

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

K.C.P.L., INC., Plaintiff,

-v.-

WILLIAM CARY NASH, Defendant.

98 Civ. 3773 (LMM)

Date Filed 11-24-98

**MEMORANDUM AND ORDER
MCKENNA, D.J. ,**

In this action, plaintiff K.C.P.L., Inc., owner of the trademarks KENNETH COLE REACTION and REACTION, asserts claims including trademark infringement, dilution, and unfair competition arising from defendant's registration and use of the Internet domain name REACTION.COM. Plaintiff alleges that defendant is a "cyber pirate" who registered this domain name with the sole purpose and intent of extorting money from plaintiff in exchange for the assignment of his rights to REACTION.COM.

Before the Court is *pro se* defendant William Cary Nash's motion for an order, pursuant to Rule 12(b)(2), dismissing the Complaint for lack of personal jurisdiction. Alternatively, defendant moves for an order pursuant to 28 U.S.C. §1404(a) transferring the action to the United States District Court for the Northern District of California. For the reasons stated below, the Court finds that it lacks personal jurisdiction over the defendant and therefore grants his motion to dismiss the Complaint in its entirety.

I. BACKGROUND

Plaintiff K.C.P.L., Inc. is a wholly owned subsidiary of Kenneth Cole Productions, Inc.. [1] (Cohen Decl. ¶ 2). Plaintiff designs and sells a variety of products, including luggage, footwear, clothing, and jewelry. (Compl. ¶ 7). Its goods are sold under several different trademarks owned by plaintiff, including KENNETH COLE, KENNETH COLE REACTION, REACTION, and UNLISTED. (Compl. ¶ 9; Cohen Decl. ¶ 5). K.C.P.L. has a federal registration for its trademark KENNETH COLE REACTION in connection with handbags, luggage, wallets, and related goods. It has applications pending for its mark REACTION in connection with jewelry, watches, clothing, eyeglasses and sunglasses, and for KENNETH COLE REACTION in connection with a wide variety of other products. (Compl. ¶ 11). Plaintiff's goods are sold in the United States and around the world and can be purchased in department and specialty stores as well as in KENNETH COLE retail stores, catalogs, and via the Internet. (Cohen Decl. ¶ 7). Defendant, however, claims to have had no knowledge of any KENNETH COLE REACTION line of products nor of plaintiff's use or planned use of the marks

KENNETH COLE REACTION or REACTION at the time he registered his domain name REACTION.COM. (Nash Decl. ¶ 15).

Defendant William Cary Nash ("Nash") resides in San Jose, California. (Nash Decl. ¶ 1). Since 1996, he has engaged in at least four attempts to develop a business based on the creation of an Internet web site, none of which has proven successful. Nash first attempted to create an information service called NetHarvest, for which he registered the domain name NETHARVEST.COM on December 20, 1996. Nash abandoned this project before the business was ever incorporated or any transaction entered into, although he still owns the domain name. (Nash Decl. ¶ 4). Nash has also registered the domain names AS-IS.COM and IOSY.COM. (Id. ¶¶4.3, 4.4). However, it is undisputed that he has never had an operational web site in connection with any of these domain names, nor has he ever posted any content to any web page on the Internet. (Id. ¶ 5).

In his second such effort, Nash attempted to create an information service called "Reaction." [2] On May 27, 1997, he registered the domain name REACTION.COM electronically over the Internet using the services of TabNet, a company headquartered in California. (Id. ¶ 4). Although Nash claims to have invested "hundreds and hundreds of hours of labor" to create a web site, there has never been an operational web site in connection with his domain name REACTION.COM and no content was ever posted to any web page in connection with this project. (Id. ¶ 4.2). Like the three other domain names owned by Nash, the domain name REACTION.COM currently points and has always pointed to an "Under Construction" web page.[3] (Id. ¶ 6).

In or about July of 1997, plaintiff learned of Nash's REACTION.COM registration and instructed its web site developer to contact Nash to inquire about acquiring Nash's rights to the domain name. (Cohen Decl. ¶¶ 14-15). In their ensuing telephone conversation, plaintiff's web site developer offered to purchase Nash's domain name. (Id. ¶ 15; Nash Decl. ¶ 11.2). Nash responded by requesting \$8,000 in exchange for the rights to REACTION.COM. (Cohen Decl. ¶ 15; Nash Decl. ¶ 11.2). Plaintiff rejected this offer. (Cohen Decl. ¶ 16).

On or about October 22, 1997, plaintiff's counsel sent a cease and desist letter to Nash, informing him of plaintiff's rights in the REACTION and KENNETH COLE REACTION trademarks and advising him that his registration of REACTION.COM constituted trademark infringement and dilution. (Cohen Decl. ¶ 17). The letter requested that Nash respond in writing or by telephone indicating his decision to cease his infringement of plaintiff's trademarks. (See Nash Decl. Ex. B). In response to this letter, Nash made several attempts to reach plaintiff's attorney by telephone. When he finally did, she conveyed an offer to purchase Nash's domain name for \$1,500. (Cohen Decl. ¶ 18; Nash Decl. ¶ 11.3). According to K.C.P.L., Nash rejected this offer and instead demanded payment of \$15,000 in return for the rights to REACTION.COM. (Cohen Decl. ¶ 20). Nash, on the other hand, claims that he never "demanded" payment and disputes that there was ever any mention of the amount of \$15,000. (Nash Decl. ¶ 13).

K.C.P.L. subsequently filed suit in this Court charging Nash with trademark dilution, trademark infringement, false designation of origin, false descriptions, and unfair competition under the Lanham Act, as well as trademark dilution, trademark infringement, unfair competition, and deceptive trade practices pursuant to New York law.

Nash now moves this Court for an order dismissing the Complaint for lack of personal jurisdiction. He avers, *inter alia*, that in the past three years, he has had no contacts with New York whatsoever: he has no offices or agents here, he has made no sales in New York, has solicited no business here, has never offered or provided services in New York, has not advertised in the state, has not received payment from anyone in this state, and has provided no information, via web site or otherwise, in New York. (Nash Decl. ¶3). K.C.P.L., on the other hand, emphasizes that: (1) Nash's web site has never contained any information or content whatsoever; (2) Nash has demanded \$15,000 for the rights to his domain name; and (3) he has three other registered domain names for which he has no operational web site or legitimate business use. Based on these facts, K.C.P.L. concludes that Nash is a "cyber pirate" who registered the domain name REACTION.COM with the intent and for the purpose of extorting money from plaintiff. Accordingly, K.C.P.L. argues that this Court should follow the Ninth Circuit's lead and hold -- as a matter of first impression in this circuit -- that such a defendant's acts of "cyber piracy" are sufficient to establish personal jurisdiction in the forum where the plaintiff is located and thus, where the extortion was aimed. The Court declines to do so, for the reasons stated below.

II. DISCUSSION

The plaintiff bears the ultimate burden of establishing jurisdiction over a defendant by a preponderance of the evidence. *Hoffritz for Cutlery, Inc. v. Amajac, Ltd.*, 763 F.2d 55, 57 (2d Cir. 1985); *Levisohn, Lerner, Berger & Langsam v. Medical Taping Systems, Inc.*, 10 F. Supp. 2d 334, 338-39 (S.D.N.Y. 1998). However, where a Rule 12(b)(2) motion to dismiss the complaint for lack of personal jurisdiction is brought at this stage of the litigation -- prior to discovery or any evidentiary hearing -- the plaintiff need make only a prima facie showing that personal jurisdiction exists, *PDK Labs, Inc. v. Friedlander*, 103 F.3d 1105, 1108 (2d Cir. 1997); *A.I. Trade Finance, Inc. v. Petra Bank*, 989 F.2d 76, 79 (2d Cir. 1993), and is entitled to rely on mere factual allegations in making its prima facie showing. *Ball v. Metallurgie Hoboken-Overpelt, S.A.*, 902 F.2d 194, 197 (2d Cir.), *cert. denied*, 498 U.S. 854 (1990); *Bensusan Restaurant Corp. v. King*, 937 F.Supp. 295, 298 (S.D.N.Y. 1996), *aff'd*, 126 F.3d 25 (2d Cir. 1997). Under such circumstances, the complaint and any affidavits are to be construed, and any doubts resolved, in the light most favorable to the plaintiff. *PDK*, 103 F.3d at 1108; *A.I. Trade*, 989 F.2d at 79-80; *Hoffritz*, 763 F.2d at 57. Plaintiff's burden will be satisfied even when the moving party makes contrary allegations which controvert plaintiff's prima facie case. *A.I. Trade*, 989 F.2d at 79; *Hoffritz*, 763 F.2d at 57; *Bensusan*, 937 F.Supp. at 298. In resolving a 12(b)(2) motion to dismiss for lack of personal jurisdiction, matters outside the pleadings may be considered without converting the motion into one for summary judgment. *Bensusan*, 937

F.Supp. at 298; *Rothschild v. Paramount Distillers, Inc.*, 923 F.Supp. 433, 435 (S.D.N.Y. 1995).

Personal jurisdiction over a non-resident defendant is determined by the law of the jurisdiction in which the federal court sits. *Bensusan Restaurant Corp. v. King*, 126 F.3d 25, 27 (2d Cir. 1997); *Agency Rent A Car Sys., Inc. v. Grand Rent A Car Corp.*, 98 F.3d 25, 29 (2d Cir. 1996). Accordingly, the court must first look to the long-arm statute of the forum state. If the exercise of jurisdiction over the defendant would be appropriate under that statute, then the court must decide whether such exercise comports with the requirements of due process. *See Bensusan*, 126 F.3d at 27; *Metropolitan Life Ins. Co. v. Robertson-Ceco Corp.*, 84 F.3d 560, 567 (2d Cir.), *cert. denied*, 117 S.Ct. 508 (1996).

New York's long-arm statute provides, in pertinent part:

(a) As to a cause of action arising from any of the acts enumerated in this section, a court may exercise personal jurisdiction over any non-domiciliary . . . who in person or through an agent:

1. transacts any business within the state or contracts anywhere to provide goods or services within the state; or

2. commits a tortious act within the state . . .; or

3. commits a tortious act without the state causing injury to person or property within the state . . ., if he

(i) regularly does or solicits business . . . or derives substantial revenue from goods used or consumed or services rendered, in the state, or

(ii) expects or should reasonably expect the act to have consequences in the state and derives substantial revenue from interstate or international commerce .*. *.*.

N.Y.C.P.L.R. 302 (McKinney 1990). Plaintiff argues that the Court has jurisdiction over Nash pursuant to C.P.L.R. 302(a)(1) and/or (a)(2).

1. *302(a)(1)*

Section 302(a)(1) provides for jurisdiction over a nondomiciliary if two conditions are met: (1) the nondomiciliary must "transact business" within the state, and (2) the claim against the nondomiciliary must arise out of that business activity. *PDK Labs*, 103 F.3d at 1109; *CutCo Indus., Inc. v. Naughton*, 806 F.2d 361, 365 (2d Cir. 1986); *United States Theatre Corp. v. Gunwyn/Lansburgh Ltd.*, 825 F.Supp. 594, 595 (S.D.N.Y. 1993). "A nondomiciliary "transacts business" under CPLR 302(a)(1) when he "purposefully avails [himself] of the privilege of conducting activities within [New York], thus invoking the benefits and protections of its laws."" *CutCo*, 806 F.2d at 365 (quoting *McKee Elec. Co. v. Rauland-Borg Corp.*, 20 N.Y.2d 377, 382, 283 N.Y.S.2d 34 (1967)); *Levisohn*, 10

F.Supp.2d at 339. Furthermore, ""proof of one transaction in New York is sufficient to invoke jurisdiction [under 302(a)(1)], even though the defendant never enter[ed] New York, so long as the defendant's activities here were purposeful and there is a substantial relationship between the transaction and the claim asserted."" *PDK Labs*, 103 F.2d at 1109 (quoting *Kreutter v. McFadden Oil Corp.*, 71 N.Y.2d 460, 527 N.Y.S.2d 195, 198-99, 522 N.E.2d 40, 43 (1988)). The court must look to the totality of the circumstances to determine the existence of purposeful activity and may not subject the defendant to jurisdiction based on random, fortuitous, or attenuated contacts. *CutCo*, 806 F.2d at 365; *Benson and Assocs. v. Orthopedic Network of New Jersey*, 1998 WL 388531, at *3 (S.D.N.Y. July 13, 1998). Section 302(a)(1) is typically invoked for a cause of action against a defendant who breaches a contract with the plaintiff, or who commits a commercial tort against the plaintiff in the course of transacting business in New York. See *Beacon Enters., Inc. v. Menzies*, 715 F.2d 757, 764 (2d Cir. 1983); *Hearst Corp. v. Goldberger*, 1997 WL 97097, at *9 (S.D.N.Y. Feb. 26, 1997).

The facts alleged by K.C.P.L. do not show that Nash has transacted business in New York under traditional definitions of that term. Plaintiff has not alleged that Nash made any sales to New York, entered any contracts with parties in New York, or received any income from New York. In fact, it is undisputed that Nash does not yet have any services or products to sell. Moreover, Nash has not even advertised in New York or anywhere else because his domain name currently points only to an "under construction" web page. While Nash has made telephone calls to K.C.P.L.'s attorney in New York, New York law is clear that these calls alone cannot provide a basis for the exercise of personal jurisdiction under 302(a)(1). See *Fiedler v. First City Nat'l Bank of Houston*, 807 F.2d 315, 316-18 (2d Cir. 1986) (holding that two phone calls and one mailing to New York were insufficient to support personal jurisdiction under 302(a)(1)); *Beacon Enters.*, 715 F.2d at 766 (finding that defendant's sending of cease and desist letter to plaintiff in New York was insufficient to support jurisdiction, noting that "New York courts have consistently refused to sustain section 302(a)(1) jurisdiction solely on the basis of defendant's communications from another locale with a party in New York"); *Hearst*, 1997 WL 97097, at *12 ("Letters and telephone calls from outside New York to people in New York are not sufficient to establish personal jurisdiction under CPLR §302(a)(1) or the due process clause.") (citing numerous federal and state cases so holding). Under these facts, it would be inappropriate for the Court to exercise jurisdiction over Nash based on his alleged transaction of business in New York.

The developing case law concerning personal jurisdiction and the Internet only reinforces this conclusion. In these cases, "the likelihood that personal jurisdiction can be constitutionally exercised is directly proportionate to the nature and quality of commercial activity that an entity conducts over the Internet." *Zippo Mfg. Co. v. Zippo Dot Com*, 952 F.Supp. 1119, 1124-25 (W.D. Pa. 1997) (describing spectrum of Internet personal jurisdiction cases); *Patriot Sys. Inc. v. C-Cubed Corp.*, 1998 WL 668625, at *5-*6 (D. Utah Sept. 24, 1998) (noting that "current case law reveals three general categories along a 'sliding scale" for evaluating jurisdiction," with jurisdiction existing over one who ""clearly does business over the Internet,"" but lacking over one who merely uses "a

"passive web site that does little more than make information available to those who are interested in it") (quoting *Zippo*, 952 F.Supp. at 1123-24).

At one end of the spectrum are cases in which the defendant's Internet use involves the mere posting of information on an essentially "passive" web site. In such cases, courts in this circuit and others have consistently held that jurisdiction does not exist absent other contacts with the forum. For example, in *Bensusan Restaurant Corp. v. King*, 126 F.3d 25 (2d Cir. 1997), the operator of a well-known New York jazz club called "The Blue Note" sued the operator of a Missouri jazz club of the same name for trademark infringement. To promote his club, the defendant operated an Internet web site which contained general information about his club, a calendar of events, and ticketing information, including the names and addresses of ticket outlets in Missouri and a telephone number for charge-by-phone orders. See *Bensusan*, 937 F.Supp. at 297. The district court refused to exercise jurisdiction over the defendant under C.P.L.R. 302(a)(2) or (a)(3), reasoning that the maintenance of a web site alone, without more, did not rise to the level of purposeful availment of New York's laws. In finding that the exercise of jurisdiction would violate due process, the district court reasoned that the defendant had done nothing to purposefully avail himself of the benefits of New York. *King*, like numerous others, simply created a Web site and permitted anyone who could find it to access it. Creating a site, like placing a product into the stream of commerce, may be felt nationwide -- or even worldwide --but, without more, it is not an act purposefully directed toward the forum state. *Bensusan*, 937 F.Supp. at 301. Accordingly, absent allegations that the defendant had actively sought to encourage New Yorkers to access his site, or that he conducted business in New York, defendant had insufficient contacts with the forum to satisfy due process. *Id.*

Similarly, in *Hearst Corp. v. Golberger*, 1997 WL 97097, at *1 (S.D.N.Y. Feb. 26, 1997), plaintiff, the owner and publisher of *Esquire* magazine (and owner of the ESQUIRE trademark) sued an individual who had registered the Internet domain name ESQUIRE.COM and established a web site in connection therewith. The defendant planned to use the site in connection with a business offering law office infrastructure network services to attorneys, although such services were not yet available at the time of suit; his web site was thus limited to providing general information about the services he planned to offer and a summary of his lawsuit with Hearst. *Id.* at *4. It was undisputed that the defendant did not yet have any products or services to sell, and that he had not yet sold anything in New York or elsewhere; it was also undisputed, however, that some New Yorkers had accessed this web site. *Id.* The district court held that it lacked jurisdiction over the defendant under New York's long-arm statute, reasoning that the defendant's web site was "at most, an announcement of the future availability of his services" and was analogous to an advertisement in a national magazine. *Id.* at *10. Under New York law, such advertisements, even if targeted at the New York market, are insufficient to constitute the transaction of business under C.P.L.R. 302(a) (1). *Id.* at *10-*11. The court noted that exercising jurisdiction in such a case would effectively subject a defendant to nationwide jurisdiction. *Id.* at *1, *20 ("Where, as here, defendant has not contracted to sell or actually sold any goods or services to New Yorkers, a finding of personal jurisdiction in New York based on an Internet web site would mean that there

would be nationwide (indeed, worldwide) personal jurisdiction over anyone and everyone who establishes an Internet web site."). *See also Cybersell, Inc. v. Cybersell, Inc.*, 130 F.3d 414, 418-20 (9th Cir. 1997) (noting that "no court has ever held that an Internet advertisement alone is sufficient to subject the advertiser to jurisdiction in the plaintiff's home state," and finding exercise of jurisdiction inappropriate where all the defendant did was post an "essentially passive" home page on the web using a name that plaintiff was in the process of registering as a trademark); *CFOS 2 GO, Inc. v. CFO 2 GO, Inc.*, 1998 WL 320821, at *3 (N.D. Cal. June 5, 1998) (no personal jurisdiction over defendant who registered allegedly infringing domain name for web site containing only contact information and description of defendant's business); *Edberg v. Neogen Corp.*, 17 F. Supp.2d 104, 114-15 (D. Conn. 1998) (where no Connecticut user had accessed defendant's web site or purchased its products, minimum contacts did not exist based on defendant's maintenance of Internet web site; "If jurisdiction were to be based upon a defendant's mere presence on the Internet, this would lead to a defendant's being subjected to jurisdiction on a worldwide basis and would eviscerate the personal jurisdiction requirements as they currently exist.").

At the other end of the spectrum are those cases involving defendants who are actively conducting business over the Internet, so that it can be said that they "intentionally reached beyond [their] own state to engage in business with residents of the forum state." *Edberg*, 17 F.Supp.2d at 114; *Zippo*, 952 F.Supp. at 1124. In such cases, courts have held that the exercise of personal jurisdiction is proper. *See, e.g., American Network, Inc. v. Access America/Connect Atlanta, Inc.*, 975 F.Supp. 494, 498-99 (S.D.N.Y. 1997) (noting that while publication of page on web that could be viewed by New York users, without more, would probably not constitute purposeful availment, where defendant had additional contacts with New York -- it had signed up six New York subscribers to services advertised on home page and sent materials to them in New York in exchange for fees -- jurisdiction existed); *Zippo*, 952 F.Supp. at 1125-26 (concluding that jurisdiction existed where defendant had "done more than create an interactive web site through which it exchanges information with [forum] residents in hopes of using that information for commercial gain later;" it had, as a result of its web site advertisements, contracted with 3,000 individuals in forum state). In sum, courts are in agreement that in order to exercise personal jurisdiction over a non-resident defendant, "something more" than the mere posting of information on a passive web site is required to indicate that the defendant purposefully directed his activities at the forum state. *See Cybersell*, 130 F.3d at 418; *Hasbro, Inc. v. Clue Computing, Inc.*, 994 F.Supp. 34, 40 (D. Mass. 1997) (surveying web site personal jurisdiction cases and noting that in cases where courts have conferred jurisdiction, they have relied on facts other than web site). Recognizing this, K.C.P.L. does not rely on Nash's operation of a web site as establishing jurisdiction over him in New York; rather, it points to his alleged acts of extortion directed at plaintiff in New York.

At least one court has determined that jurisdiction exists over a defendant who is alleged to be a "cyber squatter" or "cyber pirate," -- *i.e.*, one who is engaged in the business of stealing valuable trademarks and registering them as domain names for the purpose of selling the rights to the domain names to the trademark owners. *See Panavision Intl., L.P.*

v. Toeppen, 141 F.3d 1316 (9th Cir. 1998). In *Panavision*, the Ninth Circuit found that the defendant's activities amounted to a scheme to extort money from the plaintiff and constituted the "something more" required to support the exercise of personal jurisdiction. *See Panavision*, 141 F.3d at 1322. The defendant in that case was Dennis Toeppen, an individual residing in Illinois who owned over one hundred domain name registrations. *See id.* at 1319. Most, if not all of these domain names were based on the famous trademarks of well-known companies. For example, Toeppen had registered the domain names YANKEESTADIUM.COM, DELTAAIRLINES.COM, AIRCANADA.COM, CAMDENYARDS.COM, NEIMAN-MARCUS.COM, FRENCHOPEN.COM, EDDIEBAUER.COM, and LUFTHANSA.COM, among many others. *See Panavision*, 938 F.Supp. at 619. Toeppen did not operate any businesses in connection with these web sites. In several instances, he had offered to sell the rights to his domain names for thousands of dollars. *See id.* He had been the subject of other lawsuits alleging trademark infringement by the owners of some of these marks. *See id.* (noting that American Standard and Intermatic had both sued Toeppen after he demanded \$15,000 and \$10,000, respectively, for the rights to AMERICANSTANDARD.COM and INTERMATIC.COM). Panavision International -- owner of the PANAVISION and PANAFLEX trademarks -- sent a cease and desist letter to Toeppen after learning that he had registered the domain name PANAVISION.COM. Toeppen responded by demanding \$13,000 for the rights to his domain name. When Panavision refused, Toeppen registered PANAFLEX.COM as well. *Id.* Panavision subsequently sued Toeppen for trademark dilution, accusing him of being a "cyber pirate." *Id.* at 1318.

The district court, applying California's long-arm statute, [4] found that it had personal jurisdiction over Toeppen pursuant to the "effects test." Under the effects test, jurisdiction exists if the defendant has (1) engaged ""international actions (2) expressly aimed at the forum state (3) causing harm, the brunt of which is suffered -- and which the defendant knows is likely to be suffered -- in the forum state."" *Id.* at 1321 (quoting *Core-Vent Corp. v. Nobel Indus. AB*, 11 F.3d 1482, 1486 (9th Cir. 1995)). The court found this test to be satisfied where it was shown that Toeppen engaged in a scheme to register Panavision's trademarks as his own domain names for the purpose of extorting money from Panavision, and that this conduct -- as he knew it likely would -- harmed Panavision in California where it had its principal place of business and where the movie and television industry is centered. *Id.* at 1322.

K.C.P.L. argues that this Court should follow the Ninth Circuit's decision in *Panavision* and hold that it has jurisdiction over Nash because K.C.P.L. has alleged that Nash, like Toeppen: (1) has multiple domain names registered; (2) has never had an operational web site in connection with any of these domain names; (3) has never placed any content on any web page in connection with any of his domain names; (4) operated no legitimate business in connection with any of his domain names; and (5) attempted to extract payment from plaintiff in exchange for the rights to his domain name. (Pl.'s Mem. of Law at 8). According to K.C.P.L., these facts show that Nash has purposefully availed himself of New York by aiming his extortionate conduct at K.C.P.L. in New York. The Court disagrees.

Panavision is both legally and factually distinguishable from this case. First, it must be noted that, because New York's long-arm statute (which does not extend to the limits of due process) is more stringent than California's (which provides for jurisdiction to the full extent permissible under the Constitution), *Panavision* is not directly relevant to this case. *See Cybersell*, 130 F.3d at 417 n.4 (noting that holding in case decided on basis of New York's long-arm statute, which is more stringent than due process, was not instructive in case determining jurisdiction according to California's long-arm statute). In particular, the effects test relied upon by the *Panavision* court does not necessarily apply in this case, where the Court must determine jurisdiction based on New York's long-arm statute. New York has its own specific jurisdictional provision for cases involving torts committed outside the state causing harm inside the state. *See* N.Y.C.P.L.R. 302(a)(3) Under New York law, however, in order for a court to exercise jurisdiction over a defendant based on an out-of-state tort, the defendant must either (i) regularly conduct or solicit business in the state or derive substantial revenue from goods used or consumed or services rendered in the state, or (ii) derive substantial revenue from interstate or international commerce. *Id.* K.C.P.L. has not asserted that jurisdiction exists under 302(a)(3), presumably because it could not allege facts in support of either of these requirements, since it is undisputed that Nash has not derived any revenue from any commerce whatsoever. Accordingly, applying the effects test to support the exercise of personal jurisdiction in this case would effectively circumvent the requirements of C.P.L.R. 302(a) (3), and the Court declines to do so.

Panavision is also factually distinguishable because, despite plaintiff's characterizations, the facts alleged do not show Nash to be a "cyber pirate" like Toeppen. Toeppen registered over one hundred domain names, virtually all of which were similar to famous trademarks. Nash, on the other hand, registered only four domain names, only one of which is alleged to resemble another's trademark. Nor is it clear that REACTION is a famous mark. Although K.C.P.L. emphasizes the fact that Nash has registered multiple domain names, it has not alleged that he steals famous trademarks nor that he has made any prior attempts to sell any of his domain names. Furthermore, unlike Toeppen, who made no attempt to show that he was engaged in an effort to start a legitimate business, Nash's declaration and the affidavit of Mr. Perrault state that Nash registered REACTION.COM in connection with his hope to create a business providing information services. [5] In sum, K.C.P.L.'s factual allegations, which the Court accepts as true for the purpose of this motion, simply do not support its characterization of Nash as a "cyber pirate" nor its labeling of his conduct as "extortion." *See No Mayo-San Francisco v. Memminger*, 1998 WL 544974, at *4 (N.D. Cal. Aug. 20, 1998) (finding that court lacked jurisdiction over defendant despite allegation that he registered the domain name NOMAYO.COM with the intent of selling it to plaintiff; distinguishing *Panavision* because, despite plaintiff's allegations, defendant was not a "cyber pirate"-like Toeppen -- he had registered only one domain name and had a plausible connection to it).

Therefore, because Nash has not transacted business in New York, the Court concludes that it does not have jurisdiction over him pursuant to C.P.L.R. 302(a) (1)

2. 302(a)(2)

C.P.L.R. 302(a) (2) provides for personal jurisdiction over a defendant who commits a tortious act within the state. In order to be subject to jurisdiction under this provision, the defendant must have been physically present in New York when he performed the wrongful act. *Bensusan*, 126 F.3d at 28-29; *Carlson v. Cuevas*, 932 F.Supp. 76, 80 (S.D.N.Y. 1996).

The Court finds that K.C.P.L. has failed to allege that Nash committed a tortious act while physically present in New York as is required by 302(a)(2) Although K.C.P.L. makes the bare allegation that "[t]he actions of Defendant complained of in this Complaint have been and continue to be committed, at least in part, . . . within the Southern District of New York," (Compl.¶3), it is clear that the acts giving rise to K.C.P.L.'s lawsuit -- including Nash's registration of the domain name REACTION.COM, his alleged use of the word "REACTION" in connection with his web site, and his alleged phone call to New-York demanding \$15,000 for the rights to REACTION.COM -- were all performed by persons physically present in California. *See Bensusan*, 126 F.3d at 28- 29. It is therefore clear that no tortious act was committed by Nash while physically present in New York. As in *Bensusan*, even if K.C.P.L. suffered injury in New York, "that does not establish a tortious act in the state of New York within the meaning of §302(a) (2) ." *Bensusan*, 126 F.3d at 29. Accordingly, jurisdiction does not exist under C.P.L.R. 302(a) (2).

As plaintiff has failed to show that the Court has jurisdiction pursuant to New York's long-arm statute, it is unnecessary to address due process requirements.

III. CONCLUSION

The Court therefore grants defendant's motion and dismisses the Complaint for lack of jurisdiction over-the defendant.

SO ORDERED.

New York, New York

November 23, 1998

/s/ Lawrence M. McKenna

U.S.D.J.

1. K.C.P.L., Inc. is the plaintiff in this action because it is the owner of the asserted trademarks. (Cohen Decl. ¶ 3). Both entities are collectively referred to as "plaintiff" in plaintiff's papers and in this opinion.

2. It is unclear from defendant's papers what the nature of his proposed business is. He merely states that his first three attempts "to start a business, through the creation of an Internet Web site that would generate revenues" all involved the creation of an "information service." (*See* Nash Decl. ¶ 4).

3. Nash explains that the "Under Construction" web page is provided, and required, by name registrars such as TabNet; it is a single web page shared by thousands of registered but "unhosted" domain names. (Nash Decl. ¶ 6).

4. California's long-arm statute permits a court to exercise personal jurisdiction over a defendant to the extent permitted by the Due Process Clause of the Constitution. *See Panavision*, 141 F.3d at 1320. Under California law, in order to determine whether a court may exercise specific jurisdiction, (1) the nonresident defendant must do some act or consummate some transaction with the forum or perform some act by which he purposefully avails himself of the privilege of conducting activities in the forum, (2) the claim must arise out of or result from the defendant's forum-related activities, and (3) the exercise of jurisdiction must be reasonable. *Id.* In tort cases, the purposeful availment prong of this test is satisfied through application of the "effects test."

5. It should be noted that the *Hearst* court criticized the *Panavision* decision, citing it as an example of when "hard cases make bad law." 1997 WL 97097, at *19. In distinguishing *Panavision*, the court declined to undertake an inquiry into the defendant's reason for registering his domain name: Goldberger's intent is a key element on the merits Except perhaps in the clearest case of a cyber squatter or where intent is undisputed, this court believes it would be a serious mistake for personal jurisdiction to turn on the issue of the defendant's intent, which itself is a major merits issue. *Panavision* is thus distinguishable, and to the extent it is not distinguishable, the Court declines to follow it. *Id.*