IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF NEBRASKA

BUCK'S, INC., a Nebraska corporation,

Plaintiff,

v.

BUC-EE'S LTD., a Texas corporation,

Defendant.

No. 8:08-CV-519

BUCK'S, INC.'S BRIEF IN OPPOSITION TO DEFENDANT'S MOTION TO DISMISS

Plaintiff Buck's Inc. ("Bucky's") respectfully submits this brief in opposition to Defendant Buc-ee's Ltd. ("Buc-ee's") motion to dismiss under Fed. R. Civ. P. 12(b)(2), 12(b)(3) and 12(b)(6).

I. INTRODUCTION.

On December 2, 2008, Bucky's brought suit against Defendant, alleging unfair competition and violations of the Nebraska Uniform Deceptive Trade Practices Act and requesting a declaratory judgment that would enjoin Defendant from using the BUC-EE's trademark outside of the State of Texas and decree Bucky's entitlement to a federal registration of the BUCKY'S trademark for all of the United States other than the State of Texas. On February 2, 2009, Defendant filed a motion to dismiss this action under Fed. R. Civ. P. 12(b)(2),

12(b)(3) and 12(b)(6) for lack of personal jurisdiction, improper venue and failure to state a claim.[1]

The facts of this case show that Defendant, through its efforts to oppose Bucky's trademark application for the BUCKY'S mark, engaged in intentional acts uniquely aimed at restricting Bucky's business within the State of Nebraska, thus legitimizing Bucky's allegations regarding personal jurisdiction, venue, unfair competition and deceptive trade practices. In order to evade this result, Defendant argues strenuously that the actions and statements it made before the USPTO are somehow privileged under Nebraska law and the *Noerr-Pennington* Doctrine. Unfortunately for Defendant, the privileges provided under Nebraska law and the *Noerr-Pennington* doctrine are not nearly broad enough to shield the false and misleading statements that give rise to Bucky's claims.

Given the evidence of Defendant's intentional acts causing harm to Bucky's in the State of Nebraska and the lack of any privilege to shield evidence of the same, Defendant's motion to dismiss under Fed. R. Civ. P. 12(b)(2), 12(b)(3) and 12(b)(6) for lack of personal jurisdiction, improper venue and failure to state a claim should be denied.

II. STATEMENT OF FACTS.

Bucky's is a Nebraska corporation with a principal place of business at 4973 Dodge Street, Omaha, Nebraska 68131. (Buchanan Decl. ¶ 2). On May 19, 1982, Steve Buchanan, a/k/a Bucky, began operating Bucky's Amoco at 50th and Dodge Streets. (Buchanan Decl. ¶ 1). Mr. Buchanan continues to be the owner, sole shareholder and president of Bucky's to this day. (Buchanan Decl. ¶ 1).

[1] It is important to note that Defendant prefers to litigate this dispute in the USPTO in Alexandria, Virginia even though neither party has any nexus there and notwithstanding the fact that the USPTO proceeding can only resolve the issue of registration. This demonstrates Defendant's motives are not for prompt resolution of the dispute but rather delay and maximum burden to Bucky's.

From the first station at 50th and Dodge Streets, Bucky's operation has expanded to include approximately 200 locations in Nebraska, Iowa, Missouri, Kansas and Illinois. (Buchanan Decl. ¶ 5). More than 20 of these locations in the States of Nebraska, Iowa, Missouri and Illinois are retail store locations selling items under the BUCKY's mark. (Buchanan Decl. ¶ 5). Currently, Bucky's is actively seeking to expand use of the BUCKY'S mark into Kansas and Florida as well as into other parts of Nebraska (Buchanan Decl. ¶ 6, 7). Throughout the years of expansion, executive management of the Bucky's enterprise has operated continuously out of Nebraska. (Buchanan Decl. ¶ 3). Nebraska still remains the situs of strategic direction for all of Bucky's operations throughout the United States and all operating units, both inside and outside the State of Nebraska, report to management within Nebraska. (Buchanan Decl. ¶ 3).

On January 4, 2005, Bucky's filed United States Trademark Application Serial No. 76/653,211 for the trademark BUCKY'S for use on retail store services featuring convenience store items and gasoline and automobile repair and maintenance. (Complaint, Filing 1 at ¶ 13; Declaration of Brian K. Wunder, Exhibit B, Filing 21-5). On April 4, 2006, Defendant Buc-ee's, Inc. ("Defendant") filed United States Trademark Application Serial No. 78/853,252 for the trademark BUC-EE'S for use on retail store services featuring convenience store items and gasoline. (Complaint, Filing 1 at ¶ 14). On or about June 13, 2007, Defendant filed Opposition No. 91177801 (the "Opposition") with the Trademark Trial and Appeal Board of the United States Patent and Trademark Office, opposing Bucky's trademark application. (Complaint, Filing 1 at ¶ 15; Declaration of Brian K. Wunder, Filing 21-4, Exhibit A). In its Opposition, Defendant stated that the BUCKY'S mark, if registered for use in connection with the goods set forth in the application, would "falsely suggest a connection between [Bucky's] and [Buc-ee's]." (Complaint, Filing 1 at ¶ 20; Declaration of Brian K. Wunder, Filing 21-4,

Exhibit A at ¶ 7). Defendant further stated that the BUCKY'S mark so resembled the BUC-EE'S mark as to be likely, when applied to retail store services featuring convenience store items and gasoline, to cause such confusion that Bucky's registration of its mark "may damage the goodwill and consumer recognition that [Defendant] has built up in its BUC-EE'S mark." (Declaration of Brian K. Wunder, Filing 21-4, Exhibit A at ¶ 9).

During the settlement discussions that ensued, Defendant's counsel, Mr. Brian Wunder, sent a number of settlement letters directly to the offices of Bucky's counsel located in Omaha, Nebraska (Passarelli Decl., Exhibits A and B). Despite the fact that it has never expanded its operations beyond the southern part of Texas, the settlement letters indicated Defendant's belief that it was entitled to use its mark throughout the United States (save for areas of Nebraska, Iowa, Missouri and Illinois that it was willing to part with in order to force a settlement). (Complaint, Filing 1 at ¶¶ 5, 18; Passarelli Decl., Exhibits A and B).

After the settlement discussions proved unfruitful, Bucky's filed this action claiming unfair competition and violations of the Nebraska Uniform Deceptive Trade Practices and seeking a declaration that Bucky's is entitled to federal registration of its mark. (Complaint, Filing 1 at ¶¶ 1-38). Recognizing this action, the TTAB granted Bucky's motion to suspend the Opposition proceeding on December 5, 2008. (Passarelli Decl. ¶ 6, Exhibit C). On February 2, 2009, Defendant filed its Motion to Dismiss Under Rules 12(b)(2), 12(b)(3) and 12(b)(6) for Lack of Personal Jurisdiction, Improper Venue and Failure to State a Claim. (Filing 19).

III. ARGUMENT.

A. DEFENDANT HAS ESTABLISHED SUFFICIENT MINIMUM CONTACTS WITH THE STATE OF NEBRASKA TO SUPPORT THIS COURT'S ASSERTION OF PERSONAL JURISDICTION.

Through the pleadings, affidavits and exhibits presented in this case, Bucky's has made a prima facie showing that Defendant has committed intentional acts uniquely aimed at the State of Nebraska while knowing that the brunt of Bucky's injuries would be suffered there, thus satisfying the "effects test" of personal jurisdiction. Under these circumstances, Defendant should have reasonably anticipated being haled into court in the State of Nebraska and cannot claim that its due process rights have been violated. Considering these facts, as well as the substantial interests of justice, convenience and judicial economy that would be furthered by an assertion of personal jurisdiction in this case, Bucky's respectfully submits that jurisdiction is proper in this district and that Defendant's 12(b)(2) Motion to Dismiss for Lack of Personal Jurisdiction should be denied.

1. Bucky's is required to make only a prima facie showing of jurisdiction.

To survive a motion to dismiss for lack of personal jurisdiction, Bucky's need only make a prima facie showing of jurisdiction. *Digi-Tel Holdings, Inc. v. Proteq Telecomm. (PTE) Ltd.*, 89 F.3d 519, 522 (8th Cir. 1996). "For the purposes of a prima facie showing, the court must view the evidence in the light most favorable to the plaintiff and resolve all factual conflicts in the plaintiff's favor." *Id.* "As long as there is 'some evidence upon which a prima facie showing of jurisdiction may be found to exist,' the Rule 12(b)(2) motion will be denied." *Pope v. Elabo GmbH*, 558 F. Supp. 2d 1008, 1004 (D. Minn. 2008) (quoting *Aaron Ferer & Sons Co. v. Diversified Metals Corp.*, 564 F.2d 1211, 1215 (8th Cir. 1977)).

As explained more fully below, the pleadings and other evidence currently before the court reveal that Bucky's has made a prima facie showing that sufficient minimum contacts exist under the "effects" test of personal jurisdiction.

2. The court must consider the "effects test" of personal jurisdiction when examining whether specific personal jurisdiction exists.

Because Nebraska's long-arm statute has been construed to permit jurisdiction to the extent of constitutional limits, all that this Court must concern itself with is whether the exercise of personal jurisdiction over Defendant comports with due process. *Pecoraro v. Sky Ranch for Boys, Inc.*, 340 F.3d 558, 561 (8th Cir. 2003). Due process mandates that jurisdiction be exercised only if defendant has sufficient "minimum contacts" with the forum state such that summoning the defendant to the forum state would not offend "'traditional notions of fair play and substantial justice.'" *International Shoe Co. v. Washington*, 326 U.S. 310, 316, 66 S. Ct. 154, 158 (1945) (quoting *Milliken v. Meyer*, 311 U.S. 457, 463, 61 S. Ct. 339, 343 (1940)). To maintain personal jurisdiction, Defendant's contacts with the forum state must be more than "random," "fortuitous," or "attenuated." *Burger King Corp. v. Rudzewicz*, 471 U.S. 462, 475, 105 S. Ct. 2174, 2183 (1985). Sufficient contacts exist when "the defendant's conduct and 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, 100 S. Ct. 559, 567 (1980). In assessing a defendant's reasonable anticipation of being haled into court in a given jurisdiction, there must be "'some act by which the defendant purposefully avails itself of the privilege of conducting activities within the forum State, thus invoking the benefits and protections of its laws.'" *Burger King*, 471 U.S. at 475, 105 S. Ct. at 2183 (quoting *Hanson v. Denckla*, 357 U.S. 235, 253, 78 S. Ct. 1228, 1240 (1958)). Jurisdiction is proper where the

contacts proximately result from actions by the defendant itself that create a "substantial connection" with the forum state. 471 U.S. at 475, 105 S. Ct. at 2184.

The courts of the Eight Circuit have adopted a five-part test to measure whether sufficient contacts exist to create a substantial connection with the forum state. These factors include: "(1) the nature and quality of the contacts with the forum state; (2) the quantity of those contacts; (3) the relation of the cause of action to the contacts; (4) the interest of the forum state in providing a forum for its residents; and (5) the convenience of the parties." *Miller v. Nippon Carbon Co.*, 528 F.3d 1087, 1091 (8th Cir. 2008) (citing *Bell Paper Box, Inc. v. U.S. Kids, Inc.*, 22 F.3d 816, 819 (8th Cir. 1994)). With respect to the third factor, the Eighth Circuit distinguishes between specific jurisdiction and general jurisdiction.[2] Bucky's concedes that Defendant's contacts with the state of Nebraska are not sufficiently continuous and systematic to support general jurisdiction in this case and therefore confines its analysis to whether the Court has specific jurisdiction over Defendant.

In determining whether specific jurisdiction exists where an intentional tort is alleged, the Eighth Circuit has held that the Supreme Court case of *Calder v. Jones*, 465 U.S. 783, 104 S. Ct. 1482 (1984), "*requires* the consideration of additional factors." *Dakota Industries, Inc. v. Dakota Sportswear, Inc.*, 946 F.2d 1384, 1391 (8th Cir. 1991) (emphasis added). These additional factors, collectively dubbed the "effects test," allow tortious acts to serve as a source of specific personal jurisdiction "where the plaintiff makes a prima facie showing that the defendant's acts (1) were intentional, (2) were 'uniquely' or expressly aimed at the forum state, and (3) caused harm, the brunt of which was suffered—and which the defendant knew was likely

[2] "Specific jurisdiction refers to jurisdiction over causes of actions arising from or related to a defendant's actions within the forum state, while general jurisdiction . . . refers to the power of a state to adjudicate any cause of action involving a particular defendant, regardless of whether the cause of action arose." *Miller v. Nippon Carbon Co.*, 528 F.3d 1087, 1091 (8th Cir. 2008) (internal citations omitted).

to be suffered—there." *Zumbro, Inc. v. Cal. Natural Prods.*, 861 F. Supp. 773, 782-83 (D. Minn. 1994); *Dakota Indus.*, 946 F.2d at 1390-91.

Defendant attempts to diminish the importance of the effects test by characterizing it a mere appendage to the five-factor test outlined above. However, in doing so Defendant misses the very purpose of the test itself, which is to inform the analysis of the nature, quality and quantity of a defendant's contacts with the forum state. As the Supreme Court found in *Calder*, where a defendant's intentional and allegedly tortious actions are expressly aimed at a particular state and where the defendant knows that the brunt of the injury will be felt in that state, defendant "must 'reasonably anticipate being haled into court there.'" 465 U.S. at 790, 104 S. Ct. at 1487. Such reasonable anticipation satisfies the requirements of due process and justifies the assertion of specific jurisdiction. *World-Wide Volkswagen*, 444 U.S. at 297, 100 S. Ct. at 567; *Kulko v. California Superior Ct.*, 436 U.S. 84, 97-98, 98 S. Ct. 1690, 1700 (1978); *Shaffer v. Heitner*, 433 U.S. 186, 216, 97 S. Ct. 2569, 2586 (1977). Thus, where the effects test is met, there should be a strong presumption that personal jurisdiction is appropriate

Because Bucky's alleges the intentional torts of unfair competition and deceptive trade practices, the Court is required by *Calder* and *Dakota Industries* to analyze this case in light of the additional factors set forth under the effects test. When it does, the Court should find that an assertion of personal jurisdiction over Defendant is warranted.

3. Defendant committed intentional acts uniquely aimed at the State of Nebraska while knowing that the brunt of Bucky's injuries would be suffered there, thus satisfying the "effects test."

Here, Defendant's actions satisfy each prong of the effects test. Defendant's actions (i) were intentional; (ii) were uniquely and expressly aimed at the State of Nebraska; and

(iii) caused harm, the brunt of which was suffered, and which Defendant knew was likely to be suffered, in the State of Nebraska.

(i) Defendant's actions were intentional.

Viewing the evidence and the pleadings in the light most favorable to Bucky's, Defendant's actions in this case are unquestionably intentional. In its complaint, Bucky's details how Defendant, in its voluntarily filed Opposition to Bucky's trademark application, "falsely alleged that the federal registration sought by Bucky's will falsely suggest a connection between Bucky's and Defendant." [3] (Complaint, Filing 1 at ¶ 15). Bucky's further alleges a number of false claims made by Defendant in support of its Opposition. (Complaint, Filing 1 at ¶¶ 19-24). Finally, Bucky's has specifically alleged that, in light of the foregoing, "Defendant intentionally or recklessly embarked on a course of conduct that threatens Bucky's freedom to operate its business and to expand its business." (Complaint, Filing 1 at ¶ 23). While labels and conclusions, or a mere "formulaic recitation of the elements of a cause of action," are not sufficient to defeat a Fed. R. Civ. P. 12(b) motion, *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 127 S. Ct. 1955, 1965 (2007), accepting all factual allegations in the complaint as true and granting every reasonable inference in favor or the nonmoving party as the Court is required to do, *Knieriem v. Group Health Plan, Inc.*, 434 F.3d 1058, 1060 (8th Cir. 2006), the facts described above are sufficient to permit an inference that Defendant tortiously interfered with Bucky's business. Bucky's allegations go beyond mere "labels and conclusions" to include facts detailing what Defendant did (filed an Opposition full of false claims), what it knew would happen when it filed the Opposition (Bucky's freedom to operate and expand its business would be limited)

[3] As discussed in Section III, below, neither the Opposition action itself nor the statements made by Defendant therein are privileged or barred from consideration by this Court.

and the basis for that knowledge (*see* Complaint, Filing 1 at ¶ 23). Such allegations should be considered sufficient to satisfy the first prong of the "effects test."

(ii) Defendant's actions were uniquely and expressly aimed at the State of Nebraska.

In connection with its Opposition, Defendant engaged in a series of actions that were uniquely and expressly aimed at the State of Nebraska. The best examples of such direct contact are the two settlement letters sent by Defendant to the Nebraska offices of Bucky's attorneys. (Passarelli Decl., Exhibits A and B). These contacts should not be considered insignificant, as courts interpreting *Calder* have consistently distinguished between effects test cases based upon the origin and destination of letters and telephone calls. For example, in *Brainerd v. Governors of the Univ. of Alberta*, 873 F.2d 1257 (9th Cir. 1989), an official at a Canadian university was alleged to have made disparaging contacts about the plaintiff during a phone call initiated by the plaintiff's Arizona employer. Notwithstanding the absence of other contacts with the foreign defendants and even though the defendants did not initiate the contact, the court concluded that the telephone call provided sufficient minimum contacts to support personal jurisdiction. *Brainerd*, 873 F.2d at 1259. *See also*, *Peterson v. Wallace*, No. CIV. 081126DWF/AJB, 2008 WL 5172808 at *6 (D. Minn. Dec. 10, 2008) (holding that a telephone contact was less significant for due process purposes when the defendant *received* a telephone call from, rather than placing one to, the forum state).

In an ill-fated attempt to downplay the role of letters in the minimum contacts analysis, Defendant draws an analogy to *Zumbro, Inc. v. California Natural Products*, 861 F. Supp. 773 (D. Minn. 1994), where the court found that two letters sent by the California defendant to customers of the Minnesota plaintiff were insufficient to support personal jurisdiction in Minnesota. What Defendant fails to appreciate, however, is that the *Zumbro* court did not base

its decision on the insignificance of the letters, but rather focused on the fact that the letters were not sent directly to Minnesota. Specifically, the court held:

> CNP interfered with Zumbro's business when it sent two of Zumbro's customers correspondence falsely accusing it of patent infringement and insinuating, falsely, that those customers could be liable for that infringement. These facts are a prima facie showing that CNP's acts were intentional and that those acts caused Zumbro to suffer economic harm, but Zumbro has not made a similar showing that CNP's actions were uniquely or expressly aimed at Minnesota-**the two letters at issue were not published here** . . .

Id. at 783 (emphasis added). The court's reasoning here suggests that a different holding would have been appropriate had the defendant sent the same two letters directly into the State of Minnesota. Thus, the *Zumbro* decision actually supports an assertion of personal jurisdiction in this case, as there is direct evidence that Defendant published two letters in the State of Nebraska.

While the two letters alone should support a finding that Defendant's actions were "uniquely and expressly aimed" at the State of Nebraska, Defendant's contacts with the state are not confined to these settlement letters. Although filed in Virginia, the false statements made in Defendant's Opposition were also uniquely and expressly aimed at causing harm within the State of Nebraska. Indeed, by its very nature, the Opposition action directed harmful consequences at the State of Nebraska by attempting to place immediate restrictions on Bucky's right to use its trademark while conducting business within the state.

Trademark registration begins with the assumption that the owner of a Principal Register registration has superior rights to use the mark throughout the United States. 5 J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition § 26:31 (2008). A non-registered, junior user of the mark will, however, be entitled to continue its use of the mark in the trade area that it occupied on the date of registration. 5 J. Thomas McCarthy, McCarthy on Trademarks

and Unfair Competition § 26:44 (2008) (citing *Foxtrap, Inc. v. Foxtrap, Inc.*, 671 F.2d 636 (D.C. Cir. 1982)). This limited area defense may effectively "freeze" a business' trade area as of the date of the federal registration and prevent any further expansion of business. *See Burger King of Florida, Inc. v. Hoots*, 403 F.2d 904 (7th Cir. 1968). While Bucky's can show use of the trademark in Nebraska prior to Defendant's registration, the scope of protection provided by the limited area doctrine is not necessarily coextensive with state boundaries. For example, in *Burger King of Florida*, the Seventh Circuit limited non-registered user's trade area to a 20-mile radius around Mattoon, Illinois, even though the non-registered junior user had obtained an Illinois state trademark registration effective throughout the entire state. 403 F.2d at 908.

This situation poses a grave threat to Bucky's business prospects within the State of Nebraska. If the USPTO were to agree with Defendant that Bucky's is a junior user and that there is a likelihood of confusion between the two marks, an iron curtain might essentially be erected around Bucky's existing Nebraska locations, thwarting any attempt by Bucky's to expand its business operations within the state. As such, Defendant's Opposition to Bucky's registration appears to be uniquely and expressly aimed at diminishing Bucky's trademark rights within Nebraska.

In response, Defendant argues that because its Opposition was filed with the USPTO in Alexandria, Virginia, none of the statements therein could be uniquely or expressly aimed at the State of Nebraska (Filing 20 at 7). However, this argument is overly simplistic and out of step with recent case law interpreting the "uniquely and expressly aimed" prong of the "effects test."

For example, in *Dudnikov v. Chalk and Vermillion Fine Arts, Inc.*, 514 F.3d 1063 (10th Cir. 2008), the Tenth Circuit approved personal jurisdiction in a case where defendants never made direct contact with the forum State of Colorado, yet still intended to hamper business

operations within the state. The plaintiffs in *Dudnikov* were eBay "power sellers" who sold a variety of fabrics through the Internet auction site from their home in Colorado. *Id.* at 1067. The defendants, who were Delaware residents and owners of the trademark rights to several images by the artist Erte´, came to believe that several of the fabrics being auctioned by plaintiffs infringed on their trademarks. Defendants sent a "notice of claimed infringement" ("NoCI") to eBay's offices in California, triggering the automatic termination of the plaintiffs' auction pursuant to a special infringement-fighting program. *Id.* at 1068. Soon thereafter, plaintiffs filed a complaint seeking a declaratory judgment of non-infringement and an injunction preventing the defendants from filing additional NoCI's against the plaintiffs' auctions. *Id.* at 1069. After the defendants made a special appearance contesting jurisdiction, the Colorado District Court dismissed the action for lack of personal jurisdiction. *Id.* at 1069. On appeal, the Tenth Circuit applied the "effects test" and found that the defendants, despite never sending any communication directly to Colorado, nonetheless had expressly aimed to "halt a Colorado-based sale by a Colorado resident, and neither the lack of defendants' physical presence in Colorado nor the fact that they used a California-based entity to effectuate this purpose [could] diminish this fact." *Id.* at 1076. The court likened the defendant's actions to a bank shot in basketball, where a player shoots the ball toward the backboard with the ultimate intention of putting the ball in the basket. *Id.* at 1075.

The Ninth Circuit made a similar finding in *Bancroft & Masters, Inc. v. Augusta Nat'l Inc.*, 223 F.3d 1082 (9th Cir. 2000), *partially overruled on other grounds by Yahoo! Inc. v. La Ligue Contre Le Racisme Et L'Antisemitisme*, 433 F.3d 1199, 1206 (9th Cir. 2006). *Bancroft* involved a small California company, B&M, which brought a declaratory judgment action in California against Augusta National Golf Club after Augusta National sent a letter to an Internet

domain registry in Virginia complaining that B&M's "masters.com" domain name was infringing on Augusta National's trademark rights. *Id*. at 1087-88. According to the policies of the domain registry, this letter effectively eliminated B&M's right to use the domain name until it could secure a declaratory judgment in its favor. The Ninth Circuit overturned the district court and held that Augusta National's letter satisfied the "express aiming" test because it specifically and individually targeted a known California business. *Id*. at 1087. The court stated:

> [Augusta National] was well aware that B&M currently held the masters.com website and that it was B&M that would be affected if the [domain registry] dispute resolution procedures were triggered. This is sufficient to satisfy *Calder* and thereby demonstrate the purposeful availment necessary for an exercise of specific jurisdiction.

Id. at 1088.

Here, Defendant has taken actions quite similar to those taken by the defendants in *Dudnikov* and *Bancroft*. Like the defendants in *Dudnikov*, Defendant completed a bank shot by filing an Opposition in the State of Virginia with the ultimate purpose of interfering with Bucky's operations in the State of Nebraska. Furthermore, just as the defendant in *Bancroft* targeted a known California business, Defendant specifically and individually targeted the rights of Bucky's, a business it knew to be owned and operated in the State of Nebraska. As in *Dudnikov* and *Bancroft*, Defendant's Opposition had the immediate effect of freezing the target's right to freely use its trademark in its home state. As such, these contacts should be considered sufficient to satisfy the second prong of the "effects test" and to support an exercise of personal jurisdiction in the State of Nebraska.

(iii) Defendant's actions caused harm, the brunt of which was suffered, and which Defendant knew was likely to be suffered, in the State of Nebraska.

The evidence also suggests that Defendant was aware of Bucky's presence in Nebraska and cognizant of the fact that any injury to the corporation was likely to be suffered within the state. Indeed, it would have been nearly impossible for Defendant to ignore the numerous items on the face of Bucky's trademark application (which Defendant itself attached as Exhibit B to the Declaration of Brian K. Wunder (Filing 21-5)) that identify Bucky's as a Nebraska entity operating primarily within the state. On its application, Bucky's conspicuously states that Buck's Inc. is a Nebraska corporation with a business address of 4973 Dodge Street in Omaha and also appoints a number of Omaha-based attorneys to represent the company in trademark matters. (Decl. of Brian K. Wunder, Filing 21-5, Exhibit B). Defendant demonstrated its knowledge of these facts in its settlment letters where it listed Nebraska as the primary state in which Bucky's had used the BUCKY's mark. (Passarelli Decl., Exhibits A and B).

Knowing that Bucky's was located and operating within the state, Defendant embarked on a course of action specifically designed to hamper the expansion and continued operation of Bucky's business interests in Nebraska and beyond. As explained above, Defendant's Opposition inherently threatens Bucky's right to expand its business into other parts of the state and has jeopardized plans for expansion within Nebraska. (Buchanan Decl. ¶ 8). Understandably, Bucky's is hampered in its strategy to expand its operations to other parts of the state with this significant threat of future litigation looming over its head. (Buchanan Decl., ¶ 8). This is a very real and immediate injury, as in recent years, Bucky's has clearly demonstrated its desire to aggressively expand into new areas of Nebraska and the United States as a whole. (Buchanan Decl., ¶¶ 6, 7).

The brunt of this injury has, and continues to be, borne in the State of Nebraska not only because Bucky's has been hampered from expanding its operations in Nebraska, but also because the majority of Bucky's shareholders, executive managers, employees and facilities are located within the state. (Buchanan Decl., ¶ 4) Despite its ambitions to expand throughout the Midwest and Southeastern United States (Buchanan Decl., ¶ 6, 7), Bucky's remains a Nebraska corporation owned and operated by Nebraskans and primarily operating out of the State of Nebraska. Any injury suffered by Bucky's will necessarily be an injury suffered in Nebraska.

Because Defendant committed intentional acts uniquely aimed at the State of Nebraska while knowing that the brunt of Bucky's injuries would be suffered there, all three prongs of the "effects test" are satisfied and as a result, the nature, quality and quantity of Defendant's contacts with the State of Nebraska should be considered sufficient to support this Court's assertion of specific personal jurisdiction.

4. Additional factors support this Court's assertion of personal jurisdiction over Defendant.

In addition to the factors set forth above, considerations of justice, judicial economy and the convenience of the parties also favor this Court's assertion of personal jurisdiction over Defendant.

Most importantly, if the Court refuses to hear this case now, Bucky's will be forced to endure continued harm to its business interests throughout the painfully long opposition process before the Trademark Trial and Appeal Board ("TTAB").[4] While a difficult burden to bear, such a result would be acceptable were it not for the fact that the parties would end up on this Court's doorstep with the same claims as soon as the TTAB proceeding is finished. *See* 15

[4] Under current TTAB procedural rules, the parties will still be awaiting a final hearing at least *five hundred and sixty days* after the institution of the Opposition. *See* Trademark Trial and Appeal Board Manual of Procedure (TBMP) (2d. ed. 2003); Hammitte, Ann Lamport and John L. Welch, *Keeping Tabs on the TTAB, The TTAB in 2007:Rules, Rulings and Repercussions*, Allen's Trademark Digest, Vol. 21 No. 7 at 3 (January 2008).

U.S.C. § 1071(b)(1).[5] Several circuit courts have found that such circumstances "weigh heavily against deference to the administrative proceeding." *PHC Inc., v. Pioneer Healthcare Inc.*, 75 F.3d 75, 80 (1st Cir. 1996). For example, in *PHC*, the First Circuit refused to defer resolution of a trademark dispute to ongoing TTAB proceedings because (1) the "Board's findings [could] be challenged in a civil action in a district court through new evidence, and, at least to a large extent, the issues [could] be litigated afresh" and (2) "[o]ngoing business conduct is likely to be involved and harm, possibly irreparable, may be accruing." *Id.*; *see also*, *Rhoades v. Avon Prods. Inc.*, 504 F.3d 1151, 1164 (9th Cir. 2007) (overturning the district court's refusal to hear declaratory judgment action where related TTAB proceedings were pending and stating that "where, as here, there is a potential infringement lawsuit, federal courts are particularly well-suited to handle the claims so that parties may quickly obtain a determination of their rights without accruing potential damages"). Even though Bucky's claims are slightly different than the claims made in *PHC* and *Rhoades*, the policy concerns are no different, especially where Defendant's TTAB proceedings create a reasonable apprehension of future infringement lawsuits. *See Chesebrough-Ponds, Inc. v. Faberge, Inc.*, 666 F.2d 393, 397 (9th Cir. 1982) (holding that plaintiff had alleged a reasonable apprehension of an infringement lawsuit based on defendant's TTAB opposition action in part because "a decision of the Patent and Trademark Office allowing the registration of [the plaintiff's] trademark would not preclude a subsequent infringement action or be determinative of the issues involved").

[5] "Whenever a person authorized by subsection (a) of this section to appeal to the United States Court of Appeals for the Federal Circuit is dissatisfied with the decision of the Director or Trademark Trial and Appeal Board, said person may, unless appeal has been taken to said United States Court of Appeals for the Federal Circuit, have remedy by a civil action if commenced within such time after such decision, not less than sixty days, as the Director appoints or as provided in subsection (a) of this section. The court may adjudge that an applicant is entitled to a registration upon the application involved, that a registration involved should be canceled, or such other matter as the issues in the proceeding require, as the facts in the case may appear."

Furthermore, the interests of judicial economy argue strongly against deferring this matter to a body such as the TTAB which is incapable of resolving the entire dispute. In the leading treatise on trademark law, J. Thomas McCarthy suggests that where the declaratory plaintiff presents issues which cannot be heard by an administrative tribunal of limited powers such as the TTAB (i.e., infringement of a federally registered mark or unfair competition claims), "judicial efficiency would require that a federal court hear *all* the claims of plaintiff in one case, although some of these claims might be within the aegis of the Patent and Trademark Office." 6 J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition § 32:55 (2008). Here, only the U.S. District Courts have the power to determine the parties' rights to the respective marks as well as Bucky's claims of unfair competition and deceptive trade practices. Deferring resolution of this matter to the TTAB would only result in additional litigation, thus sapping judicial resources and creating greater inconvenience and cost for the parties. As for additional considerations of convenience, Defendant certainly cannot claim hardship in traveling to Nebraska while simultaneously seeking to resolve this matter before the TTAB in Alexandria, Virginia. There is no question that an immediate trial on the merits would be much more convenient for the court and for the parties than a series of oppositions and appeals over a number of years before the TTAB and the district courts of Nebraska and elsewhere.

Thus, because Bucky's has made a prima facie showing that Defendant has sufficient minimum contacts with the State of Nebraska under the "effects test" of personal jurisdiction, and because an assertion of jurisdiction in this case would advance substantial interests of justice, convenience and judicial economy, this Court should assert personal jurisdiction and deny Defendant's 12(b)(6) Motion to Dismiss for Lack of Personal Jurisdiction.

B. VENUE IS PROPER IN THIS DISTRICT.

Venue is proper in this district for many of the same reasons that personal jurisdiction is proper. Venue in this case is based upon 28 U.S.C. § 1391(b), which states:

> A civil action wherein jurisdiction is not founded solely on diversity of citizenship may, except as otherwise provided by law, be brought only in (1) a judicial district where any defendant resides, if all defendants reside in the same State, (2) a judicial district in which a substantial part of the events or omissions giving rise to the claim occurred, or a substantial part of property that is the subject of the action is situated, or (3) a judicial district in which any defendant may be found, if there is no district in which the action may otherwise be brought.

As described in Section III.A above, a substantial part of the events giving rise to Bucky's claims occurred in Nebraska and a substantial part of the property that stands to be affected in this action is situated in Nebraska. While the false statements made by Defendant were submitted to the USPTO in the State of Virginia, they were expressly aimed at hampering Bucky's business within the State of Nebraska and diminishing the competitive position of the Nebraska-based corporation.

Since there can be no tort without an injury, the state in which the injury occurs is the state in which the tort occurs. *See Indianapolis Colts, Inc. v. Metropolitan Baltimore Football Club Ltd. Partnership*, 34 F.3d 410, 412 (7th Cir. 1994) ("[t]his conclusion is supported by the Supreme Court's decision in *Calder v. Jones*, 465 U.S. 783, 104 S. Ct. 1482, 79 L. Ed. 2d 804 (1984), holding that the state in which the victim of the defendant's defamation lived had jurisdiction over the victim's defamation suit"). Here, Defendant's tortious conduct has caused injury in the State of Nebraska and therefore, Nebraska is the locus of the tort and a proper venue for hearing the suit. For these reasons, Defendant's 12(b)(3) Motion to Dismiss for Improper Venue should be denied.

C. DEFENDANT'S STATEMENTS ARE NOT PRIVILEGED AND DO NOT PREVENT BUCKY'S FROM STATING VALID CLAIMS FOR RELIEF UNDER STATE LAW.

In a final attempt to invalidate this action, Defendant argues that Bucky's state law claims fail because the statements on which they are based are privileged under Nebraska law and the *Noerr-Pennington* doctrine. These privileges, however, are not nearly as broad as Defendant claims them to be and cannot be used to shield Defendant from liability for its false and misleading claims.

First, Defendant misstates Nebraska law in arguing that claims and statements made in the course of its quasi-judicial proceedings before the USPTO are absolutely privileged. Nebraska courts have never applied this "litigation privilege" outside the context of libel, slander and defamation, and Defendant has not provided a single authority suggesting why the doctrine should be extended to the claims in this case. Indeed, there is no warrant for extending Nebraska law to provide such a privilege in subsequent claims of unfair competition and deceptive trade practices. While the rationale for protecting defamatory matter in a pleading is clear (i.e., to allow witnesses to testify truthfully and attorneys to vigorously defend their clients without fear of personal liability) there is no similar justification for protecting statements made by a corporation in its attempt to guard its own business interests. Here, the statements made by Defendant in the course of its Opposition serve no other purpose than to create the appearance of confusion between the marks and should not be afforded any protection. Barring a radical and unjustified extension of Nebraska law, the statements made by Defendant in the course of its Opposition are not privileged and may be properly used to form the basis of Bucky's state law claims.

Moreover, Defendant's argument as to the applicability of the *Noerr-Pennington* doctrine proves to be unreliable and thinly supported. In support of its argument, Defendant cites to a string of cases that have allegedly expanded the *Noerr-Pennington* doctrine beyond its original purpose, which was to limit the enforcement of federal antitrust laws. However, *not one* of the cited cases applies the *Noerr-Pennington* doctrine to claims of unfair competition and deceptive trade practices, nor does Defendant provide any explanation as to why the doctrine should apply in this case. Most telling is Defendant's citation to the non-reported case of *Thermos Co. v. Igloo Prods. Corp.*, No. 93 C 5826, 1995 WL 745832 (N.D. Ill. Dec. 13, 1995), in support of the proposition "that attempts to protect a trademark are privileged under the Noerr-Pennington doctrine." (Filing 20 at 12). While the *Thermos* court applied the *Noerr-Pennington* doctrine to dismiss a number of the plaintiff's state-law anti-trust claims, Defendant fails to recognize that the court *did not* apply the doctrine to the plaintiff's claims of common law unfair competition and trademark infringement under the Lanham Act. *Id.* at *7.

Given that the Eighth Circuit has expressly stated its unwillingness to extend the *Noerr-Pennington* doctrine beyond the bounds of anti-trust law in the absence of persuasive authority,[6] the Court should not do so here, where Defendant has provided neither authority nor explanation as to why the doctrine should be applied. Because Defendant cannot establish a privilege under Nebraska law or the *Noerr-Pennington* doctrine, Bucky's may properly base its claims of unfair competition and deceptive trade practices on the actions taken and statements made by Defendant in its proceedings before the USPTO. As such, Defendant's 12(b)(6) Motion for Failure to State a Claim should be denied.

[6] *See Entergy Arkansas, Inc. v. Nebraska*, 358 F.3d 528, 552 n.19 (8th Cir. 2004) (holding that "Nebraska argues that the *Noerr-Pennington* doctrine prohibits consideration of lawsuits as evidence of bad faith because they are protected by the First Amendment . . . Nebraska has not cited any authority which would extend the *Noerr-Pennington* doctrine from antitrust law to this type of action. Nebraska also makes several other evidentiary arguments which we have carefully considered and find without merit or dispositive impact."

V. REQUEST FOR ORAL ARGUMENT.

Bucky's hereby submits its request to present oral argument before the Court regarding Defendant's motion. Given the substantial legal and financial effects that will result from the Court's resolution of this motion, a full and fair resolution of this motion requires that each party be afforded an opportunity to orally present factual and legal support for its positions. Bucky's believes that an oral argument of 20-30 minutes should satisfy this purpose. Bucky's has no objection to out of town counsel presenting argument by telephone.

IV. CONCLUSION.

For the reasons set forth above, Bucky's requests the Court to (i) deny Defendant's Motion to Dismiss Under Rules 12(b)(1), 12(b)(2) and 12(b)(6) for Lack of Personal Jurisdiction, Improper Venue and Failure to State a Claim and (ii) grant Bucky's request for oral argument.

Dated this 4th day of March, 2009.

BUCK'S, INC., Plaintiff

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CERTIFICATE OF SERVICE

I hereby certify that on March 4, 2009, I electronically filed the foregoing with the Clerk of the Court using the CM/ECF system, which will send notification of such filing to the following:

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