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UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES - GENERAL

Case No. SACV 08-0608 DOC (MLGx) Date: December 17, 2008

Title: ENTREPRENEUR MEDIA, INC., v. EYGN Limited, ERNST & YOUNG LLP and ERNST & YOUNG ADVISORY, INC.

DOCKET ENTRY

[I hereby certify that this document was served by first class mail or Government messenger service, postage prepaid, to all counsel (or parties) at their respective most recent address of record in this action on this date.]

Date:_____ Deputy Clerk: _____

PRESENT:

THE HONORABLE DAVID O. CARTER, JUDGE

Kristee Hopkins	Not Present
Courtroom Clerk	Court Reporter

ATTORNEYS PRESENT FOR PLAINTIFF:	ATTORNEYS PRESENT FOR DEFENDANTS:
NONE PRESENT	NONE PRESENT

PROCEEDING (IN CHAMBERS): ORDER ON MOTIONS

(1) DENYING Ernst & Young Advisory Inc.'s Motion for Judgment on the Pleadings for Lack of Subject Matter Jurisdiction;

(2) GRANTING EYGN Limited's Motion for Judgment on the Pleadings for Lack of Personal Jurisdiction;

(3) GRANTING Ernst & Young LLP's Motion for Judgment on the Pleadings and TRANSFERRING CASE TO THE SOUTHERN DISTRICT OF NEW YORK

(4) DENYING Entrepreneur Media, Inc's Motion For Injunction Regarding Second-Filed Action

The Motions listed above are set for hearing on December 22, 2008. The Court finds these matters appropriate for decision without oral argument. FED. R. CIV. P. 78; C.D. Cal. R. 7-15. After

reviewing the moving, opposing, and replying papers, and for the reasons set forth below, the Court rules as follows. According, the hearing set December 22, 2008 is removed from the Court's calendar.

I. BACKGROUND

Defendant and Counter-Claimant EYGN Limited ("EYGN") owns the trademark issued by the United States Patent and Trademark Office for the mark "Entrepreneur of the Year" (the "Trademark"). EYGN has licensed the Trademark to Ernst & Young LLP ("E&Y") since 1986. Pursuant to the Trademark license, E&Y has conducted an annual contest and awards program since 1986 where it awards the "Entrepreneur of the Year" award to a business leader.

Plaintiff and Counter-Defendant Entrepreneur Media Inc. ("EMI") is the publisher of Entrepreneur® magazine and is currently sponsoring a contest and awards program for "Entrepreneur Magazine's 2008 Entrepreneur® of the Year" and "Entrepreneur Magazine's 2008 Emerging Entrepreneur® of the Year." EMI filed a complaint on June 2, 2008 ("Complaint") in the Central District of California ("CDCA Action") against EYGN, E&Y and Ernst & Young Advisory Inc. ("EYAI") seeking cancellation of the Trademark and declaratory relief. On July 28, 2008, EYGN and E&Y filed an answer and counterclaim ("Counterclaim") asserting five counterclaims and seven affirmative defenses. On the same day, EYGN and E&Y filed an action against EMI in the Southern District of New York ("SDNY Action") asserting, among other claims, a claim for infringement of the Trademark. Also on the same day, EYAI filed an answer to the CDCA Action.

On October 14, 2008, EMI filed a Motion "For Injunction Regarding Second-Filed Action" to enjoin the SDNY Action. EMI withdrew this Motion on October 30, 2008. On November 12, 2008 EYGN and E&Y filed an Opposition to the withdrawn Motion. The Motion was re-noticed for filing by EMI on November 14, 2008. EYGN and E&Y filed a Reply on December 8, 2008.

On November 12, 2008, Defendants EYGN, E&Y and EYAI each filed a Motion against EMI respectively: (1) EYAI filed a "Motion For Judgment on the Pleadings for Lack of Subject Matter Jurisdiction;" (2) EYGN filed a "Motion For Judgment on the Pleadings for Lack of Personal Jurisdiction;" and (3) E&Y filed a "Motion for Judgment on the Pleadings or, in the Alternative, to transfer" which was joined by EYGN and EYAI. EMI filed its Oppositions to the respective Motions on December 8, 2008. Each Motion is addressed in turn below.

II. DISCUSSION

(1) EYAI's Motion for Judgment on the Pleadings for Lack of Subject Matter Jurisdiction

EYAI contends that EMI's Complaint in the CDCA Action does not allege a dispute between it and EMI; thus, this Court does not have subject matter jurisdiction over EMI's claims against it. EYAI moves for judgment on the pleadings for lack of subject matter jurisdiction.

A. Legal Standard

Under Federal Rule of Civil Procedure 12(b)(1), a complaint must be dismissed if the Court lacks subject matter jurisdiction to adjudicate the claims. Once subject matter jurisdiction is challenged, the burden of proof is placed on the party asserting that jurisdiction exists. *Scott v. Breeland*, 792 F.2d 925, 927 (9th Cir. 1986) (holding that "the party seeking to invoke the court's jurisdiction bears the burden of establishing that jurisdiction exists"). Accordingly, the Court will presume lack of subject matter jurisdiction until the plaintiff proves otherwise in response to the motion to dismiss. *Kokkonen v. Guardian Life Ins. Co. of Am.*, 511 U.S. 375, 377, 114 S. Ct. 1673, 1675 (1994).

In evaluating a Rule 12(b)(1) motion, the question of whether the Court must accept the complaint's allegations as true turns on whether the challenge is facial or factual. A facial attack is one in which subject matter jurisdiction is challenged solely on the allegations in the complaint, attached documents, and judicially noticed facts. *Safe Air for Everyone v. Meyer*, 373 F.3d 1035, 1039 (9th Cir. 2004). In a facial attack, the moving party asserts that the lack of federal subject matter jurisdiction appears on the "face of the complaint." *Warren v. Fox Family Worldwide, Inc.*, 328 F.3d 1136, 1139 (9th Cir. 2003). In the case of a facial attack, the Court is required to accept as true all factual allegations set forth in the complaint. *Whisnant v. United States*, 400 F.3d 1177, 1179 (9th Cir. 2005).

In contrast, a factual attack (or a "speaking motion") is one in which subject matter jurisdiction is challenged as a matter of fact, and is based on evidence outside of the pleadings. *Safe Air*, 373 F.3d at 1039. In assessing the validity of a factual attack, the Court is not required to presume the truth of the plaintiff's factual allegations. *Safe Air*, 373 F.3d at 1039.

B. Analysis

EYAI has presented a facial attack to this Court's subject matter jurisdiction in this case. The only allegation in EMI's Complaint concerning EYAI is the following:

> Plaintiff is informed and believes and based thereon alleges that Defendant Ernst & Young Advisory Inc. is an affiliate of EYGN Limited, has a California presence, and is registered to do business in California. Plaintiff is informed and believes and based thereon alleges that Defendant Ernst & Young Advisory Inc. otherwise has substantial contacts within this judicial district.

EYAI contends that this allegation is factually incorrect as EYAI is neither an affiliate of EYGN Limited, a licensee of the Trademark, nor the party that sent cease and desist letters to EMI. Thus, absent an affiliation between EYGN and EYAI, EMI fails to allege a "case or controversy" between it and EYAI as required for this Court to retain subject matter jurisdiction. *Societe de Conditionnement en Aluminium v. Hunter Engineering* Co., 655 F.2d 938, 942 (9th Cir. 1981).

In ruling on a motion for judgment on the pleadings, courts may only rely on the pleadings themselves. *Hal Roach Studios, Inc. v. Richard Feiner & Co., Inc*., 896 F.2d 1542, 1550 (9th Cir. 1990). Because EYAI relies on matters outside the pleadings (*i.e*., the Declaration of Doris Stamml) in asserting its arguments, its motion cannot be granted at this juncture notwithstanding the potentially thin connection between EYAI and this lawsuit – and, thus, the very real possibility that the case against EYAI will be dismissed for lack of subject matter jurisdiction at a later point in the proceedings. Furthermore, the standard applied in ruling on a motion for judgment on the pleadings is the same as that applied in 12(b)(6) motions: the moving party is entitled to judgment as a matter of law only if the moving party would prevail even if all material facts in the pleading under attack are true. *Id*. In this case, if it is true that EYAI is an affiliate of EYGN – as alleged by EMI – this Court *does* have subject matter jurisdiction. As follows, Defendant is not entitled to judgment as a matter of law.

C. Conclusion

For the foregoing reasons, EYAI's Motion for Judgment on the Pleadings is DENIED.

(2) EYGN Limited's Motion for Judgment on the Pleadings for Lack of Personal Jurisdiction

EYGN is a corporation incorporated in the Bahamas that is not registered to do business in California. It contends that it has no offices, subsidiaries, bank accounts, or employees in California and it does not conduct or solicit business in this state. EYGN argues that its only connection to California came about in May 2008 when its New York counsel sent a cease and desist letter and an email with respect to the Trademark to EMI, which is headquartered in California. Thus, it moves for a judgment on the pleadings for lack of personal jurisdiction.

A. Legal Standard

A plaintiff has the burden of establishing that personal jurisdiction exists over a defendant. *E.g., Harris Rutsky & Co. Ins. Servs. v. Bell & Clements Ltd.*, 328 F.3d 1122, 1128-29 (9th Cir. 2003) (citing *John Doe I v. Unocal Corp*., 248 F.3d 915, 922 (9th Cir. 2001)). The Court may rule on a defendant's motion to dismiss for lack of personal jurisdiction pursuant to Federal Rule of Civil Procedure 12(b)(2) without first holding an evidentiary hearing. In such a situation, a plaintiff has the burden of making a prima facie showing of jurisdictional facts to withstand the motion to dismiss. *Id.* at 1129. When the plaintiff's version of the facts is not directly controverted, it is taken as true for the purposes of a Rule 12(b)(2) motion. *Id*. (quoting *AT&T v. Compagnie Bruxelles Lambert*, 94 F.3d 586, 588 (9th Cir. 1996)). Conflicts between the facts in the parties' affidavits are resolved in the plaintiff's favor. *Id*.

Where there is no federal statute controlling the Court's exercise of personal jurisdiction, federal courts must look to the forum state's jurisdictional statute to determine whether it is proper to assert personal jurisdiction. *E.g., id.* The California long-arm statute provides that "[a] court of this state may exercise jurisdiction on any basis not inconsistent with the Constitution of this state or of the United

States." Cal. Civ. Proc. Code § 410.10. Thus, the Court's jurisdictional analysis under California law and federal due process is the same. *Yahoo! Inc. v. La Ligue Control Le Racisme Et L'Antisemitisme*, 433 F.3d 1199, 1205 (9th Cir. 2006).

The Due Process Clause requires that a court exercise personal jurisdiction over a defendant only if the defendant has "certain minimum contacts" with the forum state "such that the maintenance of the suit does not offend traditional notions of fair play and substantial justice." *Int'l Shoe Co. v. Wash.*, 326 U.S. 310, 316, 66 S. Ct. 154 (1945) (internal quotation marks omitted). A court may exercise general jurisdiction over a defendant whose contacts with the forum are so "continuous and systematic" that personal jurisdiction is proper in any action. *Burger King Corp. v. Rudzewicz*, 471 U.S. 462, 477-78, 105 S. Ct. 2174 (1985). Absent general jurisdiction, a court may also exercise specific jurisdiction over a defendant where "jurisdiction [is] based on the relationship between the defendant's forum contacts and the plaintiff's claim." *Yahoo!*, 433 F.3d at 1205.

In the Ninth Circuit, a three-part test determines whether specific jurisdiction exists: (1) the non-resident defendant must purposefully direct its activities at, or consummate some transaction with, the forum state or a resident thereof; or perform some act by which it purposefully avails itself of the privilege of conducting activities in the forum; (2) the plaintiff's claim must be one that arises out of or relates to the defendant's forum-related activities; and (3) the exercise of jurisdiction must be reasonable. *E.g., id.* at 1205-06.

B. Analysis

As noted above, a motion for judgment on the pleadings is proper "when the moving party clearly establishes on the face of the pleadings that no material issue of fact remains to be resolved and that it is entitled to judgment as a matter of law." *Hal Roach Studios*, 896 F.2d at 1550. "All allegations of fact by the party opposing the motion are accepted as true, and are construed in the light most favorable to that party." *General Conference Corp. of Seventh-Day Adventists v. Seventh-Day Adventist Congregational Church*, 887 F.2d 228, 230 (9th Cir. 1989).

1. Plaintiff Has Not Met Its Burden of Proof With Respect to General Jurisdiction

EMI alleges that "E&Y" and EYAI both have "a California presence," are "registered to do business in California," and "otherwise ha[ve] substantial contacts within this judicial district." However, the Complaint's sole allegations with respect to jurisdiction over the remaining defendant – EYGN – are as follows:

> EYGN is a "Bahamas corporation that is an intellectual property holding company for Ernst & Young." Compl., 3:2 - 3:4. "Plaintiff is informed, believes and thereon alleges that Defendants' have sufficient contacts with this district generally and, in particular, with the events herein alleged, that

> each Defendant is subject to the exercise of jurisdiction of this court over its person." Compl., 3:26 - 3:28.

EMI does not dispute that EYGN is not registered to do business in California, does not solicit or conduct business in California and has not offices or employees in California.

While EMI need only provide a "short and plain statement of the grounds for [this] court's jurisdiction," FED. R. CIV. P. 8(a)(1), "[c]onclusory allegations and unwarranted inferences are insufficient to defeat a motion for judgment on the pleadings." *Dalkilic v. Titan Corp*., 516 F.Supp. 2d 1177, 1183 (S.D. Cal. 2007)(citing *In re Syntex Corp. Sec. Litiq*., 95 F.3d 922, 926 (9th Cir. 1996)). The sole specific allegations – presented within the four corners of the pleadings – that can possibly support personal jurisdiction over EYGN are that (1) EYGN is a holding company for E&Y (which, in turn, allegedly has "substantial contacts with" California), (2) EYGN entered into a license agreement with E&Y for the use of the Trademark, and (3) EYGN sent two cease and desist demands to EMI in California. This, without more, is certainly not enough to constitute "continuous and systematic" contacts with California such that EYGN meets the "fairly high" standard for establishing general jurisdiction in California. *Burger King Corp. v. Rudzewicz*, 471 U.S. 462, 477-78, 105 S. Ct. 2174 (1985); *Brand v. Menlove Dodge*, 796 F.2d 1070, 1073 (9th Cir. 1986).

2. Plaintiff Has Not Met Its Burden With Respect to Specific Jurisdiction

As noted above, absent general jurisdiction, a court may also exercise specific jurisdiction over a defendant where "jurisdiction [is] based on the relationship between the defendant's forum contacts and the plaintiff's claim." *Yahoo!*, 433 F.3d at 1205. EMI, as the Plaintiff, bears the burden of establishing the first two prongs of the *Yahoo!* test, to wit that (1) EYGN purposefully directed its activities at, or consummated some transaction with, the California or a California resident; or performed some act by which it purposefully availed itself of the privilege of conducting activities in the forum and (2) that EMI's claims arise out of or relate to EYGN's forum-related activities. *Schwarzenegger v. Fred Martin Motor Co.*, 374 F.3d 797, 802 (9th Cir. 2004).

The Ninth Circuit measures the second specific jurisdiction requirement in terms of "but for" causation." *Bancroft & Masters, Inc. v. Augusta Nat. Inc*., 223 F.3d 1082, 1088 (9th Cir. 2000). Plaintiff brought suit due to EYGN's cease and desist letters requiring EMI to discontinue use of the Trademark. Thus, the instant action "arises" out of and relates to the letters. However, the *Yahoo!* test is conjunctive and the Ninth Circuit has held that the sending of a cease and desist letter, alone, is insufficient to establish purposeful availment under the first specific jurisdiction requirement. *See, e.g.*, *Peterson v. Kennedy*, 771 F.2d 1244, 1262 (9th Cir. 1985), *Yahoo!*, 433 F.3d at 1208; *Cascade Corp. v. Hiab-Foco AB*, 619 F.2d 36 (9th Cir. 1980). Indeed, the policy rationale expounded in *Yahoo!* has application in this case:

> If the price of sending a cease and desist letter is that the sender thereby

> subject itself to jurisdiction in the forum of the alleged rights infringer, the rights holder will be strongly encouraged to file suit in its home forum without attempting first to resolve the dispute informally by means of a letter.

Yahoo!, 433 F.3d at 1208 (internal citation omitted).

While the license agreement(s) between EMI and EYGN were not attached to any of the pleadings, the Plaintiff did reference the agreements in the Complaint, thereby allowing this Court to address their existence on a motion for judgment on the pleadings. Plaintiff relies on *Breckenridge Pharm., Inc. v. Metabolite Lab, Inc*., 444 F.3d 1356 (Fed. Cir. 2006) in arguing that the license agreements are sufficient to establish personal jurisdiction. However, at this point in the proceedings it appears that *Breckenridge* is factually distinct from the instant case as it involved an exclusive license agreement, which is not present here. Further, it is undisputed that E&Y is a separate legal entity from EYGN with separate offices, separate financial statements, separate bank accounts and a separate board of directors. In such instances, courts have not found specific jurisdiction merely due to the existence of a license agreement. *See, e.g.*, *Ingram Micro, Inc. v. Tessco Communications, Inc*., No. 02 CV 0291, 2002 WL 1290197 (C.D.Cal. 2002). Finally, E&Y – the licensee through which EYGN allegedly has California contacts – is not currently registered to do business in California (as EMI itself points out in its opposition to E&Y's Motion for Judgment on the Pleadings or to Transfer).

Moreover, even if EMI could meet its burden on purposeful availment, this Court is inclined to find that jurisdiction over EYGN in California would be unreasonable given its spare contacts with California. The Ninth Circuit considers seven factors in determining whether the exercise of personal jurisdiction over a nonresident defendant would be reasonable: "(1) the extent of the purposeful interjection into the forum state; (2) the burden on the defendant of defending in the forum; (3) the extent of conflict with the sovereignty of defendant's state; (4) the forum state's interest in adjudicating the dispute; (5) the most efficient judicial resolution of the controversy; (6) the importance of the forum to plaintiff's interest in convenient and effective relief; and (7) the existence of an alternative forum. *Ins. Co. of N. America v. Marina Salina Cruz*, 649 F.2d 1266 (9th Cir. 1981)(citations omitted).

The Court need not engage in complete reasonableness analysis as the pleadings, as presently worded, do not allege facts sufficient to establish personal jurisdiction. However, given the possibility of an amended complaint, it is worth mentioning several factors that point to the unreasonableness of retaining jurisdiction in this lawsuit. First, while the Complaint pleads claims based on federal law, it asserts no claims based on California law and the Counterclaims include separate causes of action under New York law. Second, New York is available as an alternative forum. Indeed, a parallel action has been initiated in New York and EMI has asserted its claims against EYGN in said action. Judicial efficiency weighs in favor of allowing one action to go forward, rather than two duplicative lawsuits. Finally, California's interest in retaining jurisdiction over this lawsuit is minimal as the dispute involves federal and New York law claims.

C. Conclusion

For the foregoing reasons, EYGN's Motion for Judgment on the Pleadings is GRANTED.

(3) Ernst & Young's Motion for Judgment on the Pleadings or, in the Alternative, to Transfer

E&Y argues that this matter should be dismissed since EYGN, as the owner of the Trademark, is an indispensable party but cannot be joined for lack of personal jurisdiction. Further, E&Y contends that this Court should decline jurisdiction under the Declaratory Judgment Act since even if this Court were to issue a declaratory judgment in favor of EMI, such a judgment would not be binding on EYGN (the owner of the trademark) because EYGN cannot be joined in this matter. E&Y argues in the alternative that the matter should be transferred to New York where the SDNY Action is already proceeding involving all necessary parties.

A. Legal Standard

(i) Indispensable Parties

Federal Rule of Civil Procedure 19 governs joinder of parties and is aimed at protecting the rights of persons who should be part of a lawsuit. Determining whether a party should or must be joined is a two-part test: first, the court must determine whether the party is necessary. *Takeda v. NW Nat'l Life Ins. Co.*, 765 F.2d 815, 819 (9th Cir. 1985). A party is necessary if complete relief cannot be granted among the parties without the absent party's presence. Fed. R. Civ. P. 19(a). Alternatively, a party is necessary if they have an interest in the subject of the lawsuit that may be impaired or impeded by their absence, or their absence creates the risk of multiple or inconsistent obligations regarding the claimed interest. Fed. R. Civ. P. 19(a). If the party is necessary but joinder will destroy jurisdiction the court should consider the following factors to determine whether in equity and good conscience the case can proceed without the non-joined party:

> (1) the extent to which a judgment rendered in the person's absence might prejudice that person or the existing parties; (2) the extent to which any prejudice could be lessened or avoided by (A) protective provisions in the judgment, (B) shaping the relief, or (C) other measures; (3) whether a judgment rendered in the person's absence would be adequate; and (4) whether the plaintiff would have an adequate remedy if the action were dismissed for nonjoinder.

FED. R. CIV. P. 19(b); *Takeda*, 765 F.2d at 819.

The Supreme Court held that the factors set forth in Federal Rule of Civil Procedure 19(b) should be considered in the context of the case and not applied formulaically. *Provident Tradesmens*

Bank & Trust Co. v. Patterson, 390 U.S. 102, 118, 88 S. Ct. 733 (1968). These factors have been interpreted to include considerations such as the availability of a forum for the plaintiff; avoidance of multiple or inconsistent litigation; the interests of the absent party; and reaching "complete, consistent, and efficient settlement of controversies." *Id.* at 109-12.

(ii) Ripeness Under Declaratory Judgment Act

A federal court only has jurisdiction to award declaratory relief where there exists an actual controversy. *Am. States Ins. Co. v. Kearns*, 15 F.3d 142, 143 (9th Cir. 1994) (citing *Wickland Oil Terminals v. ASARCO, Inc.*, 792 F.2d 887, 893 (9th Cir. 1986)). The Ninth Circuit has established that this requirement mirrors Article III's constitutional case or controversy requirement. *Societe de Conditionnement en Aluminum v. Hunter's Eng'g Co.*, 655 F.2d 938, 942 (9th Cir. 1981). While the Supreme Court has never fashioned a concrete test for determining whether a suit for a declaratory judgment raises an actual controversy, it has explained that there must exist "a substantial controversy, between parties having adverse legal interests, of sufficient immediacy and reality to warrant the issuance of a declaratory judgment." *Maryland Cas. Co. v. Pacific Coal & Oil Co.*, 312 U.S. 270, 273, 61 S. Ct. 510 (1941). Ultimately, "[t]he difference between definite, concrete and substantial controversies which are justiciable, and hypothetical, abstract, or academic ones which are not justiciable, is one of degree, to be determined on a case by case basis." *Muller v. Olin Mathieson Chem. Corp.*, 404 F.2d 501, 504 (2d Cir. 1968); *see also Maryland Cas.*, 312 U.S. at 273 (question "is necessarily one of degree").

B. Analysis

EMI asserts that E&Y has not yet registered with the California Secretary of State. E&Y's replies to the various motions at issue in this order were due on December 15, 2008 and, as of the date of this order, no reply had been received. Thus, it is uncontested that E&Y is unauthorized to maintain any action or suit in the State of California at present, pursuant to Cal. Corp. Code §16959(h) ("A foreign limited liability partnership transacting intrastate business in this state shall not maintain any action, suit, or proceeding in any court of this state until it has registered in this state pursuant to this section.")

However, "a court with proper jurisdiction may consider *sua sponte* the absence of a required person and dismiss for failure to join." *Republic of Philippines v. Pimentel*, 128 S.Ct. 2180, 2188 (2008). EYGN is the owner of the Trademark at issue in this lawsuit. As such, complete relief cannot be granted in the instant lawsuit without its presence. The Court cannot "in equity and in conscience" proceed with the instant lawsuit as a judgment entered in the absence of EYGN would be inadequate. FED. R. CIV. P. 12(b). Moreover, under the factors laid out by the Supreme Court in *Provident Tradesmens* the parallel action in New York also weighs against continuing the proceedings in this Court, especially given the New York state law claims involved in this case.

C. Conclusion

For the foregoing reasons, E&Y's Motion is GRANTED and this case is TRANSFERRED to the Southern District of New York.

(4) Entrepreneur Media, Inc's Motion For Injunction Regarding Second-Filed Action

EMI moves for an order enjoining EYGN and E&Y from prosecuting the SDNY Action. It argues that the SDNY Action was filed on July 28, 2008, which is almost two months after the CDCA Action was filed in this Court. EMI requests this Court enjoin the later filed action pursuant to the "first-to-file" rule.

A. Legal Standard

"There is a generally recognized doctrine of federal comity which permits a district court to decline jurisdiction over an action when a complaint involving the same parties and issues has already been filed in another district." *Pacesetter Systems, Inc. v. Medtronic, Inc.*, 678 F.2d 93, 94-5 (9th Cir. 1982). This doctrine, known as the first-to-file rule, "gives priority, for purposes of choosing among possible venues when parallel litigation has been instituted in separate courts, to the party who first establishes jurisdiction." *Northwest Airlines, Inc. v. American Airlines, Inc.*, 989 F.2d 1002, 1006 (8th Cir. 1993). The rule "serves the purpose of promoting efficiency well and should not be disregarded lightly." *Church of Scientology of California v. United States Dep't of Army*, 611 F.2d 738, 750 (9th Cir. 1979). However, "the considerations affecting transfer to or dismissal in favor of another forum do not change simply because the first-filed action is a declaratory action." *Genentech, Inc. v. Eli Lilly & Co.*, 998 F.2d 931, 938 (Fed. Cir. 1993).

In applying the first-to-file rule, a court looks to three threshold factors: "(1) the chronology of the two actions; (2) the similarity of the parties, and (3) the similarity of the issues." *Z-Line Designs, Inc. v. Bell'O Int'l LLC*, 218 F.R.D. 663, 665 (N.D. Cal. 2003). If the first-to-file rule does apply to a suit, the court in which the second suit was filed may transfer, stay or dismiss the proceeding in order to allow the court in which the first suit was filed to decide whether to try the case. *Alltrade, Inc. v. Uniweld Products, Inc.*, 946 F.2d 622, 622 (9th Cir. 1991). "Circumstances under which an exception to the first-to-file rule typically will be made include bad faith, anticipatory suit and forum shopping." *Id*. at 628 (internal citations omitted).

One exception to the first-to-file rule is when "the balance of convenience weighs in favor of the later-filed action." *Ward v. Follett Corp*., 158 F.R.D. 645, 648 (N.D. Cal. 1994). This is analogous to the "convenience of parties and witnesses" under a transfer of venue motion, 28 U.S.C. § 1404(a). *Med-Tec Iowa, Inc. v. Nomos Corp*., 76 F.Supp.2d 962, 970 (N.D. Iowa 1999); *800-Flowers, Inc. v. Intercontinental Florist, Inc.*, 860 F.Supp. 128, 133 (S.D.N.Y. 1994). The court with the first-filed action should normally weigh the balance of convenience. *Alltrade Inc*., 946 F.2d at 628.

B. Analysis

This Court may not enjoin a later filed action when it does not have jurisdiction over all parties involved. *Decker Coal Co. v. Commonwealth Edison Co.*, 805 F.2d 834, 843 (9th Cir. 1986). Because the Court found that it does not have personal jurisdiction over EYGN in the CDCA Action, it may not enjoin the SDNY Action.

C. Conclusion

For the foregoing reasons, the Court DENIES EMI's Motion For Injunction Regarding Second-Filed Action.

IV. DISPOSITION

For the foregoing reasons, the Court: (1) DENIES EYAI's Motion for Judgment on the Pleadings for Lack of Subject Matter Jurisdiction; (2) GRANTS EYGN's Motion for Judgment on the Pleadings for Lack of Personal Jurisdiction; (3) GRANTS E&Y's Motion for Judgment on the Pleadings or, in the Alternative, to transfer; and (4) DENIES Entrepreneur Media, Inc's Motion For Injunction Regarding Second-Filed Action.

The Clerk shall serve this minute order on all parties to the action.