 2010.

DORSEY & WHITNEY, LLP

By: /s/ Milo Steven Marsden
Milo Steven Marsden (4879)
Attorneys for Defendants

CERTIFICATE OF SERVICE

I hereby certify that on the 10th day of November, 2010, the foregoing **REPLY 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:

Steve L. Rinehart WESTERN IP GROUP, LLC 50 West Broadway Salt Lake City, UT 84101 steve@uspatentlaw.us	
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/s/ Milo Steven Marsden