

PATTISHALL

insights

JULY 2015

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Virtual Minimum Contacts: Where Does Personal Jurisdiction Attach Through Internet-Based Activities?

By Janet A. Marvel

“ THE PROPER INQUIRY IS “WHETHER THE DEFENDANT’S ACTIONS CONNECT HIM TO THE FORUM.” “THE PLAINTIFF CANNOT BE THE ONLY LINK BETWEEN THE DEFENDANT AND THE FORUM.” ”

– *Walden v. Fiore*
134 S.Ct. 115 (2014).

The Supreme Court recently decided *Walden v. Fiore*,¹ a case about personal jurisdiction that expressly avoided the issue of “whether a defendant’s ‘virtual presence’ and conduct translate into ‘contacts’ with a particular State.” Despite that limitation, lower courts have used *Walden* to deal with the virtual contacts issue. The issue is still muddy, but at least in the Seventh Circuit, personal jurisdiction is now harder to prove. In a counterfeiting case, jurisdiction is often asserted based on plaintiff’s orders from defendant’s web site and receipt of counterfeit items in plaintiff’s jurisdiction. *Walden* raises the question of whether the defendant’s *shipment* of goods ordered by plaintiff is evidence of minimum contacts, or whether the plaintiff’s *order* of goods created the only connection between the defendant and the forum.

In *Walden*, a Georgia police officer in Atlanta’s international airport seized \$97,000 in cash from two individuals flying from Puerto Rico to Las Vegas. The officer submitted a false affidavit to the Georgia Attorney General alleging probable cause for the seizure. Eventually the cash was returned to plaintiffs, who then sued in Nevada federal court for unlawful search and seizure.

The Ninth Circuit held the district court had personal jurisdiction because the false affidavit was “expressly aimed” at Nevada, where *Walden* knew that the plaintiffs lived, and where he should have foreseen that the plaintiffs would suffer injury.

The Supreme Court reversed, holding the contacts too attenuated to establish jurisdiction. The proper inquiry is “whether the *defendant’s* actions connect him to the *forum*.” “The plaintiff cannot be the only link between the defendant and the forum.” The defendant conducted the search, wrote the affidavit, and sent it to the Attorney General, all in Georgia. The fact that he knew plaintiffs were going to Nevada, where the seizure would cause foreseeable harm, was not sufficient to establish minimum contacts with Nevada that were a result of the *defendant’s* conduct.

1. 134 S.Ct. 115 (2014).

“ INTERACTIVITY
OF A WEBSITE...
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– *Advanced Tactical
Ordnance Sys., LLC v. Real
Action Paintball, Inc.*,
751 F.3d 796 (7th Cir. 2014).

The Seventh Circuit explored *Walden’s* impact in an Internet case. In *Advanced Tactical Ordnance Sys., LLC v. Real Action Paintball, Inc.*,² Advanced Tactical manufactured and sold PepperBall branded “projectile irritants” for the police, among others. Real Action, a California company, purchased the projectiles from a former distributor, and announced via email and its website that it had acquired the “materials once used by PepperBall.” Advanced Tactical sued Real Action for, among other things, trademark infringement. Advanced Tactical alleged personal jurisdiction under Indiana’s long-arm statute, pointing out that Real Action’s email reached customers in Indiana, and that Real Action had made at least one sale to an Indiana resident.

The Seventh Circuit held the district court lacked personal jurisdiction. The “relevant contacts are those that center on the relations among the defendant, the forum, and the litigation,” and Advanced Tactical failed “to link [Real Action’s] few sales to Real Action’s litigation-specific activity.” Even if Advanced Tactical had made the link, “it is unlikely that those few sales, without some evidence linking them to the allegedly tortious activity, would make jurisdiction proper.... To hold otherwise would mean that a plaintiff could bring suit in literally any state where the defendant shipped at least one item.” In the wake of *Walden*, “there can be no doubt that ‘the plaintiff cannot be the only link between the defendant and the forum.’”

The court also noted that the Supreme Court “has not definitively answered how a defendant’s online activity translates into ‘contacts’ for purposes of the ‘minimum contacts’ analysis.” When the contact in question is the receipt of an email, the “connection between the place where an email is opened and a lawsuit is entirely fortuitous.” “We are not prepared to hold that this alone demonstrates that a defendant made a substantial connection to each state (or country) associated with those persons’ ‘snail mail’ addresses.” In addition, “interactivity of a website is also a poor proxy for adequate in-state contacts.” The court remanded with instructions to vacate the preliminary injunction and dismiss the complaint.

The bottom line is that the Seventh Circuit wants more evidence to establish jurisdiction than an interactive website, emails, and a few sales. At one time, a single sale to the plaintiff might have been enough to establish jurisdiction.³ In other cases, websites interactivity may have been enough.⁴ Now, at least in the Seventh Circuit, neither is enough.

Sometimes, especially in counterfeiting cases, plaintiffs cannot identify the defendant’s location. Plaintiffs may have nothing else to go on to establish jurisdiction, other than their own product orders from defendants’ interactive web sites. Unfortunately, under *Advanced Tactical*, that may be insufficient. In that circumstance, plaintiffs might order goods over a period of time in order to establish defendant’s continuous or systematic course of dealing in the jurisdiction. At the very least, this should establish a good faith basis for alleging jurisdiction. If challenged, plaintiff may uncover more supporting facts (such as third party sales) in limited discovery on the issue of personal jurisdiction. ■

2. 751 F.3d 796 (7th Cir. 2014).

3. See *Chloe v. Queen Bee of Beverly Hills, LLC*, 616 F.3d 158, 170 (2d Cir. 2010) (surveying case law and noting defendant’s “single act of shipping a counterfeit Chloe bag might well be sufficient, by itself, to subject him to the jurisdiction of a New York court;” although in *Chloe*, other facts also militated in favor of personal jurisdiction); *Furminator, Inc. v. Wabba*, 2011 WL 3847390 (E.D. Mo. Aug. 29, 2011) (finding specific jurisdiction over defendants based on their sale of counterfeit goods over EBay and Amazon); *Sioux Pharm., Inc. v. Summit Nutritionals, Inc.*, 859 N.W.2d 182 (Iowa 2015) (“We need not and do not decide if a single sale to the plaintiff by itself could support specific jurisdiction in an unfair-competition action”).

4. *Licciardello v. Lovelady*, 544 F.3d 1280 (11th Cir. 2008); *Zippo Mfg. Co. v. Zippo Dot Com*, 952 F. Supp. 1119 (W.D. Pa. 1997).

firm UPDATE, HONORS & AWARDS

APPOINTMENTS

■ Phillip Barengolts

Phil has been reappointed to the Continuing Legal Education Board of the ABA Section of Intellectual Property Law. He has also been appointed Chair of the IPL Section's Trademarks and the Internet Committee. Phil is also continuing to Chair the Copyright Committee of the Intellectual Property Law Association of Chicago.

■ Ashly Boesche



Ashly has been elected to the Chicago Bar Association Board of Managers, and to the Chicago-Kent Alumni Board.

■ Jessica A. Ekhoﬀ

Jessica, who acts as a Volunteer for Lawyers for the Creative Arts, has been appointed an Associate Member of the LCA Board. Jessica has also been appointed a Vice-Chair of the CBA's Intellectual Property Committee for 2015-16.

■ Jonathan S. Jennings

Jonathan was appointed Vice Chair of the ABA IPL Section's Sponsorship Committee, and reappointed as the Section's Liaison to the Forum on Franchising.

■ Robert W. Sacoff



The ABA Section of Intellectual Property Law has re-appointed Bob as its Liaison to AIPPI, for 2015-16, and the AIPPI U.S. Group has appointed Bob to its 2015 Nominating Committee.

PRESENTATIONS

■ Phillip Barengolts

Phil will speak on bad faith trademark registrations at the Intellectual Property Owners Annual Meeting on September 28 in Chicago. Phil spoke to the INTA Emerging Issues Committee on "Protection of Fictional Trademarks" on May 3 at the INTA Annual Meeting in San Diego.

■ Jonathan S. Jennings

On July 21, Jonathan spoke on "Rights of Publicity and Brand Promotion via Social Media: Navigating the Complexities" as part of a Strafford Live CLE webinar.

■ Belinda J. Scrimenti

Belinda moderated a Table Topic at the INTA Annual Meeting in San Diego on May 5, on the topic "Could Color Alone be a Meaningful Marketing Tool? What Conditions Are Required and In Which Situations?"

PUBLICATIONS

■ Seth I. Appel



Seth's case note, "TTAB opposition proceeding may dictate outcome of trademark infringement action, under U.S.

Supreme Court's *B & B Hardware* decision," was published in the April edition of *AIPPI e-News*.

■ Ashly Boesche

Ashly co-authored "Trademark Tips: Seven Experts Share Their Secrets," which was published in the May/June issue of the ABA IPL Section's *Landslide Magazine*.

■ Jonathan S. Jennings

Jonathan's article, "U.S. Supreme Court Weighs in on Trademark Law and Procedure," was published in the May 28th edition of the *Chicago Daily Law Bulletin*.

NOTEWORTHY

The Legal 500 United States

Pattishall McAuliffe has been recognized for its experience in trademark litigation, singling out Phillip Barengolts, Thad Chaloehtiarana, Bradley L. Cohn, David C. Hilliard and Jonathan S. Jennings.

Chevalier de la Légion d'Honneur

Brett A. August, as previously announced separately, has been named a Chevalier de la Légion d'Honneur for his work with the French-American community in Chicago.

Global Law Experts (GLE)

Robert M. Newbury has been named "IP Attorney of the Year in Illinois," and Brett A. August has been named "Brand Protection Attorney of the Year in Illinois," for 2015.

Leading Lawyers

Brett A. August, Thad Chaloehtiarana, Bradley L. Cohn, David C. Hilliard, Jonathan S. Jennings, Robert W. Sacoff and Joseph N. Welch II have been recognized as Leading Lawyers in the State of Illinois.

Who's Who Legal: Trademarks 2015

David C. Hilliard, Robert W. Sacoff, Belinda J. Scrimenti and Joseph N. Welch II have been named as being among the world's leading trademark lawyers.



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