

UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF CALIFORNIA

GeoSolutions B.V. v. Sina.Com Online

Case No. 5:21-cv-08019-EJD (N.D. Cal. Mar. 16, 2023) · No. 5:21-cv-08019-EJD · Decided March 16, 2023

SUMMARY

The United States District Court for the Northern District of California grants the defendants’ motions to dismiss in this dispute involving alleged misappropriation of location-based-services technology and related contractual arrangements. The court concludes that the plaintiffs failed to establish general or specific personal jurisdiction over the foreign defendants and failed to state claims against the California defendants. The dismissals are granted with leave to amend, while the motions concerning supplementary materials and a discovery stay are denied as moot.

CASE DETAILS

COURT	United States District Court for the Northern District of California
WRITING FOR THE COURT	Edward J. Davila
JURISDICTION	United States District Court for the Northern District of California
DECIDED	March 16, 2023
DOCKET	5:21-cv-08019-EJD
DISPOSITION	other
PROCEDURAL POSTURE	Plaintiffs appealed to federal court after removal from Santa Clara County Superior Court and asserted claims against multiple Sina Group entities and executives. The California defendants moved to dismiss for failure to state a claim, while the foreign defendants and Charles Chao moved to dismiss for lack of personal jurisdiction. Plaintiffs also sought jurisdictional discovery and leave to file supplementary materials.
STANDARD OF REVIEW	On motions challenging personal jurisdiction based on written submissions, plaintiffs must make a prima facie showing of jurisdictional facts; uncontroverted complaint allegations are accepted as true, factual disputes are resolved in plaintiffs' favor, and contradicted allegations need not be accepted. On a motion to dismiss for failure to state a claim, the court assesses whether the complaint contains sufficient factual matter to state a plausible claim and disregards conclusory allegations and bare recitals of elements.

	Decisions regarding jurisdictional discovery are reviewed as discretionary matters by the district court.
PRECEDENTIAL VALUE	unpublished district court order; persuasive authority only
PARTIES	GeoSolutions B.V., GeoSolutions Holdings N.V. v. Sina.com Online, Weibo R&D Limited, Weibo Corporation, Sina Corporation, New Wave MMXV Limited, Sina Hong Kong Limited, Beijing Sina Internet Information Service Company Ltd., Sina (Beijing) Information Technology Co. Ltd., Sina.com Technology (China) Co., Ltd., Sina Group Holding Company Limited, Charles Chao

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QUESTIONS PRESENTED

1. Whether the foreign Sina defendants were subject to general personal jurisdiction in California under an alter-ego theory.
2. Whether the foreign Sina defendants were subject to specific personal jurisdiction based on California servers, California Weibo users, or other alleged forum contacts.
3. Whether Charles Chao was subject to personal jurisdiction in California.
4. Whether plaintiffs were entitled to jurisdictional discovery.
5. Whether the complaint stated claims against the California defendants when it did not allege that they participated in the underlying misconduct.
6. Whether plaintiffs should receive leave to amend.

HOLDINGS

1. Plaintiffs failed to make a prima facie showing that the California defendants were alter egos of the foreign defendants. Allegations of a variable-interest-entity structure, common ownership, shared management, a common website, and generalized corporate-group conduct were insufficient to establish the required unity of interest.
2. Plaintiffs failed to establish specific personal jurisdiction over the foreign defendants because they did not show that their claims arose out of or related to the defendants' California contacts.
3. Charles Chao was not subject to general or specific personal jurisdiction in California.
4. Plaintiffs were not entitled to jurisdictional discovery because their request was based on no more than a hunch that discovery would yield jurisdictionally relevant facts.

5. The complaint failed to state claims against Sina.com Online and Weibo R&D Limited because it did not allege that those defendants participated in the alleged misconduct, and the complaint's alter-ego theory did not permit imputation of other entities' conduct.
6. Plaintiffs were granted leave to amend because the court could not be sure that the jurisdictional and pleading deficiencies could not be corrected.

KEY QUOTATIONS

“The jurisdictional inquiry must decouple defendants, considering whether each individual defendant has had sufficient ‘minimum contacts’ with the forum state to justify an exercise of jurisdiction over that defendant.”
(at 4)

“Plaintiffs cannot survive a motion to dismiss simply by labelling all of the Sina Group as a “VIE structure.”” (at 6)

“Where a plaintiff’s request is based on “little more than a hunch that it might yield jurisdictionally relevant facts,” jurisdictional discovery is not warranted.” (at 14)

FACTUAL BACKGROUND

GeoSolutions, a Netherlands technology company, developed location-based-services technology and the GyPSii mobile application. It entered into joint-venture and licensing arrangements with Sina-related entities, alleging that Sina entities misappropriated its technology and used it without providing agreed compensation. GeoSolutions later obtained a \$115 million arbitration award against Sina Hong Kong, although that award was subsequently set aside by the Amsterdam Court of Appeal. Plaintiffs sued numerous Sina entities and executives, alleging that the defendants operated through intertwined corporate structures and participated in the alleged misappropriation and related misconduct.

PROCEDURAL HISTORY

Plaintiffs filed suit in Santa Clara County Superior Court on March 15, 2021. The California defendants removed the action on October 13, 2021, and appearing defendants consented to removal. The district court granted all motions to dismiss, denied the requests for jurisdictional discovery and supplementary materials as moot or denied, denied the discovery-stay motion as moot, and granted leave to amend within thirty days.

DISPOSITION

other

CASES CITED

- In re W. States Wholesale Nat. Gas Antitrust Litig., 715 F.3d 716, 741 (9th Cir. 2013)
- CollegeSource, Inc. v. AcademyOne, Inc., 653 F.3d 1066, 1073 (9th Cir. 2011)
- Schwarzenegger v. Fred Martin Motor Co., 374 F.3d 797, 800-02 (9th Cir. 2004)
- Data Disc, Inc. v. Sys. Tech. Assocs., Inc., 557 F.2d 1280, 1284 (9th Cir. 1977)

- *Pebble Beach Co. v. Caddy*, 453 F.3d 1151, 1154 (9th Cir. 2006)
- *Burri Law PA v. Skurla*, 35 F.4th 1207, 1213 (9th Cir. 2022)
- *Calder v. Jones*, 465 U.S. 783, 790 (1984)
- *Panavision Int'l, L.P. v. Toeppen*, 141 F.3d 1316, 1320 (9th Cir. 1998)
- *BNSF Ry. Co. v. Tyrrell*, 581 U.S. 402, 413 (2017)
- *International Shoe Co. v. State of Washington, International Shoe Co. v. Washington*, 326 U.S. 310, 316 (1945)
- *Goodyear Dunlop Tires Operations, S.A. v. Brown*, 564 U.S. 915, 919 (2011)
- *Daimler AG v. Bauman*, 571 U.S. 117, 122, 137 (2014)
- *Ranza v. Nike, Inc.*, 793 F.3d 1059, 1070-75 (9th Cir. 2015)
- *FTC – Forward Threat Control, LLC v. Dominion Harbor Enters., LLC*, 2020 WL 5545156, at *7 (N.D. Cal. Sept. 16, 2020)
- *Cisco Sys. Inc. v. Link US, LLC*, 2019 WL 6682838, at *3 (N.D. Cal. Dec. 6, 2019)
- *Reynolds v. Binance Holdings Ltd.*, 481 F. Supp. 3d 997, 1005-07 (N.D. Cal. 2020)
- *Yih v. Taiwan Semiconductor Mfg. Co., Yih v. Taiwan Semiconductor Mfg. Co.*, 2020 WL 6290377, at *5 (N.D. Cal. Oct. 27, 2020)
- *Update.me Inc. v. Axel Springer SE*, 2018 WL 1184797, at *10 (N.D. Cal. Mar. 7, 2018)
- *Lake v. Lake*, 817 F.2d 1416, 1421 (9th Cir. 1987)
- *Burger King Corp. v. Rudzewicz, Burger King Corp. v. Rudzewicz*, 471 U.S. 462, 476-78 (1985)
- *Boschetto v. Hansing*, 539 F.3d 1011, 1016, 1020 (9th Cir. 2008)
- *Ford Motor Co. v. Montana Eighth Judicial District Court*, 141 S. Ct. 1017 (2021)
- *Yamashita v. LG Chem, Ltd.*, 2023 WL 2374776, at *5 (9th Cir. Mar. 6, 2023)
- *Brown v. Google LLC*, 525 F. Supp. 3d 1049, 1061 (N.D. Cal. 2021)
- *Ross v. Abbott Vascular Inc.*, 2020 WL 4934487, at *7 (N.D. Cal. Apr. 6, 2020)
- *Wells Fargo & Co. v. Wells Fargo Express Co.*, 556 F.2d 406, 430 n.24 (9th Cir. 1977)
- *Bell Atlantic Corp. v. Twombly*, 550 U.S. 544, 555 (2007)
- *Ashcroft v. Iqbal*, 556 U.S. 662, 678 (2009)

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