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

13 **ROBERT JACOBSEN,**

14 **Plaintiff,**

15 **vs.**

16 **MATTHEW KATZER, KAMIND**
17 **ASSOCIATES, INC., and KEVIN**
18 **RUSSELL,**

19 **Defendants.**

Case No. C 06 1905 JSW

MEMORANDUM OF POINTS AND
AUTHORITIES IN SUPPORT OF
SPECIAL MOTION TO STRIKE
COUNTS 5 AND 7 IN THE
COMPLAINT [Cal. Code Civ. Proc.
§ 425.16]

Date: August 4, 2006

Time: 9:00 a.m.

Dept: Courtroom 2, 17th floor
Hon. Jeffrey S. White

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POINTS AND AUTHORITIES IN SUPPORT OF SPECIAL MTN. TO STRIKE

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1 **INTRODUCTION**

2 This is an action for declaratory relief against a patentee (KAM). Russell is
 3 KAM's attorney. Plaintiff Jacobsen adds state-law claims against Russell alleging libel
 4 and conspiracy with KAM to commit unfair competitive practices. Both claims arise in
 5 whole or in part from a FOIA request made to the United States Department of Energy,
 6 which appeared to be sponsoring plaintiff's product. The request stated the patentee's
 7 view that said product infringed its patent and sought information for use in a prospective
 8 infringement suit.

9 Russell brings this special motion to strike under California's SLAPP statute,
 10 California Code of Civil Procedure § 425.16, on the ground that Jacobsen's two claims
 11 arise from a protected petitioning activity, and on the further ground that Jacobsen cannot
 12 show a probability of prevailing because the FOIA request is absolutely privileged under
 13 California law; statements that a product infringes a patent (without more) do not
 14 constitute libel or defamation; and the facts are insufficient under California law and
 15 generally recognized agency principles to support a claim for conspiracy between attorney
 16 and client.

17 **STATEMENT OF ISSUES TO BE DECIDED**

18 1. Whether a request under the Freedom of Information Act, 5 U.S.C. § 522, is a
 19 protected activity under California's SLAPP statute. Cal. Civ. Proc. Code § 425.16 (b)(1).

20 2. Whether plaintiff can establish that there is a probability that he will prevail on
 21 the libel claim, Count 7 of the complaint. Cal. Civ. Proc. Code § 425.16 (b)(1).

22 3. Whether Count 5 of the complaint for violation of the unfair practices act
 23 "(UFL)" California Business and Professions Code § 17200, arises out of a protected
 24 activity under the SLAPP statute. Cal. Civ. Proc. Code § 425.16 (b)(1).

25 4. Whether plaintiff can show a probability that he will prevail against Russell on
 26 Count 5 of the complaint. Cal. Civ. Proc. Code § 425.16 (b)(1).

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STATEMENT OF FACTS

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2 KAM sells software for use by model railroad enthusiasts. Russell is KAM's
3 attorney. Jacobsen participates in the JMRI project, which distributes a similar product as
4 open-source (free) software. Complaint, 1-5. KAM believes some JMRI software
5 infringes KAM's patents and attempted without success to negotiate a licensing
6 agreement with Jacobsen. Russell decl., ¶'s 4-6, Exhs. 1-3 thereto. As a physics professor
7 at Berkeley, Jacobsen is involved in a contract with the Department of Energy, and he
8 used a DOE e-mail account to promote JMRI. Complaint, ¶ 64. KAM down-loaded
9 more than 2,000 such promotional documents from a DOE account, apparently
10 Jacobsen's. Katzer decl., ¶ 4. c.

11 KAM was not aware of Jacobsen's business relationship with the DOE. Katzer
12 decl., ¶ 6. The government has sponsored other open source software, and Jacobsen's use
13 of a government account gave the impression that DOE sponsored the JMRI project.
14 Katzer decl., ¶'s 4. a.- 4.d. Katzer, KAM's responsible officer, asked Russell to make a
15 FOIA request asking the DOE for documents relating to JMRI. Katzer decl. ¶ 3. The
16 request was intended to obtain information for a potential patent infringement suit against
17 JMRI participants and to caution the Department that KAM believed the project might
18 infringe its patents. Katzer decl., ¶'s 5 and 7. The FOIA request states KAM'S belief
19 that the JMRI project is government-sponsored and infringes KAM's patents. It requests
20 production of communications sent by Jacobsen and other JMRI participants from the
21 DOE account. It does not refer to Jacobsen as an infringer or suggest that any person
22 willfully infringed KAM's patents. Exh. 4 to Jacobsen decl.

23 The complaint contains two claims against Russell. Count 7 states that Russell's
24 FOIA request was sent to embarrass and intimidate Jacobsen and libeled Jacobsen by
25 saying JMRI infringed KAM's patents. Complaint, ¶'s 106-113. Count 5 is based in part
26 on the FOIA request and claims Russell conspired with his client to violate the antitrust
27 laws and that the conspiracy amounts to an unfair practice under California's unfair
28 practices act, California Business and Professions Code § 17200 et seq.

ARGUMENT

California's SLAPP statute provides for a special motion to strike claims "against a person arising from an act in furtherance of the person's right of petition or free speech under the United States or California Constitution in connection with a public issue," unless the the plaintiff has established probability that the plaintiff will prevail on the claim. *Navalier v. Sletten*, 29 Cal.4th 82, 88 (2002); Cal. Civ. Proc. Code § 425.16. A defendant may file a special motion to strike state-law claims in federal court and recover mandatory attorney fees and costs if he/she prevails on the motion. *United States v. Lockheed Missiles & Space Co.*, 190 F.3d 963, 970-73 (9th Cir. 1999).

Deciding a SLAPP motion is a two-step process. First, the moving defendant must show that the suit arises from an "act in furtherance of a person's right of free speech or petition." Once this showing is made the burden shifts to the plaintiff. To meet that burden the plaintiff must "demonstrate that the complaint is both [1] legally sufficient and [2] supported by a sufficient prima facie showing of facts to sustain a favorable judgment if the evidence submitted by the plaintiff is credited." *Navalier v. Sletten*, 29 Cal.4th 82, 87-89. Plaintiff's burden is the same as on motion for summary judgment, and if the motion raises affirmative defenses plaintiff must make a legal and factual showing sufficient to negate them. *Peregrine Funding, Inc. v. Sheppard Mullin Richter & Hampton LLP*, 133 Cal.App.4th 658, 675-676 (2005).

A. Count 7 of the complaint alleging libel should be stricken.

I. Count 7 arises from a protected activity under the SLAPP statute, and Jacobsen bears the burden of showing a probability of prevailing on the merits.

Among the petitioning activities protected under the SLAPP statute are communications "to an official administrative agency . . . intended to prompt action by that agency." Communications "preparatory to or in anticipation of the bringing of an action or other official proceeding" are also protected. These include "letters seeking information relating to, and support for, a potential complaint" to be filed with an agency
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1 or court. *Fontani v. Wells Fargo Investments*, 129 Cal. App. 4th 719, 731 (2005) and
2 cases cited.

3 Count 7 arises from statements made in a FOIA request to the Department of
4 Energy, an official administrative agency. The request was intended to “prompt action”
5 by the agency. *Fontani*, 129 Cal. App. 4th 719, 731. It was intended to caution the
6 agency that it was promoting a product in competition with KAM, and which KAM
7 believed infringed its patent. Katzer decl., ¶ 7. It was also intended to acquire
8 information relating to, and in support of a potential complaint for patent infringement.
9 Katzer decl., ¶ 7. For both of these independently sufficient reasons, the FOIA request is
10 a protected activity under the SLAPP statute, and the burden shifts to Jacobsen to show a
11 probability that he will prevail on Count 7. *Fontani*, at 731.

12 **2. Jacobsen cannot show a probability that he will**
13 **prevail on Count 7 because the FOIA request was**
14 **absolutely privileged. Cal. Civ. Code § 47(b).**

15 California law provides an absolute privilege for communications having “some
16 relation” to judicial proceedings. Cal. Civ. Code § 47(b); *Rubin v. Green*, 4 Cal 4th 1187,
17 1194 (1993). The privilege bars any tort action other than malicious prosecution based on
18 such communications. *Rubin v. Green*, at 1193-94. Its purpose is to afford litigants “the
19 utmost freedom of access to courts to secure and defend their rights.” *Id.* at 1194.
20 Privilege applies not only to statements made in a court proceeding but to
21 communications made “with some relation to a proceeding that is actually contemplated
22 in good faith and under serious consideration” by a possible party. *Id.* at 1194-95.
23 Privilege also applies to petitions to the government or quasi-governmental entities like
24 NASD (*Fontani*, 129 Cal. App. 4th at 729) and to “any other official proceeding
25 authorized by law.” Cal. Civ. Code § 47(b).¹

26 ¹Civ. Code § 47 states, in part:

27 “A privileged publication or broadcast is one made:

28 “(b) In any (1) legislative proceeding, (2) judicial proceeding, (3) *in any other official proceeding*
authorized by law, or (4) in the initiation or course of any other proceeding authorized by law and

1 Count 7 is based on an allegedly libelous statement made in a FOIA request.
 2 Counsel has searched in vain for any case, in *any jurisdiction*, based on an allegedly
 3 wrongful statement made in a FOIA request. FOIA requests are “authorized by law,” are
 4 communications to governmental agencies, and are thus privileged. *Fontani*, 129
 5 Cal.App.4th 719, 729. And, as the FOIA request was made for the purpose of obtaining
 6 information for use in a contemplated lawsuit, it is also privileged for that additional
 7 reason. *Rubin v. Green*, 4 Cal 4th 1187, 1194 (1993).

8 **3. Jacobsen cannot show a reasonable probability of**
 9 **prevailing on Count 7 because the statement was not**
 10 **libelous.**

11 A statement does not rise to the level of libel unless it calls into question the
 12 plaintiff’s “honesty, integrity or competence” or reasonably implies a “reprehensible
 13 personal characteristic.” *Polygram Records, Inc. v. Superior Court*, 170 Cal. App. 3d
 14 543, 550 (1985). The Court determines as a matter of law whether the allegedly libelous
 15 statement is “fairly susceptible of a defamatory meaning.” *Isuzu Motors v. Consumers*
 16 *Union of United States, Inc.*, 12 F. Supp.2d 1035, 1045-46 (C.D. Cal. 1998). A statement
 17 that only questions the quality of a plaintiff’s product is not defamatory and is actionable,
 18 if at all, as trade libel. *Polygram Records* at 548-550. Although it is arguable that any
 19 unfavorable statement about a plaintiff’s product reflect on his/her competence,
 20 California courts “have gone to some lengths” in refusing to draw that inference. *Isuzu*
Motors at 1046.

21 Jacobsen claims Russell “libeled” him that by saying the JMRI product infringed
 22 KAM’s patent. He is mistaken. A simple charge of infringement affects only the
 23 manufacturer’s product, not his/her/its reputation, and does not rise to the level of
 24 defamation. *See CMI, Inc. v. Intoximeters, Inc.*, 918 F. Supp. 1068, 1084 (W.D.Ky.
 25 1995); and *Atlantic Mutual Ins. Co. v. J. Lamb, Inc.*, 100 Cal. App. 4th 1017, 1025, 1032-

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 28 reviewable pursuant to Chapter 2 (commencing with Section 1084) of Title 1 of Part 3 of the Code of
 Civil Procedure. . . . [Emphasis added.]”

1 35 (2002) (both discussed in Russell's accompanying motion to dismiss). Counsel is
 2 unaware of any authority that a charge of patent infringement, standing alone, can
 3 constitute libel. This lack of precedent is instructive. Normally declaratory relief cases
 4 are filed only *after* the plaintiff is charged with infringement. If such accusations were
 5 even arguably libelous, libel claims would be routine in declaratory relief actions.
 6 Jacobsen cannot show a probability of prevailing on his libel claim because he was not
 7 defamed. *CMI, Inc.* 918 F. Supp. at 1084.

8 **B. Count 5, for conspiracy to commit unfair practices, should be stricken.**

9 **1. Count 5 arises from protected activities.**

10 A "mixed" claim or cause of action under the SLAPP statute is one based on both
 11 protected and unprotected activities. *Peregrine Funding*, 133 Cal.App.4th 658, 672 and
 12 cases cited. "Where a cause of action alleges both protected and unprotected activity, the
 13 cause of action will be subject to section 425.16 unless the protected conduct is 'merely
 14 incidental' to the unprotected conduct." *Peregrine Funding*, at 672. A plaintiff "cannot
 15 frustrate the purposes of the SLAPP statute through a pleading tactic of combining
 16 allegations of protected and nonprotected activity" in a single claim. *Id.* If the allegations
 17 concerning protected activity are more than "merely incidental" or "collateral," the claim
 18 is subject to a special motion to strike. *Id.*

19 California's unfair practices law ("UPL") permits "borrowing" from other laws
 20 making them independently actionable as unfair competitive practices. *Korea Supply Co.*
 21 *v. Lockheed Martin Corp.*, 29 Cal.4th 1134, 1143 (2003) Cal. Bus. & Prof. Code §17200
 22 et seq. Count 5 borrows the Section 2 of the Sherman Act, 15 U.S.C. § 2, and charges
 23 Russell with conspiring with his client to attempt to monopolize a "market for multi-train
 24 control systems." Complaint, ¶'s 95-97. It cites the FOIA request as an act in furtherance
 25 of the alleged conspiracy and alleges that it injured Jacobsen because Jacobsen had to
 26 explain it to his employer, diverting him from some more lucrative activity. Complaint,
 27 32: 1-6.

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1 As shown above, the FOIA request is a protected activity under the SLAPP statute
 2 because it is a petition to the government and also because it seeks information for a
 3 proposed lawsuit. *Fontani*, 129 Cal. App. 4th 719, 731. Because Count 5 arises in part
 4 from a protected activity it is a *mixed* claim. *Peregrine Funding*, 133 Cal.App.4th 658,
 5 672. The allegations based on the FOIA request are neither “incidental” nor “collateral.”
 6 They are Jacobsen’s *only* ground for claiming damages. *Id.* To prevail on a UPL claim,
 7 private plaintiffs must plead and prove they “lost money or property” as a result of
 8 alleged violations. William L. Stern, *Cal. Practice Guide, Business and Professions*
 9 *Code § 17200 Practice*, ¶’s 7.71 and 7.77 (The Rutter Group 2005); Cal. Bus & Prof.
 10 Code § Without *some* allegation Jacobsen was damaged, Count 5 collapses of its own
 11 weight. *Id.* Count 5 *arises from* a protected activity, shifting the burden to Jacobsen to
 12 show a probability that he will prevail.

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 14 **2. Jacobsen cannot show a probability he will prevail on
 Count 5 of the complaint.**

15 With two exceptions, California bars any action against an attorney for conspiring
 16 with his/her client. Such a claim will lie only if “(1) the attorney has an independent
 17 legal duty to the plaintiff, or (2) the attorney’s acts go beyond the performance of a
 18 professional duty to serve the client and involve a conspiracy to violate a legal duty in
 19 furtherance of the attorney’s financial gain.” *Berg & Berg Enterprises v. Sherwood*
 20 *Partners, Inc.*, 131 Cal. App. 4th 802, 815-18 (2005); Cal. Civ. Code § 1714.10 (c) .

21 An attorney breaches an “independent legal duty” to the plaintiff he/she commits
 22 an obvious tort such as actual fraud or malicious prosecution or violates a fiduciary duty
 23 personally owed to that plaintiff. *Berg & Berg Enterprises*, 131 Cal. App. 4th 802, 824-
 24 825 and cases cited; Cal. Civ. Code § 1714.10 (c). Allegedly “anticompetitive” acts do
 25 not normally fall within this exception. *Amarel v. Connell*, 102 F.3d 1494, 1522-23. The
 26 second exception applies only if the lawyer acts for his own gain, meaning an “economic
 27 advantage over and above monetary compensation received in exchange for professional

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1 services actually rendered on behalf of a client.” *Berg & Berg Enterprises*, 131
 2 Cal.App.4th 802, 833-836.

3 Jacobsen cannot show a reasonable probability of prevailing because Russell
 4 neither breached an independent duty to Jacobsen nor acted to further his own interest.
 5 Count 5 alleges a conspiracy to violate the antitrust laws, and an attorney who acts “solely
 6 on behalf of a client” is immune from antitrust liability. Liability applies only if the
 7 attorney exerted his influence over the client “so as to direct [the client] to engage in the
 8 complained of acts for an anticompetitive purpose.” *Amarel v. Connell*, 102 F.3d at 1522.
 9 Reasonable people may differ as to what conduct is “anticompetitive,” and an attorney is
 10 not liable simply because a court later finds he/she was wrong. *Brown v. Donco*
 11 *Enterprises, Inc.* (6th Cir. 1986) 783 F.2d 644, 645-47. An antitrust claim against an
 12 attorney alleging only acts done in his/her capacity as attorney and not to further a
 13 personal interest is properly dismissed without leave to amend. *Spanish International*
 14 *Communications Corp. v. Leibowitz*, 608 F. Supp. 178, 179-180 (S.D. Fla. 1985).
 15 Jacobsen does not and cannot show Russell did anything other than act as KAM’s
 16 attorney in KAM’s interest. He cannot show a reasonable probability of prevailing
 17 against Russell, and Count 5 should be dismissed. Cal. Civ. Proc. Code § 425.16.

18 CONCLUSION

19 All of Jacobsen’s claims against Russell arise out an act in furtherance of his right
 20 of petition under the United States and California Constitutions and are subject to this
 21 special motion to strike. Cal. Civ. Proc. Code § 425.16 (b). Jacobsen cannot show a
 22 probability that he will prevail against Russell, either on Count 7 or Count 5 of the
 23 complaint. For the reasons stated, this motion should be granted in all respects.

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25 Dated: May 12, 2006

Law Offices of David M. Zeff

26 By 

27 David M. Zeff, Attorneys
 28 For Defendant Kevin Russell