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UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

SOG SPECIALTY KNIVES & TOOLS,
INC.,

Plaintiff,

v.

COLD STEEL, INC.,

Defendant.

CASE NO. C08-766JLR

ORDER

This matter comes before the court on Defendant Cold Steel Inc.’s (“Cold Steel”) motion to dismiss for lack of personal jurisdiction or, in the alternative, to transfer this case to the United States District Court for the Central District of California (Dkt. # 13). The court has considered the parties’ briefing and accompanying declarations. For the reasons stated below, the court GRANTS the motion to dismiss and DENIES the motion to transfer as moot.

I. BACKGROUND

Cold Steel is a California corporation with its principal place of business in Ventura, California. (Declaration of John Nielsen (Dkt. # 15) ¶ 2.) It does not maintain any offices, business premises, manufacturing operations, or employees in Washington State. (*Id.* at ¶¶ 3-4.) In 2006 and 2007, Cold Steel’s sales to Washington residents

1 accounted for 1.5 percent and 1.4 percent, respectively, of its total sales. (*Id.* at ¶ 6.)
2 Plaintiff SOG Specialty Knives & Tools, Inc. (“SOG”) asserts that Cold Steel distributes
3 its products to customers through an Internet website located at www.coldsteel.com and
4 through a sales representative, Wild West Marketing. (Declaration of Amber Zeop (Dkt.
5 # 19) ¶¶ 6-8.)

6 Cold Steel markets and sells knives under a number of “San Mai” trademarks.
7 (*See* Compl. ¶¶ 6-8.) Some of these marks are registered and others have pending
8 applications with the U.S. Patent & Trademark Office. (*See id.* at ¶¶ 6-10.) The
9 complaint also alleges that Cold Steel claims common law rights in the word marks SAN
10 MAI and SAN MAI III. (*Id.* at ¶¶ 5-10.) On its website, Cold Steel describes “San Mai”
11 steel as the “traditional laminated blades used by the Japanese for swords and daggers”
12 that consists of three layers of steel. (*Id.* at ¶ 4.)

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14 In April 2008, Cold Steel sent SOG, a Washington corporation with its principal
15 place of business in Lynnwood, a demand letter claiming that it was infringing Cold
16 Steel’s rights in the SAN MAI III trademark. (*See* Declaration of Glenn J. Dickinson
17 (Dkt. # 16), Ex. A.) SOG responded by requesting additional information from Cold
18 Steel regarding its alleged trademark rights. (*See id.*, Ex. B.) Cold Steel, in May,
19 responded by reiterating its claim that SOG’s continued use of the SAN MAI trademark
20 would entitle Cold Steel to injunctive relief, monetary relief, or both. (*See id.*, Ex. C.)

21
22 On May 15, 2008, SOG filed this action seeking a declaration that Cold Steel does
23 not have enforceable trademark rights in the SAN MAI mark and that SOG’s actions did
24 not infringe any trademark rights held by Cold Steel. (*See* Compl. ¶ 1.) SOG also seeks
25 damages allegedly caused by Cold Steel when it asserted its alleged trademark rights
26 against SOG. (*Id.* at ¶ 5.)
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II. ANALYSIS

A. Motion to Dismiss for Lack of Personal Jurisdiction

On a defendant's motion to dismiss for lack of personal jurisdiction, the plaintiff bears the burden of establishing that jurisdiction exists. *Lee v. City of Los Angeles*, 250 F.3d 668, 692 (9th Cir. 2001). SOG must allege sufficient facts to demonstrate "a prima facie showing of jurisdiction." *Ziegler v. Indian River County*, 64 F.3d 470, 473 (9th Cir. 1995). For purposes of the jurisdictional analysis, the court will assume the facts alleged by SOG are true. *See, e.g., Bancroft & Masters, Inc. v. Augusta Nat'l Inc.*, 223 F.3d 1082, 1095 (9th Cir. 2000); *Omeluk v. Langsten Slip & Batbyggeri A/S*, 52 F.3d 267, 268 (9th Cir. 1995). The court may consider evidence presented in affidavits to assist in determining whether it has personal jurisdiction. *Doe v. Unocal Corp.*, 248 F.3d 915, 922 (9th Cir. 2001). "[C]onflicts between the facts contained in the parties' affidavits must be resolved in [SOG's] favor for purposes of deciding whether a prima facie case for personal jurisdiction exists." *Id.*

The court's exercise of personal jurisdiction over a nonresident defendant must comport with both the forum state's long-arm statute and federal due process. *Chan v. Soc'y Expeditions, Inc.*, 39 F.3d 1398, 1404-05 (9th Cir. 1994). Given that Washington's long-arm statute extends jurisdiction to the limit of federal due process, this court must ensure that exercising jurisdiction satisfies the requirements of due process under the Constitution. *See id.* at 1405; *Shute v. Carnival Cruise Lines*, 783 P.2d 78, 79 (Wash. 1989). Federal due process requires that a nonresident defendant have sufficient minimum contacts with the forum state such that the exercise of jurisdiction will not offend "traditional notions of fair play and substantial justice." *Int'l Shoe Co. v. Washington*, 326 U.S. 310, 316 (1945).

1 Where a defendant has “substantial” or “continuous and systematic” contacts with
2 the forum state, it is subject to general jurisdiction, and can be haled into court on any
3 action, even one unrelated to its contacts. *Bancroft & Masters*, 223 F.3d at 1086. If a
4 defendant is not subject to general jurisdiction, it may be subject to specific jurisdiction if
5 the action upon which it is sued arises out of certain forum-related acts. *Id.*

6 **1. General Jurisdiction**

7 A defendant is not subject to general jurisdiction unless its contacts are so
8 “substantial or continuous and systematic” that they “approximate physical presence” in
9 the forum state. *Schwarzenegger v. Fred Martin Motor Co.*, 374 F.3d 797, 801 (9th Cir.
10 2004). SOG does not contend that Cold Steel is subject to general jurisdiction. The court
11 will therefore not address whether general jurisdiction is proper.

12 **2. Specific Jurisdiction**

13 In the Ninth Circuit, specific jurisdiction exists when: (1) the nonresident
14 defendant purposefully avails itself of the privileges of conducting business in the forum
15 state by performing a certain act or transaction, (2) the claim arises out of the defendant’s
16 forum-related activities, and (3) the exercise of jurisdiction is reasonable. *Cybersell, Inc.*
17 *v. Cybersell, Inc.*, 130 F.3d 414, 416 (9th Cir. 1997). The first factor is the most critical.
18 *Id.*

19 In analyzing the first part of the three-part test, SOG must establish that Cold Steel
20 either purposely availed itself of the privilege of conducting activities in Washington or
21 purposefully directed its activities towards Washington. *See Schwarzenegger*, 374 F.3d
22 at 802. The phrase purposeful availment includes both purposeful availment and
23 purposeful direction. *Id.* The purposeful direction analysis is most often used in cases,
24 such as this one, based in tort. *Id.*; *see Bancroft & Masters*, 223 F.3d at 1086 (applying
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1 purposeful direction analysis to determine personal jurisdiction in declaratory action for
2 non-infringement).

3 Purposeful direction is evaluated under the three-part “effects” test articulated in
4 *Calder v. Jones*, 465 U.S. 783 (1984). See *Schwarzenegger*, 374 F.3d at 803. Under the
5 effects test “the defendant must have (1) committed an intentional act, which was (2)
6 expressly aimed at the forum state, and (3) caused harm, the brunt of which is suffered
7 and which the defendant knows is likely to be suffered in the forum state.” *Id.* (internal
8 citations and quotation marks omitted). SOG argues that Cold Steel intentionally
9 (1) engaged in commerce in Washington and (2) sent cease and desist letters that harmed
10 SOG in Washington. (Resp. (Dkt. # 20) at 5.)

12 **a. Cold Steel’s Website and Sales to Washington Residents**

13 SOG contends that the purposeful availment prong is satisfied because Cold Steel
14 operates an interactive website accessible to Washington residents and sold products to
15 Washington residents. (*Id.* at 5.) “No court has ever held that an Internet advertisement
16 alone is sufficient to subject the advertiser to jurisdiction in the plaintiff’s home state.”
17 *Cybersell, Inc.*, 130 F.3d at 418. Courts typically look for “‘something more’ to indicate
18 that the defendant purposefully (albeit electronically) directed his activity in a substantial
19 way to the forum state.” *Id.*

21 Even if SOG has demonstrated “something more,” Cold Steel’s website and sales
22 in Washington do not satisfy the third element of the effects test that requires a
23 defendant’s conduct to cause a forum resident harm. SOG acknowledges in its brief that
24 it was only harmed by Cold Steel’s cease and desist letters. (*See* Resp. at 7.) SOG’s
25 CEO, Spencer Frazer, states in a declaration that the cease and desist letters “had a
26 chilling effect upon my marketing of San Mai-type blades.” (Declaration of Spencer
27 Frazer (Dkt. #18) ¶ 11.) Mr. Frazer goes on to state that “SOG has been damaged by
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1 Cold Steel’s demands that SOG find another way of describing its traditional blades.”
2 (*Id.* at ¶ 15.) The declaration makes clear that any harm suffered by SOG is a result of
3 the cease and desist letters, not a result of Cold Steel’s Washington sales or website.

4 SOG also fails to establish the second element of specific jurisdiction that requires
5 claims to arise out of Cold Steel’s forum-related activities. SOG can satisfy the second
6 element by showing that it would not have been injured “but for” Cold Steel’s website
7 and Washington sales. *See Panavision Int’l, L.P. v. Toepfen*, 141 F.3d 1316, 1322 (9th
8 Cir. 1998). SOG does not argue that Cold Steel’s website or Washington sales are the
9 “but for” cause of its injuries. SOG only claims that Cold Steel’s cease and desist letters
10 caused it harm. Because the contacts are not directly related, the court will not consider
11 Cold Steel’s sales and website in conjunction with the cease and desist letters. *See*
12 *Yahoo! Inc. v. La Ligue Contre Le Racisme Et L’Antisemitisme*, 433 F.3d 1199, 1210 (9th
13 Cir. 2006). The question then becomes whether the letters in and of themselves are
14 enough to confer specific jurisdiction.
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17 **b. Cold Steel’s Cease and Desist Letters**

18 A cease and desist letter alone is insufficient to establish purposeful availment
19 unless the plaintiff is able to show that the letter is “abusive, tortious, or otherwise
20 wrongful.” *Id.* at 1208-09. “There are strong policy reasons to encourage cease and
21 desist letters. . . . If the price of sending a cease and desist letter is that the sender thereby
22 subjects itself to jurisdiction in the forum of the alleged rights infringer, the rights holder
23 will be strongly encouraged to file suit in its home forum without attempting to first
24 resolve the dispute informally by means of a letter.” *Id.* at 1208. A cease and desist
25 letter is not wrongful if it “creates no potential for immediate extinguishing of
26 contractual, property, or other rights.” *Cognigen Networks, Inc. v. Cognigen Corp.*, 174
27 F. Supp. 2d 1134, 1139 (W.D. Wash. 2001); *see also Bancroft & Masters*, 223 F.3d at
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1 1089 (finding that a letter was wrongful because it forced the plaintiff to sue in order to
2 continue operating its website). Here, Cold Steel's letters simply alerted SOG to its view
3 of trademark law and SOG's potential liability. SOG had the option to continue
4 marketing its products using the "San Mai" description while it negotiated with Cold
5 Steel. SOG was not forced to seek a declaratory judgment in order to continue any part
6 of its operations. Because Cold Steel's cease and desist letters did not immediately
7 interfere with SOG's rights, the court finds that the letters are insufficient to establish
8 purposeful availment under the effects test. The court therefore finds that SOG has failed
9 to make a prima facie showing of personal jurisdiction.
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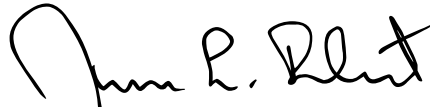
11 **B. Motion to Transfer**

12 Having concluded that Cold Steel is not subject to personal jurisdiction in the
13 Western District of Washington, the court will not address Cold Steel's motion to
14 transfer.
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16 **III. CONCLUSION**

17 For the reasons stated above, the court GRANTS Defendant Cold Steel, Inc.'s
18 motion to dismiss. The motion to transfer is DENIED as moot.

19 DATED this 24th day of September, 2008.

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22 JAMES L. ROBART
United States District Judge
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