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United States District Court  
For the Northern District of California

IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF CALIFORNIA

BMMSOFT, INC.,  
Plaintiff,  
v.  
WHITE OAKS TECHNOLOGY INC.  
Defendant

No. C-09-4562 MMC

**ORDER DENYING DEFENDANT’S  
MOTION TO DISMISS**

Before the Court is defendant White Oaks Technology Inc.’s (“WOTI”) motion, filed October 30, 2009, as amended November 3, 2009, to dismiss plaintiff BMMsoft, Inc.’s (“BMMsoft”) complaint on the ground that WOTI is not subject to personal jurisdiction in California. BMMsoft has filed opposition, to which WOTI has replied. Further, with leave of court, BMMsoft has filed a surreply. Having read and considered the papers filed in support of and in opposition to the motion, the Court rules as follows.<sup>1</sup>

**BACKGROUND**

**A. Allegations In Complaint**

In its complaint, BMMsoft, a corporation with its principal place of business in San Francisco, California, alleges that its “principal product” is software known as “EDMT Server” (“Software”) which stores both “structured” and “unstructured” data in a single

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<sup>1</sup>By order filed January 13, 2010, the Court took the matter under submission.

1 database (see Compl. ¶ 8), and which product BMMsoft markets through distributors such  
2 as Sybase, Inc. (“Sybase”), which has its principal place of business in California (see  
3 Compl. ¶¶ 12, 22). BMMsoft alleges that in February 2008, Sybase sold Software to WOTI  
4 pursuant to a “reseller license agreement” between Sybase and WOTI, which agreement is  
5 governed by California law. (See Compl. ¶¶ 12, 23.) BMMsoft also alleges that as part of  
6 the above-referenced transaction between Sybase and WOTI, WOTI entered into an  
7 agreement with BMMsoft titled “End User License Agreement,” which agreement is subject  
8 to California law. (See Compl. ¶¶ 13, 21.) Further, according to BMMsoft, in 2008, it sold  
9 to WOTI, “through Sybase,” a “total of eight (8) production CPU core licenses and eight (8)  
10 development CPU core licenses of the Software,” each of which licenses was “intended for  
11 a WOTI end-customer who was to use the Software for its internal purposes.” (See Compl.  
12 ¶ 14.) Also in 2008, “WOTI ordered 48 core licenses of Sybase IQ from Sybase which  
13 were intended for the End-User Project” (see Compl. ¶ 18).<sup>2</sup>

14 BMMsoft also alleges that, “[c]ommencing in March 2008, WOTI engineers regularly  
15 called and e-mailed BMMsoft in San Francisco to obtain support with the installation of the  
16 Software” (see Compl. ¶ 14), that, in July 2008, BMMsoft “delivered an update to the  
17 Software called version 6.2” (see Compl. ¶ 15), and, thereafter, WOTI “continued to seek  
18 telephone [and] e-mail support from BMMsoft for version 6.2” (see Compl. ¶ 16). According  
19 to BMMsoft, during the above-referenced “support communications, BMMsoft disclosed  
20 [c]onfidential [i]nformation to WOTI concerning system performance and optimization.”  
21 (See id.)

22 BMMsoft further alleges that, on November 23, 2008, after WOTI had engaged in  
23 “months of extensive work with BMMsoft,” WOTI “declared that the ‘32-core EDMT system  
24 has gone production’,” even though WOTI had only obtained eight “production core  
25 licenses.” (See Compl. ¶ 17.) Further, BMMsoft alleges, when BMMsoft then “sought the  
26 additional licenses, WOTI stopped communicating with BMMsoft.” (See id.) Later, in

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28 <sup>2</sup>According to the complaint, “Sybase IQ” is a “database” product that can form the  
“back-end” for the Software. (See Compl. ¶ 9.)

1 January 2009, according to BMMSoft, “WOTI told BMMsoft that the End User Project had  
2 been cancelled” (see Compl. ¶ 18); BMMsoft alleges, however, that WOTI, contrary to  
3 WOTI’s representations, “unlawfully copied the Software, and sold such illegal copies to the  
4 End-User Project” (see Compl. ¶ 19), i.e., to WOTI’s “end-customer” (see Compl. ¶ 14),  
5 and, in so doing, disclosed to the customer BMMsoft’s “trade secrets” (see Compl. ¶¶ 40,  
6 44).

7 Based on the above allegations, BMMsoft alleges WOTI violated the Copyright Act  
8 by copying and selling the Software without permission, breached the provisions of the End  
9 User License Agreement, and misappropriated BMMsoft’s trade secrets.

10 **B. Evidence Offered by WOTI**

11 In support of the instant motion, WOTI offers evidence that it has no offices in or  
12 employees based in California (see Broder Decl. ¶ 5), it has never made or attempted to  
13 make sales in California (see id.), and it owns no property in and has no mailing address or  
14 telephone listing in California (see id.) WOTI also offers evidence that when it purchased  
15 BMMsoft’s products, it did so from a vendor with an address outside of California. (See id.  
16 Exs. ¶¶ A, B.) Additionally, WOTI offers evidence the “physical locations in which WOTI  
17 employees performed work in connection with BMMsoft’s EDMT Server software were in  
18 Maryland, Virginia and/or Florida.” (See id. ¶ 10.) With respect to contacts between the  
19 parties during the time BMMsoft provided support services to WOTI, WOTI offers evidence  
20 that “[n]early all contacts between WOTI and BMMsoft took place by email and the  
21 remainder were by telephone” (see id. ¶ 12); during such contacts, WOTI employees were  
22 never, according to WOTI, “physically present in California” (see id.). Further, WOTI offers  
23 evidence that it is “primarily a services company,” that its customers are federal agencies  
24 and “prime contractors” of federal agencies, and that WOTI’s President does not  
25 “consider[ ]” BMMsoft to be a “competitor of WOTI.” (See Supp. Broder Decl. ¶ 9.)

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1 **DISCUSSION**

2 Where a court does not conduct an evidentiary hearing on a motion to dismiss for  
3 lack of personal jurisdiction,<sup>3</sup> the plaintiff need only make “a prima facie showing of  
4 jurisdictional facts to withstand the motion to dismiss.” See Brayton Purcell LLP v.  
5 Recordon & Recordon, 575 F.3d 981, 985 (9th Cir. 2009) (internal citation and quotation  
6 omitted). “Additionally, uncontroverted allegations in [the] plaintiff’s complaint must be  
7 taken as true, and conflicts between the facts contained in the parties’ affidavits must be  
8 resolved in [the] plaintiff’s favor.” Id. (internal citation, quotation and alterations omitted).

9 Here, by the instant motion, WOTI, a citizen of Maryland (see Broder Decl. ¶ 3),  
10 argues it is not subject to personal jurisdiction in the Northern District of California. In  
11 opposition, BMMsoft argues that the Court may exercise specific jurisdiction over WOTI.<sup>4</sup>

12 Where a plaintiff contends a district court may assert specific jurisdiction over a non-  
13 resident defendant, the court “employs a three-prong test to determine whether a party has  
14 sufficient minimum contacts to be susceptible to specific personal jurisdiction.” See  
15 Brayton Purcell, 575 F.3d at 985. Specifically, a court, to exercise specific jurisdiction,  
16 must find “(1) the defendant has performed some act or consummated some transaction  
17 within the forum or otherwise purposefully availed himself of the privileges of conducting  
18 activities in the forum, (2) the claim arises out of or results from the defendant’s  
19 forum-related activities, and (3) the exercise of jurisdiction is reasonable.” See Bancroft &  
20 Masters, Inc. v. Augusta National Inc., 223 F.3d 1082, 1086 (9th Cir. 2000). “The plaintiff  
21 bears the burden of satisfying the first two prongs of the test.” Schwarzenegger v. Fred  
22 Martin Motor Co., 374 F.3d 797, 802 (9th Cir. 2004). If the plaintiff meets such burden, “the  
23 burden then shifts to the defendant to present a compelling case that the exercise of

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26 <sup>3</sup>Neither party has requested the Court conduct an evidentiary hearing.

27 <sup>4</sup>Under some circumstances, a district court may exercise “general jurisdiction” over  
28 a non-resident. See Bancroft & Masters, Inc. v. Augusta National Inc., 223 F.3d 1082,  
1086 (9th Cir. 2000). In the instant case, BMMsoft does not rely on general jurisdiction,  
and, consequently, the Court does not consider WOTI’s argument that it is not subject to  
general jurisdiction in California.

1 jurisdiction would not be reasonable.” See id.

2 **A. Purposeful Availment/Purposeful Direction**

3 “The first prong is satisfied by either purposeful availment or purposeful direction.”  
4 See Brayton Purcell, 575 F.3d at 985. Here, BMMsoft relies on its allegations that WOTI  
5 has engaged in infringing conduct and has misappropriated trade secrets. Where a plaintiff  
6 seeks to establish the “first prong” by relying on tortious conduct, “[p]urposeful direction is [  
7 ] the proper analytical framework.” See id. at 985-86 (finding, for purposes of personal  
8 jurisdiction, copyright infringement is properly “characterized as a tort”).

9 To establish “purposeful direction,” the plaintiff must show that the defendant  
10 “(1) committed an intentional act, (2) expressly aimed at the forum state, (3) causing harm  
11 that the defendant knows is likely to be suffered in the forum state.” See id. at 986 (internal  
12 quotation and citation omitted). “There is no requirement that the defendant have any  
13 physical contacts with the forum.” Id.

14 **1. Intentional Act**

15 As BMMsoft correctly observes, WOTI has not, at this stage of the proceedings,  
16 offered evidence to dispute BMMsoft’s allegation that WOTI copied and sold the Software  
17 without authorization.<sup>5</sup> Nor does WOTI offer evidence to dispute BMMsoft’s allegation that  
18 WOTI obtained trade secrets from BMMsoft during the time WOTI sought support services  
19 from BMMsoft, and thereafter disclosed those secrets to another. Consequently, those  
20 allegations are “taken as true” for purposes of the instant motion. See Brayton Purcell, 575  
21 F.3d at 985.

22 Accordingly, the “intentional act” element is met. See Menken v. Emm, 503 F.3d  
23 1050, 1059 (9th Cir. 2007) (holding “intentional act” element met where plaintiff alleged  
24 defendant intentionally engaged in tortious conduct); see, e.g., Brayton Purcell, 575 F.3d at

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26 <sup>5</sup>The parties dispute whether, during the period in which BMMsoft provided support  
27 services to WOTI, BMMsoft delivered an upgraded version of the Software. (See Krneta  
28 Decl. ¶ 10; Broder Decl. ¶ 11.) Disputes of fact are, at this stage of the proceedings,  
resolved in favor of BMMsoft. See Brayton Purcell, 575 F.3d at 985. In any event, even if  
WOTI did not receive the upgraded version of the Software, WOTI fails to argue how such  
circumstance bears on the instant motion.

1 986 (holding defendant’s posting on its website material that infringed plaintiff’s copyright  
2 constituted “intentional act” for purposes of personal jurisdiction).

### 3 **2. Expressly Aimed**

4 The second element requires that “the defendant’s conduct be expressly aimed at  
5 the forum.” See id. at 986. This requirement “is satisfied when the defendant is alleged to  
6 have engaged in wrongful conduct targeted at a plaintiff whom the defendant knows to be a  
7 resident of the forum state.” See Bancroft & Masters, 223 F.3d at 1087. Where the  
8 wrongful conduct is infringement, if the plaintiff shows the defendant “willfully infringed  
9 copyrights owned by [the plaintiff]” and that the defendant knew the plaintiff’s principal  
10 place of business was located in the forum, such showing “alone is sufficient” to satisfy the  
11 “expressly aimed” element. See Brayton Purcell, 575 F.3d at 987 (quoting Columbia  
12 Pictures Television v. Krypton Broadcasting of Birmingham, Inc., 106 F.3d 284, 289 (9th  
13 Cir. 1997)).

14 Here, BMMsoft alleges, and WOTI at this juncture has not offered evidence to  
15 dispute, that WOTI willfully infringed BMMsoft’s copyrights when it copied the Software and  
16 sold it to a third party. Further, WOTI does not dispute that BMMsoft’s principal place of  
17 business is in California, or, more importantly, that it knew such fact, not only because it  
18 was advised to take the three-hour time difference into consideration when calling (see  
19 Krneta Decl. ¶ 8), but also because the “End User License Agreement” between BMMsoft  
20 and WOTI lists a California address, and no other, for BMMsoft (see Compl. Ex. B ¶ 17).

21 The above showing by BMMsoft is sufficient, under the principles set forth in Brayton  
22 Purcell and the cases cited therein, to support a finding that BMMsoft’s conduct was  
23 expressly aimed at California. Although WOTI argues the holding in Brayton Purcell is, for  
24 two reasons, inapplicable in the instant case, the Court finds neither of such asserted  
25 reasons persuasive.

26 First, WOTI argues that BMMsoft does not allege that WOTI competed with WOTI at  
27 all, let alone in California, and that the latter is a requisite element of purposeful direction in  
28 a case of infringement. Such additional showing was not required in Columbia Pictures, on

1 which Brayton Purcell relied. Assuming, arguendo, competition nonetheless is a  
2 prerequisite, WOTI's assertion that its primary business is not selling software and that  
3 WOTI does not consider itself to be a competitor of BMMsoft is unavailing, as, on the  
4 evidence presented, WOTI in fact was competing with BMMsoft, at least for the  
5 customer(s) who allegedly purchased unauthorized copies of the Software from WOTI.  
6 Further, the location of any such customer is "irrelevant" where, as here, there is no dispute  
7 that the defendant was aware of the plaintiff's residence in the forum state. See Brayton  
8 Purcell, 575 F.3d at 987 (holding, where plaintiff alleged defendant unlawfully copied and  
9 used plaintiff's copyrighted material to compete for customers, fact that customers did not  
10 reside in forum was "irrelevant so long as [the defendant] individually targeted [the plaintiff],  
11 a [f]orum resident").

12 WOTI next argues that Brayton Purcell is "not the law of the Ninth Circuit." (See  
13 Def.'s Reply at 4:15-16.) Brayton Purcell and the cases cited and relied upon therein,  
14 however, are decisions of the Ninth Circuit and, as such, are binding on this Court. To the  
15 extent WOTI may be arguing that Brayton Purcell and the cases cited therein should not be  
16 the law of the Ninth Circuit, the argument is not properly addressed to a district court.<sup>6</sup>

17 Accordingly, the "expressly aimed" element is met.

### 18 **3. Foreseeable Harm**

19 "The final element requires that [the defendant's] conduct caused harm that it knew  
20 was likely to be suffered in the forum." Brayton Purcell, 575 F.3d at 988. It is "foreseeable  
21 that [a plaintiff will] be harmed by infringement of its copyright, including harm to its  
22 business reputation and goodwill, and decreased business and profits," and that "some of

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23  
24 <sup>6</sup>WOTI asserts Brayton Purcell is contrary to the holding set forth in  
25 Schwarzenegger, in which the Ninth Circuit found an automobile dealership that used a  
26 likeness of Arnold Schwarzenegger in an advertisement did not expressly aim its conduct  
27 at California because the advertisement was seen only by persons in Ohio. See  
28 Schwarzenegger, 374 F.3d at 807. Schwarzenegger, however, is distinguishable on its  
facts from both the instant case and Brayton Purcell, in that the advertisement in  
Schwarzenegger, as Brayton Purcell noted, "was expressly aimed at Ohio" and the  
defendant "had no reason to believe that any Californians would see it." See Brayton  
Purcell, 575 F.3d at 988 (internal quotation and citation omitted); see also  
Schwarzenegger, 374 F.3d at 807 (noting defendant's "express aim was local").

1 this harm [will] occur” in the forum where the plaintiff resides. See id.

2 Here, and, again assuming as true the allegation that WOTI made unauthorized  
3 copies of the Software, which it then sold, harm in the form of decreased profits was  
4 foreseeable in California, where WOTI knew BMMsoft resided.

5 According, the “foreseeable harm” element is met.

#### 6 **4. Conclusion As To Purposeful Availment/Purposeful Direction**

7 Based on the record presently before the Court, the Court finds BMMsoft has shown  
8 WOTI engaged in intentional acts that were expressly aimed at California, and that it was  
9 foreseeable those acts would cause harm in California.

10 Accordingly, BMMsoft has established the first requirement.

#### 11 **B. Claim Arises Out of Forum-Related Activities**

12 “The second requirement for specific jurisdiction is that the contacts constituting  
13 purposeful availment must be the ones that give rise to the current suit.” Bancroft &  
14 Masters, 223 F.3d at 1088.

15 Here, as discussed above, the contacts constituting purposeful direction are WOTI’s  
16 alleged willful infringement and misappropriation of trade secrets, and, more specifically,  
17 WOTI’s having made unauthorized copies of BMMsoft’s Software, and thereafter having  
18 sold those copies and disclosed to the purchaser(s) BMMsoft’s alleged trade secrets.  
19 BMMsoft’s claims arise out of those alleged contacts.

20 Accordingly, the second requirement is met.

#### 21 **C. Reasonableness**

22 “The final requirement for specific jurisdiction . . . is reasonableness.” See id. “For  
23 jurisdiction to be reasonable, it must comport with fair play and substantial justice.” Id. The  
24 defendant has “the burden of demonstrating unreasonableness” and, to meet such burden,  
25 the defendant must “put on a compelling case.” See id.

26 “The reasonableness determination requires the consideration of several specific  
27 factors: (1) the extent of the defendant’s purposeful interjection into the forum state, (2) the  
28 burden on the defendant in defending in the forum, (3) the extent of the conflict with the



1 sovereignty of the defendant's state, (4) the forum state's interest in adjudicating the  
2 dispute, (5) the most efficient judicial resolution of the controversy, (6) the importance of the  
3 forum to the plaintiff's interest in convenient and effective relief, and (7) the existence of an  
4 alternative forum." Id.

### 5 **1. Extent Of Defendant's Purposeful Interjection Into California**

6 As discussed above, WOTI allegedly engaged in conduct purposefully directed at  
7 California when it made and sold unauthorized copies of BMMsoft's Software and when it  
8 obtained from BMMsoft confidential matter WOTI later disclosed without permission to the  
9 person or persons to whom it sold the unauthorized copies. For purposes of the element of  
10 reasonableness, willful infringement of intellectual property owned by a citizen of California,  
11 where the defendant knows the owner is a California resident, weighs in favor of exercising  
12 jurisdiction, as does the defendant's engaging in any intentional act that the defendant  
13 knows is likely to "injure" the plaintiff in California. See Dole Food Co. v. Watts, 303 F.3d  
14 1104, 1115 (9th Cir. 2002). The record, however, does not reflect interjection that was  
15 either lengthy or widespread in nature.

16 Accordingly, this factor weighs moderately in favor of the Court's exercising  
17 jurisdiction.

### 18 **2. Burden On Defendant In Defending In California**

19 In its motion, WOTI asserts it would be subjected to an "extreme" burden should the  
20 Court exercise jurisdiction over it. (See Def.'s Mot. at 9:8-9.) WOTI fails to cite, however,  
21 any evidence to support such conclusory statement. Although some amount of burden  
22 may be inferred from the location of WOTI's principal place of business, WOTI has  
23 obtained counsel in California, which although by itself would not wholly eliminate any such  
24 implicit burden, nonetheless suggests the instant factor does not weigh heavily against the  
25 exercise of jurisdiction. See, e.g., Mattel, Inc. v. Greiner and Haussser GmbH, 354 F.3d  
26 857, 867 (9th Cir. 2003) (holding, where German defendant retained "highly capable and  
27 sophisticated" counsel located in forum, such factor supported finding that any "burden"  
28 imposed in requiring defendant to defend claims in California was "not great").

1           Accordingly, this factor weighs, at best, slightly against the Court's exercise of  
2 jurisdiction.

3           **3. Extent Of Conflict With Sovereignty Of Defendant's Forum**

4           This factor "entails an examination of the competing sovereign interests in regulating  
5 [the defendant's] behavior." See Dole Food, 303 F.3d at 1115. Here, WOTI has not  
6 argued, let alone shown, that Maryland has any interest in regulating the alleged behavior,  
7 or, that if it does have an interest by reason of WOTI's incorporation therein (see Broder  
8 Decl. ¶ 3), there exists any conflict between California and Maryland law.

9           Accordingly, this factor weighs in favor of the Court's exercising jurisdiction.

10           **4. Forum State's Interest In Adjudicating Dispute**

11           "California maintains a strong interest in providing an effective means of redress for  
12 its residents who are tortiously injured." Harris Rutsky & Co. Ins. Services, Inc. v. Bell &  
13 Clements Ltd., 328 F.3d 1122, 1133 (9th Cir. 2003) (internal quotation, citation, and  
14 alteration omitted). Moreover, the parties, by contract, have agreed that the license at  
15 issue herein is to be governed by California law. (See Compl. Ex. B ¶ 17.)

16           Accordingly, this factor weighs in favor of the Court's exercising jurisdiction.

17           **5. Most Efficient Judicial Resolution Of Controversy**

18           The factor of efficient judicial resolution "focuse[es] on the location of the evidence  
19 and witnesses." See Harris Rutsky, 328 F.3d at 1133 (9th Cir. 2003).

20           According to WOTI, some of the witnesses it anticipates it will offer reside outside  
21 California, specifically, Sybase employees located in Washington, D.C. and/or  
22 Massachusetts (see Supp. Broder Decl. ¶¶ 4, 7), and "one or more employees" of a  
23 "customer" of WOTI located in Maryland (see id. ¶ 8). Although BMMsoft disputes the  
24 relevance of the above-referenced out-of-state witnesses, at a minimum, given that the  
25 alleged infringement and misappropriation occurred outside of California, it would appear  
26 apparent that at least some witnesses outside of California are likely to be necessary.  
27 Nonetheless, even where "almost all" of the expected witnesses reside outside the forum,  
28 such a showing does not "weigh[ ] heavily" against the exercise of jurisdiction "given the

1 modern advances in communication and transportation.” See Harris Rutsky, 328 F.3d at  
2 1133 (internal citation and quotation omitted) (holding where “almost all of the evidence and  
3 witnesses reside[d] in London [England],” factor did not weigh heavily against exercise of  
4 jurisdiction by district court in California).

5 As the Supreme Court has observed, “considerations” other than a claimed  
6 “substantial inconvenience” of venue are necessary to warrant a finding that the exercise of  
7 jurisdiction would be unconstitutional, because inconvenience can be addressed by a  
8 motion to change venue. See Burger King Corp. v. Rudzewicz, 471 U.S. 462, 477 (1985)  
9 (noting “considerations” arising from claim of “substantial inconvenience” due to selected  
10 venue “usually may be accommodated through means short of finding jurisdiction  
11 unconstitutional”); Mesalic v. Fiberfloat Corp., 897 F.2d 696, 701 (3rd Cir. 1990) (holding  
12 “proper means to resolve the competing forum preferences of the parties may be through a  
13 motion for change of venue,” as opposed to constitutional challenge to exercise of  
14 jurisdiction; stating “[j]urisdictional issues are not to be confused with § 1404(a) motions”).

15 Accordingly, this factor weighs against the Court’s exercising jurisdiction, but not  
16 heavily.

#### 17 **6. Importance of Forum to Plaintiff’s Interest In Convenient/Effective Relief**

18 BMMsoft offers evidence, undisputed by WOTI, that BMMsoft is an “early stage  
19 company, with limited resources and fewer than 10 employees.” (See Krneta Decl. ¶ 13.)  
20 Based on such concerns, BMMsoft’s President asserts BMMsoft “has limited ability to  
21 prosecute the instant action in [ ] Maryland.” (See id.) Although such showing is sufficient  
22 to identify the importance of the instant forum to BMMsoft, this factor, as the Ninth Circuit  
23 has observed, “is not of paramount importance.” See Harris Rutsky, 328 F.3d at 1133.

24 Accordingly, this factor weighs slightly in favor of the Court’s exercising jurisdiction.

#### 25 **7. Existence Of Alternative Forum**

26 Although, as discussed above, BMMsoft has shown it has an economic interest in  
27 having the matter heard in California, an alternative forum does exist, specifically, a state or  
28 federal court in Maryland.

