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Online Sellers Ship Everywhere; Are There Any Limits On Where They Can Be Sued?

By Jacquelyn Prom



With the ubiquity of e-commerce, the issue has bedeviled and divided the federal courts: Is a single sale to a customer in a particular state enough to allow the online seller to be sued in that state? It depends which court you ask. The case law illustrates how federal courts in different locations have reached conflicting conclusions on this question.

Most recently, the Ninth Circuit said "yes" in *Herbal Brands, Inc. v. Photoplaza, Inc.*, explaining that a single online sale into a state could be sufficient to establish specific personal jurisdiction if that sale was made in the defendant's course of regular business. 72 F.4th 1085 (9th Cir. 2023), *cert. denied*, No. 23-504, 2024 WL 218786 (U.S. Jan. 22, 2024). This aligns with the Second and Seventh Circuits. The Fifth and Eighth Circuits, on the other hand, have held that a single online sale is nothing more than a random or isolated contact, and is *not* sufficient to form the "minimum contacts" necessary to establish specific personal jurisdiction in a state.

The result is a federal Circuit Court of Appeals split, and a forum shopper's delight.

A Single Sale Can Establish Personal Jurisdiction in the Second, Seventh, and Ninth Circuits

Ninth Circuit

In *Herbal Brands, Inc. v. Photoplaza, Inc.*, Herbal Brands filed a lawsuit in federal district court in Arizona against seven defendants, all of which were based in New York. 72 F.4th 1085 (9th Cir. 2023), *cert. denied*, No. 23-504, 2024 WL 218786 (U.S. Jan. 22, 2024). Herbal Brands, based in Arizona, sells its health and wellness products directly to consumers or through authorized sellers. *Id.* at 1088. Herbal

Brands discovered the Defendants – who were not authorized sellers – were selling Herbal Brands products on Amazon. *Id.* at 1088. Defendants were participants in the “Fulfillment by Amazon” service, meaning they owned the products and stored them in Amazon fulfillment centers, but Amazon processed, packed, and shipped orders without Defendants’ involvement. *Id.*

After discovering that the Defendants were selling Herbal Brands products via Amazon storefronts, Herbal Brands sent cease-and-desist letters to the Defendants, informing them that Herbal Brands was based in Arizona and that the Defendants’ sales harmed Herbal Brands in Arizona. When Defendants did not remove the Herbal Brands products from their Amazon storefronts, Herbal Brands sued them in Arizona.

Defendants moved to dismiss for lack of personal jurisdiction, arguing they did not expressly aim their conduct at Arizona. The Ninth Circuit Court of Appeals disagreed, finding the Defendants expressly aimed their conduct at Arizona because, in their regular course of business, they sold a physical product via an interactive website and caused that product to be delivered into Arizona. *Id.* at 1093. Even though Amazon fulfilled and shipped the orders, that did not impact the court’s jurisdictional analysis: “Although Defendants are removed from the process of handling orders, the use of Amazon’s fulfillment service to handle shipping logistics does not alter our jurisdictional analysis any more than a seller’s use of the post office to ship its products would affect the inquiry.” *Id.* at 1092, n. 4.

Interestingly, the actual number of sales the defendants had made into Arizona was unknown. *Id.* at 1089. Nevertheless, the Ninth Circuit explained that specific personal jurisdiction does not depend on the number of sales made to customers in that state: “If one sale were not enough to establish that a defendant expressly aimed its conduct at a forum, we would face the difficult question of how many sales would suffice. The same challenges would exist if we were to attempt to craft a rule based on sales to the forum as a percentage of a defendant’s total sales.” *Id.* at 1095. Instead, the Ninth Circuit simply stated that the sale must occur in the defendant’s “regular course of business.” *Id.*

The takeaway is that a single sale into the states within the Ninth Circuit, namely, Alaska, Arizona, California, Hawaii, Idaho, Montana, Nevada, Oregon, and Washington, could be sufficient to establish specific personal jurisdiction in that state.

Second Circuit

The same is true in the Second Circuit. In *Chloé v. Queen Bee of Beverly Hills, LLC*, the Second Circuit Court of Appeals held the defendant’s conduct was purposefully directed at New York because the defendant had shipped at least one allegedly counterfeit bag to New York and offered allegedly counterfeit bags for sale on its nationally accessible website. 616 F.3d 158 (2d Cir. 2010).

The court also considered the fact that the defendant had shipped 52 other bags into New York that were unrelated to the plaintiff’s claims. Even though these sales were unrelated to the infringement claim at issue, the Second Circuit reasoned that they showed that defendant’s sale of a single allegedly counterfeit Chloé bag was not a “‘one-off transaction,’ but rather part of a larger business plan purposefully directed at New York consumers.”

Id. at 167 (internal citation omitted).

Seventh Circuit

Similarly, in *NBA Properties, Inc. v. HANWJH*, the Seventh Circuit Court of Appeals held the defendant had purposefully availed itself of the Illinois market because it sold a single pair of allegedly counterfeit shorts on Amazon to an Illinois resident. 46 F.4th 614 (7th Cir. 2022), *cert. denied*, 143 S. Ct. 577 (2023).

The court reasoned that the defendant, by setting up its online Amazon store, had “unequivocally asserted a willingness to ship goods to Illinois and established the capacity to do so.” *Id.* at 624. Even though the defendant had only sold one allegedly counterfeit product into Illinois, the Seventh Circuit refused to establish a bright-line rule that a single transaction cannot be sufficient to establish jurisdiction. *Id.* at 624. The Court explained: “The question is not whether the plaintiff purchased enough goods to subject the defendant to personal jurisdiction. The focus is whether [defendant] purposefully directed its conduct at Illinois.” *Id.* at 625.

The defendant also argued that jurisdiction had been manufactured by the plaintiff, and shouldn’t count, because the only sale into Illinois was to the plaintiff’s investigator. The Seventh Circuit disagreed, stating it was irrelevant to the question of whether the defendant had established sufficient contacts to sell its products to Illinois residents. *Id.* at 624.

The takeaway from *NBA Properties, Inc. v. HANWJH* is that a single online sale to a state that falls within the Seventh Circuit may be sufficient to establish personal jurisdiction, even if that sale was “manufactured” by the plaintiff.

TWO FEDERAL COURT OF APPEAL CIRCUITS – THE FIFTH AND THE EIGHTH – HAVE COME TO THE OPPOSITE CONCLUSION: THAT A SINGLE ONLINE SALE IS NOT SUFFICIENT TO ESTABLISH SPECIFIC PERSONAL JURISDICTION

A Single Online Sale May Not Be Sufficient in the Fifth and Eighth Circuits

Two federal Court of Appeal Circuits – the Fifth and the Eighth – have come to the opposite conclusion: that a single online sale is not sufficient to establish specific personal jurisdiction.

Eighth Circuit

In *Bros. & Sisters in Christ, LLC v. Zazzle, Inc.*, the Eighth Circuit Court of Appeals held there was no specific personal jurisdiction in Missouri, finding Zazzle had not expressly aimed its conduct into Missouri, despite the fact that its website was nationally accessible and Zazzle had sold one allegedly infringing t-shirt to a Missouri resident. 42 F.4th 948 (8th Cir. 2022)

Unlike the Second Circuit in *Chloé*, the Eighth Circuit refused to consider all of Zazzle's contacts with Missouri, but rather considered only those that were related to the trademark infringement claim at issue. *Id.* at 953. This left just a "single suit-related contact in Missouri." *Id.* at 953. The Eighth Circuit held this was not sufficient to establish that Zazzle had expressly aimed its conduct at Missouri. *Id.* at 953. Rather, the court held that the Missouri contacts were merely "random, isolated, or fortuitous," and thus, Missouri lacked specific personal jurisdiction over the defendant. *Id.* at 953

Fifth Circuit

Similarly, in *Admar Int'l, Inc. v. Eastrock, LLC*, the Fifth Circuit Court of Appeals held there was no specific personal jurisdiction where defendant had sold and shipped a single accused product to a Louisiana resident. 18 F.4th 783 (5th Cir. 2021).

Defendant's products were generally available on the its nationally accessible website, as well as on Amazon.com, Target.com, and buybuybaby.com. *Id.* at 785. A few third-party stores in Louisiana also carried some of the defendant's products, but none of these stores carried the specific products at issue in this case. *Id.* at 785.

The defendant had only shipped one accused product into Louisiana, which was ordered from buybuybaby.com. *Id.* at 785. The Fifth Circuit found that the defendant's "delivery of a single \$13 product to Louisiana is the type of isolated act that does not create minimum contacts." *Id.* at 788, n. 1. Rather, the fact that the defendant ran a nationally accessible website and had sold one accused product to a Louisiana resident was insufficient to establish specific personal jurisdiction. *Id.*

No Clarity from the Supreme Court

Despite the apparent Circuit split on the issue of whether a single sale into a state creates specific personal jurisdiction, the Supreme Court has yet to address the issue. The defendants in both *Herbal Brands* and *NBA Properties* filed petitions for a writ of *certiorari*, asking the Supreme Court to address the question, but the Supreme Court denied *cert* in both cases.

Until this issue is resolved nationally, a risk of being sued nearly anywhere remains for online sellers that operate a nationally accessible website that fulfills orders from residents of all 50 states. ■

*firm*UPDATE

FOURTH CIRCUIT VICTORY

■ Ashly Boesche



Congratulations to Ashly Boesche and her team on a successful win in the U.S. Fourth Circuit Court of Appeals. In a seminal, published decision, the Fourth Circuit Court of Appeals held that a subpoena served under 35 U.S.C. § 24 could not be used to compel a foreign trademark applicant to appear for an oral deposition in a TTAB proceeding. This decision is an important victory for non-U.S. trademark applicants. [Click Here.](#)

NEW PARTNER

■ Jacquelyn Prom



The firm is pleased to welcome Jacquelyn into the partnership.

Jacquelyn received her J.D. from the University of Chicago Law School and graduated *magna cum laude* and *Phi Beta Kappa* from The Catholic University of America. She began her career with our firm as a summer associate in 2014, and became an associate after law school. Her litigation experience in the federal courts and the Trademark Trial and Appeal Board includes trademark infringement, unfair competition, false advertising, right of publicity, and right of privacy issues. As an associate, her work on cases included *Nichino America, Inc. v. Valent U.S.A. LLC*, 44 F.4th 180 (3d Cir. 2022), involving the evidence required to rebut the presumption of irreparable harm under the Trademark Modernization Act. In 2023, Managing IP designated this as an "Impact Case of the Year."

Outside the office, Jacquelyn is actively involved in the Chicago legal community. She chairs the IPLAC Women in IP Committee and has planned events related to innovation and creativity in the IP industry, World IP Day, and networking events for female attorneys in Chicago. Jacquelyn also is an active member of the Coalition of Women's Initiatives in Law.

NEW ASSOCIATE

■ Daniel Hess



We are pleased to welcome Daniel to the firm. He brings intellectual property litigation experience in numerous patent, copyright, trademark and unfair competition cases, and significant commercial litigation experience as well. Daniel has represented brand

owners in trademark prosecution and enforcement matters in state and federal courts, as well as alternative dispute resolution (ADR) venues. He has litigated patent, trade secret, and commercial cases for industry leading companies as well as burgeoning start-ups.

Daniel provides individuals and businesses with strategic counseling to maximize intellectual property asset value, and has negotiated IP licensing agreements for major industry leaders.

Daniel has a B.A. degree from the University of Illinois at Urbana-Champaign, and his J.D. from the University of Illinois College of Law. In law school, Daniel served as Editor-in-Chief of the *Journal of Law, Technology & Policy*, and received a CALI Excellence for the Future Award in Trademark & Unfair Competition Law.

APPOINTMENTS

■ Seth Appel



Seth is Co-Chairing the Committee preparing the U.S. Report on the Study Question, *Defence of Parody in Copyright Law*, which is on the agenda of the 2024 AIPPI World Congress in Hangzhou, China.

■ Jonathan Jennings

Jonathan has been appointed to chair the INTA Trade Secret Legislation Subcommittee.

■ Robert Sacoff

Bob has been appointed to the Standing Committee on Trade Marks of AIPPI (Association Internationale



pour la Protection de la Propriété Intellectuelle). SC candidates are nominated by their respective national or regional groups, and appointments are made by the AIPPI Bureau, headquartered in Zürich, Switzerland.

PRESENTATIONS

■ Jonathan Jennings

Jonathan spoke on “UDRP, URS, ACPA and Beyond: Domain Name Enforcement and Brand Protection Strategies” to the Dallas Bar Association on December 7, 2023.

PUBLICATIONS

■ Jonathan Jennings

In December, Jonathan’s case note update covering a trademark dispute over CBD and pharmaceuticals was published in the Pharmaceutical Trade Marks Group’s newsletter.

*firm*NOTEWORTHY

Illinois Super Lawyers 2024

Brett August, Phillip Barengolts, Ashly Boesche, Thad Chaloehtiarana, Bradley Cohn, David Hilliard, Jonathan Jennings, Janet Marvel, Robert Sacoff and Joseph N. Welch II have been designated Illinois Super Lawyers, and Jessica Ekhooff, Daniel Hess, Brett Manchel and Novaira Paul have been designated Illinois Rising Stars.

Martindale-Hubbell AV® Preeminent Rating

Brett August, Ashly Boesche, Thad Chaloehtiarana, David Hilliard, Jonathan Jennings, Robert Sacoff and Joseph Welch II have each received an AV® Preeminent rating from the Martindale-Hubbell Bar Directory for 2024. According to Martindale-Hubbell, this rating signifies that a large number of the lawyer’s peers rank him or her at the highest level of professional excellence for their legal knowledge, communication skills and ethical standards.

U.S. News & World Report – Best Lawyers “Best Law Firms” 2024

Pattishall McAuliffe has been designated a National Tier 1 Trademark Law Firm, and a Chicago Metropolitan Tier 1 Trademark Law Firm for 2024.

World Trademark Review (WTR) Global Leaders 2024

David Hilliard, Jonathan Jennings, Janet Marvel and Thad Chaloehtiarana have been recognized as WTR Global Leaders in Private Practice for 2024.

Pattishall McAuliffe received top Gold Band Rankings in the prestigious WTR 1000 Rankings.

Janet Marvel was ranked Gold both nationally and in Illinois for “prosecution and strategy” and Gold in Illinois for “enforcement and litigation.” **Jonathan Jennings** was ranked Gold in Illinois for “prosecution and strategy” and “enforcement and litigation” and ranked Silver nationally for “enforcement and litigation.” **Thad Chaloeintiarana** was ranked Gold both nationally and in Illinois for “enforcement and litigation” and Gold in Illinois for “prosecution and strategy.” **Brett August, Phillip Barendolts, Ashly Boesche, Bradley Cohn, Robert Sacoff** and **Joseph Welch II** were ranked Silver in Illinois for “enforcement and litigation.” **Robert Sacoff** was ranked Silver nationally for “enforcement and litigation.” **David Hilliard** was recognized as a luminary of the trademark bar.

WTR writes: “Based on its reputation, the depth of its bench and expertise, Chicago-based Pattishall is one of the best trademark boutiques in the country. In the words of clients, ‘We have worked with Pattishall for years and rely on them for everything from infringement litigation to general trademark advice related to our corporate marks, as well as applications, filings and responses to and from the PTO. We have also used them for copyright work. These services have always been of a high quality. We think so highly of Pattishall that we have recommended them to numerous other companies for their own trademark and copyright issues. There is no other firm we would consider for trademark or copyright-related legal work in the US.’ With expertise cutting across copyrights and trademarks, **Seth Appel** delivers a comprehensive approach to IP protection. A thoughtful trademark prosecutor, Appel is also experienced in litigation in district court and before the TTAB. He works alongside **Robert Sacoff** to provide prosecution and enforcement advice to Acer Incorporated, the well-known computers and electronics company. Sacoff has practised trademark, trade identity, unfair competition and deceptive trade practices law and litigation for over 35 years. Alongside the work for Acer, he and Appel are also supporting food and beverage ingredient manufacturer Tate & Lyle in various prosecution matters. The also remarkably well-experienced **Brett August** advises and litigates on all Lanham Act-related cases. He teams up with Appel to deliver portfolio support, enforcement and trademark opposition work for GVW Group,

including its AUTOCAR Truck subsidiary. ‘The trademark expertise offered by **Phillip Barendolts** never fails to impress. He is diligent and thoughtful in his advice and demonstrates a formidable intellect.’ ‘**Ashly Boesche** always acts timely. She has very good knowledge of the business needs of clients and maintains very good relations with them, including providing answers to every question. Her strategies are always adapted to meet customer needs and work perfectly in practice. Her deep knowledge of the law and experience before the USPTO make her highly recommended.’ ‘**Thad Chaloeintiarana** and the Pattishall team handle all of our trademark work worldwide. Thad has a deep understanding of both the history of our trademarks as well as our business aims related to them. He has a wide breadth of knowledge about trademarks and is always able to provide efficient and effective advice. He and the firm have helped us successfully oppose others’ applications, defend our own and settle various disputes around the world on favourable terms. We continue to be very happy with Thad and the rest of the Pattishall team.’ Currently serving as managing partner, **Bradley Cohn** is an able coordinator of international trademark projects, including enforcement and litigation efforts, as well as filing strategies. He successfully defended Valent USA, alongside Boesche, against a preliminary injunction on the basis of claimed trademark infringement launched by Nichino America. **Jessica Ekhooff** is another skilled litigant in the Pattishall arsenal. From the TTAB and the National Advertising Division through district court, Ekhooff is a tenacious and diligent disputer, confidently seeking the solutions which will serve her patrons’ business objectives. ‘**Jonathan Jennings** is a superb attorney who provides excellent, reasoned advice and is always responsive to the client’s needs.’ Versatile **Janet Marvel** is a capable and smart prosecutor, with a nationally regarded profile, but she is equally confident pursuing strategic enforcement efforts on behalf of patrons big and small. **Joseph Welch** is a highly skilled disputer, with more than 30 years’ experience litigating IP matters. He literally wrote the book on trademark and unfair competition law, as well as a chapter on the use of expert witnesses at the TTAB. He is also an accomplished mediator and has represented clients in more than 200 alternative dispute resolution proceedings. A luminary of the trademark bar, **David Hilliard** is still dispensing expert advice based on his decades of trial experience and unprecedented knowledge of trademark law.”