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IN THE UNITED STATES COURT FOR THE DISTRICT OF UTAH  
CENTRAL DIVISION

<p>SIZZLING PLATTER, INC., Plaintiff,</p> <p>vs.</p> <p>IMPACT RESTAURANTS, LLC, Defendant.</p>	<p><b>FILED</b> CLERK, U.S. DISTRICT COURT September 22, 2004 (12:05pm) DISTRICT OF UTAH</p> <p><b>ORDER DENYING MOTION TO STRIKE, MOTION TO DISMISS AND MOTION TO TRANSFER</b></p> <p>Case No. 2:04-CV-00170 PGC</p>
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Defendant Impact Restaurants, LLC (“Impact”) has filed a motion to dismiss and in the alternative a motion to transfer this matter. Plaintiff Sizzling Platter, Inc. (“Sizzling”) opposes these motions. Having reviewed the pleadings, the court DENIES Impact’s motions.

***Background***

For purposes of this motion, the court finds the following facts: since 1996 Sizzling has operated one brew-pub family restaurant using the mark “Hoppers” in Midvale, Utah. The trademarks for “Hoppers” and “Hoppers Grill & Brewing Company” were granted official registration in 1997 and have been in continuous use since that time.

In 2000, Impact conducted a trademark search on “Barleyhoppers” for use in a brew-pub family restaurant in Tampa, Florida. The search revealed that Adcope Partnership, a company in

Idaho, held a State Registration for the mark “M.J. Barleyhoppers” for brew pub and sports bar services. Impact believed that the “M.J. Barleyhoppers” mark might be confusingly similar to the mark “Barleyhoppers” and contacted the successor-in-interest to the Idaho “Barleyhopper’s” mark, to negotiate the rights to the “M.J. Barleyhoppers.”

On October 10, 2000, Adcope, LLC, signed a Territorial Trademark Assignment Agreement giving Impact all of the right, title, and interest in the mark “M.J. Barleyhoppers” for all of Idaho outside a 200 miles radius from the center of Lewiston, Idaho. Impact indicates it purchased this agreement to avoid “future confrontations” and to open additional BarleyHoppers restaurants “within the State of Florida and throughout the United States.”<sup>1</sup>

On October 13, 2000, Impact filed an intent-to-use application with the U.S. Patent and Trademark Office (“Trademark Office”) to register the marks “Barleyhoppers” and “Barley Hoppers.” The U.S. Trademark Office citing the mark “Hoppers” and “Hopper Grill & Brewing Company” registered by Sizzling, denied the application.

In November 2000, Impact appealed this determination and the Trademark Office issued an additional rejection of the application to register the marks.

On February 5, 2001, in spite of the rejection, Impact nonetheless began to use the mark “Barley Hoppers” continuously in Tampa, Florida for its restaurant.

On March 8, 2001, the Trademark Office again rejected Impact’s petition to register the “M.J. Barleyhoppers” mark because of the likelihood of confusion with the prior registered “Hoppers” mark owned by Sizzling.

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<sup>1</sup> Motion to Dismiss, ¶ 29.

On July 23, 2001, the Trademark Office issued a “Final Refusal” to Impact based on the Utah “Hoppers” mark and the likelihood of confusion with the “Barleyhoppers” mark.<sup>2</sup>

On September 10, 2002, Impact filed an application for concurrent use of the mark and a petition for cancellation with the United States Patent and Trademark Trial and Appeal Board (“TTAB”). Impact believed this application would be rejected based on the likelihood of confusion with the Utah trademarks. Impact filed this application because the deadline for filing for incontestable status by “Hoppers” was September 30, 2002, twenty days away.

Beginning in March 2003, the parties began extensive negotiations to resolve the trademark issues through a back-and-forth stream of phone calls, emails, letters, and other communications. Specifically, on August 4, 2003, Mr. Steven Lowe, President of Sizzling Platter, sent a letter to Dilip Kanji, President of Impact, indicating that a proposed Consent Agreement was “generally acceptable.” Mr. Lowe noted that he would present a “revised Consent and Settlement Agreement” later in August 2003. On October 30, 2003, Mr. Frijouf, counsel for Impact, sent a draft “Consent Agreement” proposing Sizzling allow Impact to use the “Barley Hoppers” mark in Florida.

On November 6, 2003, the TTAB issued an opinion and granted summary judgment in favor of Sizzling. The TTAB concluded that the “M.J. BarleyHoppers” mark (now owned by Impact) was limited to a radius of 200 miles around Lewiston, Idaho. Impact’s purchase of the Idaho mark gave them no rights beyond the 200 mile area surrounding Lewiston, Idaho.

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<sup>2</sup> Declaration of Steve Lowe, Exhibit W.

On November 21, 2003, Mr. Foster, counsel for Sizzling, sent a letter to Mr. Frijouf, reasserting its desire to “protect the goodwill of its marks.” It also asserted that “Sizzling Platter demands that Impact remove forthwith all of its restaurant signs, change its menu and in every way discontinue all uses of ‘BarleyHoppers or M.J. BarleyHoppers or Barley Hopper’ and avoid use of any other mark likely to cause confusion.”

On December 10, 2003, Robert Frijouf, counsel for Impact sent a letter to Mr. Foster. Mr. Frijouf indicated that “our client wishes to make one last effort to resolve this dispute if at all possible.”

On January 6, 2004, Dilip Kanji, President of Impact, sent a letter to Mr. Steven Lowe, of Sizzling Platter. Mr. Kanji discussed a proposed “Covenant Not to Sue Agreement” and that “[w]ithout federal registration – we cannot expand and protect any current and future value of the mark ‘BarleyHoppers’ and as such I do not see how the current proposed Agreement helps us.”<sup>3</sup>

On January 12, 2004, Mr. Kanji again responded to the ongoing dispute, “I am absolutely astounded that you would even think that there is any likelihood of confusion between the mark ‘Hoppers’ and ‘M.J.Barleyhoppers.’ We have full rights and authority to use this mark.” Ultimately, no agreement was reached between Sizzling and Impact regarding this mark.

Sizzling contends it has invested tens of thousands of dollars in preserving its business reputation and good will. Sizzling also contends that a significant percentage of its customers are from out of state, including Florida. Impact states it has not done business in Utah and does not have the necessary “minimum contacts” to establish personal jurisdiction.

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<sup>3</sup> Motion to Strike, Exhibit 10.

### ***Motion to Strike***

Impact argues this court should strike the declaration of Steve Lowe because certain portions lack foundation, contain hearsay, and contain impermissible opinions. Surprisingly, one of Impact's arguments in support of its motion to strike is that Mr. Lowe could not know of Impact's expansion plans. However, Impact in its own pleadings openly acknowledges it sought use of the marks in question because it desired to expand nationally.<sup>4</sup>

The court DENIES the motion to strike as to all paragraphs. The court will consider the Lowe declaration for whatever probative value it may have on the issues presented in this motion to dismiss only. The court will only consider those matters based on Mr. Lowe's personal knowledge. Most of Mr. Lowe's "legal" opinions simply parrot the rulings of the U.S. Patent and Trademark Office and the TTAB.

### ***Motion to Dismiss***

Impact argues that the court lacks personal jurisdiction over it. Specific personal jurisdiction exists when a non-resident defendant purposefully establishes sufficient minimum contacts with the forum state, the cause of action arises out of these contacts, and jurisdiction is constitutionally reasonable.<sup>5</sup> Specific personal jurisdiction requires: (1) the defendant's acts implicate Utah's long-arm statute; (2) a nexus exists between the plaintiff's claims, the

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<sup>4</sup> Defendant's Memorandum in Support of Its Motion to Dismiss For Lack of Personal Jurisdiction or, Alternatively, to Transfer This Action under 28 U.S.C. § 1404 and 28 U.S.C. § 1406, ¶ 29.

<sup>5</sup> See *System Designs, Inc., v. New Customware Co., Inc.*, 248 F.Supp.2d 1093, 1096 (D. Utah 2003) citing *iAccess v. WEBcard Technologies, Inc.*, 182 F.Supp.2d 1183, 1186 (D.Utah 2002)(internal citations omitted.)

defendant's contacts, and the state of Utah; and (3) the application of Utah's long-arm statute must meet the federal due process requirements.<sup>6</sup> Utah's long-arm statute asserts jurisdiction to the extent allowed by the due process clause, and thus, the court begins with the due process analysis.<sup>7</sup>

### *Minimum Contacts*

Due process requires this court evaluate the relationship among the defendant, the forum, and the litigation.<sup>8</sup> A defendant must have purposefully availed itself of the privilege of conducting activities in the forum state, thus invoking the benefits and privileges of its laws.<sup>9</sup> The requirement of "purposefully availment" simply insures that a defendant is not haled into a forum based on a random or fortuitous contact.<sup>10</sup> The question before this court is whether Impact deliberately created a relationship with Utah that served to make Utah's exercise of jurisdiction foreseeable.<sup>11</sup>

Sizzling argues that the willful infringement of its Utah trademark and the lengthy negotiations initiated by Impact support jurisdiction. Personal jurisdiction can be based upon

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<sup>6</sup> See *System Designs*, 248 F.Supp. 2d 1096, citing *Soma Medical Intern. v. Standard Chartered Bank*, 196 F.3d 1292 (10<sup>th</sup> Cir. 1999).

<sup>7</sup> See Utah Code Ann. § 78-27-22; see *Far West Capital, Inc. v. Towne*, 46 F.3d 1071, 1075 (10<sup>th</sup> Cir. 1995).

<sup>8</sup> See *OMI Holdings, Inc., v. Royal Ins. Co. of Canada*, 149 F.3d 1086, 1091 (10<sup>th</sup> Cir. 1998).

<sup>9</sup> See *Hanson v. Denckla*, 357 U.S. 235 (1958).

<sup>10</sup> *Id.* citing *Burger King Corp. v. Rudzewicz*, 471 U.S. 462, 476-77 (1985).

<sup>11</sup> *Id.*

intentional actions, expressly aimed at the forum, causing harm, “the burnt of which is suffered, and which the defendant knows is likely to be suffered, in the forum state.”<sup>12</sup> Trademark infringement is an intentional tort and occurs where the “confusion is likely to occur.”<sup>13</sup> The Tenth Circuit has held:

A state has an especial interest in exercising judicial jurisdiction over those who commit torts within its territory. This is because torts involved wrongful conduct which a state seeks to deter, and against which it attempts to afford protection by providing that a tortfeasor shall be liable for damages which are the proximate result of his tort.<sup>14</sup>

Impact makes the unique argument that its knowing use of a Utah mark – used in a Utah restaurant for several years – only creates confusion in Florida. This argument does not make sense. The “Hoppers” mark existed in Utah for six years before Impact began using the mark in Florida. Two similarly named and themed restaurants, in two vacation-oriented cities (Tampa, Florida and Salt Lake City, Utah) certainly seem likely to confuse tourists in both Florida and Utah. The “effect” of trademark infringement – the confusion – will certainly be felt by Hoppers in Utah. The facts alleged suggest no “accidental” use by individuals in a different state.<sup>15</sup> Because Impact was well-aware that their infringement would likely cause harm in Utah.

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<sup>12</sup> *Systems*, 248 F.Supp.2d at 1098 n. 15, citing *Calder v. Jones*, 465 U.S. 783 (1984) (emphasis added).

<sup>13</sup> See *Systems*, 248 F.Supp.2d 1093, 1098 quoting *Heroes, Inc. v. Heroes Foundation*, 958 F.Supp. 1, 5 (D.D.C. 1996).

<sup>14</sup> *Burt v. Board of Regents of the University of Nebraska*, 757 F.2d 242, 244 (10<sup>th</sup> Cir. 1985) quoting *Leeper v. Leeper*, 114 N.H. 294, 298 (1974), quoting Restatement (Second) of Conflict of Laws § 36, Comment c (1971).

<sup>15</sup> See, e.g., *Cybersell, Inc. v. Cybersell, Inc.*, 130 F.3d 414, 420 (9<sup>th</sup> Cir. 1997).

Impact's actions willfully infringing upon a Utah mark support finding personal jurisdiction in this case.

Besides this knowing infringement of a Utah mark, several other facts point to jurisdiction in Utah. Prior negotiations, future consequences, and the parties' course of dealing can support a finding of personal jurisdiction.<sup>16</sup> Impact pursued a three-year course of attempting to register its patent with the Trademark Office and the TTAB despite the prior registration of the Utah patent. In all of the rulings, the Trademark Office and the TTAB repeatedly referred to the *Utah* mark. Impact cannot claim surprise at being haled into a Utah court when it repeatedly challenged the Utah trademark in legal proceedings over several years.

Finally, Impact consciously "reached out" from Florida to Utah to negotiate for use of the mark.<sup>17</sup> Impact tried repeatedly to negotiate a resolution to this dispute with Sizzling in Utah. Impact offered thousands of dollars for the right to use the "Barleyhoppers" mark. These communications were not just between counsel; the President of Impact, Mr. Kanji, sent letters and communications to Sizzling directly.

Considering these facts collectively, the court finds that there are clearly sufficient minimum contacts to justify exercising specific jurisdiction under the due process test.

#### *Fairness*

Once it has been established that a defendant's actions created sufficient minimum contacts, the court must still determine whether the exercise of personal jurisdiction offends

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<sup>16</sup> *Soma Medical International*, 196 F.3d at 1298 citing *Burger King*, 471 U.S. at 479.

<sup>17</sup> *See Compuserve, Inc. v. Patterson*, 89 F.3d 1257, 1265 (6<sup>th</sup> Cir. 1996).

traditional notions of fair play and substantial justice.<sup>18</sup> The court must determine whether the exercise of jurisdiction over the defendant is reasonable in light of the circumstances of the case.<sup>19</sup> The court must look at the following factors: (1) the burden on the defendant; (2) the forum state's interest in resolving the dispute; (3) the plaintiff's interest in receiving convenient and effective relief; (4) the interstate judicial system's interest in obtaining the most efficient resolution of controversies; and (5) the shared interest in the several states in furthering fundamental substantive social policies.<sup>20</sup>

After reviewing these factors, the court concludes that the exercise of jurisdiction in this case is reasonable. Any burden suffered by Impact would not rise to the level of a deprivation of due process. Utah has a significant interest in resolving a dispute regarding a trademark used by a Utah company. Finally, Sizzling took the time and effort to register its trademark and respond to the ongoing challenges to its mark. It is not unreasonable to require Impact to come to Utah with its challenges to that mark. Jurisdiction in Utah is reasonable.

#### *Nexus*

Having rejected the constitutional objections to jurisdiction, the court must consider two requirements under the Utah long-arm statute: nexus and doing business within the state. With respect to nexus, all of Sizzling's injuries arise out of Impact's contacts with this state. With

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<sup>18</sup> *Burger King*, 471 U.S. at 476 quoting *International Shoe Co. v. State of Wash.*, 326 U.S. 310, 320 (1945).

<sup>19</sup> *Id.*

<sup>20</sup> See *World-Wide Volkswagen Corp. v. Woodson*, 444 U.S. 286 (1980).

respect to doing business in the state, the long-arm statute only requires the “causing of injury within the state.”<sup>21</sup> Sizzling’s allegations establish this point as well.

### ***Motion to Transfer Venue***

Impact argues that even if the court does not dismiss for lack of personal jurisdiction, it should transfer this matter to the Middle District of Florida pursuant to the federal transfer statute.<sup>22</sup> The court must consider fairness and convenience to the parties when determining whether to transfer a lawsuit.<sup>23</sup> Impact argues that Florida is a more convenient forum because it has an established place of business in Florida. However, this ignores the fact that the plaintiff’s choice of forum should not be disturbed unless the evidence strongly favors the moving party.<sup>24</sup> There are good reasons for litigating this matter in Utah. The mark was registered in Utah, and Impact has already reached into Utah to attempt to gain consent to use the Utah mark in Florida. No matter where this case is adjudicated, one party will be inconvenienced to some extent. Impact has presented no compelling arguments supporting disruption of the plaintiff’s choice of forum.

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<sup>21</sup> Utah Code Ann. § 78-27-23.

<sup>22</sup> 28 U.S.C. § 1404.

<sup>23</sup> *Chrysler Credit Corp. v. Country Chrysler, Inc.*, 928 F.2d 1509, 1516 (10<sup>th</sup> Cir. 1991).

<sup>24</sup> *Scheidt v. Klein*, 956 F.2d 963, 965 (10<sup>th</sup> Cir. 1992).

*Conclusion*

The court DENIES the motion to strike [25-1]. The court DENIES the motion to dismiss [3-1]. The court DENIES the motion to transfer venue [3-2].

SO ORDERED.

DATED this 22<sup>nd</sup> day of September, 2004.

BY THE COURT:

\_\_\_\_\_/S/\_\_\_\_\_  
Paul G. Cassell  
United States District Judge

United States District Court  
for the  
District of Utah  
September 23, 2004

\* \* CERTIFICATE OF SERVICE OF CLERK \* \*

Re: 2:04-cv-00170

True and correct copies of the attached were either mailed, faxed or e-mailed by the clerk to the following:

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