

UNITED STATES DISTRICT COURT
DISTRICT OF MAINE

JOSEPH A. PASTORE, ET AL.,)
)
 PLAINTIFFS)
)
 v.)
)
 PRODUITS HYDRO-INNOVATION,)
 ET AL.,)
)
 DEFENDANTS)

Civil No. 96-277-P-H

ORDER ON DEFENDANTS' MOTION TO DISMISS
FOR LACK OF PERSONAL JURISDICTION

This patent and trademark infringement and breach of contract suit arises out of failed negotiations over a licensing agreement to distribute United States patented products in Canada. Joseph A. Pastore and his two companies, Pastore Enterprises, Inc. and PCA, Inc., collectively d/b/a Hydrothane Systems (“Hydrothane”), the first two of which are Maine citizens, seek to establish personal jurisdiction over Produits Hydro-Innovation, Inc., a Canadian (Québec) corporation; Produits Hydro-Innovation, a partnership, also of Québec, Canada; and three Canadian (Québec) individuals, the actual partners. Jurisdiction over the Canadian corporation is not disputed. The partnership and individual defendants, however, have moved to dismiss for lack of personal jurisdiction pursuant to Fed. R. Civ. P. 12(b)(2). The motion is **DENIED**.

I. FACTS

Hydrothane is in the business of making nonmetallic trash racks designed to filter objects and organisms from intake water for electric power generators and the like.¹ Among other methods, Hydrothane uses magazine advertisements and direct mail campaigns to generate trash rack orders in the United States and Canada. For example, it advertises in *Hydro Review*, a publication circulated in both the United States and Canada. On September 23, 1993, individual defendant Robert Viau in Québec contacted Hydrothane in Maine on behalf of his employer (a Québec company that is not a party in this case), by telephone and facsimile, responding to one of the *Hydro Review* advertisements. During the following months, additional phone calls and faxes were exchanged regarding the sale of the Hydrothane trash racks in Canada, sometimes on behalf of the nonparty employer and sometimes on behalf of Viau himself and the partnership he proceeded to form with the other two individual defendants. These individual defendants and their partnership expressed interest in their own behalf in acquiring rights in Hydrothane's patent, namely an exclusive license to market Hydrothane trash racks in Canada, as well as in Pastore's Canadian patents. To that end, these individual defendants came to Troy, New York, on November 20, 1993, to meet with a Hydrothane representative. This day is the only time the individual defendants were physically present in the United States for purposes relevant to this lawsuit. These discussions resulted in a Confidential Information Agreement, executed in December, 1993, in which Hydrothane disclosed confidential information regarding the trash racks. Discussions via telephone and fax continued throughout the early months of 1994, but by summer 1994, communications between the parties ceased, having failed to produce any agreement regarding the patents.

¹ On July 11, 1989, Joseph Pastore earned U.S. Patent No. 4,846,966 ("the '966 patent") for this product, and later granted Hydrothane an exclusive license.

Hydrothane alleges that, beginning in 1996, the defendants began to “make, use or sell” trash racks infringing the ‘966 patent in the United States. Hydrothane brings this action alleging infringement of the ‘966 patent under 35 U.S.C. § 271 et seq., trademark infringement under the Lanham Act, 15 U.S.C. § 1125(a), and violation of Maine’s Deceptive Trade Practices Act, 10 M.R.S.A. § 1211 et seq., and Maine’s Trade Secrets Act, 10 M.R.S.A. § 1541, et seq.

II. PERSONAL JURISDICTION

In order to establish personal jurisdiction,² both a statute and the Constitution must be satisfied. See Pritzker v. Yari, 42 F.3d 53, 60 (1st Cir. 1994), cert. denied, 115 S. Ct. 1959 (1995).

Hydrothane, who has the burden of establishing jurisdiction, see id., invokes two theories of jurisdiction: the national long-arm provision, Fed. R. Civ. P. 4(k)(2), and Fifth Amendment Due Process (which evaluates contacts with the United States as a whole); and the Maine Long-Arm Statute and Fourteenth Amendment Due Process (which evaluates contacts with the forum state, Maine).

² The parties agree that the only possible basis for jurisdiction is specific jurisdiction, which allows a court to adjudicate claims arising out of the defendant’s contacts with the forum. General jurisdiction, on the other hand, may be exercised over a defendant who conducts ongoing and systematic contacts with a forum, and is not applicable here.

A. The Federal Claims and Rule 4(k)(2)

Fed. R. Civ. P. 4(k)(2) provides:

If the exercise of jurisdiction is consistent with the Constitution and laws of the United States, serving a summons or filing a waiver of service is also effective, with respect to claims arising under federal law, to establish personal jurisdiction over the person of any defendant who is not subject to the jurisdiction of the courts of general jurisdiction of any state.

For Rule 4(k)(2) to apply, however, there must first be federal question subject matter jurisdiction. Here, that is present—if at all—only in the two patent and trademark infringement claims. All the other claims are based on state law. Although the complaint fails to identify clearly to whom the patent infringement allegations are addressed,³ it plainly does not accuse the individuals. Moreover, while the complaint’s wording may arguably allege infringement by the partnership defendants, Hydrothane’s lawyer has admitted at oral argument that any infringement under United States patent law did not occur until 1996. The uncontested affidavit of Phillippe Dufresne states that the partnership was both created and “wound down” in 1994. Dufresne Aff. ¶¶ 4-5. The partnership, therefore, could not have infringed in 1996. Since the complaint does not allege patent infringement against the individuals, and since the partnership did not exist at the time of the alleged infringing activity, there is no federal patent claim against any of them.

Similarly, Rule 4(k)(2) is irrelevant to the Lanham Act claims since they too are not directed at the defendants or partnership. Hydrothane correctly maintains that the Lanham Act can have some extraterritorial reach. See Steele v. Bulova Watch Co., 344 U.S. 280, 286-87 (1952). Here,

³ Paragraph 3 of Plaintiffs’ complaint lists the defendants as the partnership (“HYDRO-INNOVATION”), the three individuals, and the corporation (“HYDRO-INNOVATION, Inc.”). Later references, however, fail to distinguish between HYDRO-INNOVATION and HYDRO-INNOVATION, Inc.

however, the defendants are Canadians, not Americans conducting their activities abroad. See id.; Totalplan Corp. of America v. Colborne, 14 F.3d 824, 830 (2d Cir. 1994) (stating that foreign citizenship “‘might well be determinative’”) (quoting Vanity Fair Mills, Inc. v. T. Eaton Co., 234 F.2d 633 (2d Cir.), cert. denied, 352 U.S. 871 (1956)). Moreover, Hydrothane has made no showing that the impact of the Canadian individuals’ or partnership’s activity has had a substantial effect on U.S. consumers.⁴ The only trademark infringing activity alleged in the complaint refers to inferior trash racks made in Canada, apparently by the corporate defendant.

Since the federal claims do not lie against the individual and partnership defendants, Rule 4(k)(2) cannot be used to gain jurisdiction over them.

B. The Maine Long-Arm Statute⁵

Under 14 M.R.S.A. § 704-A(2)(A), the Maine legislature provides that a court in Maine may exercise personal jurisdiction over any person, “whether or not a citizen or resident” of Maine based on “[t]he transaction of any business within this State.” Because Maine’s long-arm statute authorizes personal jurisdiction to the full extent of the constitution, see Cives v. American Elec. Power Co., 550 F. Supp. 1155, 1157 (D. Me. 1982); Jackson v. Weaver, 678 A.2d 1036, 1038 (Me. 1996), the “minimum contacts” touchstone of International Shoe Co. v. Washington, 326 U.S. 310, 316 (1945) is immediately relevant:

[D]ue process requires only that in order to subject a defendant to judgment in personam, if he be not present within the territory of the

⁴ This is the second factor of a three-part test articulated by Totalplan. The third factor, conflict between Canadian and American trademark law, has not been addressed by the parties.

⁵ I use the prima facie jurisdictional analysis described in Boit v. Gar-Tec Prod., Inc., 967 F.2d 671, 675-76 (1st Cir. 1992).

forum, he have certain minimum contacts with it such that the maintenance of the suit does not offend “traditional notions of fair play and substantial justice.”

The First Circuit has distilled the Supreme Court’s minimum contacts inquiry into a three-part analysis comprised of (1) relatedness, (2) purposeful availment and (3) reasonableness. See United Elec. Workers v. 163 Pleasant St. Corp., 960 F.2d 1080, 1089 (1st Cir. 1992). In evaluating these three prongs, “an individualized assessment and factual analysis of the precise mix of contacts” is necessary since the personal jurisdiction analysis is “highly idiosyncratic.” Pritzker, 42 F.3d at 60. I therefore consider each of them separately.

(1) Relatedness

This is a specific jurisdiction case. The defendants’⁶ contacts with Maine, whatever they were, relate directly to the relationships between the parties and thus to the cause of action.

(2) Purposeful Availment

In order for this court to exercise personal jurisdiction over the Canadian individuals and partnership, “it is essential that there be some act by which” those defendants “purposefully avail[ed] [themselves] of the privilege of conducting activities within the forum State, thus invoking the benefits and protections of its laws.” Hanson v. Denckla, 357 U.S. 235, 253 (1958) (citing International Shoe). The question is whether the defendants have “availed” themselves “of the privilege of conducting business” here in Maine. Burger King v. Rudewicz, 471 U.S. 462, 476 (1985). Certainly the defendants here behaved purposefully. Their phone calls and faxes to Maine

⁶ I will hereafter use the term “defendants” to refer only to the individual and partnership defendants.

were not “random,” “fortuitous,” or “attenuated” contacts, Keeton v. Hustler Magazine, Inc., 465 U.S. 770, 774 (1984), nor the “unilateral activity of another party or a third person.” Helicopteros Nacionales de Colombia, S.A. v. Hall, 466 U.S. 408, 417 (1984). The other consideration under availment is whether “the defendant’s conduct in connection with the forum State are such that he should reasonably anticipate being haled into court there.” World-Wide Volkswagen Corp. v. Woodson, 444 U.S. 286, 297 (1980).

Purposeful availment does not require physical presence in the state:

[I]t is an inescapable fact of modern commercial life that a substantial amount of business is transacted solely by mail and wire communications across state lines, thus obviating the need for physical presence within a State in which business is conducted. So long as a commercial actor’s efforts are “purposefully directed” toward residents of another State, we have consistently rejected the notion that an absence of physical contacts can defeat personal jurisdiction there.

Burger King, 471 U.S. at 476. Moreover, assessment of this prong may not be reduced to mere numbers. A single contact, if meaningful enough, can amount to purposeful availment, while numerous insignificant ones could likewise be fatal. Id. at 476 n.18. For this reason, the difference between Hydrothane’s tally and the defendants’ tally with respect to the number of phone calls and

faxes is not dispositive.⁷ The quality, not quantity, of the contacts matters. See Hanson, 357 U.S. at 253 (stating that “the quality and nature of the defendant’s activity” is determinative).

I conclude that the Canadian defendants meet this part of the test. It is true that the individual defendants first learned of Hydrothane and its products through periodicals published in Canada and direct mail sent there. In responding to those blandishments that were designed to sell Hydrothane products in Canada, however, the individual defendants and the partnership raised the ante, according to the complaint, by pursuing a licensing arrangement so that they could themselves distribute Hydrothane products in Canada. In that respect, it was they who initiated the relevant contacts and they initiated those contacts by reaching out to Hydrothane in Maine (as well as in other parts of the United States). Thus, unlike the general distribution activities of Hydrothane in Canada, in this respect the Canadian defendants deliberately directed their activity toward Hydrothane in the United States, and specifically in Maine, to obtain a separate kind of relationship. It was thus easily foreseeable that they were engaging a Maine-based company and that they might well be haled into Maine courts.

(3) Reasonableness

⁷ Hydrothane makes much of a lengthy list of “approximately 55 communications” from Hydrothane to the individual defendants, which does not include many other calls initiated by the defendants. See Mem. Support Pls.’ opposition Defs’ Mot. to Vacate Default J. for Lack of Personal Jurisdiction at 2-3. At oral argument, however, the defendants pointed out that of these 55, only 8 phone calls and 4 faxes over an eight-month period (from September 23, 1993 through May 26, 1994) actually occurred between the parties in Canada and Maine. The defendants reduce the number still further by pointing out that during the period between December, 1993, and May, 1994 (when the partnership and individuals were active), only two phone calls and faxes were made, and of those only one involved discussion of any confidential information. I note here only that the battle of numbers between the parties is inconsequential since a personal jurisdiction analysis cannot be grounded superficially in quantity. See Pritzker, 42 F.3d at 61 (“[M]inimum contacts’ is not necessarily a numbers game; a single contract can fit the bill.”) (citing McGee v. International Life Ins., 355 U.S. 220, 223 (1957)). Rather than how many phone and fax communications took place, it is the substance rather than the tally that guides me. Therefore, although the frequency of phone calls may indicate the formation of a relationship, my decision is in no way dependent on the sheer number of phone calls.

Finally, it must be reasonable to assert personal jurisdiction, such that it would “comport with ‘fair play and substantial justice’” to subject the defendants to this court’s jurisdiction. Burger King, 471 U.S. at 476. As guidance, the Supreme Court has enumerated five considerations that a trial court may evaluate to determine the reasonableness of an exercise of personal jurisdiction, including (1) “the burden on the defendant,” (2) “the forum State’s interest in adjudicating the dispute,” (3) “the plaintiff’s interest in obtaining convenient and effective relief,” (4) “the interstate judicial system’s interest in obtaining the most efficient resolution of controversies,” and (5) the “shared interest of the several States in furthering fundamental substantive social policies.” World-Wide Volkswagen, 444 U.S. at 292; see also Nowak v. Tak How Inv., Ltd., 94 F.3d 708, 717 (1st Cir. 1996) (listing these five “gestalt” factors). Each of these factors supports jurisdiction in this case.

(1) The burden on the defendants is hardly substantial. Maine is adjacent to the province in which the defendants are located, and the defendants have carried on much of the negotiation in the English language and indeed left Canada to come to the United States, albeit upstate New York, on one occasion. Furthermore, there is no indication that the defendants would suffer a “special or unusual burden” as the First Circuit requires. Pritzker, 42 F.3d at 64; see also Sawtelle v. Farrell, 70 F.3d 1381, 1395 (1st Cir. 1995). (2) The forum state has an interest in adjudicating the dispute, inasmuch as Maine’s deceptive practices and trade secret statutes are at stake and two of the plaintiffs are Maine citizens who allege that they have been injured; (3) the plaintiffs’ interest in obtaining convenient and effective relief supports the Maine forum; (4) the interstate judicial system’s interest in obtaining the most efficient resolution of controversies is not directly applicable here inasmuch as foreign judicial interests are involved. Nevertheless, there is no suggestion that Canada or Québec can provide a more efficient resolution of the controversy than the federal court in Maine.

(5) Finally, the fifth factor, the “shared interest of the several States in furthering fundamental substantive social policies,” World-Wide Volkswagen, 444 U.S. at 292, though not literally applicable to foreign (non-U.S.) sovereigns, is adaptable to international considerations. In Asahi Metal Indus. Co. v. Superior Court of California, 480 U.S. 102, 115 (1987), the Supreme Court stated that in an international context, the fifth factor outlined in World-Wide Volkswagen “calls for a court to consider the procedural and substantive policies of other nations whose interests are affected by the assertion of jurisdiction.” To reflect this concern, the First Circuit has recast this factor in cases where there is a non-U.S. defendant to examine “the common interests of all sovereigns in promoting substantive social policies.” Nowak, 94 F.3d at 717 (quoting Pleasant St., 960 F.2d at 1088). Nevertheless, there has been no suggestion that there is any conflict between substantive social policies in Canada and those here in Maine, nor is there any implication that Canada’s interest is so weighty as to make litigation here unreasonable.

Accordingly, I conclude that personal jurisdiction does exist under the Maine Long-Arm Statute and the Fourteenth Amendment to the United States Constitution.

III. CONCLUSION

The individual and partnership defendants’ motion to dismiss for lack of personal jurisdiction is **DENIED**.

SO ORDERED.

DATED THIS 3RD DAY OF MARCH, 1997.

D. BROCK HORNBY
UNITED STATES CHIEF DISTRICT JUDGE