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UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF CALIFORNIA

STURDY GUN SAFE, INC.,
Plaintiff,
v.
RHINO METALS, INC.,
Defendant.

No. 1:18-cv-01452-DAD-BAM

ORDER GRANTING DEFENDANT’S
MOTION TO TRANSFER

(Doc. No. 9)

This matter came before the court on defendant’s motion to dismiss or transfer. (Doc. No. 9.) A hearing on the motion was held on December 18, 2018. Attorneys D. Greg Durbin and Shane Smith appeared on behalf of plaintiff, and attorney Teague Donahey appeared on behalf of defendant. Having considered the parties’ briefs and the arguments of counsel, and for the reasons set forth below, the court will grant defendant’s motion to transfer.

BACKGROUND

In this action, plaintiff Sturdy Gun Safe, Inc. (“SGS”) seeks a declaratory judgment of trade dress and design patent non-infringement. (Doc. No. 2.) SGS alleges that it is a family-owned business founded in 1959 that designs, manufactures, and sells gun safes. (*Id.* at ¶ 7.) SGS is incorporated under the laws of the State of California with its principal place of business in Fresno, California. (*Id.* at ¶ 1.) In the 1980s, SGS began nationwide sales. (*Id.*)

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1 On information and belief, SGS alleges that defendant Rhino Metals, Inc. (“Rhino”) is
2 incorporated under the laws of the State of Idaho with its principal place of business located in
3 Idaho. (*Id.* at ¶ 2.) On information and belief, plaintiff alleges that Rhino began designing,
4 manufacturing, and selling gun safes in approximately 1995. (*Id.*)

5 On September 11, 2018, counsel for Rhino sent a letter to SGS alleging that SGS had
6 infringed Rhino’s trade dress and design patents. (*Id.* at ¶ 10 & Ex. A.) Rhino demanded that
7 SGS immediately cease and desist from any further activities related to gun safes that allegedly
8 infringe on Rhino’s trade dress¹ or design patents. (*Id.* at ¶ 12.) Rhino’s counsel stated that if
9 SGS did not accede to this demand they would pursue their client’s claims in federal court. (*Id.*)

10 On September 14, 2018, Texas attorney Bennet Langlotz emailed counsel for Rhino,
11 stating, “I have your letter of 9-11-2018 and have been asked to represent Sturdy Gun Safe Inc. in
12 this matter. We will be reviewing the matter in the weeks ahead.” (Doc. No. 9-5.) A few days
13 later, counsel for both parties spoke by telephone, at which time SGS’s Texas-based counsel
14 stated that SGS would prefer to resolve the dispute through settlement rather than litigation.
15 (Doc. No. 9-1 at 7.) The parties thus began to discuss possible terms of settlement over the next
16 few weeks and through early October. (*See* Doc. Nos. 9-6, 9-7.) On October 4, 2018, counsel for
17 Rhino sent an email to SGS’s Texas-based counsel, stating that “it appears that the parties may be
18 at an impasse,” but nonetheless made a settlement offer “in the interest of making one final
19 attempt at resolving the matter.” (Doc. No. 9-7.)

20 On October 17, 2018, Tennessee attorney Stephen Zralek emailed counsel for Rhino
21 stating that his firm was in the process of being formally engaged by SGS in the matter. (Doc.
22 No. 9-8.) SGS’s new Tennessee-based counsel indicated that he understood Rhino had been in
23 communications with Texas attorney Langlotz, but requested that Rhino’s counsel direct all
24 future communications to him and his legal assistant. (*Id.*) SGS’s Tennessee-based counsel
25 Zralek also stated, “If you give me a few days, I’ll be in touch.” (*Id.*) Two days later, on October
26

27 ¹ Rhino claims that its “Ironworks” gun safes are “manufactured with a distinctive antique look
28 and feel, including distressed metal surfaces designed to accentuate the natural grain of the steel,
as well as decorate metal plates and rivets.” (Doc. No. 9-1 at 6–7.)

1 19, 2018, Attorney Zralek filed the present action on behalf of SGS seeking declaratory judgment
2 of non-infringement. (Doc. 9-1 at 8.)

3 On October 26, 2018, Rhino filed an action against SGS in the United States District
4 Court for the District of Idaho (hereinafter “Idaho Action”), asserting federal and common law
5 trade dress infringement/unfair competition, and dilution under Idaho Code § 48-513. (Doc. No.
6 9-4.)

7 On November 8, 2018, present counsel substituted in on behalf of SGS in this action. On
8 November 13, 2018, Rhino filed the present motion in this court to dismiss or transfer SGS’s
9 declaratory judgment action. (Doc. No. 9.) Meanwhile, in the Idaho Action, SGS moved for an
10 extension of time in which to respond to Rhino’s complaint on the grounds that additional time
11 would permit this court to resolve Rhino’s pending motion to dismiss or transfer. The District
12 Court for the District of Idaho construed the motion as a request for a stay and stayed the Idaho
13 Action until January 8, 2019.² (Doc. No. 12-2.)

14 SGS filed an opposition to the present motion to dismiss or transfer on December 4, 2018.
15 (Doc. No. 12.) Rhino filed its reply on December 10, 2018. (Doc. No. 13.)

16 DISCUSSION

17 In the pending motion, Rhino argues that: (1) this action should be dismissed without
18 prejudice because the court lacks personal jurisdiction over Rhino; (2) this action should be
19 dismissed or transferred pursuant to the anticipatory suit rule; and (3) this action should be
20 transferred to the District of Idaho under the discretion afforded the court by 28 U.S.C. § 1404(a).
21 (Doc. No. 9-1.)

22 A. Motion to Dismiss for Lack of Personal Jurisdiction

23 Under Rule 12(b)(2) of the Federal Rules of Civil Procedure, a defendant may seek
24 dismissal of an action for lack of personal jurisdiction. In opposing a defendant’s motion to
25 dismiss for lack of personal jurisdiction, the burden of proof to show that jurisdiction is

26 ² On January 10, 2019, the U.S. District Court for the District of Idaho issued an order continuing
27 the stay in that matter until a ruling is issued by this court on the pending motion to dismiss or
28 transfer. (See Order, *Rhino Metals, Inc. v. Sturdy Gun Safe, Inc.*, No. 1:18-cv-00474-EJL (D.
Idaho Jan. 10, 2019), Doc. No. 17.)

1 appropriate lies with the plaintiff. *See Picot v. Weston*, 780 F.3d 1206, 1211 (9th Cir. 2015); *Love*
2 *v. Assoc. Newspapers, Ltd.*, 611 F.3d 601, 608 (9th Cir. 2010); *Boschetto v. Hansing*, 539 F.3d
3 1011, 1015 (9th Cir. 2008). When a defendant’s motion to dismiss is to be decided on the
4 pleadings, affidavits, and discovery materials, the plaintiff need only make a *prima facie* showing
5 that personal jurisdiction exists in order for the action to proceed. *See Picot*, 870 F.3d at 1211;
6 *Love*, 611 F.3d at 608; *Boschetto*, 539 F.3d at 1015.

7 In determining whether plaintiff has met its burden of showing personal jurisdiction, the
8 court accepts plaintiff’s allegations as true, and any conflicts between parties over statements
9 contained in affidavits must be resolved in the plaintiff’s favor. *Love*, 611 F.3d at 608; *Boschetto*,
10 539 F.3d at 1015; *Schwarzenegger v. Fred Martin Motor Co.*, 374 F.3d 797, 800 (9th Cir. 2004).
11 However, plaintiff “cannot simply rest on the bare allegations of its complaint.” *Amba Mktg.*
12 *Sys., Inc. v. Jobar Int’l, Inc.*, 551 F.2d 784, 787 (9th Cir. 1977).

13 “Where, as here, there is no applicable federal statute governing personal jurisdiction, the
14 law of the state in which the district court sits applies.” *Core-Vent Corp. v. Nobel Indus. AB*, 11
15 F.3d 1482, 1484 (9th Cir. 1993); *see also Yahoo! Inc. v. La Ligue Contre Le Racisme Et*
16 *L’Antisemitisme*, 433 F.3d 1199, 1205 (9th Cir. 2006) (en banc) (same). “California’s long-arm
17 statute allows courts to exercise personal jurisdiction over defendants to the extent permitted by
18 the Due Process Clause of the United States Constitution.” *Core-Vent Corp.*, 11 F.3d at 1484; *see*
19 *also Cal. Civ. P. Code § 410.10* (“A court of this state may exercise jurisdiction on any basis not
20 inconsistent with the Constitution of this state or of the United States.”); *Love*, 611 F.3d at 608–
21 09. Thus, only constitutional principles constrain the jurisdiction of a federal court in California.
22 *Love*, 611 F.3d at 608–09; *Boschetto*, 539 F.3d at 1015; *Sher v. Johnson*, 911 F.2d 1357, 1361
23 (9th Cir. 1990).

24 Under the Fourteenth Amendment’s Due Process Clause, courts may exercise personal
25 jurisdiction over nonresident defendants only so long as there exist sufficient “minimum
26 contacts” between the defendant and the forum state. *World-Wide Volkswagen Corp. v.*
27 *Woodson*, 444 U.S. 286, 292 (1980); *see also Ranza v. Nike, Inc.*, 793 F.3d 1059, 1068 (9th Cir.
28 2015); *Harris Rutsky & Co. Ins. Servs., Inc. v. Bell & Clements Ltd.*, 328 F.3d 1122, 1129 (9th

1 Cir. 2003). Maintenance of the suit must “not offend traditional notions of fair play and
2 substantial justice.” *Yahoo!*, 433 F.3d at 1205 (quoting *Int’l Shoe Co. v. Washington*, 326 U.S.
3 310, 316 (1945)).

4 Generally, there are two different types of personal jurisdiction which meet this due
5 process standard: general jurisdiction and specific jurisdiction. *Burger King Corp. v. Rudzewicz*,
6 471 U.S. 462, 473 n.15 (1985); *Picot*, 780 F.3d at 1211. Here, the parties dispute only the issue
7 of specific jurisdiction.³ In determining whether a court has specific jurisdiction over a non-
8 resident defendant, the following three-prong test is to be employed:

9 (1) The non-resident defendant must *purposefully direct* his activities
10 or consummate some transaction with the forum or resident thereof;
11 or perform some act by which he *purposefully avails* himself of the
12 privilege of conducting activities in the forum, thereby invoking the
13 benefits and protections of its laws; (2) the claim must be one which
14 *arises out of* or relates to the defendant’s forum-related activities; and
15 (3) the exercise of jurisdiction must comport with fair play and
16 substantial justice, i.e. it must be *reasonable*.

14 *Picot*, 780 F.3d at 1211 (citing *Fred Martin Motor Co.*, 374 F.3d at 802) (emphasis added); *see*
15 *also Williams*, 2017 WL 1101095, at *5. Plaintiff has the burden of establishing the first two of
16 these prongs, and a “strong showing on one axis will permit a lesser showing on the other.”
17 *Yahoo!*, 433 F.3d at 1210; *see also CollegeSource, Inc. v. AcademyOne, Inc.*, 653 F.3d 1066,
18 1076 (9th Cir. 2011); *Menken v. Emm*, 503 F.3d 1050, 1058 (9th Cir. 2007). If plaintiff meets
19 this burden, the burden shifts to defendant on the third prong to show that the exercise of
20 jurisdiction would not be reasonable. *CollegeSource, Inc.*, 653 F.3d at 1076; *see also Sinatra v.*
21 *Nat’l Enquirer, Inc.*, 854 F.2d 1191, 1195 (9th Cir. 1988).

22 If plaintiff seeks to invoke specific personal jurisdiction, it must establish jurisdiction for
23 “each claim asserted against a defendant.” *Picot*, 780 F.3d at 1211 (quoting *Action Embroidery*
24 *Corp. v. Atl. Embroidery, Inc.*, 368 F.3d 1174, 1180 (9th Cir. 2004)). If personal jurisdiction
25 exists over one claim, but not others, the district court may exercise pendent personal

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27 ³ In its opposition to the pending motion to dismiss or transfer, SGS contends that “[b]ecause the
28 facts present a compelling case for specific personal jurisdiction over Rhino in this Court, Sturdy
Safe does not advance an argument for general jurisdiction in order to conserve Court and party
resources.” (Doc. No. 12 at 7 n.1.)

1 jurisdiction over any remaining claims that arise out of the same “common nucleus of operative
2 facts” as the claim for which jurisdiction exists. *Id.*

3 1. Personal Jurisdiction for Trade Dress Non-infringement

4 Rhino argues that the court lacks personal jurisdiction over it with respect to SGS’s trade
5 dress non-infringement cause of action. (Doc. No. 9-1 at 9–11.) In opposition, SGS argues that
6 Rhino purposefully markets and sells products bearing the asserted trade dress in California, and
7 that Rhino cannot make a compelling case that the court’s exercise of personal jurisdiction would
8 be unreasonable. (Doc. No. 12 at 12–17.)

9 a. *Purposeful Direction*

10 The analysis under the first prong of the *Burger King* three-step inquiry differs depending
11 on whether the action involves allegations of tortious conduct or contract obligations. *See Ziegler*
12 *v. Indian River Country*, 64 F.3d 470, 473 (9th Cir. 1995); *Sinatra*, 854 F.2d at 1195. While a
13 purposeful availment analysis is typically applied in suits sounding in contract, a purposeful
14 direction analysis is typically applied in suits sounding in tort. *See Fred Martin Motor Co.*, 374
15 F.3d at 802. Because this action for declaratory relief regarding trade dress infringement sounds
16 more in tort than in contract, the court will apply the purposeful direction analysis. *See Brown v.*
17 *McCain*, 612 F. Supp. 2d 1118, 1123 (C.D. Cal. 2009) (“Courts often characterize violations of
18 the Copyright Act, Lanham Act, and common law right of publicity as torts, particularly when
19 analyzing personal jurisdiction.”).

20 For the “purposeful direction” test, this court looks to the three-part “effects” test set forth
21 by the Supreme Court in *Calder v. Jones*, 465 U.S. 783 (1984). *Fred Martin Motor Co.*, 374 F.3d
22 at 803. This test asks whether the defendant is alleged to have (1) committed an intentional act
23 that (2) was expressly aimed at the forum state and (3) caused harm the defendant knew was
24 likely to be suffered in the forum state. *Id.* (citing *Dole Food Co. v. Watts*, 303 F.3d 1104, 1111
25 (9th Cir. 2002)). An action taken outside the forum state with foreseeable effects within the
26 forum state does not *per se* give rise to specific personal jurisdiction, and “‘something more’ than
27 mere foreseeability” is required. *Id.* at 804–05 (quoting *Bancroft & Masters*, 223 F.3d 1082 at
28 1087). “‘[S]omething more’ means conduct expressly aimed at the form.” *Brayton Purcell LLP*

1 *v. Recordon & Recordon*, 606 F.3d 1124, 1129 (9th Cir. 2010) (quoting *Pebble Beach Co. v.*
2 *Caddy*, 453 F.3d 1151, 1156 (9th Cir. 2006)).

3 SGS contends that Rhino meets this test because sworn statements from Rhino’s Chief
4 Executive Officer filed in a prior action in the District of Idaho⁴ explain that “Rhino engages in
5 various marketing and sales efforts across the United States, including in California,” that these
6 efforts “are concentrated in the Southern California markets,” that the sales efforts are comprised
7 of “brief and infrequent visits by sales staff to Rhino dealers in Southern California,” and that
8 “Rhino sells safes through 21 dealers in California.” (Doc. No. 12-3 at ¶¶ 6–7.) SGS contends
9 that Rhino also sells directly to Californians through its “highly commercial and interactive
10 website,” Rhinosafe.com, as well as through third parties such as Costco and Amazon. (Doc. No.
11 12 at 13–14.)

12 Rhino does not deny these marketing and sales activities, but argues that even if the court
13 were to find that these activities constitute intentional acts directed at the forum state, they would
14 still fall short of satisfying the third prong of the *Calder* effects test, because these activities did
15 not cause harm in the forum state. (Doc. No. 13 at 7–8.) Rhino’s point in this regard is well-
16 taken. This action does not allege any tortious conduct on the part of Rhino. Rather, the present
17 dispute results from the alleged tortious conduct of SGS. Moreover, SGS does not even address
18 the “causing harm” prong of the effects test. The court therefore concludes that the third element
19 of the *Calder* effects test is not satisfied by the sale of Rhino’s products in California. *See Arkon*
20 *Res., Inc. v. Nat’l Prods. Inc.*, No. CV 17-2976 PSG (PLAx), 2018 WL 1143816, at *3 (C.D. Cal.
21 Jan. 3, 2018) (holding in a declaratory action for non-infringement that plaintiff could not
22 plausibly assert harm sufficient to satisfy the third requirement of the *Calder* effects test “because
23 there is nothing improper about [defendant’s] products being sold in California”).

24 b. *Arising Out of or Relating to*

25 Even if Rhino’s marketing and sales activities satisfied the purposeful direction
26 requirement, Rhino argues that this action would nonetheless fail to satisfy the second element of

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28 ⁴ Declaration of Don Suggs, *Rhino Metals, Inc. v. Kodiak Safe Company, LLC*, No. 1:16-cv-
00285-EJL-REB (D. Idaho Aug. 22, 2016), Doc. No. 15-1.

1 the specific jurisdiction analysis, which requires that the plaintiff’s claims arise out of the
2 defendant’s forum-related activities. In the Ninth Circuit, a plaintiff’s claims “arise out of” the
3 defendant’s alleged contacts if but for defendant’s alleged contacts, plaintiff’s cause of action
4 would not have arisen. *See Ziegler*, 64 F.3d at 474; *Terracom v. Valley Nat’l Bank*, 49 F.3d 555,
5 561 (9th Cir. 1995).

6 Here, SGS seeks a declaratory judgment regarding whether SGS’s products infringe on
7 Rhino’s trade dress. Rhino argues that its marketing and sales activities are not the “but for”
8 cause of SGS’s trade dress non-infringement claim, because “[e]ven if Rhino had never marketed
9 or sold a product in California and had limited its marketing and sales activities to other states,
10 Rhino still would have a viable Lanham Act claim for trade dress infringement against SGS.”
11 (Doc. No. 13 at 8.)

12 Notably, SGS fails to address this element at all in its opposition to the pending motion.
13 Absent a showing that SGS’s claims in this action arise out of Rhino’s marketing and sales
14 activities in California, the court concludes that the second element of the specific jurisdiction
15 analysis has not been met. *See Arkon*, 2018 WL 1143816, at *4 (“Because sales of NPI’s
16 products in California are unrelated to whether its trade dress registration is valid and whether
17 Arkon infringes upon NPI’s trade dress, Arkon’s claims do not arise out of NPI’s conduct in
18 California.”).

19 *c. Reasonableness*

20 Having failed to satisfy the first two elements of the specific jurisdiction analysis, SGS
21 fails to establish that Rhino is subject to personal jurisdiction in California for the trade dress non-
22 infringement claim.⁵ Accordingly, the court need not address reasonableness.

23 ⁵ Although not advanced in their opposition to the pending motion, counsel for SGS argued at the
24 hearing on the motion that the basis for specific jurisdiction over the trade dress non-infringement
25 claim may be premised solely on the cease and desist letter sent by Rhino, and that this letter
26 constitutes an intentional act directed at the forum state, which causes harm to SGS because it
27 aims to prevent SGS from producing its product. Consideration of Rhino’s cease and desist letter,
28 however, does not alter the court’s specific jurisdiction analysis with respect to the trade dress
non-infringement claim. “A cease and desist letter is not in and of itself sufficient to establish
personal jurisdiction over the sender of the letter.” *Yahoo!*, 433 F.3d at 1208 (citing *Red Wing
Shoe Co. v. Hockerson-Halberstadt, Inc.*, 148 F.3d 1355, 1361 (Fed. Cir. 1998)); *see also Elecs.*

1 2. Personal Jurisdiction for Design Patent Non-infringement

2 Whether personal jurisdiction exists over Rhino with respect to the design patent non-
3 infringement cause of action is governed by Federal Circuit precedent. *Deprenyl Animal Health,*
4 *Inc. v. Univ. of Toronto Innovations Found.*, 297 F.3d 1343, 1348 (Fed. Cir. 2002) (“Federal
5 Circuit law governs the issue of personal jurisdiction in patent-related cases.”); *Red Wing*, 148
6 F.3d at 1358 (“This court applies the law of the Federal Circuit, rather than that of the regional
7 circuits, to determine personal jurisdiction in a patent infringement case.”).

8 In the context of a declaratory judgment action seeking a declaration of patent non-
9 infringement, the crux of the inquiry regarding specific jurisdiction is whether the patentee has
10 engaged in activities that relate to the enforcement or the defense of the validity of the relevant
11 patent in the forum. *Avocent Huntsville Corp. v. Aten Int’l Co.*, 552 F.3d 1324, 1334–36 (Fed.
12 Cir. 2008). In other words, a patentee’s “mere acts of making, using, offering to sell, selling, or
13 importing products . . . do not, in the jurisdictional sense, relate in any material way to the patent
14 right that is at the center of any declaratory judgment claim for non-infringement, invalidity,
15 and/or unenforceability.” *Id.* at 1336. Such activities will not support a claim of specific
16 jurisdiction over a defendant patentee. *Id.* Rather, only activities that “relate in some material
17 way to the enforcement or the defense of the patent” will suffice to support specific jurisdiction.
18 *Id.* Examples include “initiating judicial or extra-judicial patent enforcement within the forum, or
19 entering into an exclusive license agreement or other undertaking which imposes enforcement
20 obligations with a party residing or regularly doing business in the forum.” *Id.* at 1334–35.

21 Here, SGS contends that “Rhino’s cease and desist letter amounts to a purposeful effort to
22 enforce the patents-in-suit in California that is sufficient to establish the minimum contacts
23 required for specific jurisdiction.” (Doc. No. 12 at 18.) This position, however, is squarely
24 contradicted by Federal Circuit decisions, which holds that a cease and desist letter on its own
25 does not constitute minimum contacts comports with fair play and substantial justice. *See New*

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27 *For Imaging, Inc. v. RAH Color Techs. LLC*, No. 18-cv-01612-WHO, 2018 WL 5304838, at *7
28 (N.D. Cal. Oct. 24, 2018) (“[I]t is questionable whether a good-faith assertion of infringement is
the type of intentional act that triggers the consideration of the ‘effects’ test in *Calder*. . . . There
are no allegations here that [defendant] engaged in any tortious conduct.”).

1 *World Int'l, Inc. v. Ford Glob. Techs., LLC*, 859 F.3d 1032, 1037–38 (Fed. Cir. 2017) (“[T]his
2 court has held that it is improper to predicate personal jurisdiction on the act of sending ordinary
3 cease and desist letters into a forum, without more.”); *Breckenridge Pharm., Inc. v. Metabolite*
4 *Labs., Inc.*, 444 F.3d 1356, 1362 (Fed. Cir. 2006) (noting that under Federal Circuit law, “a patent
5 owner may, without more, send cease and desist letters to a suspected infringer . . . without being
6 subjected to personal jurisdiction in the suspected infringer’s home state”); *Red Wing*, 148 F.3d at
7 1360–61 (“A patentee should not subject itself to personal jurisdiction in a forum solely by
8 informing a party who happens to be located there of suspected infringement. Grounding
9 personal jurisdiction on such contacts alone would not comport with principles of fairness.”).

10 Consideration of the decisions in *Electronics for Imaging, Inc. v. RAH Color Technologies*
11 *LLC* and *Xilinx Inc. v. Papst Licensing GmbH & Co. KG*, cited by SGS in its opposition to the
12 pending motion (*see* Doc. No. 12 at 18), only reinforce the court’s lack of jurisdiction here. In
13 *Electronics for Imaging*, there was “no dispute that [defendant] did not send a cease-and-desist
14 letter or otherwise contact or meet with [plaintiff].” No. 18-cv-01612-WHO, 2018 WL 5304838,
15 at *7 (N.D. Cal. Oct. 24, 2018). Instead, the plaintiff in *Electronics for Imaging* sought to base
16 jurisdiction on “dozens of cease and desist letters” sent to California companies *other than* the
17 defendant. *Id.* The court held that, even “[a]ssuming that those cease-and-desist letters asserted
18 infringement of the same patents at issue in this case, they do not demonstrate jurisdiction absent
19 evidence that in connection with its patent enforcement efforts [defendant] took affirmative steps
20 to do business in California or benefit from the protections of California law.” *Id.* The court then
21 analyzed the other purported contacts with the forum, and concluded that jurisdiction was lacking
22 because there was no evidence that the defendant had voluntarily undertaken significant patent
23 enforcement action in the forum, such as litigation, ongoing supervision of licensees, or entering
24 into exclusive licenses within California. *Id.* at *5–6.

25 In contrast, the court in *Xilinx* found that the exercise of jurisdiction would not be
26 unreasonable where the patent holder not only sent numerous cease-and-desist letters, but also
27 had “repeatedly availed itself of the California federal court system—at least seven times—by
28 filing patent infringement lawsuits here.” 848 F.3d 1346, 1350, 1357 (Fed. Cir. 2017). There,

1 representatives of the patent holder had also traveled to the forum to discuss the infringement and
2 licensing offer with the plaintiff. *Id.* These facts make *Xilinx* readily distinguishable from the
3 present case, where SGS alleges no other enforcement contacts apart from Rhino’s cease and
4 desist letter, and otherwise provides no reason that this court should depart from clear Federal
5 Circuit authority holding that a cease and desist letter, without more, is insufficient to confer
6 specific personal jurisdiction over a defendant patentee.

7 In sum, the court has concluded that it lacks specific personal jurisdiction over the
8 defendant for both the trade dress and design patent non-infringement causes of action.

9 **B. Motion to Transfer**

10 Pursuant to 28 U.S.C. § 1631, if a “court finds that there is a want of jurisdiction, the court
11 shall, if it is in the interest of justice, transfer such action . . . to any other such court in which the
12 action or appeal could have been brought at the time it was filed[.]” *See Miller v. Hambrick*, 905
13 F.2d 259, 262 (9th Cir. 1990) (holding that district court’s failure to exercise its discretion under §
14 1631 constitutes an abuse of discretion); *see also Gray & Co. v. Firstenberg Machinery Co.*, 913
15 F.2d 758, 761–62 (9th Cir. 1990) (finding a lack of personal jurisdiction and remanding with
16 instruction that the district court dismiss or transfer the action pursuant to § 1631).

17 Having found above that this court lacks personal jurisdiction over the defendant, the sole
18 issue under 28 U.S.C. § 1631 is whether transfer would be in the interest of justice. Generally,
19 “transfer will be in the interest of justice because normally dismissal of an action that could have
20 been brought elsewhere is ‘time-consuming and justice-defeating.’” *Miller*, 905 F.2d at 262
21 (quoting *Goldlawr, Inc. v. Heiman*, 369 U.S. 463, 467 (1962)) (citation omitted).

22 Although not framed in the context of an “interest of justice” analysis, Rhino’s alternative
23 motion to transfer provides considerations relevant to the court’s interest of justice analysis under
24 § 1631. Rhino argues that, pursuant to the anticipatory suit rule, this declaratory judgment action
25 should be dismissed without prejudice or transferred to the District of Idaho where it can be
26 consolidated with Rhino’s pending action in that court. (Doc. No. 9-1 at 11–13.) SGS objects to
27 transfer on the ground that there is no factual basis for application of the anticipatory suit rule as
28 opposed to the first-to-file rule. (Doc. No. 12 at 19–23.)

1 The first-to-file rule is “a generally recognized doctrine of federal comity which permits a
2 district court to decline jurisdiction over an action when a complaint involving the same parties
3 and issues has already been filed in another district.” *Pacesetter Sys., Inc. v. Medtronic, Inc.*, 678
4 F.2d 93, 94–95 (9th Cir. 1982). Accordingly, “when cases involving the same parties and issues
5 have been filed in two different districts, the second district court has discretion to transfer, stay,
6 or dismiss the second case in the interest of efficiency and judicial economy.” *Cedars-Sinai Med.
7 Ctr. v. Shalala*, 125 F.3d 765, 769 (9th Cir. 1997).

8 The Ninth Circuit has recognized, however, that the first-to-file rule should not be applied
9 mechanically, and that exceptions to that rule include bad faith, anticipatory suits, or forum
10 shopping. *Alltrade, Inc. v. Uniweld Prods., Inc.*, 946 F.2d 622, 628 (9th Cir. 1991). A suit is
11 anticipatory when the plaintiff in the first action was in receipt of “specific, concrete indications
12 that a suit by defendant was imminent.” *Z-Line Designs, Inc. v. Bell’O Int’l, LLC*, 218 F.R.D.
13 663, 665 (N.D. Cal. 2003).

14 Here, it is appropriate to depart from the first-to-file rule because the instant action
15 appears to be an anticipatory suit. In its opposition to the motion now pending before this court,
16 SGS disputes Rhino’s characterization of events, insisting that “there never were any settlement
17 negotiations between Rhino and Sturdy Safe’s *current* counsel.” (Doc. No. 12 at 22) (emphasis
18 added). SGS fails to acknowledge the settlement discussions undertaken by its former counsel.
19 SGS also attempts to liken this action to *Tuxton China, Inc. v. Oneida Group Inc.*, No. 2:17-cv-
20 02996-SVW-E, 2017 WL 5989040, (C.D. Cal. Sept. 12, 2017), where the court declined to
21 invoke the anticipatory suit doctrine. In *Tuxton China*, however, the court noted that the
22 defendant’s pre-suit letter to plaintiff did not threaten imminent suit, but simply stated that it
23 would “take more formal actions” if the plaintiff did not meet the defendant’s demands. *Tuxton
24 China*, 2017 WL 5989040, at *2.

25 SGS’s analogy to *Tuxton China* is unpersuasive, because here, Rhino’s cease and desist
26 letter specifically informed SGS that if it did not receive a satisfactory reply to its demands, it
27 “[would] be forced to pursue our client’s claims in federal court.” (Doc. No. 2 at 12.) In an email
28 dated September 19, 2018 from Rhino’s counsel to SGS’s Texas-based counsel, Rhino’s counsel

1 transmitted a draft compromise agreement, but stated that if the agreement did not lead to an
2 acceptable resolution, “we will be forced to proceed as indicated in our prior correspondence.”
3 (Doc. No. 9-6.) In addition, in an October 4, 2018 email from Rhino’s counsel to SGS’s Texas-
4 based counsel, Rhino’s counsel noted that the “parties may be at an impasse” and made “*one final*
5 *attempt* at resolving the matter” out of court. (Doc. No. 9-7) (emphasis added). SGS therefore
6 had “concrete, specific indications” before it initiated the instant action that Rhino would
7 immediately file suit upon the collapse of settlement negotiations. *Z-Line Designs*, 218 F.R.D. at
8 665.

9 SGS’s other arguments against application of the anticipatory suit rule here—that it served
10 Rhino promptly in this action, and that Rhino’s Idaho Action is retaliatory and “highlights Rhino
11 for the bully that it is”—are also unpersuasive. (*See* Doc. No. 12 at 22–23.) SGS does not cite
12 any authority for the proposition that prompt service of process is sufficient to overcome the other
13 indications that SGS engaged in misdirection, including when its Tennessee-based counsel stated
14 that he would “be in touch” regarding the latest settlement offer, but then instead filed suit against
15 Rhino without any notice or further communication. (*See* Doc. No. 9-1 at 8; Doc. No. 9-8.)
16 Moreover, SGS’s assertion that the Idaho Action is retaliatory or bullyish is belied by the record,
17 which indicates that Rhino made clear on multiple occasions that it intended to file suit in federal
18 court if an out-of-court resolution could not be reached.

19 Finally, policy considerations counsel against application of the first-to-file rule here.
20 Numerous courts have held that “where . . . a declaratory judgment action has been triggered by a
21 cease and desist letter that both seeks settlement and notifies the party of the possibility of
22 litigation upon collapse of negotiations, equity militates in favor of allowing the second-filed
23 action to proceed to judgment rather than the first.” *Xoxide, Inc. v. Ford Motor Co.*, 448 F. Supp.
24 2d 1188, 1193 (C.D. Cal. 2006) (quoting *Z-Line*, 218 F.R.D. at 667) (quotation marks omitted);
25 *see also Inherent.com v. Martindale-Hubbell*, 420 F. Supp. 2d 1093, 1097 (N.D. Cal. 2006) (“The
26 anticipatory suit exception is rooted in a concern that a plaintiff should not be deprived of its
27 traditional choice of forum because a defendant with notice of an impending suit first files a
28 declaratory relief action over the same issue in another forum.”) (citation and quotation marks

1 omitted); *Charles Schwab & Co. v. Duffy*, No. C98-03612 MMC, 1998 WL 879659, at *1 (N.D.
2 Cal. Dec. 8, 1998) (“Applying the first-to-file rule would thwart settlement negotiations, as
3 intellectual property holders would feel compelled to file suit rather than communicate with an
4 alleged infringer.”); *DeFeo v. Procter & Gamble Co.*, 831 F. Supp. 776, 778 (N.D. Cal. 1993)
5 (“The Declaratory Judgment Act is not to be invoked to deprive a plaintiff of his conventional
6 choice of forum and timing, precipitating a disorderly race to the courthouse.”) (citation omitted);
7 *Capitol Records, Inc. v. Optical Recording Corp.*, 810 F. Supp. 1350, 1354 (S.D.N.Y. 1992)
8 (“Potential plaintiffs should be encouraged to attempt settlement discussions . . . prior to filing
9 lawsuits without fear that the defendant will be permitted to take advantage of the opportunity to
10 institute litigation in a district of its own choosing before the plaintiff files a complaint.”) (citation
11 and quotation marks omitted).

12 Based on the record described above, and the prior settlement discussions between the
13 parties, the court finds that the filing of SGS’s complaint in this court was anticipatory and a
14 method of forum shopping. For the sake of judicial economy and efficiency, and in the interest of
15 justice, the court will transfer this declaratory judgment action to the United States District Court
16 for the District of Idaho. In light of the court’s granting of Rhino’s motion to transfer on this
17 basis, the court declines to address Rhino’s alternative argument that transfer of this action is
18 warranted pursuant to 28 U.S.C. § 1404(a).

19 CONCLUSION

20 For the reasons stated above:

- 21 1. Defendant’s motion to dismiss or transfer (Doc. No. 9) is granted;
- 22 2. This court lacks personal jurisdiction over defendant; and
- 23 3. The Clerk of the Court is directed to transfer this case to the United States District
24 Court for the District of Idaho.

25 IT IS SO ORDERED.

26 Dated: February 14, 2019

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28 _____
UNITED STATES DISTRICT JUDGE