

# [Global 360, Inc. v. Spittin' Image Software, Inc.](#)

United States District Court for the Northern District of Texas, Dallas Division

March 17, 2005, Decided ; March 17, 2005, Filed

Civil Action No. 3:04-CV-1857-L

## Reporter

2005 U.S. Dist. LEXIS 4092; 2005 WL 625493

GLOBAL 360, INC., f/k/a EISTREAM WMS, INC., f/k/a EISOLUTIONS, INC., Plaintiff, v. SPITTIN' IMAGE SOFTWARE, INC., IMAGEMAKER DEVELOPMENT INC., and KEN DAVIES, Defendants.

**Subsequent History:** Motion granted by, Injunction granted at [Global 360, Inc. v. Spittin' Image Software, Inc., 2005 U.S. Dist. LEXIS 19698 \(N.D. Tex., Sept. 9, 2005\)](#)

**Disposition:** Defendants' Motion to Dismiss granted in part and denied in part.

## Core Terms

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website, personal jurisdiction, contacts, infringing, software, sales, Internet, residents, com, internet website, Defendants', forum state, interactive, nonresident, lack of personal jurisdiction, minimum contact, customer, download, trademark infringement, motion to dismiss, products, selling, substantial justice, corporate officer, cause of action, alter-ego, consumers, activities, registered, availment

## Case Summary

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### Procedural Posture

Plaintiff software developer sued defendants, two affiliated corporations and the president and sole employee of each of the corporations, alleging copyright infringement, violations of the Lanham Act, state law trademark dilution, and unfair competition. Defendants moved to dismiss this action for lack of personal jurisdiction.

### Overview

Defendants argued that they lacked sufficient contacts with the forum to subject them to in personam jurisdiction. One corporation and the president were subject to personal jurisdiction in the forum. The second

corporation, a subsidiary, was not. The parent corporation maintained an interactive Internet website through which it had sold the allegedly infringing products in Texas and had communicated with Texas residents. The corporation thereby purposefully availed itself of the privilege of conducting business in Texas in such a manner that it should reasonably anticipate being haled into court in Texas. The fiduciary shield doctrine did not protect the president from having the corporations' contacts with Texas imputed to him, as the software developer alleged that the president developed the allegedly infringing product and intentionally directed tortious activities toward Texas. However, the record did not establish that the parent corporation exerted such control over the subsidiary that the parent's contacts with Texas would be imputed to the subsidiary corporation.

### Outcome

The court granted in part and denied in part the motion to dismiss for lack of personal jurisdiction over defendants. The court granted the motion with respect to the subsidiary corporation but otherwise denied the motion.

## LexisNexis® Headnotes

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Civil Procedure > Preliminary Considerations > Jurisdiction > General Overview

Civil Procedure > ... > Jurisdiction > In Rem & Personal Jurisdiction > General Overview

Civil Procedure > ... > In Rem & Personal Jurisdiction > In Personam Actions > General Overview

Civil Procedure > ... > Responses > Defenses, Demurrers & Objections > Motions to Dismiss

Civil Procedure > ... > Methods of Discovery > Depositions > Oral Depositions

**HN1** On a motion to dismiss for lack of personal jurisdiction, the plaintiff bears the burden of establishing a prima facie case for the court's jurisdiction over a

nonresident defendant. When the court rules on the motion without an evidentiary hearing, the plaintiff may establish personal jurisdiction by presenting a prima facie case that personal jurisdiction is proper. The court may determine the jurisdictional issue by receiving affidavits, interrogatories, depositions, oral testimony, or any combination of the recognized methods of discovery. Uncontroverted allegations in a plaintiff's complaint must be taken as true, and conflicts between the facts contained in the parties' affidavits must be resolved in favor of the plaintiff. After a plaintiff makes his prima facie case, the burden then shifts to the defendant to present a compelling case that the presence of some other consideration would render jurisdiction unreasonable.

Civil Procedure > ... > Jurisdiction > In Rem & Personal Jurisdiction > General Overview

Civil Procedure > ... > Jurisdiction > In Rem & Personal Jurisdiction > Constitutional Limits

Civil Procedure > ... > In Rem & Personal Jurisdiction > In Personam Actions > General Overview

Civil Procedure > ... > In Rem & Personal Jurisdiction > In Personam Actions > Minimum Contacts

Constitutional Law > ... > Fundamental Rights > Procedural Due Process > General Overview

**HN2** A federal court has jurisdiction over a nonresident defendant if the state long-arm statute confers personal jurisdiction over that defendant, and if the exercise of jurisdiction is consistent with due process under the United States Constitution. Because the Texas long-arm statute extends to the limits of federal due process, the court must determine whether (1) the defendants have established "minimum contacts" with the forum state; and (2) whether the exercise of personal jurisdiction over the defendants would offend "traditional notions of fair play and substantial justice."

Civil Procedure > ... > Jurisdiction > In Rem & Personal Jurisdiction > Constitutional Limits

Civil Procedure > ... > In Rem & Personal Jurisdiction > In Personam Actions > General Overview

Civil Procedure > ... > In Rem & Personal Jurisdiction > In Personam Actions > Minimum Contacts

Civil Procedure > ... > In Rem & Personal Jurisdiction > In Personam Actions > Purposeful Availment

**HN3** The "minimum contacts" prong of the inquiry into personal jurisdiction is satisfied when a defendant

purposefully avails itself of the privilege of conducting activities within the forum state, thus invoking the benefits and protections of its laws. The nonresident defendant's availment must be such that the defendant should reasonably anticipate being haled into court in the forum state. This test ensures that a defendant will not be haled into a jurisdiction solely as a result of random, fortuitous, or attenuated contacts, or as a result of the unilateral activity of another party or a third person.

Civil Procedure > ... > Jurisdiction > In Rem & Personal Jurisdiction > General Overview

Civil Procedure > ... > Jurisdiction > In Rem & Personal Jurisdiction > Constitutional Limits

Civil Procedure > ... > In Rem & Personal Jurisdiction > In Personam Actions > General Overview

Civil Procedure > ... > In Rem & Personal Jurisdiction > In Personam Actions > Minimum Contacts

Civil Procedure > ... > Jurisdiction > Subject Matter Jurisdiction > General Overview

**HN4** The "minimum contacts" prong of the inquiry into personal jurisdiction may be subdivided into contacts that give rise to "specific" personal jurisdiction and those that give rise to "general" personal jurisdiction. Specific jurisdiction is only appropriate when the nonresident defendant's contacts with the forum state arise from, or are directly related to, the cause of action. The exercise of general personal jurisdiction is proper when the nonresident defendant's contacts with the forum state, even if unrelated to the cause of action, are continuous, systematic, and substantial.

Civil Procedure > ... > Jurisdiction > In Rem & Personal Jurisdiction > Constitutional Limits

**HN5** In evaluating the second prong of the due process test for finding personal jurisdiction, the court must examine a number of factors in order to determine fairness and reasonableness, including: (1) the defendant's burden; (2) the forum state's interests; (3) the plaintiff's interest in convenient and effective relief; (4) the judicial system's interest in efficient resolution of controversies; and (5) the state's shared interest in furthering social policies. Once minimum contacts are established, a defendant must present a compelling case that the presence of some consideration would render jurisdiction unreasonable. In fact, only in rare cases will the exercise of jurisdiction not comport with fair play and substantial justice when the nonresident

defendant has purposefully established minimum contacts with the forum state.

Civil Procedure > ... > Jurisdiction > In Rem & Personal Jurisdiction > Constitutional Limits

Civil Procedure > ... > In Rem & Personal Jurisdiction > In Personam Actions > Minimum Contacts

Business & Corporate Compliance > ... > Overview & Legal Concepts > Related Legal Issues > Copyright

Copyright Law > Copyright Infringement Actions > Civil Infringement Actions > General Overview

**HN6** The exercise of specific jurisdiction is appropriate where the cause of action arises out of a nonresident defendant's contacts with the forum state.

Civil Procedure > ... > Jurisdiction > In Rem & Personal Jurisdiction > Constitutional Limits

Civil Procedure > ... > In Rem & Personal Jurisdiction > In Personam Actions > Minimum Contacts

Copyright Law > Copyright Infringement Actions > Civil Infringement Actions > General Overview

**HN7** Even a single contact can support specific jurisdiction.

Civil Procedure > ... > Jurisdiction > In Rem & Personal Jurisdiction > General Overview

Civil Procedure > ... > Jurisdiction > In Rem & Personal Jurisdiction > Constitutional Limits

Computer & Internet Law > Civil Actions > Jurisdiction > Constitutional Limitations

Computer & Internet Law > Internet Business > General Overview

Computer & Internet Law > Internet Business > Contracts > General Overview

Computer & Internet Law > Internet Business > Online Advertising > General Overview

**HN8** When evaluating a defendant's contacts with a forum state through the Internet, courts must look to the nature and quality of commercial activity that an entity conducts over the Internet. This test examines a defendant's Internet activities in relation to a spectrum of three areas. At one end of the spectrum are defendants who are conducting their businesses over the Internet, entering into contracts with residents of other states involving the "knowing and repeated" transmission of computer files over the Internet. "Passive" websites are at the other end of the scale.

These websites do nothing more than provide information and advertising to those who access the site. Passive websites, on their own, do not provide for personal jurisdiction over the owner of the site. Interactive websites that allow Internet users to communicate and exchange information with the organization sponsoring the site are in the middle of the spectrum. In this "middle ground," the exercise of jurisdiction depends upon the level of interactivity and commercial nature of the exchange of information conducted on the defendant's web site.

Civil Procedure > ... > Jurisdiction > In Rem & Personal Jurisdiction > Constitutional Limits

Civil Procedure > ... > In Rem & Personal Jurisdiction > In Personam Actions > Minimum Contacts

Copyright Law > Copyright Infringement Actions > Civil Infringement Actions > General Overview

Trademark Law > Conveyances > General Overview

**HN9** In determining whether it has specific personal jurisdiction over a defendant, the court is limited to considering only those contacts and sales that arise from, or are directly related to, the plaintiff's causes of action.

Business & Corporate Law > Agency Relationships > Fiduciaries > General Overview

Business & Corporate Law > ... > Corporate Governance > Directors & Officers > General Overview

Business & Corporate Law > ... > Management Duties & Liabilities > Causes of Action > General Overview

Business & Corporate Law > ... > Management Duties & Liabilities > Fiduciary Duties > General Overview

Civil Procedure > ... > Jurisdiction > In Rem & Personal Jurisdiction > Constitutional Limits

Governments > Fiduciaries

**HN10** Under the fiduciary shield doctrine, an individual's transaction of business within a state solely as a corporate officer does not create personal jurisdiction over that individual though the state has in personam jurisdiction over the corporation. This rule does not apply, however, to corporate officers who, in their role as corporate agents, injure persons by virtue of their tortious activity even if such acts were performed within the scope of their employment as corporate officers.

Civil Procedure > ... > Jurisdiction > In Rem & Personal Jurisdiction > Constitutional Limits

International Law > Dispute Resolution > Conflict of Law > Jurisdiction

**HN11** As a general rule, a foreign parent corporation is not subject to the jurisdiction of a forum state merely because its subsidiary is present or doing business there; the mere existence of a parent-subsidiary relationship is not sufficient to warrant the assertion of jurisdiction over the foreign parent.

Business & Corporate Law > ... > Shareholder Duties & Liabilities > Piercing the Corporate Veil > General Overview

**HN12** Under Texas law, the alter-ego doctrine allows a court to impose liability on a corporation for the acts of another corporation when the corporation committing the wrongdoing is organized or operated as a mere tool or business conduit. The doctrine applies when there is such unity between the two corporations that the separateness of the two corporations has ceased, and holding only the acting corporation liable would result in injustice. Alter-ego is demonstrated by evidence of a blending of identities or a blurring of lines of distinction between the two corporations.

Business & Corporate Law > ... > Corporate Governance > Directors & Officers > General Overview

Business & Corporate Law > ... > Directors & Officers > Compensation > General Overview

Business & Corporate Law > Corporations > Corporate Finance > General Overview

Business & Corporate Law > ... > Shareholder Duties & Liabilities > Piercing the Corporate Veil > General Overview

Business & Corporate Law > ... > Piercing the Corporate Veil > Alter Ego > General Overview

Business & Corporate Law > ... > Piercing the Corporate Veil > Alter Ego > Corporate Formalities

Business & Corporate Law > ... > Piercing the Corporate Veil > Alter Ego > Inadequate Capitalization

Tax Law > ... > Income Taxes > Corporations & Unincorporated Associations > General Overview

**HN13** The United States Court of Appeals for the Fifth Circuit has developed a list of factors to consider when determining whether an alter-ego situation exists: (1) common stock ownership; (2) common directors or officers; (3) common business departments; (4) consolidated financial statements and tax returns; (5) one corporation finances the other; (6) one corporation caused the incorporation of the other; (7) one corporation operates with grossly inadequate capital;

(8) one corporation pays the salaries and other expenses of the other; (9) one corporation receives no business except that given to it by the other; (10) one corporation uses the other's property as its own; (11) the daily operations of the two corporations are not kept separate; and (12) one corporation does not observe the basic corporate formalities, such as keeping separate books and records and holding shareholder and board meetings. Ties through stock ownership, shared officers, financing arrangements, and the like do not, by themselves, establish an alter-ego relationship. Thus, one-hundred percent ownership and identity of directors and officers are, even together, an insufficient basis for applying the alter ego theory to pierce the corporate veil." Rather, the degree of control exercised by the parent must be greater than that normally associated with common ownership and directorship.

Business & Corporate Law > ... > Shareholder Duties & Liabilities > Piercing the Corporate Veil > General Overview

**HN14** The control necessary for an alter-ego situation to exist is not mere majority or complete stock control but such domination of finances, policies and practices that the controlled corporation has, so to speak, no separate mind, will or existence of its own and is but a business conduit for its principal.

Civil Procedure > ... > Jurisdiction > In Rem & Personal Jurisdiction > Constitutional Limits

Civil Procedure > ... > In Rem & Personal Jurisdiction > In Personam Actions > General Overview

Civil Procedure > ... > In Rem & Personal Jurisdiction > In Personam Actions > Minimum Contacts

**HN15** Once a federal court has determined that a defendant has established "minimum contacts" with the forum state, the court must decide whether the exercise of personal jurisdiction over the defendant would offend "traditional notions of fair play and substantial justice." In evaluating this second prong of the due process test, the court must examine a number of factors in order to determine fairness and reasonableness, including: (1) the defendant's burden; (2) the forum state's interests; (3) the plaintiff's interest in convenient and effective relief; (4) the judicial system's interest in efficient resolution of controversies; and (5) the state's shared interest in furthering social policies. Once minimum contacts are established, a defendant must present a compelling case that the presence of some consideration would render jurisdiction unreasonable. In fact, only in rare cases will the exercise of jurisdiction

not comport with fair play and substantial justice when the nonresident defendant has purposefully established minimum contacts with the forum state.

Civil Procedure > ... > Jurisdiction > In Rem & Personal Jurisdiction > Constitutional Limits

Computer & Internet Law > Internet Business > General Overview

Computer & Internet Law > Internet Business > Contracts > Service Providers

**HN16** When a merchant seeks the benefits of engaging in unlimited interstate commerce over the Internet, it runs the risk of being subject to the process of the courts of those states.

Civil Procedure > ... > Justiciability > Mootness > Voluntary Cessation Exception

Civil Procedure > ... > Subject Matter Jurisdiction > Jurisdiction Over Actions > General Overview

**HN17** The recognized rule is that voluntary cessation of allegedly illegal conduct does not deprive the tribunal of power to hear and determine the case, i.e., does not make the case moot. Jurisdiction may abate if there is no reasonable expectation the alleged violations will recur and if intervening acts have completely and irrevocably eradicated the effects of the alleged violation. To defeat jurisdiction on this basis, however, defendants must offer more than a mere profession that the conduct has ceased and will not be revived.

**Counsel:** [\*1] For Global, 360, Inc, formerly known as eiStream WMS Inc formerly known as eiSolutions Inc, Plaintiff: Barry M Golden, Craig B Florence, Thomas C Wright, Gardere Wynne Sewell -- Dallas, Dallas, TX.

For Imagemaker Development Inc, Ken Davies, Defendants: Richard L Schwartz, Whitaker Chalk Swindle & Sawyer, Fort Worth, TX.

**Judges:** Sam A. Lindsay, United States District Judge.

**Opinion by:** Sam A. Lindsay

## Opinion

### MEMORANDUM OPINION AND ORDER

Before the court is Defendants' Motion to Dismiss for Lack of Personal Jurisdiction, filed October 15, 2004. After careful consideration of the motion, response, reply, the record evidence, and the applicable law, the court **denies** Defendants' Motion to Dismiss for Lack of Personal Jurisdiction with regard to Defendant ImageMAKER Development, Inc. and Defendant Ken Davies, and **grants** Defendants' Motion to Dismiss for Lack of Personal Jurisdiction with regard to Defendant Spittin' Image Software, Inc.<sup>1</sup>

#### [\*2] I. **Factual and Procedural Background**

Plaintiff Global 360, Inc., f/k/a eiStream WMS, Inc., f/k/a eiSolutions, Inc. ("Global" or "Plaintiff") is a Delaware corporation with a principal place of business in Dallas, Texas. Global develops, implements and sells computer software programs. Global created, registered and owns the copyright in a software program named "Imaging for Windows," which transforms paper documents into electronic documents that users can view, edit, distribute via e-mail, post to and download from the Internet. Global also created, and obtained copyright registrations for, supporting documentation and website text related to Imaging for Windows. Global has used the mark "Imaging for Windows" continuously since 1995.

Defendant Ken Davies ("Davies"), a Canadian citizen, is the president, managing director, bookkeeper, and sole employee of both Defendant Spittin' Image Software, Inc. ("Spittin' Image") and Defendant ImageMAKER Development, Inc. ("ImageMAKER") (sometimes collectively referred to as "Defendants"). Davies writes software and designs and develops Windows-based viewer technology. Defendant Spittin' Image is a Canadian corporation formed [\*3] in 1990, and is the developer of "ImageMAKER Imaging for Windows," a software product that provides image viewing, editing, storing and annotating capabilities. Defendant ImageMAKER is a Canadian corporation

<sup>1</sup> Also before the court is Plaintiff's Motion for Preliminary Injunction, filed October 19, 2004. Defendants have not filed a response. The court notes that Defendant Ken Davies asserts that on or around September 16, 2004, Defendants voluntarily disconnected the *ImagingforWindows.com* Internet website that is the subject of this lawsuit and ceased selling the allegedly infringing product. Given these developments, the court **directs** Plaintiff to inform the court in writing within seven (7) days of the date of entry of this order whether it nevertheless wishes to pursue its Motion for Preliminary Injunction. If Plaintiff wishes to pursue the Motion, the court will issue a briefing schedule once it receives Plaintiff's notification.

and a subsidiary of Spittin' Image. Spittin' Image and Davies formed ImageMAKER in 2000 for the purpose of selling ImageMAKER products. Beginning in 2003, ImageMAKER began operating an Internet website named *ImagingforWindows.com* to advertise and sell its products. Spittin' Image and Ken Davies are the registered owners of the domain name *ImagingforWindows.com*. Davies is Spittin' Image's sole shareholder, owning one hundred percent (100%) of its shares; in turn, Spittin' Image is ImageMAKER's majority shareholder, owning eighty percent (80%) of its shares.

In June 2004, Global first learned of Defendants' "Imaging for Windows" software program and its *ImagingforWindows.com* website. Representatives from Global and Defendants, including Ken Davies, met at Global's offices in Dallas, Texas, where Global demanded that Defendants cease and desist their allegedly infringing activities. At that meeting, Defendants proposed selling the company to Global for \$ 18 million, but [\*4] did not agree to stop selling the "Imaging for Windows" product. Global responded by filing this lawsuit on August 25, 2004, asserting claims against Defendants for copyright infringement, violations of the *Lanham Act*, state law trademark dilution, and unfair competition. Global alleges that Defendants: (i) willfully infringed Global's copyrighted software and supporting documentation by copying and distributing both, as well as by copying portions of Global's website text in order to advertise the infringing software; (ii) infringed Global's trademark by using the product name "Imaging for Windows" and the domain name *ImagingforWindows.com*, which acts of infringement are further likely to dilute the distinctiveness of Global's mark and harm its business reputation; and (iii) by using Global's trademark, caused confusion, mistake and deception as to the source and origin of Defendants' computer software products.

Defendants now move to dismiss this action for lack of personal jurisdiction. Defendants argue that they lack sufficient minimum contacts with this forum to subject them to *in personam* jurisdiction. Defendant Davies further argues that this court has no jurisdiction [\*5] over him since his contacts with the state of Texas were undertaken solely in his capacity as a corporate officer of Spittin' Image and ImageMAKER, whose contacts with the forum cannot be attributed to him.

Alternatively, Defendants contend that the court need not consider Global's Complaint, since on or around September 16, 2004, Defendants voluntarily

disconnected the *ImagingforWindows.com* website and ceased developing and selling "Imaging for Windows." The court will address these arguments in turn.

## **II. Defendants' Motion to Dismiss for Lack of Personal Jurisdiction**

### **A. Legal Standard for Personal Jurisdiction**

**HN1** On a motion to dismiss for lack of personal jurisdiction, the plaintiff bears the burden of establishing a *prima facie* case for the court's jurisdiction over a nonresident defendant. See [Ham v. La Cienega Music Co.](#), 4 F.3d 413, 415 (5th Cir. 1993); [Stuart v. Spademan](#), 772 F.2d 1185, 1192 (5th Cir. 1985). When the court rules on the motion without an evidentiary hearing, the plaintiff may establish personal jurisdiction by presenting a *prima facie* case that personal jurisdiction is proper. [Ham](#), 4 F.3d at 415. [\*6] Proof by a preponderance of the evidence is not required. [International Truck and Engine Corp. v. Quintana](#), 259 F. Supp.2d 553, 556 (N.D. Tex. 2003) (citing [WNS, Inc. v. Farrow](#), 884 F.2d 200, 203 (5th Cir. 1989)). The court may determine the jurisdictional issue by receiving affidavits, interrogatories, depositions, oral testimony, or any combination of the recognized methods of discovery. [Stuart](#), 772 F.2d at 1192. Uncontroverted allegations in a plaintiff's complaint must be taken as true, and conflicts between the facts contained in the parties' affidavits must be resolved in favor of the plaintiff. [Bullion v. Gillespie](#), 895 F.2d 213, 217 (5th Cir. 1990). After a plaintiff makes his *prima facie* case, the burden then shifts to the defendant to present "a compelling case that the presence of some other consideration would render jurisdiction unreasonable." [Burger King Corp. v. Rudzewicz](#), 471 U.S. 462, 477, 85 L. Ed. 2d 528, 105 S. Ct. 2174 (1985).

**HN2** A federal court has jurisdiction over a nonresident defendant if the state long-arm statute confers personal jurisdiction over that defendant, and if the exercise of jurisdiction is consistent [\*7] with due process under the United States Constitution. [Ruston Gas Turbines, Inc. v. Donaldson Co., Inc.](#), 9 F.3d 415, 418 (5th Cir. 1993). Because the Texas long-arm statute extends to the limits of federal due process, [Schlobohm v. Schapiro](#), 784 S.W.2d 355, 357, 33 Tex. Sup. Ct. J. 222 (Tex. 1990), the court must determine whether (1) the defendants have established "minimum contacts" with the forum state; and (2) whether the exercise of personal jurisdiction over the defendants would offend "traditional notions of fair play and substantial justice." [Ruston Gas](#),

9 F.3d at 418 (citing International Shoe Co. v. Washington, 326 U.S. 310, 316, 90 L. Ed. 95, 66 S. Ct. 154 (1945)).

**HN3** The "minimum contacts" prong is satisfied when a 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. The nonresident defendant's availment must be such that the defendant "should reasonably anticipate being haled into court" in the forum state. World-Wide Volkswagen Corp. v. Woodson, 444 U.S. 286, 297, 62 L. Ed. 2d 490, 100 S. Ct. 559 (1980). This test "ensures [\*8] that a defendant will not be haled into a jurisdiction solely as a result of random, fortuitous, or attenuated contacts, or as a result of the unilateral activity of another party or a third person." Burger King, 471 U.S. at 475 (citations omitted). **HN4** The "minimum contacts" prong of the inquiry may be subdivided into contacts that give rise to "specific" personal jurisdiction and those that give rise to "general" personal jurisdiction. Marathon Oil Co. v. A.G. Ruhrgas, 182 F.3d 291, 295 (5th Cir. 1999). Specific jurisdiction is only appropriate when the nonresident defendant's contacts with the forum state arise from, or are directly related to, the cause of action. Helicopteros Nacionales de Colombia, S.A. v. Hall, 466 U.S. 408, 414 n.8, 80 L. Ed. 2d 404, 104 S. Ct. 1868 (1984). The exercise of general personal jurisdiction is proper when the nonresident defendant's contacts with the forum state, even if unrelated to the cause of action, are continuous, systematic, and substantial. Id. at 414 n.9.

**HN5** In evaluating the second prong of the due process test, the court must examine a number of factors in order to determine fairness and reasonableness, [\*9] including: (1) the defendant's burden; (2) the forum state's interests; (3) the plaintiff's interest in convenient and effective relief; (4) the judicial system's interest in efficient resolution of controversies; and (5) the state's shared interest in furthering social policies. Asahi Metal Industry Co. v. Superior Court of California, 480 U.S. 102, 112, 94 L. Ed. 2d 92, 107 S. Ct. 1026(1987). As noted above, "once minimum contacts are established, a defendant must present a compelling case that the presence of some consideration would render jurisdiction unreasonable." Enviro Petroleum, Inc. v. Kondur Petroleum, S.A., 79 F. Supp.2d 720, 725 (S.D. Tex. 1999) (quoting Burger King, 471 U.S. at 477). In fact, "only in rare cases . . . will the exercise of jurisdiction not comport with fair play and substantial justice when the nonresident defendant has purposefully established

minimum contacts with the forum state." Id. (quoting Guardian Royal Exch. Assurance, Ltd. v. English China Clays, P.L.C., 815 S.W.2d 223, 231, 34 Tex. Sup. Ct. J. 376 (Tex. 1991)).

Defendants first move to dismiss this case for lack of *in personam* jurisdiction.

## B. Analysis

### 1. Minimum Contacts

#### a. Defendant [\*10] ImageMAKER

The court considers first whether it may exercise specific jurisdiction over Defendant ImageMAKER. In response to Defendants' Motion to Dismiss for Lack of Personal Jurisdiction, Global asserts that jurisdiction is proper since ImageMAKER established a retail presence in Texas with its virtual on-line store, ImagingforWindows.com, where it sold the infringing product to Texas consumers. Global further contends that jurisdiction is proper since, in addition to Internet sales over its website, ImageMAKER contacted Texas residents by phone and e-mail regarding its products, including the allegedly infringing product. Global also submits that in July 2004, prior to its filing of this action, Ken Davies traveled to its Dallas, Texas office, and at a meeting with Global offered to sell ImageMAKER's business to Global as a possible resolution of this dispute. Global argues that by engaging in these contacts with the forum state, ImageMAKER purposefully availed itself of the privilege of conducting business in this forum and is therefore subject to personal jurisdiction.

ImageMAKER contends that *in personam* jurisdiction is lacking, since it has no offices in Texas, [\*11] no employees in Texas, owns no property in Texas, and has no registered agent for service in Texas. ImageMAKER does not dispute that it sold the infringing product to Texas residents over its Internet website. ImageMAKER argues, however, that its operation of the ImagingforWindows.com Internet website and the resulting *de minimus* sales of the infringing product to Texas residents over the website, coupled with Ken Davies's one visit to Global's Dallas offices, are insufficient contacts to subject it to the jurisdiction of this court.

As set forth directly below, the court finds that Global has met its burden of establishing personal jurisdiction

over ImageMAKER by presenting a *prima facie* case that personal jurisdiction is proper. See [Ham, 4 F.3d at 415](#); [Stuart, 772 F.2d at 1192](#).

First, Global's causes of action for copyright and trademark infringement arise out of, and are directly related to, ImageMAKER's contacts with Texas via its Internet website, rendering consideration of specific jurisdiction appropriate. See generally [Bearry v. Beech Aircraft, 818 F.2d 370, 374 \(5th Cir. 1987\)](#) **HN6** (exercise of specific jurisdiction [\*12] appropriate where cause of action arises out of nonresident defendant's contacts with forum state). Moreover, **HN7** even a single contact can support specific jurisdiction. See [American Eyewear, Inc. v. Peeper's Sunglasses & Accessories, Inc., 106 F. Supp.2d 895, 901 \(N.D.Tex. 2000\)](#) (citing [Bearry, 818 F.2d at 374](#)). Because the majority of ImageMAKER's contacts giving rise to Global's copyright and trademark infringement claims were made over the *ImagingforWindows.com* Internet website, the court must examine the facts against the backdrop of the Fifth Circuit's standard for assessing personal jurisdiction in Internet cases.

In [Mink v. AAAA Development LLC, 190 F.3d 333, 336 \(5th Cir. 1999\)](#), the court adopted a standard for personal jurisdiction from [Zippo Mfg. Co. v. Zippo Dot Com, Inc., 952 F. Supp. 1119, 1124 \(W.D. Pa. 1997\)](#). The *Zippo* decision instructs **HN8** courts to look to the "nature and quality of commercial activity that an entity conducts over the Internet." [952 F. Supp. at 1124](#); see also [Mink, 190 F.3d at 336](#). This test examines a defendant's Internet activities in relation to a spectrum of three [\*13] areas. [Mink, 190 F.3d at 336](#). At one end of the spectrum are defendants who are conducting their businesses over the Internet, entering into contracts with residents of other states involving the "knowing and repeated" transmission of computer files over the Internet. *Id.* "Passive" websites are at the other end of the scale. *Id.* These websites do nothing more than provide information and advertising to those who access the site. *Id.*; [Fix My PC, L.L.C. v. N.F.N. Assocs., Inc., 48 F. Supp.2d 640, 643 \(N.D. Tex. 1999\)](#). Passive websites, on their own, do not provide for personal jurisdiction over the owner of the site. [Mink, 190 F.3d at 336](#); [Fix My PC, 48 F. Supp.2d at 643](#). Interactive websites that allow Internet users to communicate and exchange information with the organization sponsoring the site are in the middle of the spectrum. [Mink, 190 F.3d at 336](#); [Fix My PC, 48 F. Supp.2d at 643](#). In this "middle ground," the exercise of jurisdiction depends upon "the level of interactivity and commercial nature of the exchange of

information" conducted on the defendant's web site. [Mink, 190 F.3d at 336](#) [\*14] (quoting [Zippo, 952 F. Supp. at 1124](#)).

The *ImagingforWindows.com* Internet website is "interactive" under *Mink*, a fact which ImageMAKER does not dispute. See Def. Mot. at 4. Thus the exercise of this court's jurisdiction depends upon "the level of interactivity and commercial nature of the exchange of information" conducted on the website. [Mink, 190 F.3d at 336](#) (quoting [Zippo, 952 F. Supp. at 1124](#)). Users of the *ImagingforWindows.com* website interact with the website by submitting questions and problems to senior technical support personnel, downloading free software samples and ordering and purchasing the computer software over the Internet website. Pl. App. at 31-32, 898, 907, 928, 931, 932-45. To download the free demonstration software, a customer would click the download button and enter a name and contact information, after which the customer would receive a return e-mail from ImageMAKER containing a password to use in downloading the free sample software. *Id.* at 31-32, 898, 907-08. To purchase the product after downloading the sample software, a customer would enter a credit card number and other contact [\*15] information and would then receive a return e-mail containing a code that would allow the customer to remove certain labeling from the sample software, thereby rendering it commercially usable. *Id.* at 33, 931, 935-42. In the event a customer wanted to purchase the software without first downloading the sample, ImageMAKER would e-mail the customer a personalized internet domain address through which he or she could directly download the product. *Id.* at 32-33.

It is undisputed that ImageMAKER operates and maintains the *ImagingforWindows.com* Internet website and that Texas consumers have downloaded samples and purchased the infringing software over the website. *Id.* at 31-32, 38, 794, 803-04. In addition to its Internet contacts with the forum over its website, ImageMAKER's customer database reflects that ImageMAKER contacted 379 Texas customers or potential customers by both telephone and e-mail regarding sales and service of its software products. *Id.* at 40-42, 201-790. Certain of these contacts related to ImageMAKER's

sales of the allegedly infringing product into Texas.<sup>2</sup> *Id.* at 332. Finally, it is undisputed that Ken Davies, the president, managing director, [\*16] bookkeeper, and sole employee of ImageMAKER, visited Global's Dallas offices in July 2004, where the parties discussed the sale of ImageMAKER to Global as a possible resolution of this dispute. *Id.* at 11.

[\*17] Having reviewed this evidence, the court finds that Global has met its burden of establishing personal jurisdiction over ImageMAKER by presenting a *prima facie* case that specific personal jurisdiction is proper. See [Ham, 4 F.3d at 415](#); [Stuart, 772 F.2d at 1192](#). Specifically, ImageMAKER's operation of the [ImagingforWindows.com](#) Internet website, over which it sold the allegedly infringing product to Texas residents, its contacts with Texas consumers by telephone, e-mail and facsimile regarding sale and servicing of the infringing product, and Ken Davies's visit to Global's Dallas offices where the parties discussed the sale of ImageMAKER to Global as a possible resolution to the dispute in this case constitute sufficient minimum contacts for this court to exercise specific jurisdiction. See [American Eyewear, Inc. v. Peepers Sunglasses, 106 F. Supp.2d 895, 901 \(N.D. Tex. 2000\)](#) (in trademark infringement action, exercising specific personal jurisdiction over Minnesota defendant based on interactive website where defendants knowingly used website to enter into contracts with Texas residents for pecuniary gain); [Carrot Bunch Co., Inc. v. Computer Friends, Inc., 218 F. Supp.2d 820, 826 \(N.D. Tex. 2002\)](#)

[\*18] (in trademark infringement action, exercising specific personal jurisdiction over Oregon defendant based on interactive website where defendant sold infringing product to Texas residents over its website); [Stomp, Inc. v. Neato, 61 F. Supp.2d 1074, 1078 \(C.D.](#)

[Cal. 1999\)](#) (cited with approval in [American Eyewear, 106 F. Supp.2d at 901](#)) (in patent infringement action, exercising specific personal jurisdiction over Connecticut defendant based on interactive website where defendant sold infringing product to California residents over its website). Compare [Origin Instruments Corp. v. Adaptive Computer Sys., Inc., 1999 U.S. Dist. LEXIS 1451, 1999 WL 76794, at \\*4 \(N.D. Tex. Feb. 3, 1999\)](#) (dismissing trademark infringement action for lack of personal jurisdiction in case involving "interactive" Internet website operated by nonresident defendant, where record contained no evidence "to establish that defendant had been interacting with anyone in Texas through its web site," "defendant [had] made no sales to any Texas resident, through its web site or otherwise," and defendant's employees had not traveled to Texas to solicit business); [People Solutions, Inc. v. People Solutions, Inc., 2000 U.S. Dist. LEXIS 10444, 2000 WL 1030619, \[\\*19\] at \\*4 \(N.D. Tex. July 25, 2000\)](#) (dismissing trademark infringement action for lack of personal jurisdiction in case involving "interactive" Internet website operated by nonresident defendant where record contained no evidence of actual sales over the website to Texas residents).

The court rejects ImageMAKER's argument that personal jurisdiction is lacking because of the *de minimus* nature of its Internet website sales to Texas consumers. The total amount of sales is not the critical inquiry.<sup>3</sup> Rather, the critical determination is the "nature and quality of commercial activity that an entity conducts over the Internet." [Zippo, 952 F. Supp. at 1124](#); see also [Mink, 190 F.3d at 336](#). See generally [American Eyewear, 106 F. Supp.2d at 901](#) (purposeful availment found where Internet sales to Texas residents

<sup>2</sup> **HN9** In determining whether it has specific personal jurisdiction over ImageMAKER, the court is limited to considering only those contacts and sales that arise from, or are directly related to, Global's causes of action for copyright and trademark infringement. See [Helicopteros Nacionales de Colombia, 466 U.S. at 414 n.8](#). The court, therefore, is not considering any evidence of Defendants' contacts with the state of Texas that Global has failed to show arise from, or are directly related to, Global's causes of action in this lawsuit, including any evidence of the 379 Texas contacts in the customer database that were not related to Imaging for Windows product, evidence of ImageMAKER's more than 1400 calls to Texas individuals and/or companies between 2000 and 2004, and any evidence of ImageMAKER's communications with Nortel Network's Richardson, Texas office regarding sales on at least 275 occasions. See Pl. App. at 40-42, 51-53, 55, 201-790, 957-2950. In addition, in assessing specific jurisdiction, the court has not needed to rely on any evidence that is the subject of Defendants' motion to strike and objections. See Def. Reply at 2, n.2. Accordingly, Defendants' motion to strike and objections are **overruled** as moot.

<sup>3</sup> The evidence shows that ImageMAKER has sold more than \$ 75,500 of its entire product line to individuals and companies located in Texas. See Def. Mot. at P 10; Pl. App. at 793, 803-69. As already stated (see *supra* n.2), however, in determining specific jurisdiction the court is limited to considering only those contacts and sales that arise from, or are directly related to, Global's causes of action for copyright and trademark infringement. See [Helicopteros Nacionales de Colombia, 466 U.S. at 414 n.8](#). The evidence shows total domestic sales of the Imaging for Windows product as \$ 1,560, with sales to Texas consumers over the Internet website totaling \$ 195. See Pl. App. at 794, 803-04.

constituted fewer than 1/2 % of defendant's total sales); [Stomp, 61 F. Supp. 2d at 1078](#) (purposeful avilment found where evidence showed only two (2) sales made over the Internet to consumers in forum state); [CompuServe, Inc. v. Patterson, 89 F.3d 1257, 1265 \(6th Cir. 1996\)](#) (rejecting district court's [\*20] decision to dismiss case for lack of personal jurisdiction, in part because of district court's misplaced "reliance on the *de minimus* amount of software sales" by nonresident defendant into forum state).

The court also finds that ImageMAKER's reliance on [Poly-America, L.P. v. Shrink Wrap Int'l, Inc., 2004 U.S. Dist. LEXIS 7875, 2004 WL 884362 \(N.D. Tex. April 23, 2004\)](#) [\*21] is misplaced. See Def. Mot. at 6. In *Poly-America*, plaintiff sued defendants for various trademark violations. Plaintiff alleged that jurisdiction was proper in Texas based on defendants' website. The court dismissed for lack of *in personam* jurisdiction after finding that the website in question was no "more than passive advertisement which is not grounds for the exercise of personal jurisdiction." [Poly-America, 2004 WL 884362, at \\*3](#) (quoting [Zippo, 952 F. Supp. at 1124](#)). The website posted information about products and services, provided users with a printable mail-in order form, a toll-free telephone number, a mailing address and an electronic mail address; however, purchase orders were not taken through the website. *Id.* The court found no evidence that the defendants "conducted business over the Internet by engaging in business transactions with forum residents or by entering into contracts over the Internet." [2004 U.S. Dist. LEXIS 7875, \[WL\] at \\*3](#). By contrast, the *ImagingforWindows.com* website is *interactive* and allows customers to submit questions and problems to senior technical support personnel, to download free [\*22] software samples and to order and purchase the computer software over the internet website by entering a credit card and related contact information. Def. Mot. at 4; Pl. App. at 31-32, 898, 907, 928, 931, 932-45. Unlike the case in *Poly-America*, there is undisputed evidence that ImageMAKER engaged in business transactions and entered into contracts over the Internet with Texas residents. See Pl. App. at 38-39,793, 803-04. In short, the "level of interactivity and commercial nature of the exchange of information" conducted on the ImageMAKER's website differs sharply from that in *Poly-America*. See [Mink, 190 F.3d at 336](#) (quoting [Zippo, 952 F. Supp. at 1124](#)).

The court finds equally unavailing ImageMAKER's reliance on [Watchworks, Inc. v. Total Time, Inc., 2002 U.S. Dist. LEXIS 4491, 2002 WL 424631 \(N.D. Ill. March 19, 2002\)](#). See Def. Mot. at 5-6. In *Watchworks*, the court dismissed for lack of personal jurisdiction where plaintiff sought to establish jurisdiction over California-based defendants in Illinois based on an interactive website and catalog distribution. The website at issue allowed a user to communicate with defendant regarding its sales, [\*23] corporate gifts and to submit questions or comments, but defendant could not sell products or transact business over the website. [Watchworks, 2002 U.S. Dist. LEXIS 4491, 2002 WL 424631 at \\*\\*2, 6](#). The court found no evidence of hard sales in the state of Illinois, other than the purchase of two (2) watches by one of plaintiff's investigators. [2002 U.S. Dist. LEXIS 4491, \[WL\] at \\*8](#). Unlike in *Watchworks*, in addition to the virtual on-line store features detailed above, Global has provided the court with undisputed evidence of contacts with Texas residents and actual product sales to Texas residents. See Pl. App. at 38-39,793, 803-04.

In short, ImageMAKER has sold the allegedly infringing products in Texas *via* its website, in addition to other contacts, thereby purposefully availing itself of the privilege of conducting business in Texas in such a manner that it "should reasonably anticipate being haled into court" in Texas. [World-Wide Volkswagen Corp. v. Woodson, 444 U.S. 286, 297, 62 L. Ed. 2d 490, 100 S. Ct. 559 \(1980\)](#).<sup>4</sup>

#### [\*24] b. Defendant Ken Davies

Defendant Davies argues that he is a Canadian resident, and that even if the allegations in Global's Complaint are true, his contacts with the state of Texas were undertaken solely in his capacity as a corporate officer of Spittin' Image and ImageMAKER. Davies argues that under the fiduciary shield doctrine, the contacts of the corporate defendants cannot be attributed to him, and that therefore this court lacks personal jurisdiction over him.

**HN10** Under the fiduciary shield doctrine, "an individual's transaction of business within the state solely as a corporate officer does not create personal jurisdiction over that individual though the state has in personam jurisdiction over the corporation[.]" [Stuart v.](#)

<sup>4</sup> Because the court determines that specific jurisdiction over ImageMAKER exists under the facts of this case, it need not address general jurisdiction.

[\*Spademan\*, 772 F.2d 1185, 1197 \(5th Cir. 1985\)](#). This rule does not apply, however, to "corporate officers who, in their role as corporate agents, injure persons by virtue of their "tortious activity even if such acts were performed within the scope of their employment as corporate officers." [\*Optimum Return LLC v. CyberKatz Consulting, Inc.\*, 2004 U.S. Dist. LEXIS 25092, 2004 WL 827835, at \\*3 \(N.D. Tex. March 26, 2004\)](#) (quoting [\*Stuart\*, 772 F.2d at 1197](#)). [\*25] Global alleges that Defendant Davies -- as president, managing director, bookkeeper, and sole employee of both corporate defendants -- developed the allegedly infringing product and intentionally directed tortious activities toward the state of Texas by, among other acts, registering, using and maintaining the ImagingforWindows.com website, over which the infringing product was sold to Texas consumers, thereby intentionally infringing its copyrights and trademarks. These allegations of intentional tortious acts by Davies are sufficient to establish a *prima facie* case of personal jurisdiction over Davies. See [\*Carrot Bunch Co., Inc. v. Computer Friends, Inc.\*, 218 F. Supp.2d 820, 826 \(N.D. Tex. 2002\)](#) (in trademark infringement action, exercising specific personal jurisdiction over nonresident corporate officer based on interactive website, where officer directed his tortious activities toward the forum state by registering and using domain names that infringed Plaintiff's trademark); [\*Auto Wax Co., Inc. v. Marchese\*, 2002 U.S. Dist. LEXIS 12758, 2002 WL 1558376, at \\*3 \(N.D. Texas July 15, 2002\)](#) (in patent infringement action, holding that intentional infringement of patent by individual [\*26] corporate officer precludes fiduciary shield defense); [\*Optimum Return\*, 2004 U.S. Dist. LEXIS 25092, 2004 WL 827835, at \\*3](#) (in copyright infringement action, holding that intentional tort directed toward Texas by corporate officer precludes fiduciary shield defense).

### c. Defendant Spittin' Image

The court must now determine whether it has personal jurisdiction over Spittin' Image. Global argues that under the facts of this case, Spittin' Image can be subject to jurisdiction based on ImageMAKER's activities in this forum, since Defendants are "indistinguishable." PI. Resp. at 4. Defendants contend that corporate relatedness is insufficient to confer jurisdiction.

**HN11** As a general rule, "a foreign parent corporation is not subject to the jurisdiction of a forum state merely because its subsidiary is present or doing business there; the mere existence of a parent-subsidiary relationship is not sufficient to warrant the assertion of

jurisdiction over the foreign parent." [\*Alpine View Co. v. Atlas Copco AB\*, 205 F.3d 208, 218 \(5th Cir. 2000\)](#) (quoting [\*Hargrave v. Fibreboard Corp.\*, 710 F.2d 1154, 1159 \(5th Cir. 1983\)](#)). In order to subject Spittin' Image to jurisdiction [\*27] in this forum, Global would have to show that ImageMAKER is the alter-ego of Spittin' Image. **HN12** Under Texas law, the alter-ego doctrine allows a court to impose liability on a corporation for the acts of another corporation when the corporation committing the wrongdoing is organized or operated as a mere tool or business conduit. See [\*Gardemal v. Westin Hotel Co.\*, 186 F.3d 588, 593 \(5th Cir. 1999\)](#). The doctrine applies when there is such unity between the two corporations that the separateness of the two corporations has ceased, and holding only the acting corporation liable would result in injustice. See *id.* Alter-ego is demonstrated by evidence of a blending of identities or a blurring of lines of distinction between the two corporations. See *id.* **HN13** The Fifth Circuit has developed a list of factors to consider when determining whether an alter-ego situation exists: (1) common stock ownership; (2) common directors or officers; (3) common business departments; (4) consolidated financial statements and tax returns; (5) one corporation finances the other; (6) one corporation caused the incorporation of the other; (7) one corporation operates with grossly inadequate [\*28] capital; (8) one corporation pays the salaries and other expenses of the other; (9) one corporation receives no business except that given to it by the other; (10) one corporation uses the other's property as its own; (11) the daily operations of the two corporations are not kept separate; and (12) one corporation does not observe the basic corporate formalities, such as keeping separate books and records and holding shareholder and board meetings. See [\*Gundle Lining Constr. Corp. v. Adams Co. Asphalt, Inc.\*, 85 F.3d 201, 208 \(5th Cir. 1996\)](#). Ties through "stock ownership, shared officers, financing arrangements, and the like" do not, by themselves, establish an alter-ego relationship. [\*Gardemal\*, 186 F.3d at 593](#). Thus, "one-hundred percent ownership and identity of directors and officers are, even together, an insufficient basis for applying the alter ego theory to pierce the corporate veil." *Id.* at 594 (citation omitted). Rather, "the degree of control exercised by the parent must be greater than that normally associated with common ownership and directorship." [\*Alpine View\*, 205 F.3d at 219](#) (citations omitted).

Global [\*29] points to several factors to show that ImageMAKER is operating as the alter-ego of ImageMAKER. Global claims that Spittin' Image is the

majority shareholder in ImageMAKER, owning eighty percent (80%) of its shares; that Spittin' Image and ImageMAKER maintain the same headquarters; that they maintain common management with Ken Davies as the president, managing director, bookkeeper, and sole employee of both defendant; that they maintain closely related accounting systems; and that Ken Davies exercises authority over all general policies and daily operations of the corporate defendants.

This record, even when viewed in a light most favorable to Global, does not show that Spittin' Image controlled its subsidiary, ImageMAKER, to such a degree that the activities of ImageMAKER may be fairly attributable to Spittin' Image. While it is true that Spittin' Image and ImageMAKER are closely tied through, among other things, stock ownership, sharing of offices, and having Ken Davies as the president, managing director, bookkeeper, and sole employee of both corporate defendants, Global fails to produce any evidence that Spittin' Image and ImageMAKER file consolidated financial statements and tax [\*30] returns, that one corporation finances the other, that one corporation operates with grossly inadequate capital, that one corporation pays the salaries and other expenses of the other, or that one corporation receives no business except that given to it by the other. See [Gundle Lining, 85 F.3d at 208](#). Admittedly, this is a close call; however, Global falls just short of the mark in producing sufficient evidence of "complete domination by the parent." See [Gardemal, 186 F.3d at 593](#). As stated by the Fifth Circuit:

**HN14** The control necessary . . . is not mere majority or complete stock control but such domination of finances, policies and practices that the controlled corporation has, so to speak, no separate mind, will or existence of its own and is but a business conduit for its principal.

[Id. at 594](#) (citation omitted). Global has not met the stringent test for establishing its burden that ImageMAKER is Spittin' Images alter-ego. Therefore, the court grants Defendants' motion to dismiss as it

pertains to Spittin' Image.<sup>5</sup>

## [\*31] 2. Traditional Notions of Fair Play and Substantial Justice

**HN15** Having determined that two Defendants have established "minimum contacts" with the forum state, the court must now decide whether the exercise of personal jurisdiction over these Defendants would offend "traditional notions of fair play and substantial justice." [Ruston Gas, 9 F.3d at 418](#) (citing [International Shoe Co. v. Washington, 326 U.S. 310, 316, 90 L. Ed. 95, 66 S. Ct. 154 \(1945\)](#)). In evaluating this second prong of the due process test, the court must examine a number of factors in order to determine fairness and reasonableness, including: (1) the defendant's burden; (2) the forum state's interests; (3) the plaintiff's interest in convenient and effective relief; (4) the judicial system's interest in efficient resolution of controversies; and (5) the state's shared interest in furthering social policies. [Asahi, 480 U.S. at 112](#). As noted above, "once minimum contacts are established, a defendant must present a compelling case that the presence of some consideration would render jurisdiction unreasonable." [Enviro Petroleum, 79 F. Supp.2d at 725](#) (quoting [Burger King, 471 U.S. at 477](#)). [\*32] In fact, "only in rare cases . . . will the exercise of jurisdiction not comport with fair play and substantial justice when the nonresident defendant has purposefully established minimum contacts with the forum state." *Id.* (citation omitted).

Exercising personal jurisdiction over Defendants Davies and ImageMAKER is consistent with traditional notions of fair play and substantial justice. They have purposefully availed themselves of this forum by conducting business directed at Texas residents over the [ImagingforWindows.com](#) Internet website. Defendants Davies and ImageMAKER knowingly made sales to Texas residents and were aware that the products would reach consumers in Texas. As a result, they could reasonably have anticipated being haled into court to defend against copyright and trademark claims by choosing to do business over the Internet in this forum. See [American Eyewear, 106 F. Supp.2d at](#)

<sup>5</sup> The court notes that, separate from its alter-ego argument, it is not at all clear from Global's briefing whether Global contends that the court has personal jurisdiction over Spittin' Image based on its own contacts with the forum. Out of an excess of caution, the court notes that specific jurisdiction is lacking. While it is true that Spittin' Image is the registered domain owner of the [ImagingforWindows.com](#) website and the website is registered with a Texas-based company, there is no evidence that Spittin' Image had any contacts with the forum that arise from, or are directly related to, Global's causes of action. See [Helicopteros Nacionales de Colombia, 466 U.S. at 414 n.8](#). General jurisdiction is also lacking, since there is no evidence in the record that Spittin' Image's contacts with the state of Texas are continuous, systematic, and substantial. See [id. at 414 n.9](#).

[901-03](#) (rejecting nonresidents' argument that exercise of jurisdiction based on internet sales into forum state offended traditional notions of fair play and substantial justice); [Stomp, 61 F. Supp.2d at 1081](#) (same).

Defendants argue that it would [\*33] be unfair and unreasonable to subject them to jurisdiction in this forum since contacts with Texas were merely fortuitous, as *ImagingforWindows.com* was not directed or targeted toward Texas in any fashion, but merely available to anyone with Internet access. Def. App. at 6. The court rejects this argument. In *American Eyewear*, the court noted that defendant's President "conceded that [the defendant] attempts to reach every person, including all Texans, who have Internet access and to provide them with the opportunity to purchase [the defendant's] products from anywhere, at any time." [106 F. Supp.2d at 901](#). See also [Stomp, 61 F. Supp.2d at 1081](#) **HN16** ("When a merchant seeks the benefits of engaging in unlimited interstate commerce over the Internet, it runs the risk of being subject to the process of the courts of those states."). Similarly, in this case, Davies, when questioned at his deposition, agreed that the purpose of the website was to make sales anywhere and everywhere that the website was accessible, including Texas. Pl. App. at 31. ImageMAKER cannot now argue that its contacts with Texas were fortuitous or undirected.

Defendants also argue [\*34] that they reside in Canada, and that having to defend this action in Texas will be crippling financially and an undue hardship, and may force them into bankruptcy. The burden on Defendants of litigating in this forum is real. Although Defendants may be inconvenienced by litigating in Texas, the burden is outweighed by Texas's interest in protecting its individual and corporate citizens from "tortious conduct of nonresidents aimed at its own residents" and Global's interest in obtaining relief. [Optimum Return, 2004 U.S. Dist. LEXIS 25092, 2004 WL 827835, at \\*3](#). In short, the court finds that Defendants have not met their burden of presenting "a compelling case that the presence of some consideration would render jurisdiction unreasonable." [Enviro Petroleum, 79 F. Supp.2d at 725](#) (quoting [Burger King, 471 U.S. at 477](#)). Accordingly, the court determines that the exercise of personal jurisdiction over Defendants would not offend traditional notions of fair play and substantial justice.

### **3. Disconnecting the Website does not Moot this Case**

Defendants, citing no case authority, contend that the court need not consider Global's Complaint, since on or

around September 16, 2004, Defendants [\*35] voluntarily disconnected the website and ceased selling the infringing product. In response, Global contends that Defendants' actions, taken after the Complaint was filed, have no impact on this court's jurisdictional analysis. The court agrees that Defendants' actions in this case cannot defeat jurisdiction. As stated by the Fifth Circuit:

**HN17** The recognized rule is that "voluntary cessation of allegedly illegal conduct does not deprive the tribunal of power to hear and determine the case, *i.e.*, does not make the case moot." Jurisdiction may abate if there is no reasonable expectation the alleged violations will recur and if intervening acts have completely and irrevocably eradicated the effects of the alleged violation. To defeat jurisdiction on this basis, however, defendants must offer more than a mere profession that the conduct has ceased and will not be revived.

[Hall v. Board of School Commissioners of Conecuh County, 656 F.2d 999, 1000-01 \(5th Cir. Unit B Nov. 1981\)](#) (internal citations omitted). The court has combed the evidence and finds no assurances that Defendants will not reconnect the *ImagingforWindows.com* website or begin to sell [\*36] the Imaging for Windows software once again. In fact, Davies testifies that the decision to shut down the website and stop selling the infringing product was "solely due to the phenomenal expense of this litigation." Davies Declar. at 3, P 9. The fact that Defendants disconnected the website and ceased selling the product due to litigation expenses in no way moots the court's authority to determine whether it has personal jurisdiction in this case. Accordingly, the court rejects Defendants' argument that this case has somehow been mooted by actions taken by Defendants after Global filed its Complaint.

### **III. Conclusion**

The court has considered the parties' briefing on this matter, the record evidence, and the applicable case law. For the reasons stated herein, Defendants' Motion to Dismiss for Lack of Personal Jurisdiction is **denied** with regard to Defendant ImageMAKER and Defendant Ken Davies and **granted** with regard to Defendant Spittin' Image. Further, this case, as against Defendant Spittin' Image, is dismissed without prejudice.

**It is so ordered** this 17th day of March, 2005.

Sam A. Lindsay  
United States District Judge