Simonian v. Maybelline LLC Doc. 26

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

THOMAS A. SIMONIAN,	)	
	)	
Plaintiff,	)	
	)	
v.	)	C.A. No.: 1:10-cv-01615
	)	
MAYBELLINE LLC,	)	Judge Virginia M. Kendall
	)	
Defendant.	)	

MEMORANDUM IN SUPPORT OF ALTERNATIVE MOTION TO TRANSFER TO THE SOUTHERN DISTRICT OF NEW YORK

I. INTRODUCTION

Plaintiff Thomas Simonian ("Simonian") has filed a Complaint asserting that Defendant Maybelline LLC ("Maybelline") violated 35 U.S.C. § 292. In the event Simonian's claims against Maybelline are not dismissed, they should be transferred to the Southern District of New York under 28 U.S.C. § 1404 because the "center of gravity" for this case is plainly located in or near New York.

Although Simonian chose the Northern District of Illinois, his choice should be given minimal deference because he is a *qui tam* plaintiff that will be required to contribute little, if anything, to this lawsuit. Maybelline has no substantial activities in the Northern District of Illinois and it is unlikely that any witnesses or documents relevant to the issues in this case are located in this district. By contrast, substantially all of Maybelline's operations and activities relevant to the issues in this case are located in or around the Southern District of New York. The pace of this court and the Southern District of New York are comparable. Thus, the convenience of the parties and witnesses, as well as the interests of justice, support transfer.

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II. STATEMENT OF ISSUES TO BE DECIDED

1. Whether the claims against Maybelline should be transferred to the United States District Court for the Southern District of New York under 28 U.S.C. § 1404(a) for the convenience of the parties, the convenience of the witnesses, and in the interests of justice.

III. STATEMENT OF RELEVANT FACTS

A. SIMONIAN'S COMPLAINT

Simonian has sued over thirty unrelated defendants in separate complaints in this District for individual and unique violations of 35 U.S.C. § 292. Maybelline is accused of marking mascara products in violation of 35 U.S.C. § 292. (Dkt. No. 1.)

B. MAYBELLINE'S LACK OF CONTACTS WITH ILLINOIS

Simonian alleges that Maybelline is a "leading producer of beauty and makeup products." *Id.* at ¶6. He further claims that Maybelline packages mascara products in packaging that is falsely marked with expired patent numbers and sells them in retail. *Id.* at ¶ 25.

Simonian alleges that suit against Maybelline is proper in Illinois because Maybelline sold its products in Illinois. *Id.* at ¶ 9. While Maybelline products are sold in this district on a similar basis as they are in the remainder of the United States, Maybelline has always lacked actual contacts with the State of Illinois. *See* Declaration of Laura Hastings ("Hastings Decl.") (Ex. A) at ¶¶ 10, 15-18, 20-21. Aside from selling and shipping products to Illinois, Maybelline has virtually no other contact with Illinois and Maybelline's contacts with Illinois are no greater than any other location in the country where an individual might purchase Maybelline products. *See id*.

C. MAYBELLINE'S SIGNIFICANT TIES TO NEW YORK

Maybelline is a wholly owned subsidiary of L'Oreal USA, Inc., and is a New York company with a principal place of business and headquarters located at 575 5th St., New York, NY 10012. Hastings Decl. ¶ 3. The decisions relating to the sale and promotion of its products originate with the officers, managers, and employees located in New York. *Id.* ¶ 10. Further, Maybelline's advertising and marketing are handled out of its New York headquarters. *Id.* Decisions relating to the artwork for packaging of Maybelline's products are handled in its New York headquarters. *Id.* ¶ 12.

Because of Maybelline's significant ties with New York, virtually every witness that could conceivably have knowledge about the allegations in Simonian's Complaint is located in and around New York. *Id.* at ¶ 17. Moreover, all of Maybelline's documents are located in or around New York at its headquarters, including all documents relating to the marketing of Maybelline products, documents concerning the patents that cover or covered Maybelline products, and documents relating to Maybelline's financial condition and its ability to pay any fine that might be assessed. *Id.* ¶ 21.

IV. ARGUMENT

A. TRANSFER OF THIS CASE TO THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK IS PROPER UNDER 28 U.S.C. § 1404(a)

Section 1404(a) of title 28 of the United States Code provides:

> For the convenience of parties and witnesses, in the interest of justice, a district court may transfer any civil action to any other district or division where it might have been brought.

28 U.S.C. § 1404(a).

“[A] court may … transfer any civil matter to another district where venue is proper.” *Kelco Metals, Inc. v. Morgan*, 2010 WL 1427583 at *1 (N.D. Ill. April 5, 2010) (Ex. B). Transfer is proper where (1) venue is proper in the district where the complaint is originally filed, (2) venue would be proper in the sought after district, and (3) “transfer will serve the convenience of the parties and witnesses as well as the interests of justice.” *Id.* (citing *Morton Grove Pharms., Inc. v. Nat'l Pediculosis Ass'n*, 52 F.Supp.2d 1039, 1044 (N.D. Ill. 2007)). Here, there can be no legitimate dispute that the action could have been brought in the Southern District of New York since Maybelline has its principal places of business in New York. *See* 28 U.S.C. § 1391; Hastings Decl. ¶ 3. Thus, the only issue is whether transfer will serve the convenience of the parties and witnesses and promote the interests of justice.

Under Section 1404(a), the district court has discretion to adjudicate motions for transfer by weighing both private and public factors. *Kelco*, 2010 WL 1427583 at *1. “The weighing of factors for and against the transfer necessarily involves a large degree of subtlety and latitude, and, therefore, is committed to the sound discretion of the trial judge.” *Coffey v. Van Dorn Iron Works*, 796 F.2d 217, 219 (7th Cir. 1986). “Relevant private factors for a motion to transfer venue include: ‘(1) the plaintiff's choice of forum; (2) the situs of material events; (3) the relative ease of access to sources of proof; (4) the convenience of the parties; and (5) the convenience of the witnesses.’” *Kelco*, 2010 WL 1427583 at *2 (quoting *Morton Grove Pharms.*, 525 F.Supp.2d at 1044)). Relevant public factors include the court's familiarity with the applicable law and “the speed at which the case will proceed to trial.” *First Nat'l Bank v. El Camino Res., Ltd.*, 447 F.Supp.2d 902, 912 (N.D. Ill. 2006). One of the purposes of § 1404(a) is to avoid “wastefulness of time, energy, and money.” *Continental Grain Co. v. The FBL-585*, 364 U.S. 19, 26 (1960).

For purposes of this case, the only private factor conceivably supporting this Court as the proper forum is that Simonian chose this forum. However, as discussed fully below, the weight afforded to this factor should be significantly reduced given Simonian's status as a *qui tam* plaintiff. In any event, any weight that may be given to this one factor is insufficient to preclude transfer because the case's "center of gravity" is so squarely tied to New York. The remaining private factors all favor a transfer to the Southern District of New York. In a nearly identical situation, the Northern District of California granted transfer to three separate defendants sued by another *qui tam* plaintiff for false marking under 35 U.S.C. § 292. *San Francisco Tech. v. Adobe Sys., Inc.,* 09-cv-06083 Slip. Op. (N.D. Cal. April 8, 2010) (Ex. C). In open court, counsel for the plaintiff admitted that "I don't think that there is a very strong basis to keep venue here for the moving defendants if the cases are severed. So I'm not going to waste the Court's time and argue that." *Id.* at Transcript p. 14: lines 1-4 (Ex. D).

1. Plaintiff's Choice of Forum Should Not Control This Case

While Plaintiff's choice of forum is generally accorded substantial weight, that choice is given less weight "when another forum has a stronger relationship to the dispute." *Amorose v. C.H. Robinson Worldwide, Inc.*, 521 F.Supp. 2d 731, 735 (N.D. Ill. 2007). Plaintiff's choice of forum "has minimal value where none of the conduct complained of occurred in the forum selected by the plaintiff." *Chicago, Rock Island and Pacific Railroad Co. v. Igoe*, 220 F.2d 299, 304 (7th Cir. 1955). A plaintiff's choice of forum is also given less deference when that plaintiff represents a nationwide class. *Simonoff v. Kaplan, Inc.*, 2010 WL 1195855, *1 (N.D. Ill. March 17, 2010) (Ex. E). Here, while not a class action, the policy that underlies the *Simonoff* Court's decision applies with equal force. Section 292 allows an action to be brought by "any person" (who can establish constitutional standing). 35 U.S.C. § 292. Because he is a *qui tam* plaintiff,

with no individual injury, the mere fact that Simonian happens to be located in this forum and wishes to litigate here should be given little, if any, deference. Further, the inconvenience to Simonian of litigating in New York is virtually nil because, as a *qui tam* plaintiff, Simonian will be required to contribute little, if anything, to this lawsuit. As in the class action context, the minimal inconvenience to Simonian of litigating in New York does not outweigh the inconvenience to Maybelline of litigating in Illinois.

2. The Convenience of the Parties Weighs in Favor of Transfer

The contacts between this forum and the claim against Maybelline are minimal. While Maybelline's products were available in Illinois, Maybelline maintained only a minimal presence in the Northern District of Illinois. More importantly, none of Maybelline's contacts with Illinois have anything to do with the allegations in this case because its advertising decisions and activities all originated in New York. Hastings Decl. at ¶¶ 10, 12. Maybelline's, and this case's contacts with New York are therefore extremely significant. Maybelline's entire business operations are directed from its headquarters in New York. *Id.*

Maybelline's convenience further weighs in favor of a transfer to New York due to a duplicative action brought in another jurisdiction. "One of the purposes of providing this power to the district courts was to avoid the 'wastefulness of time, energy, and money' due to simultaneous pending litigation involving the same issues in different district courts." *Ritchie Capital Mgmt., LLC v. Jeffries*, 2010 WL 768877, at *2 (N.D. Ill. March 4, 2010) (Ex. F) (quoting *Continental Grain*, 364 U.S. at 26). On March 5, 2010, San Francisco Technology Inc. ("SFTI") filed suit against twenty-one different Defendants in the Northern District of California, including Maybelline LLC ("Maybelline") for alleged false marking under 35 U.S.C. § 292. (Ex. G.) As set forth more fully in Maybelline's Motion to Dismiss, filed concurrently herewith, this action significantly overlaps with SFTI's complaint against Maybelline in California.

Maybelline will in the future move for dismissal of that suit or, in the alternative, for transfer to the Southern District of New York. Convenience of Maybelline therefore weighs in favor of transferring the present case to New York in order to avoid duplicative litigations.

On the other hand, as a *qui tam* plaintiff, Simonian's inconvenience stemming from a transfer to New York is likely to be minimal. None of Simonian's activities are at issue in the present case, only the activities in which Simonian has alleged Maybelline took part. Simonian has alleged no personal injury from those activities, and it is likely that his participation in discovery and trial will be minimal. Thus, the relative convenience of New York for Maybelline heavily outweighs any minimal inconvenience to Simonian, and this factor supports transfer to New York.

3. The Situs of Material Events is New York

Simonian brought suit against Maybelline under 35 U.S.C. § 292. (Dkt. No. 1.) Section 292 states that "Whoever marks upon, or affixes to, or uses in advertising in connection with any unpatented article, the word "patent" or any word or number importing that the same is patented for the purpose of deceiving the public…shall be fined not more than $500 for every such offense." 35 U.S.C.S. § 292(a). As such, the relevant activities are the alleged marking of an article with a false marking. All of the artwork for Maybelline's product packaging is designed in New York. Hastings Decl. at ¶ 12.. All decisions regarding the choice of markings to use for products occur in New York. *Id.* All employees with knowledge of the artwork and packaging decision-making are located in or around New York. *Id.* at ¶ 17. All documents reflecting the design of packaging artwork and the decision as to which patents to mark reside in or around New York. *Id.* at ¶21. All advertising is initiated in New York. *Id.* at ¶ 10. None of these activities occur in Illinois. *Id.* at ¶¶ 15-16, 20 No manufacturing, marking, or packaging occurs

in Illinois. *Id.* Therefore, all of Maybelline's alleged activities that bring about Simonian's complaint arise out of New York, and this factor weighs heavily in favor of transfer to New York.

4. The Convenience of Witnesses Strongly Supports Transfer to New York

In analyzing whether transfer of a case would serve the convenience of witnesses, the Court must look beyond the number of witnesses to who the witnesses are, the nature of what the testimony will be, and why such testimony is relevant or necessary. *Vandeveld v. Christoph,* 877 F.Supp. 1160, 1168 (N.D. Ill. 1995). Here, the relevant witnesses are employees located in New York, including those that work in designing and ordering packaging bearing patent numbers. Hastings Decl. ¶¶ 17-18. The convenience of non-party witnesses is given a greater weight. *Kelco*, 2010 WL 1427583 at *3. As any relevant third party witnesses are likely to be located in or around New York, this additionally weighs in favor of transfer to New York. There should be no witnesses from (or anywhere near) Illinois, either party or non-party. Thus, convenience of the witnesses strongly favors transfer to New York.

5. The Ease of Access to Proof Supports Transfer to New York

Litigation should proceed where the case finds its "center of gravity," *i.e.* where the majority of the documents and witnesses are located. *See Worldwide Financial LLP v. Kopko*, 2004 WL 771219, at *4 (S.D. Ind. 2004) (Ex. H) (granting transfer where "center of gravity" is in Illinois as opposed to Indiana). All documents and witnesses relevant to the claims of Simonian's complaint are located in or around New York. All documents pertaining to Maybelline's alleged activities are located in or around New York. Hastings Decl. ¶ 21. Maybelline maintains its headquarters in New York City. *Id.* ¶ 3. There should be no Maybelline documents located in the Northern District of Illinois. Additionally, as explained above, the

likely witnesses are in or around New York. In short, every source of proof is located in or near New York and most easily accessible there.

6. Public Factors Weigh in Favor of Transfer to New York

The Southern District of New York is familiar with the law of false patent marking. As evidenced by recent activities, that District has had multiple cases brought under § 292. At least one case, *Stauffer v. Brooks Bros.*, has a similar factual basis, as an individual alleging no personal injury brought suit under §292 for the alleged marking of expired patent numbers. *Stauffer v. Brooks Bros.*, *Inc.*, 369 F. Supp. 2d 248, 255 (S.D.N.Y. 2009). According to the Judicial Caseload profiles generated by the Administrative Office of the U.S. Courts, the time to disposition and trial for this Court and the U.S. District Court for the Southern District of New York are comparable. (Ex. I and J.) The median pendancy of a civil case from filing to disposition in the Northern District of Illinois was 6.2 months, versus 6.4 months in New York. *Id.* The difference in pendancy from filing to trial is similarly minor. *Id.* However, because virtually all of the witnesses and documents are likely to be located at or near New York City, with none in this district, the overall litigation costs will be reduced by trying this case in New York rather than Chicago. Therefore, these factors weigh in favor of transfer to New York.

V. CONCLUSION

For the foregoing reasons, Maybelline respectfully requests that its motion to transfer to the United States District Court for the Southern District of New York be granted, should the Court deny its motion to dismiss and motion to stay.

Dated: April 30, 2010

Respectfully submitted,

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CERTIFICATE OF SERVICE

I, Jeffrey M. Drake, hereby certify that on the April 30, 2010 the attached document was electronically filed with the Clerk of the Court using CM/ECF which will send notification of such filing to the registered attorney(s) of record that the document is available for viewing and downloading from CM/ECF:

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