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Targeting of U.S. Trademarks and Copyrights by Foreign Defendants as Grounds for Personal Jurisdiction After *Walden v. Fiore* (U.S. 2014)

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Targeting of U.S. Trademarks and Copyrights by Foreign Defendants as Grounds for Personal Jurisdiction After *Walden v. Fiore* (U.S. 2014)

- Federal Long-arm Statute, Fed. R. Civ. P. 4(k)(2)
- Impact of *Walden* on jurisdiction over foreign defendants in cases of “targeting” trademarks and copyrights
- U.S. Appellate Decisions

Federal Long-arm Statute Fed. R. Civ. P. 4(k)(2)

- Authorizes jurisdiction over a defendant who does not reside in the United States and **lacks contacts with a single state** sufficient to justify personal jurisdiction, but has **enough contacts with the United States as a whole** to satisfy due process requirements.
- **Elements.** Plaintiff must prove that: **(1)** the claim arises under federal law; **(2)** the foreign defendant is not subject to the personal jurisdiction of any state court of general jurisdiction in the United States; and **(3)** the **exercise of personal jurisdiction must comply with due process.**

Federal Long-arm Statute Fed. R. Civ. P. 4(k)(2)

- **Example:** *Plixer Int'l, Inc. v. Scrutinizer GmbH* (1st Cir. 2018)
 - Maine holder of “Scrutinizer”® brought TM infringement action against German company named “Scrutinizer”
 - German company operated interactive English-language website providing cloud-based software services similar to holder's services.
 - *Held*, district court correctly denied German company's motion to dismiss.

Stream-of-Commerce Theory Rejected

- The *Plixer* court disagreed that defendant merely entered its product into the “stream of commerce” and that its contacts with the U.S. were the product of its customers' unilateral actions.
- The “stream-of-commerce” analysis applies when entities cannot predict where their products will land, and where intervening actors like distributors take the products to unforeseeable markets.
- No intervening actor could bring this defendant’s product somewhere unexpected, because the defendant’s service only went to the customers that the defendant accepted.

“Targeting the World” by Foreign Defendants

- Defendant in *Plixer* **voluntarily served U.S. customers.**
- While jurisdiction may not rest on unilateral activity of another party or a third person, defendant had **globally accessible website** that U.S. customers used to purchase and pay for defendant’s service.
- Defendant “targeted the world” by making its website globally accessible
- “Supreme Court precedent does not establish specific targeting of a forum as the only means of showing that the purposeful availment test has been met.”

Regular Course of U.S. Sales by Foreign Defendants

- In *Plixer*, Defendant's "**regular flow or regular course of sales**" in the United States showed that it **purposefully availed** itself of the U.S. forum.
- **Exact percentage not required.** No evidence re what percentage of defendant's business came from the U.S., but defendant used its website to obtain U.S. customer contracts yielding nearly **\$200,000 in business over three-and-a-half years.**
- "[N]ot a situation where a defendant merely made a website accessible in the forum."

Burden of Cross-Atlantic Travel

- **Cost of Doing Business.** “[M]ounting an out-of-state defense most always means added trouble and cost,” and modern travel “creates no especially ponderous burden for business travelers.” *Plixer Int’l, Inc. v. Scrutinizer GmbH*, 905 F.3d 1, 12 (1st Cir. 2018). A defendant hoping to show that travel burdens should make the difference must show that those burdens are “**special or unusual.**”
- **Logistics.** Many logistical challenges “can be resolved through the use of **affidavits and video devices.**”
- **Public Policy.** *Held*, U.S. has interest in adjudicating application of U.S. trademark law where minimum contacts are otherwise established, and “the interests of the plaintiff and the forum in the exercise of jurisdiction will justify **even the serious burdens placed on the alien defendant.**”

Impact of *Walden v. Fiore* (U.S. 2014) on Foreign Defendants

- *Walden* allows for continued relevance of “targeting” in TM and © cases but interacts with Rule 4(k)(2) for foreign defendants
- Nevada residents in *Walden* were returning from a gambling trip to Puerto Rico w/ \$97k in cash. DEA seized their cash during a changeover in Georgia.
- Plaintiffs claimed the DEA agent drafted a false affidavit for forfeiture. Cash was returned to plaintiffs.
- Plaintiffs sued in Nevada for 4th Amendment violation. *Held*, no personal jurisdiction. “[N]one of the ... challenged conduct had anything to do with Nevada itself.”

Rule 4(k)(2) May Support Jurisdiction Over Foreign Defendant Without Reference to *Walden*

- E.g., online pornographer brought copyright infringement claim against foreign website operators, alleging that their display of videos, which Plaintiff offered for a fee, resulted in lost profits and reputational damage. Majority of defendants' revenue was generated in the United States. **Held, jurisdiction was sufficiently pleaded under Rule 4(k)(2).** *Hydentra HLP International Ltd. v. Sagan Ltd.*, 783 Fed. Appx. 663 (9th Cir. 2019).
- *Accord, Universal Music MGB NA LLC v. Quantum Music Works, Inc.*, 769 Fed.App'x 445, 446 (9th Cir. 2019) (running an “**English-language website which allow[s] and promote[s] the transaction of business within the United States, ... and encourage[s] users to enter into contracts ... that involve the knowing and repeated transmission of computer files over the Internet**” suggests defendants **expressly aimed** their conduct **towards the United States as a whole**); *Reflex Media, Inc. v. SuccessfulMatch.com*, 2:18-cv-00259-GMN-EJY, 2020 WL 8459143 (D. Nev. Dec. 29, 2020).

Jurisdiction May be Available Under Rule 4(k)(2) But Not *Walden*

- **Example:** *Reflex Media, Inc. v. SuccessfulMatch.com*, 2:18-cv-00259-GMN-EJY, 2020 WL 8459143 (D. Nev. Dec. 29, 2020) (recommending default judgment)
- **Internet advertising alone cannot establish jurisdiction.** Defendants operate sponsoring websites using plaintiffs' TMs directing to websites and dating services. Defendants advertise, market, and sell infringing products and services throughout Nevada, but **"no court has ever held that an Internet advertisement alone is sufficient to subject the advertiser to jurisdiction in the plaintiff's home state."**
- **No evidence** that advertising was **expressly aimed** towards Nevada, or that Defendants **encouraged residents to access** infringing links, or that any part of Defendants' businesses were achieved in Nevada.
- **No evidence** that any resident **signed up** for the services, that Defendants entered into **contracts**, made **sales** or **earned income** from Nevada, or sent **messages** over the Internet to Nevada. **Held, jurisdiction not established under *Walden* - but established under Rule 4(k)(2).**

Impact of *Walden* on Foreign Defendants

- **Example:** *C5 Medical Werks, LLC v. Ceramtec GmbH*, 937 F.3d 1319 (10th Cir. 2019) (**Merely interacting with a plaintiff known to bear a strong connection to the forum state is not enough to establish jurisdiction**).
- U.S. equipment producer sued German competitor seeking cancellation of its trademark registrations and declaration of non-infringement. *Held, no jurisdiction despite* defendant's -
 - attendance at three national industry **conferences** in Colorado,
 - seizure of plaintiffs' goods in **France**, or
 - **cease-and-desist letter** sent to plaintiff in Colorado.
- **See also** *Parker v. Winwood* (6th Cir. 2019) (no jurisdiction in copyright infringement action against UK defendant, holding claim foreclosed by *Walden*)

Individualized Targeting No Longer Sufficient

- **Example:** Natural food company sued Chinese wholesale manufacturer of health food and UK subsidiary for copyright infringement. *Axiom Foods, Inc. v. Acerchem Int'l, Inc.*, 874 F.3d 1064 (9th Cir. 2017)
- UK defendant sent newsletter to 343 email addresses incorporating the plaintiff's logos including 53 representatives of California companies.
- Most recipients were in Europe, no more than ten were in CA.
- Held, "[W]hile the defendant's conduct might have constituted "individual targeting" prior to *Walden*, "individualized targeting" is no longer sufficient . . . [absent] a sufficient connection between the defendant and the forum.

Impact of *Walden* on Foreign Defendants

- **Example:** *AMA Multimedia, LLC v. Wanat*, 970 F.3d 1201 (9th Cir. 2020). Online pornographer sued adult website for © and TM infringement. *Held*, no jurisdiction where defendant **did not charge visitors** and generated revenue solely through **geo-located advertising**, even though defendant -
 - registered the domain names through a **U.S. registrar**, but from Poland using a Polish version of the register's website;
 - contracted with **American domain name server** that translating its domain names into Internet Protocol addresses; but
 - never **visited** the United States,
 - never paid **taxes** in the United States,
 - had no U.S. **visa**, never derived **profit** from activities in the U.S., and
 - never maintained any offices or agents in the United States.

Geolocated Advertising by Foreign Defendants

- **Other Example:** *Triple UP v. Youku Tudou, Inc.*, No. 17-7033, 2018 WL 4440459 (D.C. Cir. July 17, 2018) (no jurisdiction where plaintiff's claims did not arise out of third-party advertisements)
- **Compare:** *UMG Recordings, Inc. v. Kurbanov*, 963 F.3d 344 (4th Cir. 2020), *cert. denied*, 141 S.Ct. 1057 (2021) (holding jurisdiction supported by third-party advertising)
- See Google, How AdSense Works, <https://support.google.com/adsense/answer/6242051?hl=en> (last visited April 19, 2021).

“Terms of Service” at Foreign Defendant’s Website

- *AMA Multimedia* (9th Cir. 2020) **rejected plaintiff’s argument** that the “terms of service” at defendant’s website established contracts with U.S. residents because anyone who joined the site assented to them.
- Whether or not they constituted a contract, it **did not evince the defendant’s effort to target the U.S. market.**
- Any dispute with U.S. residents arising out of the performance of the terms of service could create specific jurisdiction in the United States for violation of those terms, but **plaintiff did not allege violations of the terms of service.**
- Use of a U.S.-based DNS provider did not evidence targeting of the U.S. because the **U.S. was not the “the focal point”** of the website “and of the harm suffered.” *Held, no jurisdiction.*

UMG Recordings, Inc. v. Kurbanov, 963 F.3d 344 (4th Cir. 2020)

- Jurisdiction established in case of alleged copyright targeting.
- Record companies sued Russian website operator residing in Russia.
- Defendant's websites offered "stream-ripping" enabling extraction of audio tracks from videos on various platforms and conversion into a downloadable format.
- A large portion of the streams ripped using the defendant's websites was derived from YouTube videos.
- *Held*, jurisdiction established.

Trademark Targeting Continues to Support Nationwide Jurisdiction Over Foreign Defendants *After Walden*

- **Example:** *Ayla, LLC v. Alya Skin Pty. Ltd.*, 11 F.4th 972 (9th Cir. 2021). Beauty and wellness brand sued Australian skin care company for TM infringement in sale of beauty supplies. District court granted motion to dismiss; *held, reversed*. **District court had nationwide jurisdiction under Rule 4(k)(2) where defendant -**
 - promoted infringing product by references aimed at Americans, including Google Adwords
 - advertised on Instagram with the words “ATTENTION USA BABES...”
 - advertised Black Friday sales
 - advertised that its products were featured in American magazines
- **Volume of sales.** Cites *Keeton v. Hustler Magazine, Inc.*, 465 U.S. 770, 781 (1984) (upholding jurisdiction over nonresident with nationwide audience –defendant should reasonably anticipate an action “**wherever a substantial number of copies are regularly sold and distributed**”).

Summary

- Nationwide jurisdiction over foreign nationals targeting U.S. trademarks and copyrights continues to be available after *Walden* under Rule 4(k)(2), even where jurisdiction is unavailable under *Walden*
- *Walden* may nevertheless preclude jurisdiction over foreign nationals in the absence of sufficient connection between defendant and the U.S.

APPENDIX

Jurisdiction Over Foreign Defendants in IP Targeting Cases By Circuit

1st Cir.

- Jurisdiction established
 - *Plixer International, Inc. v. Scrutinizer GmbH*, 905 F.3d 1 (1st Cir. 2018)
- Not established
 - *Motus, LLC v. CarData Consultants Inc.*, 520 F.Supp.3d 87 (D.Mass. 2021), *aff'd*, 23 F.4th 115, 111 Fed.R.Serv.3d 1189 (1st Cir. 2022)

Jurisdiction Over Foreign Defendants in IP Targeting Cases 2nd Cir.

- **Jurisdiction established**

- *IdeaVillage Products Corp. v. Shenzhen City Poly Hui Foreign Trade Co., Ltd.*, 17-CV-8704 (JGK) (BCM), 2019 WL 12339638 (S.D.N.Y. Dec. 12, 2019)*
- *IdeaVillage Products Corp. v. Siuzhou Weimao Mobile Accessory Co., Ltd.*, 20 CV 4997-LTS, 2021 WL 3621788 (S.D.N.Y. Aug. 16, 2021)
- *Zuru (Singapore) Pte., Ltd. v. Individuals Identified on Schedule A*, 1:21-cv-08102-VEC, 2021 WL 4803773

- **Not established**

- *American Girl, LLC v. Zembrka*, 1:21-cv-02372 (MKV), 2021 WL 1699928 (S.D.N.Y. April 28, 2021);
- *Beijing Daddy's Choice Science and Technology Co., Ltd. v. Pinduoduo Inc.*, 18 Civ. 6504 (NRB), 2019 WL 3564574 (S.D.N.Y. Aug. 6, 2019)

Jurisdiction Over Foreign Defendants in IP Targeting Cases 4th Cir.

- Jurisdiction established
 - *UMG Recordings, Inc. v. Kurbanov*, 963 F.3d 344 (4th Cir. 2020)
- Not established
 - *Epic Games, Inc. v. Shenzhen Tairuo Technology Co., Ltd.*, 5:21-CV-224-FL, 2022 WL 894243 (E.D.N.C. March 25, 2022)

Jurisdiction Over Foreign Defendants in IP Targeting Cases 5th Cir.

- Jurisdiction established

- *Teso LT, UAB v. Luminati Networks Ltd.*, 2:20-CV-00073-JRG, 2020 WL 7364606 (E.D.Tex. Dec. 15, 2020)

Jurisdiction Over Foreign Defendants in IP Targeting Cases 6th Cir.

- Jurisdiction not established
 - *Parker v. Winwood*, 938 F.3d 833 (6th Cir. 2019)

Jurisdiction Over Foreign Defendants in IP Targeting Cases 7th Cir.

- **Jurisdiction established**
 - *Ouyeinc Ltd. v. 1 Baaaai*, 1:20-cv-03488, 2021 WL 4146892 (N.D.Ill. Sept. 13, 2021)
 - *Ouyeinc Ltd. v. Alucy*, No. 20 C 3490, 2021 WL 2633317 (N.D.Ill. June 25, 2021)
- **Not established**
 - *American Bridal & Prom Industry Association, Inc. v. The Partnerships and Unincorporated Associations Identified on Schedule A*, 192 F.Supp.3d 924, N.D. Ill. June 29, 2016)

Jurisdiction Over Foreign Defendants in IP Targeting Cases 8th Cir.

- Jurisdiction established
 - *DURAG Inc. v. Kurzawski*, 17-cv-5325 (ECT/HB), 2020 WL 2112296 (D.Minn. May 4, 2020)
 - *Hazelden Betty Ford Foundation v. My Way Betty Ford Klinik GmbH*, 504 F.Supp.3d 966 (D.Minn. Dec. 1, 2020)

Jurisdiction Over Foreign Defendants in IP Targeting Cases 9th Cir.

- **Jurisdiction established**

- *AMA Multimedia LLC v. Sagan Limited*, CV-16-01269-PHX-DGC, 2020 WL 5988224 (D.Ariz. Oct. 9, 2020)
- *Ayla, LLC v. Alya Skin Pty. Ltd.*, 11 F.4th 972 (9th Cir. 2021)
- *Bittorrent, Inc. v. Bittorrent Marketing GMBH*, 12-cv-02525-BLF, 2014 WL 5773197 (N.D. Cal. Nov. 5, 2014)
- *Cadence Design Systems, Inc. v. Syntronic AB*, 21-cv-03610-SI, 2021 WL 4222040 (N.D. Cal. Sept. 16, 2021)
- *Hydentra HLP Int. Limited v. Sagan Limited*, 783 Fed.App'x 663, 665 (9th Cir. 2019)
- *Levi Strauss & Co. v. J. Barbour & Sons Ltd.*, 3:18-cv-03540-WHO, 2019 WL 1117533 (N.D. Cal. March 11, 2019)*
- *Reflect Media, Inc. v. Luxy Limited*, 2:20-cv-00423-RGK-KS, 2021 WL 945248 (C.D.Cal. Feb. 5, 2021)
- *Reflex Media, Inc. v. SuccessfulMatch.com*, 2:18-cv-00259-GMN-EJY, 2020 WL 8459143 (D. Nev. Dec. 29, 2020)*
- *Talavera Hair Products, Inc. v. Taizhou Yunsung Electrical Appliance Co., Ltd.*, 18-cv-823 JLS (JLB), 2021 WL 3493094 (S.D.Cal. Aug. 6, 2021)*
- *Third Estate LLC v. Cultivation, Ltd.*, CV 14-05125 MWF(JPRx), 2015 WL 12426153 (C.D. Cal. Oct. 23, 2015)

Jurisdiction Over Foreign Defendants in IP Targeting Cases 9th Cir.

- **Not established:**

- *42 Ventures, LLC v. Rend*, 20-cv-00228-DKW-WRP, 2020 WL 6257069 (D.Haw. Oct. 23, 2021)
- *AirWair International Ltd. v. Fewstone Pty Ltd. Eyeglasses*, 19-cv-06332-SI, 2020 WL 820286 (N.D. Cal. Feb. 19, 2020)
- *Alejandro Fernandez Tinto Pesquera, S.I v. Fernandez Perez*, 20-CV-02128-LHK, 2021 WL 254193 Slip Copy (N.D. Cal. Jan. 26, 2021)
- *AMA Multimedia, LLC v. Wanat*, 970 F.3d 1201 (9th Cir. 2020)
- *Axiom Foods, Inc. v. Acerhem Int'l, Inc.*, 874 F.3d 1064 (9th Cir. 2017)
- *Beatport LLC v. SoundCloud Ltd*, CV 19-847 MRW, 2020 WL 3977602 (C.D. Cal. July 13, 2020)
- *CrossFit, Inc. v. Fitness Trade sp. z o.o.*, 18-CV-2903-CAB-BLM, 2020 WL 6449155 (S.D. Cal. Nov. 2, 2020)
- *FITn40, LLC v. Glanbia Nutritionals (Ireland) Limited*, 2:20-cv-00871-JNP-DAO, 2022 WL79910 (D.Utah Jan. 7, 2022)
- *HB Productions, Inc. v. Faizan*, 19-00487 JMS-KJM, 2020 WL 6784347 (D.Haw. Nov. 18, 2020)

Jurisdiction Over Foreign Defendants in IP Targeting Cases 9th Cir.

- **Not established (cont.)**
 - *Maxim v. Guangzhou Netease Computer System Co., Ltd.*, 2:20-cv--11331-AB-JC Maxim, 2021 WL 4839579 (C.D.Cal. Aug. 11, 2011)
 - *MGA Entertainment, Inc. v. Cabo Concepts Limited*, CV 20-10170 FMO (JPRx), 2021 WL 4733784 (C.D.Cal., June 7, 2021)
 - *RUNWAY TV, LLC v. De Gray*, CV 18-2503 FMO (JCx), 2018 WL 6314145 (C.D. Cal. July 16, 2018)
 - *Triple Up Ltd. v. Youku Tudou Inc.*, No. 17-7033, 2018 WL 4440459 (D.C. Cir. July 17, 2018) (unpublished).
 - *Voodoo SAS v. SayGames LLC*, 19-cv-07480-BLF, 2020 WL 3791657 (N.D.Cal. July 7, 2020)
 - *Wargaming.net Limited v. Blitzteam LLC*, CV 20-02763-CJC(MRWx), 2021 WL 3619956 (C.D.Cal. Jan. 20, 2021)
 - *Werner v. Dowlatsingh*, 818 Fed.Appx. 671 (9th Cir. 2020)
 - *Will Co. Ltd. v. Lee*, C20-5802 BHS, 2021 WL 2682642 (W.D.Wash. June 30, 2021)

Jurisdiction Over Foreign Defendants in IP Targeting Cases 10th Cir.

- **Jurisdiction established**

- *APS Biogroup v. Sterling Technology*, 19-cv-02952-RM-MEH, 2020 WL 6118751 (D.Colo. April 6, 2020)

- **Not established**

- *C5 Medical Werks, LLC c. Ceramtec GmbH*, 937 F.3d 1319 (10th Cir. 2019)
- *Growcentia, Inc. v. Jemie B.V.*, 20-cv-2619-WJM-NYW, 2021 WL 3510764 (D.Colo. Aug. 10, 2021)

Jurisdiction Over Foreign Defendants in IP Targeting Cases 11th Cir.

- Jurisdiction established
 - *easyGroup Ltd. v. Skyscanner, Inc.*, 20-20062-CIV-Altonaga/Goodman, 2020 WL 5500695 (S.D. Fla. Sept. 11, 2020)
 - *High Tech Pet Products, Inc. v. Shenzhen Jianfeng Electronic Pet Product Co., Ltd.*, 6:14-cv-759-Orl-22TBS, 2015 WL 926048 (M.D. Fla. Feb. 12, 2015)
 - *Max's Creations, Inc. v. Individuals Identified on Schedule "A,"* 21-cv-22920-BLOOM/Otazo-Reyes, 2021 WL 4307189 (S.D.Fla. Sept. 22, 2021)

Jurisdiction Over Foreign Defendants in IP Targeting Cases D.C. Cir.

- Jurisdiction established
 - *Brightwell Dispensers Limited v. Dongguan Isce Sanitary Ware Industrial Co., Ltd.*, 17-civ-1783 (KBJ), 2019 WL 7037493 (D.D.C. Dec. 20, 2019)

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- Adam R. Kleven, *Minimum Virtual Contacts: A Framework for Specific Jurisdiction in Cyberspace*, 116 Mich. L. Rev. 785, 800 (2018) (proposing a broadening of the scope of personal jurisdiction)
- Allan Erbsen, *Personal Jurisdiction Based on the Local Effects of Intentional Misconduct*, 57 Wm. & Mary L. Rev. 385 (2015)
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Thank You

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