

United States District Court
Northern District of California

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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN JOSE DIVISION

YAHOO!, INC.,
Plaintiff,
v.
MYMAIL, LTD.,
Defendant.

Case No. [5:16-cv-07044-EJD](#)

ORDER DENYING MOTION TO DISMISS FOR LACK OF PERSONAL JURISDICTION; DENYING MOTION TO DISMISS, STAY OR TRANSFER; SCHEDULING TRIAL SETTING CONFERENCE

Re: Dkt. Nos. 56, 57, 58

I. INTRODUCTION

The following motions are scheduled for hearing on October 12, 2017: Defendant’s Motion to Dismiss for Lack of Personal Jurisdiction and Improper Venue and Defendant’s Motion to Dismiss, Stay or Transfer. The Court finds it appropriate to take the motions under submission for decision without oral argument pursuant to Civil Local Rule 7-1(b). Having considered the motion, opposition and reply briefs, and for the reasons set forth below, the Court denies Defendant’s motions.

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1 II. BACKGROUND

2 The parties are involved in two separate lawsuits. The first filed action is a patent
3 infringement suit initiated in 2016 by MyMail, Ltd. (“MyMail”) against Yahoo!, Inc. (“Yahoo!”)
4 in the Eastern District of Texas, Civil Action No. 2:16-cv-01000-JRG-RSP (“Texas Action”). In
5 the Texas Action, MyMail alleges, among other things, that Yahoo!’s testing and implementation
6 of the Yahoo! Toolbar infringes two of MyMail’s patents.

7 Yahoo! initiated the second action in this Court against MyMail for breach of Yahoo!’s
8 Toolbar Software License and Yahoo!’s Terms of Service (“Yahoo! Agreements”), both of which
9 contain a forum selection clause specifying jurisdiction exclusively in the courts located within the
10 County of Santa Clara, California. Complaint, ¶¶19, 24. In the instant action, Yahoo! alleges that
11 MyMail breached one or both of the Yahoo! Agreements and its duty of good faith and fair
12 dealing by, inter alia, reverse engineering Yahoo!’s software, seeking to derive income from use
13 of Yahoo!’s software, and filing the Texas Action.

14 MyMail moves to dismiss this action for lack of personal jurisdiction and improper venue.
15 MyMail contends that it did not enter into the Yahoo! Agreements, nor did it authorize, instruct or
16 direct anyone to enter into the Yahoo! Agreements on its behalf. MyMail also contends that the
17 Yahoo! Agreements are “browsewrap agreements” that do not reasonably communicate the terms
18 of those Agreements to any user opening a Yahoo! e-mail account and downloading the Toolbar.¹
19 MyMail also moves to dismiss, stay or transfer the action pursuant to the first-to-file rule.

20 III. DISCUSSION

21 A. Personal Jurisdiction

22 Where, as here, the parties support their respective positions on personal jurisdiction with
23 affidavits, the plaintiff must make a prima facie showing of jurisdictional facts to defeat a
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25 ¹ MyMail also argues that its patent infringement claims do not fall within the scope of the Yahoo!
26 Agreements. The Texas Court has already ruled in favor of MyMail on this issue, and therefore
27 this Court finds it unnecessary to address the issue.

1 defendant’s motion to dismiss. Data Disc, Inc. v. Systems Technology Associates, Inc., 557 F.2d
2 1280, 1285 (9th Cir. 1977). A forum selection clause in a written contract may be prima facie
3 evidence that personal jurisdiction is proper. See e.g. XIFIN, Inc. v. National Reference
4 Laboratory for Breast Health, Inc., 2017 WL 4005264 (S.D. Cal. 2017) (citing SEC v. Ross, 504
5 F.3d 1130, 1149 (9th Cir. 2007). In assessing whether a plaintiff has made a prima facie showing,
6 a plaintiff need only demonstrate facts that if true would support jurisdiction over the defendant.
7 Duffy v. Scott, 2008 WL 2168902 (N.D. Cal. 2009) (citing Harris Rutsky & Co. Ins. Services, Inc.
8 v. Bell & Clements Ltd., 328 F.3d 1122, 1129 (9th Cir. 2003)). Unless directly contravened,
9 plaintiff’s version of facts is taken as true, and conflicts between the facts contained in the parties’
10 affidavits must be resolved in plaintiff’s favor. Harris Rutsky & Co. Ins. Services, Inc., 328 F.3d
11 at 1129.

12 Yahoo! relies upon the declaration of Stephen Owens, who states that a MyMail filing in
13 the Texas Action shows images depicting use of the Yahoo! Toolbar with Yahoo!’s email
14 services, and that one cannot use these services without taking actions that manifest agreement to
15 Yahoo!’s Agreements. Yahoo! also presents evidence of MyMail’s engagement of a third party,
16 iRunway, Inc. (“iRunway”), which provides additional support for exercising personal jurisdiction
17 over MyMail. See Prod. & Ventures Int’l v. Axus Stationary (Shanghai) Ltd., 2017 WL 201703,
18 at *7 (N.D. Cal. 2017) (non-parties alleged conduct so “closely related” to contractual relationship
19 that they too were bound by forum-selection clause).

20 The declaration submitted by MyMail’s principal, Robert Derby, does not directly
21 contravene Yahoo!’s evidence. Instead, MyMail argues that as a matter of contract law, MyMail
22 is not bound by any Yahoo! agreement that iRunway may have entered. At this stage in the
23 proceedings, the Court finds that Yahoo! has satisfactorily made a prima facie showing of
24 jurisdiction. Whether the Yahoo! Agreements will ultimately be binding and enforceable against
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1 MyMail must be determined later in the proceedings based upon a full evidentiary record.²

2 B. First-to-File Rule

3 “The ‘first-to-file’ rule allows a district court to transfer, stay or dismiss an action when a
4 similar complaint has been filed in another federal court.” Z-Line Designs, Inc. v. Bell’O Int’l,
5 LLC, 218 F.R.D. 663, 665 (N.D. Cal. 2003). In applying the first-to-file rule, a court looks at
6 three factors: (1) the chronology of the two actions; (2) the similarity of the parties; and (3) the
7 similarity of the issues. Id. The first-to-file rule does not require exact identity of parties or exact
8 identity of issues. Kohn Law Grp., Inc. v. Auto Parts Mfg. Mississippi, Inc., 787 F.3d 1237, 1240
9 (9th Cir. 2015). In this case, the parties dispute the third factor.

10 The Texas Action involves patent infringement claims, whereas the instant action is for
11 breach of contract. Nevertheless, MyMail contends that the two actions involve identical issues:
12 whether MyMail agreed to the Yahoo! Agreements, and whether the forum selection clauses in
13 those Agreements are enforceable or applicable to MyMail’s lawsuit in Texas. Yahoo! contends,
14 however, that the Texas court has already decided that the forum selection clauses in the Terms of
15 Service and Toolbar License are inapplicable to MyMail’s patent claims. In light of the Texas
16 ruling, this Court finds that the two actions do not involve similar issues.³ Accordingly, the first-
17 to-file rule is inapplicable.

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19 _____
20 ² MyMail also contends that the Texas court already determined that MyMail did not enter into
21 the Yahoo! Agreements. The Texas court’s ruling, however, is not so clear. In denying Yahoo’s
22 motion to transfer the Texas action to this district, the Texas court first determined that MyMail’s
23 patent rights did not arise out of or relate to the Yahoo! Agreements. The Texas court next stated
24 that “[e]ven if the user agreements could apply to this suit, Yahoo has also failed to furnish
25 reliable evidence that someone with the authority to bind MyMail did so.” Docket No. 58, Ex. G.
26 Arguably, the Texas court’s statement regarding the evidentiary record is dicta, and therefore not
27 binding.

28 ³ The Court also notes that Yahoo! amended its answer in the Texas action to remove a reference
to “contractual obligations,” which rendered moot MyMail’s motion for partial summary
judgment challenging Yahoo!’s contractual damages limitation affirmative defense. In the event
Yahoo! attempts to reinstate any defense based on the Terms of Service and Toolbar License or to
otherwise raise the applicability of these agreements in the Texas action, MyMail may renew its
motion to stay the California action before this Court.

1 IV. CONCLUSION

2 For the reasons set forth above, MyMail's motions are DENIED. The Court will conduct a
3 trial setting conference on November 30, 2017 at 11:00 a.m. The parties shall file a joint trial
4 setting conference statement no later than November 20, 2017.

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6 **IT IS SO ORDERED.**

7 Dated: October 5, 2017



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9 EDWARD J. DAVILA
United States District Judge

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