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Are product sales in a forum sufficient for personal jurisdiction in a trademark action? Not necessarily, according to an analysis of recent cases applying the Supreme Court's landmark opinion in Walden v. Fiore.

What Trademark Cases Teach Us About Personal Jurisdiction

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As defense counsel, we are all highly attuned to the issue of personal jurisdiction. If you're representing an out-of-state client in a lawsuit, one of the first questions you probably ask is whether we can dismiss for lack of personal jurisdiction.

In our practice, we've noticed some interesting developments in the law on personal jurisdiction with respect to trademark disputes. Specifically, some federal courts that analyze personal jurisdiction through the lens of trademark law have denied jurisdiction over out-of-state defendants, even when those defendants' allegedly infringing products reach the forum state. These developments may prove useful for defending out-of-state clients in lawsuits across various subject matters.

This all started with the Supreme Court's 2014 decision in *Walden v. Fiore*, which provided helpful guidance to litigants on the strict distinctions between general jurisdiction, which confers broad authority over a defendant even when a suit is unrelated to the defendant's forum contacts, and specific jurisdiction, which is a more limited authority to bring a defendant into a forum where the lawsuit's allegations concern the defendant's contacts with the forum. Previously, the Court had strictly limited the application of general jurisdiction to a defendant's "home" state in cases such as *Goodyear Dunlop Tires* and *Daimler AG*. In *Walden*, the Court turned to limiting specific jurisdiction, holding that such jurisdiction is present only where the defendant's "suit-related conduct" creates a "substantial connection" with the forum

state. 134 S. Ct. 1115, 1121 (2014). The Court also clarified that the defendant's connection with the forum must be of the defendant's own creation. *Id.* at 1122.

In certain trademark cases decided in the wake of *Walden*, an interesting trend emerges in which the specific jurisdiction inquiry narrows even further. The mere sale of products that are at issue in the trademark dispute does not, by itself, establish jurisdiction. Instead, the plaintiff must show that there is a connection between those sales and the specific activity that is alleged to violate trademark law.

For example, in *Advanced Tactical Ordnance Systems, LLC v. Real Action Paintball, Inc.*, 751 F.3d 796 (7th Cir. 2014), the Seventh Circuit considered whether a California seller of non-lethal ammunition had sufficient suit-related contacts with Indiana to exercise personal jurisdiction in a suit brought by an Indiana competitor. The allegedly infringing activity was the California defendant's advertisement on its website and through its marketing email list that suggested that the defendant was selling a brand of non-lethal ammunition that the plaintiff had, in fact, acquired. The California defendant's website was available to Indianans, its email list included Indianans, and it had fulfilled over 600 orders of the ammunition to Indiana residents. The court held that this activity was insufficiently connected to the suit, because the Indiana plaintiff failed to show that the sales in Indiana had any causal connection to the allegedly infringing advertisements. The court thus looked past mere commerce in the forum

state to determine whether that commerce was in fact connected to the defendant's conduct that violated trademark law.

Similarly, in *Cabell v. Zorro Productions, Inc.*, 155 F. Supp. 3d 1143 (W.D. Wash. 2014), the district court rejected the argument that a California licensor of trademarks for the fictional character Zorro had sufficient contacts with Washington, which is where the plaintiff, who authored a musical about Zorro, resided. Although the defendant licensed products that were distributed throughout the world, including in Washington, the activity that gave rise to the suit was the defendant's cease-and-desist letters that were sent to entities in Germany that had acquired licenses to the plaintiff's musical. This activity had no relationship to Washington. Therefore, although the defendant had some commercial connection to Washington, the specific activity that gave rise to the trademark action was not connection to that state.

And in *721 Bourbon, Inc. v. House of Auth, LLC*, 140 F. Supp. 3d 586 (E.D. La. 2015), the district court in Louisiana held that it could not exercise jurisdiction over a Connecticut defendant that sold allegedly infringing beverages, even though the defendant had a website through which the product could be purchased in Louisiana. Critically, the only actual sale in Louisiana that the plaintiff could show was initiated by an investigator hired by the plaintiff. Since "trademark claims are founded on notions of customer confusion," the court held, this purchase was clearly not the result of trademark infringement, because

the investigator knew he was purchasing a product that was not the plaintiff's.

These trademark cases provide a useful context for understanding the Supreme Court's admonishments about the limits of personal jurisdiction. For specific jurisdiction to exist, suit-related contacts cannot be mere sales in the forum state. Those sales must fit into the plaintiff's specific theory of trademark liability. In trademark cases, this typically means that the sales must be shown to result from consumer confusion over a product's origin.

The takeaway for practitioners, whether they are litigating trademark disputes or not, is that the "minimum contacts" analysis is more nuanced than whether the defendant transacted business in the forum and the plaintiff was allegedly injured there. The defendants' contacts must also play a role in the plaintiff's theory of liability for a court to exercise jurisdiction consistent with due process.

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