

Litigation Alert

DECEMBER 19, 2012

Another Shoe Drops in Washington: Ninth Circuit Expands Personal Jurisdiction over Willful Copyright Infringers

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In *Washington Shoe Co. v. A-Z Sporting Goods, Inc.* (U.S. Court of Appeals – Ninth Circuit, No. 11-35166, Dec. 17, 2012), the Ninth Circuit expanded the exercise by Federal District Courts of personal jurisdiction over out-of-jurisdiction defendants in federal copyright cases. Building on the Supreme Court’s seminal decision in *Int’l Shoe Co. v. Washington*, 326 U.S. 310 (1945), the court explained how an Arkansas shoe retailer that had never done business in the state of Washington could nonetheless be subject to personal jurisdiction in that state.

Plaintiff Washington Shoe Co., a Washington corporation, has been making and selling shoes in the state of Washington for over 100 years. Defendant A-Z Sporting Goods Inc., an Arkansas corporation, runs a single retail store in Alma, Arkansas that sells goods relating to hunting, fishing, and outdoor activities. A-Z does not sell products over the Internet or through an interactive website. For a few years, Washington Shoe sold shoes to A-Z and a Washington Shoe sales representative provided A-Z with brochures and catalogs containing Washington Shoe products and copyright notifications. In 2009, Washington Shoe discovered that A-Z was selling two children’s boots—knockoffs of Washington Shoe’s popular children’s rain boots—that infringed on Washington Shoe’s copyrighted styles. A-Z purchased the infringing boots from China, not from Washington Shoe.

Washington Shoe sent A-Z a cease-and-desist letter informing A-Z that its boot designs were copyrighted, and that A-Z’s boots were clearly knock-offs that infringed that copyright. Washington Shoe demanded that A-Z cease selling the infringing boots and provide Washington Shoe with an accounting of past sales. Washington Shoe sent a second cease-and-desist letter. In response, A-Z stopped selling the infringing boots in its store, but sold its remaining inventory to an out-of-state thrift store.

Washington Shoe then filed a complaint in Federal District Court in Washington alleging copyright infringement, trade dress infringement, and unfair competition. A-Z moved to dismiss for lack of personal jurisdiction. After allowing jurisdictional discovery to test A-Z’s claim that it “never sold any goods, of any kind, to any person, business or entity in the state of Washington[,]” District Judge Robert Lasnik dismissed the case for lack of personal jurisdiction, but denied A-Z’s request for attorneys’ fees. Washington Shoe appealed the dismissal and A-Z cross-appealed the denial of attorneys’ fees.

Applying the due process test from the seminal United States Supreme Court decision *Int’l Shoe Co. v. Washington*, 326 U.S. 310 (1945)—yet another shoe case involving the state of Washington—the Ninth Circuit panel employed a three-part test to determine whether A-Z had sufficient minimum contacts with the state of Washington such that the maintenance of the suit would not offend “traditional notions of fair play and substantial justice.” *Int’l Shoe*, 326 U.S. at 316. Focusing on the first prong of the test—whether the defendant either purposefully availed itself of the privilege of conducting activities in the forum or purposefully directed its activities at the forum—the Ninth Circuit reversed and remanded the district court’s decision, finding that A-Z was subject to personal jurisdiction in the state of Washington even though its only relevant contact with the state was Washington Shoe’s claim that A-Z willfully violated Washington Shoe’s copyright.

In reaching that conclusion, the Ninth Circuit analyzed whether A-Z (1) committed an intentional act, (2) expressly

aimed at the forum state, (3) causing harm that the defendant knows is likely to be suffered in the forum state. First, the court concluded that the alleged copyright infringement was an intentional act, because A-Z sold infringing boots in its retail store and, later, after receiving the cease-and-desist letters, to the thrift store. Second, the court found that A-Z's conduct was expressly aimed at the state of Washington "[b]ecause the harm caused by an infringement of the copyright laws must be felt at least at the place where the copyright is held" so "the impact of a *willful* infringement is necessarily directed there as well." The court reasoned that, once A-Z received the cease-and-desist letters, A-Z's intentional acts were expressly aimed at the copyright held by Washington Shoe. Thus, where A-Z knew or should have known that Washington Shoe was a Washington company, A-Z's intentional acts were expressly aimed at the state of Washington. Third, the court found that, since economic loss caused by the intentional infringement of a plaintiff's copyright is foreseeable, A-Z knew or should have known that the impact of its willful infringement of Washington Shoe's copyright would cause harm likely to be suffered in the state of Washington.

It remains to be seen whether this case will lead to the more frequent exercise of personal jurisdiction over out-of-jurisdiction copyright infringers, particularly when there is no allegation—as there was in Washington Shoe—that the alleged copyright infringement was willful. Moreover, this recent Ninth Circuit decision could in theory have an impact on the exercise of personal jurisdiction over any out-of-state defendant who has committed an intentional tort directed at a resident of the forum state.

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2501-1212-NAT-LIT