IN THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF GEORGIA ATLANTA DIVISION

DATASCAPE, INC., a Georgia Corporation

Plaintiff,

CIVIL ACTION NO.

1:07-CV-0640-CC

vs.

SPRINT NEXTEL CORPORATION, a Kansas Corporation

SPRINT SPECTRUM, L.P., a Delaware Limited Partnership

and

SPRINT SOLUTIONS, INC., a Delaware Corporation

Defendants

SPRINT SPECTRUM, L.P. a Delaware Limited Partnership

and

SPRINT SOLUTIONS, INC., a Delaware Corporation

Counterclaim Plaintiffs

vs.

DATASCAPE, INC., a Georgia Corporation

Counterclaim Defendant

OPINION AND ORDER

The above-styled matter is before the Court on Defendant Sprint Nextel Corporation's Motion to Dismiss for Lack of Personal Jurisdiction [Doc. No. 24]. For

the reasons stated herein, the Court grants the Motion to Dismiss for Lack of Personal Jurisdiction.

I. INTRODUCTION

Defendant Sprint Nextel Corporation ("Sprint Nextel") moves the Court to dismiss it from this action pursuant to Federal Rule of Civil Procedure 12(b)(2) for lack of personal jurisdiction. Sprint Nextel maintains that the allegations in the Amended Complaint of Plaintiff Datascape, Inc. ("Datascape") are untrue and thus cannot support the exercise of personal jurisdiction over Sprint Nextel.

In its Amended Complaint, Datascape alleges, upon information and belief, that Sprint Nextel is a Kansas Corporation with its principal place of business in Reston, Virginia. (Am. Compl. \P 6.) Datascape further alleges that Sprint Nextel, along with Defendant Sprint Spectrum, L.P. ("Sprint Spectrum") and Defendant Sprint Solutions, Inc. ("Sprint Solutions"), have infringed and continue to infringe a patent owned by Datascape in the State of Georgia, within this judicial district, and elsewhere throughout the United States. (Id. \P 9.) Specifically, Datascape alleges the following with respect to the infringement:

Upon information and belief, Defendants have engaged in the offer for sale, sale, import, and/or use of products and/or processes that constitute infringement of U.S. Patent No. 6,907,476 in violation of 35 U.S.C. § 271. On information and belief, Defendants' infringement of U.S. Patent No. 6,907,476 has been, and continues to be, deliberate and willful.

(Am. Compl. ¶¶ 17, 18.)

Contrary to these allegations, Sprint Nextel asserts that it is simply a holding company and lacks the "minimum contacts" with Georgia required to justify the exercise of personal jurisdiction over a nonresident defendant. According to the Declaration of Scott W. Andreasen, the Assistant Secretary of Sprint Nextel, Sprint Nextel is a Kansas corporation with its principal place of business in Reston, Virginia. (Declaration of Scott W. Andreasen "Andreasen Decl." ¶ 4.) Sprint Nextel is mainly a holding company that holds stock in operating subsidiaries. (Id. ¶ 5.)

The business activities of Sprint Nextel consist primarily of ownership of interests in a variety of subsidiary entities operating in the telecommunications industry. (<u>Id.</u>) According to Mr. Andreasen, the only operating activity of Sprint Nextel is a telephone refurbishing business in Kansas. (Id.) Some of the companies in which Sprint Nextel holds direct or indirect ownership interests use as part of their name the trademarks "Sprint" or "Nextel" with a geographic or other identifier. (Id.) Sprint Nextel does not own the trademarks "Sprint" or "Nextel." (Id. ¶ 6.) Those marks are the property of two of Sprint Nextel's subsidiaries and are used by other entities under license. (Id.) Sprint Nextel is not registered to do business in the State of Georgia. (Id. ¶ 7.) Sprint Nextel has not appointed an agent for service of process in the State of Georgia. (Id. ¶ 8.) Sprint Nextel has no business operations in the State of Georgia. (<u>Id.</u> ¶ 9.) All business operations in Georgia are conducted by direct or indirect subsidiaries of Sprint Nextel. (Id.) Sprint Nextel does not have any employees in the State of Georgia and does not maintain any place of business in the State of Georgia. (Id. \P ¶ 10, 11.) Sprint Nextel does not own any real property in the State of Georgia and does not hold any bank accounts in the State of Georgia. (Id. \P ¶ 12, 13.) Sprint Nextel does not and has never directly manufactured, used, sold, imported, and/or offered for sale products or services related to wireless products in the State of Georgia or anywhere else. (<u>Id.</u> ¶ 14.) Sprint Nextel does not direct or control the day-to-day activities of its subsidiaries, and the directors of Sprint Nextel and its subsidiaries that provide telecommunications services are separate and distinct from Sprint Nextel. (<u>Id.</u> ¶¶ 15, 16.) Those subsidiaries maintain their own books, accounts, and records, which are separate from the books, accounts, and records of Sprint Nextel, and they are responsible for their own day-to-day activities and finances. (Id. ¶ 16.) Sprint Nextel's subsidiaries that provide telecommunications services in Georgia are not authorized to act as an agent of Sprint Nextel in the State of Georgia. (<u>Id.</u>) Sprint Nextel observes all corporate formalities. (Id. \P 17.)

Notwithstanding the testimony of Mr. Andreasen, Sprint Nextel has appeared as a defendant and counterclaim-plaintiff in a different lawsuit in the Northern District of Georgia, Cingular Wireless, LLC v. Sprint Nextel Corp., Civil Action No. 1:06-CV-1111-CAP (the "Cingular Litigation"), and did not contest the Court's exercise of personal jurisdiction in that case. Moreover, in the Cingular Litigation, Sprint Nextel admitted, inter alia, that it markets and provides mobile voice and data communications services nationally, including in Georgia, and is one of Cingular's principal competitors. Additionally, printed pages from the website www.sprint.com, which includes advertisements for phones and wireless services, show that the copyright is owned by "Sprint Nextel." The pages further repeatedly refer to and provide information about "Sprint Nextel."

II. STANDARD

Federal Circuit law governs the issue of personal jurisdiction in patent infringement cases. See Electrics for Imaging, Inc. v. Coyle, 340 F.3d 1344, 1348 (Fed. Cir. 2003); Deprenyl Animal Health, Inc. v. University of Toronto Innovations Found., 297 F.3d 1343, 1347 (Fed. Cir. 2002). Under Federal Circuit precedent, the assumption of personal jurisdiction over a nonresident defendant involves a two-step inquiry. See Hildebrand v. Steck Mfg. Co., 279 F.3d 1351, 1354 (Fed. Cir. 2002); Red Wing Shoe Co. v. Hockereson-Halberstadt, Inc., 148 F.3d 1355, 1358 (Fed. Cir. 1998). First, jurisdiction must exist under the forum state's long-arm statute. Trinetec Indus., Inc. v. Pedre Promotional Prods., Inc., 395 F.3d 1275, 1279 (Fed. Cir. 2005). Second, the exercise of personal jurisdiction must comport with due process. Id.

The Georgia Supreme Court has held that the "transaction of business" prong of Georgia's long-arm statute confers personal jurisdiction to the extent permitted by the Due Process Clause. <u>Innovative Clinical & Consulting Servs.</u>, <u>LLC v. First Nat'l Bank of Ames</u>, <u>Iowa</u>, 279 Ga. 672, 674-75 (2005). Datascape does not explicitly state in either the Amended Complaint or in its brief whether it is relying upon the

"transaction of business" prong or the tort prongs of the Georgia long-arm statute to establish jurisdiction. See O.C.G.A. § 9-10-91(1), (2), and (3). However, Datascape's reliance on the law stating that the long-arm statute confers personal jurisdiction to the maximum extent permitted by federal due process requirements, (see Plaintiff Datascape, Inc.'s Opposition to Sprint Nextel Corporation's Motion to Dismiss for Lack of Personal Jurisdiction at 13), suggests to the Court that Datascape is relying on the "transaction of business" prong. Consequently, determining personal jurisdiction according to Federal Circuit law collapses into the single inquiry of whether the exercise of personal jurisdiction comports with the requirements of due process. Inamed Corp. v. Kuzmak, 249 F.3d 1356, 1359-60 (Fed. Cir. 2001).¹

"[D]ue process requires only that in order to subject a defendant to a judgment in personam ... he have certain minimum contacts with [the forum] such that the maintenance of the suit does not offend traditional notions of fair play and substantial justice." International Shoe Co. v. State of Washington, Office of Unemployment Compensation and Placement, 326 U.S. 310, 316, 66 S. Ct. 154, 90 L. Ed. 95 (1945). Minimum contacts, in turn, are established by "some act by which the defendant purposefully avails itself of the privilege of conducting activities within the forum state." Burger King v. Rudzewicz, 471 U.S. 462, 475, 105 S. Ct. 2174, 85 L. Ed. 2d 528 (1985) (quoting Hanson v. Denckla, 357 U.S. 235, 253, 78 S. Ct. 1228, 2 L. Ed. 2d 1283 (1958)).

To establish "minimum contacts," a plaintiff must show that the non-resident defendant is subject to either general or specific jurisdiction. <u>LSI Indus. v. Hubbell Lighting, Inc.</u>, 232 F.3d 1369, 1375 (Fed. Cir. 2000). General jurisdiction exists when the non-resident's contacts with the forum state are "continuous and systematic,"

In any event, the Court finds it unnecessary to resolve this issue because the Court finds that the exercise of jurisdiction over Sprint Nextel would not comport with due process.

even if the cause of action has no relation to those contacts. <u>Id.</u> (citing <u>Helicopteros Nacionales de Colombia, S.A. v. Hall</u>, 466 U.S. 408, 414-16, 104 S. Ct. 1868, 80 L. Ed. 2d 404 (1984)). For general jurisdiction to be found, the plaintiff must establish a substantial connection between the non-resident defendant and the forum state. <u>Id.</u> Specific jurisdiction over a non-resident exists only when the non-resident defendant has purposefully directed its activities at the forum state and the "litigation results from alleged injuries that arise out of or relate to those activities." <u>Akro Corp. v. Luker</u>, 45 F.3d 1541, 1545 (Fed. Cir. 1995) (emphasis in original) (quoting <u>Burger King</u>, 471 U.S. at 472).

Once a defendant challenges personal jurisdiction, the plaintiff bears the burden of producing facts that support the exercise of jurisdiction. See McNutt v. General Motors Acceptance Corp., 298 U.S. 178, 189, 56 S. Ct. 780, 80 L. Ed. 1135 (1936); Patent Incentives, Inc. v. Seiko Epson Corp., 878 F.2d 1446, at *1 (Fed. Cir. June 7, 1989). Where, as in the instant case, the issue of personal jurisdiction is decided on affidavits and other written materials, a plaintiff need only make a prima facie showing that the defendant is subject to personal jurisdiction. See Coyle, 340 F.3d at 1349. The Court must accept the uncontroverted allegations of plaintiff's complaint as true and resolve any factual conflicts in plaintiff's favor. See id. Once the plaintiff has satisfied its initial burden, the defendant must "present a compelling case that the presence of some other considerations would render jurisdiction unreasonable." Breckenridge Pharmaceutical, Inc. v. Metabolite Labs., Inc., 444 F.3d 1356, 1363 (Fed. Cir. 2006).

III. DISCUSSION

As evidenced by Scott W. Andreasen's declaration, Sprint Nextel argues that it is mainly a holding company that holds stock in operating subsidiaries. The only operating activity of Sprint Nextel, according to Mr. Andreasen, is a telephone refurbishing business in Kansas. Sprint Nextel denies manufacturing, using, selling, importing, and/or offering for sale products or services related to wireless products

in the State of Georgia or anywhere else. Sprint Nextel denies having any direct contact with the State of Georgia. Sprint Nextel does not deny, however, that it is has subsidiaries that conduct business in the state. Those subsidiaries include Sprint Spectrum, L.P. and Sprint Solutions, Inc. Sprint Nextel maintains that its subsidiaries that provide telecommunications services are separate and distinct from Sprint Nextel and that Sprint Nextel does not direct or control the day-to-day activities of its subsidiaries. Based on the factual allegations attested to by Mr. Andreasen, the Court finds that Sprint Nextel has controverted the jurisdictional allegations in Datascape's Amended Complaint. The Court therefore proceeds to analyze whether Datascape still can make a <u>prima facie</u> showing that exercising jurisdiction over Sprint Nextel is proper.

Datascape first argues that admissions made by Sprint Nextel in the Cingular Litigation establish that Sprint Nextel sells and/or offers for sale products or services relating to wireless technology nationwide, including in Georgia. However, Sprint Nextel's purported "admissions" in the Cingular Litigation regarding its contacts with the State of Georgia and the nature of its business activities do not prevent Sprint Nextel from contesting personal jurisdiction in this case. Estate of Miller ex rel. Miller v. Toyota Motor Corp., No. 6:07-cv-1358-Orl-19DAB, 2008 WL 516725, at *5 (M.D. Fla. Feb. 22, 2208) ("TMC's purported 'admission' in another case that it is authorized to do business in Florida does not prevent TMC from contesting personal jurisdiction in this case."). Persuasive case law from several circuits informs that "[n]ormally judicial admissions are binding for the purpose of the case in which the admissions are made, not in separate and subsequent cases." In re Raiford, 695 F.2d 521, 523 (11th Cir. 1983); accord Help at Home, Inc. v. Medical Capital, L.L.C., 260 F.3d 748, 753 (7th Cir. 2001); <u>Universal Am. Barge Corp. v. J-</u> <u>Chem.</u>, 946 F.2d 1131, 1142 (5th Cir. 1991); <u>Glick v. White Motor Co.</u>, 458 F.2d 1287, 1291 (3d Cir. 1972); State Farm Mut. Auto Ins. Co. v. Worthington, 405 F.2d 683, 686 (8th Cir. 1968).

Even if Datascape could cite authority to support its position that the admissions made by Sprint Nextel in the Cingular Litigation should be binding upon Sprint Nextel in this case, "[c]onsiderations of fairness and the policy of encouraging judicial admissions require that trial judges be given broad discretion to relieve parties from the consequences of judicial admissions in appropriate cases." United States v. Belculfine, 527 F.2d 941, 944 (1st Cir. 1975). Here, the Court would be inclined to relieve Sprint Nextel from the consequences of any judicial admissions in the Cingular Litigation, particularly given Sprint Nextel's explanation that counsel in the Cingular Litigation made errors in pleading and given that Sprint Nextel has come forward in this case with testimony given under oath that squarely contradicts the unsworn statements in the Cingular Litigation. Cf. Sicor Ltd. v. Cetus Corp., 51 F.3d 848, 859-60 (9th Cir. 1995) ("Where ... the party making an ostensible judicial admission explains the error in a subsequent pleading or by amendment, the trial court must accord the explanation due weight.").

Datascape also unconvincingly suggests that Sprint Nextel should be estopped from contesting the Court's exercise of personal jurisdiction over it in this case, since Sprint Nextel consented to or did not contest the exercise of personal jurisdiction in the Cingular Litigation. However, that Sprint Nextel consented to jurisdiction in a previous case filed in this district does not establish jurisdiction in the instant case. See Gannon v. Flood, No. 08-60059-CIV, 2008 WL 905982, at *3 (S.D. Fla. Mar. 26, 2008) (stating that party's failure to object to exercise of personal jurisdiction in previous cases did not establish jurisdiction in the case before the court).

Having rejected Datascape's other arguments in support of exercising personal jurisdiction over Sprint Nextel, the lone issue remains whether Sprint Nextel can be subjected to jurisdiction in this Court based on its operation of an interactive website and based on the information contained on that website. The Court resolves this issue against Datscape as well. As an initial matter, the Court

notes that a plaintiff opposing a motion to dismiss for lack of personal jurisdiction must "respond to the motion by establishing jurisdictional facts through sworn affidavits or other competent evidence." Patent Incentives, 878 F.2d 1446, at *1 (quoting <u>Time Share Vacation Club v. Atlantic Resorts, Ltd.</u>, 735 F.2d 61, 66-67 n. 9 (3d Cir. 1984)). Here, Datascape relies on certain website printouts to demonstrate the nature of Sprint Nextel's internet contacts and also to contradict certain representations made by Sprint Nextel about the nature of its business activities, but these website printouts are not supported by an affidavit and arguably do not constitute competent evidence. See <u>Team Impressions</u>, Inc. v. Chromas <u>Techs</u>. Canada, Inc., No. 02 C 5325, 2003 WL 132498, at *2 (N.D. Ill. Jan. 16, 2003) (suggesting in personal jurisdiction challenge that a website document that was not supported by an affidavit was not due to be considered). Further, the law requires that the Court "resolve any factual conflicts in the *affidavits* in the plaintiff's favor." Coyle, 340 F.3d at 1349 (emphasis added). In the case at bar, there are no competing affidavits. Rather, there is a declaration presented by Sprint Nextel and unsworn website documents presented by Datascape.

Assuming the Court nevertheless would consider the website documents, given that Sprint Nextel has not questioned the authenticity of the documents, Sprint Nextel asserts that it is not the owner or operator of the website www.sprint.com. A review of the website, however, belies Sprint Nextel's attempt to distance itself from the website and contradicts many of the averments contained in the declaration of Scott Andreasen. Printouts from the website paint a picture of Sprint Nextel as being more than holding company. In this regard, the Court observes that the website primarily refers only to Sprint Nextel, which owns the copyright for the content of the web pages. The "About Us" link links to a page entitled "About Sprint Nextel," which states the following:

Sprint Nextel offers a comprehensive range of wireless and wireline communications services bringing the freedom of mobility to consumers, businesses and government users. Sprint Nextel is widely

recognized for developing, engineering and deploying innovative technologies, including two robust wireless networks serving 54 million customers at the end of the second quarter 2007; industry-leading mobile data services; instant national and international walkietalkie capabilities; and a global Tier 1 Internet backbone.

(Doc. No. 34-10 at 2.) On the page of the website entitled "Copyright, Trademark and Disclaimer Notices," the website mentions that the materials available through the website should be used only for specific purposes, such as "for communicating with Sprint Nextel about a company product or service" or "for placing an order with Sprint Nextel." (Doc. No. 34-9 at 2.) On this same page is the statement that "Sprint Nextel is committed to providing world-class telecommunication products and services to its customers." (Id.) In direct contradiction to an averment of Mr. Andreasen, this page further states that "Sprint" and the "Nextel" name and logo are trademarks of Sprint Nextel. (Id.) This page further states that "Sprint Nextel will terminate all account holders and subscribers who are repeat infringers of intellectual property laws." (Id. at 4.) Thus, despite the testimony of Scott Andreasen to the contrary, the website suggests that Sprint Nextel is more than a holding company. Moreover, there can be no serious dispute that this website is tied to Sprint Nextel and not just Sprint Nextel's subsidiaries, who are only generically mentioned on the website.

Nevertheless, the website documents still do not persuade the Court that exercising personal jurisdiction over Sprint Nextel is proper. Numerous courts have held that a company's mere operation of a commercially interactive website is not by itself an adequate basis for the exercise of personal jurisdiction anywhere the site can be viewed. See, e.g., Toys "R" Us, Inc. v. Step Two, S.A., 318 F.3d 446, 454 (3d Cir. 2003); ALS Scan, Inc. v. Digital Serv. Consultants, Inc., 293 F.3d 707, 714 (4th Cir. 2002); Utilitech, Inc. v. Somerset Med. Ctr., Civil Action No. 06-1232, 2006 WL 1687046, at *4 (E.D. Pa. June 15, 2006); Coremetrics, Inc. v. Atomic Park.com, LLC, 370 F. Supp. 2d 1013, 1019 (N.D. Cal. 2005); Vinten v. Jeantot Marine Alliances, S.A., 191 F. Supp. 2d 642, 647 (D.S.C. 2002); GTE New Media Servs. Inc. v. BellSouth

Corp., 199 F.3d 1343, 1349 (D.C. Cir. 2000). But see Allojet, PLC v. Vantage Assocs., No. 04 Civ. 05223(SAS), 2005 WL 612848, at *5 (S.D.N.Y. Mar. 15, 2005) (stating that "a defendant's use of an interactive website, standing alone, may support a finding of specific jurisdiction"). "Rather, there must be evidence that the defendant 'purposefully availed' itself of conducting activity in the forum state, by directly targeting its web site to the state, knowingly interacting with residents of the forum state via its web site, or through sufficient other related contacts." Toys "R" Us, 318 F.3d at 454.

In the instant case, Sprint Nextel's website is no more targeted to residents in the State of Georgia than in any other state. In such a circumstance, the exercise of personal jurisdiction based upon the website, alone, would not be proper. See Trintec Indus., Inc. v. Pedre Promotional Prods., Inc., 395 F.3d 1275, 1281 (Fed. Cir. 2005) (emphasizing that the defendant's website was "not directed at customers in the District of Columbia, but instead is available to all customers throughout the country who have access to the Internet"). The website does allow users to locate nearby "Sprint" stores, including in the State of Georgia, but users can locate such stores nationwide.²

Additionally, other than the purported admissions by Sprint Nextel in the Cingular Litigation, which this Court affords very little weight, there is no evidence that Sprint Nextel has knowingly interacted with residents in the State of Georgia

To the extent that Datascape argues that the Sprint stores themselves create additional contacts between Sprint Nextel and the State of Georgia, the Court rejects this argument, too, as Datascape has presented no evidence that these are "Sprint Nextel" stores. Indeed, most of the stores identified by Datascape as being in or nearby Atlanta do not even have "Sprint" as a part of their names. While some of Mr. Andreasen's averments are questionable in light of statements appearing on the website, Mr. Andreasen has attested that Sprint Nextel has no business operations in the State of Georgia. (Andreasen Decl. ¶ 9.) He further attests that all business operations in Georgia are conducted by direct or indirect subsidiaries of Sprint Nextel. (Id.) Sprint Nextel does not have any employees in the State of Georgia and does not maintain any place of business in the State of Georgia. (Id. ¶¶ 10, 11.) Datascape has not directly contradicted this testimony.

via its website or otherwise. There is no evidence, for example, that Sprint Nextel has entered into contracts with residents of the State of Georgia. There likewise is no evidence that Sprint Nextel has profited from direct sales to residents of the State of Georgia. The Court is not aware of any product shipments by Sprint Nextel into the State of Georgia, and Datascape has not even shown that residents of the State of Georgia have even accessed the Sprint Nextel website or used the website to conduct business with Sprint Nextel.

The Court also notes that Datascape has not made any persuasive arguments or presented any controlling precedent, persuasive law, or evidence that would support piercing the corporate veil or finding that an agency relationship exists between Sprint Nextel and any of its subsidiaries. To the contrary, Mr. Andreasen offers testimony directly refuting any contention that Sprint Nextel's subsidiaries that provide telecommunications services in the State of Georgia are authorized to act as the agents of Sprint Nextel. He further offers several facts demonstrating that Sprint Nextel and its subsidiaries observe corporate formalities. Sprint Nextel concedes that the website is not "a model of precision," (Defendant Sprint Nextel Corporation's Reply in Support of Its Motion to Dismiss for Lack of Personal Jurisdiction" at 5), and the Court doubtlessly agrees. However, the evidence in the record simply does not support this Court disregarding the legal separateness of Sprint Nextel and its subsidiaries and attributing the contacts of the subsidiaries to Sprint Nextel.

Based on the evidence presented in this case, the Court is unable to find that Sprint Nextel has contacts with the State of Georgia sufficient to confer either general or specific jurisdiction over Sprint Nextel. Moreover, as to the analysis for specific jurisdiction, in particular, the Court is unable to find, as required by Supreme Court and Federal Circuit law, that Sprint Nextel purposefully directed its activities at the State of Georgia or that the assertion of personal jurisdiction would be reasonable and fair. See Burger King, 471 U.S. at 472-73, 476; Akro Corp., 45 F.3d

at 1545. As such, the Court concludes that Sprint Nextel's Motion to Dismiss is due to be granted.³

IV. CONCLUSION

Based on the foregoing, the Court hereby **GRANTS** Defendant Sprint Nextel Corporation's Motion to Dismiss for Lack of Personal Jurisdiction [Doc. No. 24].

The Court **DIRECTS** the Clerk of Court to terminate Sprint Nextel Corporation as a party to this action.

SO ORDERED this 29th day of September, 2008.

s/ CLARENCE COOPER

CLARENCE COOPER UNITED STATES DISTRICT JUDGE

The Court specifically notes that Datascape has not requested from the Court an opportunity to conduct jurisdictional discovery, and the Court is not required to allow Datascape jurisdictional discovery <u>sua sponte</u>. <u>See Trinitec</u>, 395 F.3d at 1283 (stating that jurisdictional discovery is appropriate "where the existing record is inadequate to support personal jurisdiction and a party demonstrates that it can supplement its jurisdictional allegations through discovery") (citations and internal marks omitted).