UNITED STATES DISTRICT COURT
DISTRICT OF CONNECTICUT

Victor G. Reiling	:	
and Associates et al.	:	
	:	
v.	:	**No. 3:03cv222(JBA)**
	:	
Fisher-Price, Inc.	:	

Ruling on Defendant's Motion to Transfer Venue [Doc. #18]

Plaintiffs Victor G. Reiling and Associates and Design Innovation, Inc. are independent toy inventors both organized and existing under the laws of Connecticut and both with principal places of business in Connecticut. Defendant Fisher-Price, a well-known toy manufacturer, is a Delaware corporation with a principal place of business in New York. This diversity action alleges that defendant used plaintiffs' toy design without permission or payment, after having previously rejected plaintiffs' licensing proposal. Defendant has moved to transfer venue to the U.S. District Court for the Western District of New York pursuant to 28 U.S.C. §§ 1404(a) and 1406(a), asserting that the choice of law provision in an option agreement controls. For the reasons set out below, the motion is denied.

I. Background

In 1998, plaintiffs submitted a toy prototype to Fisher-Price that would add an additional feature to Fisher-Price's already-existing Rescue Heroes line, which included fireman and

police officers. Plaintiffs proposed attaching a "film/video monitor" backpack to the action figures that would allow the toy user to view footage of the figures in action, and proposed naming these figures Reel/Real Heroes.

Fisher-Price was sufficiently interested[1] in this idea to sign an option agreement, which provided that Fisher-Price would pay plaintiffs $7500 in exchange for an exclusive option to license the idea during the February 1, 1999 to May 1, 1999 option period. The final clause of the option agreement provided as follows:

> This Option Agreement shall be constructed [sic] in accordance with the laws of the state of New York, except for its Conflict of Laws doctrine, and both parties agree that personal jurisdiction will be proper only in New York State and venue will be proper only in the courts located in Erie County New York.

On March 23, 1999, Fisher-Price informed plaintiffs that it would not exercise the option because it would be too costly to produce the toy. Plaintiffs thereafter sent Fisher-Price another, less costly prototype in May 1999 (after the option period expired), but Fisher-Price declined to license that idea as well. In December 2000, plaintiffs sent Fisher-Price yet another prototype that was even more stripped down, which Fisher-Price again rejected as "[t]oo expensive for what it does." No written option agreement was signed for the May 1999 and December

[1]The amount of interest is in dispute.

2000 submissions.

Plaintiffs claim that at a February 2002 toy fair in New York they saw a Fisher-Price catalogue containing a new line of Fisher-Price toys called "Voice Tech Video Mission Rescue Heroes," which came equipped with "Special Video Mission Backpacks" that plaintiffs claim constitute misappropriation of their submissions. In March 2002, Fisher-Price started marketing this line of toys online and in stores nationwide.

On January 31, 2003, plaintiffs filed this suit alleging breach of contract, misappropriation of an idea, unfair competition,[2] and for an accounting. While the original complaint divided the breach of contract claim into one count of "breach of express contract" and one count of "breach of implied-in-fact contract,"[3] neither claim was pled as a breach of the option agreement.[4] Plaintiffs subsequently filed an amended

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[2]Plaintiffs' unfair competition claim is pled as both as both a common law unfair competition claim and a claim under the Connecticut Unfair Trade Practices Act, Conn. Gen. Stat. §§ 42-110a et seq.

[3]The distinction between the two "involves . . . no difference in legal effect, but lies merely in the mode of manifesting assent." Restatement (Second) Contracts § 4, cmt. a.

[4]The breach of express count alleged in pertinent part:

> There was an express contract between Plaintiffs and Defendants according to which Plaintiffs were to be renumerated for the disclosure of their product concept for a battery operated animated image played designed to look like a backpack and mount on existing Fisher-Price "Rescue Heroes" action figures if said concept

complaint, deleting the breach of express contract count but retaining the remaining causes of action.

On May 15, 2003, defendant moved to transfer venue pursuant to 28 U.S.C. §§ 1404(a) and 1406(a). The crux of defendant's argument is that the forum selection clause in the option agreement controls because plaintiffs' causes of action relate to the same subject matter as the option agreement, and thus this case should be transferred to the U.S. District Court for the Western District of New York. Defendant claims that plaintiffs cannot avoid the forum selection clause by dropping the express contract claim, apparently equating "express" with "written" and thus believing that the express contract claim was a claim of violation of the written option agreement. Defendant also notes that plaintiffs' Rule 26(f) report lists the option agreement as one topic about which discovery will be required, and that the option agreement is one of the exhibits appended to the

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was ultimately used by defendant.

Compl. ¶ 35. The breach of implied in fact contract count alleged in pertinent part:

> As an alternative to Count I, the facts and circumstances of Plaintiffs' disclosure of their novel and original toy concept to Defendant created a contract implied in fact between Plaintiffs and Defendant pursuant to which Defendant agreed to compensate Plaintiffs for the disclosure of Plaintiffs' product concept for a battery operated animated image played designed to look like a backpack and mount on existing Fisher-Price "Rescue Heroes" action figures.

Compl. ¶ 42.

complaint. In opposition, plaintiffs assert that their claims in this suit are not subject to the forum selection clause.

II. Analysis

A. § 1406(a)

When venue lies in the wrong division or district, the district court "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." 28 U.S.C. § 1406(a). While "[a] forum selection clause is enforceable unless it is shown that to enforce it would be unreasonable and unjust or that some invalidity such as fraud or overreaching is attached to it," New Moon Shipping Co., Ltd. v Man B & W Diesel AG, 121 F.3d 24, 29 (2d Cir. 1997), "[t]his general rule applies, however, only when the contract containing the forum selection clause is the subject of the suit," Dan-Dee Int'l, Ltd. v. Kmart Corp., No. 99 Civ. 11689, 2000 WL 1346865, at *4 (S.D.N.Y. Sept. 18, 2000).

In the instant case, the forum selection clause by its terms applies only to "This Option Agreement," and not to any claim or dispute that does not arise under the option agreement.[5] The

[5]Thus, defendant's reliance on Bense v. Interstate Battery Sys. of America, 683 F.2d 718 (2d Cir. 1982), is misplaced. There, the forum selection clause provided that "'[t]he exclusive venue of any suits or causes of action arising directly or indirectly from this agreement shall be in Dallas County, Texas.'" Id. at 720 (emphasis added). While plaintiffs' claim against defendant is arguably indirectly related to the option

option agreement expired in May 1999 and plaintiffs are not asserting any rights under it, as their claims of misappropriation (and related claims regarding their right to their designs) exist even absent the option agreement. The fact that plaintiffs anticipate discovery on the option agreement and included the option agreement as one of the exhibits appended to the complaint is unexceptional given that the option agreement is undoubtedly part of the contextual background of this case.

Defendant's assertion that plaintiffs cannot avoid the forum selection clause merely by having dropped the express contract count is unavailing because the express contract claim was never based on the option agreement. The allegation in the now-dropped breach of express contract count was that defendants breached "an express contract between Plaintiffs and Defendants according to which Plaintiffs were to be renumerated for the disclosure of their product concept . . . if said concept was ultimately used by defendant," Compl. ¶ 35, and not that defendants failed to abide by the terms of the option agreement by, for example, failing to pay the $7500 due under the agreement. See Pls.' Mem. Opp. [Doc. #24] at 7 ("Plaintiffs have never asserted that Fisher-Price breached the Option Agreement."). Like every other count in the complaint, the express contract claim could have

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agreement, the forum selection clause here, unlike the clause in Bense, does not apply to disputes that are only indirectly related to the contract containing the forum selection clause.

existed even absent the option agreement, and thus its presence or absence is of no consequence to the forum selection clause analysis.

B. § 1404(a)

Defendant alternatively argues for a transfer of venue "for the convenience of parties and witnesses" or "in the interest of justice" under 28 U.S.C. § 1404(a). In a § 1404(a) inquiry, the plaintiff's choice of forum (here, Connecticut) is "accorded substantial weight." Golanda Mining Corp. v. Herlands, 365 F.2d 856, 857 (2d Cir. 1966). Other factors considered in a § 1404(a) inquiry are the presence of an applicable forum selection clause; the location of relevant documents and the relative ease of access to sources of proof; the locus of operative facts; the availability of process to compel the attendance of unwilling witnesses; and the relative means of the parties. See Berman v. Informix Corp., 30 F. Supp. 2d 653, 657 (S.D.N.Y. 1998). These factors are either in plaintiff's favor (i.e., as indicated above, there is no applicable forum selection clause for these claims, and Fisher-Price is likely of greater means than plaintiffs) or do not cut strongly either way (location of sources and witnesses and the locus of operative facts). Thus, transfer under § 1404(a) is not warranted and plaintiffs' choice of forum will be respected.

III. Conclusion

For the forgoing reasons, defendant's motion [Doc. # 18] is DENIED.

IT IS SO ORDERED.

/s/

Janet Bond Arterton, U.S.D.J.

Dated at New Haven, Connecticut, this 31st day of July, 2003.