IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

ROYAL GIST-BROCADES N.V., et al.	:	**CIVIL ACTION**
	:	
v.	:	
	:	
SIERRA PRODUCTS LTD., et al.	:	**NO. 97-1147**

M E M O R A N D U M

WALDMAN, J. **August 11, 1999**

I. Introduction

Presently before the court is defendants' renewed motion to dismiss pursuant to Fed. R. Civ. P. 12(b)(2) for lack of personal jurisdiction and for forum non conveniens.

II. Background

Plaintiffs Royal Gist-Brocades N.V., Gist-Brocades B.V., Gist-Brocades Food Ingredients, Inc. (GBFI) (collectively, the Gist-Brocades plaintiffs) and Lallemand USA, Inc. have asserted claims against defendants Sierra Products Ltd. (Sierra), Ranks Management Inc. (Ranks), Gemini Packaging Ltd. (Gemini), Reginald Stranks and Breadwinner's Baking Goods Ltd. (Breadwinner's) for federal trademark infringement (Counts I and II); common law trademark infringement (Count III); unfair competition under the Lanham Act (Count VI); common law unfair competition (Count VII); breach of contract (Count IX); and, breach of fiduciary duty (Count X). Plaintiffs also assert a

separate breach of contract claim against defendants Sierra, Ranks, Gemini and Stranks (Count VIII).

The Gist-Brocades plaintiffs have also asserted claims against all defendants for dilution in violation of the Lanham Act, 15 U.S.C. § 1125(c)(Count IV), and injury to business reputation and dilution under Pennsylvania law (Count V). These plaintiffs also assert a claim against Sierra and Stranks for misrepresentation (Count XI).

Plaintiffs essentially allege that Sierra breached an exclusive distribution agreement to market GBFI yeast products in effect from July 1989 through June 1995; wrongfully registered in Canada and the United States for its own benefit the mark BAKIPAN and used it in conjunction with GBFI's trade dress and "fanciful chef" mark to market other products; misused plaintiffs' FERMIPAN mark in distributing other products in Canada and the United States; and, with the connivance of other defendants, effectively converted the goodwill associated with their FERMIPAN and "fanciful chef" marks to the BAKIPAN mark.

Defendants moved to dismiss pursuant to Fed. R. Civ. P. 12(b)(2) and for forum non conveniens. The court found that personal jurisdiction existed as to Sierra and Gemini but deferred a forum non conveniens determination and denied the motion without prejudice to renew following completion of jurisdictional discovery requested by plaintiff regarding

defendants Ranks, Stranks and Breadwinner's.[1] The court did observe, however, that Pennsylvania appeared to have "virtually no interest" in adjudicating plaintiffs' claims as none of the parties were Pennsylvania citizens and the only plaintiff which ever was a Pennsylvania citizen was a defunct corporation the continuing existence of which, if any, arose solely by virtue of Delaware law, and as plaintiffs did not aver that any allegedly infringing product was marketed in Pennsylvania. The court also noted that plaintiffs were considerably more likely to obtain full and effective relief in the British Columbia courts in which they had filed parallel claims and that the British Columbia courts appeared to be far more convenient for a majority of the identified witnesses.

After several extensions, jurisdictional discovery was completed and defendants have renewed their motion.

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[1] A court must first determine that it has personal jurisdiction before resolving a motion to dismiss for forum non conveniens. See Albion v. YMCA Camp Letts, 171 F.2d 1, 2 (1st Cir. 1999); Syndicate 420 at Lloyds London v. Early American Ins. Co., 796 F.2d 821, 827 n.8 (5th Cir. 1986) (normally "District Court must first determine that it possesses both subject matter and in personam jurisdiction before it resolves a forum non conveniens motion"); Powerview Technologies Corp. v. Ovid Technologies, Inc., 993 F. Supp. 1467, 1470 (M.D. Fla. 1998); Pyrenee, Ltd. v. Wocom Commodities, Ltd., 984 F. Supp. 1148, 1160 n.10 (N.D. Ill. 1997) ("[a] court may not exercise its discretion to dismiss a lawsuit under the doctrine of forum non conveniens unless it possesses jurisdiction over both the litigation and the parties").

III. Legal Standards

Once a defendant asserts lack of personal jurisdiction, the burden is upon the plaintiff to make at least a prima facie showing with sworn affidavits or other competent evidence that such jurisdiction exists. Time Share Vacation Club v. Atlantic Resorts, Ltd., 735 F.2d 61, 66-67 n.9 (3d Cir. 1984); Leonard A. Fineberg, Inc. v. Central Asia Capital Corp., 936 F. Supp. 250, 253-54 (E.D. Pa. 1996); Modern Mailers, Inc. v. Johnson & Quin, Inc., 844 F. Supp. 1048, 1051 (E.D. Pa. 1994). To make such a showing, a plaintiff must demonstrate "with reasonable particularity" contacts between the defendant and the forum sufficient to support an exercise of personal jurisdiction. Mellon Bank (East) PSFS Nat'l Assoc. v. Farino, 960 F.2d 1217 (3d Cir. 1992). Merely re-stating the allegations in the pleadings does not enable a plaintiff to withstand a Rule 12(b)(2) motion. Time Share Vacation Club, 735 F.2d at 66.

General personal jurisdiction may be established by showing that a defendant conducts a continuous and systematic part of its business in the forum. Fields v. Ramada Inn, 816 F. Supp. 1033, 1036 (E.D. Pa. 1993). Contacts are continuous and systematic if they are "extensive and pervasive." Id.

Specific personal jurisdiction may be established by showing that a defendant undertook some action by which it purposefully availed itself of the privilege of conducting

activities within the forum, thus invoking the benefits and protections of the laws of the forum. Hanson v. Denckla, 357 U.S. 235, 253 (1958). To invoke specific jurisdiction, a plaintiff's cause of action must arise from or relate to the defendant's forum related activities, such that the defendant should reasonably anticipate being haled into court in the forum. Helicopteros Nacionales de Columbia, S.A. v. Hall, 466 U.S. 408, 414 n.8 (1984); Worldwide Volkswagen Corp. v. Woodson, 444 U.S. 286, 297 (1980); North Penn Gas Co. v. Corning Natural Gas Corp., 897 F.2d 687, 690 (3d Cir.), cert. denied, 498 U.S. 847 (1990). A determination of whether sufficient minimum contacts exist essentially involves an examination of the relationship among the defendant, the forum and the litigation. Shaffer v. Heitner, 433 U.S. 186, 204 (1977).

Once a showing of sufficient minimum contacts has been made, a court may find that an exercise of personal jurisdiction is nevertheless incompatible with due process upon the presentation of compelling evidence of other factors which would make an order requiring a defendant to litigate in the chosen forum inconsistent with "fair play and substantial justice." See Vetrotex Certainteed v. Consolidated Fiber glass, 75 F.3d 147, 150-51 (3d Cir. 1996); D'Almeida v. Stork Brabant B.V., 71 F.3d 50, 51 (1st Cir. 1995), cert. denied, 517 U.S. 1168 (1996); Grand Entertainment Group, Ltd. v. Star Media Sales, Inc., 988 F.2d

476, 481 (3d Cir. 1993). The factors generally considered are the burden on the defendant to litigate in the forum, the interest of the forum state in the litigation, the plaintiff's interest in obtaining meaningful relief, the general interest in obtaining efficient resolution of controversies and any mutual interest of the various states in furthering any relevant underlying social policies. Id. at 483.

Whether a consideration of these factors is optional or mandatory is not altogether clear. See Pennzoil Products Co. v. Colelli & Associates, 149 F.3d 197, 201, 205-06 (3d Cir. 1998) (stating that "a court may inquire" and "has the option of evaluating whether exercising jurisdiction comports with notions of 'fair play and substantial justice'" but this analysis "need only be applied at a court's discretion" while noting "we have referred to its application as mandatory"). See also Burger King Corp. v. Rudzewicz, 471 U.S. 462, 477 (1985) ("courts in appropriate cases may evaluate" fair play and substantial justice factors).

That a court has personal jurisdiction over an alleged conspirator does not confer jurisdiction over an alleged co-conspirator which does not itself have sufficient minimum contacts with the forum. Murray v. National Football League, 1996 WL 36391, *15 (E.D. Pa. June 28, 1996); Hawkins v. Upjohn Co., 890 F. Supp. 601, 608-09 (E.D. Tex. 1994).

The forum contacts of a corporate defendant may be attributed to a subsidiary or other related corporation when one is the alter ego of the other. Brooks v. Bacardi Rum Corp., 943 F. Supp. 559, 562 (E.D. Pa. 1996); Select Creations, Inc. v. Palafito America, Inc., 852 F. Supp. 740, 774 (E.D. Wis. 1994); Hopper v. Ford Motor Co., Ltd., 837 F. Supp. 840, 844 (S.D. Tex. 1993) Nat. Precast Crypt v. Dy-Core of Pa., Inc., 785 F. Supp. 1186, 1194-95 (W.D. Pa. 1992); U.S. v. Arkwright, Inc., 690 F. Supp. 1133, 1138-39 (D.N.H. 1988). That two corporate entities have a close relationship or coordinate and cooperate with each other, however, does not demonstrate alter ego status. Katz v. Princess Hotels Intern., Inc., 839 F. Supp. 406, 410-11 (E.D. La. 1993); Hopper, 837 F. Supp. at 844. The disregard of corporate independence or the exercise of pervasive control by one over the other can be sufficient to show alter ego status for the purpose of imputing forum contacts. Brooks, 943 F. Supp. at 562-63.

When considering a motion to dismiss for forum non conveniens, there is normally a strong presumption in favor of the plaintiff's choice of forum. Piper Aircraft Co. v. Reyno, 454 U.S. 235, 255 (1981). That presumption is clearly not conclusive, however, or there would be no requirement that other factors also be considered.

Before entertaining a dismissal, the court must determine if there exists an adequate alternative forum to hear

the case. This requirement is satisfied "when the defendant is amenable to process in the other jurisdiction." Lacey v. Cessna Aircraft Co., 932 F.2d 170, 180 (3d Cir. 1991). If there is an adequate alternative forum and the case may be heard there, the court examines and weighs several private and public interest factors. See Gulf Oil Corp. v. Gilbert, 330 U.S. 501, 508-09 (1947). See also Piper Aircraft, 454 U.S. at 241 & n.6; Lacey, 932 F.2d at 180.

The pertinent private interest factors include relative ease of access to sources of proof; availability of compulsory process for attendance of unwilling witnesses; the cost of obtaining attendance of willing witnesses; and, all practical problems that make a trial of a case easier, more expeditious and less expensive. The pertinent public interest factors include the administrative difficulties flowing from court congestion; the "local interest in having localized controversies decided at home"; the interest in having the trial in a forum that is at home with the law that must govern the action; the avoidance of unnecessary problems in conflict of laws or in application of foreign laws; and, the unfairness of burdening citizens in an unrelated forum with jury duty. The movant must show that these factors, when balanced, decidedly lean in favor of trying the action in an alternative forum. Id.

IV. Facts

Most of the pertinent facts are undisputed, although the parties obviously draw different conclusions from them. Where the versions of the parties differ, the court assumes to be true plaintiffs' assertions for purposes of the instant motion.

The four corporate defendants are incorporated under the laws of British Columbia of which Mr. Stranks is also a citizen. Mr. Stranks is president of all four corporate defendants. Gemini is wholly owned by Ranks. Ranks, with the exception of one common stock share held by Sierra, is wholly owned by a numbered company, the shares of which are owned in equal proportions by Mr. Stranks and family members Tim Stranks, Robert Stranks, David Stranks and Lydia Stranks. Ranks formerly owned a partial interest in Sierra. Sierra is now wholly owned by Stranks Management, which is not a party to this case. Presently, Gemini "primarily" manufactures and sells soap. Breadwinner's packages and sells yeast. Sierra buys cling wrap and sells it to a single purchaser whose identity is not readily apparent from the record.

Royal Gist-Brocades N.V. and Gist-Brocades B.V. are Dutch corporations with rights to the FERMIPAN and fanciful chef marks. GBFI was incorporated in Delaware as a subsidiary of Royal Gist-Brocades and had its principal place of business in King of Prussia, Pennsylvania until its dissolution on December

27, 1995. Lallemand USA is a Delaware corporation with its principal place of business in New Hampshire. It is a subsidiary of a Canadian corporation. In February 1995, Lallemand purchased the Gist-Brocades plaintiffs' North American baking ingredients business and acquired a license for the use of their marks. Lallemand owns a license to use the FERMIPAN mark to sell baker's yeast.

From 1984 through 1995, Sierra was the Gist-Brocades plaintiffs' exclusive Canadian retail distributor of FERMIPAN yeast in small sachets. Until 1989, the Gist-Brocades plaintiffs packaged their yeast in small sachets of their own design. This included the "fanciful chef" design for which the Gist-Brocades plaintiffs held a Belgium/Netherlands/Luxembourg trademark since 1984 as part of what they describe as an adaptation of plaintiffs' existing trade dress. Beginning in 1989, Sierra was responsible for packaging the Gist-Brocades plaintiffs' yeast.

Without plaintiffs' knowledge or permission, Sierra began selling oat bran and other baking products in Canada and the United States in 1987 using a copy of the Gist-Brocades plaintiffs' trade dress, under the brand name BAKIPAN for which Sierra had obtained Canadian and then United States trademark registrations. The Gist-Brocades plaintiffs agreed that from 1989 onward, Sierra could distribute their yeast using the name BAKIPAN. They did not know that Sierra had already obtained

registrations for the BAKIPAN mark.

Mr. Stranks suggested that Sierra's use of the BAKIPAN mark in selling the Gist-Brocades plaintiffs' yeast would benefit them because BAKIPAN was sufficiently similar for customers to associate it with FERIMIPAN but sufficiently different that detailed agreements regarding Sierra's use of the FERMIPAN mark would not be required. Mr. Stranks told the Gist-Brocades plaintiffs that "[w]e have searched both Canadian and U.S.A. trademarks and find that the name 'Bakipan' is available," without informing them that Sierra had already registered the BAKIPAN mark and was distributing baking products under that name.

Prior to the sale to Lallemand, Sierra increased its purchases of yeast from the Gist-Brocades plaintiffs because of a desire not to do business with Lallemand after its purchase of the Gist-Brocades plaintiffs' North American yeast business. At least in part to avoid its obligations to plaintiffs, Sierra then sold its yeast inventory to Breadwinner's which was organized for the purpose of buying Sierra’s yeast and continuing its yeast business.

Two days before the distributorship terminated, Sierra sold its rights to the BAKIPAN mark and Sierra's version of the fanciful chef mark to Ranks in exchange for C$10. Mr. Stranks signed the transfer agreement on behalf of Sierra and Ranks. On

the same day, Ranks licensed back to Sierra use of the marks for C$10. Mr. Stranks also signed this agreement on behalf of Sierra and Ranks.

Ranks also licensed use of the BAKIPAN mark to Breadwinner's which was then a numbered company. A public release on Sierra letterhead was thereafter distributed announcing the sale of Sierra's yeast business to Breadwinner's. The release listed Fred Melenchuk as the contact person at Breadwinner's. He was also vice president of sales and marketing for Sierra. Mr. Melenchuk later became a director of Breadwinner's.

During the first year of its existence, Mr. Stranks was not a director, officer or employee of Breadwinner’s. The sole owner was Jerry Davis, a friend of Mr. Stranks. After the first year, Stranks Management, a holding company not a party to this action, purchased all of Mr. Davis's interest in Breadwinner's for C$5,000. Mr. Stranks became the president, secretary and sole director of Breadwinner's.

Ranks, Breadwinner's and Sierra shared employees and warehouse and packaging facilities, although the yeast was apparently moved to a different part of the warehouse after Sierra sold it to Breadwinner's. Hourly employees often would not know for which employer they had performed work on a given day. Their time would later be allocated by the controller for

the three companies and billed to the company for which they were deemed to have worked. Salaried employees would meet with the companies' controller at the end of each month and estimate how many hours they had spent working for each corporation.

V. Discussion

A. Personal jurisdiction

1. Minimum Contacts[2]

Breadwinner's

A successor corporation may be subject to personal jurisdiction where the predecessor corporation was subject to such jurisdiction and when the successor was organized in large part to avoid the predecessor's obligations and liabilities. See Bowers v. NETI Technologies, Inc., 690 F. Supp. 349, 361 (E.D. Pa. 1988). The court in Bowers reasoned that a successor corporation formed in large part so that a predecessor corporation could avoid obligations and liabilities reasonably should expect to be haled into court in a forum in which the predecessor would have been subject to personal jurisdiction in a lawsuit involving those obligations and liabilities. Id. See also Duris v. Erato Shipping, Inc., 684 F. Supp. 352, 356 (6th Cir. 1982) (corporations should not be allowed "to immunize

[2] Plaintiffs do not suggest that Ranks, Stranks or Breadwinner's are subject to this court's general personal jurisdiction. They contend only that each defendant is subject to specific personal jurisdiction.

themselves by formalistically changing their titles"); Goffe v. Blake, 605 F. Supp. 1151, 1155-56 (D. Del. 1985).

Plaintiffs have presented evidence that Breadwinner's was incorporated essentially for the purpose of continuing Sierra's yeast business while avoiding its obligations and potential liability to Lallemand as successor to GBFI. See Dep. of R. Stranks at 86-90, 190-94 & 210. Breadwinner's is effectively the successor to Sierra's yeast business and in the circumstances presented has sufficient minimum contacts with the forum to support an exercise of personal jurisdiction.

Defendants argue that under Pennsylvania choice-of-law rules, Canadian law should govern whether Sierra and Gemini's contacts with Pennsylvania can be attributed to Breadwinner's, Ranks or Mr. Stranks. Plaintiffs and defendants have both produced affidavits from Canadian counsel summarizing their view of when companies are properly considered alter egos and when a corporate veil may be "lifted" under Canadian law. Predictably, their views differ. Defendants assert that British Columbia courts will "pierce the corporate veil" only "where there is a showing that the purpose of the corporation was 'fraud or improper conduct.'" Plaintiffs assert that Canadian law regarding alter ego and successor liability is "no stricter than, and in fact is substantially similar to, United States law."

The parties' discussion in this regard is in any event essentially irrelevant to the question of personal jurisdiction. The parties' discussion of the propriety of "piercing" or

"lifting" the corporate veil relates to issues of liability and not personal jurisdiction. While "the law of the state of incorporation normally determines issues relating to the internal affairs of a corporation," First Nat'l City Bank v. Banco Para el Comercio Nacional de Cuba, 462 U.S. 611, 621 (1983), "[d]ifferent conflicts principles apply . . . where the rights of third parties external to the corporation are at issue." Id. See also Restatement (Second) of Conflict of Laws § 301.

The court can exercise personal jurisdiction over an alien defendant if doing so would be consistent with Fed. R. Civ. P. 4 and due process under the United States Constitution. See Fed. R. Civ. P. 4(k); Sculptchair Inc. v. Century Arts, Ltd., 94 F.3d 623, 630-31 (11th Cir. 1996) (personal jurisdiction over Canadian defendants in trademark infringement and unfair competition action determined by sufficiency of defendants' contacts with forum state of Florida and requirements of due process under United States Constitution); Mirage Hotel-Casino v. Caram, 762 F. Supp. 286, 287 (D. Nev. 1991).[3]

[3] As a practical matter, of course, any exercise of personal jurisdiction over defendants would have to comport with notions of due process under Canadian law as plaintiffs concede that a Canadian court would have to enforce any judgment against defendants. A foreign judgment may be collaterally attacked in the United States when the foreign court lacked personal jurisdiction. See Ma v. Continental Bank, N.A., 905 F.2d 1073, 1075 (7th Cir.), cert. denied, 498 U.S. 967 (1990). Similarly, the exercise of personal jurisdiction over defendants in this court could be subject to collateral attack in Canada. See Re Redlich and Redlich, 47 D.L.R.4th 567, 571 (Sask. Q.B. 1988).

Ranks

As noted, a parent's pervasive control over the subsidiary can be sufficient to show alter ego status for the purpose of imputing forum contacts. The parent's degree of control, however, "must be greater than normally associated with common ownership and directorship." Arch v. American Tobacco Co., Inc., 984 F. Supp. 830, 837 (E.D. Pa. 1997). Otherwise, parent companies would invariably be subject to personal jurisdiction based on their subsidiaries' forum contacts. Plaintiffs have produced evidence, however, that Ranks did not merely own the subsidiaries which plaintiffs allege acted tortiously but also directly participated in the allegedly tortious activities.

Ranks purchased Sierra's interests in the BAKIPAN mark and Sierra's version of the "fanciful chef" mark for a nominal sum, and simultaneously sold to Sierra for the same nominal sum a license permitting it to use the trademarks it had owned before it sold them to Ranks. In essence, Sierra traded to Ranks a permanent ownership interest in apparently valuable property in exchange for permission to use the same property. It is difficult to discern any valid business reason for two independent entities to engage in such a transaction and defendants have not suggested any.

The court concludes that there are sufficient minimum contacts to exercise jurisdiction over Ranks.

Reginald Stranks

That Mr. Stranks may have recognized he literally could become involved in litigation by or against Sierra in this forum does not constitute consent to be sued as an individual and subject to a personal judgment here. A defendant may be subject to personal jurisdiction for acts done in his corporate capacity if his role in the corporate structure was major, his contacts with the forum were significant and his participation in the alleged tortious conduct was extensive. See TJS Brokerage & Co. Inc. v. Mahoney, 940 F. Supp. 784, 789 (E.D. Pa. 1996); Beistle Co. v. Party USA, Inc., 914 F. Supp. 92, 95-97 (E.D. Pa. 1996); Maleski by Taylor v. DP Realty Trust, 653 A.2d 54, 63 (Pa. Commw. 1994). A court considers "the extent and nature of a corporate officer's personal participation in the tortious conduct; the nature and quality of the officer's forum contacts; and the officer's role in the corporate structure." Rittenhouse & Lee v. Dollars & Sense, 1987 WL 9665, at *6 n.6 (E.D. Pa. April 15, 1987).

There is evidence that Mr. Stranks participated in much of the allegedly tortious activity which forms the basis of this lawsuit. Plaintiffs characterize Mr. Stranks as the "mastermind" behind each entity and his role in the structure of each

corporate defendant has been major, except for Breadwinner's during its first year of existence. Plaintiffs, however, identify no meaningful contacts by Mr. Stranks with Pennsylvania even in his corporate capacity and have not shown that he caused any allegedly infringing product to be marketed in Pennsylvania. That Mr. Stranks as an officer of Sierra signed a distribution agreement in 1989 between Sierra and GBFI, then a Pennsylvania corporation, does not confer personal jurisdiction over Mr. Stranks individually in Pennsylvania.

Plaintiffs argue that specific personal jurisdiction exists "not only when the cause of action arises from conduct that occurs in Pennsylvania" but also when a defendant "caus[es] harm or tortious injury in Pennsylvania by an act or omission outside the state." To sustain personal jurisdiction under the "tort out-harm in" theory or the "effects test," a plaintiff must show that the defendant "expressly aimed his tortious conduct at the forum" such that the forum was "the focal point" of that conduct. IMD Industries, Inc. v. Kierkert AG, 155 F.3d 254, 265-66 (3d Cir. 1998). "There is an important distinction between intentional activity which foreseeably causes injury in the forum and intentional acts specifically targeted at the forum." Narco Avionics, Inc. v. Sportsman's Market, Inc., 792 F. Supp. 398, 408 (E.D. Pa. 1992).

The court lacks personal jurisdiction over Mr. Stranks.

2. Fair Play and Substantial Justice

There would be a considerable burden on all of these foreign defendants to litigate in this forum. Pennsylvania has virtually no interest in this litigation. Plaintiffs acknowledge that they can obtain essentially the same relief in their pending Canadian action as in the instant case and indeed that they would ultimately have to resort to the British Columbia courts to enforce any judgment or order of this court. The most efficient and comprehensive resolution of the parties' dispute could be achieved in British Columbia. British Columbia has a far greater interest in policing the conduct of its citizens than does Pennsylvania which also has no meaningful connection to the parties or the conduct underlying the litigation. Defendants' argument that the court should in any event decline to exercise jurisdiction upon consideration of the "fair play and substantial justice" factors thus has considerable force.

Presumably, however, to defeat personal jurisdiction these factors would have to be even more compelling than necessary to warrant dismissal under the overlapping forum non conveniens factors. Otherwise, as courts will not reach the issue of forum non conveniens before determining that an exercise of personal jurisdiction is appropriate, few forum non conveniens motions would ever be granted. A case would simply be dismissed for reasons of "fair play and substantial justice."

The court concludes that in this case it would be more appropriate to elaborate upon and definitively evaluate these considerations in the context of forum non conveniens.

B. Forum Non Conveniens

Adequate Alternative Forum

For purposes of a forum non conveniens analysis, a foreign forum is ordinarily considered "adequate" if "the defendant[s are] 'amenable to process' in the other jurisdiction," unless "the remedy provided by the alternative forum is so clearly inadequate or unsatisfactory, that it is no remedy at all." Piper, 454 U.S. at 254 & n.22. The inability to assert a particular statutory claim or the prospect of a lesser recovery does not render an alternative forum inadequate for purposes of a forum non conveniens dismissal. See Lockman Foundation v. Evangelical Alliance Mission, 930 F.2d 764, 768-69 (9th Cir. 1991) ("presence of a Lanham Act claim does not preclude forum non conveniens dismissal" even if "claims were unavailable in [alternative forum]"); Lana International Ltd. v. Boeing Co., 1995 WL 144152, *2 (S.D.N.Y. Mar. 30, 1995) (granting forum non conveniens dismissal "even though plaintiffs may not be able to assert claims under the Lanham Act or its direct equivalent in a Canadian forum").

All of the defendants are clearly amenable to process in British Columbia. Plaintiffs acknowledge that parallel claims

are pending in the British Columbia courts which can afford them "essentially the same relief they have sought in this action." Plaintiffs do not dispute that a Canadian court can effectively enjoin Canadian defendants from marketing infringing, dilutive or unfairly competitive goods anywhere, including in the United States. British Columbia clearly is an adequate forum.

While a plaintiff's choice of forum ordinarily is entitled to substantial weight, plaintiffs' choice in the instant case is entitled to less weight. Of the two plaintiffs which are citizens of the United States, one is a wholly owned subsidiary of a Canadian corporation and the other is a defunct Delaware corporation which has not done business since 1995.

Access to sources of proof

Plaintiff GBFI has documentary evidence located in a warehouse in Pennsylvania which would have to be transported to British Columbia. Because of the parallel Canadian action, it would appear that plaintiffs would have to transport that evidence to British Columbia in any event. Defendants' documentary evidence is located in British Columbia. This factor appears neither to favor nor disfavor dismissal.

Availability of process for and cost of obtaining witnesses

Plaintiffs identify six non-party witnesses, all former GBFI employees, who reside in the United States. Three live in the Philadelphia area and would appear to be subject to this

court's compulsory process. See Fed. R. Civ. P. 45(b)(2). One resides in Charlotte, North Carolina. Plaintiffs are uncertain where the other two identified witnesses reside, but note that in 1995 they resided in Los Angeles and Chicago respectively.

Defendants identify five non-party witnesses who reside in British Columbia, one who resides in Alberta, one who resides in Saskatchewan, one who resides in Manitoba and two who reside in Ontario. Defendants have not provided addresses for Messrs. Wong or Klotz.

It thus appears that it would be more convenient and efficient for one of plaintiffs' witnesses and eight of defendants' witnesses to go to Vancouver, and for five of plaintiffs' witnesses and two of defendants' witnesses to come to Philadelphia. Neither party has suggested that any of these witnesses may refuse to appear unless compelled. The cost of obtaining and the convenience to prospective witnesses essentially favors neither forum.

Practical considerations

Plaintiffs concede that financial considerations are not a "substantial factor in this case." Plaintiffs' witnesses would have to travel to Vancouver in any event to litigate the parallel action they initiated in the British Columbia courts.

Plaintiffs note that one defendant, Ranks, will be involved in proceedings in the United States because of a request

by one of the plaintiffs before the USPTO to cancel the Sierra version of the fanciful chef mark. There has been no showing that such administrative proceedings will be nearly as extensive or consumptive as litigation of all of the various claims by all parties in Vancouver or Philadelphia. Also, plaintiffs fail to note in this regard the pendency of a petition of the Gist-Brocade plaintiffs to "expunge" the challenged Sierra marks in the Federal Court of Canada at Vancouver. In any event, that one defendant may be required to expend some effort and expense in administrative proceedings in the United States does not render more or less easy, expeditious or inexpensive the litigation of other claims which will necessarily ensue in another forum.

Defendants have no appreciable assets in the United States and plaintiffs acknowledge that any judgment in this action would be efficacious only if enforced by the courts in Canada. Such proceedings, should plaintiffs prevail, would necessarily involve additional effort and expense. As plaintiffs' objective is to obtain actual relief and not merely a judgment, it is not unreasonable to consider the potential time, effort and expense of securing relief in assessing the ease and efficiency with which the litigation could be concluded. When this is considered, the factor of practicality weighs in favor of litigating in Vancouver.

Court congestion

There has been no showing that the courts of either forum are significantly more or less congested than the other. This factor is neutral.

Local interest

Plaintiffs primarily seek damages for, and injunctive relief to prevent recurrences of, allegedly tortious activity committed by Canadian defendants in Canada.

Relying on Lehman v. Humphrey Cayman, Ltd., 713 F.2d 339, 344 (8th Cir. 1983), cert. denied, 464 U.S. 1042 (1984), plaintiffs argue that although none of the existing parties has a presence in Pennsylvania, "the pertinent question" should be "whether Plaintiffs are citizens of the United States." Plaintiffs' reliance is misplaced. Lehman involved an Iowa plaintiff who had instituted in Iowa a wrongful death action relating to an Iowa decedent against a Cayman Islands citizen arising at least in part from warranties made by the defendant to the decedent in Iowa. Lehman does not sustain plaintiffs' contention that for forum non conveniens purposes, the forum whose "local interests" should be considered is the United States as a whole.

The Lanham Act does not permit the exercise of personal jurisdiction based on a defendant's contacts with the United States as a whole. Max Daetwyler Corp. v. R. Meyer, 762 F.2d

290, 297 (3d Cir.) (personal jurisdiction based on "national contacts" not permitted absent governing statute authorizing nationwide or worldwide service of process), cert. denied, 474 U.S. 980 (1985); Wells Fargo & Co. v. Wells Fargo Express Co., 556 F.2d 406, 418 (9th Cir. 1977) (Lanham Act does not permit exercise of personal jurisdiction based on "national contacts"); Seltzer Sister Bottling Co., Inc. v. Source Perrier, S.A., 1991 WL 279273, *5 n.7 (N.D. Cal. May 1, 1991). If a defendant may not be forced to defend against Lanham Act claims in a forum state in which personal jurisdiction is lacking, it would fairly appear that the pertinent forum for purposes of forum non conveniens is the state of filing and not effectively any court in the United States. Under plaintiffs' theory, it would be virtually impossible to obtain a forum non conveniens dismissal no matter how inconvenient litigation in the forum state may be or no matter how attenuated the forum state's connection is with the parties and the conduct complained of.

Pennsylvania has virtually no interest in adjudicating these claims. British Columbia has a far greater interest in adjudicating claims that British Columbia residents are wrongfully conducting business from British Columbia in derogation of Canadian, as well as American, law. "Home" for this controversy is clearly British Columbia.

This factor strongly favors litigating in Vancouver.

Forum familiarity with applicable law

Defendants maintain that "[b]ecause of the strong connection this suit has to Canada, it is likely that many of plaintiffs' claims will be decided under Canadian law" with which this court is admittedly unfamiliar.

Plaintiffs contend that at least their claims for breach of contract and breach of restrictive covenant will be governed by Pennsylvania law pursuant to a choice-of-law provision in the distribution agreement. The only parties to that agreement, however, were GBFI and Sierra. Plaintiffs apparently assume that the other plaintiffs would be able to enforce the provision as third-party beneficiaries or as related companies who intended to be bound by its provisions. Plaintiffs also contend that the claims asserting violations of United States federal or Pennsylvania statutes would be governed by federal or Pennsylvania law.

The Lanham Act does not reach much of the conduct of which plaintiffs complain -- sales of infringing, dilutive or unfairly competitive merchandise in Canada. It is also not at all clear that Pennsylvania law would govern plaintiffs' other statutory or common-law claims not within the scope of the choice-of-law clause.

A federal court applies the choice of law rules of the state in which it sits. See LeJeune v. Bliss-Salem, Inc., 85

F.3d 1069, 1071 (3d Cir. 1996). Pennsylvania employs a flexible conflicts methodology which combines the traditional significant relationships analysis with a qualitative assessment of the interests and policies of the respective jurisdictions regarding the particular controversy. See Carrick v. Zurich-American Ins. Group, 14 F.3d 907, 909 (3d Cir. 1994); Smith v. Walter C. Best, Inc., 756 F. Supp. 878, 880-89 (W.D. Pa. 1990); Breskman v. BCB, Inc., 708 F. Supp. 655, 656 (E.D. Pa. 1988); Griffith v. United Air Lines, Inc., 203 A.2d 796, 805 (Pa. 1964); Laconis v. Burlington County Bridge Com'n., 583 A.2d 1218, 1222-23 (Pa. Super. 1990), appeal denied, 600 A.2d 532 (Pa. 1991), cert. dismissed, 503 U.S. 901 (1992).

Pennsylvania has no meaningful connection to the parties or their dispute and virtually no interest in adjudicating these claims. As noted, British Columbia has a far greater interest in adjudicating claims that British Columbia residents are wrongfully conducting business from British Columbia in derogation of Canadian law which plaintiffs acknowledge provides adequate relief than does Pennsylvania, predicated on the execution of a contract with a defunct Delaware corporation which has not conducted business in Pennsylvania since 1995.

It appears likely that some resort to Pennsylvania law will be required to resolve all aspects of the parties' dispute,

but that most of the claims will require application of Canadian law. This factor weighs slightly in favor of litigating in Vancouver.

Avoidance of unnecessary problems in conflict of laws or application of foreign laws

Plaintiffs acknowledge that any judgment in this action would be meaningless without enforcement by a Canadian court. They simply argue that "Canadian courts, like United States courts, apply the doctrines of comity and res judicata to foreign judgments" and thus "a judgment by this Court may readily be enforced by the defendants in Canada." For this proposition plaintiffs rely on United States of America v. Ivey [Ont. Ct. App. 1996] 139 D.L.R.4th 570, 573, appeal denied, [Can. 1997] 2 S.C.R. ---, 1997 Can. S.C.R. LEXIS 2057.

The Court in Ivey dismissed an appeal from a lower court order enforcing a judgment of a United States district court in a CERCLA action brought by the United States government against Canadian defendants. Significantly, however, the Court expressly noted that "[t]he United States did not seek to enforce any laws against extraterritorial conduct [but] simply sought financial compensation for actual costs incurred in the United States in remedying environmental damage inflicted in the United States on property in the United States."

The need to enforce a judgment entered by a court in another country necessarily introduces an element of difficulty

normally not present. Courts in the United States will not give effect to a foreign court judgment obtained in violation of American concepts of due process. See, e.g., Ma v. Continental Bank, N.A., 905 F.2d 1073, 1075 (7th Cir.) (foreign judgment may be collaterally attacked when foreign court lacks jurisdiction), cert. denied, 498 U.S. 967 (1990); Remington Rand Corporation-Delaware v. Business Systems, Inc., 830 F.2d 1256, 1266 (3d Cir. 1987). Similarly, Canadian courts may decline to enforce a foreign judgment obtained in a manner inconsistent with Canadian concepts of due process -- generally characterized as "natural justice." See Daley v. Wallace [B.C. 1998] 46 C.L.R.B.R.2d 137, ---, 1998 CLRBR LEXIS 353, *15 (Taylor, J.) (Canadian courts may refuse to recognize and enforce foreign judgments "where there were procedural deficiencies in the foreign court amounting to a breach of natural justice"); Re Redlich and Redlich, 47 D.L.R. 4th 567, 571 (Sask. Q.B. 1988) ("every foreign judgment may be impeached on the ground that the proceedings were contrary to natural justice" or "that the court had no jurisdiction over the person of the defendant").

Even if ultimately unsuccessful, a collateral attack by defendants on a United States judgment would be all but inevitable and likely itself to involve considerable additional effort and expense. A British Columbia court, on the other hand, clearly could exercise personal jurisdiction over and readily

enforce any judgment against defendants who are all British Columbia citizens.

The three relevant factors in determining whether extraterritorial application of the Lanham Act is permissible are whether the defendant is a United States citizen, whether there is a conflict between the defendant's rights under foreign trademark law and plaintiff's trademark rights under United States law and whether the defendant's activities have had a substantial effect on United States commerce. See Atlantic Richfield Co. v. ARCO Globus Intern. Co., 150 F.3d 189, 192 (2d Cir. 1998); Vanity Fair Mills, Inc. v. T. Eaton Co., 234 F.2d 633, 642 (2d Cir.) (use by Canadian retailer of trademark to sell products in Canada beyond scope of Lanham Act), cert. denied, 352 U.S. 871 (1956); American White Cross Labs., Inc. v. H.M. Cote, Inc., 556 F. Supp. 753, 755, 760 (S.D.N.Y. 1983) (court lacks subject-matter jurisdiction over Lanham Act claim insofar as it seeks to reach or restrain Canadian defendants' acts in Canada pursuant to Canadian trademark, cautioning that under principle of forum non conveniens court would not consider defendants' acts in Canada even if it had jurisdiction over claims of trademark infringement and unfair competition in the United States and strongly suggesting that plaintiff consider "pursuit of broader remedies in the courts of Canada").

In the instant case, no defendant is a United States citizen and the BAKIPAN and Sierra fanciful chef marks were applied for and issued in Canada before the United States. It thus appears that plaintiffs' claims raise a real possibility of a conflict between defendants' rights under Canadian trademark law and plaintiffs' rights under American trademark law. Plaintiffs complain primarily about defendants' conduct in Canada and the effect of their behavior in Canadian markets. Plaintiffs do not aver that defendants' conduct had a substantial effect on United States commerce.

In any event, even assuming that defendants' conduct had the requisite effect on United States commerce, granting the relief plaintiffs requested would require the court to enjoin Canadian citizens from marketing goods in Canada in a manner which may violate Canadian trademark or other pertinent law, and to order the transfer of rights pursuant to presumptively valid Canadian trademarks. Moreover, if plaintiffs were to prevail, the court would have to monitor and supervise defendants' compliance in British Columbia with an injunction which could well necessitate ongoing enforcement of further orders of this court by a foreign tribunal.

This factor weighs strongly in favor of litigating in Vancouver.

Unfairness of burdening citizens in an unrelated forum with jury duty

Pennsylvania has virtually no interest in adjudicating plaintiffs' claims. Plaintiffs have not alleged that any allegedly infringing goods were marketed in Pennsylvania. The rights of no presently existing Pennsylvania citizen are at stake. It makes little sense to impose upon a Pennsylvania jury the burden of resolving this dispute.

This factor weighs significantly in favor of trial in Vancouver.

VI. Conclusion

This case primarily concerns allegedly tortious activity by Canadian defendants in Canada. There is no meaningful connection between this forum and the parties or their dispute. Plaintiffs have asserted parallel claims in British Columbia which they acknowledge can afford them essentially all of the relief they seek in this action.

The court cannot provide a remedy for defendants' alleged violations of Canadian law in Canada. The court may well lack the power to provide a remedy for defendants' alleged violations of American law, at least with respect to goods marketed in Canada.

The court lacks personal jurisdiction over one of the defendants. The showing to support personal jurisdiction over other defendants is just adequate and fairly debatable.

Plaintiffs would have to resort to the British Columbia courts in any event to enforce any judgment or injunction against any defendant.

The court has rarely granted a motion to dismiss for forum non conveniens, but the case for dismissal of this action is unusually strong. Even assuming the court had personal jurisdiction over all defendants and giving significant weight to plaintiffs' choice of forum, the balance of relevant factors would weigh decidedly in favor of dismissal.

Accordingly, defendants' motion will be granted. An appropriate order will be entered.

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

ROYAL GIST-BROCADES N.V., et al.	:	**CIVIL ACTION**
	:	
v.	:	
	:	
SIERRA PRODUCTS LTD., et al.	:	**NO. 97-1147**

O R D E R

AND NOW, this day of August, 1999, upon consideration of defendants' Motion to Dismiss for Lack of Personal Jurisdiction and Forum Non Conveniens (Doc. #37) and plaintiffs' response thereto, consistent with the accompanying memorandum, **IT IS HEREBY ORDERED** that said Motion is **GRANTED** in that the claims against defendant Reginald Stranks are dismissed for lack of personal jurisdiction and, pursuant to the doctrine of forum non conveniens, the above action is **DISMISSED**, all without prejudice to plaintiffs to pursue their pending claims in the British Columbia courts.

BY THE COURT:

_____
JAY C. WALDMAN, J.