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10 UNITED STATES DISTRICT COURT  
11 FOR THE NORTHERN DISTRICT OF CALIFORNIA  
12 SAN FRANCISCO DIVISION

13 ROBERT JACOBSEN, )  
14 )  
Plaintiff, )  
15 v. )  
16 MATTHEW KATZER, et al., )  
17 )  
Defendants. )  
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No. C-06-1905-JSW  
**MEMORANDUM IN OPPOSITION TO  
MOTION TO DISMISS FOR LACK OF  
PERSONAL JURISDICTION AND FOR  
FAILURE TO STATE A CLAIM ON  
WHICH RELIEF CAN BE GRANTED**  
Date: August 11, 2006  
Time: 9:00 a.m.  
Courtroom: 2, 17th Floor  
Judge: Hon. Jeffrey S. White  
Filed concurrently:  
1. Declaration of Robert Jacobsen  
2. Declaration of Hans Tanner  
3. Proposed Order

SUMMARY OF ARGUMENT

1  
2 This Court may properly exercise personal jurisdiction under either the effects test in  
3 Yahoo! Inc. v. La Ligue Contre Le Racisme et L'Antisemitisme, 433 F.3d 1199 (9th Cir. 2006) (en  
4 banc) or the traditional specific jurisdiction test in Silent Drive, Inc. v. Strong Indus., Inc., 326 F.3d  
5 1194 (Fed. Cir. 2003). Per the effects test, Russell committed intentional acts, directed at Mr.  
6 Jacobsen in California which caused Mr. Jacobsen harm in California. Under the traditional  
7 specific jurisdiction test, Russell also purposefully directed his fraud, unlawful acts, and intentional  
8 torts to Mr. Jacobsen, the claims against Russell arise out of Russell's acts, and the exercise of  
9 jurisdiction is reasonable and fair. Thus, this Court may exercise personal jurisdiction over  
10 Russell.

11 Mr. Jacobsen has pled the elements and has standing for both his libel and § 17200 claims.  
12 Russell cannot raise immunity under Cal. Civ. § 1714.10 because he violated an independent duty  
13 to Mr. Jacobsen by committing actual fraud, intentional torts and other unlawful acts. Pavicich v.  
14 Santucci, 85 Cal. App. 4th 382 (Ct. App. 2000). Because § 1714.10 specifically exempts Russell's  
15 acts from the pre-filing requirement, public policy is not a barrier to this action. The only purpose  
16 in bringing this action against Russell is to obtain damages for libel and to stop Russell from  
17 committing further intentional torts, fraud and unlawful acts, since laws and rules of professional  
18 responsibility clearly have not restrained him to date. There is no improper purpose in bringing  
19 this action against Russell.

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1 Plaintiff Robert Jacobsen, through his undersigned counsel, opposes Defendant Kevin  
2 Russell's Motion to Dismiss for Lack of Personal Jurisdiction and Failure to State a Claim on  
3 Which Relief Can Be Granted.

4 **ISSUES TO BE DECIDED**

5 Does this Court have personal jurisdiction over Defendant Kevin Russell when he  
6 specifically directed his tortuous, fraudulent and unlawful activities to Plaintiff Robert Jacobsen,  
7 causing harm to Mr. Jacobsen in California?

8 Does Mr. Jacobsen state a claim for relief for libel when he states that Russell made to a  
9 third party a false and defamatory statement, which had a tendency to injure Mr. Jacobsen?

10 Does Mr. Jacobsen state a claim for relief under Cal. Bus. & Prof. § 17200 *et seq.* when he  
11 identifies intentional torts, fraudulent conduct and unlawful activities which Russell committed and  
12 that caused Mr. Jacobsen to lose money?

13 **MEMORANDUM OF POINTS AND AUTHORITIES**

14 **I. INTRODUCTION**

15 This is a case about an attorney and his client using fraud to dupe both the United States  
16 Patent and Trademark Office and the general public. This case is also about a member of the  
17 general public, Robert Jacobsen, who decided that he was not going to be victimized by this fraud.  
18 For nearly 8 years, defendant Kevin Russell ("Russell") and his client Defendant Matt Katzer  
19 ("Katzer") used fraud as a primary means to obtain and enforce certain software patents. Despite  
20 knowing these patents were unenforceable due their fraudulent bases, Russell nevertheless engaged  
21 in various enforcement actions against members of the general public that included the  
22 dissemination of false and libelous statements. He now faces liability for his conduct and raises  
23 two arguments to dismiss him from the lawsuit: (1) that this court does not have personal  
24 jurisdiction over him, and (2) Mr. Jacobsen has failed to state a claim upon which relief may be  
25 granted. For the following reasons, the court should deny his motion.

26 **II. FACTS**

27 Russell fraudulently procured 11 U.S. patents for Katzer, and then targeted Mr. Jacobsen, a  
28

1 resident of California, for enforcement of these patents. Specifically, at the time he filed the first  
2 patent application on June 24, 1998, Russell had in his possession at least 4 references – WinLok  
3 1.5, WinLok 2.0, Engine Commander and Train Server – each of which constituted a prima facie  
4 case of unpatentability under 35 U.S.C. § 102(b). Indeed, Russell subsequently admitted the  
5 existence of this fraud in documents filed with the United States Patent and Trademark Office  
6 (USPTO).

7 Despite knowing the patents were unenforceable, Russell sent several letters, some  
8 including invoices for amounts in excess of \$200,000, to Katzer’s competitor, Mr. Jacobsen, in  
9 order to dupe Mr. Jacobsen into paying royalties on these patents. Jacobsen Decl. ¶¶ 26-33, 40.  
10 Mr. Jacobsen lost income because of Russell’s repeated accusations of infringement. Jacobsen  
11 Decl. ¶ 46. Then, Russell sent a FOIA request with a defamatory statement about Mr. Jacobsen to  
12 the DOE. Jacobsen Decl. ¶¶ 34-39. Thus, Russell directly targeted Mr. Jacobsen, causing injury to  
13 Mr. Jacobsen. Personal jurisdiction is proper under Calder v. Jones, 465 U.S. 783 (1984), and its  
14 progeny.

### 15 III. ARGUMENT

16 For purposes of the 12(b)(6) motion, “[a]ll factual allegations set forth in the complaint are  
17 taken as true and construed in the light most favorable to [p]laintiff[.]” Lee v. City of Los Angeles,  
18 250 F.3d 668, 688 (9th Cir. 2001) (citation and quotation omitted). The court may not refer to  
19 documents outside the complaint unless the documents are attached to the complaint, the complaint  
20 necessarily relies upon them, or the court takes judicial notice of matters of public record. Id. at  
21 688-89.

22 In appraising the sufficiency of the complaint [the court] follow[s] ... the accepted  
23 rule that a complaint should not be dismissed for failure to state a claim unless it  
24 appears beyond doubt that the plaintiff can prove no set of facts in support of his  
25 claim which would entitle him to relief.

26 Conley v. Gibson, 355 U.S. 41, 45-46 (1957).

27 This court has personal jurisdiction over Russell because he specifically targeted Mr.  
28 Jacobsen, causing Mr. Jacobsen injury for which Mr. Jacobsen seeks redress. Personal jurisdiction  
exists if a defendant has “(1) committed an intentional act, (2) expressly aimed at the forum state,

1 (3) causing harm that the defendant knows is likely to be suffered in the forum state.” Yahoo! Inc.  
2 v. La Ligue Contre Le Racisme et L’Antisemitisme, 433 F.3d 1199, 1206 (9th Cir. 2006)\_ (en  
3 banc). Here, Russell knew that the patent he obtained was unenforceable through his and Katzer’s  
4 inequitable conduct. Yet he intentionally sought to enforce it. He expressly aimed his fraud and  
5 unlawful acts at Mr. Jacobsen in Berkeley, California, to force Mr. Jacobsen to negotiate with  
6 Katzer. Russell knew that these acts would cause harm to Mr. Jacobsen in California. Thus, this  
7 court has personal jurisdiction over Russell.

8 Mr. Jacobsen has stated a claim upon which relief can be granted for Count V and Count  
9 VII. He has pleaded the elements of libel and a § 17200 claim and the facts to support the  
10 elements. Where needed, he has pled in accordance with Rule 9(b). Specifically, he has pled facts  
11 and elements that support his assertion that Russell made to a third party a false and defamatory  
12 statement which had a tendency to injure Mr. Jacobsen. Mr. Jacobsen also pled facts and elements  
13 that support a claim that Russell engaged in unlawful, unfair, and fraudulent business practices, for  
14 which Russell cannot successfully raise either litigation privilege or immunity. Thus, both claims  
15 should stand. Should the court find that either cause of action fails to state a claim for which relief  
16 can be granted, Mr. Jacobsen asks leave of the court to file an amended complaint.

17 **A. Personal jurisdiction is proper under the “effects” test**

18 This Court has personal jurisdiction over Russell under the “effects” test set out in Calder v.  
19 Jones, 465 U.S. 783 (1984), and its progeny. Under this test, personal jurisdiction exists if a  
20 defendant has “(1) committed an intentional act, (2) expressly aimed at the forum state, (3) causing  
21 harm that the defendant knows is likely to be suffered in the forum state.” Yahoo! Inc. v. La Ligue  
22 Contre Le Racisme et L’Antisemitisme, 433 F.3d 1199 (9th Cir. 2006) (en banc).

23 Specific personal jurisdiction is also appropriate if (1) the defendant “purposefully  
24 directed” its activities at residents of the forum, (2) the claim arises out of or results from the  
25 defendant’s forum-related activities, and (3) the exercise of jurisdiction is reasonable and fair.  
26 Silent Drive, Inc. v. Strong Indus., Inc., 326 F.3d 1194, 1202 (Fed. Cir. 2003). Under this test, if  
27 Russell has been shown to have purposefully directed its activities toward California, then  
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1 reasonably is presumed, and Russell must make “a compelling case that jurisdiction would be  
2 unreasonable.” Haisten v. Grass Valley Medical Reimbursement Fund, Ltd., 784 F.2d 1392, 1397  
3 (9th Cir.1986). This Court assesses seven factors to determine reasonableness and fairness:

- 4 1. The extent of defendant’s purposeful interjection into the forum state’s affairs;
- 5 2. The burden on defendant of litigating in the forum;
- 6 3. The extent of conflict with the sovereignty of defendant’s home state;
- 7 4. The forum state’s interest in adjudicating the dispute;
- 8 5. The most efficient judicial resolution of the controversy;
- 9 6. The importance of the forum to plaintiff’s interest in convenient and fair relief; and
- 10 7. The existence of an alternate forum.

11 Glencore Grain Rotterdam B.V. v. Shivnath Rai Harnarain Co., 284 F.3d 1114, 1125 (9th Cir.  
12 2002).

13 Mr. Jacobsen must show that jurisdiction exists. Doe v. Unocal Corp. 248 F.3d 915, 922  
14 (9th Cir. 2001). Where a motion such as this is decided solely on the written submissions and  
15 argument of counsel, Mr. Jacobsen need not prove personal jurisdiction by a preponderance of the  
16 evidence. Rather, Mr. Jacobsen need only make a *prima facie* showing – a showing that, if the  
17 facts presented by Mr. Jacobsen are proven to be true, then the exercise of jurisdiction over Russell  
18 is appropriate. Id.; Ballard v. Savage, 65 F.3d 1495, 1498 (9th Cir. 1995). Uncontroverted  
19 allegations in the complaint and factual conflicts between the parties’ declarations must be resolved  
20 in favor of Mr. Jacobsen. Unocal, 248 F.3d at 922. Under either the traditional specific personal  
21 jurisdiction test, or the “effects” test, this court may properly exercise personal jurisdiction over  
22 Russell.

23 The facts underlying Russell’s acts support personal jurisdiction. Russell committed  
24 several intentional acts. Over nearly 8 years, Russell fraudulently obtained 11 U.S. patents for his  
25 client, Katzer. See Jacobsen Decl. ¶¶ 82, 102, Ex. R. At the time he filed the first patent  
26 application on June 24, 1998, Russell had in his possession 4 references, each of which constituted  
27 a *prima facie* case of unpatentability<sup>1</sup>. Jacobsen Decl. ¶¶ 121, 123. Tanner Decl. ¶ 24. Two of

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<sup>1</sup> “A *prima facie* case of unpatentability is established when the information compels a conclusion  
that a claim is unpatentable under the preponderance of evidence, burden-of-proof standard, giving  
each term in the claim its broadest reasonable construction consistent with the specification, and  
before any consideration is given to evidence which may be submitted in an attempt to establish a  
contrary conclusion of patentability.” 37 C.F.R. § 1.56(b).



1 them – Engine Commander and Train Server – were Katzer’s own products. Russell had filed  
2 trademark applications on the names in January 1998. Jacobsen Decl. ¶¶ 121, 123. For the Train  
3 Server mark, Russell noted the first use in commerce as on or before June 1997, one year before  
4 the patent application. Jacobsen Decl. ¶ 123. For the Engine Commander mark, Russell noted the  
5 first use in commerce as on or before Jan. 1, 1993. Jacobsen Decl. ¶ 121. Both products embodied  
6 the “invention” in the first and later Katzer patents. Katzer specifically stated that Train Server  
7 was an embodiment of the U.S. patents. Jacobsen Decl. ¶ 119. Also in Russell’s possession were  
8 two WinLok references – WinLok 1.5 and WinLok 2.0. Both came with user’s manuals and both  
9 described features that Katzer claimed in his patents. Tanner Decl. ¶¶ 5-6, 8-9, 20. Although  
10 under a duty to notify the patent examiner about the 4 references, Russell failed to do so. He  
11 would repeat this failure 10 more times, and then an 11th time. Jacobsen Decl. ¶ 108. After  
12 sending a threatening letter to one of Katzer’s competitors, Russell was confronted with charges of  
13 his client’s inequitable conduct. Tanner Decl. ¶¶ 17-22. With the final patent application, on the  
14 verge of issuance, this lawsuit forced him to file a Request for Continued Examination in which he  
15 admitted a Rule 56 violation. Jacobsen Decl. ¶¶ 82-85.

16 Despite being confronted with his and Katzer’s inequitable conduct, Russell intentionally  
17 sought Mr. Jacobsen to extract royalties from him. Jacobsen Decl. ¶¶ 26-27. Any reasonable,  
18 experienced patent attorney would have known the patents were unenforceable due to inequitable  
19 conduct and invalid under 35 U.S.C. § 102(b). But Russell repeatedly sent letters to Mr. Jacobsen,  
20 and in later letters, included an “invoice” for more than \$200,000. Jacobsen Decl. ¶¶ 30-33. He  
21 also sent a FOIA request to the Department of Energy which included a defamatory statement, and  
22 alleged that the physics research facility was sponsoring a model train software project. Jacobsen  
23 Decl. ¶¶ 34-39.

24 The letters sent to Mr. Jacobsen went to his Berkeley address. Jacobsen Decl. Ex. E, G, H,  
25 J. Russell sent the FOIA request to Washington, D.C. with the intent that the FOIA search be done  
26 at the Berkeley facility. Russell Decl. Ex. 4; Jacobsen Decl. ¶ 38. He named Mr. Jacobsen several  
27 times in that FOIA request. Russell Decl. Ex. 4. Russell had to know that Mr. Jacobsen would be  
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1 questioned about JMRI “infringing” activities. Thus, Russell expressly aimed and purposely  
2 directed his actions at California.

3 The effect of these repeated accusations of infringement was disruption in Mr. Jacobsen’s  
4 work. Jacobsen Decl. ¶¶ 46. He had the strain of having to deal with false accusations that he was  
5 infringing a valid and enforceable patent. Jacobsen Decl. ¶¶ 34-39, 47-53, 55. He took off work to  
6 research infringement issues. Jacobsen Decl. ¶ 46. When the bills in excess of \$200,000 arrived,  
7 Mr. Jacobsen had to take more work off to deal with the harassment. See id. When the FOIA  
8 request arrived at his workplace, Mr. Jacobsen had to take more time off work and also explain,  
9 with embarrassment, to his superiors why Russell was requesting these documents. Jacobsen Decl.  
10 ¶¶ 34-39. There was no need for the FOIA request – the JMRI software is available for download  
11 on the web. Jacobsen Decl. ¶ 58.<sup>2</sup> Russell and Katzer could have downloaded it and come to their  
12 conclusions about whether the software infringed the patents, and then decided to file suit. Russell  
13 knew the harm that would arise from his actions in California. The claim arises from Russell’s  
14 activities. Thus personal jurisdiction is properly exercised over him.

15 For the traditional specific jurisdiction test, but not the “effects test”, an analysis of the 7  
16 factors addressing reasonableness and fairness is done to determine whether Russell can overcome  
17 jurisdiction. He must make a compelling case in order to do so. By committing fraud and  
18 directing his fraudulent activities to Berkeley, Russell purposefully interjected himself in California  
19 affairs. Oregon, a neighboring state, is close to the Bay area. With modern travel being widely  
20 available and inexpensive, Russell is not overly burdened to come to California. Unlike matters  
21 which involves non-U.S. corporations, no significant problems regarding sovereignty arise if  
22 Russell has to face charges in California instead of Oregon, because laws are similar. California  
23 has an interest in adjudicating the matter since a California resident was harmed, and California  
24 entities – the Lab and UC Berkeley – have been affected via the FOIA request. Since the lawsuit

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26 <sup>2</sup> Russell relies on his client, Katzer, who says he had a reasonable belief that DOE sponsored the  
27 project. The truth is that the model train control system software community is very small –  
28 everyone knows, or knows of, everyone else. In this small world, no one else thought JMRI was  
sponsored by anyone other than a group of hobbyists. Jacobsen Decl. ¶¶ 9-25; Tanner Decl. ¶¶ 37-  
43. Katzer even acknowledged this himself. Jacobsen Decl. ¶ 25.

1 against Katzer and KAMIND Associates, Inc. is currently pending in San Francisco, and the claims  
2 against Russell arise out of the same operative facts, this court offers efficiency in resolving the  
3 matter. California is Mr. Jacobsen's home state, so having the trial in California is important to  
4 him for convenience and cost. Oregon, Russell's home state, is the only other forum available.  
5 These factors weigh in favor of Mr. Jacobsen, and thus Russell cannot put on a compelling case to  
6 overcome jurisdiction under the traditional specific personal jurisdiction test. So, this court may  
7 also properly exercise personal jurisdiction over Russell under the traditional specific personal  
8 jurisdiction test.

9 Russell argues that no personal jurisdiction can lie over the mere sending of cease and  
10 desist letters, and that the FOIA request cannot be the source of personal jurisdiction. He cites  
11 Silent Drive, Inc. v. Strong Indus., Inc., 326 F.3d 1194 (Fed. Cir. 2003) and Red Wing Shoe Co. v.  
12 Hockerson-Halberstadt, Inc., 148 F.3d 1355 (Fed. Cir. 1998) for the proposition that cease and  
13 desist letters cannot form the basis of specific personal jurisdiction. There's an important  
14 difference between the cases he cites and this case – his own fraud in procuring the patents, his  
15 attempts to enforce them while knowing they were unenforceable, his sending a defamatory FOIA  
16 to Mr. Jacobsen's employer and his violations of California law. "For the exercise of personal  
17 jurisdiction to comport with fair play and substantial justice, there must be 'other activities'  
18 directed at the forum and related to the cause of action besides the letters threatening an  
19 infringement suit." Silent Drive, 326 F.3d at 1202. Russell's "other activities" make personal  
20 jurisdiction over Russell proper. Despite exaggeration on Russell's part, no case law will have to  
21 be overruled to exercise jurisdiction over Russell. The facts in this case support personal  
22 jurisdiction and are well within existing precedent. Thus the court can properly exercise personal  
23 jurisdiction over Russell.

24 **B. Mr. Jacobsen has stated a claim for libel**

25 In order to state a claim, Mr. Jacobsen must show that Russell intentionally published "a  
26 statement of fact that is false, unprivileged, and has a natural tendency to injure or which causes  
27 special damage.... Publication means communication to some third person who understands the  
28

1 defamatory meaning of the statement and its application to the person to whom reference is made.”  
2 Raghavan v. Boeing Co., 133 Cal. App. 4th 1120, 1132 (Ct. App. 2005). “Libel is a false and  
3 unprivileged publication by writing..., which exposes any person to hatred, contempt, ridicule, or  
4 obloquy, or which causes him to be shunned or avoided, or which has a tendency to injure him in  
5 his occupation.” Cal. Civ. § 45.

6 As noted before, Russell made a false statement by accusing Mr. Jacobsen of patent  
7 infringement. Complaint ¶ 65, 110. The statement was made to the Department of Energy, and  
8 was circulated amongst Mr. Jacobsen’s colleagues. Complaint ¶ 65, 110 - 113. Russell’s  
9 allegation is factual, not mere opinion. A threshold question in libel is “whether a reasonable  
10 factfinder could conclude that the contested statement implies an assertion of objective fact.”  
11 Lieberman v. Fieger, 338 F.3d 1076, 1080 (9th Cir. 2003). There was no joking or hyperbole  
12 associated with the FOIA request made to the research facility – but a factual assertion. When the  
13 court rules on the allegations of patent infringement, either Mr. Jacobsen will have infringed a  
14 valid and enforceable patent, or not. The allegation is defamatory because the relevant community  
15 which heard the defamatory statement is the researcher community which Mr. Jacobsen works in.  
16 Complaint ¶ 113. There, a researcher must refrain from plagorizing another’s work. Indeed,  
17 careers in academia have been severely damaged or destroyed by allegations of using another’s  
18 work without credit or permission. E.g., Dan Carnavale, “Plagiarizing Dean Is Put On Leave”,  
19 Chron. of Higher Education 10 (July 1, 2005). Here, Russell, acting at the command of his client  
20 and knowing it was false, accused Mr. Jacobsen of willfully using Katzer’s valid and enforceable  
21 intellectual property without permission or credit. Complaint ¶ 65. This information, in the hands  
22 of Jacobsen’s colleagues, would cause them to shun or avoid him, since they would think he does  
23 not give credit to other researchers for their work. Thus, such a statement would have a tendency  
24 to injure him in his occupation.

25 Russell incorrectly characterizes Mr. Jacobsen’s claim as trade libel.<sup>3</sup> If Mr. Jacobsen had

26 <sup>3</sup> In a puzzling reference to an insurance case, Atlantic Mutual Ins. Co. v. J. Lamb, Inc., 100 Cal.  
27 App. 4th 1017 (Ct. App. 2002), Russell states that the case holds that disparagement is not  
28 defamation and thus Mr. Jacobsen’s claim should fail. First, Atlantic Mutual addresses whether an  
insurance company for one of the parties had a duty to defend, and it focuses on interpreting the

1 intended to plead a claim for trade libel, he would have stated it in his complaint and pled the  
 2 elements. Count 7 is about libel, not trade libel. The statements in the FOIA request are  
 3 understood to mean that Mr. Jacobsen, a physicist who works in one of the country's top research  
 4 facilities, is engaging in infringing activities at the Lab, which is a violation of Lab policy. Russell  
 5 argues that the FOIA request does not specifically accuse Mr. Jacobsen of infringement, but that is  
 6 not the point. To the extent that the FOIA request is a necessary part of the complaint and can thus  
 7 be considered by the court in a 12(b)(6) motion, the FOIA request stated JMRI was infringing,  
 8 named Mr. Jacobsen's three times and connected Mr. Jacobsen to the allegedly infringing activities  
 9 at the Lab. Upon receipt, third parties understood the allegations to be about Mr. Jacobsen.  
 10 Russell then reaches across to the country to find a case that states that, among business people, a  
 11 charge of patent infringement is not libel. "The statement by one party that another is infringing  
 12 does not carry an intrinsic moral or business turpitude. For instance, it is not the same as calling  
 13 one a liar, bankrupt or untrustworthy." CMI, Inc. v. Intoximeters, Inc., 918 F. Supp. 1068, 1084  
 14 (W.D. Ky. 1995) (emphasis added). Mr. Jacobsen is a research scientist at the Lab. Among  
 15 researchers, it's different. Research is conducted in secret, and researchers must be able to trust  
 16 each other when they share data, results and findings. In research, careers are made and broken  
 17 over charges of not giving another scientist credit where credit is due. If a researcher is known to  
 18 steal another's ideas, then that researcher will soon find himself labeled "untrustworthy" and be  
 19 without the help of others in his or her research projects. Such a label would be devastating to the  
 20 reputation of a researcher such as Mr. Jacobsen. This is why Russell's false statement is  
 21 defamatory. Mr. Jacobsen's claim should remain.

22 **C. Mr. Jacobsen has stated a claim under § 17200**

23 California Business & Professions Code § 17200 *et seq.* prohibits unlawful, unfair, or  
 24 fraudulent business activities. An unlawful, unfair, or fraudulent business practice is defined very  
 25 broadly, to include anything that can properly be called a business practice and that at the same  
 26 insurance contract terms. Second, counsel cannot find anywhere in the cited section of Atlantic  
 27 Mutual where the court makes the holding that Russell uses to support his argument. Third,  
 28 Atlantic Mutual relates to trade libel, and there is no trade libel claim here. This case is irrelevant  
 to this matter.

1 time is forbidden by law. Chabner v. United of Omaha Life Ins. Co., 225 F.3d 1042 (9th Cir.  
2 2000) (quotation and citation omitted). A plaintiff who has suffered injury in fact and lost money  
3 or property can bring an action under § 17200 for injunctive relief. Id. § 17204. Here, due to  
4 Russell’s actual fraud and unlawful conduct, Mr. Jacobsen lost earnings, and hence was damaged.  
5 Complaint ¶ 96.h. Thus, Mr. Jacobsen has standing to bring a § 17200 claim. To defeat a 12(b)(6)  
6 motion, Mr. Jacobsen must plead that Russell engaged in an unlawful, unfair or fraudulent business  
7 practice. He has pled the facts and elements to maintain a § 17200 action.

8 Russell committed actual fraud against Mr. Jacobsen. Actual fraud in California consists  
9 of: (1) a misrepresentation, (2) knowledge of its falsity, (3) intent to defraud, (4) justifiable  
10 reliance, and (5) resulting damages. Gil v. Bank of America, Nat’l Ass’n., 138 Cal. App. 4th 1371,  
11 1381 (Ct. App. 2006). The patents are unenforceable because of inequitable conduct. See  
12 Complaint ¶¶ 14-26, 29-33. Russell knew, because of his and his client’s inequitable conduct, that  
13 the Katzer patents were unenforceable. Complaint ¶¶ 25, 43-45. Russell sought to obtain money  
14 for patents that are unenforceable, and thus he intended to defraud Mr. Jacobsen. See Complaint ¶¶  
15 50, 58-63. Mr. Jacobsen, concerned about the repeated harassment, had to investigate Russell’s  
16 assertions. Complaint ¶¶ 58-59. Mr. Jacobsen lost income because of Russell’s continued  
17 insistence that the Katzer patents were valid and enforceable. Complaint ¶ 96.h. All elements are  
18 met. Thus, this claim stands.

19 Russell committed a crime against Mr. Jacobsen when he sent the invoices to him. Under  
20 Cal. Civ. § 1716, it is punishable by a fine and jail time to send a person an invoice when it is a  
21 solicitation for an order, unless the invoice meets certain statutory requirements. Cal. Civ. §  
22 1716(a) (“It is unlawful for a person to solicit payment of money by another by means of a written  
23 statement or invoice, or any writing that reasonably could be considered a bill, invoice, or  
24 statement of account due, but is in fact a solicitation for an order...”). Russell sent an invoice for  
25 \$203,000 on Aug. 24, 2005. Complaint ¶¶ 60-62 He called it an “invoice”. See Complaint ¶ 61.  
26 He sent another invoice on Oct. 24, 2005 for \$206,047.96. Complaint ¶ 61. He attempted to send  
27 another letter on November 23, 2005 with an invoice. On Jan. 3, 2006, he sent another letter with  
28

1 an invoice for \$209,382.74. See Complaint ¶ 62. There was never any agreement between the  
2 parties for Mr. Jacobsen to pay Katzer. See Complaint ¶ 60. Thus, the invoice that Russell sent  
3 was in fact a solicitation for an order. Thus, Russell violated Cal. Civ. § 1716, and Mr. Jacobsen's  
4 § 17200 claim stands.

5 Russell states that the complaint against him should be dismissed for failing to meet the  
6 pre-filing requirements of Cal. Civ. § 1714.10. Per this section, a plaintiff is required to seek court  
7 approval before naming an attorney as a defendant. There are two exceptions – one of which is  
8 when the attorney violated an independent duty owed to the plaintiff. *Id.* § 1714.10(c)(1). Thus  
9 there is liability for intentional torts and certain unlawful acts, such as actual fraud and affirmative  
10 misrepresentation. Pavicich v. Santucci, 85 Cal. App. 4th 382, 395 (Ct. App. 2000). However,  
11 under Pavicich, if a plaintiff is required to pre-file under the statute, then by definition the attorney  
12 is immune from liability. See Pavicich, 85 Cal. App. 4th at 396. So, Russell's insistence that Mr.  
13 Jacobsen must pre-file is merely a trick to get Mr. Jacobsen to state that Russell is immune from  
14 liability. It won't work. Russell violated duties he owed to Mr. Jacobsen.

15 Russell further argues that the complaint is against public policy and brought for an  
16 improper purpose. While attorneys have broad protections giving them immunity under state law,  
17 as noted in the previous paragraph, attorneys can be held liable for unlawful acts, intentional torts  
18 and fraud. Clearly, the courts and legislature have decided that public policy dictates that holding a  
19 bar card does not give an attorney the right to engage in these kinds of activities without fear of  
20 liability. Further, as an attorney, Russell is supposed to follow rules of professional responsibility.  
21 In Oregon, as elsewhere, that means not allowing a client to use the attorney's services to further  
22 crime or fraud. Russell has fraudulently obtained patents for Katzer for a number of years.  
23 Unrestrained by the law or any other rules, Russell has engaged in a pattern of enforcing these  
24 fraudulently obtained patents, over the last several years. This pattern of enforcement included the  
25 making of false statement to Mr. Jacobsen's employer in hopes of harming Mr. Jacobsen's  
26 reputation to bring him to the bargaining table. Russell is no mere adviser, but an active participant  
27 in perpetuating the fraud. Mr. Jacobsen's sole purpose in this action is to get Russell to stop  
28



1 engaging in unlawful, unfair and fraudulent business practices. There is no improper purpose in  
2 that.

3 Mr. Jacobsen's § 17200 claim should remain.

4 **IV. SUMMARY**

5 Under Calder and its progeny, this court can properly exercise personal jurisdiction over  
6 Russell. Due to the serious ramifications of accusations of intellectual property theft, Mr. Jacobsen  
7 has stated a claim upon which relief can be granted for libel and Russell's motion to dismiss the  
8 libel claim should be denied. Mr. Jacobsen has standing under § 17200 to bring a claim. Given the  
9 numerous intentional torts, and unlawful or fraudulent actions by Russell, Mr. Jacobsen has stated  
10 a claim upon which relief can be granted under § 17200. Should the court rule differently, Mr.  
11 Jacobsen asks for targeted discovery to show the bases for personal jurisdiction and/or an  
12 opportunity to file an amended complaint to allow the claims based on libel and/or unfair business  
13 practices.

14 For the foregoing reasons, Defendant Russell's Motion to Dismiss for Lack of Personal  
15 Jurisdiction and For Failure to State a Claim On Which Relief Can Be Granted should be denied.

16  
17  
18 DATED: June 9, 2006

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