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

MONTAUK U.S.A., LLC, Plaintiff, v. 148 SOUTH EMERSON ASSOCIATES, LLC, *et al.*, Defendants.	:	CIVIL ACTION NO. 1:14-CV-4075-LMM

ORDER

This case comes before the Court on Plaintiff's Motion to Transfer to the Eastern District of New York [94], Defendant Meyer's Motion for Judgment on the Pleadings, or in the alternative, Motion to Dismiss for *forum non conveniens* [95], and Defendant 148 South Emerson Associates, LLC's Motion to Dismiss for Lack of Personal Jurisdiction [96]. After a review of the record and due consideration, the Court enters the following Order.

The procedural history of this—and the related New York and Fulton County cases—is long and complicated. Relevant to the Motions before this Court, Plaintiff Montauk U.S.A., LLC ("Montauk") filed its First Amended Complaint in the instant action on March 9, 2015, seeking a declaratory judgment from the Court on three trademark-related questions that have given rise to various disputes among the parties. Dkt. No. [22]. Defendant Meyer filed an

Answer and counterclaim of unjust enrichment on April 23, 2015. [33]. Plaintiff filed an Answer to Defendant Meyer's counterclaim on May 18, 2015. [38].

Plaintiff avers in its Amended Complaint, [22] at 5, that jurisdiction arises out of the license agreement regarding the at-issue trademarks ("License Agreement"), which contains a forum selection clause providing that "[e]xclusive jurisdiction and venue for resolution of all disputes" relating to the License Agreement would lie in Fulton County, Georgia. Dkt. No. [1-4] at 7.

However, on January 28, 2015, Defendant Meyer filed an action in the Supreme Court of New York, Suffolk County (the "New York action"), seeking a declaration from that court that the License Agreement is "invalid and void *ab initio*." Dkt. No. [48-1] at 1. Plaintiff Montauk was the defendant in that action and removed it to the U.S. District Court for the Eastern District of New York ("EDNY"), Civ. A. No. 2:15-cv-853. Dkt. No. [49] at 5. That case was then remanded back to the Suffolk County Court.

In February 2015, the Suffolk County Court, in what the parties refer to as the "Accounting Action," appointed a Receiver for Defendant Associates. This Court then allowed the Receiver to respond to various motions which were pending in this Court. On October 19, 2015, this Court stayed this action pending the Suffolk County Court's Licensing Agreement determination; that is, whether the License Agreement's forum selection clause was valid such that it provided this Court jurisdiction and venue.

In the interim, more lawsuits have been filed between the parties. Plaintiff filed and ultimately voluntarily dismissed an action in Fulton County Superior Court (which in the interim was removed to this Court and subsequently remanded). Plaintiff also filed another trademark suit in the Eastern District of New York, but that case was dismissed under the first-filed rule in favor of this action.

On May 9, 2017, the Suffolk County Court declared that the License Agreement was null and void, eliminating the forum selection clause that purportedly underlain this Court's jurisdiction and venue. The next day, Defendant Meyer filed a declaratory judgment action in the Suffolk County Court to declare the ownership of the marks at issue in this case.

On June 30, 2017, this Court lifted the stay in this matter and ordered the parties to file any "motions to transfer, pre-answer motions, or answers, as applicable within 14 days" of that Order. Dkt. No. [93]. The parties have each done so. Plaintiff has filed a Motion to Transfer [94]; Defendant Meyer has filed a Motion for Judgment on the Pleadings, or in the Alternative, to Dismiss for *forum non conveniens* [95]; and Defendant Associates has filed a Motion to Dismiss for Lack of Personal Jurisdiction [96]. The parties all agree that this case should no longer be in this Court; the only question now is whether the case should be transferred to the EDNY or dismissed. The Court will consider each Motion in turn.

A. Motion to Transfer

Plaintiff argues that this case should be transferred to the EDNY as, "[w]hile the New York trial court's decision is on appeal, [Plaintiff] would prefer to proceed with its claims now in Defendants' preferred forum, the U.S. District Court for the Eastern District of NY ("EDNY"), rather than wait for its appeal of the New York state court decision to be resolved." Dkt. No. [94] at 5. Defendants argue that Plaintiff acted in bad faith when it filed this lawsuit, knowing that the forum selection clause was procured by fraud, and thus this Court should dismiss this action in lieu of transferring it as a transfer would not be in the "interest of justice." See generally Dkt. Nos. [97, 98].

28 U.S.C. § 1406(a) provides, "The district court of a district in which is filed a case laying venue in the wrong division or district shall dismiss, or if it be *in the interest of justice*, transfer such case to any district or division in which it could have been brought." (emphasis added). "The decision whether to transfer a case is left to the sound discretion of the district court. . . ." Roofing Sheet Metal Servs., Inc. v. La Quinta Motor Inns, Inc., 689 F.2d 982, 985 (11th Cir. 1982). "The interests of justice generally favor transferring a case to the appropriate judicial district rather than dismissing it." Hemispherx Biopharma, Inc. v. MidSouth Capital, Inc., 669 F. Supp. 2d 1353, 1359 (S.D. Fla. 2009); see also 14D Fed. Prac. & Proc. Juris. § 3827 (4th ed.) ("In most cases of improper venue, the courts conclude that it is in the interest of justice to transfer to a proper forum rather than to dismiss the litigation."). "[T]ransfer is preferred over dismissal

unless there is evidence that a case was brought in an improper venue in bad faith or in an effort to harass a defendant." LaFerney v. Citizens Bank of E. Tennessee, CV 210-169, 2011 WL 4625956, at *2 (S.D. Ga. Sept. 30, 2011)

All parties agree that the EDNY is a district in which this action could have been brought originally. See Dkt. No. [98] at 21 ("no one disputes the first element . . . ."). Thus, the question remaining before this Court is whether transfer would be in the interest of justice.

The Court finds that transferring this matter to EDNY would be in the interest of justice. First, Defendants previously sought to transfer this matter to the EDNY, albeit this was prior to the Receiver's representation of Associates. See Dkt. Nos. [15, 16]. Second, Defendant Meyer answered in this action (without specially appearing) and asserted counterclaims which sought affirmative relief on behalf of both Defendants, undermining his argument that this action was merely for purposes of harassment. Third, Defendants have taken the position in other actions that this case, among others, should adjudicate the trademark issue. Fourth, while the forum selection clause was invalidated by the Suffolk County Court, at the time this lawsuit was filed, Plaintiff contended the clause controlled. Thus, the Court does not find it was bad faith to file here, and Plaintiff's Motion [94] should be **GRANTED**.

B. Conclusion

Plaintiff's Motion to Transfer to the Eastern District of New York [94] is **GRANTED**. The Clerk is **DIRECTED** to transfer this matter to the United

States District Court for the Eastern District of New York and **CLOSE** this case. Because the Motion to Transfer is granted, Defendants' remaining Motions [95, 96] are properly left to the transferee court to decide. See, e.g., Reginald Martin Agency, Inc. v. Conseco Med. Ins. Co., 1:03-CV-3810-RWS, 2004 WL 3576601, at *3 (N.D. Ga. Sept. 10, 2004).

IT IS SO ORDERED this 14th day of August, 2017.

Leigh Martin May
United States District Judge