IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MASSACHUSETTS

SportsChannel New England Limited Partnership d/b/a Comcast Sportsnet New England Plaintiff, v. Fancaster, Inc. and Craig Krueger, Defendants.	Case No. 1:09-cv-11884-NG **LEAVE TO FILE GRANTED: FEBRUARY 17, 2010**

REPLY IN SUPPORT OF DEFENDANTS' MOTION TO DISMISS FOR LACK OF SUBJECT MATTER JURISDICTION, LACK OF PERSONAL JURISDICTION, IMPROPER VENUE, AND FOR FAILURE TO STATE A CLAIM FOR RELIEF OR, IN THE ALTERNATIVE, TO STAY OR TRANSFER VENUE

SportsChannel's opposition brief is a valiant attempt at misdirection but does not change the underlying facts. There is no "actual controversy" supporting a declaratory judgment action and even if there were, it is SportsChannel's burden to establish that the Court has personal jurisdiction, *Foster-Miller, Inc. v. Babcock & Wilcox Canada*, 46 F.3d 138, 144-45 (1st Cir. 1995), and SportsChannel has not come close to meeting that burden.[1]

I. The Court Lacks Jurisdiction Under The Declaratory Judgment Act.

Any supposed apprehension based on the brief message that Mr. Krueger (not Fancaster, the current owner of the FANCASTER™ Mark) sent through the comment section of the then-FOX Sports Network's website nearly four years ago is objectively unreasonable. The email that Mr. Krueger sent to an attorney at the same time he sent the website comment does not make SportsChannel's alleged apprehension any more reasonable. (Opp. at 3; *see* Dickstein Decel. Exh. 2.) SportsChannel learned of this email years later, when its counsel obtained it through discovery in the New Jersey case. It is clear that SportsChannel's counsel has selected it in an

[1] SportsChannel does not even try to overcome Defendants' argument that the Complaint fails to state a claim against Mr. Krueger and has conceded this argument. The Court should therefore dismiss the Complaint as to Mr. Krueger on that basis regardless of the Court's decision on the other points in Defendants' motion to dismiss.

effort to find something "scary" to justify SportsChannel's supposed apprehension. Furthermore, whatever "threatening" impact the email might have had four years ago (if SportsChannel had known of it) was eliminated by Mr. Krueger's counsel's subsequent letter categorically stating that he would take "no further action."

Also unavailing is Mr. Krueger's New Jersey deposition testimony, which actually shows that he did not know how SportsChannel was using the FANCASTER™ Mark and had given no thought to the matter until prompted by Comcast/SportsChannel's counsel. (*See* Dickstein Decl. Exh. 13 at 7-8.) Again, SportsChannel's counsel obtained this testimony in their capacity as Comcast's counsel in New Jersey, and SportsChannel's reliance on this testimony smacks of *post hoc* cherry-picking rather than objectively reasonable apprehension of suit.

SportsChannel mischaracterizes the November 2006 letter as "warn[ing] SportsNet that if it ever expanded its use" Defendants "would 'assert their trademark rights' against SportsNet and 'pursue all legal remedies available to them.'" (Opp. Br. at 7.) The plain language of the letter belies this, and provides no objective basis for apprehension nearly four years later based upon SportsChannel's still-inchoate plans.

Fancaster's letter to SchoolTube and its email to Whotheman.com do not help; they simply recite Fancaster's ownership of the FANCASTER™ Mark and request that it be removed from the websites. (Dickstein Decl. Exh. 8, 13.) Fancaster's email to the publisher of the Maynard Beacon-Villager (Dickstein Decl. Ex. 10) is also unimportant; it politely asks for removal of a descriptive use of the FANCASTER™ Mark to avoid genericization. *See, e.g.*, *Bayer Co. v. United Drug Co.*, 272 F. 505, 511 (S.D.N.Y. 1921) (holding "aspirin" had become generic). None of these messages either individually or in combination create an objectively

reasonable apprehension of suit. And again, SportsChannel would not even know of these communications were it not for its counsel's selecting them from the New Jersey discovery.

Defendants' trademark litigation against Comcast also creates no objectively reasonable apprehension of suit. *See Waters Corp. v. Hewlett-Packard Co.*, 999 F. Supp. 167, 173 (D. Mass. 1998) (citing *Indium Corp of Am. v. Semi-Alloys, Inc.*, 781 F.2d 879, 883 (Fed. Cir. 1985) (no reasonable apprehension of suit where patentee had previously sued two competitors and then sent plaintiff a letter offering to discuss a license) and *CAE Screenpates, Inc. v. Beloit Corp.*, 975 F. Supp. 784, 792 (E.D. Va. 1997) ("Prior litigation against parties unconnected to the declaratory judgment plaintiff, standing alone, cannot precipitate an actual controversy.")).

II. The Court Should Not Hear SportsChannel's Declaratory Judgment Claims.

Even if there were an actual controversy, the Court should exercise its discretion not to assert jurisdiction. SportsChannel's concerted effort to use information its counsel obtained in the New Jersey case suggests that this case is nothing more than one branch of the Comcast conglomerate exerting pressure to assist another branch in New Jersey. The Court should not permit such a misuse of the declaratory judgment procedure.

As for the contention that the likelihood of confusion issues are different in New Jersey, in that case Comcast seeks to invalidate the FANCASTER™ Mark. If it is successful, any difference in the likelihood of confusion issues will be moot because Fancaster will have no federal trademark to assert against SportsChannel. Fancaster's common law trademark rights do not change the calculus; there is no reason to fire up the judicial machinery for such speculation.[2]

[2] Nor is it self-evident that the Court would have subject-matter jurisdiction over a free-standing state common law trademark declaratory judgment action; it is difficult to see how SportsChannel would satisfy the amount in controversy requirement for diversity jurisdiction.

SportsChannel's assertion that dismissal will "require the New Jersey court to re-open discovery" (Opp. Br. at 10) is a red herring. If the Court dismisses the case, there will be no lawsuit that even theoretically could lead to reopening discovery in New Jersey. The only way that could happen is if each of a set of highly unlikely hypothetical events were to occur: (i) if SportsChannel were to file a new declaratory judgment lawsuit in New Jersey; *and* (ii) if the New Jersey court were to conclude that there was an "actual controversy"; *and* (iii) if the New Jersey court were to exercise its discretion to hear the declaratory judgment claims; *and* (iv) if either party were to move to consolidate the new case with the existing case; *and* (v) if the court were to agree to consolidation despite the advanced stage of the New Jersey case and SportsChannel's contention that the issues are different, then and only then would the New Jersey court be faced with the question *whether* it should reopen discovery.

III. The Court Lacks Personal Jurisdiction.

A. The Massachusetts Long-Arm Does Not Confer Personal Jurisdiction.

Personal jurisdiction exists only if one of the provisions of the Massachusetts long-arm statute applies *and* jurisdiction is consistent with the Due Process Clause. *Hahn v. Vermont Law School*, 698 F.2d 48, 50 (1st Cir. 1983); *Nova Biomedical Corp. v. Moller*, 629 F.2d 190, 192 (1980). SportsChannel relies solely on the "transacting business" section of the Massachusetts long-arm, M.G.L. c. 223A § 3(a), and has waived reliance on any other section of that statute. *See, e.g., Christopher v. Mount Snow, Ltd.*, 1996 WL 590738, at *2 n.1 (D. Mass. Sept. 24, 1996)(considering only section 3(a) of long-arm and holding argument based on consent to personal jurisdiction was waived where not mentioned in the brief); *Kelley v. LaForce*, 288 F.3d 1, 9 (1st Cir.2002) (arguments not briefed are waived). Section 3(a) applies only to claims "arising out of" the transaction of business in Massachusetts and imposes a "but for" test. *Tatro v. Manor Care, Inc.*, 416 Mass. 763, 771 (1994).

Even assuming that the 2006 communications threatened litigation and were sent into Massachusetts (as to which, see below), they would not constitute "transacting business" here. *Nova* holds only that an infringement letter may be "transacting business" if it is "an extension or a component" of the defendant's business activities in the forum. *Nova*, 629 F.2d at 195; *Sterilite Corp. v. Spectrum Int'l, Inc.*, 1997 WL 398036 at *4 (D. Mass. 1997) (Gertner, J.).

SportsChannel provides no support for its bald assertion that the 2006 communications were sent into Massachusetts. (Opp. Br. at 12.) The first was sent through Fox SportsNet New England's website. Comcast owned 50% of Fox SportsNet New England and purchased the other 50% from a subsidiary of Cablevision Systems Corporation in early 2007.[3] SportsChannel provides no evidence as to who operated the website in 2006 and no evidence that comments submitted through that website were sent to Massachusetts.[4] The November 22, 2006 letter was sent to New York; whatever that letter did, it did not do it in Massachusetts.

SportsChannel argues that because trademark rights purportedly "can only be based upon actual use" of the Mark in Massachusetts and Mr. Krueger allegedly has charged infringement "in Massachusetts," Defendants should be estopped from denying that they have transacted business here. (Opp. Br. at 13.) Mr. Krueger never charged SportsNet with infringement at all (or offered to license the Mark) "in Massachusetts" or in any of the five other New England states where SportsChannel operates. Nor is it legally accurate to state that Fancaster's trademark rights depend on "actual use" in Massachusetts. (Opp. Br. at 12.) SportsChannel's

[3] *See* http://www.cmcsa.com/releasedetail.cfm?ReleaseID=395114.

[4] The Terms of Service at http://www.csnne.com/pages/terms indicate that the www.csnne.com website is not operated by SportsChannel (*see* Complaint ¶ 6), but by Comcast Sports Management Services, LLC ("SportsNet"), on behalf several of its subsidiaries. Comcast Sports Management Services is a Delaware corporation (*see* http://edgar.sec.gov/Archives/edgar/data/1166691/000119312509033975/dex21.htm) that is not registered in Massachusetts. It is SportsChannel's burden to establish the facts necessary to show that personal jurisdiction exists, yet it has provided no evidence at all even suggesting that the Fox SportsNet website that existed in 2006 had any more of a connection to Massachusetts than the www.csnne.com website has today.

reliance on dictum in a thirty-year old footnote is telling. *See Park 'N Fly, Inc. v. Park & Fly, Inc.*, 489 F. Supp. 422, 424 n.1 (D. Mass. 1979). The case that court cited says exactly the opposite. *See Dawn Donut Co. v. Hart's Food Stores, Inc*., 267 F.2d 358, 362 (2d Cir. 1959) (contrasting pre-Lanham Act law that trademark owner could not charge infringer using mark in a different trading area, with Lanham Act rule that registration provides nationwide protection regardless of area). Fancaster's incontestable federal trademark provides nationwide rights, but does not create personal jurisdiction in Massachusetts any more than in any other state.

SportsChannel's other attempts to show Fancaster "transacting business" also fail. The email to the Maynard Beacon-Villager objecting to a descriptive use of FANCASTER is neither a "business transaction" nor the "but for" cause of SportsChannel's claims.[5] Nor does Fancaster's website create personal jurisdiction (Opp. Br. at 13) because it also is not the "but for" cause of SportsChannel's claims, which instead "arise out of" the registration of the FANCASTER™ Mark by the U.S. Patent and Trademark Office. *See, e.g., Sterilite Corp. v. Spectrum Int'l, Inc.*, 1997 WL 398036 (D. Mass. 1997) (Gertner, J.)(patent declaratory judgment claims did not arise out of patent-holder's sales of infringing products in Massachusetts because "the real 'transaction' at issue in Sterilite's lawsuit is the grant of the patent by the PTO"); *KVH Indus., Inc. v. Moore*, 789 F. Supp. 69, 71-72 (D.R.I. 1992) (in patent declaratory judgment action, relevant transaction is the granting of the patent, especially when infringement is denied); *Union Wadding Co. v. White Swan, Ltd.*, 866 F. Supp. 71, 75 (D.R.I. 1994) (relevant transaction in trademark infringement action is issuance of trademarks in Washington, DC).

[5] SportsChannel does not contend that the emails sent to SchoolTube and Whotheman.com support personal jurisdiction here. Nor could they, as SchoolTube is located in Missouri, and Whotheman.com is located in Ontario, Canada. (*See* http://www2.schooltube.com/Contact.aspx; http://whotheman.com/terms, ¶ 14.)

Furthermore, Fancaster.com is an essentially passive website that permits Internet users worldwide to watch videos posted by Fancaster. Fancaster does not sell through its website, users cannot upload videos and, except for a few limited exceptions, all of the videos on the website were both produced and uploaded by Fancaster.[6] The only arguably interactive aspect of the website is that users may rate and comment on videos and vote in competitions. (Supp. Krueger Decl. ¶¶ 2-6.) As such, Fancaster.com does not support personal jurisdiction:

> Something more is necessary, **such as interactive features which allow the successful online ordering of the defendant's products**. The mere existence of a website does not show that a defendant is directing its business activities towards every forum where the website is visible; as well, given the omnipresence of Internet websites today, **allowing personal jurisdiction to be premised on such a contact alone would 'eviscerate' the limits on a state's jurisdiction over out-of-state or foreign defendants**.

McBee v. Delica Co., 417 F.3d 107, 124 (1st Cir. 2005) (emphasis added); *see also Equidyne Corp. v. Does*, 279 F. Supp. 2d 481, 487-88 (D. Del. 2003)(message boards only "minimally interactive" and do not constitute a "transaction"); *Toro Co. v. Advanced Sensor Tech., Inc.*, 2008 WL 2564336, at *3 (D. Minn. Jun. 25, 2008) (non-selling website allowing users to send email and view press releases and videos insufficient to create personal jurisdiction).

B. Personal Jurisdiction Would Not Comport With Constitutional Due Process.

Even if SportsChannel had met its burden under § 3(a) of the long-arm, personal jurisdiction would violate constitutional due process. Notwithstanding SportsChannel's cursory yet convoluted argument (Opp. Br. at 15), its claims do not "arise out of" Fancaster's alleged

[6] Although it is moot since Fancaster created and uploaded all of the videos, it is also wrong to suggest that Red Sox fans must reside in Massachusetts. As New Yorkers, SportsChannel's counsel may assume they could not exist elsewhere and seem even to doubt they exist at all, referring at p. 4 of their brief to "individuals who claim to be fans of Boston-based sports teams." The videos to which SportsChannel refers (Opp. Br. at 4 n.5) illustrate this. The Patriots fan video was filmed by Fancaster at a New York City sports bar and grill and begins with the subject stating that she is on New York City's Upper East Side, while the Red Sox video was filmed by Fancaster in the very heart of New York Yankees territory, the Javits Center in New York City. (Supp. Krueger Decl. ¶ 5.)

Massachusetts contacts under the Due Process Clause, which is stricter than the Massachusetts long-arm and requires the in-forum contacts to be the "proximate cause" of the claims. *Nowak v. Tak How Invest., Ltd.*, 94 F.3d 708, 715 (1st Cir. 1992); *United Elec., Radio & Mach. Workers of Am. v. 163 Pleasant St. Corp.*, 960 F.2d 1080, 1089 (1st Cir. 1992) (forum contacts must at least be a material element of proof in plaintiff's case). SportsChannel wrongly asserts that there would be no dispute absent the website. If there were an actual controversy, its proximate cause would be the federal trademark registration, not the website.

SportsChannel also gives short shrift to the "purposeful availment" prong, which requires that forum contacts be voluntary and such that it is foreseeable that the defendant will be haled into court there. *Nowak*, 94 F.2d at 716. Even assuming that the 2006 communications were "threats," they do not show voluntary contact with Massachusetts where there is no evidence that anything on the website as it existed in 2006 disclosed that comments would be sent to Massachusetts and the November 22, 2006 letter was sent to New York. Nor do these alleged contacts make it remotely foreseeable that Fancaster would be forced to litigate here.[7]

The "Gestalt factors are a means to achieve substantial justice, "particularly where the minimum contacts question is very close." *Nowak*, 94 F.3d at 717. It is not a close question here, so the "Gestalt" factors are of no help. In any event, Massachusetts has no special interest in resolving the putative dispute as compared to SportsChannel's state of incorporation (CT) or principal place of business (PA), or Fancaster's state of residence (NJ) or state of incorporation

[7] As previously noted, they also were not sent into Massachusetts but if they had been it would not suffice. *See Nova*, 629 F.2d at 197 ("the mailing of an infringement notice standing alone has rarely been deemed sufficient to satisfy the constitutional standard."); *Sterilite*, 1997 WL 398036 at *5; *GSI Lumonics, Inc. v. Biodiscovery, Inc.*, 112 F. Supp. 2d 99, 109 (D. Mass. 2000) ("There is significant doubt that a threatening letter *alone* can satisfy 'notions of fair play and substantial justice.'"); *Union Wadding Co. v. White Swan, Ltd.*, 866 F. Supp. 71, 75 (D.R.I. 1994)("It is clear that the sending of these letters to UWC and its counsel in Rhode Island cannot, by itself, form the basis for specific *in personam* jurisdiction."); *Polaroid Co. v. Feely*, 889 F. Supp. 21, 27 (D. Mass. 1995) (infringement letter "is an exercise of Feely's rights under federal trademark law which should not subject Feely to suit in any forum where it happens to find a party allegedly infringing his trade name.")

(SD). The burden of litigating here also counsels against personal jurisdiction. Fancaster cannot afford to litigate simultaneously in New Jersey and in Massachusetts.

Also counseling against jurisdiction are the interests of the judicial system in avoiding piecemeal litigation, which "would both contravene the goal of judicial economy and conjure up the chimera of inconsistent outcomes." *Pritzker v. Yari*, 42 F.3d 53, 64 (1st Cir. 1994). The New Jersey court will determine the validity of Fancaster's trademark and thus whether Fancaster has a trademark to assert, and simultaneous litigation risks the possibility that SportsChannel will be held to infringe a mark that the New Jersey court has declared invalid.[8]

CONCLUSION

For the foregoing reasons, as well as those set out in its opening brief, Fancaster and Krueger respectfully request that the Court dismiss the Complaint in its entirety. In the alternative, Fancaster and Krueger request that the Court stay this litigation pending the outcome of the New Jersey Action or transfer it to the District of New Jersey.

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Respectfully submitted,

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[8] The final factor, the interests of all sovereigns in promoting substantive policies, is a wash; to the extent that Massachusetts arguably has an interest in resolving the putative trademark dispute, it is at least counterbalanced by the interests of New Jersey in protecting the trademark rights of its citizens.

Certificate of Service

I hereby certify that this document(s) filed through the ECF system will be sent electronically to the registered participants as identified on the Notice of Electronic Filing (NEF) and paper copies will be sent to those indicated as non registered participants on February 25, 2010.

/s/ Mitchell J. Matorin