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UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF CALIFORNIA

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CONCRETE WASHOUT SYSTEMS,
INC., a California
corporation,

Plaintiff,

CIV. NO. 2:14-0830 WBS CKD

MEMORANDUM AND ORDER RE: MOTION
TO DISMISS

v.

TERRELL MORAN, INC., TMI
SERVICES TRUCKS & EQUIPMENT
RENTALS LLC, TMI CONCRETE
WASHOUT TRUCKS & EQUIPMENT
RENTALS LLC, TERRELL MORAN,
TODD TERMINI, and Does 1-100,

Defendants.

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Plaintiff Concrete Washout Systems sued defendants for
breach of contract and patent infringement. Defendants Trucks
and Equipment Rentals, LLC and Trucks and Machinery for Industry,
LLC (together "Trucks LLCs")¹ move to dismiss for lack of

¹ According to the Trucks LLCs' motion, plaintiff
incorrectly named these two defendants as, respectively, "TMI

1 personal jurisdiction pursuant to Federal Rule of Civil Procedure
2 12(b)(2).

3 I. Factual and Procedural Background

4 Concrete washout is a waste that comes from washing out
5 cement trucks and other concrete equipment at the end of the day.
6 (Compl. ¶ 8.) The Environmental Protection Agency ("EPA")
7 regulates the substance because its corrosive nature makes it an
8 environmental risk. (Id.) Following the issuance of EPA
9 guidelines, many companies tried to develop best practices for
10 the disposal of concrete waste water. (Id. ¶ 9.)

11 Plaintiff's CEO Mark Jenkins developed a portable
12 container that is an allegedly novel solution for concrete waste
13 disposal. (Id. ¶ 11.) Jenkins formed Concrete Washout, a
14 California corporation headquartered in Sacramento, to market and
15 license his system. (Id. ¶¶ 1, 12.) In October 2006, plaintiff
16 obtained several patents for the system, which are still in full
17 force and effect. (Id. ¶¶ 2-21.)

18 Defendant Terrell Moran, Inc., ("TMI") is a Louisiana
19 corporation with a principal place of business in Gonzales,
20 Louisiana. (Id. ¶ 2.) In April 2007, plaintiff and TMI entered
21 into a written Licensing Agreement for the Concrete Washout
22

23 Services Trucks and Equipment Rentals, LLC," and "TMI Concrete
24 Washout Trucks and Equipment Rentals LLC." (Mot. to Dismiss at 1
25 (Docket No. 24) ("[Plaintiff presumably meant to name Trucks and
26 Equipment and Trucks and Machinery . . . not 'TMI Services Trucks
27 and Equipment Rentals, LLC' or 'TMI Concrete Washout and
28 Equipment Rentals, LLC.'"). For the purposes of this Order, the
court will use "Trucks LLCs" to refer to defendants named as TMI
Trucks & Equipment Rentals LLC and TMI Concrete Washout Trucks &
Equipment Rentals LLC.

1 Systems containers. (Id. ¶ 35.) TMI purchased twenty-one
2 containers in exchange for a monthly sum. (Id. ¶¶ 36-37.) The
3 Licensing Agreement prohibited TMI from selling or transferring
4 ownership of the containers without written consent from
5 plaintiff. (Id. ¶ 39.)

6 Plaintiff alleges that despite this provision, in 2010,
7 Terrell Moran met with Roydan Bozeman in Louisiana to discuss the
8 acquisition of certain assets owned by TMI. (Id. ¶ 2; Bozeman
9 Decl. ¶ 2.) The sale went forward. (Compl. ¶ 58.) To complete
10 the transaction, Bozeman formed the Trucks LLCs. (Bozeman Decl.
11 ¶ 3.) The Trucks LLCs are Delaware LLCs with their principal
12 places of business in Denham Springs, Louisiana.²

13 Plaintiff alleges that the Trucks LLCs are infringing
14 on his patent by operating their concrete washout business using
15 the patented containers obtained from Moran. (Id. ¶ 42.)
16 Plaintiff brings a breach of contract claim against TMI and
17 patent infringement claims against all defendants, seeking
18 injunctive relief and damages. (Compl. ¶¶ 48-63.) The Trucks
19 LLCs make a special appearance to seek dismissal on the basis
20 that the court does not exercise personal jurisdiction over them.

21 II. Personal Jurisdiction Over Trucks Defendants

22 Federal Circuit precedent generally applies to
23 determine whether the court may properly exercise personal
24 jurisdiction over a defendant in patent cases. Adobe Sys. Inc.
25 v. Tejas Research, LLC, Civ. No. 3:14-868 EMC, 2014 WL 4651654,

26 ² Plaintiff's complaint alleges the LLCs are incorporated
27 in Louisiana, (Compl. ¶¶ 3-4) but this is supported by no
28 evidence and is controverted by certificates of incorporation
offered by the Trucks LLCs, (see Bozeman Decl. Exs. 1,3.)

1 at *2 (N.D. Cal. Sept. 17, 2014); Deprenyl Animal Health, Inc. v.
2 Univ. of Toronto Innovations Found., 297 F.3d 1343, 1348 (Fed.
3 Cir. 2002) (“Federal Circuit law governs the issue of personal
4 jurisdiction in this patent-related case.”). Plaintiff bears the
5 burden of demonstrating that the court has jurisdiction over the
6 defendant. See Merial Ltd. v. Cipla Ltd., 681 F.3d 1283, 1294
7 (Fed. Cir. 2012) (recognizing that the burden of establishing
8 personal jurisdiction ordinarily falls on the plaintiff).

9 Due process requires that for a nonresident defendant
10 to be subject to the court’s jurisdiction, the defendant must
11 “have certain minimum contacts with [the forum state] such that
12 the maintenance of the suit does not offend traditional notions
13 of fair play and substantial justice.” Int.’l Shoe Co. v.
14 Washington, 326 U.S. 310, 316 (1945) (internal quotation marks
15 and citation omitted). Plaintiff must normally make a prima
16 facie showing of either general or specific jurisdiction. See
17 Elecs. For Imaging, Inc. v. Coyle, 340 F.3d 1344 (Fed. Cir.
18 2003).

19 The Trucks LLCs do no business outside of Louisiana and
20 appear to have no contacts with California. Rather than
21 attempting to establish general or specific jurisdiction,
22 plaintiff appears to argue that the Trucks LLCs can be deemed to
23 have consented to personal jurisdiction in California. (See
24 Pl.’s Opp’n at 6.) “Under general contract principles, a forum
25 selection clause may give rise to waiver of objections to
26 personal jurisdiction.” Holland Am. Line, Inc. v. Wartsila N.
27 Am., Inc., 485 F.3d 450, 457 (9th Cir. 2007). The Licensing
28 Agreement between plaintiff and TMI contained a clause selecting

1 California as the forum for litigation arising out of the
2 agreement.³ (See Compl. Ex. A.) The Trucks LLCs, however, were
3 not parties to this Agreement--nor were they even in existence at
4 the time the Agreement was executed, (Bozeman Decl. ¶ 3). A
5 forum selection clause does not apply to a nonresident defendant,
6 unless the party assented to it. See Holland, 485 F.3d at 458.
7 Plaintiff has not provided evidence that Bozeman assented to the
8 Agreement's terms.

9 Plaintiff nevertheless argues that Bozeman's awareness
10 of the existence of the Agreement after the fact means the Trucks
11 LLCs can be deemed to have consented to the forum selection
12 clause. (See Pl.'s Opp'n at 6.) The parties dispute that
13 Bozeman was actually aware of the terms of the Agreement when he
14 purchased TMI's assets.⁴ This dispute is immaterial. Even if

15
16 ³ The full text of the provision states:

17 This Agreement shall be governed by and construed
18 according to the laws of the State of California.
19 Each party to this Agreement hereby submits to the
20 exclusive jurisdiction of the state and federal courts
21 sitting in the County of Sacramento in the State of
22 California, consents to the extra-territorial service
23 of process, and waives any jurisdictional, venue or
24 inconvenient forum objections to such courts. All
25 legal proceedings arising out of or in connection with
26 the Agreement shall be based solely in the County of
27 Sacramento in the State of California. Not
28 withstanding the foregoing, CWS may, at its option,
apply for injunctive relief and other provisional
remedies in a State or Federal Court located in any
jurisdiction where violation of this Agreement may
occur.

⁴ Moran states in an affidavit that he informed Bozeman
of the terms of the Agreement at the time Bozeman purchased TMI's
assets. (Moran Decl. ¶ 3.) Todd Termini, a former employee of
T&E, and also named as a defendant, states in an affidavit that

1 Bozeman was aware of the existence of the Licensing Agreement,
2 that would not support the conclusion that plaintiff consented to
3 jurisdiction in California.

4 Holland recognized that if a nonparty to a contract
5 containing a forum selection clause is nevertheless related to a
6 signatory in such a way that it can be deemed to have
7 participated in the transaction, then that nonparty would be
8 subject to the forum selection clause. See Holland, 485 F.3d at
9 456 (holding that companies related to contract signatory who
10 were among the "range of transaction participants" were subject
11 to the agreement's forum selection clause). Holland does not
12 apply to a situation where a non-party to a contract bears no
13 relation to a signatory at the time of the execution of the
14 contract, because such a non-party could not have participated in
15 the transaction. Here, defendants the Trucks LLCs were not
16 involved in the transaction covered by the Licensing Agreement,
17 nor were they related to TMI at the time the Agreement was
18 executed. Absent any participation in the transaction, there
19 must be some independent evidence that the party agreed to the
20 clause in order for that party to be bound by it. See id. at 457
21 (declining to exercise personal jurisdiction over defendants who
22 were not parties to the contract because, among other things,
23 there was no evidence of defendants' assent).


24 Having found no basis for exercising personal
25

26 Moran told him that Moran fully informed Bozeman about the
27 licensing arrangement. (Termini Decl. ¶ 9.) Bozeman, however,
28 denies that Moran ever mentioned the Agreement; instead, he
claims, Moran represented to Bozeman that TMI was the owner of
the assets he was selling. (Bozeman Decl. ¶ 5.)

1 jurisdiction over the Trucks LLCs, the court must dismiss them
2 from this action.

3 IT IS THEREFORE ORDERED that the motion of defendants
4 Trucks and Equipment Rentals, LLC and Trucks and Machinery for
5 Industry, LLC to dismiss for lack of personal jurisdiction
6 pursuant to Federal Rule of Civil Procedure 12(b)(2) be, and the
7 same hereby is, GRANTED, and this action is hereby DISMISSED as
8 against said defendants.

9 Dated: February 25, 2015

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11 **WILLIAM B. SHUBB**
12 **UNITED STATES DISTRICT JUDGE**

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