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UNITED STATES DISTRICT COURT

CENTRAL DISTRICT OF CALIFORNIA

UNICOM SYSTEMS, INC., a California corporation, Plaintiff, vs. LEONARD ADAM ROSENTHAL, ETC., Defendant	Case No.: No. CV 01-9386-GHK (SHx) OPPOSITION TO MOTION TO DISMISS Date: January 28, 2002 Time: 9:30 a.m. Place: Courtroom 660, Hon. George H. King

I. FACTUAL BACKGROUND

Plaintiff, Unicom Systems, Inc., ("Unicom") is a mainframe systems software developer and provider. In addition to developing and providing software to be operated on mainframe computer systems, Unicom provides critical software support for its products and systems upon which it may be operating. Unicom's support services includes providing maintenance and technical expertise that may be accessed seven days per week, twenty-four hours per day via e-mail, telephonically, and the internet. Indeed, technical support requests have increasingly been communicated to Unicom by it's customers by accessing the

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company's web site which provides the broadest portal for communicating technical service needs thereby reducing time delays in transmitting problems and solutions that may arise. As plaintiff's customers include government entities, schools, insurance companies, publishers, and a myriad of Fortune 500 clients, it is essential that service needs for their mainframe computer operations be readily accessible without confusion and resulting delays.

As opposed to the chronology put forth by Rosenthal in his motion, Unicom was an established company years before 1989 that was providing software and technical support to a nation-wide customer base. Indeed, Unicom has been in business and has been using the Mark since 1981, over twenty years. By 1989 and prior to Rosenthal's use of the name "UNICOM" (the "Mark"), Unicom was a nationally-recognized software provider and server.

Unicom filed for Federal registration of the UNICOM Mark on or about January 26, 1994, Serial Number 74483489. The application for registration reflects that first use of the Mark in commerce was in 1981.[1] The application for registration of the Mark was inadvertently allowed to lapse and the Mark was deemed abandoned by the USPTO as of January 30, 1995. Unicom filed a subsequent registration application on June 19, 1997, and successfully registered the Mark. In addition to the above, the Mark was copyrighted by Unicom in 1985. Following a series

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[1] Accompanying Mr. Hong's declaration are business registrations dated in 1981 and copies of ads in trade publications dated in 1986 and 1987 that further establish Unicom's use of the Mark prior to Rosenthal.

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of communications wherein Rosenthal suggested that he would sell his domain name for a mid-five figure amount, the instant action was commenced.

II. PLEADINGS

The instant action was commenced by plaintiff, Unicom Systems, Inc., ("Unicom") on October 31, 2001. In Unicom's original complaint ("Complaint") against defendant, Leonard Adam Rosenthal, aka Chip Rosenthal, dba Unicom Systems Development ("Rosenthal"), causes of action for Cyberpiracy[2], Trademark Infringement, False Designation of Origin, Trademark Dilution, Trade Name Infringement, Common Law Trademark Infringement, Dilution in Value, and Unfair Competition are alleged. The Complaint alleges that Unicom is an internationally-known provider of information technology systems and services that develops, markets, and supports software systems. (Complaint, par. 5.) It is alleged that Unicom has used the name, "UNICOM" as its trade and service mark since 1989 and that the Mark, was registered with the United States Patent and Trademark Office on January 18, 2000. (Complaint, par. 6.)

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[2] Although factual questions may remain, Rosenthal does not dispute that there were discussions regarding a five-figure purchase price for the Domain Name. Nevertheless, even though the Domain Name is unique and in no sense descriptive, based upon Rosenthal's explanation as to how he derived the name, plaintiff will dismiss without prejudice the Cybersquatting cause of action.

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It is further alleged, *inter alia*, that on February 26, 1990, Rosenthal registered the domain name "UNICOM.com" ("Domain Name") with Network Solutions, Inc. and has subsequently advertised on his web site accessed by the Domain Name, products and services confusingly similar to those offered by Unicom. (Complaint, pars. 9 - 11.) Subsequently, Unicom advised Rosenthal of its rights in the Mark and requested that Rosenthal surrender to Unicom the Domain Name. Rosenthal refused but instead indicated that he would sell the Domain Name to Unicom for approximately $50,000.00. (Complaint, pars. 12 - 14.)

On January 2, 2002 Rosenthal filed a Motion to Dismiss ("Motion") the Complaint wherein he contends that the Court lacks personal jurisdiction. Rosenthal urges the Court to decline jurisdiction because he is a resident of Austin, Texas who purportedly has insufficient contacts with California to justify assumption of jurisdiction. Rosenthal further contends that although his web site is accessible from California, it does not provide sufficient contacts to the state to permit its assumption of jurisdiction without violating due process. However, recent decisions addressing jurisdiction arising from internet contacts coupled with the interactive nature of Rosenthal's web site and it's numerous contacts with California residents and web sites support this forum's jurisdiction.

Alternatively, Rosenthal seeks dismissal based upon plaintiff's purported failure to set forth sufficient allegations to state a viable legal theory. As with his jurisdiction analysis, Rosenthal ignores allegations that address the elements necessary to state a cause of action. If

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however, this Court should conclude that certain elements are lacking, plaintiff respectfully submits that the accompanying declaration of Corry Hong, plaintiff's Chief Executive Officer and President, demonstrates that given the opportunity to amend, any inadequacies in the pleadings can be remedied.

Instead, Rosenthal apparently seeks to convert this motion to one for summary judgment. Rosenthal has introduced a substantial body of self-serving evidence that exceeds the "four corners" of the pleadings and that may be judicially noticed. If the Court is inclined to convert this motion to a Motion for Summary Judgment pursuant to Rule 56 of the Federal Rules of Civil Procedure, plaintiff would request that such a hearing be scheduled sufficiently far in advance in order that discovery may be conducted.

III. JURISDICTION

Attempting to apply traditional notions of personal jurisdiction to cases arising from the internet has been analogized to attempting to board a moving bus. See, Millennium Enterprises, Inc. v. Millennium Music, LP, 33 F. Supp. 2d 907, 914 (D.Or. 1999)(citing Bensusan Restaurant Corp. v. King, 126 F.3d 25, 27 (2d Cir. 1997)). Indeed, "The Web contains information from a variety of sources and is accessible to Internet users around the world. . . . 'Anyone with a personal computer, a telephone modem, and appropriate computer software may gain access to the Internet.' Heroes, Inc. v. Heroes Foundation, 958 F. Supp. 1, 4 (D.D.C. 1996)." Millennium, 33 F.

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Supp. 2d at 914. Courts have noted that unlike other information mediums, internet postings are not directed at a specific geographic area or market, "to the contrary, . . . the Internet targets no one in particular and everyone in particular . . . ." Id.; see also, Compuserve v. Patterson, 89 F3d 1257, 1268 (6th Cir. 1996). As a result of it's global reach and resulting contacts, the Millennium Court acknowledged that at first glance the question of jurisdiction by any forum over a dispute arising from the internet appears to be "an all or nothing proposition." Millennium, 33 F. Supp. 2d at 914. Nevertheless, while recognizing that "the law concerning the permissible scope of personal jurisdiction is in its infant stages", id., the weight of available authorities support jurisdiction in this instance.

A. Applicable Standards for Assuming Personal Jurisdiction

Whether a forum state may assume jurisdiction over an out-of-state defendant requires two inquiries: whether the forum state's long-arm statute permits the assertion of jurisdiction and secondly, whether assertion of personal jurisdiction would violate federal due process. See, Millennium, 33 F. Supp. 2d 907, 909 (citing Fireman's Fund Ins. Co. v. National Bank of Cooperatives, 103 F.3d 888, 893 (9th Cir. 1996); Chan v. Society Expeditions, Inc., 39 F.3d 1398, 1404-05 (9th Cir 1994), cert. denied, 514 U.S. 1004, 131 L. Ed. 2d 196, 115 S. Ct. 1314 (1995)). In the present case there is no federal statute that controls the Court's exercise of personal jurisdiction, hence, the Court must look to California's jurisdictional statute for

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guidance. See, Stomp, Inc. v. NEATO, LLC, 61 F.Supp.2d 1074 (C.D. Cal. 1999). California Code of Civil Procedure Section 410.10 provides that, "[a] court of this state may exercise jurisdiction on any basis not inconsistent with the Constitution of this state or of the United States." Because the limit of jurisdiction pursuant to Section 410.10 is co-extensive with those imposed by the federal constitution, see, Core-Vent Corp. v. Nobel Industries AB, 11 F.3d 1482, 1484 (1993), the sole question herein is whether California can assume jurisdiction without violating federal due process.

Federal due process provides that a court may only exercise personal jurisdiction where the defendant has sufficient "minimum contacts" with the forum state that are either continuous and systematic or are so related to the lawsuit that the exercise of personal jurisdiction does not offend "traditional notions of fair play and substantial justice." See, International Shoe Co. v. Washington, 326 U.S. 310, 316, 66 S.Ct. 154, 158, 90 L.Ed. 95 (1945). "Fair play and substantial justice" has required that before a state could assume jurisdiction over an out of state defendant, the defendant must have purposefully directed its activities towards residents of the forum state. See, Burger King Corp. v. Rudzewicz, 471 U.S. 462, 472, 105 S. Ct. 2174, 2182, 85 L. Ed. 2d 528 (1985). Furthermore, the forum-related activities must be related to the claim and the exercise of jurisdiction must be reasonable. See, Ballard v. Savage, 65 F.3d 1495, 1498 (9th Cir. 1995). In Ballard, the Ninth Circuit required that the defendant (i) purposefully availed itself of the privilege of conducting

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activities in the forum state; (ii) the claim against the defendant arose out of or resulted from defendant's forum-related activities; and (iii) the assumption of jurisdiction must be reasonable. As outlined below, Rosenthal's numerous contacts with California via his interactive web site satisfy the three criteria identified in Ballard.

B. Rosenthal Has Purposefully Availed Himself of California's Benefits and Protections By Hosting An Interactive Web Site Which Is Not Only Accessible From California But Solicits Comments and Web-page Postings From California.

In his motion Rosenthal advises the Court that he is a resident of Austin, Texas, and that save for a few incidental interactions with family and colleagues, has had no contacts with California. In essence, Rosenthal urges the court to decline jurisdiction as he purportedly has not "purposefully availed" himself of the benefits and protections of California's courts and laws. What Rosenthal does not address is the interactive nature of his web page that constitutes the very contacts with California that are the gravamen of the instant action.

Accompanying Mr. Hong's Declaration are printouts taken from Rosenthal's Unicom.com web site. UNICOM.com is not a "passive" web site, that is, it is not merely a site that can be accessed and viewed. UNICOM.com is "active": it solicits comments and postings from viewers, including California residents. Not only does UNICOM.com solicit comments from

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viewers - including residents of California - it also posts viewers' web links. In this manner, not only is UNICOM.com accessible for viewing from California, it invites and publishes comments, including presumably comments from California residents and serves as a portal to California-based web sites.[3]

A "sliding scale" has been applied by the Ninth Circuit by which jurisdiction is directly proportionate to the nature and quality of a defendant's Internet activity. See, Cybersell, Inc. v. Cybersell, Inc., 130 F.3d 414, 418 (9th Cir. 1997) (Court declined jurisdiction where defendant had maintained an essentially passive or non-interactive web site and did nothing to encourage access by forum residents), but see, Panavision Int'l, L.P. v. Toeppen, 141 F.3d 1316, 1321 (9th Cir. 1998) (Court assumed jurisdiction where there was "something more" than merely posting a web site, rather, posting the web site was part of a scheme to obtain money from a forum resident.) See

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[3] Discovery will establish the exact number of messages on Rosenthal's web page that came from California residents. At last count, Rosenthal had over 100 messages posted. In addition to message postings, California-based web pages are linked to Rosenthal's web site. From Rosenthal's home page, a click on the "devil" icon directs the viewer to Wind River Systems, Inc., a California corporation; a click on Rosenthal's home page link entitled, "Mail Abuse Prevention System" directs the viewer to another California organization. Clicking on "Regional Newsgroups Information Center" directs the viewer to numerous web sites, including 16 that are identified as originating from California. See, Exhibit D, pages 40 to 41.

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also, Quokka Sports, Inc., v. Cup Int'l Ltd., 99 F. Supp. 2d 1105, 1111 (N.D. Cal. 1999).

The facts outlined herein lie somewhere between Cybersell and Panavision. "In the middle are situations where a defendant operates an interactive web site, allowing a user to exchange information with the host computer. In such a case, a court must review the 'level of interactivity and commercial nature of the exchange of information' to determine whether jurisdiction should be exercised." [4] Millennium, 33 F. Supp. 2d at 916 (quoting Zippo Manufacturing Co. v. Zippo Dot Com, Inc., 952 F. Supp. 1119, 1124 (W.D. Penn. 1997)). Two recent District Court cases, including one from this district, provide additional guidance and support for assuming jurisdiction.

In Tech Heads, Inc. v. Desktop Service Center, Inc., 105 F. Supp. 2d 1142 (D.Or. 2000), the Court assumed jurisdiction over a Virginia-based corporation that had conducted no business in the state of Oregon, but instead had maintained an interactive web site, had advertised in a national publication and had provided a nation-wide "800" number. The Tech Heads Court, citing Cybersell, Millennium, and Zippo, stated that "In the murkier middle of the scale are interactive Web sites that allow a user to exchange information with the host computer. These

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[4] The commercial nature of Rosenthal's web site is tacitly conceded by Rosenthal: he acknowledges that he is operating a business through the web site; the site includes his resume, presumably to solicit business; e-mail access to Rosenthal, a comments page, and a page that solicits web links from viewers that also may be commercial in nature.

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Web sites are problematic in terms of personal jurisdiction, and courts vary in their approach." Tech Heads, 105 F. Supp. 2d at 1149. The Tech Heads Court concluded that even though defendant's web site had little contact with forum residents consisting of posting one resume on the web page, because of the highly interactive nature of the web site, jurisdiction was proper. Id. at 1150.

Tech Heads cites a recent California Central District case, Stomp, Inc. v. NEATO, LLC, 61 F. Supp. 2d 1074 (C.D. Cal. 1999). In Stomp, the Court once again acknowledged that interactive web sites present different issues than those addressed in Cybersell. In Stomp, the Court concluded that by maintaining a commercial website, the defendant had availed itself of the benefits of the California forum. By advertising and offering its products for sale via the Internet, the defendant had placed its products into the stream of commerce in order that they may be purchased by web users, including California residents. Stomp, 61 F. Supp. 2d at 1078.

Tech Heads and Stomp provide guidance to this Court. In Tech Heads, the single, sufficient contact with the forum was the posting of a resident's resume. In the instant action, Rosenthal's resume is posted on the UNICOM.com web page for viewing and consideration by prospective clients and/or employees. In addition, Rosenthal's interactive web page not only encourages responses from viewers, including potential clients located in California, but in addition, responses from California residents are posted, as are their web links. In this manner UNICOM.com not only receives "hits" from California,

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it serves as a portal to other California-based sites. These contacts, diverse in nature, overwhelmingly demonstrate Rosenthal's purposeful availment of the benefits to be derived from California.

C. The Instant Claim Arose Out of the Very Contacts That Support Jurisdiction.

The very conduct that is the bases for the instant suit is also the bases for California's assumption of jurisdiction. This action arises from Rosenthal's use of plaintiff's trademark in his web site domain name. As such, all of the interaction between California residents and defendant's web site is precipitated by the use of Plaintiff's Mark. Plaintiff seeks jurisdiction over Rosenthal that is specific as opposed to general in nature. Hence, it is axiomatic that the claim necessarily arises out of the contacts that support jurisdiction. See, Helicopteros Nacionales de Colombia, S.A. v. Hall, 466 U.S. 408, 414, 104 S.Ct. 1868, 1872, 80 L.Ed. 2d 404 (1984).

D. Jurisdiction Is Reasonable

The final criteria that must be satisfied in order to assume jurisdiction is that it would be reasonable. Ballard, 65 F.3d at 1498. The following factors have been identified in order to assist the court's decision regarding reasonableness:

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(i) the extent of the defendant's purposeful interjection into the forum state's affairs; (ii) the burden on the defendant to defend in the forum; (iii) the extent of the conflict with the sovereignty of the defendant's state; (iv) the forum state's interest in adjudicating the dispute; (v) the most efficient judicial resolution of the controversy; (vi) the importance of the forum to plaintiff's interest in convenient and effective relief; and (vii) the existence of an alternative forum. See, Ballard id.

Once again, the recent case from this district, Stomp, supra, is informative. Therein the Court, identified the critical factor among the above seven factors listed above as being the burden on the defendant to defend the action in the forum state. See, Stomp, 61 F. Supp.2d at 1079. The Stomp Court quoted the seminal case, Hanson v. Denckla, 357 U.S. 235, 250-251, 78 S. Ct. 1228, 1238 (1958): "[A]s technological progress has increased the flow of commerce between the States . . . progress in communications and transportation has made the defense of a suit in a foreign tribunal less burdensome. . . "

In Stomp, the Court notes that the defendant would have to travel between California and Connecticut and despite having to travel five to six hours, such an inconvenience was found to not be unconstitutional. Stomp, supra at 1080. The inconvenience in this action would be far less as Rosenthal is located in Austin, Texas, hours closer than Connecticut. Hence, the burden upon Rosenthal to defend this action in California certainly does not render assumption of jurisdiction unconstitutional.

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IV. THE COMPLAINT ALLEGES CAUSES OF ACTION

Rosenthal alternatively argues that Plaintiff has not set forth sufficient factual allegations to support an action based upon trademark infringement. Rosenthal's assertion is predicated upon factual error as well as denial of the similarity of the services provided by Plaintiff and Rosenthal and the resulting likelihood of confusion. The facts coupled with the following authorities support the denial of the instant Motion to Dismiss.

A. Plaintiff has Pled and Can Factually Support All Elements of an Action for Trademark Infringement.

15 U.S.C. § 1125(a) states that, "Any person who, or in connection with any goods or services uses in commerce any word, term, name, symbol, or device, which is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act."

Trademark law, "seeks to prevent one seller from using a 'mark' identical or similar to that used by another seller in a way that confuses the public about the actual source of the goods or services in question." See, Star Fin. Services, Inc. v. Aastar Mortgage Corporation, 89 F.3d 5, 9 (1st Cir. 1996); see

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also, 15 U.S.C. § 1114(1). An action for Trademark Infringement requires a showing that (i) the plaintiff used and therefore owned the disputed mark; (ii) use by the defendant of a similar or the same mark; and (iii) likelihood of confusion by the public thereby harming plaintiff. See, Star Fin. Services, id. Unicom has made a prima facie showing of all three elements.

(i) Plaintiff was the first to use the Mark in a commercial enterprise.

As noted in the accompanying declaration of Corry Hong, Plaintiff has been in the business of consulting, developing, supplying and servicing computer software since 1981. Since the commencement of the business, plaintiff has used the moniker, "Unicom". Unicom filed for Federal registration of the UNICOM Mark on or about January 26, 1994, Serial Number 74483489. The application for registration, on record with the United States Patent and Trademark Office ("USPTO"), reflects that first use of the Mark in commerce was in 1981. The application for registration of the Mark was inadvertently allowed to lapse and the Mark was inadvertently abandoned as of January 30, 1995. Unicom filed a subsequent registration application on June 19, 1997, and successfully re-registered the Mark. These facts demonstrate that the Mark was owned and used in a commercial setting by plaintiff years prior to Rosenthal's use and subsequent registration as a domain name.

Plaintiff's registration of the Mark constitutes prima facie evidence of the validity of the registered Mark and of

it's exclusive right to use the Mark. See, Brookfield Communications, Inc. v. West Coast Entertainment Corp., 174 F.3d 1036, 1047 (9th Cir 1999). Indeed, the fact that plaintiff used the Mark as early as 1981, well in advance of Rosenthal's purported first use of December, 1989, lays to rest the principal basis of Rosenthal's motion: "[A] fundamental tenet of trademark law is that ownership of an inherently distinctive mark . . . is governed by priority of use. See, Sengoku Works Ltd. V RMC Int'l, Ltd., 96 F.3d 1217, 1219 (9th Cir. 1996)("It is axiomatic in trademark law that the standard test of ownership is priority of use. To acquire ownership of a trademark is not enough to have invented the mark first or even to have registered it first; the party claiming ownership must have been the first to actually use the mark in the sale of goods or services."), . . . The first to use a mark is deemed the "senior" user and has the right to enjoin "junior" users from using confusingly similar marks in the same industry and market or within the senior user's natural zone of expansion. . . . "

Plaintiff has clearly demonstrated that it used not only a "confusingly similar", but the identical Mark prior to Rosenthal. Hence, Plaintiff has shown that it is the "senior user" of the Mark and that it has a valid trademark interest that is entitled to protection.

(ii) Rosenthal's Computer Software Services Are Confusingly Similar to the Computer Software Service Provided by Plaintiff

Prefatorily, because Plaintiff and Rosenthal use the identical term, "Unicom" in their respective business names, the Court need not engage in an analysis as to whether the names used by the respective parties are confusingly similar. The names are not only similar, but with regards to the term at issue, "Unicom", a term which is neither generic or descriptive, they are identical. As a result, the second prong is clearly established and hence, Plaintiff will proceed to address the final prong of the analysis.

The final criteria are whether there is a likelihood that the goods and services provided by Rosenthal and Plaintiff may be confused. While denying a likelihood of confusion between the respective computer technical services that the respective parties provides, Rosenthal necessarily resorts to a distinction without a difference to the typical client seeking computer support. While conceding that both parties provide technical support to computer users, Rosenthal explains that his services are limited to two systems that are distinct from the systems for which Plaintiff provides technical support. He therefore summarily dismisses any suggestion of likely confusion.

In order to ascertain whether there is a likelihood of confusion, the Court weighs a number of factors, none of which is dispositive: (i) strength of the plaintiff's mark/name; (ii) proximity of the parties' goods; (iii) similarity of the marks/names; (iv) evidence of actual confusion; (v) marketing channels used; (vi) likely degree of purchaser care; (vii) defendant's intent in selecting the mark/name; (viii) likelihood of expansion of product line. See, AMF, Inc. v. Sleekcraft

Boats, 599 F.2d 341, 348-49 (9th Cir. 1979). Notwithstanding the above-enumerated factors, in Academy of Motion Pictures Arts and Sciences v. Creative House Promotions, Inc., 944 F.2d 1446 (9th Cir. 1991), the Court states that "'the ultimate test is whether the public is likely to be deceived or confused by the similarity of the marks.' New West Corp. v. NYM Co. of California, Inc., 595 F.2d 1194, 1201 (9th Cir. 1979). 'Likelihood of confusion exists when consumers are likely to assume that a product or service is associated with a source other than its actual source because of similarities between the two sources' marks or marketing techniques.' Shakey's Inc. v. Covalt, 704 F.2d 426, 431 (9th Cir. 1983); see also Alpha Industries, Inc. v. Alpha Steel Tube & Shapes, Inc., 616 F. 2d 440, 443 (9th Cir. 1980)." More recently, in Brookfield, 174 F.3d at 1045, the Court concluded that particularly with regards to disputes involving the internet, the most important factors are (i) similarity of the marks (which in our case are identical; (ii) the relatedness of the goods and services; and (iii) the simultaneous use of the Web as a marketing channel.

Applying the above criteria to the instant dispute, and in particular those identified in Brookfield, sufficient issues exist as to whether there may be a likelihood of confusion that precludes granting the instant motion. See, Hasbro, Inc. v. Clue Computing, Inc., 66 F. Supp. 2d 117, 122 (D.C. Mass. 1999).

As noted supra, the parties' marks, "Unicom", are identical. "The greater the similarity between the marks at issue, the greater the likelihood of confusion." See, Goto.com, Inc. v. The Walt Disney Company, 202 F.3d 1199, 1206 (9th Cir.

2000). Indeed, to the extent that there may be a dissimilarity in the marks due to one being capitalized as opposed to the other, such a difference is of no consequence because the Web addresses are not capital sensitive and the ".com" merely signifies the commercial nature of the top level domain. See, Brookfield, 174 F.3d at 1055. Hence, the fact that the marks are identical weighs heavily in favor of plaintiff.

The second key factor identified in Brookfield is whether the goods or services of the respective parties are related. "Related goods are those goods which, though not identical, are related in the minds of consumers." See, Bally Total Fitness Holding Corporation v. Faber, 29 F. Supp.2d 1161 (C.D. Cal. 1998). Again, this key factor weighs heavily in favor of Plaintiff. Rosenthal contends that his services are limited to engineering networks and systems utilizing open-source software such as Linus and BSD and that his systems are compatible with small to mid Sun Microsystems servers but not mainframes whereas the software developed, provided and serviced by Plaintiff is exclusively for mainframe systems. As discussed above, such fine distinctions do not establish as a matter of law that the respective services are not "related in the minds of consumers" and hence, such fine distinctions are insufficient to support a dismissal of this action. Indeed, Courts have found goods to be related despite a much less showing of distinction than in the instant case. In Fleishman Distilling Corp. v. Maier Brewing Co., 314 F.2d 149, 152-153 (9th Cir. 1963), the Court concluded that beer and distilled whiskey were related; in Yale Electric Corp. v. Robertson, 26 F.2d 972 (2d Cir. 1928), locks and

flashlights were found to be related. Applying these authorities to the instant action where the parties each promote and provide computer services to consumers via the Internet, the fact that they may service different systems will not make the services unrelated as a matter of law. This is particularly true when Rosenthal's web page provides no limitation regarding the nature of services that he may provide. Indeed, any such distinction appears to have been identified for the first time in response to the original complaint. Nowhere on Rosenthal's web site does there appear to be an attempt to make the fine distinction that Rosenthal now claims should be dispositive. Instead, a prospective customer who accesses Rosenthal's site will only be advised that Rosenthal provides computer technical services without any apparent limitations regarding systems.

The third principal factor enunciated by Brookfield is the simultaneous use of the Internet as a marketing channel. In Brookfield, 174 F.3d at 1057, the Court states, "In addition to the relatedness of products, West Coast and Brookfield both utilize the Web as a marketing and advertising facility, a factor that courts have consistently recognized as exacerbating the likelihood of confusion. . . ." As set forth in Mr. Hong's accompanying declaration, Plaintiff's web page may be accessed at www.Unicomsi.com. Plaintiff's web page typically includes promotional materials as well as an interactive link that may be accessed by customers seeking technical support for their software. "[E]ntering a web site takes little effort - usually one click from a linked site or a search engine's list; thus Web surfers are more likely to be confused as to the ownership of a

web site than traditional patrons of a brick-and-mortar store would be of a store's ownership. Alternatively, they may . . . incorrectly believe that West Coast licensed "MovieBuff" from Brookfield . . . or that Brookfield otherwise sponsored West Coast's database. . . Other consumers may simply believe that West Coast bought out Brookfield or that they are related companies." Id.

Brookfield is directly applicable as the possible scenarios for confusion of consumers identified therein are equally applicable here. Businesses seeking technical support critical for their continued computer operations may be confused and believe that Unicom Systems Development provides support for their mainframe operations. Plaintiff's customers may be confused and conclude that Rosenthal is an authorized service representative for Plaintiff or may be sponsored by plaintiff. As noted in Brookfield, the fact that both parties market their services via the Internet further exacerbates the likelihood of confusion. As a result, all three principal criteria identified in Brookfield lean heavily towards recognition that Plaintiff has alleged viable theories against Rosenthal.

B. Plaintiff has Pled and Can Factually Support All Elements of an Action for Trademark Dilution.

(i) The Mark was Famous Prior to 1989.

Prefatorily, Plaintiff agrees with Rosenthal's counsel's assertion that the analysis of the corresponding state actions

is the same as for the federal claims. Furthermore, the contested elements of Plaintiff's causes of action have been addressed above save for the fourth cause of action, Trademark Dilution and it's state law counterpart, the seventh cause of action entitled, "Dilution in Value".

The Federal Trademark Dilution Act, 15 U.S.C. § 1125(c)(1) provides that, "The owner of a famous mark shall be entitled . . . to an injunction against another person's commercial use in commerce of a mark or trade name, if such use begins after the mark has become famous and causes dilution of the distinctive quality of the mark." See also, Avery Dennison Corp. v. Sumpton, 189 F.3d 868 (9th Cir. 1999).

The remaining elements[5] to be addressed therefore are whether the Mark was famous prior to Rosenthal's use of the Mark and if such use has caused dilution. Whether a mark is famous is determined by weighing the following factors: (i) the degree of inherent or acquired distinctiveness of the mark; (ii) the duration and extent of use of the mark in connection with the goods or services with which the mark is used; (iii) the duration and extent of advertising and publicity of the mark; (iv) the geographical extent of the trading area in which the mark is used; (v) the channels of trade for the goods or services with which the mark is used; (vi) the degree of recognition of the mark in the trading areas and channels of trade used by the mark's owner and the person against whom the

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[5] Again, the other elements have already been discussed in the context of the Trademark Infringement analysis above.

injunction is sought; (vii) the nature and extent of use of the same or similar marks by third parties; (viii) whether the mark was registered. See, 15 U.S.C. § 1125(c)(1); see also, Avery Dennison, 189 F.3d 875-876.

Although these factors must be analyzed as of the time that Rosenthal began using the trademark, circa 1989 or 1990, they nevertheless support a finding that Plaintiff's Mark was famous as of 1989. At the least, questions of fact remain that preclude dismissal. The Mark is highly distinctive. It is neither generic, descriptive nor suggestive; rather, it is a term that was copyrighted and registered prior to 1989.

In addition, years before Rosenthal's use of the Mark, Plaintiff had promoted the Mark at trade shows and through ads in nation-wide industry publications. Finally, Unicom has provided software applications and technical support to a nation-wide client base for several years prior to 1989. As a result, the factors enunciated above weigh in favor of finding that the Mark was famous prior to Rosenthal's use.

(ii) The Mark Has Been Diluted by Rosenthal's Use.

Dilution has been defined as "the diminishment of 'the capacity of [plaintiff's] marks to identify and distinguish the [plaintiff's] goods and services on the Internet' . . . We recognized that this can occur if potential customers cannot find a web page at <trademark.com>. . . . .; see also, Brookfield . . at 1045 . . . Dilution occurs because 'prospective users of plaintiff's services . . . may fail to continue to search for

plaintiff's own home page, due to anger, frustration or the belief that plaintiff's home page does not exist. Avery Dennison, 189 F.3d at 880. The Federal Trademark Dilution Act defines dilution as "the lessening of the capacity of a famous mark to identify and distinguish goods and services, regardless of the presence or absence of (1) competition between the owner of the famous mark and other parties, or (2) the likelihood of confusion, mistake or deception." See, 15 U.S.C. § 1127.

Whether dilution of a famous mark has occurred is clearly a question of fact that should not be resolved against the plaintiff at the initial pleading stage. Nevertheless, likely confusion caused by Rosenthal's use of the Mark has been addressed herein. Simply stated, issues of fact exist as to whether Rosenthal's use of the Mark in order to market his computer technical support services on the Internet have in fact, or are likely to cause, confusion with the computer technical support services marketed by Plaintiff over the Internet. Hence, Rosenthal's motion to dismiss must be denied.

V. CONCLUSION

Plaintiff, Unicom Systems Inc. has demonstrated that Rosenthal's contacts with this forum arising from his activities that give rise to this action are substantial. Rosenthal's operation of an interactive web site that solicits and receives postings from California residents, including California-based web pages are the kind of contacts that, when measured against the "sliding scale" described in Cybersell and Millennium,

warrants a finding that Rosenthal has purposefully availed himself of this forum's jurisdiction.

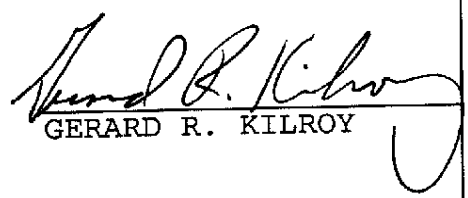
Finally, Plaintiff has also demonstrated a prima facie case against Rosenthal for various causes of action arising from his infringement upon Plaintiff's trademark: (i) Plaintiff has used the distinctive Mark in commerce since 1981; (ii) the Mark was registered by Plaintiff; (iii) as a result of Plaintiff's promotions the Mark had become famous; and (iv) the fact that both parties engage in computer technical services that are marketed over the Internet creates a likelihood of confusion.

Based upon the above, the Court is urged to deny the instant Motion to Dismiss. Alternatively, if the Court is inclined to convert this motion to one for summary judgment, Plaintiff requests that further hearings be set only after discovery is conducted on issues that the Court may identify.

Dated: January 14, 2002

Respectfully Submitted,

UNICOM SYSTEMS, INC.



GERARD R. KILROY

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