

HONORABLE MARSHA J. PECHMAN

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IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

TRADER JOE’S COMPANY, a California
corporation,

Plaintiff,

vs.

MICHAEL NORMAN HALLATT, an
individual, d/b/a PIRATE JOE’S a/k/a
TRANSILVANIA TRADING, and DOES 1-
10,

Defendant.

CIVIL ACTION No. 2:13-cv-00768

**DEFENDANT’S REPLY IN SUPPORT
OF MOTION TO DISMISS FOR
LACK OF SUBJECT MATTER
JURISDICTION**

NOTE ON MOTION CALENDAR:
Friday, August 23, 2013

I. INTRODUCTION

1
2 The only question before the Court is whether the Court has subject matter jurisdiction to
3 consider the claims raised by Trader Joe's Company ("Plaintiff"). Because Plaintiff fails to
4 establish that this Court has subject matter jurisdiction over the alleged activities of Defendant
5 Michael Hallatt d/b/a/ Pirate Joe's a/k/a Transilvania Trading ("Defendant"), its complaint
6 should be dismissed. Plaintiff's opposition repeatedly either attempts to create a wholly new
7 standard for determining subject matter jurisdiction or misconstrues the correct standard—the
8 *Timberlane* test. However, Plaintiff cannot escape the facts that are fatal to its complaint: all of
9 the allegedly infringing actions took place in Canada and were directed solely toward Canadian
10 consumers. There is *no* impact on United States foreign commerce, let alone an impact that is
11 sufficiently great to constitute a cognizable injury. Accordingly, Defendant respectfully requests
12 that the Court dismiss Plaintiff's complaint for lack of subject matter jurisdiction.

II. ARGUMENT AND AUTHORITY

A. Defendant Properly Brought its Motion as Both a Facial and Factual Attack

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14
15 Defendant's motion clearly mounted both a facial and factual challenge of subject matter
16 jurisdiction. Dkt.#25 at p. 3. Rather than defend against the factual attack, Plaintiff argues that
17 Defendant's motion is only a facial attack, as though, by re-characterizing the motion, Plaintiff
18 can undermine the substance of the motion. Dkt.#28 at p. 9. Plaintiff is wrong, and has no
19 evidence to survive Defendant's factual attack on subject matter jurisdiction.

20 Once a defendant raises a factual attack on subject matter jurisdiction, "[i]t then becomes
21 necessary for the party opposing the motion to present affidavits or any other evidence necessary
22 to satisfy its burden of establishing that the court, in fact, possesses subject matter jurisdiction."
23 *Colwell v. Dep't of Health & Human Servs.*, 558 F.3d 1112, 1121 (2009). Defendant clearly
24 raised a factual attack with regard to the first two *Timberlane* elements, arguing that no evidence
25 exists to support those elements. Dkt.#25 at p. 4-6. Additionally, in examining the third

1 element, which consists of a balancing of seven factors, Defendant supplied evidence where
2 necessary or appropriate (*i.e.*, for the nationality/location of business and achieving compliance
3 factors). Dkt.#25 at p. 6-9. Apparently Plaintiff maintains that Defendant must present evidence
4 demonstrating a lack of effect on U.S. commerce and a lack of cognizable injury, but it is
5 difficult to fathom what form such evidence in the negative would take.

6 Regardless, the motion clearly and unambiguously raised a factual attack on subject
7 matter jurisdiction. As a result, it was Plaintiff's burden to present evidence demonstrating that
8 the *Timberlane* elements for the extraterritorial application of the Lanham Act are satisfied.
9 Plaintiff declined to do so, almost certainly because no such evidence exists. Indeed, it is notable
10 that, despite Plaintiff's contention that the motion should be considered as only a facial attack
11 and thus should be determined on the pleadings alone, Plaintiff attached a declaration with four
12 exhibits supporting its argument that subject matter jurisdiction exists. *See* Dkt.#29. Certainly,
13 if Plaintiff had additional evidentiary support for its claim of jurisdiction, Plaintiff would have
14 presented it. Defendant's motion should be considered both a facial and factual attack on subject
15 matter jurisdiction. Plaintiff failed to present evidence to establish jurisdiction.

16 **B. This Court Does Not Have Subject Matter Jurisdiction**

17 Plaintiff argues that courts routinely deny motions to dismiss Lanham Act claims on
18 jurisdictional grounds. This is accurate, but only where the court has found the plaintiff satisfied
19 the *Timberlane* factors. For example, in *Aristocrat Techs., Inc. v. High Impact Design & Entm't*,
20 which Plaintiff cites for support of the routine denial of Rule 12(b)(1) motions, the court found
21 precisely what is lacking here: an effect on foreign commerce constituting a cognizable injury,
22 because the plaintiff alleged that the defendant's conduct prevented the plaintiff from importing
23 its machines from the U.S. into Venezuela, causing an effect on U.S. commerce and thereby
24 decreasing the plaintiff's revenue from sales. 642 F.Supp. 2d 1228, 1236 (D. Nev. 2009). The
25 next example Plaintiff cites, *Airwair Int'l v. Vans, Inc.*, is similarly distinguishable. In *Airwair*,

1 Plaintiff alleged that the defendant's infringing product was making its way into the United
 2 States, causing injury to the plaintiff in the United States. No. 5:12-CV-05060-EJD, 2013 WL
 3 3786309, at *3-4 (N.D. Cal. Jul. 17, 2013).

4 Unlike the plaintiffs in *Aristocrat* and *Airwair*, Plaintiff has not alleged or provided
 5 evidence of facts to satisfy the three *Timberlane* elements: (1) the alleged violations create an
 6 effect on U.S. commerce; (2) that effect is sufficiently great to constitute a cognizable injury to
 7 the plaintiff; and (3) the interests of and links to U.S. foreign commerce are sufficiently strong in
 8 relation to those of other nations to justify an assertion of extraterritorial authority. *Love v.*
 9 *Associated Newspapers, Ltd.*, 611 F.3d 601, 612 (9th Cir. 2010). Plaintiff fails to establish a
 10 single *Timberlane* element, and therefore fails to establish subject matter jurisdiction. *See id.*

11 **1. Defendant's Acts Have Not Affected U.S. Commerce and Any Effect**
 12 **Does Not Rise to the Level of a Cognizable Injury.**

13 **a. Plaintiff Misconstrues the First Two Elements of the**
 14 ***Timberlane* Test.**

15 In its discussion of the first two *Timberlane* elements, Plaintiff devotes much time to
 16 arguing that Defendant's actions dilute Plaintiff's trademarks and create a *risk* of reputational
 17 harm. Dkt.#28 at p. 12-17; *compare* Dkt.#1 at ¶¶ 35-37. However, Plaintiff has apparently
 18 confused the first two elements of the *Timberlane* test as constituting an examination of the
 19 underlying merits of the Lanham Act claim.¹ That is not the proper inquiry when determining if
 20 the Lanham Act should be applied extraterritorially. Rather, the proper inquiry is: (1) whether
 21 Defendant's actions created some effect on U.S. foreign commerce; and *then* (2) whether that
 22 effect is sufficiently great to present a cognizable injury to Plaintiff. *Love*, 611 F.3d at 602.
 23 Plaintiff has not alleged or provided any facts supporting either of these two elements. Plaintiff

24 ¹ While the merits of Plaintiff's trademark claims are not at issue, Defendant notes that its actions are
 25 permissible under the first sale doctrine, which provides that the resale of a product is not trademark
 infringement. *Sebastian Int'l, Inc. v. Longs Drug-Stores Corp.*, 53 F.3d 1073, 1076 (9th Cir. 1995).

1 argues a standard that is entirely backwards: assuming that the Lanham Act applies
2 extraterritorially, and then examining whether a U.S. plaintiff could obtain damages when the
3 Lanham Act is applied extraterritorially. That is not the test followed in the Ninth Circuit.

4 In attempting to fabricate an effect on U.S. commerce and resulting injury, Plaintiff relies
5 extensively on cases examining the ultimate issue of trademark infringement and determining
6 compensation for that infringement. None of those cases so much as mention the *Timberlane*
7 test for jurisdiction, much less apply it. Plaintiff's cases include: *Enesco Corp. v. Price/Costco*
8 *Inc.*, 146 F.3d 1083, 1087 (9th Cir. 1998); *Zino Davidoff SA v. CVS Corp.*, 571 F.3d 238, 244 (2d
9 Cir. 2009); and *Skydive Arizona, Inc. v. Quattrocchi*, 673 F.3d 1105 (9th Cir. 2012). Plaintiff's
10 reliance on these cases is entirely misplaced.² The inquiry is *not* whether Plaintiff could succeed
11 on its trademark claims and obtain compensation under the Lanham Act for such violations. The
12 inquiry is whether the Lanham Act should be applied to these actions in the first place.

13 **b. Plaintiff Has Not Demonstrated an Effect on U.S. Commerce**
14 **Which Is Sufficient to Constitute a Cognizable Injury.**

15 The Ninth Circuit and its district courts have found an effect on U.S. commerce sufficient
16 to constitute a cognizable injury in a variety of scenarios, including: where a defendant prevents
17 a plaintiff from importing its product from the U.S. to a foreign country, causing monetary injury
18 (*Aristocrat*, 642 F.Supp. 2d at 1236); where a defendant's counterfeit goods were coming into
19 the U.S. causing injury in the U.S. (*Airwair*, 2013 WL 3786309, at *3-4); where a defendant's
20 sale of infringing goods abroad was causing lost revenue for a U.S. plaintiff (*Ocean Garden, Inc.*
21 *v. Marktrade Co., Inc.*, 953 F.2d 500, 503 (9th Cir. 1991)); where a defendant's counterfeit shoes
22 were coming into the U.S. and decreasing the sales of plaintiff's genuine shoes (*Reebok Int'l,*
23 *Ltd. v. Marnatech Enters., Inc.*, 970 F.2d 552, 555 (9th Cir. 1992)); and where a defendant's

24 _____
25 ² While the validity of Plaintiff's trademark claims are not at issue in this motion, Defendant notes that
it does not sell refrigerated or frozen goods. Dkt.#29 at p.10.

1 foreign sales competed with and decreased a plaintiff's foreign sales, diminishing plaintiff's U.S.
2 revenues (*Winterland Concessions Co. v. Fenton*, 835 F.Supp. 529, 531 (N.D. Cal. 1993)).

3 Here, Plaintiff has neither alleged nor presented any evidence of any such effect on U.S.
4 commerce that constitutes cognizable injury. Indeed, Defendant is not preventing Plaintiff from
5 selling its products in Canada, Defendant is not selling counterfeit goods which make their way
6 back to the U.S., and Defendant is not competing for Plaintiff's foreign sales. Further, while
7 Plaintiff continuously alleges a threat of dilution and reputation harm, Plaintiff has not alleged
8 and cannot prove that Defendant's conduct has resulted in lost profits in the U.S. In short,
9 Plaintiff has not alleged or demonstrated any form of effect on U.S. commerce, let alone an
10 effect sufficient to rise to the level of a cognizable injury.

11 In examining the first two *Timberlane* elements, it is wholly irrelevant if Defendant's
12 actions caused dilution or reputational harm if such dilution and reputational harm only occurred
13 in Canada with Canadian consumers.³ However, even if, for the sake of argument, ten customers
14 shopped at Defendant's store in Canada, became confused, and decided to no longer shop at
15 Plaintiff's stores in the U.S., this effect would certainly not be a sufficient effect to constitute a
16 cognizable injury.⁴ As Plaintiff states in its Complaint, it operates more than 390 stores. Dkt.#1
17 at ¶ 13. Thus, the loss of a handful of customers hardly constitutes a cognizable injury.

18 **c. All of the Cases Relied Upon By Plaintiff Had Allegations of an**
19 **Actual Monetary Effect on U.S. Commerce Causing Injury.**

20 Plaintiff relies on a number of cases, most of which are unreported, that do not provide
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22 ³ Plaintiff appears to be inverting the famous-mark exception, which permits a foreign entity to utilize
23 U.S. trademark protections in the U.S. when their foreign trademark has gained sufficient fame in the
24 U.S. *Grupo Gigante SA De CV v. Dallo & Co., Inc.*, 391 F.3d 1088, 1098 (2004). Our situation here
25 is just the opposite: Plaintiff, a U.S. entity, is trying to use U.S. trademark protection in Canada,
alleging that its U.S. trademark has garnered fame in Canada. Again, Plaintiff tries to improperly
apply a standard in the exact opposite way in which it was intended.

⁴ Defendant strenuously denies that any such confusion or dilution has occurred, though.

1 any support for Plaintiff's argument of extraterritorial application of the Lanham Act. Plaintiff
2 cites *Airwair* as support for the contention that a loss of goodwill or future purchases constitutes
3 a cognizable injury. Dkt.#28 at p. 13. However, in *Airwair*, the court found that infringing
4 products were coming back into the U.S., causing harm in the U.S. 2013 WL 3786309, at *3-4.
5 Here, Plaintiff has neither alleged nor offered any evidence demonstrating that Defendant's
6 actions are causing harm within the U.S.

7 Plaintiff's reliance on *Best Western Int'l Inc. v. 1496815 Ontario Inc.* is similarly
8 misplaced. Dkt.#28 at p. 15. In *Best Western*, a U.S. plaintiff overcame a facial attack on
9 subject matter jurisdiction because it had alleged an effect on U.S. commerce, which caused a
10 cognizable injury. No. CV 04-1194, 2007 WL 779699, at *5-6 (D. Ariz. Mar. 13, 2007).⁵
11 Specifically, the plaintiff alleged that the defendant's infringing acts resulted in customers
12 staying at defendant's hotel and diverted customers from plaintiff's authentic hotels in that city,
13 causing monetary injury to the plaintiff in the U.S. *Id.* Here, Plaintiff has not provided any
14 evidence of, or even alleged, that Defendant is diverting its customers or that Plaintiff has been
15 injured monetarily by such diversion. Nor could it. First, it is undisputed that Plaintiff does not
16 direct any of its sales to Canada. Dkt.#25 at p. 5; Dkt.#28 at p. 7. Second, it is undisputed that
17 Defendant buys Plaintiff's product at retail prices. Dkt.#25 at p. 4; Dkt.#28 at 7. Plaintiff reaps
18 the same profit from the sales of any products sold by Defendant, since Defendant first purchases
19 the products from Plaintiff. The *Best Western* case has no application to this matter.

20 Likewise, *Louis Vuitton Malletier, S.A. v. Akanoc Solutions, Inc.* is unhelpful to Plaintiff,
21 as there was a showing in that case of economic injury in the U.S. No. C 07-03952, 2010 WL
22 5598337 (N.D. Cal. Mar. 19, 2010). Plaintiff simply has not alleged or offered any evidence of
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24 ⁵ Significantly, the defendant in *Best Western* specifically consented to the jurisdiction of the courts in
25 Arizona when becoming a member hotel. *Best Western*, 2007 WL 779699, at *1. The defendant was
also contractually obligated to remove the Best Western sign. *Id.* at *2.

1 an economic injury in the U.S. Similarly, *Marnatech* does not help Plaintiff, as in that case, the
2 infringing products made their way back into the U.S., causing harm in the U.S. 970 F.2d at
3 554–55. Plaintiff has not made, and cannot make, such allegations against Defendant.

4 Plaintiff's opposition brief simply conjures up speculative, hypothetical injuries. *See*
5 Dkt.#28 at p. 13–17. Indeed, the opposition proves that Plaintiff has searched and searched, but
6 cannot come up with actual monetary damages. *See* Dkt.#29. This is not surprising, however,
7 because Plaintiff has not, in fact, suffered any monetary damage. Plaintiff received full payment
8 for all of the products that Defendant sold in his neighborhood grocery in Canada. Dkt.#25 at p.
9 4. Plaintiff did not refute that essential fact. Therefore, Plaintiff's Complaint does not satisfy the
10 requirements of the *Timberlane* test, and the Lanham Act should not be applied extraterritorially.

11 **2. Plaintiff Fails to Satisfy the Third *Timberlane* Element**

12 The third prong of the *Timberlane* test requires that the interests of and links to U.S.
13 foreign commerce be sufficiently strong in relation to those of other nations to justify an
14 assertion of extraterritorial authority. *Love*, 611 F.3d at 612. While Plaintiff maintains that this
15 third element is a determination of whether extraterritorial application of the Lanham Act
16 conflicts with the interests of a foreign state, that is actually just one of the seven factors which
17 must be balanced. Here, upon a balancing of the seven factors, it is clear that Plaintiff has not
18 satisfied, and cannot satisfy, the third element of the *Timberlane* test.

19 **a. The Application of the Lanham Act Conflicts with Canada's** 20 **Interests and Law.**

21 Foreign countries have an interest in applying their own laws, including trademark laws,
22 and in restricting the application of the Lanham Act to wholly foreign commerce. *See Star-Kist*
23 *Foods v. P.J. Rhodes & Co.*, 769 F.2d 1393, 1396 (9th Cir. 2012); *Marnatech*, 970 F.2d at 555,
24 n.5. Canada has its own trademark law which does not mirror the U.S. trademark law and which,
25 indeed, has some significant differences from U.S. law in material respects. *See, e.g.*, Eugene C.

1 Lim, *Dilution, The Section 22 Debacle, and the Protection of Business Goodwill in Canada:*
2 *Some Insights from U.S. Trademark Law and Policy*, 101 Trademark Rep. 1232, 1233 (2011)
3 (stating that Canada’s version of anti-dilution law “appears to differ from the U.S. version of
4 anti-dilution in important respects”). Further, Plaintiff has two Canadian trademark applications.
5 Dkt.#29 at p. 6. Additionally, the alleged bad acts all occur in Canada. As such, Canada clearly
6 has an interest in adjudicating any trademark dispute relating to Defendant’s actions. Further, as
7 Plaintiff concedes in its motion, Plaintiff would have to seek the approval of a Canadian court to
8 enforce any injunction issued by this Court. Dkt.#28 at p. 20. As such, it would conflict with
9 Canadian law and interests if the Lanham Act was applied extraterritorially.

10 **b. The Nationality Factor Plainly Weighs Against Extraterritorial**
11 **Application of the Lanham Act.**

12 This factor considers the nationality of the defendant and the defendant’s principal place
13 of business. Here, both the defendant’s nationality and place of business are Canadian. Dkt.#26
14 at ¶ 2. Thus, this factor weighs against extraterritorial application of the Lanham Act.

15 Plaintiff attempts to downplay this element as non-dispositive. Dkt.#28 at p. 19. Indeed,
16 it is not dispositive, but it is one factor of the seven factors which must be balanced, and this
17 factor clearly weighs against application of the Lanham Act. Plaintiff’s reliance on *Basis Int’l v.*
18 *Research In Motion Ltd.* is entirely irrelevant. See Dkt.#28 at p. 19. The Court in *Basis* did not
19 consider the seven factors provided for in the Ninth Circuit’s *Timberlane* test, but rather utilized
20 the Fourth Circuit’s test which does not include those factors. 827 F.Supp. 2d 1302, 1305–08
21 (D.N.M. 2011). As such, *Basis* offers no guidance here. Plaintiff also relies on *Reebok Int’l v.*
22 *McLaughlin*. Dkt.#28 at p. 19. However, Plaintiff’s reliance is misplaced. There, the Court
23 declined to use the *Timberlane* test for subject matter jurisdiction because it was not considering
24 the extraterritorial application of the Lanham Act but rather was considering whether the Court
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1 had subject matter jurisdiction to determine if its temporary restraining order had been violated.
2 49 F.3d 1387, 1391 (9th Cir. 1995). That is simply not the case here.

3 **c. Any Compliance Would Require a Court Order from a**
4 **Canadian Court.**

5 The next factor considered is the extent to which an order by a U.S. court can be expected
6 to achieve compliance with the Lanham Act. Plaintiff relies on *McLaughlin* in arguing that this
7 factor weighs in Plaintiff's favor. Dkt.#28 at 20. However, the court in *McLaughlin* found that
8 the temporary restraining order could not be enforced by a U.S. court, holding that, unless
9 recognized by the foreign government, foreign judgments do not have any force in a foreign
10 country. 49 F.3d 1387, 1392 (9th Cir. 1995). Indeed, Plaintiff concedes that it would have to go
11 to a Canadian court to obtain enforcement of an injunction against Defendant's allegedly
12 infringing acts in Canada. Dkt.#28 at p. 20. However, the Ninth Circuit has held that when the
13 allegedly infringing activities occur in a foreign country and the foreign country can enforce its
14 own or U.S. trademark laws, this factor weighs against extraterritorial application of the Lanham
15 Act unless the U.S. has a superior ability to enforce the judgments or orders, due to the activities
16 being directed toward American commerce and consumers. *Marnatech*, 970 F.2d at 557. Here,
17 U.S. courts do not have such a superior ability, as no acts were directed toward U.S. commerce
18 or consumers. Thus, this factor weighs against the application of the Lanham Act.

19 **d. Defendant's Acts Have a Greater Effect on Canadian**
20 **Commerce than on U.S. Commerce.**

21 In discussing this factor, Plaintiff again reiterates its bare allegations that Defendant's
22 conduct has caused and will cause trademark injuries to Plaintiff in the U.S. However, as
23 discussed *supra*, Plaintiff has not alleged facts, nor provided evidence, demonstrating that
24 Defendant's conduct affects U.S. commerce. Unlike the case Plaintiff cites for support, Plaintiff
25 has not alleged or demonstrated any financial losses as a result of Defendant's conduct. *See*

1 *Aristocrat*, 642 F.Supp. 2d at 1237. Further, Plaintiff disregards that this factor considers the
2 effect on U.S. commerce *as compared to* the effect on commerce elsewhere. Even if there was
3 an effect on U.S. commerce, the effect on Canadian commerce would necessarily be greater
4 because all of Defendant's allegedly infringing acts occur in Canada, directed to Canadian
5 consumers. This factor clearly weighs against extraterritorial application of the Lanham Act.

6 **e. Defendant Has No Purpose to Harm or Affect U.S. Commerce.**

7 Plaintiff attempts to downplay this factor as well, citing two cases which it alleges did not
8 examine this factor. Dkt.#28 at p. 20. However, the *Basis* court did not examine this factor as it
9 used the Fourth Circuit's test which does not require a consideration of the seven factors
10 provided for in the Ninth Circuit's *Timberlane* test. 827 F.Supp. 2d. at 1305-08. Additionally,
11 in *Marnatech*, the court *did* examine this factor. 970 F.2d at 557.

12 Here, Defendant's actual purpose is only to provide his Vancouver customers with a
13 product that is not otherwise available in Canada. Defendant plainly has no purpose to harm or
14 affect U.S. commerce. Plaintiff's argument to the contrary is absurd. Plaintiff cites a newspaper
15 article as evidence that Defendant "seeks nothing less than a formal distributorship agreement."
16 Dkt.#28 at p. 21. First, even if Plaintiff sought a distribution agreement, it is wholly irrelevant to
17 this factor. Second, it is clear that Defendant has not demanded a distribution agreement with
18 Plaintiff. Rather a journalist simply suggested that it might be a good idea for Plaintiff to do so.
19 This says nothing about Defendant's intent. Indeed, Defendant has consistently asserted that its
20 actions are wholly lawful, so a distribution agreement is unnecessary.

21 **f. No Effect on U.S. Commerce Was Foreseeable.**

22 Defendant relies on *Airwair* for support that an effect was foreseeable in this "age of
23 frequent intercontinental travel" and because of the "ease of online shopping." Dkt.#28 at p. 21.
24 However, unlike the defendant in *Airwair*, Defendant does not sell any products online (and
25 neither does Plaintiff - Dkt.#1 at ¶ 21) and there are no allegations or evidence that any products

1 from Defendant's store are making their way back into the U.S. 2013 WL 3786309, at *5.
 2 Further, Plaintiff's citation to its cease and desist letter does not demonstrate that an effect on
 3 U.S. commerce was foreseeable. Dkt.#28 at p. 21. Nowhere in the letter does Plaintiff state that
 4 Defendant's conduct was affecting U.S. commerce. See Dkt.#29 at p. 5-6. Indeed, as discussed
 5 *supra*, Defendant's activities cause no harm or effect on U.S. commerce. Even if they did, such
 6 an effect was not foreseeable as Defendant sells the products in Canada and directs his sales
 7 toward Canadian consumers only where Plaintiff has no presence. Dkt.#25 at p. 4, 5.⁶

8 **g. The Relative Importance Factor Clearly Favors Defendant.**

9 Plaintiff misconstrues the relative importance factor as turning on the location of the
 10 injury. Dkt.#28 at p. 21. This factor actually looks to "the relative importance to the violations
 11 charged of conduct within the United States as compared with conduct abroad." *McLaughlin*, 49
 12 F.3d at 1390 n.2. Thus, it requires an examination of *where the allegedly infringing conduct*
 13 *occurred*. Here, *all* of the allegedly infringing conduct occurred in Canada, not the U.S. Thus,
 14 this factor plainly weighs against extraterritorial application of the Lanham Act.⁷

15 The third *Timberlane* element requires a balancing of the seven factors discussed above.
 16 *Star-Kist*, 769 F.2d at 1395-96. Defendant believes that all of the seven factors undoubtedly
 17 disfavor the extraterritorial application of the Lanham Act here. However, even if one, two or
 18 even three of these factors favor the application of the Lanham Act, the total balance of the seven
 19 factors still clearly weighs in favor of Defendant and against the extraterritorial application of the
 20

21 ⁶ Furthermore, as the Court can see, the cease and desist letter was sent to Defendant in February 2012
 22 from a Canadian law firm, discussing Canadian trademarks, and Plaintiff's reputation that "extends to
 23 Canada." Dkt.#29 at p. 5. Defendant immediately responded (*id.* at p. 8) and heard nothing again
 24 from Plaintiff until *fourteen months later* when Plaintiff filed this lawsuit in the U.S., seemingly out
 25 of the blue (Dkt.#1). Such facts do not support the foreseeability factor.

⁷ Plaintiff incorrectly states that, in *Ocean Garden*, the court found this factor to weigh in favor of
 application of the Lanham Act despite all acts occurring outside of the U.S. Dkt.#28 at p. 21. In
 actuality, the *Ocean Garden* court found there to be relatively important actions in the U.S. 953 F.2d
 at 504.

1 Lanham Act. Thus, the third *Timberlane* element is not met and the Court lacks subject matter
2 jurisdiction. As such, Plaintiff's complaint should be dismissed.

3 **C. Plaintiff Should Not Be Granted Leave to Amend Its Complaint**

4 A court may deny leave to amend "where there is any *apparent or declared* reason for
5 doing so." *Lockman Found. v. Evangelical Alliance Mission*, 930 F.2d 764, 772 (1991)
6 (quotation omitted) (emphasis in original). Specifically, courts look to the "presence of any of
7 four factors: bad faith, undue delay, prejudice to the opposing party, and/or futility." *Griggs v.*
8 *Pace Am. Grp.*, 170 F.3d 877, 880 (9th Cir. 1999) (citation omitted). Here, Plaintiff should not
9 be permitted to amend its complaint, because such amendment would be futile.

10 Defendant clearly and explicitly raised both a facial and factual attack on subject matter
11 jurisdiction. Rather than providing factual evidence demonstrating that the Court has subject
12 matter jurisdiction, Plaintiff sought to unilaterally convert Defendant's motion to solely a facial
13 attack, and then requested leave to amend should its complaint be found facially insufficient.
14 However, it is clear that Plaintiff sought to avoid a factual attack for one reason: there is
15 absolutely *no evidence* supporting its claim of jurisdiction. Indeed, despite asserting that the
16 motion was only a facial attack, Plaintiff did provide the little evidence it had in the form of a
17 declaration and four exhibits. Thus, it is apparent that, even if Plaintiff were allowed to amend
18 its complaint to adequately plead the *Timberlane* requirements, such allegations are
19 unsupported by any evidence. As such, amendment would be futile and should not be granted.

20 **III. CONCLUSION**

21 For the foregoing reasons, Defendant respectfully requests that the Court dismiss
22 Plaintiff's Complaint for lack of subject matter jurisdiction without leave to amend.

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DATED this 23rd day of August, 2013.

DORSEY & WHITNEY LLP

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Counsel for Defendant Michael Hallatt

CERTIFICATE OF SERVICE

1 I hereby certify that on this 23rd day of August, 2013, I electronically filed the foregoing
2 document with the Clerk of the Court using the CM/ECF system which will send notification of
3 such filing to the following:
4

5 Scott T. Wilsdon
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10 /s/ Nancy Masterson

Nancy Masterson