

1 UNITED STATES DISTRICT COURT
2 DISTRICT OF PUERTO RICO

3 NEW YORK WIPING & INDUSTRIAL
4 PRODUCT COMPANY, INC.,

5
6 Plaintiff,

7 v.

8 ROCKY BRANDS, INC., et al.,

9
10 Defendants.

Civil No. 09-1237 (JAF)

11 **OPINION AND ORDER**

12 Plaintiff, New York Wiping & Industrial Product Company, Inc.,
13 brings this action in diversity against Defendants, Rocky Brands,
14 Inc., Rocky Brands Wholesale, LLC, and Rocky Brands Retail, LLC,
15 alleging impairment of, and interference with, contract under Puerto
16 Rico law, 10 L.P.R.A §§ 278-278d (2004), and abuse of process,
17 presumably under the broad banner of 31 L.P.R.A § 5141 (1990).
18 (Docket No. 3 at 9-13.) Defendants move to dismiss or transfer
19 Plaintiff's action pursuant to 28 U.S.C. § 1404. (Docket No. 11.) In
20 addition, Defendants move to dismiss Plaintiff's abuse of process
21 claim under Federal Rule of Civil Procedure 12(b)(6). (Id.)
22 Plaintiffs oppose (Docket No. 16), and Defendants reply (Docket
23 No. 19).

I.

Factual and Procedural Synopsis

We derive the following factual summary from Plaintiff's amended complaint. (Docket No. 3.) In ruling on a motion to dismiss, we assume all of Plaintiff's allegations to be true and make all reasonable inferences in its favor. See Gagliardi v. Sullivan, 513 F.3d 301, 305 (1st Cir. 2008).

Plaintiff, incorporated in Puerto Rico, is a distributor of industrial safety products and operates a chain of retail outlets under the "Safety Zone" brand. Defendant Rocky Brands, Inc. is an Ohio corporation that designs, manufactures, and markets footwear and accessories. Defendant Rocky Brands Wholesale, LLC is a Delaware company that acts as Rocky Brands, Inc.'s wholesale distribution arm. Rocky Brands Retail, LLC, also incorporated under Delaware law, operates retail stores throughout the nation under the "Lehigh Outfitters" brand, including stores and "shoe mobiles" in Puerto Rico. Nelsonville, Ohio, is the principal place of business for all three defendants.

In 1990, Morris Rothenberg & Sons, Inc. contracted with Georgia Boot, Inc. for exclusive distributorship of Georgia Boot products in Puerto Rico and throughout the Caribbean. (Docket No. 3-1.) In 1996, Plaintiff acquired Morris Rothenberg & Sons and assumed Morris Rothenberg & Sons' rights under the 1990 contract with Georgia Boot. In 2001, Georgia Boot acquired exclusive rights to distribute Dickies

1 brand footwear in Puerto Rico. Georgia Boot, in turn, granted this
2 right to Plaintiff by a communication dated July 31, 2001. (Docket
3 No. 3-2.) In January 2005, Georgia Boot's parent company merged with
4 Rocky Brands, Inc. Further mergers in that same month resulted in the
5 creation of Rocky Brands Retail, LLC and Rocky Brands Wholesale, LLC.

6 In 2007, Plaintiff discovered that Defendants were selling both
7 Georgia Boot and Dickies brand products in its retail stores and
8 "shoe mobiles" throughout Puerto Rico. Plaintiff brought this
9 contractual violation to Defendants' attention as early as October
10 2007. Plaintiff's president attempted communication with Defendants
11 through May 2008 concerning the breach, but received no satisfactory
12 response.

13 On May 16, 2008, Rocky Brands' senior vice president for sales,
14 Gary Markham, e-mailed Morris Rothenberg, Plaintiff's president. The
15 e-mail informed Rothenberg that Defendants would cease carrying
16 Georgia Brands in its Puerto Rico stores but that Defendants could no
17 longer honor an exclusive distribution agreement for Dickies brand.
18 Despite its assurance to respect Plaintiff's exclusive right to
19 distribute Georgia Boots in Puerto Rico, Defendants continued to sell
20 both Georgia Boot and Dickies brands in its Puerto Rico outlets. At
21 some point in 2008, Plaintiff entered into an agreement with another
22 manufacturer to produce boots for Plaintiff's own "Safety Zone" brand
23 to "mitigate the damages caused by Defendants." (Docket No. 3 at 8.)

1 § 1404(a).¹ Under § 1404(a), a case may be transferred for the
2 convenience of the parties and witnesses in the interest of justice.
3 The court may also consider the “availability of documents;
4 possibility of consolidation; and the order in which the district
5 court obtained jurisdiction.” Coady v. Ashcraft & Gerel, 223 F.3d 1,
6 10 (1st Cir. 2000) (internal citations omitted).

7 Where the parties have filed two actions in separate districts,
8 however, and the actions are nearly identical, “the first-filed
9 action is generally preferred in a choice of venue decision.” Id.
10 The Second Circuit has found a narrow exception to this rule that has
11 since been adopted by the First Circuit. Mattel, Inc. v. Louis Marx
12 & Co., 353 F.2d 421, 424 n.4 (2d Cir. 1965) (recognizing exceptions
13 where choice of venue of first suit was motivated entirely by forum
14 shopping, or where first suit was against a customer of a copyright
15 infringer and second suit was against actual infringer; accord Codex
16 Corp. v. Milgo Elec. Corp., 553 F.2d 735 (1st Cir. 1977) (finding an
17 exception to the first-filed rule in a patent case where “the earlier
18 action is . . . against a mere customer and the later suit is a
19 declaratory judgment action brought by the manufacturer of the
20 accused devices”).

¹ We note that Defendants’ motion to transfer failed to explicitly state a legal basis for the motion. (Docket No. 11). In the future, Defendants would do well to differentiate between §§ 1404, 1406, and forum non conveniens as bases for transfer or dismissal.

1 Since Codex, the exception has grown to include actions in which
2 one party, whether through deceit or some other act of bad faith,
3 wins a "race to the courthouse." See, e.g., Veryfine Prods., Inc. v.
4 Phlo Corp., 124 F. Supp. 2d 16 (D. Mass. 2000) (recognizing a pattern
5 in case law where a first-filing party "[misled] his opponent into
6 staying his hand in anticipation of negotiation"). Defendants cite
7 this court's decision in Gemco LatinoAmerica, Inc. v. Seiko Time
8 Corp., 623 F. Supp. 912 (D.P.R. 1985), for the proposition that a
9 first-filed action should be stayed or transferred where special
10 circumstances exist. (Docket No. 11 at 6).

11 Yet, "where the overlap between two suits is less than complete,
12 the judgment is made case by case, . . . based on such factors as the
13 extent of the overlap, the likelihood of conflict, the comparative
14 advantage and the interest of each forum in resolving the dispute."
15 TPM Holdings, Inc. v. Intra-Gold Indus., Inc., 91 F.3d 1, 4 (1st Cir.
16 1996).

17 A strong presumption exists in favor of the plaintiff's choice
18 of forum when a court rules on a motion to transfer. Coady, 223 F.3d
19 at 11 (citing Gulf Oil Corp. v. Gilbert, 330 U.S. 501, 508 (1947)).
20 Therefore, the defendant must prove either the convenience of the
21 second forum or the existence of the factors in TPM Holdings. 91 F.3d
22 1, 4 (1st Cir. 1996).

23 Foregoing any argument as to convenience, Defendants instead
24 hitch their wagon entirely to the "special circumstances exception"

1 to the first-filed motion rule. (Docket No. 11 at 5-7.) While the
2 exception Defendants cite appears to exist in the First Circuit, they
3 have neglected to prove an essential element: Namely, that the first-
4 filed and second-filed claims are identical. See, e.g., Veryfine, 124
5 F. Supp. 2d 16 (separate suits filed over same breach of contract
6 claim); Holmes Group, Inc. v. Hamilton Beach/Proctor Silex, Inc., 249
7 F. Supp. 2d. 12 (D. Mass. 2002) (first-filed claim for declaratory
8 judgment; second-filed claim for damages based on same issue).

9 The case before us, however, is easily distinguishable from the
10 pending case in the Southern District of Ohio. The other pending case
11 makes claims of trade dress infringement, deceptive trade practices,
12 and unjust enrichment at Ohio law. (Docket No. 11-2.) Furthermore,
13 these claims are all independent of the 1990 distributorship contract
14 at issue. (Id.) The instant case, by contrast, arises solely from a
15 breach of the 1990 exclusive distributorship contract and is premised
16 upon the Dealers' Contracts Act under Puerto Rico law, with no
17 mention of trade dress infringement. (Docket No. 3.) Therefore, these
18 distinct claims do not reach the level of similarity that would
19 trigger the first-filed rule, much less an exception to said rule.
20 Veryfine, 124 F. Supp. 2d at 21-23.

21 As Plaintiff fails to demonstrate the similarity of the cases,
22 our decision is guided by the First Circuit's analysis set forth in
23 TPM Holdings. See 91 F.3d at 4. As demonstrated above, there is
24 minimal overlap between the claims. Given that the claims are

1 unrelated, there is a low likelihood of conflict between this court
2 and our sister court in Ohio. Also, Plaintiff's claims are based on
3 a distinct Puerto Rico statute. Finally, we note that Defendants'
4 ownership and operation of retail businesses within Puerto Rico
5 precludes the possibility of inconvenience in litigating here.
6 Defendants have, therefore, not met their burden. See TPM Holdings,
7 91 F.3d at 4.

8 **B. Sua-Sponte Dismissal under Rule 12(b)(1)**

9 _____Defendants move to dismiss the "abuse of process" claim in
10 Plaintiff's amended complaint. (Docket No. 3 at 12.) Instead, we
11 dismiss the claim sua sponte as unripe and, therefore, need not reach
12 the merits of Defendants' defenses under Rule 12(b)(6).

13 Pursuant to Federal Rule of Civil Procedure 12(b)(1), a federal
14 district court has an independent obligation to review its subject-
15 matter jurisdiction over all cases "even in the absence of a
16 challenge from any party." Arbaugh v. Y & H Corp., 546 U.S. 500, 514
17 (2006); see Fed. R. Civ. P. 12(h)(3). We take the plaintiff's
18 "jurisdictionally-significant facts as true" and "assess whether the
19 plaintiff has propounded an adequate basis for subject-matter
20 jurisdiction." Valentin v. Hosp. Bella Vista, 254 F.3d 358, 363; see
21 Pejepscot Indus. Park, Inc. v. Maine Cent. R.R. Co., 215 F.3d 195,
22 197 (1st Cir. 2000).

23 We may order dismissal sua sponte if it is evident that we lack
24 power to decide a case. See Arbaugh, 546 U.S. at 514. While prior

1 notice to the plaintiff is ordinarily required to permit the
2 plaintiff to correct her error, no notice is necessary “[i]f it is
3 crystal clear that the plaintiff cannot prevail and that amending the
4 complaint would be futile.” González-González v. United States, 257
5 F.3d 31, 37 (1st Cir. 2001).

6 Rule 12(b)(1) is a “large umbrella, overspreading a variety of
7 different types of challenges to subject-matter jurisdiction,”
8 including ripeness, mootness, sovereign immunity, and the existence
9 of a federal question or diversity, and sovereign immunity. Valentin
10 v. Hosp. Bella Vista, 254 F.3d 358, 362-63 (1st Cir. 2001). The
11 doctrine of ripeness is drawn from both limitations on judicial power
12 under Article III of the Constitution and prudential concerns.

13 The purpose of the ripeness doctrine is “to prevent the courts,
14 through avoidance of premature adjudication, from entangling
15 themselves in abstract disagreements.” Abbot Labs. v. Gardner, 387
16 U.S. 136, 148 (1967); accord City of Fall River, Mass. v. F.E.R.C.,
17 507 F.3d 1, 6 (1st Cir. 2007). The court determines ripeness through
18 a two-pronged test: Fitness of the issues for judicial decision; and
19 degree of hardship that the parties would experience if the court
20 withholds consideration of the issues. Abbot, 387 U.S. at 149. A case
21 must satisfy both prongs to be ripe for review, although a “very
22 powerful exhibition of immediate hardship might compensate for
23 questionable fitness . . . or vice versa.” Ernst & Young v.
24 Depositors Econ. Prot. Corp., 45 F.3d 530, 535 (1st Cir. 1995).

1 Under the "fitness" prong, the court considers "whether the
2 matter involves uncertain events which may not happen at all, and
3 whether the issues involved are based on legal questions or factual
4 ones." Fall River, 507 F.3d at 6 (internal citation omitted). A
5 "claim is not ripe for adjudication if it rests upon 'contingent
6 future events that may not occur as anticipated, or indeed may not
7 occur at all.'" Texas v. United States, 523 U.S. 296, 300 (1998)
8 (quoting Thomas v. Union Carbide Agric. Prod. Co., 473 U.S. 568, 580-
9 81 (1985)). The "hardship" prong "typically turns upon whether the
10 challenged action creates a 'direct and immediate dilemma' for the
11 parties." W.R. Grace & Co. v. EPA, 959 F.2d 360, 364 (1st Cir. 1992)
12 (quoting Abbot, 387 U.S. at 152-153). This inquiry also considers
13 whether a plaintiff suffers "any present injury from a future
14 contemplated event." McInnes-Misenor v. Me. Med. Ctr., 319 F.3d 63,70
15 (1st Cir. 2003).

16 As an initial matter, the Puerto Rico Civil Code does not
17 specifically provide a claim for "abuse of process." Such a claim may
18 exist, however, under article 1802 of the Civil Code, which provides
19 for general tort liability. See 31 L.P.R.A § 5141 (1990). In
20 Boschette v. Bach, this court produced a detailed history of the
21 abuse of process claim in Puerto Rico. 916 F. Supp. 91, 97-100
22 (D.P.R. 1996). The court concluded, "From the cases it would appear
23 that while the Civil Code is moving in the direction of recognizing

1 a general cause of action analogous to the common law's abuse of
2 process, the law is still somewhat unsettled." Id. at 99.

3 In 2005, the First Circuit recognized an abuse of process claim
4 under Puerto Rico law, stating "[t]he two basic elements of abuse of
5 process are a bad motive, and the use of a legal process for an
6 improper, collateral objective."² González Rucci v. INS, 405 F.3d 45,
7 49 (1st Cir. 2005) (citing Microsoft Corp. v. Computer Warehouse, 83
8 F. Supp. 2d 256, 261 (D.P.R. 2000)).

9 In its amended complaint, Plaintiff sets forth two bases for its
10 abuse of process claim. It first asserts a claim where Defendants
11 "may conceivably allege that the acts performed by them to the
12 detriment of [Plaintiff] are performed under the protection of
13 applicable law." (Docket No. 3 at 12) (emphasis added). Second,
14 Plaintiff asserts that Defendants "may conceivably allege that any
15 acts performed by [Plaintiff] were in violation of any law." Id.
16 (emphasis added).

17 In essence, Plaintiff is making a prophylactic claim of damages
18 for an abuse of process that has not happened and might never happen.
19 The claim is so conjectural that it would be impossible for us to

² We note that the Microsoft opinion, which the First Circuit cited in announcing an abuse of process claim under Puerto Rico law, was itself uncertain as to whether the claim actually existed. 83 F. Supp. 2d at 261. "It is not altogether clear whether article 1802 of the Civil Code of Puerto Rico supports a general cause of action for abuse of process in its common-law sense Notwithstanding, assuming that article 1802 does support a cause of action for abuse of process, some judges in this district have applied the general requisite elements for such a claim under common law in testing the sufficiency of a claimant's allegations." Id.

1 evaluate the "bad motive" and "collateral objective" elements of an
2 abuse of process claim.³ Plaintiff, therefore, fails the "fitness"
3 prong of ripeness review. See Fall River, 507 F.3d at 6. We also find
4 no hardship to the parties in declining judgment on the merits.
5 Plaintiff has alleged no present injury from an anticipated abuse of
6 process and we cannot conceive of any harm to Plaintiff being
7 suffered. McInnes-Misenor, 319 F.3d 63, 70. Plaintiff's claim for
8 abuse of process is, therefore, unripe for judgment.

9 **IV.**

10 **Conclusion**

11 For the reasons stated herein, we hereby **DENY** Defendants' motion
12 to dismiss and/or to transfer venue. (Docket No. 11.) We **DENY**
13 transfer of this case to the Southern District of Ohio. We **DECLINE** to
14 consider Defendants' motion to dismiss for forum non conveniens and
15 under Rule 12(b)(6). On our own motion, we **DISMISS** for lack of
16 jurisdiction Plaintiff's abuse of process claim (Docket No. 3) **WITH**
17 **PREJUDICE.**

18 **IT IS SO ORDERED.**

19 San Juan, Puerto Rico, this 31st day of August, 2009.

20 s/José Antonio Fusté
21 JOSE ANTONIO FUSTE
22 Chief U. S. District Judge
23

³ In fact, Plaintiff has failed to make any factual allegation from which a common law abuse of process claim could plausibly arise and, therefore, its claim would not likely have survived Defendants' motion under Rule 12(b)(6).